

DATE: January 15, 2019**FILE:** 1700-02/2019/237**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 – Greater Merville Fire Protection – Function 237****Purpose**

To provide the Electoral Areas Services Committee with the proposed 2019 - 2023 Financial Plan and work plan highlights for the Greater Merville Fire Protection Service, function 237.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2019 - 2023 financial plan for Greater Merville Fire Protection Service, function 237, be approved.

Executive Summary

The proposed 2019 – 2023 financial plan for the Merville Fire Protection service is based on the following key aspects:

- Merville and Tsolum-Farnham fire protection services merged effective January 1st, 2019;
- The proposed 2019 tax requisition is \$390,000, an increase of \$62,284 over the combined two individual requisitions from 2018;
- Personnel costs of \$20,507 in 2019, an increase of \$7,230 over 2018;
- Total operating expense of \$337,109 in 2019, an increase of \$31,813 over 2018;
- Capital expenditures of \$380,000 in 2019 and \$2,060,000 in 2020;
- A starting capital reserve balance of \$390,770 in 2019; and
- Contributions to reserves of \$44,564 in 2019.

Prepared by:

Concurrence:

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

City of Courtenay	✓
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Policy Analysis

- Service established with adoption of Bylaw No. 484 being the “Merville Fire Protection Service Establishment Bylaw No. 484, 2017”;
 - Former improvement district ceased operations in 2017
 - Ministry transferred obligations to the Comox Valley Regional District (CVRD).
- The maximum levy for this service is the greater of \$446,106 or \$0.6228 per \$1,000 of assessed value.

- The Board approved entering into a service agreement with the City of Courtenay for the provision of fire protection service;
 - Service agreement has a five year term ending December 2022.
- The Board endorsed the development of an auxiliary fire hall project.
- The Board endorsed developing a 2018-2022 financial plan that merges the Merville and Tsolum-Farnham fire protection services with a merger date of January 1, 2019;
 - This staff report is based on that merged service.

Financial Plan Overview

A major component of the proposed 2019-2023 financial plan is the City of Courtenay's submission for fire protection services which is attached as Appendix A. The service agreement cost for the combined Merville and Tsolum-Farnham service areas in 2019 is \$244,710.


As the merger of the two service areas is now complete, this report represents the inaugural financial plan for the new "Greater Merville Fire Protection Service".

The proposed 2019-2023 financial plan includes:

- A 2019 tax requisition of \$390,000; the maximum tax requisition permissible for 2019 is approximately \$536,290.
- Referendum and advertising costs regarding long-term debt for the construction of an auxiliary fire hall;
- Protective gear and equipment costs for new recruit firefighters for the Greater Merville Fire Protection Service;
 - Oyster River Fire Rescue department is currently training these new recruits
- Transfer of funds to Black Creek-Oyster Bay fire protection service for the training of new recruits.
- Preconstruction costs for the development of the auxiliary fire hall.
- Costs for an additional water supply tank to be located within the service area.

Table 1 summarizes the 2019 proposed budget for the merged Greater Merville fire protection service as compared to the combined 2018 adopted budgets of the former Merville and Tsolum-Farnham fire protection services. Significant variances from 2018 adopted budgets will be discussed in the financial plan highlights section below.

Table 1: Financial Plan Highlights

 2019 Proposed Budget				#237 Greater Merville Fire			
Operating		2018 Budget		2019 Proposed Budget		Increase (Decrease)	
Revenue							
Requisition		327,716		390,000		62,284	
Recovery from Function #235		32,666				(32,666)	
Prior Years Surplus		85,007		36,750		(48,257)	
	\$	445,389	\$	426,750	\$	(18,639)	
Expenditures							
Personnel Costs		13,277		20,507		7,230	
Operating		305,296		337,109		31,813	
Transfer to Other Functions		32,666		24,570		(8,096)	
Contribution to Reserve		94,150		44,564		(49,586)	
	\$	445,389	\$	426,750	\$	(18,639)	
Capital							
Funding Sources							
Transfer from Reserve		157,000		380,000		(223,000)	
	\$	157,000	\$	380,000	\$	(223,000)	
Funding Applied							
Capital Projects & Equip		157,000		380,000		223,000	
	\$	157,000	\$	380,000	\$	223,000	

The 2019 - 2023 proposed five-year financial plan for the Greater Merville 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.

Revenue Sources

The proposed 2019-2023 financial plan includes:

- The proposed 2019 tax requisition of \$390,000 which is an increase of \$62,284 over the combined tax requisition for Merville and Tsolum-Farnham services in 2018;
- Increase largely attributed to the training and protective gear for the new recruits.
- Prior year's surplus estimated at \$36,750 which will be updated once the 2018 year end is finalized.

Personnel

The proposed 2019-2023 financial plan includes:

- Personnel costs of \$20,507 in 2019 which is an increase of \$7,230 over the combined total Merville and Tsolum-Farnham in 2018;
 - Increase largely attributed to personnel costs for new recruit firefighters.
- A portion of the personnel costs attributed to the Manager of Fire Services, General Manager of Community Services, and the communications department staff are apportioned to this service.

Operations

The proposed 2019-2023 financial plan includes:

- Total operating expense of \$337,109 in 2019 which is an increase of \$31,813 over the combined operating costs for Merville and Tsolum-Farnham in 2018;
 - Increase largely attributed to the training and protective gear for the new recruits.

Capital

The proposed 2019-2023 financial plan includes:

- 2019 capital expenditures of \$380,000 including:
 - Auxiliary fire hall project preconstruction works \$350,000
 - Additional water supply tank \$30,000
- 2020 capital expenditures of \$2,060,000 including:
 - Auxiliary fire hall construction \$1,250,000
 - Machinery and equipment to resource the auxiliary fire hall \$160,000
 - Fire engine and tanker truck for the auxiliary fire hall \$650,000

During 2019, cost estimates for land purchase, land improvements, hall construction and equipment purchases will be refined. Those refined values and the estimated taxation impact will be presented at a community meeting prior to the referendum. It is important to bear in mind that the community will measure the costs and benefits of proceeding with the auxiliary fire hall project.

An asset management plan for this service will be developed as the capital items are acquired.

Reserves

The proposed 2019-2023 financial plan includes:

- Contributions to reserves of \$44,564 in 2019 which is a decrease of \$49,586 from 2018 and includes;
 - Contribution to capital works reserve of \$39,564, and;
 - Contribution to future expenditure reserve of \$5,000.

The estimated opening 2019 capital reserve fund balance is \$390,770 which includes funds transferred from the former improvement district.

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

Table 2 – Capital Reserve Fund Status

Capital reserve (machinery & equipment) activity	2019	2020	2021	2022	2023
Beginning balance	\$390,770	\$80,334	\$46,149	\$50,429	\$55,482
Contributions to reserve	\$39,564	\$25,815	\$4,280	\$5,053	\$5,706
Applied to capital	(\$350,000)	(\$60,000)	\$0	\$0	\$0
Estimated balance at year end	\$80,334	\$46,149	\$50,429	\$55,482	\$61,188

There is also a future expenditure reserve estimated to be \$46,795 at the end of 2018 which includes funds merged over from the former Tsolum-Farnham fire protection service.

Citizen/Public Relations

The Greater Merville Fire Protection Service provides protection for approximately 1,400 properties within the local service area.

- Based on 2019 assessed values, the residential tax rate for this service is expected to be \$.4413 per \$1,000 of assessed value.
- As an example, for a residence with an assessed value of \$400,000 the levy for the service would be approximately \$176.52.

Referendum Communications

- Staff have developed a communications plan which includes a mail out to each property owner within the service area, a community meeting as well as a dedicated webpage with FAQs.
- The mail out and webpage to convey key points regarding the development of an auxiliary fire hall and the requirement for elector assent to borrow funds for construction.
- This mail out and webpage are in addition to the legislated requirement for advertising and notice for the referendum process.

Attachments: Appendix A – “City of Courtenay Submission”

COURTENAY VOLUNTEER FIRE DEPARTMENT
SCHEDULE OF FIRE PROTECTION EXPENDITURES FOR BILLING in YEAR **2019**

ADJUSTMENTS TO COSTS SHARED ON BASIS OF RELATIVE ASSESSMENT

		COURTENAY F.P. DIST.	MERVILLE & PART TSOLUM - FARNHAM F.P. DIST.
Total Fire Protection Costs		1,920,418	1,920,418
Deduct:			
Volunteer pay re Call Outs	(CFPD pays directly)	(23,710)	
Volunteer Grant	(CFPD pays directly)	0	
Net Shareable Fire Protection Costs		[A] 1,896,708	[B] 1,920,418

CITY OF COURTENAY FIRE PROTECTION SERVICES
YEAR **2019** APPORTIONMENT OF COSTS BASED ON **2018** APPROVED BUDGET
And Adjustment to Actual for **2017** Calendar Year

AREA	2018 NET TAXABLE ASSESSED VALUE	%	2019 APPORTIONMENT OF COSTS	FIRE INSPT COSTS		2019 BILLING	2020 2%	Projected Billing 2021 2%	2022 2%	2023 2%
Courtenay Fire Protection District	1,250,834,771	17.71% X [A]	335,948	71,355	63%	407,303	415,450	423,759	432,234	440,878
Merville Fire Protection District (now CVRD)	639,955,749	9.06% X [B]	174,027	36,507	32%	210,534	214,745	219,040	223,421	227,889
Tsolum Farnham FPD	103,885,300	1.47% X [B]	28,250	5,926	5%	34,176	34,860	35,557	36,268	36,994
City of Courtenay	5,067,333,018	71.75%	1,382,192			1,382,192	1,409,836	1,438,033	1,466,793	1,496,129
	7,062,008,838	100.00	\$1,920,418	\$113,789		\$2,034,207	\$2,074,891	\$2,116,388	\$2,158,716	\$2,201,891