



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council
From: City Manager (CAO)
Subject: Courtenay Fire Protection District Agreement

File No.: 1660-20
Date: September 13, 2023

PURPOSE:

To seek Council direction to renew and refresh the Courtenay Fire Protection District (CFPD) agreement that provides fire coverage beyond the City boundaries to the properties located in the Courtenay Fire Protection District.

BACKGROUND:

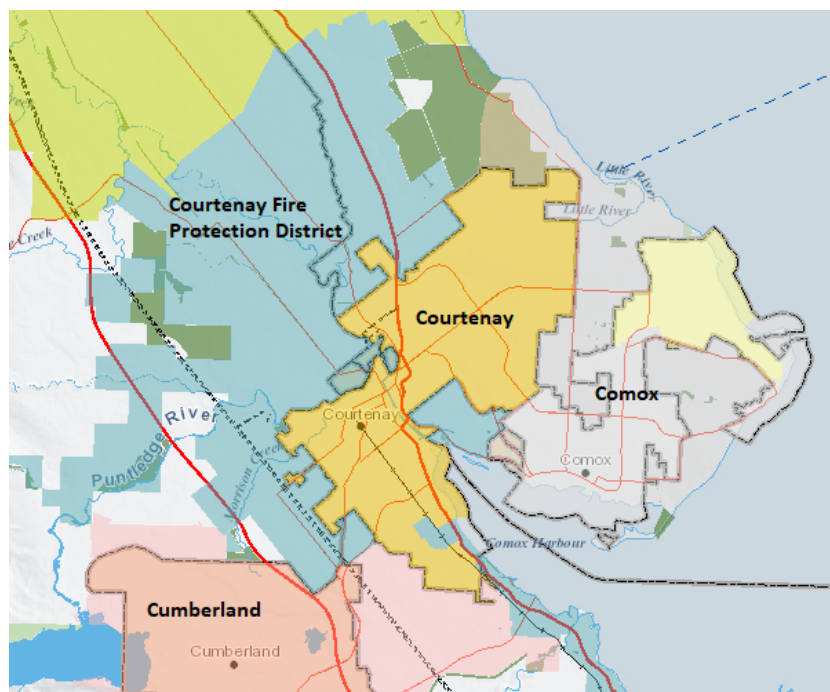
The City of Courtenay provides rural fire protection to the CFPD, this arrangement has been in place for decades. The current 5-year agreement expires at the end of 2023 with no extension provisions. With rising costs of providing fire protection the new agreement has been modified to better share costs of the services to all who receive coverage. Staff have been in discussion with the members of the CFPD Board and have been in discussion regarding these issues and have prepared this report for Council's consideration to support the dialog and finalization of the agreement process.

The services provided include fire suppression, rescue, inspections, investigations, and public education all of which are delivered year-round by a combination of full-time staff and volunteer firefighters.

Over the past year the City has been in discussions with the CFPD to streamline the contract and simplify the calculations for the sharing of costs for these services.

The CFPD area map is illustrated in blue on figure 1 below.

Figure 1.



The northern boundary of the CFPD is around Smith Road, to the west the boundary is Dove Creek where Dove Creek Rd crosses the creek. The CFPD covers the area towards Forbidden Plateau however stops at the end of the paved road. To the South the CFPD covers the area along Highway 19A ending at Spindrift Rd.

DISCUSSION:

The existing 5-year agreement expires December 31, 2023. The new agreement would be similar to prior years agreements for the most part however there has been some simplification of cost distribution and a focus on equitable cost distribution. The City has been providing this service for many years and continuing with the services would not be a substantial burden upon the City from an operational standpoint. If no agreement is entered the City would reduce response area however the City would likely not see a dollar for dollar reduction in operating costs, thus requiring an increase in funding from City residents for Fire Services.

FINANCIAL IMPLICATIONS:

The CFPD has provided funding towards the costs of operating the City's fire service over the years. The past agreements limited the change in annual billing for shared costs to CFPD to 5%, this has led to the CFPD at times paying less than the proportional share of operating costs. With the reduction in operating cost through COVID-19 the overall budget for the Fire Department was reduced, however when budgets started to return to normal in 2022 and 2023 the agreement limited the amount billed to the CFPD. The limitation on change in annual billing amount lead to the CFPD to pay less than their share of the cost providing the service.

Property assessment is the method used to distribute the costs of fire protection between the City and the CFPD. Historically (2020) the CFPD carried 17.47% of the assessment share however due to growth in the CFPD this share has grown to 22.20% for 2024. As the assessment mix shifted so did the share of costs however when the combination of rising costs, activity increases after COVID-19 and a rising share of the costs the agreement did not allow for fair cost distribution. The restriction in billing was due to a year over year cost cap. The new agreement has removed the annual cost increase cap to ensure that all parties are able to pay their fair share of the service.

Finance staff prepare annual billing information and communicate with the Courtenay Fire Protection District throughout the year. With the changes to the agreement the administrative burden is reduced slightly due to the simplified billing calculation and removal of the estimated cost change clause. The estimated cost charge clause required the City to calculate/estimate the following years Fire budget and inform the CFPD of possible up coming cost changes. The estimated new costs fell outside of the normal budgeting process and where not officially endorsed by Council due to timing of the annual budget process. The new agreement is closer linked to the annual 5-year plan and can be forecasted with more ease to provide the CFPD with an idea of future year costs.

The table below summarizes the annual billing to the CFPD.

CFPD Annual Billing				
Year	Amount	\$ Change	% Change	Notes
2024	\$ 692,609	\$ 193,473	39%	1
2023	499,136	23,769	5%	
2022	475,367	37,635	9%	2
2021	437,732	40,155	10%	
2020	397,577	(13,926)	-3%	
2019	411,503	8,166	2%	
2018	403,337			

Note 1 – Estimated billing for 2024

Note 2 – Greater Merville Fire Protection District no longer receiving coverage

The total shareable fire protection costs for 2024 are expected to be \$3,115,268 of which the CFPD would be billed for \$692,609 which represents 22.2% of the total cost (based on assessment). The City would fund the remaining \$2,422,660.

2024 CFPD billing is based on the 2023 approved budget. This method of a 1-year lag ensures that CFPD billing is based on council approved budgets. The 2024 billing is increasing as it reflects the increase in costs that the City saw from 2022 to 2023 and the return to normal from COVID-19 and the hard-inflationary impacts post COVID-19 that were included in the 2023 Courtenay Fire Services budget.

The calculation does provide for a reduction in amount billed based on budget to actual for the prior years. If the Fire department sees savings these savings will be passed onto the CFPD, alternatively if the Fire department sees costs increases beyond budget, these costs will also be passed on.

ADMINISTRATIVE IMPLICATIONS:

Simplification of the annual calculation and removal of additional reporting and informing requirements will reduce the administrative burden of the annual CFPD billing.

If council provides direction to continue with the CFPD staff will start the process of entering into a new 5-year agreement. Unless the CFPD request substantial changes to the agreement, staff will not return to Council with this subject.

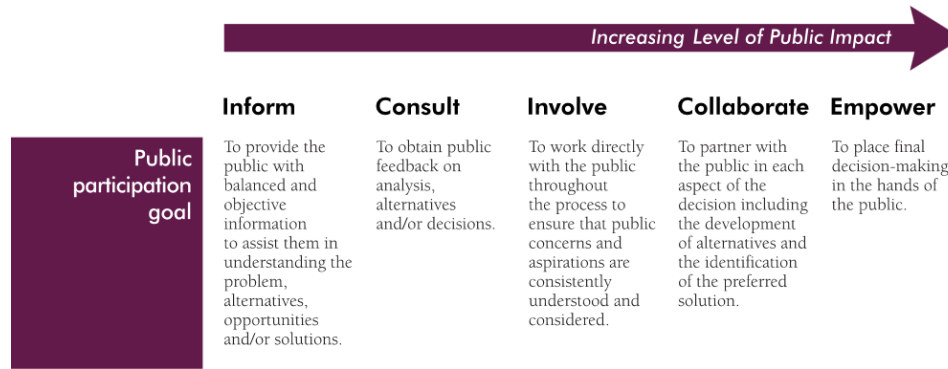
STRATEGIC PRIORITIES REFERENCE:

This initiative addresses the following strategic priorities:

- Financial Sustainability - Ensure capacity to accommodate big change
- Public Safety - Build capacity for emergency planning and local response

PUBLIC ENGAGEMENT:

Staff would inform the public based on the IAP2 Spectrum of Public Participation:



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OPTIONS:

1. THAT Council direct staff to enter into an agreement with the Courtenay Fire Protection District to provide rural fire protection for a term of up to 5 years.
2. THAT Council provide alternative direction to staff.

ATTACHMENTS:

Appendix 1 – CFPD Agreement 2019-2023

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