



Council Report



penticton.ca

Date: August 19, 2025 File No: 0810-20
To: Anthony Haddad, City Manager
From: Kelsey Johnson, GM of Community Services
Subject: **Fire Hall Renewals – Project Update**

Staff Recommendation

THAT Council direct staff to submit an application to the 2025 Strategic Priorities Fund Grant Capital Infrastructure Stream for the Fire Hall Headquarters;

AND THAT Council supports the project and commits to funding the remaining share of the Fire Hall Headquarters to ensure project completion should the 2025 Strategic Priorities Fund Grant application be successful;

AND THAT Council direct staff to include the Fire Hall Renewals project capital cost and funding strategy in the upcoming 2026-2030 draft financial plan to be considered during budget deliberations.

Strategic priority objective

Safe & Resilient: The City of Penticton will enhance and protect the safety of all residents and visitors to Penticton.

Background

The City's Civic Places & Spaces recommendations were adopted by Council in 2022 and prioritized as follows:

1. Public Safety Facilities– Development of a new Public Safety and Protective Services Centre downtown (Community Safety Building) to replace the Fire Hall Headquarters and provide space for Bylaw Services, Community Policing and the City's Emergency Operations Centre. Ensure both Fire Halls are upgraded.
2. Twin Arena - Consolidation of the City's arenas onto the SOEC property, with a new twin rink facility to replace McLaren and Memorial arenas
3. Arts & Culture – Create a new Arts and Culture Centre in the downtown to house the library, museum, art gallery and other arts groups.
4. City Hall – Retain City Hall as a downtown civic and employment hub, continue to modernize and upgrade as required.

In 2024, after the completion of a thorough site analysis, Council directed to staff to proceed with detailed design and the development of a business case for a newly constructed Fire Hall Headquarters at the Fire Hall #2 site (Dawson Avenue) in conjunction with a renovation to the existing Fire Hall Headquarters at the Fire Hall #1 site to serve as a satellite hall with the Emergency Operations Centre. This project was included in the 2025-2029 Financial & Corporate Business Plan as a 2025 Community Services Initiative, described as the Fire Hall Renewals under the Advancement of the Civic Places & Spaces Priority #1.

Fire Hall Headquarters (Hall #2 – Dawson Avenue)

The preliminary design, included as attachment A, of the Fire Hall Headquarters was completed in March 2025. The Headquarters design envisions a 2-storey mass timber building inclusive of 4 tandem fire apparatus bays and 8 dorms with a 4-storey structural steel frame hose tower for a gross floor area of ~27,000 SF. The Headquarters will house Fire Administration offices, including the Emergency Management Program and Fire Prevention teams and provide adequate operational space for training, equipment maintenance, decontamination, communications, and gear storage while also ensuring the provision of appropriate living space to support firefighters through their 24-hour shifts.

Following the completion of the preliminary design, a professional/technical session was convened with the goal of achieving a Class B estimate within a +/- 10%-15% range. The report, finalized in July, has been provided as a Class C estimate due to the level of design provided, however, it is within the desired +/- 10%-15% range and staff are confident in the estimate developed. The report has been included as attachment B with the project cost summary provided below:

Project Cost Summary

The current estimated cost of the project may be summarized as follows:

Item	Estimated Costs (\$)
A Land Cost	0
B Construction	25,493,700
C Contingencies	2,549,400
D Professional Fees	3,399,700
E Connection Fees & Permits	772,000
F Validation and Project Insurance	941,300
G Project Contingency	256,000
Sub-Total	\$33,412,100
H Furnishing, Fittings & Equipment (Allowance)	325,000
I Information Management Information Technology (By Owner)	0
J Financing Costs	0
Sub-Total	\$33,737,100
K Goods & Services Tax	0
Total Project Cost (Q2 2025 Dollars)	\$33,737,100
L Escalation & Risk Reserve Fund	3,099,000
Escalated Project Cost (Q1 2027 Dollars)	\$36,836,100

Please note that, where zero-dollar values are stated, BTY has excluded these costs and the values should be carried in a separate budget (if applicable).

The final estimated project cost, adjusted for anticipated inflation considering the projected construction commencement date, for the Fire Hall Headquarters is ~\$36,840,000.

The project will be delivered through the Integrated Project Delivery (IPD) method, which brings together all key project participants, including the owner, architect and contractors under a single agreement to design and construct the Headquarters. The estimate provided will now act as the allowable cost that will guide the IPD team in aligning the base program and conditions of satisfaction within the project outline during the validation phase. Upon the completion of the validation phase, a validation report will be provided to Council to be validated and approved to proceed. Once the project is validated, the project cost becomes the agreed-upon quote and does not change unless extreme and unforeseeable circumstance arise. The IPD team collectively manages project risk within the validate quote, resolving issues without resorting to costly change orders. Additionally, any savings found after validation benefit the entire project team, including the owner, rather than individual contractors. This approach fosters trust, shared accountability and a more predictable financial outcome.

Satellite Fire Hall (Hall #1 – Nanaimo Avenue)

Once the new Fire Hall Headquarters is commissioned at the site of Hall #2, the process will begin for converting Hall #1 into a Satellite Hall. This will include minor renovations to improve living quarters and dorms, address critical building envelope issues and improve and upgrade operational spaces for both the Fire Dept and Emergency Operations Centre. Staff estimate ~\$1M is required for the associated works.

Full Project Cost

In consideration of the above, staff suggest that the full capital funding envelope to advance the Fire Hall Renewals Project through to completion should be set at \$38M.

Funding Opportunity - Strategic Priorities Fund

The Strategic Priorities Fund (SPF), delivered through the Canada Community Building Fund (CCBF) is an application-based program available to local governments and other recipients outside of the Metro Vancouver Regional District. The funding is intended to support infrastructure and capacity-building projects that are either large in scale, regional in impact, or innovative, and that align with the program's objectives of supporting productivity and economic growth, a clean environment, and strong cities and communities. The first intake is now open, with \$119M available for eligible local government infrastructure projects in BC. Successful applicants may receive up to 100% of net-eligible costs of approved projects to a maximum of \$7M.

Staff have reviewed eligible projects and recommend that the City apply for funding towards the Fire Hall Headquarters project. When reviewing eligible projects, staff assessed each for project readiness, ability to maximise the grant contribution and overall grant criteria. It is important to note that to remain eligible, the project start date must not be later than two years after grant approval and the project completion date must be no later than five years after grant approval.

The grant intake closes September 12, 2025 and staff anticipate receiving notification prior to the end of the year. As part of the application process, staff require a resolution indicating support from Council.

Financial Implication

Staff are recommending to externally borrow up to \$38M for the construction and renovation costs of both Fire Halls. A funding strategy for the debt payments will be provided as part of the 2026-2030 Draft Financial Plan to fund the annual debt servicing costs. Depending on interest rate and length of term, annual costs are estimated to be in the range of \$2.5M - \$3.2M (20-30 year terms). Should the City be successful on this grant application, the borrowing amount and relative debt servicing costs would be reduced accordingly.

Due to recent changes by the Province to legislation on borrowing limits, the City is able to borrow in the range of \$70 to \$120 million while staying well within the assent free zone.

Climate Impact

The preliminary design and costing for the Fire Hall Headquarters assumes a net-zero energy requirement with a provision for photovoltaic (PV) panels to convert sunlight directly into electricity. Detailed design during the IPD process will align with the City's Corporate Energy & Emissions Plan, which lays out the City's commitment to building energy efficient and resilient facilities that have low GHG emissions. These priorities will be incorporated into the Conditions of Satisfaction during the IPD validation phase.

Renovations at Fire Hall #1 will also prioritize opportunities to implement energy retrofits to improve energy performance and lower GHG emissions.

Analysis

This report represents a significant milestone in the first major facilities project to move forward from the Civic Places & Spaces Project.

Staff are seeking direction from Council to submit an application to the Strategic Priorities Fund requesting \$7M for the project. When considering an application to this fund, it is important to recognize that there must be a willingness to fund the remaining project costs. Should Council wish to proceed with the grant application, staff recommend including the project cost and funding strategy in the upcoming budget deliberations.

Attachments

Attachment A – Fire Hall Headquarters: Floor Plan & Renderings

Attachment B – Fire Hall Headquarters: Class C Estimate Report

Respectfully submitted,

Kelsey Johnson

GM of Community Services

Concurrence

Fire Chief <i>ML</i>	GM of Corporate Services <i>AMC</i>	GM of Infrastructure <i>KD</i>	City Manager <i>AK</i>
-------------------------	---	--------------------------------------	---------------------------