

**DATE:** January 11, 2019**FILE:** 1700-02/2019/220**TO:** Chair and Directors  
Electoral Areas Services Committee**FROM:** Russell Dyson  
Chief Administrative OfficerSupported by Russell Dyson  
Chief Administrative Officer***R. DYSON*****RE:** 2019 - 2023 Financial Plan – Hornby Island Fire Protection – Function 220**Purpose**

To provide the Electoral Area Services Committee with the proposed 2019-2023 financial plan and work plan highlights for the Hornby Island Fire Protection Service, function 220.

**Recommendation from the chief administrative officer:**

THAT the proposed 2019 - 2023 financial plan for the Hornby Island Fire Protection Service function 220 be approved.

**Executive Summary**

The proposed 2019 – 2023 financial plan is based on the following key aspects:

- A total tax requisition of \$540,000 in 2019 which is an increase of \$25,000 from 2018.
- Personnel costs of \$135,488 in 2019 which is an increase of \$9,371 from 2018.
- The total operating costs for the service proposed for 2019 is \$283,841, which is an increase of \$21,625 from 2018.
- Capital purchases in 2019 of \$34,000
- Contributions to reserve of \$91,980 in 2019 with an estimated capital reserve balance of \$75,644 at the end of 2019.

Prepared by:

Concurrence:

***J. Bast******D. DeMarzo***James Bast  
Manager of Fire ServicesDoug DeMarzo  
Acting General Manager of Community  
Services**Stakeholder Distribution (Upon Agenda Publication)**

Hornby Island Residents and Ratepayers Association (HIRRA)	✓
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**Policy analysis**

- Service established with adoption of Bylaw No. 2012, being the “Hornby Island Volunteer Fire Department Establishment Bylaw No. 2012, 1998”

- The maximum levy for defined portion of electoral area ‘A’ is the greater of \$211,168 or \$1.25 per \$1,000 of assessed value.
- The Comox Valley Regional District (CVRD) has a service agreement with the Hornby Island Residents and Ratepayers Association (HIRRA)
- HIRRA provides financial administration of operational grant funding, and community engagement services regarding the Hornby Island Fire Protection Service.
- This service agreement has a term of five years ending December 2021.

### **Financial plan overview**


A major component of the proposed 2019 budget is the operational grant which is based on HIRRA’s budget submission attached as Appendix A.

The proposed 2019-2023 financial plan includes:

- The proposed 2019 budget total tax requisition \$540,000 which is an increase of \$25,000 over 2017.
- Funding for the planned capital replacement of the 1981 rescue truck in 2019 with an estimated cost of \$25,000.
- Funding for the planned capital replacement of water storage tanks
- Funding to maintain utilities and insurance of the old Hornby Island fire hall through 2019.
  - Staff currently working with the Ministry and Hornby Island SPARK society regarding take-over of the old fire hall for a different community purpose.
- The maximum tax requisition permissible for 2019 is approximately \$726,615.

Table 1 summarizes the 2019 proposed budget as compared to the 2018 adopted budget.

Table 1: Financial Plan Highlights

 <b>2019 Proposed Budget</b>				<b>#220 Hornby Island Fire</b>			
<b>Operating</b>	<b>2018 Budget</b>	<b>2019 Proposed Budget</b>	<b>Increase (Decrease)</b>				
<b>Revenue</b>							
Requisition	515,000	540,000	25,000				
Prior Years Surplus	129,351	11,509	(117,842)				
	<b>\$ 644,351</b>	<b>\$ 551,509</b>	<b>\$ (92,842)</b>				
<b>Expenditures</b>							
Personnel Costs	126,117	135,488	9,371				
Operating	262,216	283,841	21,625				
Contribution to Reserve	131,225	91,980	(39,245)				
Debt Charges	124,793	40,200	(84,593)				
	<b>\$ 644,351</b>	<b>\$ 551,509</b>	<b>\$ (92,842)</b>				
<b>Capital</b>							
<b>Funding Sources</b>							
Senior Government Grants	27,416		(27,416)				
Long Term Debt Proceeds	1,515,151		(1,515,151)				
Transfer from Reserve	199,074	34,000	(165,074)				
Unexpended Prior Year	181,722		(181,722)				
	<b>\$ 1,923,363</b>	<b>\$ 34,000</b>	<b>\$ (1,889,363)</b>				
<b>Funding Applied</b>							
Capital Projects & Equip	308,212	34,000	(274,212)				
Short Term Debt Paydown	1,600,000		(1,600,000)				
Debt Expense	15,151		(15,151)				
	<b>\$ 1,923,363</b>	<b>\$ 34,000</b>	<b>\$ (1,889,363)</b>				

Significant variances from 2018 adopted budget will be discussed in the financial plan highlights section below.

The 2019 - 2023 proposed five-year financial plan for Hornby Island Fire Protection Service, including the requisition summary and the operating and capital budget, is available within the full proposed budget binder, provided in both searchable PDF and e-reader formats, located on the CVRD financial plan web page at [www.comoxvalleyrd.ca/currentbudget](http://www.comoxvalleyrd.ca/currentbudget).

Highlights of the 2019 – 2023 proposed financial plan for the Hornby Island Fire Protection Service, function 220, include:

#### Revenue Sources

The proposed 2019-2023 financial plan includes:

- Total tax requisition of \$540,000 in 2019 which is an increase of \$25,000 from 2018.

- This increase is largely attributed to the planned minor capital construction of a training facility in 2019 with an estimated cost of \$30,000, and;
  - Contributions to reserves in advance of planned capital replacement of water storage tanks.
- Prior year's surplus is currently estimated at \$11,509 for 2019.

#### Personnel

The proposed 2019-2023 financial plan includes:

- Personnel costs of \$135,488 in 2019 which is an increase of \$9,371 from 2018.
- A portion of the personnel costs attributed to the Manager of Fire Services are apportioned to this service.
- Funding for the annual remuneration of the Fire Chief as an employee of the CVRD.
- There are no personnel changes anticipated.

#### Operations

The proposed 2019-2023 financial plan includes:

- The total operating budget for the service proposed for 2019 is \$283,841, which is an increase of \$21,625 from 2018.
  - Increase largely attributed to the minor capital expenditure for a training facility

#### Capital

The proposed 2019-2023 financial plan includes:

- Capital expenditures of \$34,000 in 2019 which is a decrease of \$274,212 from 2018
  - Largely attributed to the completion of the new fire hall.
- 2019 capital purchase of a replacement rescue truck for \$25,000.
  - Truck purchased from Black Creek-Oyster Bay fire protection service
  - Funded by transfer from reserves
- 2019 capital purchase of a fuel storage tank at the fire hall for \$9,000.
  - Funded by transfer from reserves
- 2020 and 2021 capital replacement of water storage tanks.
- 2022 capital replacement of the fire hall emergency generator.
  - Larger generator required for new fire hall

#### **Asset management plan**

Staff has developed an asset management plan (AMP) for the Hornby Island fire protection service. The AMP is a long range planning tool used to anticipate future capital purchases and to identify future capital replacement obligations for the service.

Discussions with the Fire Chief and Officers of the fire department identified major capital assets and their respective life-cycle, expected replacement cost, and estimated annual contributions to capital reserve required to fully fund their replacement at the time they are needed. The Hornby Island Fire Protection Service AMP is attached as Appendix B.

#### **Funding options:**

In the context of the AMP, staff has identified three possible options for the accrual of funds to meet future capital replacement obligations. Specifically:

- Today's taxpayers may be engaged to provide funding to meet future capital replacement obligations. This could be accomplished by increasing the tax requisition of 2018 and

subsequent years, sufficiently to fund the capital replacements in the year that they are anticipated.

- Future taxpayers may be engaged to provide funding to meet future capital replacement obligations. This could be accomplished by way of the financing of capital replacements in the year that they are acquired with tax requisitions increased at that time to service the debt.
- A combination of today's and future taxpayers may be engaged to provide funding to meet future capital replacement obligations. This could be accomplished by engaging today's taxpayer to fund a portion of the capital replacement obligation, recognizing that future taxpayers will be required to fund the remaining costs.

In the context of the AMP, to fully fund future capital replacement obligations for the service by way of "today's taxpayers" the contribution to capital reserve would need to be increased by approximately \$376,721 in 2019 which is not being recommended in this report.

Staff will seek board direction regarding the funding of unfunded future capital replacement obligations in a future staff report.

### Reserves

The proposed 2019-2023 financial plan includes;

- Contribution to reserve of \$91,980 in 2019 which is decrease of \$39,245 from 2018.
  - Largely attributed to the completion of the new fire hall.

The Hornby Island Fire Protection Service has an approximate capital reserve balance of \$12,245 at the end of 2018.

Table 2 below illustrates the anticipated contributions and annual balances based on the recommendations of the 2019-2023 proposed financial plan.

**Table 2 – Estimated Capital Reserve Status**

Capital reserve (machinery & equipment) activity	2019	2020	2021	2022	2023
Beginning balance	\$12,245	\$70,255	\$121,852	\$150,941	\$167,633
Contributions to reserve	\$91,980	\$86,627	\$54,089	\$46,722	\$38,659
Applied to capital	(\$34,000)	(\$35,000)	(\$25,000)	(\$30,000)	\$0
<b>Estimated balance at year end</b>	<b>\$70,225</b>	<b>\$121,852</b>	<b>\$150,941</b>	<b>\$167,663</b>	<b>\$206,322</b>

There is also a future expenditure reserve estimated to be \$50,459 at the end of 2018.

### Debt Charges

Following completion of the new fire hall, interim financing costs of \$40,200 in 2019 and \$43,600 in 2020 are captured in the proposed 2019-2023 financial plan. The planned conversion to long-term debt in 2021 is captured with debt servicing costs of approximately \$104,000 annually for 20 years.

### **Citizen/public relations**

The Hornby Island Fire Protection Service provides for protection of life and property for the residents of the local service area. The agreement with HIRRA for provision of financial administration of operational grant funding and community engagement services includes HIRRA as a venue for discussions with the greater community regarding budgetary matters for the service. The 2019 budget submission was supported at the November 2018 meeting of HIRRA.

- Based on 2019 assessed values, the residential tax rate for this service is expected to be \$0.9156 per \$1,000 of assessed value.
- As an example, for a residence with an assessed value of \$400,000 the total levy for the service will be approximately \$366. The 2018 tax rate for this service was \$0.9121 per \$1,000 of assessed value.

Attachments: Appendix A – “HIRRA Budget Submission”  
Appendix B – “Asset Management Plan”

Hornby Island Fire Rescue: 2019 - 2023 Budget

based on 2.0% inflation

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		2016	2017		2018			2019	2020	2021	2022	2023
Operating Revenue		Actual	Budget	Actual	Budget	to Date	Projected	Budget	Budget	Budget	Budget	Budget
Surplus/Deficit C/FWD (most recent actuals)			\$ 320		\$ 1,861			\$ 12,190	\$ -	\$ -	\$ -	\$ -
1040	CVRD Operating Grant	\$ 187,635	\$ 193,782	\$ 194,282	\$ 190,936	\$ 190,936	\$ 190,936	\$ 184,789	\$ 197,440	\$ 201,464	\$ 203,541	\$ 206,271
	Fundraising / Donations	\$ 520	\$ -	\$ 40								
	Grants	\$ -	\$ 3,130	\$ 1,400								
4410	Parks Patrol	\$ 2,600	\$ -	\$ 2,600	\$ 2,600	\$ -	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600
	CVRD 2015 Protective Gear recovery	\$ 1,769										
	Mastercard Credit Rebate	\$ 2,875	\$ -	\$ 3,786								
Total Revenue		\$ 195,399	\$ 196,912	\$ 202,108	\$ 195,397	\$ 190,936	\$ 193,536	\$ 199,579	\$ 200,040	\$ 204,064	\$ 206,141	\$ 208,871
4005	Allocation to Core Services	\$ 16,247	\$ 15,171	\$15,171	\$15,202	\$11,401	\$15,202	\$ 17,414	\$ 15,202	\$ 15,202	\$ 15,202	\$ 15,202
Net Revenue		\$ 179,152	\$ 181,741	\$ 186,937	\$ 180,195	\$ 179,535	\$ 178,334	\$ 182,165	\$ 184,838	\$ 188,862	\$ 190,939	\$ 193,669

Operating Expenses

5402	1	Administrative Wages & MERCS		\$ 6,049		\$ 6,170		\$ 4,200	\$ 5,000	\$ 5,100	\$ 5,202	\$ 5,306	\$ 5,412	
5404		Officer Remuneration & MERCS		\$ 22,491		\$ 21,200		\$ 18,200	\$ 22,500	\$ 22,600	\$ 24,000	\$ 24,000	\$ 24,000	Boosted to pay for training officer assistant
5406		Fire Fighter Honorarium & MERCS	\$ 47,656	\$ 20,418	\$ 45,250	\$ 20,000		\$ 20,000	\$ 18,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	Reduced because the \$2000 volly fund allotment is now in acct 5465
5450		Seasonal Fire Patrol & Permits, WCB only	\$ 13,715	\$ 18,411	\$ 14,308	\$ 18,500		\$ 13,000	\$ 16,000	\$ 16,320	\$ 16,646	\$ 16,979	\$ 17,319	Reduced because we never seem to spend it all
Total Wages, Remuneration/Honorarium			\$ 61,371	\$ 67,369	\$ 59,558	\$ 65,870	\$ 39,938	\$ 49,923	\$ 61,500	\$ 64,020	\$ 65,848	\$ 66,285	\$ 66,731	
5035	2	Education / Training	\$ 29,264	\$ 28,000	\$ 25,472	\$ 29,500	\$ 21,434	\$ 29,000	\$ 26,500	\$ 27,030	\$ 27,571	\$ 28,122	\$ 28,684	Back to only funding training and not using it for minor capital (training center)
5040		Insurance (Fire Fighters AD&D)	\$ 3,275	\$ 3,800	\$ 1,939	\$ 3,800	\$ 2,428	\$ 4,224	\$ 4,400	\$ 4,400	\$ 4,400	\$ 3,800	\$ 3,800	Increased because more personnel
5045		Office Expenses	\$ 3,954	\$ 5,375	\$ 6,751	\$ 5,375	\$ 4,834	\$ 5,875	\$ 5,875	\$ 5,875	\$ 5,875	\$ 5,875	\$ 5,875	Increased due to consistant overages
5055		Publicity / Promotion	\$ 6,094	\$ 5,500	\$ 5,337	\$ 5,800	\$ 3,558	\$ 5,800	\$ 6,000	\$ 6,120	\$ 6,242	\$ 6,367	\$ 6,495	Increased for more public engagement
5050	3	Supplies	\$ 19,999	\$ 19,700	\$ 18,422	\$ 18,000	\$ 10,025	\$ 18,000	\$ 19,500	\$ 19,890	\$ 20,288	\$ 20,694	\$ 21,107	Increased to purchase items for new fire hall
5060		Telecommunications	\$ 4,045	\$ 5,500	\$ 4,780	\$ 5,000	\$ 2,411	\$ 3,600	\$ 4,200	\$ 4,284	\$ 4,370	\$ 4,457	\$ 4,546	Decreased to to negotiating better deal with TELUS
5070		Utilities / Monitoring	\$ 4,906	\$ 5,688	\$ 4,645	\$ 5,700	\$ 5,578	\$ 7,500	\$ 7,300	\$ 7,446	\$ 7,595	\$ 7,747	\$ 7,902	Increased due to higher that expected power consumption
5410		Building Maintenance	\$ 5,376	\$ 8,670	\$ 12,600	\$ 8,600	\$ 7,242	\$ 10,000	\$ 10,000	\$ 10,200	\$ 10,404	\$ 10,612	\$ 10,824	Increased for cost of water purification and HRV filters
5420		Equipment Maintenance	\$ 9,912	\$ 7,140	\$ 7,182	\$ 6,500	\$ 3,397	\$ 5,500	\$ 6,630	\$ 6,763	\$ 6,898	\$ 7,036	\$ 7,177	
5430		First Aid Supplies	\$ 7	\$ -	\$ 0	\$ 750	\$ 438	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	
5440		Vehicle Fuel	\$ 4,467	\$ 6,000	\$ 4,127	\$ 5,800	\$ 3,707	\$ 5,800	\$ 5,900	\$ 6,018	\$ 6,138	\$ 6,261	\$ 6,386	Slight increase for inflation
5460		Vehicle Repair & Maintenance	\$ 14,949	\$ 12,000	\$ 14,730	\$ 14,000	\$ 7,508	\$ 15,700	\$ 16,000	\$ 16,320	\$ 16,646	\$ 16,979	\$ 17,319	Increase to account for additional vehicle
5465		Volunteer Fund	\$ 2,000	\$ -	\$ 2,000	\$ -	\$ 1,000	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ -		Put volly fund payment into separate account intead of wrapping it into acct 5406
5470		Water Tank Maintenance	\$ 6,824	\$ 7,000	\$ 6,972	\$ 5,500	\$ 3,157	\$ 5,900	\$ 5,610	\$ 5,722	\$ 5,837	\$ 5,953	\$ 6,072	Increased to account for aging and rusty tanks
Unallocated			\$ 850	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -		
Total Expenses			\$ 177,291	\$ 181,742	\$ 174,514	\$ 180,195	\$ 116,656	\$ 169,572	\$ 182,165	\$ 184,838	\$ 188,862	\$ 190,939	\$ 193,669	

Surplus/(Deficit)	\$ 1,861	-\$ 1	\$ 12,423	-\$ 0	\$ 62,879	\$ 8,763	\$ -	\$ -	\$ -	\$ -	\$ -
Surplus as per P&P YE			\$ 12,190								
Difference requiring explanation			\$ 233								

CVRD Budget Line Item Requests	2016		2017				2019	2020	2021	2022	2023
Turn Out Gear	\$ 8,500		\$ 8,500				\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500
New Tender			\$ 220,000								
Training Facility							\$ 30,000				

Replace 64							\$15,000				
Replace Carmichael Tank								\$35,000			
Replace Sandpiper Tank									\$25,000		
80kW generator (Includes sale of old one)										\$30,000	
Install new fuel tank							\$9,000				

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<div>Asset Management Planning,      Function Name: Hornby Island Fire      Function Number: 220</div> <div>The Asset Management Plan (AMP) is a long range planning tool used to anticipate future capital purchases and to identify future capital replacement obligations for this service. This AMP also provides information to the board towards policy direction regarding funding of future replacement obligations. Assumes reserves for full cost at time of replacement This AMP is based on the principles that:<ul style="list-style-type: none"><li>• Building replacement costs are based on current estimated construction costs,</li><li>• Equipment replacement costs are based on current estimated costs,</li><li>• The lifespan of assets are based on the Tangible Capital Asset Reporting Policy of the Board and the actual usage or deterioration of the asset,</li><li>• Specific and regular repair and maintenance programs maximize the life-cycle of capital assets, and</li><li>• It will be updated and reported to the board annually as part of the financial planning process</li></ul></div>											
Type	Description	Date in Service	Expected Service Life	Expected Replacement Year	Remaining Service Life	Current Estimated Value	Expected Replacement Cost	2019 Estimated contribution required	2019 FP contribution to reserve	2019 Variance	Notes
Water Tanks	3 older tanks	1986	35	2021	2 yrs	(3x10,000) \$30,000	(3x30,000) \$90,000	\$45,000.00	\$45,000.00	\$0.00	Epoxy Lined tanks. Replace in 2021. Begin accumuating reserves in 2022
Water Tanks	8 Newer Tanks	2011	25 yrs	2036	17 yrs	(8x15,000) \$120,000	(8x30,000) \$240,000	\$14,100.00	\$0.00	-\$14,100.00	Bare metal tanks with anodes
Building	Firehall at 3715 Central Road	2017	50 yrs	2067	48 yr	\$2,400,000.00	\$2,400,000.00	\$50,000.00	\$0.00	-\$50,000.00	Assumes new completed in 2017. Reserves begin 2018 for 50 yrs. Estimate based on construction costs
Trucks	Unit #61 Main Engine	2003	20 yrs	2023	4 yrs	\$50,000.00	\$500,000.00	\$125,000.00	\$52,399.00	-\$72,601.00	Replacement in 2023 to maintain insurance grade rating. Consider pump recertification to 2028
Trucks	Unit #62 Tanker Truck (1996 Ford)	1996	25 yrs	2021	2 yrs	\$10,000.00	\$350,000.00	\$175,000.00	\$0.00	-\$175,000.00	Water tanker truck. Replace in 2021 if needed. Begin accumulating reserves in 2022 for 25 years
Trucks	Unit #66 Ambulance (1999 Ford)	1999	20 yrs	2019	0 yrs	\$5,000.00	\$10,000.00	\$10,000.00	\$0.00	-\$10,000.00	In discussions with BCEHS about supplying a car. Wait to see if there is a cost.
Trucks	Unit 63 Tanker Truck (2017 Freightliner)	2017	25 yrs	2042	23 yrs	\$240,000.00	\$350,000.00	\$15,200.00	\$0.00	-\$15,200.00	Additional tanker truck required to achieve superior shuttle accreditation. Purchase in 2017 with accumulation of reserves to begin 2018 for 25 years.
Trucks	Unit #64 Rescue Truck (1981 Internantional)	1998	22 yrs	2020	1 yrs	\$100.00	\$180,000.00	\$0.00	\$0.00	\$0.00	Purchase rescue truck (2003 F550) in 2019 from Black-Creek-Oyster Bay from reserve funds. Replacement cost \$180K. Begin accumulating reserves in 2020 for 10 years.
Trucks	Unit #65 Duty Officer Truck (2013 Ford P/U)	2013	15 yrs	2028	9yrs	\$30,000.00	\$40,000.00	\$4,500.00	\$0.00	-\$4,500.00	New truck purchased in 2013 with reserves accumulatinig to replace it beginning in 2014 for 12 years
Equipment	Generator Kohler	2008	40 yrs	2022	3 yrs	\$8,000.00	\$50,000.00	\$17,000.00	\$0.00	-\$17,000.00	Emergency power supply for fire hall. Note: this generator doesn't supply the new fire hall with full power; need to consider new larger generator in 2022
Equipment	SCBA cylinders, Draeger	2011	15 yrs	2026	7 yrs	\$10,000.00	\$60,000.00	\$8,600.00	\$0.00	-\$8,600.00	Self Contained Breathing Apparatus (SCBA) Need to replace carbon tanks by 2026
Equipment	Compressor Fill Station	2011	25 yrs	2036	17 yrs	\$20,000.00	\$40,000.00	\$2,350.00	\$0.00	-\$2,350.00	Fills SCBA
Equipment	Auto extrication equipment	2000	25 yrs	2025	6 yrs	\$2,000.00	\$40,000.00	\$6,700.00	\$0.00	-\$6,700.00	
Equipment	Mobile Pump Kohler 27 HP	2011	20 yrs	2031	12 yrs	\$5,000.00	\$8,000.00	\$670.00	\$0.00	-\$670.00	
	Estimated reserve contributions required totals							\$474,120.00		2019 Variance (\$376,721)	
	Financial Plan contribution totals								2019 FP    \$97,399		