



Making a difference...together

**REPORT TO PORT RENFREW LOCAL SERVICES COMMITTEE
MEETING OF THURSDAY 19 MARCH 2009**

SUBJECT FIRE STATION CONSTRUCTION AND EQUIPMENT ACQUISITION PROJECT

PURPOSE

To provide the Port Renfrew Local Services Committee (PRLSC) an update as to status of the acquisition of fire equipment and construction of the proposed fire hall and financial implications to complete the project.

BACKGROUND

In a signed agreement between the Pacheedaht First Nation (Pacheedaht) and the Capital Regional District (CRD) dated 23 January 2008, the Pacheedaht committed to provide the sum of \$460,000 for their 50% portion of the capital cost of the \$920,000 planned works, namely, the purchase of a new fire truck, fire-fighting equipment and the construction of a new fire hall (initial works). This money has since been received and has provided the ability to purchase the equipment listed in the agreement and to continue with design and planning stages for the fire station. An additional payment of \$75,000 has been received from the Pacheedaht, with the intent to support the construction and equipment purchase as set in the agreement.

The available Port Renfrew Fire Budget does not fully provide the 50% portion (\$460,000) of the works without borrowing. An authorization to borrow was granted, with an upset limit of \$40,000 (Bylaw 3456), with the remainder of the funding intended to come from the sale of the existing fire station and land, and the in kind contribution of the parcel of land on which the proposed fire station will sit.

A "Towns for Tomorrow" grant was applied for by the CRD in the hopes of leveraging additional funds to complete the overall project, namely the finishing of the interior of the fire hall, improvements to the existing community recreation center and an enhanced West Coast facade to the planned fire hall exterior. The announcement of award was expected on 16 March 2009. As of the date of this report, no confirmation has been given the CRD regarding award of the grant.

The CRD's 50% portion of the initial works (\$920,000) was expected to be supported as follows:

Sale of existing fire station and land	\$300,000
In kind contribution of land	\$120,000
Borrowing Bylaw 3456	\$40,000
Total Contribution	\$460,000

Due to the slowdown in real estate sales in the second half of 2008, the net sale from the fire station was less than anticipated as detailed following:

Port Renfrew Local Services Committee – 19 March 2009
Re: Fire Station Construction and Equipment Acquisition Project
Page 2

Sale of existing land and structure: breakdown of revenue.

Sale price	\$234,222
Real Estate Commission	\$10,027
Staff Time	\$5,000
Rent for Lease back	*\$10,000
Legal Expense	<u>\$2,000</u>
Est. Net Sale Price	\$207,195 (excluding GST)

*Maintains a six-month lease back of the property after sale to maintain a functioning fire station facility. Monthly rental fees may commence if the new station is not completed for occupancy six months after the property acquisition date of 31 March 2009.

In order to meet the \$460,000 cost share (50% of \$920,000) for the initial works, a shortfall of \$57,800 now exists as detailed below;

Sale of existing fire station and land	\$207,200
In kind contribution of land	\$120,000
Reserve fund (borrow)	\$75,000
Borrowing bylaw 3456	<u>\$40,000</u>
Total contribution	\$442,200
Committed funding needed	<u>\$460,000</u>
Budget shortfall	*\$17,800

*Does not include the \$40,000 authorized borrowing under Bylaw 3456 - overall borrowing necessary will be \$57,800.

Given the outstanding works to effectively complete the basic fire hall structure and purchase of equipment (\$920,000) available cash funding is as follows:

Balance in Port Renfrew Fire ERF Account	\$207,300 incl. \$75,000 "ERF" money
Net sales fire station	<u>\$207,200</u>
Total "cash" available	\$414,500

Costing and Budget Breakdown for Initial and Additional Works "Towns for Tomorrow" Grant

Program (initial works) costs have been identified as follows:

1)	Funded works:	
	Fire Station – Shell Construction, basic servicing	\$400,000
2)	Works proposed subject to grant:	
	Complete interior finishing, fire hall	\$100,000
	Joint fire station and community center heating system	\$170,000
	Standby power system	\$60,000
	Community Center roof, insulation, energy upgrades	\$150,000
	Cultural design, construction, external façade fire hall	<u>\$30,000</u>
	Project Works	\$510,000
	Grant, maximum	<u>\$400,000</u>
	Net Project cost	\$110,000

These estimates were provided for the application for the Towns for Tomorrow grant and have yet to be finalized for budgeting purposes.

Port Renfrew Local Services Committee – 19 March 2009
Re: Fire Station Construction and Equipment Acquisition Project
Page 3

Based on the cost estimates included in the application, the total CRD funding requirement is \$400k for the fire hall shell + \$110k for the works subject to grant = \$510k total. Given the available \$414,500 cash on hand, the budget shortfall under this option is \$95,500. Although this represents a greater shortfall than exists without the grant, the result of the grant project would include significant additional value in the fire hall, and a major improvement to the recreation centre. The additional works would include a West Coast/First Nation design aspect, solar water heat, new roof, windows and doors for the centre and a ground heat recovery system for both structures.

Work on the recreation centre could likely be deferred for up to four years in order to raise sufficient funds to complete the project. Based on the outcome of the Towns for Tomorrow application and detailed construction cost estimates from design drawings, staff will prepare a future report presenting funding options to complete the fire station.

ALTERNATIVES

1. That the Port Renfrew Local Services Committee receive this report for information.
2. That the Port Renfrew Local Service Committee receive this report and authorize staff to begin planning for a public approval process to borrow funds.

FINANCIAL IMPLICATIONS

There are not sufficient funds to meet the obligations of the cost share project without borrowing, therefore additional borrowing over the authorized \$40,000 may be necessary to complete the works.

SUMMARY/CONCLUSIONS

There are two possible and distinct scenarios regarding the scope of works, (basic versus enhanced) and total available funding, and need for borrowing. They are as follows:

Scenario 1

No Towns for Tomorrow grant monies are made available for the enhanced project.

The total scope of the project would be the purchase of the new fire truck and equipment, and the basic construction of the fire station with little interior finishing or external façade works. The borrowing required to complete the works is expected to be \$57,800. The annual cost of this debt assuming Municipal Finance Authority debt at an interest rate of 6% amortized over 15 years is \$6,355. In order to carry this debt, an annual increase to the average household for fire service of \$26.38 or \$10.08/\$100k assessment would be required.

Scenario 2

Towns for Tomorrow grant monies are made available to complete both basic and enhanced project scope.

In order to complete the enhanced scope (which will include the basic works), the community will need to fund an additional \$55,000 from the fire operating budget to complete the works, over and above the \$40,000 borrowing authorized under Bylaw 3456. The annual cost to borrow the full amount of \$95,500 assuming Municipal Finance Authority debt at an interest of 6% amortized over 15 years is \$10,444. In order to carry this debt, an annual increase to the average household for fire service of \$43.45 or \$16.56/\$100k assessment would be required. Alternatively, project work could be phased in order to raise sufficient funds to complete the project.

RECOMMENDATION

That the Port Renfrew Local Service Committee receive this report for information.



Gary Pleven, ASCT
Engineering Technician 5

GP:ls