

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee Pre-Budget - December 5-7, 2022

AUTHOR: Matt Treit, Manager, Protective Services
Kyle Doyle, Manager, Asset Management

SUBJECT: HALFMOON BAY FIRE PROTECTION SERVICE [216] 20-YEAR CAPITAL PLAN UPDATE

RECOMMENDATION(S)

THAT the report titled Halfmoon Bay Fire Protection Service [216] 20-Year Capital Plan Update be received for information;

AND THAT the annual funding commitment towards capital renewal for the Halfmoon Bay Fire Protection Service [216] be increased to \$196,000 from \$173,000 starting in 2023;

AND THAT for 2023, the Halfmoon Bay Fire Protection Service's Rescue 1 Fire Apparatus Replacement project in the amount of \$623,200 be funded through long-term borrowing;

AND THAT Electoral Approval for a loan of up to \$623,200 for a term of 10 years be sought through the Alternate Approval Process to fund Halfmoon Bay Fire Protection Service's Rescue 1 Fire Apparatus Replacement project;

AND that the 2023-2027 Draft Financial Plan be amended accordingly.

BACKGROUND

At the [November 25, 2021](#) Corporate and Administrated Services Committee a report was provided which reviewed the existing funding for each of the four SCRD fire departments, and provided sustainable funding options for renewal of critical components and equipment at each of the fire protection services within the SCRD. The recommended \$48,000 annual increase in contributions to the Halfmoon Bay Fire Protection Service's (HMBFPS) Capital Renewal fund was approved.

The purpose of this report is to update the Board on the Halfmoon Bay Fire Protection services' Capital Plan.

DISCUSSION

The current projection for the HMBFPS's 20-year Capital Plan indicates that the current funding level will be slightly below the expenses projected for critical capital renewal projects as well as all critical fire protection equipment. Several components previously slated for replacement were reassessed this year and it was determined that their performance was satisfactory and were rescheduled for 2024 replacement. As the 20-year outlook of the capital plan advances to include 2042, approximately \$310,000 in additional capital expenditures have been captured in the updated version of the Capital Plan. Increasing costs of fire protection apparatus have been observed and also have been factored into the updated capital plan. This has resulted in a

projected shortfall equivalent to approximately \$33,000 per year. Extending the outlook beyond the 20-year horizon indicates that few expenditures exist that will significantly influence this capital plan within the five years following.

All capital plans for fire protection service functions consider long-term loans for all major purchases at certain points which will require electoral approval. Understanding the resourcing implications to the supporting functions such as Legislative Services is being considered.

For 2023, the Plan accounts for the purchase of Rescue 1 Fire Apparatus Replacement (fire truck). The estimated cost for this vehicle is estimated at \$623,200 and will be funded through a long-term loan as the life of the asset is 20 years. It is recommended to be placed in the 2023-2027 Financial Plan with delivery in 2024.

Options and Analysis

Based on the emerging projected expenditures it is recommended to increase the annual funding to the HMBFPS capital renewal from \$173,000 to \$196,000. This will maximize interest accrual and minimize the total taxpayer contribution to this service. Not raising funding at this point projects to result in a critical funding shortage by 2040. The graph detailing the 20-year Capital Plan can be found in **Attachment A**. Table 1 below shows the projected taxation impact of the Capital Renewal funding.

Table 1: Proposed Annual Contribution – Halfmoon Bay Fire Protection Services Capital Renewal Fund

Functional Area	Fire Department	2022 Contribution	2023 Contribution	Increase	Total Taxation per \$100K
216	Halfmoon Bay	\$ 173,000.00	\$ 196,000.00	\$ 23,000.00	\$ 9.65

Similar to most capital plans produced for the SCRD, only “critical” facility components were considered when initially determining funding requirements. Components deemed to have a criticality rating of “high priority” or “desirable” will be brought forward with individual budget proposals when replacement is deemed necessary.

Organizational and Intergovernmental Implications

Corporate Services will assist with the implementation of the AAP required to obtain electoral approval for the longer-term loans.

Financial Implications

The taxation impacts of the current funding scenario is presented in the Table 1 above.

Non-critical component/equipment replacement will continue to be brought to the Board for consideration on a case-by-case basis as required as part of the Budget process. These projects will require funding outside the capital renewal envelope.

The purchase of the vehicle will be included in the Financial Plan with debt principal and interest occurring in 2024. The debt principal is considered as part of the capital plan funding envelope with the interest being funded through operations.

Timeline for Next Steps

The AAP process will be initiated when necessary to secure funding for major projects. For HMBFPS it is anticipated that long term lending will be required in 2024. Communications efforts to maximize community engagement should precede this with adequate lead time (2-3 months approximately).

Where current funding levels have been established to meet the replacement need of components that are critical to the delivery of the current service, it may be desired to consider expanding funding to enhance the service provisions. For Protective Services this may include aspects such as wildfire-fighting capabilities or firehall expansion that are deemed non-critical to the existing service. To further inform funding level decisions, it is anticipated that a more thorough service review will occur in the future.

Communications Strategy

A communication strategy should be developed to clearly communicate the benefits of extended equipment loan timelines versus the status quo. It is anticipated that much of the effort to communicate this information to residents can be reused for each subsequent AAP.

STRATEGIC PLAN AND RELATED POLICIES

The implementation and use of a Capital Plan align with the SCRD's Financial Sustainability Policy, Asset Management Policy, and the Asset Stewardship component of the SCRD's Strategic Plan.

CONCLUSION

The 20-year capital plan for HMBFPS has been updated this year and it is recommended that Capital Renewal Funding be increased from \$173,000 annually to \$196,000. The use of longer-term loans for fire apparatus results in a lower annual funding requirement necessary to provide sustainable funding for critical component and equipment renewal at each service. Future reviews around the Levels of Service provided by each Fire Department will help to inform subsequent funding decisions.

ATTACHMENTS

Attachment A: Halfmoon Bay Fire Department 20-Year Capital Plan

Reviewed by:			
Manager		CFO/Finance	X - T. Perreault
GM	X – I. Hall	Legislative	
CAO	X – D. McKinley	Other	