

DATE: January 21, 2020

FILE: 1700-02/2020/220

TO: Chair and Directors
Electoral Areas Services Committee

Supported by Russell Dyson
Chief Administrative Officer
R. Dyson

FROM: Russell Dyson
Chief Administrative Officer

RE: 2020 - 2024 Financial Plan – Hornby Island Fire Protection – Function 220

Purpose

To provide the Electoral Area Services Committee with the proposed 2020 - 2024 Financial Plan and work plan highlights for the Hornby Island Fire Protection Service, function 220.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2020 – 2024 Financial Plan for Hornby Island Fire Protection Service, function 220, be approved.

Executive Summary

The proposed 2020-2024 Financial Plan includes the following key aspects:

- A residential tax rate of \$0.8570 per \$1000 of assessed value, which is an decrease of \$0.0593 compared to 2019
- Requisition remains unchanged from 2019 at \$540,000
- Personnel costs of \$138,630 in 2020 which is an increase of \$3,142 from 2019.
 - Largely attributed to a portion of administrative assistant cost is now allocated to fire services;
- The operating expenses for the service proposed for 2020 is \$327,221, which is an increase of \$37,151 from 2019.
 - Increase largely attributed to the minor capital expenditure for a training facility carried forward from 2019.
- A capital expense of \$35,000 in 2020 for the planned replacement of an old water supply tank.
 - Further water tank replacements planned for 2021 and 2022
 - Planned replacement of an aged tanker truck in 2023
- Contribution to reserve of \$85,115 in 2020 which is increase of \$5,789 from 2019.

Prepared by:

Concurrence:

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Manager of Fire Services

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Stakeholder Distribution (Upon Agenda Publication)

Hornby Island Residents and Ratepayers Association (HIRRA)	✓
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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: Strategic Drivers

<p>Fiscal responsibility:</p> <ul style="list-style-type: none"> • Grant funding program application for minor capital equipment. • Sustainable asset planning in advance of capital replacement 	<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"> • Service agreement with HIRRA for the provision of bookkeeping and accounting services. Budgets are presented by HIRRA to the residents for approval in advance of being sent to the CVRD each year. 	<p>Indigenous relations:</p> <ul style="list-style-type: none"> • This service is not significantly influenced by this driver


Financial Plan Overview

A major component of the proposed 2020 budget is the operational grant which is based on HIRRA’s budget submission attached as Appendix A.

The 2020 - 2024 proposed five-year Financial Plan for the Hornby Island Fire Protection Service, function 220, including service establishment information, 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.

Table 2 on the following page summarizes the 2020 proposed budget as compared to the 2019 adopted budget. Significant variances from 2019 adopted budget will be discussed in the Financial Plan sections to follow.

Table 2: Financial Plan Highlights

 2020 Proposed Budget		#220 Hornby Island Fire		
Operating	2019 Budget	2020 Proposed Budget	Increase (Decrease)	
Revenue				
Requisition	540,000	540,000	-	
Long Term Debt Proceeds	0	1,252,525	1,252,525	
Prior Years Surplus	5,084	40,313	35,229	
	\$ 545,084	\$ 1,832,838	\$ 1,287,754	
Expenditures				
Personnel Costs	135,488	138,630	3,142	
Operating	290,070	327,221	37,151	
Contribution to Reserve	79,326	85,115	5,789	
Debt Charges	40,200	1,281,572	1,241,372	
	\$ 545,084	\$ 1,832,538	\$ 1,287,454	
Capital				
Funding Sources				
Transfer from Reserve	44,000	35,000	(9,000)	
	\$ 44,000	\$ 35,000	\$ (9,000)	
Funding Applied				
Capital Projects & Equip	44,000	35,000	(9,000)	
	\$ 44,000	\$ 35,000	\$ (9,000)	

Highlights of the 2020 - 2024 proposed Financial Plan for function 220 include:

Revenue Sources

The proposed 2020-2024 Financial Plan includes:

- Total tax requisition of \$540,000 in 2020 which is the same as 2019.
 - Estimated prior year surplus of \$40,313 which is largely attributed to funds carried forward due to the delay in training facility development.
- Tax requisition of \$565,000 maintained for 2021-2024

Staff have applied for funding from the Community Emergency Preparedness Fund (CEPF) grant program towards the purchase of additional wildland firefighting equipment on Hornby Island. Confirmation of grant funding is anticipated in February 2020. If successful, an additional revenue and expenditure of \$25,000 will be included in the 2020 recommended budget.

Personnel

The proposed 2020-2024 Financial Plan includes:

- Personnel costs of \$138,630 in 2020 which is an increase of \$3,142 from 2019.
 - Largely attributed to a portion of administrative assistant cost is now allocated to fire services;

- 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.
- There are no personnel changes anticipated.

Operations

The proposed 2020-2024 Financial Plan includes:

- The total operating expenses for the service proposed for 2020 is \$37,221, which is an increase of \$37,151 from 2019.
 - Increase largely attributed to the minor capital expenditure for a training facility carried forward from 2019.

Capital

The proposed 2020-2024 Financial Plan includes:

- Total capital expenditures of \$35,000 in 2020 which is a decrease of \$9,000 from 2019
 - Largely attributed to the completion of the fuel tank project in 2019.
- A capital plan to replace the three oldest water supply tanks.
 - 2020 capital replacement water storage tank for \$35,000.
 - 2021 capital replacement water storage tank for \$25,000.
 - 2022 capital replacement water storage tank for \$25,000.
- The capital replacement of an aged tanker truck for \$300,000 in 2023

Table 3 highlights capital projects within this Financial Plan

Table 3: Capital Projects

Project Description	Budget year	Anticipated cost	Anticipated schedule
Water supply tank replacement <ul style="list-style-type: none"> • Sandpiper Tank • To be funded by transfer from reserve 	2020	\$35,000	Spring/Summer 2020
Water supply tank replacement <ul style="list-style-type: none"> • Carmichael Tank • To be funded by transfer from reserve 	2021	\$25,000	Spring/Summer 2021
Water supply tank replacement <ul style="list-style-type: none"> • Whaling Station Tank • To be funded by transfer from reserve 	2022	\$25,000	Spring/Summer 2022
Tanker truck replacement <ul style="list-style-type: none"> • Replace 1996 Superior Tanker Truck • To be funded by transfer from reserves 	2023	\$300,000	Summer/Fall 2023
All projects approved in the Financial Plan will be procured in accordance with Bylaw No. 510 and the Board approved Procurement Policy.			

Sustainable Asset Funding

Staff has developed a sustainable asset funding model (SAF) for the Hornby Island 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 Hornby Island 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 2020 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 \$301,165 in 2020 which is not being recommended in this report.

Reserves

The proposed 2020-2024 Financial Plan includes;

- Contribution to reserve of \$85,115 in 2020 which is increase of \$5,789 from 2019.

The Hornby Island Fire Protection Service has an approximate capital reserve balance of \$194,275 at the end of 2019.

Table 4 illustrates the anticipated contributions and annual balances based on the recommendations of the 2020-2024 proposed Financial Plan.

Table 4 – Estimated Capital Reserve Status

Capital reserve (machinery & equipment) activity	2020	2021	2022	2023	2024
Beginning balance	\$194,275	\$244,390	\$278,741	\$314,187	\$58,603
Contributions to reserve	\$85,115	\$59,351	\$60,446	\$44,416	\$45,191
Applied to capital	(\$35,000)	(\$25,000)	(\$25,000)	(\$300,000)	\$0
Estimated balance at year end	\$244,390	\$278,741	\$314,187	\$58,603	\$103,794

There is also a future expenditure reserve estimated to be \$51,592 at the end of 2019.

Debt Charges

Following completion of the new fire hall project, the proposed 2020-2024 Financial Plan includes:

- Interim financing costs of \$29,347 in 2020
- The planned pay down of the interim financing and the conversion to long-term debt in 2020 with estimated annual debt servicing costs of \$82,726 annually for 20 years.

Tax Impacts

The 2020 - 2024 Financial Plan indicates the following residential tax impact:

- Based on the 2020 completed assessment roll, the estimated residential tax rate for this service is expected to be \$0.8570 per \$1,000 of taxable assessed value.
- The 2019 residential tax rate for the service was \$0.9163 per \$1,000 of taxable assessed value.
- For a residence with an assessed value of \$500,000, the total tax impact is estimated to be \$428.50.

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 2020 budget submission was supported at the November 2019 meeting of HIRRA.

Attachments: Appendix A – “HIRRA Budget Submission”
Appendix B – “Sustainable Asset Funding”

Hornby Island Fire Rescue: 2020 - 2024 Budget

based on 2.0% inflation

	2017	2018	2019		2020	2021	2022	2023	2024	2025
	Actual	Actual	Budget	Actual to Aug 31/19	Projected	Budget	Budget	Budget	Budget	Budget
Operating Revenue										
Surplus/Deficit CFWD (most recent actuals)			\$ 12,190			\$ 439	\$ -	\$ -	\$ -	\$ -
CVRD Operating Grant	\$ 194,282	\$ 190,936	\$ 184,789	\$ 184,789	\$ 184,789	\$ 201,228	\$ 205,125	\$ 207,959	\$ 210,798	\$ 213,741
Parks Patrol	\$ 2,600	\$ 2,600	\$ 2,600	\$ -	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600
Total Revenue	\$ 202,108	\$ 193,536	\$ 199,579	\$ 184,789	\$ 187,389	\$ 204,267	\$ 207,725	\$ 210,559	\$ 213,398	\$ 216,341
Allocation to Core Services	\$ 15,171	\$ 15,202	\$ 17,414	\$ 11,609	\$ 17,414	\$ 19,490	\$ 19,490	\$ 19,490	\$ 19,490	\$ 19,490
Net Revenue	\$ 186,937	\$ 178,334	\$ 182,165	\$ 173,180	\$ 169,975	\$ 184,777	\$ 188,235	\$ 191,070	\$ 193,908	\$ 196,851

1.43%

Operating Expenses

1	Administrative Wages & MERCS	\$ 4,172	\$ 5,000	\$ 2,295	\$ 4,300	\$ 5,200	\$ 5,304	\$ 5,410	\$ 5,518	\$ 5,629	\$ 5,741	increased to pay Albini for covering my vacations	
	Officer Remuneration & MERCS	\$ 18,302	\$ 22,500	\$ 12,498	\$ 18,748	\$ 20,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000		
	Fire Fighter Honorarium & MERCS	\$ 18,000	\$ 18,000	\$ 9,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000		
	AW+OR+FFH MERCS	\$ 45,250	\$ 2,835	\$ 1,684	\$ 2,526	\$ 2,600							
	Seasonal Fire Patrol & Permits, WCB only	\$ 14,308	\$ 12,472	\$ 16,000	\$ 12,203	\$ 15,000	\$ 16,320	\$ 16,646	\$ 16,979	\$ 17,319	\$ 17,665		
	Total Wages, Remuneration/Honorarium	\$ 59,558	\$ 55,781	\$ 61,500	\$ 37,680	\$ 58,574	\$ 61,800	\$ 63,624	\$ 64,056	\$ 64,498	\$ 64,948	\$ 65,407	
2	Education / Training	\$ 25,472	\$ 28,830	\$ 26,500	\$ 10,961	\$ 19,500	\$ 27,030	\$ 27,571	\$ 28,122	\$ 28,684	\$ 29,258	\$ 29,843	Lots of new rookies that will need off-island training
3	Insurance (Fire Fighters AD&D)	\$ 1,939	\$ 2,428	\$ 4,400	\$ 2,394	\$ 2,394	\$ 2,600	\$ 2,700	\$ 2,800	\$ 2,900	\$ 3,000	\$ 3,100	On duty insurance comes out of CVRD side of budget, not operations. Increase
4	Office Expenses	\$ 6,751	\$ 6,784	\$ 5,875	\$ 5,645	\$ 6,000	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	Bumped back up to historical values
	Publicity / Promotion	\$ 5,337	\$ 7,305	\$ 6,000	\$ 3,425	\$ 5,137	\$ 6,120	\$ 6,242	\$ 6,367	\$ 6,495	\$ 6,624	\$ 6,757	
	Supplies	\$ 18,654	\$ 18,855	\$ 19,500	\$ 12,667	\$ 19,500	\$ 20,500	\$ 20,910	\$ 21,328	\$ 21,755	\$ 22,190	\$ 22,634	
5	Telecommunications	\$ 4,780	\$ 3,050	\$ 4,200	\$ 2,455	\$ 3,900	\$ 4,200	\$ 4,370	\$ 4,457	\$ 4,546	\$ 4,637	\$ 4,730	New cell phones and slight increase because of data plans
	Utilities / Monitoring	\$ 4,645	\$ 8,007	\$ 7,300	\$ 4,244	\$ 6,700	\$ 7,446	\$ 7,595	\$ 7,747	\$ 7,902	\$ 8,060	\$ 8,221	
	Building Maintenance	\$ 12,600	\$ 12,282	\$ 10,000	\$ 7,031	\$ 10,546	\$ 11,000	\$ 10,404	\$ 10,612	\$ 10,824	\$ 11,041	\$ 11,262	
6	Equipment Maintenance	\$ 7,182	\$ 6,532	\$ 6,630	\$ 2,058	\$ 13,000	\$ 6,763	\$ 6,898	\$ 7,036	\$ 7,177	\$ 7,320	\$ 7,466	Generator installation
	First Aid Supplies	\$ 0	\$ 447	\$ 750	\$ 750	\$ 800	\$ 800	\$ 800	\$ 850	\$ 850	\$ 900	\$ 900	
	Vehicle Fuel	\$ 4,127	\$ 4,379	\$ 5,900	\$ 3,748	\$ 5,621	\$ 6,018	\$ 6,138	\$ 6,261	\$ 6,386	\$ 6,514	\$ 6,644	
	Vehicle Repair & Maintenance	\$ 14,730	\$ 16,974	\$ 16,000	\$ 5,201	\$ 15,000	\$ 17,500	\$ 16,646	\$ 16,979	\$ 17,319	\$ 17,665	\$ 18,019	
	Volunteer Fund	\$ 2,000	\$ 2,000	\$ 2,000	\$ 1,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	
	Water Tank Maintenance	\$ 6,972	\$ 4,242	\$ 5,610	\$ 850	\$ 1,500	\$ 4,500	\$ 5,837	\$ 5,953	\$ 6,072	\$ 6,194	\$ 6,318	Reduced because we are replacing the older tanks.
	Total Expenses	\$ 174,747	\$ 177,895	\$ 182,165	\$ 100,063	\$ 170,172	\$ 184,777	\$ 188,235	\$ 191,070	\$ 193,908	\$ 196,851	\$ 199,800	

Surplus/(Deficit)	\$ 12,190	\$ 439	\$ -	\$ 73,117	\$ -197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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CVRD Budget Line Item Requests	2017	2018	2019		2020	2021	2022	2023	2024	2025	
Turn Out Gear	\$ 8,500		\$ 8,500		\$ 10,000	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 9,000	
New Tender	\$ 220,000										
Training Facility			\$ 30,000		\$ 20,000						
Replace 64			\$ 25,000								
Replace Carmichael Tank						\$ 25,000					
Replace Sandpiper Tank					\$ 35,000						
80kW generator (includes sale of old one)											
2 New AEDs					\$ 5,500						
Replace 4 SCBA cylinders						\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800		
Replace 1996 Superior Tender								\$ 300,000			
Replace Whaling station tank							25,000				
Replace duty officer vehicle										60,000	
Install New Fuel Tank			\$ 9,000								
Total	\$ 228,500	\$ -	\$ 72,500	\$ -	\$ -	\$ 70,500	\$ 38,300	\$ 38,300	\$ 313,300	\$ 13,300	\$ 69,000

- Increased to 10K in 2020 to replace 4 sets of expired gear.
- SCBA cylinders good for 15 years. Our original purchase of 20 was in 2011. In 2026 we will have to throw away 20 cylinders.
- Switched order of Carmichael and Sandpiper tanks
- New generator on permanent load from CVRD. Will take \$8K installation expense out of 2019 operations.
- Whaling station water tank in poor shape. Will need to be replaced.

- increased to pay Albini for covering my vacations
- Lots of new rookies that will need off-island training
- On duty insurance comes out of CVRD side of budget, not operations. Increase slightly to account for 3 more rookies.
- Bumped back up to historical values
- New cell phones and slight increase because of data plans
- Generator installation

Sustainable Asset Funding, Function Name: Hornby Island Fire		Function Number: 220		2020 -2024							
<p>The Sustainable Asset Funding (SAF) model is a long range planning tool used to anticipate future capital purchases and to identify future capital replacement obligations for this service. This SAF 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 SAF is based on the principles that:</p> <ul style="list-style-type: none"> • Building replacement costs are based on current estimated construction costs, • Equipment replacement costs are based on current estimated costs, • 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, • Specific and regular repair and maintenance programs maximize the life-cycle of capital assets, and • It will be updated and reported to the board annually as part of the financial planning process 											
Type	Description	Date in Service	Expected Service Life	Expected Replacement Year	Remaining Service Life	Current Estimated Value	Expected Replacement Cost	2020 Estimated contribution required	2020 FP contribution to reserve	2020 Variance	Notes
Water Tanks	3 older tanks	1986	34	2020	0 yrs	(3x10,000) \$30,000	(3x30,000) \$90,000	\$90,000.00	\$85,115.00	-\$4,885.00	Epoxy Lined tanks. Replace 1 tank in each year, 2020, 2021, 2023. Begin accumulating reserves in 2022
Water Tanks	8 Newer Tanks	2011	25 yrs	2036	16 yrs	(8x15,000) \$120,000	(8x30,000) \$240,000	\$15,000.00	\$0.00	-\$15,000.00	Bare metal tanks with anodes
Building	Firehall at 3715 Central Road	2017	50 yrs	2067	47 yr	\$2,400,000.00	\$2,400,000.00	\$51,000.00	\$0.00	-\$51,000.00	Assumes new completed in 2017. Reserves begin 2018 for 50 yrs. Estimate based on construction costs
Trucks	Unit #61 Main Engine	2003	*25 yrs	2028	8 yrs	\$50,000.00	\$500,000.00	\$62,500.00	\$0.00	-\$62,500.00	*Replacement in 2028 with annual pump recertification 2023 to 2028 to maintain insurance grade rating.
Trucks	Unit #62 Tanker Truck (1996 Ford)	1996	25 yrs	2023	3 yrs	\$10,000.00	\$350,000.00	\$117,000.00	\$0.00	-\$117,000.00	Water tanker truck. Replace in 2023. Begin accumulating reserves in 2024 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	22 yrs	\$240,000.00	\$350,000.00	\$16,000.00	\$0.00	-\$16,000.00	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 (2003 Ford F550)	2019	25 yrs	2028	8 yrs	\$10,000.00	\$200,000.00	\$0.00	\$0.00	\$0.00	Purchase rescue truck (2003 F550) in 2019 from Black-Creek-Oyster Bay from reserve funds. Replacement cost \$200K. Begin accumulating reserves in 2021
Trucks	Unit #65 Duty Officer Truck (2013 Ford P/U)	2013	12 yrs	2025	5 yrs	\$5,000.00	\$40,000.00	\$8,000.00	\$0.00	-\$8,000.00	New truck purchased in 2013. Replace in 2025
Equipment	Generator Kohler	2008	40 yrs	2048	28 yrs	\$8,000.00	\$60,000.00	\$2,150.00	\$0.00	-\$2,150.00	40kw emergency power supply for fire hall. Note: CEVP has larger 80kw generator on loan to HIFR.
Equipment	SCBA cylinders, Draeger	2011	15 yrs	2026	6 yrs	\$5,000.00	\$20,000.00	\$3,400.00	\$0.00	-\$3,400.00	Self Contained Breathing Apparatus (SCBA) capital plan to replace 4 cylinders each year 2021 to 2024
Equipment	Compressor Fill Station	2011	25 yrs	2036	16 yrs	\$15,000.00	\$40,000.00	\$2,500.00	\$0.00	-\$2,500.00	Fills SCBA
Equipment	Auto extrication equipment	2000	25 yrs	2025	5 yrs	\$2,000.00	\$40,000.00	\$8,000.00	\$0.00	-\$8,000.00	Light use so may go longer to replacement
Equipment	Mobile Pump Kohler 27 HP	2011	20 yrs	2031	11 yrs	\$5,000.00	\$8,000.00	\$730.00	\$0.00	-\$730.00	
	Estimated reserve contributions required totals							\$386,280.00		-\$301,165.00	
	Financial Plan contribution totals								2020 FP \$89,115		