

DATE: April 16, 2020**FILE:** 7200-20/Merville**TO:** Chair and Directors
Electoral Areas Services Committee**FROM:** Russell Dyson
Chief Administrative OfficerSupported by Russell Dyson
Chief Administrative Officer**R. Dyson****RE: Greater Merville Fire Protection Service, Elector Assent for Borrowing**

Purpose

The purpose of this report is to provide an update and recommendation regarding elector assent required for the construction and equipping of a new Greater Merville fire hall.

Recommendation from the Chief Administrative Officer:

THAT an alternate approval process be conducted with respect to the elector assent required for a loan authorization bylaw to construct and equip a new Greater Merville Fire Protection Service fire hall;

AND FURTHER THAT the long-term debt costs and borrowing terms for the construction and equipping of a new Greater Merville fire hall be finalized upon receipt of the Class “A” estimates.

Executive Summary

In 2016 a consultant’s report recommended the development of an auxiliary fire hall, centrally located within the Greater Merville area (Appendix A) may provide the following benefits:

- Improved life-safety of the residents within the service area;
- A responding fire hall within eight kilometers of the residents which may lead to reduced fire insurance premiums, and
- Delivery of medical first responder program within the service area.

The development of an auxiliary fire hall was supported by the residents at public meetings and Director’s events.

Long-term borrowing is required for this project and will require elector assent.

This report provides information in support of utilizing the Alternate Approval Process (AAP) to obtain elector assent.

Advancing the AAP depends on receipt of Class “A” estimates for the fire hall construction. Details, including key dates and financial impacts, would be presented for Board consideration when the cost estimates are available.

Prepared by:

Concurrence:

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 James Bast
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Government Partners and Stakeholder Distribution (Upon Agenda Publication)

City of Courtenay	✓
Mountaineer Avian Rescue Society	✓
Oyster River Fire Rescue	✓

Background/Current Situation

In 2016 a consultant's report recommended the development of an auxiliary fire hall, centrally located within the Greater Merville area. The consultant noted that having a well-equipped and well-trained fire department will:

- Materially improve the life safety of the residents in the fire protection area;
- May result in reduced fire insurance costs for residents of the service area; and
- Will introduce the medical first responder program to the service area.

At community meetings and Director's events, attending residents expressed support for the construction of a Greater Merville auxiliary fire hall.

Staff have entered into a Memorandum of Understanding with the Mountaineer Avian Rescue Society (MARS) regarding leasing a portion of their property for a fire hall.

The preliminary design for the fire hall is now complete and the architect is currently refining the design and construction cost estimates to a class "A" level. A class "A" estimate is expected to be within five to ten percent of the actual contract award price for new construction.

Policy Analysis

The Greater Merville fire hall is a key initiative within the identified Core Service of Regional Emergency Services

In accordance with the *Local Government Act*, entering into a long-term borrowing agreement for the capital construction and equipping of the fire hall will require elector assent.

The adopted 2020-2024 financial plan includes funds to conduct an elector assent process regarding adoption of a long-term borrowing bylaw.

Options

Elector approval may be achieved by way of:

- 1) Alternative approval process (AAP)
- 2) Petition, or
- 3) Assent voting (referendum)

This report provides information in support of option 1.

Financial Factors

Based on the available preliminary construction (Class “C”) and equipment cost estimates, the recently adopted 2020 – 2024 financial plan for the Greater Merville Fire Protection service, function #237, includes capital expenses in 2020 of \$2,110,000 for the construction and equipping of the Greater Merville auxiliary fire hall. The financial plan also includes capital funding to support this project by way of interim financing initially in the amount of \$2,000,000 coupled with a contribution from capital works reserves of \$110,000. The anticipated revenue and expenses are described in Table 1 below.

Table 1

Capital expense description	Preliminary cost estimate
Fire hall construction	\$1,250,000
Fire hall design	\$50,000
Fire hall equipment	\$160,000
Fire department apparatus	\$650,000
Total expenses	\$2,110,000
Revenue Description	Revenue estimate
Long-term debt proceeds	\$2,000,000
Transfer from reserves	\$110,000
Total Revenue	\$2,110,000

Once the Class “A” estimates are finalized, Corporate Services staff will provide a report regarding the logistics and parameters of conducting an AAP to obtain elector assent for the proposed long-term borrowing.

Currently, estimates for debt servicing costs and lease costs associated with the MARS site have been built into the adopted 2020 – 2024 financial plan and can be supported by the current requisition level which was increased to the maximum levy available for 2020. A further review of the maximum levy for the service will be undertaken as part of this subsequent report so as to confirm whether or not an increase to this amount is warranted and whether this should be included as part of the AAP process or whether a once every five years 25 per cent increase would be appropriate and scheduled to start in the 2023 budget year.

The development of a fire hall will also incur other incremental operational costs aside from lease and debt servicing costs such as firefighter training and maintenance costs. These incremental operating costs will be off-set when the service agreement with the City is no longer needed.

At the current requisition level of \$534,426 for 2020, the resulting residential tax rate for the service is \$0.6060 per \$1,000 of taxable assessed value, equating to a tax impact of \$303.00 for a residence with an assessed value of \$500,000.

Legal Factors

In accordance with the *Local Government Act*, entering into a long-term borrowing agreement for the capital construction and equipping of the fire hall will require elector approval.

The AAP is a common way for local governments to find out the wishes of the public. It's also an efficient legislative mechanism outlined in the *Community Charter*, which can be used to obtain elector approval without the expense of a referendum.

- An AAP may be the least costly method to gain elector assent if the matter is seen to be in the public interest and is not contentious.
- Unlike referenda, the AAP process does not rely on electors showing up to cast their vote, but rather is used to measure the number of electors within a specific area who oppose an initiative.
- Authority for a local government to adopt a bylaw is granted if fewer than 10 per cent of eligible electors vote against the initiative by submitting elector response forms.
- People who live in or own property within the service area may be able to participate in the AAP process.

Regional Growth Strategy Implications

The Greater Merville fire protection service and the construction of a fire hall addresses Objective 7C- Improve Regional Fire Safety of the Regional Growth Strategy.

Intergovernmental Factors

Operations for the Greater Merville Fire Protection Service is currently delivered by way of service agreement with the City of Courtenay (City). Once the fire hall project is completed it will be an auxiliary fire hall managed by the Oyster River Fire Rescue department. The City is a stakeholder in this effort and is kept apprised as this project moves forward.

Interdepartmental Involvement

Community services, financial services and corporate services staff collaborated on this report and the project.

Citizen/Public Relations

A communications plan has been developed and budgeted for this project that includes;

- Website maintenance to keep the residents apprised as the project moves forward.
- A direct mail out to each resident and property owner to:
 - Introduce the website.
 - Provide an anticipated timeline for the project.
 - Provide details regarding the AAP.
 - Answer any question that residents and property owner have.

In light of the COVID-19 pandemic, traditional open houses and town halls are not possible while respecting physical distancing requirements and the federal and provincial governments' directives to the public to stay home. Therefore, additional public engagement, such as a virtual town hall or video conference, is being explored to determine a viable approach and will be considered when a suitable corporate platform is identified.

Any further details will be provided in a future report outlining the AAP process and financial plan.

Appendix A – “Map of the Greater Merville Fire Protection Area”

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