



STAFF REPORT TO COMMITTEE

DATE OF REPORT July 17, 2019
MEETING TYPE & DATE Electoral Area Services Committee Meeting of August 7, 2019
FROM: Public Safety Division
Community Services Department
SUBJECT: Short-Term Borrowing for Function 350 – Fire Protection North Oyster
FILE:

PURPOSE/INTRODUCTION

The purpose of this report is to obtain approval for short-term borrowing for Capital Expenditures as approved in Function 350 – Fire Protection North Oyster 2019 Budget.

RECOMMENDED RESOLUTION

That it be recommended to the Board that short-term borrowing of up to \$879,497 be approved for the construction of the North Oyster Fire Hall under Function 350 – Fire Protection North Oyster to be paid back over five years as per the Liabilities under Agreement Section 175 of the *Community Charter*.

BACKGROUND

In October 2019 the Board approved a budget of \$3,185,000 for construction of the new North Oyster Fire Hall addition as well as improvements to the existing Fire Hall. The project has been organized into three separate phases:

- Phase 1: Earth works for the new Fire Hall addition
- Phase 2: Construction of the new Fire Hall addition
- Phase 3: Renovation to the existing Fire Hall

In September 2018 the Board approved a budget increase of \$285,000, primarily to address overages related to unforeseen costs that had occurred in Phase 1.

During the course of Phase 2 and Phase 3 work, a number of both unforeseen circumstances and unforeseen site conditions developed resulting in project expenses that either were not budgeted for or exceeded the allocated budget. Although staff worked closely with the project management team to reduce the project scope to reduce costs, and to cut costs in other areas of the project to reduce the overall budget, the necessary changes in scope resulted in extra costs of \$ 135,729.

A 2019 budget amendment is being brought forward by separate report to address the extra costs.

ANALYSIS

A motion is needed to proceed with short-term borrowing for the 2019 Capital Expenditures.

FINANCIAL CONSIDERATIONS

The North Oyster Fire Hall project had been budgeted at \$3,185,000. The actual final cost of the project is \$3,320,729. Budget sources include requisition, capital reserve, operating reserve, gas tax reserve and short-term borrowing of \$879,497.

The 2019 budget includes this short-term borrowing. A Resolution of the Board is required to finalize the transaction and obtain the funds.

COMMUNICATION CONSIDERATIONS

N/A

STRATEGIC/BUSINESS PLAN CONSIDERATIONS

N/A

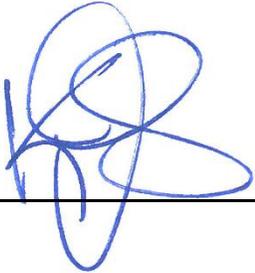
GENERAL MANAGER COMMENTS

Not Applicable

Referred to (upon completion):

- Communications & Engagement
- Community Services (*Island Savings Centre, Cowichan Lake Recreation, South Cowichan Recreation, Arts & Culture, Public Safety, Facilities & Transit*)
- Corporate Services (*Finance, Human Resources, Legislative Services, Information Technology, Procurement*)
- Engineering Services (*Environmental Services, Recycling & Waste Management, Water Management*)
- Land Use Services (*Community Planning, Development Services, Inspection & Enforcement, Economic Development, Parks & Trails*)

Prepared by:



Keir Gervais
Manager

Reviewed by:

Not Applicable
Not Applicable



Terri Askham
A/General Manager

Reviewed for form and content and approved for submission to the Committee:

Resolution:

Corporate Officer, Legislative Services

Financial Considerations:

Manager, Finance