

DATE: January 21, 2021

FILE: 1700-02/2021/237

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 – Greater Merville Fire Protection – Function 237

Purpose

To provide the Electoral Areas Services Committee with the proposed 2021 - 2025 financial plan and work plan highlights for the Greater Merville Fire Protection Service, function 237.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2021 – 2025 financial plan for the Greater Merville Fire Protection Service, function 237, be approved.

Executive Summary

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

- A residential tax rate of \$0.5806 per \$1,000 of assessed value, which is a decrease of \$0.0254 compared to 2020.
- The 2021 tax requisition of \$534,426, a slight decrease to align with 2020 actuals.
- Personnel costs of \$46,022 in 2021 which is an increase of \$7,004 over 2020;
- Total operating expense of \$330,735 in 2021 which is a decrease of \$20,779 over 2020;
- The Merville service is transitioning from a shared services agreement with the City of Courtenay in 2021 to the Black Creek-Oyster Bay service in 2022 which creates some cost savings and enhanced service levels with the integration of two Comox Valley Regional District (CVRD) fire services.
- Capital expenditures of \$2,228,347 for the construction and equipping of the Greater Merville fire hall as approved through elector asset in fall 2020, funding includes a combination of borrowing and reserves. Borrowing being utilized for long-lived assets including the fire hall and fire engine balancing impacts to ratepayers to current and future taxpayers.
- Contributions to reserves of \$136,776 in 2021 which is a decrease of \$5,314 from 2020.

Prepared by:

Concurrence:

J. Bast

D. DeMarzo

James Bast
Manager of Fire Services

Doug DeMarzo
General Manager of
Community Services

Government Partners and Stakeholder Distribution (Upon Agenda Publication)

City of Courtenay	✓
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Board Strategic Drivers

The 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"> • Service provision by way of agreement, utilizing existing fire department with the Oyster River Fire Rescue (ORFR) which provides for efficiencies and economies of scale. 	<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"> • Fire protection service currently provided by way of service agreement with the City of Courtenay. • Planned auxiliary fire hall with Oyster River Fire Rescue as primary department. • Greater Merville fire protection service 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:

- Staff will utilize license agreements instead of statutory right-of-way to reduce legal costs for the placement of water storage tanks. Estimated savings of \$3,000.
- Land acquisition costs have been removed from the budget as fire hall site is established.
- Partial lease costs for 2020 were canceled as construction is anticipated to be completed in 2021.

Economic Recovery Task Force Actions (if applicable)

Not applicable for this service.

Financial Plan Overview

A major component of the proposed 2021-2025 financial plan is the City of Courtenay’s 2021 submission for fire protection services which is attached as Appendix A. The 2021 service agreement cost is \$256,140, an increase from \$248,213 in 2020.

In accordance with the service agreement, the regional district has notified the City of Courtenay that it wishes to terminate the agreement at the end of 2021, as the fire hall is constructed and Oyster River Fire Rescue begins to directly manage overall operations. Accordingly, the agreement costs are not included in 2022 and years beyond.


Beginning in 2022, the proposed financial plan includes a transfer of \$154,995 to the Black Creek-Oyster Bay fire protection service as Oyster River Fire Rescue begins to directly manage operations.

Following the successful elector assent process, the focus of the proposed 2021-2025 financial plan is the construction and equipping of the new Merville fire hall.

The 2021 - 2025 proposed five-year financial plan for Greater Merville Fire Protection Service, function 237, 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.

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

 2021 Proposed Budget		#237 Greater Merville Fire Protection		
Operating	2020 Budget	2021 Proposed Budget	Increase (Decrease)	
Revenue				
Requisition	535,279	534,426	(853)	
Prior Years Surplus	76,843	54,545	(22,298)	
	\$ 612,122	\$ 588,971	\$ (23,151)	
Expenditures				
Personnel Costs	39,018	46,022	7,004	
Operating	351,514	330,735	(20,779)	
Referendum Costs	10,000	0	(10,000)	
Transfer to Other Functions	37,000	47,000	10,000	
Contribution to Reserve	142,090	136,776	(5,314)	
Debt Charges	32,500	28,438	(4,062)	
	\$ 612,122	\$ 588,971	\$ (23,151)	
Capital				
Funding Sources				
Short Term Debt Proceeds	2,000,000	1,750,000	(250,000)	
Transfer from Reserve	140,000	478,347	(338,347)	
	\$ 2,140,000	\$ 2,228,347	\$ (588,347)	
Funding Applied				
Capital Projects & Equip	2,140,000	2,228,347	88,347	
	\$ 2,140,000	\$ 2,228,347	\$ 88,347	

Highlights of the 2021 - 2025 proposed financial plan for function 237 include:

Revenue Sources

- The proposed 2021 tax requisition of \$534,426 which is a decrease of \$853 over the 2020 budget.
- Prior year's surplus carry forward from 2020 estimated at \$54,545.
- Staff continues to research possible grant funding opportunities for this service.

Personnel

- Personnel costs of \$46,022 in 2021 which is an increase of \$7,004 over 2020;
 - Increase largely attributed to allocating a portion of the new position of the Deputy Chief in charge of training for Oyster River Fire Rescue.
 - A portion of administrative assistant cost is now allocated to fire services;
 - A portion of personnel costs attributed to Manager of Fire Services are allocated to this service.
 - A portion of the personnel costs of the Fire Chief and Deputy Chief of the Oyster River Fire Rescue department are allocated to this service.

Operations

- Total operating expense of \$330,735 in 2021 which is a decrease of \$20,779 over 2020.
Decrease largely attributed to:
 - Pre-referendum advertising costs not included in 2021 as elector assent was successful.
 - Fire hall siting analysis costs not included in 2021 as fire hall site is established.

Capital

With the successful elector assent process completed in fall 2020, the CVRD will now enter into a long-term lease with the Mountaineer Avian Rescue Society (MARS) and subsequently commence with construction of the new fire hall in 2021.

The proposed 2021-2025 financial plan includes \$2,228,347 in capital projects in 2021, including fire hall construction, equipment purchases, and a water supply tank. Capital expenditures for 2021 are detailed in Table 3.

Table 3: Capital Projects

Project Description	Budget year	Anticipated cost	Anticipated schedule
Auxiliary fire hall project construction costs <ul style="list-style-type: none"> • To initially be funded by interim financing 	2021	\$1,298,000	Summer/Fall 2021
Auxiliary fire hall project equipment costs <ul style="list-style-type: none"> • Equipment and fire trucks for fire service • To be funded by combination of interim financing and transfer from reserves 	2021	\$900,347	Fall/Winter 2021
Water supply tank installation <ul style="list-style-type: none"> • Carried forward from 2020 • To be funded by transfer from reserves 	2021	\$30,000	Fall 2021
Total		\$2,228,347	
All projects approved in the Financial Plan will be procured in accordance with Bylaw No. 510 being “Comox Valley Regional District Delegation of Purchasing Authority Bylaw No. 510, 2018” and the Board approved Procurement Policy.			

A sustainable asset funding model for this service will be developed as the capital items are acquired and through the corporate asset management program implementation through 2021 and 2022.

Reserves

- Contributions to reserves of \$136,776 in 2021 which is a decrease of \$5,314 from 2020.

The estimated opening 2021 capital reserve fund balance is \$539,666 which includes funds transferred from the former improvement district.

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

Table 4: Capital Reserve Fund Status

Capital reserve (machinery & equipment) activity	2021	2022	2023	2024	2025
Beginning balance	\$539,666	\$168,786	\$262,8499	\$377,386	\$475,356
Contributions to reserve	\$107,467	\$94,063	\$114,537	\$97,970	\$105,011
Applied to capital	(\$478,347)	\$0	\$0	\$0	\$0
Estimated balance at year end	\$168,786	\$262,849	\$377,386	\$475,356	\$580,367

The service also has a future expenditure reserve estimated to have a balance of \$90,580 at the end of 2021.

Debt Charges

- Debt servicing costs of \$28,438 in 2021 as construction begins and interim financing is utilized.
- Debt servicing costs of \$152,250 in 2022 as the fire hall and equipment are completed; this includes \$100,000 of interim debt repayment.

Tax Impacts

The 2021 - 2025 financial plan indicates the following residential tax impact:

- Based on the 2021 completed assessment roll, the estimated residential tax rate for this service is expected to be \$0.5806 per \$1,000 (2020 - \$0.6060) of taxable assessed value.
- For a residence with an assessed value of \$500,000, the total tax impact is estimated to be \$290 for this service.

Citizen/Public Relations

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

The CVRD website includes a webpage dedicated to the Greater Merville fire hall project. This webpage is updated as new information becomes available in order to keep the residents apprised on the project.

Attachments: Appendix A – City of Courtenay Budget Submission

Financial Services Department
830 Cliffe Avenue
Courtenay, B.C.
V9N 2J7



Phone 250-334-4441
Fax 250-334-4241
email: finance@courtenay.ca

October 19, 2020

Comox Valley Regional District
770 Harmston Avenue
Courtenay, BC, V9N OG8

Attention: Kevin Douville, Manager of Financial Services

Dear Mr. Douville,

Re: Greater Merville Fire Protection District Services 2021

Attached for your information are the Greater Merville Fire Protection District Services share for 2021 and calculations and projected billing for 2022-2025.

Should you have any questions about the following request, please do not hesitate to contact me at aberard@courtenay.ca or alternatively at 250-703-4832.

Sincerely,

A handwritten signature in black ink that reads 'Annie Bérard'.

Annie Bérard, CPA, CMA, MBA
Manager of Financial Planning, Payroll and Business Performance

Cc: Marie Lapp, Financial Services Assistant
Jennifer Nelson, Director of Financial Services

COURTENAY VOLUNTEER FIRE DEPARTMENT
 SCHEDULE OF FIRE PROTECTION EXPENDITURES FOR BILLING in YEAR 2021

ADJUSTMENTS TO COSTS SHARED ON BASIS OF RELATIVE ASSESSMENT

Net Shareable Fire Protection Costs [A] 2,104,512

CITY OF COURTENAY FIRE PROTECTION SERVICES
 YEAR 2021 APPORTIONMENT OF COSTS BASED ON 2020 APPROVED BUDGET
 And Adjustment to Actual for 2019 Calendar Year

AREA	2020	%	2021	FIRE INSPT	2021	Projected Billing					
	NET TAXABLE ASSESSED VALUE					APPORTIONMENT OF COSTS	COSTS	BILLING	2022 2%	2023 2%	2024 2%
Courtenay Fire Protection District	1,521,563,863	17.48%	X [A]	367,965	69,767	63%	437,732	446,487	455,417	464,525	473,816
Greater Merville Fire Protection District	890,344,813	10.23%	X [A]	215,315	40,824	37%	256,140	261,262	266,488	271,817	277,254
City of Courtenay	6,290,402,326	72.28%		1,521,232			1,521,232	1,551,656	1,582,689	1,614,343	1,646,630
	8,702,311,002	100.00		\$2,104,512	\$110,591		\$2,215,104	\$2,259,406	\$2,304,594	\$2,350,686	\$2,397,699