



To: General Purposes Committee **Date:** October 24, 2001
From: Chuck Gale, P. Eng. **File:** -
General Manager, Community Safety
Re: **Replacement of Community Safety Buildings – Financing Options**

Staff Recommendation

1. THAT the funding method for the replacement of Community Safety Buildings be approved as outlined in Option C of the report.
2. THAT Parts 1& 4 of Resolution IC01-15-4 (adopted by Council Monday, July 23, 2001) be rescinded:
 - (1) *That funding for the replacement of community fire hall facilities, at an estimated value of \$22 million (including land acquisition), be presented to the electorate as a referendum question at the 2002 civic election.*
 - (4) *That funding for the replacement of a new RCMP/Public Safety Building, at an estimated cost of \$27 million, be presented to the electorate as a referendum question at the 2005 civic election.*

Chuck Gale, P. Eng.
General Manager, Community Safety

Staff Report

Origin

At the June 13, 2001 Community Safety Committee closed meeting, two location options were presented for replacement of Fire Halls. Of these, Council selected the “alternate option”, which retained a Fire Hall on Sea Island, for further review. In this report, this option is referred to as Option 1.

At the closed Community Safety Committee meeting, held on July 12, 2001, the Manager, Facilities Planning and Construction, was directed to report back to Committee, with available sites and preliminary design concepts for Option 1. Staff was also directed to report on the feasibility of a *Community Safety Headquarters*¹, which would include both Fire Rescue and RCMP headquarters' functions.

In preparing the detailed reports, staff has determined that the land acquisition costs associated with Option 1 could be much higher than initially anticipated, particularly in the Garden City and Alderbridge location. In response, Option 2 was developed, which maintains a Sea Island Fire Hall but with reduced land costs.

Option 3, generally reflects a ‘Status Quo’ option, which retains existing locations where possible, maintains separate Fire and Police Headquarters, and includes upgrades where required to meet seismic standards.

Background

As a result of significant deliberations, in June, 2000 Council established a program to address Community Safety Buildings infrastructure on a priority basis.

A report presented to the July 25, 2000 Community Services Committee, outlined a process for a Fire Hall Location and Resource Deployment Study. The study was to assess the functionality of our buildings and to determine optimum locations for replacement Fire Halls.

The “Community Safety Buildings – Space and Facility Needs” report was presented to General Purposes Committee in October, 2000. Staff was directed to complete a facility lifecycle, seismic and needs assessments, required to develop recommendations for a facility replacement schedule including financing strategies for all Community Safety Buildings.

The **Community Safety Buildings – Master Plan** was completed in late Spring, 2001. The key findings of the report indicated that all but two Community Safety Buildings would likely

¹ *Community Safety Headquarters*, for the purposes of this report is defined to include the RCMP, Fire Rescue administration, Community Bylaws Administration and the Emergency Operations Centre.

collapse or be severely damaged during a major earthquake. This could prevent firefighters and police from providing emergency services to the community at a time when they were most needed. The table in Attachment 1 summarizes the findings for each building.

Analysis

Each of the options included in this report, identify the Police Station, the EOC and four Fire Halls, (City Centre, Bridgeport, Sea Island and Hamilton), for replacement, with the remaining three halls, (Steveston, Shellmont and Crestwood), being retained with some upgrading. All options ensure that fire coverage for the City overall is maintained or improved, and that the number of Fire Halls is not increased. Each option considered the following:

- fire hall locations
- land acquisition costs
- possible community concerns
- possible labour implications
- consideration of future needs
- opportunities to co-locate 'like' functions, i.e., Community Safety Headquarters

Replacement Options

Option 1 (This is the option currently endorsed by Council)

1. A "standard"² Fire Hall is located at each of the following locations:
 - Railway @ Granville
 - on Sea Island
 - in Hamilton
2. A Headquarters Fire Hall, (includes engine company, Rescue and Administration), moves to the City Centre.

The site to be acquired should be large enough to accommodate a separate Public Safety Building and the Emergency Operations Centre at a later date.

Option 1a

A variation of Option 1 which provides a *Community Safety Headquarters* instead of separate headquarters facilities. Staff estimates a *Community Safety Headquarters* would offer a cost savings of between 10-15% from construction, operating, security and resource utilization.

² A *Standard Fire Hall* is defined as having sufficient truck bays and staff quarters to accommodate an engine company (a fire truck and four crew), and where applicable a rescue truck (two crew).

The total cost, including land acquisition, for Options 1 and 1a are:

Option 1	54,750,000
Option 1a (Community Safety Headquarters)	51,750,000

Details regarding locations, costs, scheduling and land acquisition are contained in Attachment 2.

Option 2

1. A “standard” Fire Hall is located at each of the following locations:
 - Gilbert and Granville
 - on Sea Island
 - in Hamilton
 - on Bridgeport
2. The Fire Administration functions move to a *Community Safety Headquarters* to the City owned land at Westminster and Alderbridge.

The total cost, including land acquisition, for **Option 2** is **\$40,950,000**.

Details regarding locations, costs, scheduling and land acquisition are contained in Attachment 2.

Community Safety Headquarters

Consultants were retained to provide planning and design concepts for different configurations, determining space requirements and identifying common areas. A number of shared functions were identified that could be incorporated in a *Community Safety Headquarters*, they are:

- Meeting and Training Rooms
- Administration
- Crime and Fire Prevention
- Public Reception
- Emergency Operations Centre

Staff estimates the *Community Safety Headquarters* in either Option 1 or 2 would offer a cost savings of between 10-15% from construction, operating, security and resource utilization.

The four departments within the Community Safety Division agree with the concept of a joint *Community Safety Headquarters*. This community safety hub would be perceived by the community as tangible evidence of Council’s commitment to public safety. It would demonstrate the City’s and Division’s commitment to the development of a more integrated approach to service delivery, and would give members of the community a single point of contact with community safety service providers.

Option 3 (Status Quo)

1. A standard Fire Hall is located
 - on Sea Island
 - in Hamilton
 - on Bridgeport
2. The Main Fire Hall, including the Headquarters function, is retained at Gilbert and Granville. The Public Safety Headquarters are moved to the City owned land at Westminster and Alderbridge.

The total cost, including land acquisition, for **Option 3** is **\$44,750,000**.

Commentary

The principal difference between the three options is cost:

- The highest cost is reflected in **Option 1**. The land acquisition costs were significantly higher than originally anticipated.
- **Option 1a** shows a reduction of \$3M, which can be achieved by combining Fire Rescue, RCMP, Community Bylaws, and the EOC in a *Community Safety Headquarters*.
- **Option 2** shows a further reduction of \$10.8M through the use of City owned land, the combined *Community Safety Headquarters*, and is the lowest cost of the three options.
- **Option 3**, which maintains current Fire Hall locations, is provided as a comparison to options 1 and 2.

Community concerns

Keeping in mind Committee's direction to maintain a Fire Hall on Sea Island, the Burkeville community may express concern if the location is not within the immediate Burkeville community. If the Fire Hall is built on the City owned park property, it would be close enough to still be considered part of Burkeville.

Response times

Each option improves or maintains the coverage area of the City. When the Fraser Port Lands are developed they may be beyond the current response time, however it is difficult to provide precise information at this time.

Once development of the Fraser Port Lands begins, and road access is more defined, Fire/Rescue will be able to determine whether there is a deficiency in response times. Considering response times, and the type and nature of construction in the industrial park, an additional Fire Hall may be required in the future.

Financial Impact

Funding Options

In the previous report to Council, a resolution was passed which stated:

1. *That funding for the replacement of community fire hall facilities, at an estimated value of \$22 million (including land acquisition), be presented to the electorate as a referendum question at the 2002 civic election.*
2. *That funding for the replacement of a new RCMP/Public Safety Building, at an estimated cost of \$27 million, be presented to the electorate as a referendum question at the 2005 civic election.*

Staff were also directed to look at the feasibility of a joint *Community Safety Headquarters* and the implications of one referendum versus the currently approved two referenda.

Option A - Two Referenda

In this option two referendums would be held, one in 2002 and the second in 2005. The amount of funding requested in each referendum would depend upon the building option chosen. A risk of holding two referendums so close together for similar purposes is that the need for the second may be questioned by the public. To address this potential, a significant communication plan should be implemented to explain and possibly justify the necessity for two referendums.

It is staff's opinion that it would be easier to mobilize public support for a single referendum. To mobilize public support in two successive elections will be challenging.

Option B - Single Referendum

In this option one referendum would be held in 2002. The full amount of the funding required would be requested in this referendum.

In both Options the amount of funding required would be borrowed from the Municipal Finance Authority, and would be repaid through an increase in property taxes. The repayment schedule for the principal plus interest would be based on a twenty year term and at a rate determined by the Authority at the time of borrowing.

The choice between one referendum or two does not affect the total amount of funding or the schedule for borrowing the funds. If one referendum were held in 2002 for the total cost to replace Community Safety Buildings, the funds would not be borrowed until needed, as set out in the replacement schedule for the building option chosen.

Option C – Internal Financing

A third financing option has been developed which utilizes internal financing for the project.

The Finance Department has proposed using the City’s reserves as a source of bridge financing for the project. The reserves would be used initially to finance construction, and then repaid by increasing property taxes according to a defined schedule. On the property tax bill, it is proposed that a specific line item would, identify the tax as a Statutory Building Replacement Reserve Fund. This option does not require a referendum.

A comparison between referendum financing and internal financing is shown in Table 1 using the recommended building Option 2 as an example. If one of the other building options is chosen, the tax rates for the internal financing option would remain the same, and the length of the term would increase. In the referendum example, the interest to be repaid would increase.

Table 1 – Cost Comparison of Funding Strategies for Option 2

Funding Option	Construction & Land Costs	Total Cost With Interest
Referendum	\$ 41 M	\$ 72.3 M
Internal Financing	\$ 41 M	\$ 41 M
Total Interest Savings by Internal Financing \$ 31.5 M		

Table 2 – Cost to Average Homeowner for Funding Strategies

Referendum	2002	2003	2004	2005 → 2025
Total Tax Impact	2.2%			
				3.2%
Cost Per Household	\$20			
				\$27

Internal Financing	2002	2003	2004	→ 2012
Total Tax Impact	1%			
		1.5%		
			2.0%	
Cost Per Household	\$9			
		\$13.50		
			\$18.00	

Commentary

There is a savings of over \$31 M through the use of internal financing. The difference in the total cost between the two methods of financing can be attributed to the interest on the debt repayment.

The impact on the taxpayer was calculated using the assessed value of an average home in Richmond (\$237,000). The length of the term for internal financing is less than half that of referendum financing.

An additional benefit of the internal financing strategy, is the ability to continue contributions to the dedicated Building Reserve which could be used to fund facility needs identified in the overall Facilities Master Plan once Community Safety Buildings are completed. As an example, utilizing this internal financing until 2025 would accrue \$47,000,000. This does not include interest income from investment.

Additional Revenue

Although the current Public Safety Building does not meet the criteria for a post disaster building. It could be leased as commercial office space. It is estimated the City would realize a revenue offset for this project of approximately \$300,000 per year if the building were retained as a lease property.

Conclusion

All the options meet defined service levels. In response to concerns regarding land acquisition costs for Option 1, staff developed an alternative solution. Option 2 replaces the same Fire Halls identified in Option 1 but at a significantly lower cost. This solution maintains good fire coverage to the City and satisfies Council's desire to retain a Fire Hall on Sea Island and within Hamilton.

A *Community Safety Headquarters* which would house Fire Rescue, RCMP, Community Bylaws and the Emergency Operations Centre provides substantial cost savings, a single point of contact for the community and allows Community Safety departments to more fully integrate service delivery.

Financial support for the replacement of Community Safety Buildings through a internal financing would ensure an adequate, ongoing source of funding without the uncertainty of a referendum and at a lower cost to taxpayers.

Shawn Issel
Manager, Divisional Programs

David Naysmith, P. Eng.
Manager, Facilities Planning & Construction




Assessment - Community Safety Buildings

Facility	Recommendation	Commentary
City Centre and Bridgeport Fire Hall	Replacement	<ul style="list-style-type: none"> ▪ Risk of collapse during a major seismic event. ▪ Needs significant seismic and functional upgrading ▪ Not cost effective to upgrade due to the age of the buildings
Sea Island & Hamilton Fire Hall	Replacement	<ul style="list-style-type: none"> ▪ Constructed as volunteer halls, structurally and functionally inadequate ▪ High potential for significant damage and possible collapse during a major seismic event
Steveston and Shellmont Fire Halls	Seismic and Functional Upgrades	<ul style="list-style-type: none"> ▪ Functionally adequate ▪ Risk of collapse during a major seismic event ▪ Seismic upgrading would maximise the buildings' life cycle for another twenty years
Crestwood Fire Hall	Functional Upgrade	<ul style="list-style-type: none"> ▪ Seismically adequate ▪ Minor functional upgrading recommended
Public Safety Building	Replacement	<ul style="list-style-type: none"> ▪ Potential for significant damage during a major seismic event. ▪ The RCMP will 'outgrow' the current building in five to seven years.
EOC (Emergency Operations Centre)	Replacement	<ul style="list-style-type: none"> ▪ Presently located in shared space with Inspections/Survey Section at Works Yard ▪ Current space too small and functionally inadequate ▪ Operationally should be located at either the Fire or Police Headquarters

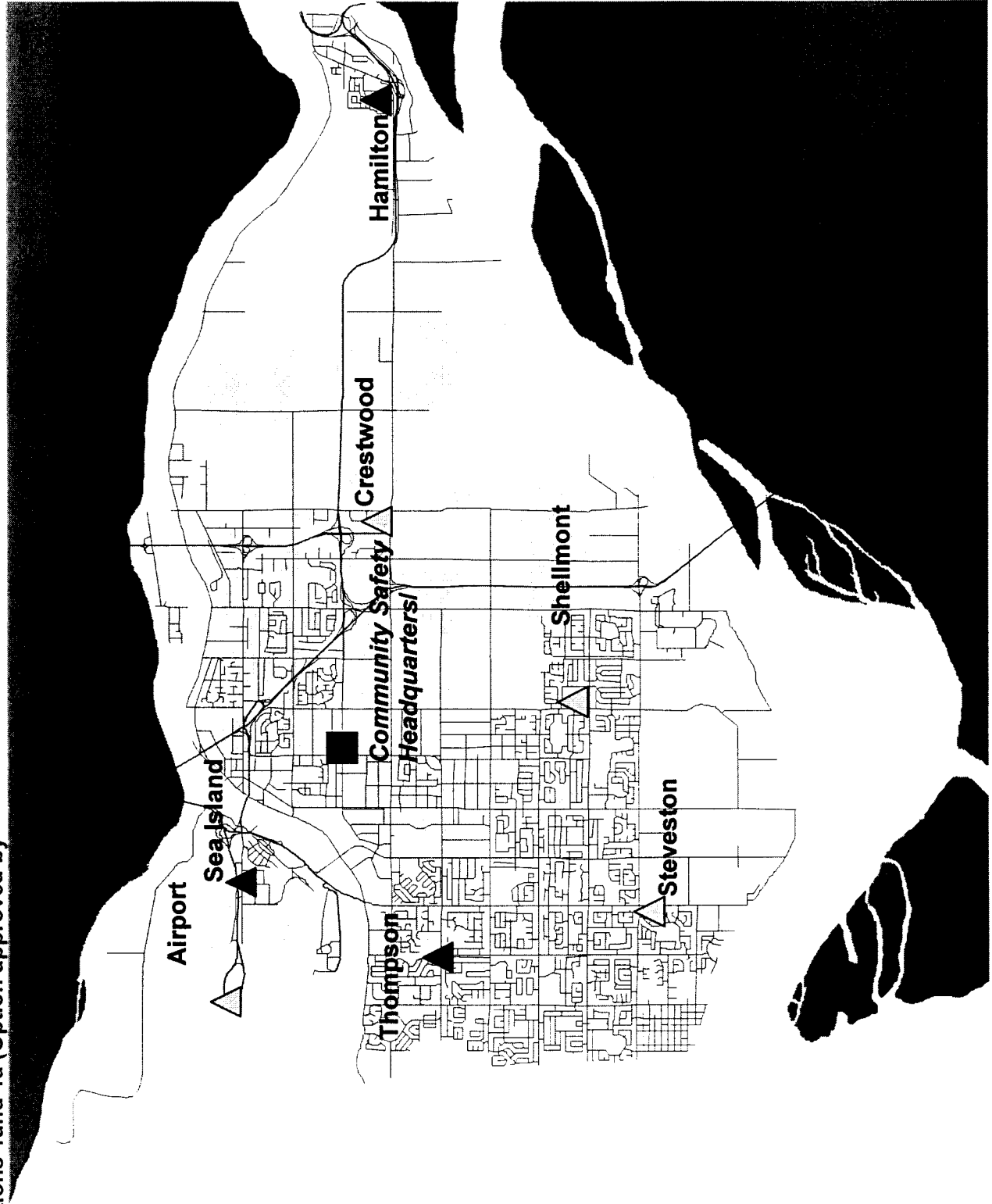
Summary of Options

On the following pages each of the three options are outlined. The legend provided indicates which Fire Halls are being replaced.

Legend

-  - Fire Halls/Public Safety Building being replaced
-  - Fire Halls being retained
-  - *Community Safety Headquarters*

Options 1 and 1a (Option approved by



Option 1 and 1a (Option approved by committee)

Overview

Facility	Year	Building Costs	Land Costs	Total
Sea Island	2002	3,000,000	0	3,000,000
Hamilton	2003	3,000,000	0	3,000,000
Thompson	2004	3,000,000	0	3,000,000
Main Fire Hall	2005	6,800,000	10,000,000	16,800,000
Steveston	2006	600,000	0	600,000
Shellmont	2007	650,000	0	650,000
Public Safety Building	2008	27,000,000	0	27,000,000
EOC	2008	500,000	0	500,000
Crestwood	2008	200,000	0	200,000
TOTAL				54,750,000
Option 1a Community Safety Headquarters	2008	-3,000,000		51,750,000

Land Acquisition

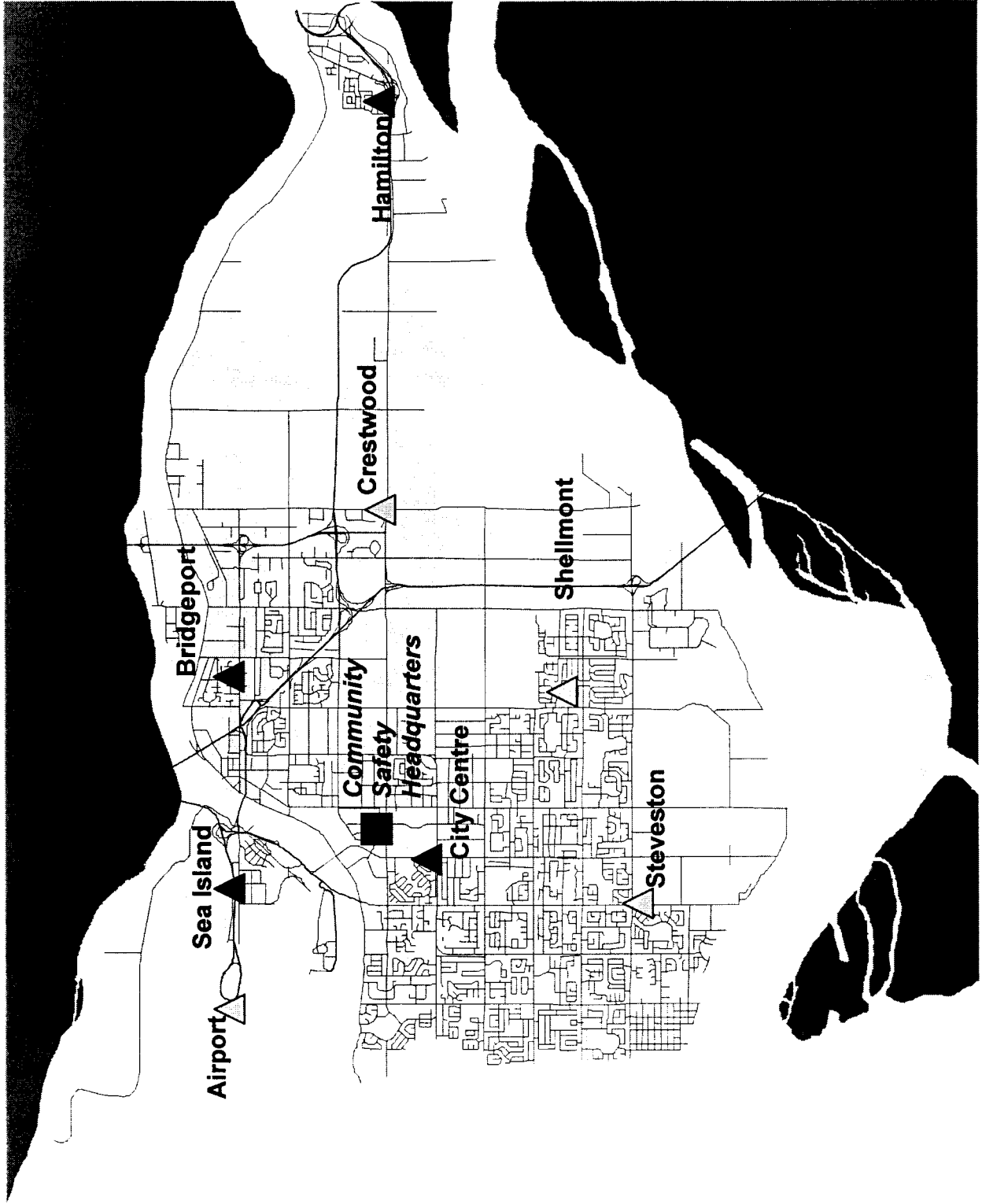
Sea Island does not require land purchase.

Thompson Fire Hall will be located on the city-owned land on the south west corner of Railway and Granville.

Bridgeport will be replaced on the current site.

The **Main Fire Hall** and the **Public Safety Building** will require land acquisition.

Option 2 (Option developed in response to cost concerns with Options 1 and 1a)



Option 2 (Option developed in response to cost concerns with Options 1 and 1a)

Overview

Facility	Year	Building Costs	Land Costs	Total
Sea Island	2002	3,000,000	0	3,000,000
Hamilton	2003	3,000,000	0	3,000,000
Bridgeport	2004	3,000,000	0	3,000,000
City Centre	2005	3,000,000	0	3,000,000
Steveston	2006	600,000	0	600,000
Shellmont	2007	650,000	0	650,000
Community Safety Headquarters	2008	27,000,000	0	27,000,000
EOC	2008	500,000	0	500,000
Crestwood	2008	200,000	0	200,000
TOTAL				40,950,000



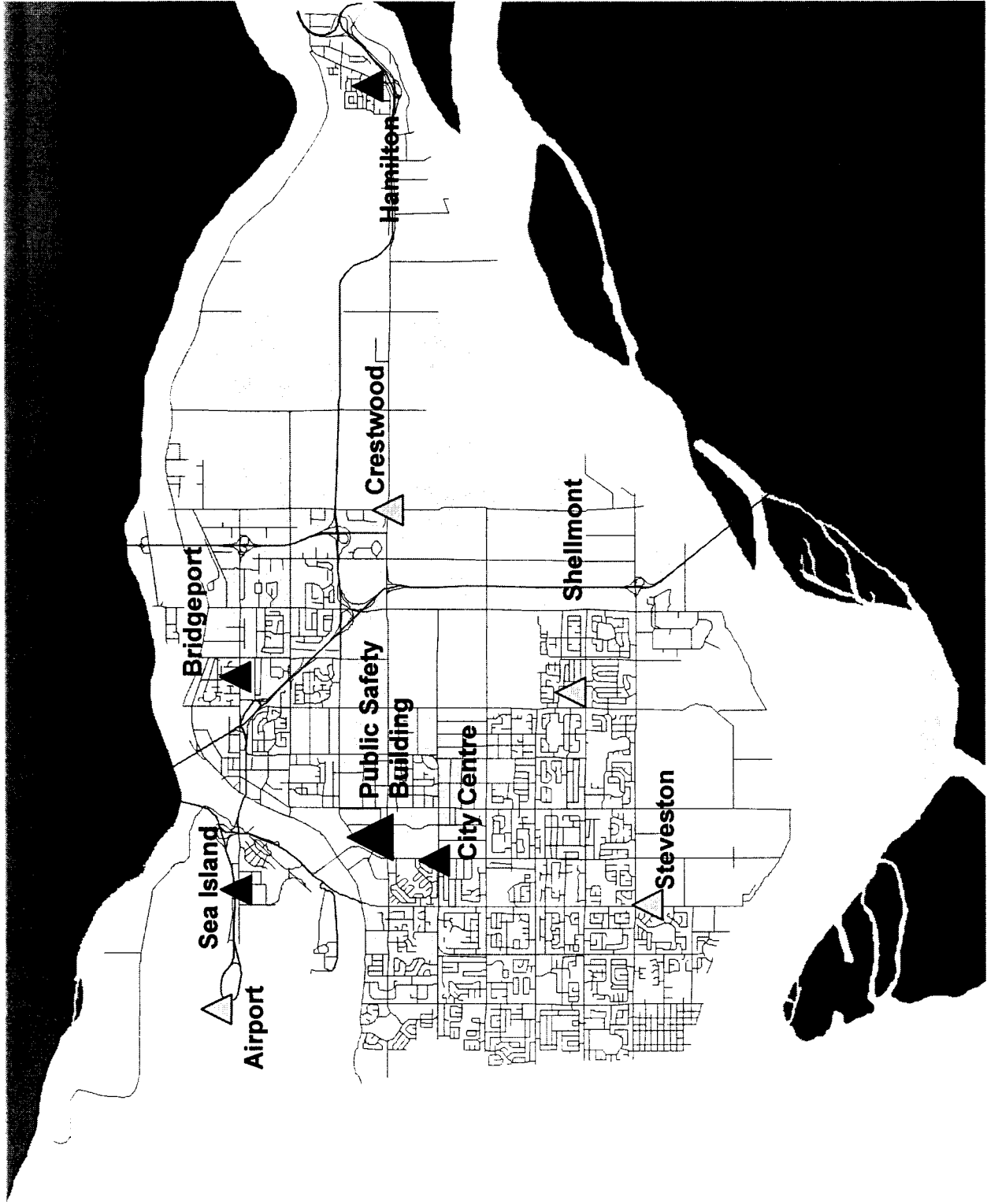
Land acquisition costs

Land acquisition for Option 2 is cost neutral:

There is a need to acquire one three-quarter acre site to support the **Hamilton Fire Hall**. The sale of the current Fire Hall sites for Hamilton and Sea Island should offset these land acquisition costs.

There are three locations which do not require land purchases:

- **Sea Island Fire Hall**
- **City Centre Fire Hall** remains on current site
- **Community Safety Headquarters** would be located on the two acre City owned site at Westminster and Alderbridge. The city owns the two-acre site at Westminster and Alderbridge. This option assumes there is no need to reimburse the City's reserve funds for the combined site at Westminster and Alderbridge from the project funding.



Option 3 – Status Quo

Overview

Facility	Year	Building Costs	Land Costs	Total
Sea Island	2002	3,000,000	0	3,000,000
Hamilton	2003	3,000,000	0	3,000,000
Main Fire Hall	2004	6,800,000	0	6,800,000
Bridgeport	2005	3,000,000	0	3,000,000
Steveston	2006	600,000	0	600,000
Shellmont	2007	650,000	0	650,000
Public Safety Building	2008	27,000,000	0	27,000,000
EOC	2008	500,000	0	500,000
Crestwood	2008	200,000	0	200,000
TOTAL				44,750,000

Land acquisition costs

Land acquisition in this option is cost neutral, the Fire Halls would be replaced on their current sites. The Public Safety Building would be relocated to the two-acre site at Westminster and Alderbridge, which is City owned land. This option assumes there is no need to reimburse the City's reserve funds from the project funding.