



District of Peachland

Request for Decision

To: Mayor and Council

From: Chief Administrative Officer Joe Creron

Date: September 6, 2022

Subject: New Fire Hall Referendum

Recommendation: **THAT Council authorize an increase of existing parcel taxes no earlier than year 2025 for an amount no greater than \$125.00 per parcel, per annum, for the construction of a new Protective Services Building should the community give their approval of Loan Authorization Bylaw No. 2364, 2022 at the referendum held on October 15, 2022.**

Implications of Recommendation:

General: To provide information to Council and the Community on the estimated cost of the new Fire Hall prior to the referendum during the general election.

Organizational: To replace an aging Fire Hall and locate it such that it meets acceptable response times and negates or delays the need to build a second satellite fire hall in the Ponderosa neighbourhood.

Financial: Provide clarification on the potential costs to property owners and recommending to Council that they set a specific cost to property owners if the referendum is approved.

Policy: District of Peachland's Fire Department Master Plan.

Strategic Plan: Fire Hall — Council will initiate a new fire hall capital project before the end of the term.

Background:

At the October 15th, 2022 General Election, residents will be asked to approve the following referendum:

"Are you in favour of the Corporation of the District of Peachland adopting the Protective Services Building Loan Authorization Bylaw No. 2364, 2022, to authorize the borrowing of up to Seventeen Million, Five Hundred Thousand Dollars (\$17,500,000), over a thirty (30) year term, to fund the construction of a new Protective Services Building to accommodate the Fire Department?"

If we borrow \$17.5 million it could add an additional \$400 levy to the current levy of \$782.00 although the current levy will be reduced within the next few years as some of the debt will be paid off. We recognize

adding \$400 to the levy is a hardship for many in our community. We heard from many residents that we need a fire hall but they can't afford an additional \$400 levy on top of the existing parcel taxes. Although we only raised property tax by 2.27% many other jurisdictions added greater tax increases and that also has placed more burdens on our taxpayers. When you factor in that many taxpayers are struggling with higher interest rates, high inflation, higher taxes, fixed incomes and business challenges due to staffing and supply chain issues, it is imperative that we propose a solution that meets the District of Peachland's safety needs but lessens the burden on the community. This report attempts to do that.

First of all, if the referendum is approved, it authorizes District of Peachland the ability to borrow up to \$17.5 million dollars which currently includes 2,000 square feet for BC Ambulance. If we are unable to negotiate a fair financial agreement with BC Ambulance covering all capital and operating expenses, then BC Ambulance will remain at the current location for the foreseeable future. Consequently the cost of the new Fire Hall building will be reduced as the size of the building will be reduced by 2,000 square feet. Borrowing \$17.5 million dollars would result in a \$400 parcel tax but as you will see below we are not recommending to add this amount to the current levy cost. Although we expect to borrow less, current conceptual plans for the fire hall estimate the construction cost for the new facility only estimated by our consultant Altus Group, at approximately \$12.7 to \$15.8 million dollars which includes BC Ambulance. Construction costs for the building only are estimated at approximately \$600/square foot. Total project costs are currently estimated at \$1,000/square foot which include off site costs, parking, DDC's, land acquisition, design and engineering, municipal fees, legal fees, testing, etc. These estimates include a healthy contingency for unknown costs plus inflation. Some residents have asked us to complete a detailed design to better understand costs, but a detailed design was not completed at this time for an estimated \$300,000 as this would be a waste of taxpayers' money if the referendum fails. Our consultant Altus Group has completed a class D estimate and those costs are noted above. There has been a lot of misinformation circulating in the community but one consistent concern is the annual cost that citizens must pay to service the debt.

In order to bring some comfort to the community we propose a maximum increase of \$125 to the current parcel taxes of \$782.40.

This can be achieved by the following actions.

- The current fire hall is 60 years old. It will undoubtedly require repairs (asset preservation) if it is to continue to be used as a fire hall. Instead of putting money into the current fire hall which is approaching end of life, the Administration proposes using \$1 million of the asset management reserve and another \$1 million from the capital reserve to offset the capital cost of the new fire hall.
- The current levies imposed include the following: Water Treatment debt servicing of \$190.00; Water Capital Asset renewal \$54.77; Regional District Transfer Station \$33.67; Water Capital Improvement \$160.00; Capital Asset Renewal \$150.00; Sewer Capital Asset Renewal \$18.96; Sewer Force main Debt \$75.00; Turner Park Debt Servicing \$100.00. Therefore total parcel taxes today equals \$782.40. This cost of \$782.40 is to remain constant in 2023.
- In 2024, we need to begin budgeting for the new Fire Hall and will stretch it over 3 years to minimize the impact on taxpayers. Therefore in 2024 we will add \$50 to the levy for the fire hall but we will at the same time reduce the levies by \$50.00 using our asset reserve and capital reserve. Additionally, the levy for the Sewer Forcemain is complete so will be removed from the levies. Therefore, the total levies will reduce by \$75.00 to 707.40 for 2024.
- In 2025, we will add another \$175.00 to the levy for the fire hall. Therefore, the total levy will increase to \$882.40.

- In 2026 we will make our final ask for the Fire Hall construction by adding \$175.00. The Turner Park levy of \$100.00 is complete and will reduce the levy. We will negotiate with BC ambulance to cover through lease, capital and operating costs. We expect this to reduce the levy by \$50.00. In the event we are unable to negotiate a fair agreement with BC Ambulance the size of the building will be reduced which will also reduce the levy by \$50.00. Therefore between today and 2026 we expect the parcel tax to grow from \$782.40 to \$907.40 or an increase of \$125.00.
- In addition to the above we are proposing that the addition of \$125 to the current levy to be the worst case scenario. It is quite possible that it might be lower. We will experience some growth over the next 5 years and some property tax could be directed toward the fire hall cost. Growth also means that more levies will be paid by new housing therefore directing that to the capital cost is possible. We have applied for a \$6 million grant and if successful a portion of the grant can be directed to eligible capital costs.
- There has been a few e-mails suggesting that the cost of the fire hall could be significantly cheaper if we choose different materials or different construction methods. Although this is possible we also recognize that this will be an entranceway to our community so that needs to be considered. Square foot costs for the fire hall building only are estimated at \$600/square foot. Regardless Council will have the final say on the fire hall design and the size of the Fire Hall.
- In addition to the above the current site has many advantages over the existing site on 4th Street but the most important benefit is response time. The location at 13th Street and Highway 97 is a more central location which will serve all of Peachland at this time. At such time development occurs in New Monaco a satellite fire hall will be necessary. In the event that the Community prefers that the fire service remains at its current location on 4th Street, a satellite fire hall will be required in the Ponderosa subdivision.
- The current estimated project costs per square foot are in the order of \$1,000 per square foot, which include all site development costs and fees. Although this seems ridiculous there are examples where costs have skyrocketed. Construction costs have skyrocketed but we believe this is in part due to a variety of conditions (labour shortages, supply chain problems, inflation, etc.) and it is expected that current construction costs to decline over time. Construction costs are currently estimated at \$600/square foot.
- Finally we will also explore the possibility of a multiuse facility that accommodates a fire hall through partnership which may reduce the overall capital cost of the facility. It is important to note that monies from the referendum can only be used for the fire hall project. It can't be used for anything else.

In conclusion we are recommending that Council approve the recommendation that gives the community certainty and fixes the maximum increase of the existing levy by \$125.00. Therefore the parcels taxes will reduce in 2024 to \$707.40, then increase in 2025 to \$882.40 and increase again to \$907.40 by the 2026 taxation year. There will no additional parcel taxes for the new Fire Hall building.

Report/Document: **Attached:** **Available:** **Nil:**

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- Options:**
- 1. COUNCIL MAY CHOOSE TO SUPPORT THE RECOMMENDATION**
 - 2. COUNCIL MAY CHOOSE TO REFER BACK TO STAFF FOR ADDITIONAL INFORMATION**
 - 3. COUNCIL CAN CHOOSE TO NOT SUPPORT THE RECOMMENDATION**