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FILE: 1700-02/2021/225

TO: Chair and Directors
Electoral Areas Services Committee

Supported by Russell Dyson
Chief Administrative Officer

FROM: Russell Dyson
Chief Administrative Officer

R. DYSON _____

RE: 2021 - 2025 Financial Plan – Fanny Bay Fire Protection Service – Function 225

Purpose

To provide the Electoral Areas Services Committee with the proposed 2021 - 2025 Financial Plan and work plan highlights for the Fanny Bay Fire Protection Service, function 225.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2021 – 2025 financial plan for Fanny Bay Fire Protection Service, function 225, be approved.

Executive Summary

The proposed 2021-2025 financial plan includes the following key aspects:

- An estimated residential tax rate in 2021 of \$0.7669 per \$1,000 of assessed value, a decrease of \$0.0505 compared to 2020.
- Tax requisition of \$180,000 for 2021, an increase of \$5,000 over 2020, and annual increases of \$5,000 planned thereafter to support increased transfers to reserve.
- Personnel costs of \$84,052 in 2021; an increase of \$7,121 over 2020 which is largely attributed to increased firefighter benefits.
- Operating expense in 2021 of \$79,416, a decrease of \$32,323 from 2020, largely attributable to the Community Emergency Preparedness grant funding revenue that was allocated in 2020 and not available in 2021.
- Contributions to reserve of \$17,180 in 2021 which is an increase of \$13,642 from 2020. The ending 2020 capital reserve balance is \$82,578 and anticipated to be \$205,094 by 2025 with no planned expenditures at this time.
- Future expenditure reserve funds for emergent events are stable at \$69,650 at the end of 2021.
- Funds are included in 2023 to review the current service delivery model, towards identifying possible efficiencies.

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Concurrence:

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Board Strategic Drivers

The Comox Valley Regional District (CVRD) Board has set four strategic drivers to guide service delivery. Table 1 notes the degree of influence the drivers have on projects and work plans.

Table 1: Board Strategic Drivers

<p>Fiscal responsibility:</p> <ul style="list-style-type: none"> • Fire services continues to focus on sustainable asset planning in advance of capital replacement and ensuring ongoing contributions to capital reserves and the utilization of borrowing when necessary. 	<p>Climate crisis and environmental stewardship and protection:</p> <ul style="list-style-type: none"> • Service provides protection to address increase in wildfire risk as a result of climate change.
<p>Community partnerships:</p> <ul style="list-style-type: none"> • The volunteer fire department continues involvement with community events such as Halloween, Fire Prevention week and emergency preparedness. • The Fanny Bay fire department has 13 volunteers. 	<p>Indigenous relations:</p> <ul style="list-style-type: none"> • This service is not significantly influenced by this driver.

Rethink Comox Valley / COVID-19 Response and Renewal

On May 12, 2020 the board adopted a COVID-19 renewal plan for the review of service levels and all necessary, critical and functional projects slated for the next five years. Recommended actions for the plan were brought forward to the relevant committees, commissions and partners for review over the summer.

In accordance with the COVID 19 renewal plan:

- The replacement of the duty officer truck was completed in 2020 with the purchase of a good second hand vehicle below budget for an estimated savings of \$24,000.
- Deferral of FireSmart works at Fanny Bay fire hall and adjacent private property thereby deferring approximately \$4,000 of costs.
- The purchase of a good second-hand SCBA cylinders in 2020 is sufficient to cancel the planned purchase of additional cylinders in 2021 and 2022 for a combined savings of \$18,000.
- Staff continues to explore increasing collaboration with neighbouring fire services where appropriate with a more comprehensive review planned for 2023

Economic Recovery Task Force Actions

Not applicable for this service.

Financial Plan Overview

The 2021 - 2025 proposed five-year financial plan for the Fanny Bay Fire Protection Service, function 225, including service establishment information, the requisition summary and the operating and capital budgets, 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.


The Fanny Bay Volunteer Fire Department operational funding is captured within the CVRD operating expense lines and managed by the CVRD directly.

A major component of the proposed 2021 budget is the fire department operational funding which is based on the Fire Chief's budget submission attached as Appendix A.

The proposed 2021-2025 financial plan includes funds in 2023 to investigate the efficiency of a more formal collaboration of CVRD fire services in the south Comox Valley.

Table 2 below summarizes the 2021 proposed budget as compared to the 2020 adopted budget. Significant variances from 2020 adopted budget will be discussed in the financial plan sections that follow.

Table 2: Financial Plan Highlights

		#225 Fanny Bay Fire		
Operating	2020 Budget	2021 Proposed Budget	Increase (Decrease)	
Revenue				
Senior Govt Grants	25,000	0	(25,000)	
Requisition	175,000	180,000	5,000	
Prior Years Surplus	13,208	21,648	8,440	
	\$ 213,208	\$ 201,648	\$	(11,560)
Expenditures				
Personnel Costs	76,931	84,052	7,121	
Operating	111,739	79,416	(32,323)	
Contribution to Reserve	3,538	17,180	13,642	
Debt Charges	21,000	21,000	-	
	\$ 213,208	\$ 201,648	\$	(11,560)
Capital				
Funding Sources				
Transfer from Reserve	30,000	0	(30,000)	
	\$ 30,000	\$ -	\$	(30,000)
Funding Applied				
Capital Projects & Equip	30,000	0	(30,000)	
	\$ 30,000	\$ -	\$	(30,000)

Highlights of the 2021 - 2025 proposed financial plan for function 225 include:

Revenue Sources

The proposed 2021-2025 financial plan includes:

- A tax requisition of \$180,000 in 2021 which is an increase of \$5,000 over 2020. The requisition is planned to increase \$5,000 per year until 2025 with additional funds being transferred to the capital works reserve to fund future capital needs.
 - Largely attributed to increased medical first responder training;
 - Increased firefighter benefits;
- Estimated prior year surplus of \$21,468 is carried forward from 2020, an increase of \$8,440 from the previous year.
 - Largely attributed to projects delayed as a result of public health orders regarding COVID 19.

Personnel

The proposed 2021-2025 financial plan includes:

- Personnel costs of \$84,052 in 2021; an increase of \$7,121 over 2020 which is largely attributed to:
 - Increased firefighter benefits.
- A portion of the administrative assistant, Manager of Fire Services and Deputy Training Officer at Oyster River is allocated to fire services;
- Funding for the annual remuneration of the Fire Chief.

Operations

The proposed 2021-2025 financial plan includes:

- The total operating expense in 2021 of \$79,416, a decrease of \$32,323 from 2020.
 - Largely attributable to the Community Emergency Preparedness grant funding revenue that was allocated in 2020 and not available on 2021.
 - Increased training costs regarding the provision of medical first responder service to the residents of the service area.

Capital

The proposed 2021-2025 financial plan includes a \$30,000 decrease in capital expenditures which is attributed to the purchase of the replacement duty truck in 2020, and no capital projects planned for 2021.

Although the proposed 2021-2025 financial plan does not include any specific new capital items, staff recognizes that a review toward a more formal collaboration of CVRD fire services in the south Comox Valley may identify capital items that improve service efficiency.

The proposed 2021-2023 financial plan includes funds in 2023 to explore a need for an addition to the Fanny Bay fire hall. Staff will report out at a future Board meeting as more information is gathered.

Sustainable Asset Funding

Staff have developed a sustainable asset funding model (SAF) for the Fanny Bay Fire Protection Service. The SAF is a long range planning tool used to anticipate future capital purchases and to identify future capital replacement obligations, towards maintaining a sustainable service delivery. The SAF model will inform the development of an asset management plan for fire services.

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 Fanny Bay Fire Protection Service SAF is attached as Appendix B.

Funding options:

In the context of the SAF, staff has identified three possible options for the accrual of funds to meet future capital replacement obligations and maintain service levels. 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 2021 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 SAF, to maintain the current level of service by way of “today’s taxpayers” the contribution to capital reserve would need to be increased by approximately \$156,997 in 2021 which is not being recommended in this report.

The SAF currently in place will be incorporated into the CVRD corporate wide asset management strategy which will be under review in 2021 and future years as a “state of the nation” asset management plan is completed for all core asset groups which will consider strategic funding strategies to ensure sustainable service delivery and minimize impacts and volatility to the ratepayers.

Reserves

The proposed 2021-2025 financial plan includes contributions to reserves of \$17,180 in 2021 which is an increase of \$13,642 from 2020. The Fanny Bay Fire Protection Service had approximately \$82,578 of capital reserve funds at the end of 2020. Annual contributions over the five year plan are expected to increase as debt servicing on a previous fire engine purchase is paid out in 2022, with an anticipated ending 2025 reserve balance of \$205,094.

Table 4 illustrates the anticipated contributions and annual balances based on the recommendations of the proposed 2021-2025 financial plan.

Table 4: Estimated Capital Reserve Fund Status

Capital reserve (machinery & equipment) activity	2021	2022	2023	2024	2025
Beginning balance	\$82,578	\$99,581	\$109,463	\$126,000	\$163,900
Contributions to reserve	\$17,510	\$9,882	\$16,537	\$37,900	\$42,004
Applied to capital	0	0	0	0	0
Estimated balance at year end	\$99,581	\$109,463	\$126,000	\$163,900	\$205,904

There is also a future expenditure reserve balance of \$69,473 at the end of 2020, which provides risk mitigation funding and stabilizes the requisition for any operating expense changes.

Debt Charges

Debt charges of \$21,000 annually are to support short term financing for the fire engine until 2022.

Tax Impacts

- Based on the 2021 completed assessment roll, the estimated residential tax rate for this service is expected to be \$0.7669 per \$1,000 (2020 - \$0.8174) of taxable assessed value.
- For a residence with an assessed value of \$500,000, the total tax impact is estimated to be \$383.45 for this service.

Citizen/Public Relations

The Fanny Bay Fire Protection Service provides for protection of life and property for the residents of the local service area.

Staff and the Fanny Bay Volunteer Fire Department continue to host annual public open house events to share and receive input regarding the operational and administrative delivery of the service. These annual open house events will continue through the 2021-2025 financial plan years as Public Health Orders allow.

Attachments: Appendix A – Fanny Bay Fire Chief Budget Submission
Appendix B – Sustainable Asset Funding Model

Fanny Bay Fire Department

Cost Centre 225		Budget 2020	2020 Final	2021 Submission	2022	2023	2024	2025
Income								
	225 · Operational Total	68,562		68,525.00				
	125- Donation and misc.							
Total Income		68,562						
Expense								
	464 Vehicle Maintenance	7,000	7,000	7,200.00	7,000.00	7,000.00	7,000.00	7,000.00
	458 · Vehicle - fuel	3,000	3,000	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
	447 · Fire Fighting Equipment Maint.	2,900	2,900	2,900.00	2,900.00	2,900.00	2,900.00	2,900.00
*	281 · Small Eq/ Gear, Supplies	1,500	1,500	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
	257 · Uniforms	2,000	2,000	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
	447 · Communications Expense	3,600	1,200	5,100.00	5,100.00	5,100.00	5,100.00	5,100.00
*	319 · Training	5,200	5,200	4,950.00	4,950.00	4,950.00	4,950.00	4,950.00
	225 · Accident Insurance- Off Duty	1,800	1,800	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00
	220 · Volunteer Encouragement	13,000	13,000	13,000.00	13,000.00	13,000.00	13,000.00	13,000.00
	353 - Community Involvement	1,000	1,000	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
	387 · Accounting	-	3,000					
	340 · Membership and Subscriptions	1,900	1,900	1,900.00	1,900.00	1,900.00	1,900.00	1,900.00
	296 · Courier and Postage and Freight	100	100	100.00	100.00	100.00	100.00	100.00
	293 · Office, bank charges	500						
*	276 · Software	1,100	1,100	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00
	320 · Travel and Meals	2,200	2,200	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00
	387 · Fit for Duty Checks	100	100	100.00	100.00	100.00	100.00	100.00
	290 · Miscellaneous Expense	300	300	300.00	300.00	300.00	300.00	300.00
	5640 · GST/HST Expense	750						
*	400 · Repair and Maintenance	4,500	4,500	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00
	409 · Hydro and Water	3,200	3,200	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00
	314 · Telephone	1,100	1,100	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00
	314 · Internet, Cable	2,000	2,000	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
	314 · Security	375	375	375.00	375.00	375.00	375.00	375.00
	220 · Payroll Expenses	8,400	8,400	8,400.00	8,400.00	8,400.00	8,400.00	8,400.00
Total Expense		67,525	66,875	68,725.00	68,525.00	68,525.00	68,525.00	68,525.00
Net Income								
Notes: Purchase from Capital Reserve 2021 Purchase used light Duty Officer Vehicle \$ 20K 2021 Plan for Fire Hall Addition \$3K 2021 Fire Smart fire hall\$3K 2021 Complete Rear Gravel Patio \$1K								

