

REPORT TO PORT RENFREW LOCAL SERVICES COMMITTEE  
MEETING OF THURSDAY 20 NOVEMBER 2008

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**SUBJECT** PORT RENFREW FIRE LOCAL SERVICE - STATUS OF CAPITAL PROJECT

**PURPOSE**

To provide the Port Renfrew Local Services Committee (PRLSC) and the Pacheedaht First Nation with a status report for the capital project to jointly fund construction of a new fire hall and acquisition of new fire apparatus and equipment necessary for the Port Renfrew Fire Department to deliver fire and emergency services to the Port Renfrew community and the Pacheedaht First Nation community.

**BACKGROUND**

The Capital Regional District (CRD) and the Pacheedaht First Nation completed an agreement for the CRD Port Renfrew Fire Department to provide emergency services to the First Nation commencing 01 April 2008. The CRD, under the agreement, is obligated to purchase the equipment and carry out the capital works associated with the construction of a new fire hall within one year of the commencement date. This report details the progress the CRD has made towards that commitment.

**Status of Works**

The following works are completed:

1. Fire apparatus purchased and in use.
2. Fire equipment for apparatus purchased and in use.
3. Land for hall acquired, land use details to permit construction resolved.
4. Initial design layout for building completed.

Expenditures to date, items 1-4, amount to \$379,000.

The following works are scheduled for completion by February 28, 2009:

1. Pre-tender discussions with building suppliers.
2. Tender supply of prefabricated steel building.
3. Design of base slab, civil works for tender.
4. Tender for construction of civil works.

With this schedule the construction of the fire hall can be initiated in March with the primary structure completed in April. The intent at this time, owing to budget available is to construct a slab on grade, structural steel building. While the building design will offer opportunities for the two communities to participate in further upgrades to the facade for a more west coast look, it will not be known until the tenders are received what funding may be available from the project to facilitate these works. The committee, in consultation with the First Nation should continue to review options for this work either in concert with the primary project or as a follow up project.

**Funding Challenges**

As with most projects of the past few years, there is fear the budget provided in the original agreement may not be sufficient to construct the facility that is anything but utilitarian. While the construction sector appears to be becoming much more competitive as projects are cancelled, until tenders are received the

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true cost of the project will not be known. As a consequence the opportunity to create a facility which is distinctive to the west coast may not be affordable at this time. The design however, needs to consider either an opportunity to customize the building at the time of construction, if funds permit, or to at least provide opportunities for exterior modifications to be added to the facility as a follow up community project.

Beyond construction cost increases, the project faces a much larger challenge for funding.

The contribution for the Port Renfrew share of the project was to be raised as follows:

1.	Long term borrowing	\$40,000
2.	Funding from sale of existing fire hall and property	<u>\$300,550</u>
	Total, funds required	<b>\$340,550</b>
3.	Provision of land	<u>\$120,000</u>
	Total Contribution	<b>\$460,550</b>

The CRD has obtained the assent of the electors for the long term borrowing, but due to the downturn in the housing market two problems arise with the project funding:

1. CRD is unlikely to realize the anticipated funds from the sale of the existing fire hall. The anticipated sale price in the current market is likely to be significantly less than the previously projected price of \$300,000.
2. Owing to the current market it may be difficult for the CRD to locate a buyer for the property in the short term.

The Port Renfrew Local Services Committee has been provided with an option to undertake a short term borrowing through the CRD to make up the shortfall of funds pending sale of the building. The costs for this borrowing will add an estimated \$29,300 to the operating budget in 2009 rising to \$50,000 in 2010-2013 or until the old fire hall is sold. As these additional funds are recovered from property owners in the Port Renfrew area in proportion to assessed value of land and improvements, the cost to an average residential property will increase from \$150 per year to an estimated \$291 per year in 2009 and then to approximately \$450 for 2010 if the building is not sold. For those residential parcels with assessed values greater than the average, the rate will be higher and for commercial properties costs will again be higher. CRD staff have investigated other means to reduce the annual costs, however no other options, such as sale of other lands or third party contributions are available in the short term.

Staff will recommend to the committee the following funding proposal for 2009:

1.	Commit existing reserve funds to the project	\$75,000
2.	Borrowing through MFA	\$40,000
3.	Interim financing	\$235,000
4.	Provision of land	\$120,000
	2009 funds from Port Renfrew	\$470,000

**Impact on Community**

There are pros and cons to the proposed funding formula. On the plus side, the funding will allow the project to proceed in short order, the old fire hall sale will not need to be contingent on a long possession date and the business of reinventing the fire department will be firmly underway. On the down side, the impact on taxpayers is significant and won't go unnoticed, especially if the old hall cannot be sold in 2009 and taxes need to be raised again in 2010. Also of concern may also be the perception that the tax increase is as much about the deadline to complete the hall by April 2009 than about the downturn in the

housing market. This link between the tax increase and April 1 construction deadline may become a negative focus for the project which has intended to harmonize relations between the two communities.

**Recommended Action by Committee**

To avoid Port Renfrew taxpayers from associating the significant increases in taxation to the April completion date, it is recommended the committee make a formal request to the Pacheedaht First Nation and to Indian and Northern Affairs Canada, through the Pacheedaht, to grant to the CRD an extension of one year for the project to be completed. Subsequent to a successful extension received for the project, the committee will need to advise the taxpayers of Port Renfrew, by letter, that the increase in funds for 2009 was necessitated by changes in the real market value of the old hall and not the timing of the project nor deadlines imposed by the First Nation.

**Opportunity Arising**

CRD staff have for many years observed the community at large and the PRLSC trying to secure funding to maintain the operation of the community recreation centre facility. The facility continues to be the venue for a number of social services and youth programs for the greater Port Renfrew community. Loss of this resource would not be in the interest of either the Port Renfrew or the First Nations community. One option to provide a more secure funding source for this facility for the future would be to ally the facility with another funded agency such as the fire department.

To this end, CRD staff have posed the idea of relocation of the fire hall from its proposed site across the street to be constructed next to and be integrated with the community centre. While such a marriage would create challenges, some significant, for the fire department the integration of these two facilities would provide positive opportunities such as the sharing of services, i.e. heat, sewer and water, better utilization of meeting rooms (public meetings or firefighter training ) and from the community perspective, an opportunity to keep the facility operational with funding from virtually all residents in the greater area.

The PRLSC has agreed to meet with the fire department to determine if there is sufficient interest in a proposal of this nature to further evaluate how the two facilities might be integrated. A delay in the completion date for the fire hall construction, if approved, would also provide an opportunity to better evaluate whether this opportunity is worth pursuing.

**ALTERNATIVES**

1. That the Port Renfrew Local Services Committee accept this report for information, provide copies to Chief and Council of the Pacheedaht First Nation and pass a motion requesting the Pacheedaht First Nation to seek an extension of the project for approximately one year, to April 30, 2010.
2. That the Port Renfrew Local Services Committee refer the matter back to staff to seek further alternatives for completion of the fire department capital project.

**FINANCIAL IMPLICATIONS**

The proposed method of completion of the fire project will increase the 2009 budget for the fire department by a further \$29,300. For an average property owner in the fire service area this will mean an increase in annual fees from approximately \$149.18 to an estimated \$290.63 in 2009. If the old hall is not sold in 2009, the committee will need to raise fees again in 2010 to repay the five year internal borrowing. If the new hall is sold in 2009, the committee will be in a position to repay a portion of the internal finance costs and adjust the annual tax as needed.

**SUMMARY/CONCLUSIONS**

The joint project between the Pacheedaht First Nation and the CRD Port Renfrew fire local service has seen considerable progress with respect to acquisition of the fire fighting apparatus and equipment which significantly increases the ability of the fire department to respond to fire and other emergencies to either community. The task remaining is to complete a new fire hall to replace the present structure. To this end, CRD has made a site available, has obtained all necessary approvals to construct on the site and can be ready to tender the project in early spring. The funding of the project from the Port Renfrew community requires an interim borrowing from the equipment replacement fund which will increase the budget in 2009 and again in 2010 to pay off the borrowing unless the building can be sold. It is recommended that the committee seek an extension of the contract completion date to April 30, 2010 but that the increase in borrowing for 2009 be implemented through the 2009 budget.

**RECOMMENDATION**

That the Port Renfrew Local Services Committee accept this report for information, provide copies to Chief and Council of the Pacheedaht First Nation and pass a motion requesting the Pacheedaht First Nation to seek an extension of the project for approximately one year, to April 30, 2010.



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