



REQUEST FOR DECISION (RFD)

Date: September 10, 2024
To: Mayor Milligan and Members of Council
From: Michael Boronowski, Chief Administrative Officer
Subject: Arcadis Fire Hall Project Final Report

RECOMMENDATION

THAT Council direct staff to advance the Fire Hall project based on the conceptual design and recommendations in the Arcadis Final Report; and

THAT the property appraisals and analysis required to consider property disposition as a funding component of the project be advanced, funded from the facility reserve; and

THAT a report detailing project delivery methodology and opportunities for design and cost validation be brought forward to Council.

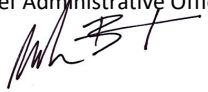


PURPOSE

The purpose of this report is to present the final decisions regarding the location and design of the new Fernie Fire Hall. The report details the outcomes of the public engagement, site selection process, technical assessments, exploration of potential co-uses and funding opportunities, preliminary design, and costing conducted over the past year.

BACKGROUND

The need for a new Fire Hall in the City of Fernie has been a priority due to the inadequacies of the previous facility at 692 3rd Avenue, and the ongoing challenges experienced at the new temporary location.

The former Fire Hall was not purpose-built and was itself intended to be a temporary home for the department when they relocated in the late 1970s. The extensive structural and functional issues led to that facility being decommissioned in 2022, and Fernie Fire and Emergency Services Department (FFESD) relocating to a temporary location at the City's Operations Facility and Public Works Yard. Details regarding these deficiencies and the need to relocate have been detailed in previous reports.

| Reviewed by: | | | |
|---|--|--|--------|
| Chief Administrative Officer  | Corporate Officer  | Director of Finance  | Other: |

Since the relocation in 2022, FFESD has operated out of temporary Fire Hall at 1492b Railway Avenue, utilizing the old Operations Office building as well as the cold storage vehicle bays at the new Operations facility, and an additional ATCO trailer on site.

While the temporary solution has significant operational challenges for both FFESD and overall City Operations, the primary concern is that it does not meet mandated requirements for a Fire Hall. Most significantly, it does not meet post-disaster requirements for an emergency response facility, and the location on the East of the railroad tracks causes delays in response times. The current location will require additional permits and significant investment to bring the facility into compliance without meaningful progress toward completion of a new Fire Hall.

Following the initial relocation to the current temporary facilities, the City of Fernie initiated a project to develop a new, purpose-built Fire Hall with an aggressive timeline to build the urgently needed new facility. This process involved four key components: stakeholder and public engagement, a site suitability analysis, test fits and concept designs, and high-level cost estimates. Arcadis was hired to execute these components; the attached report is the conclusion of this contract.

Working with the City, the consultant engaged in discussions with internal business units, the FFESD, and consultation with the broader community.

Additionally, a Community Working Group (CWG) was formed to support additional consultation and engagement in the process. This committee met seven times and reviewed regular progress updates on requirements and site selection from Arcadis.

This approach ensured that diverse perspectives were considered throughout the planning process. Two City-owned sites, 902 2nd Avenue and 1500 5th Avenue (Prentice Park), emerged as the most suitable locations based on technical criteria and community feedback. Following further analysis, the City Council directed the project team to proceed with Site 2, located at 1500 5th Avenue.

Concurrent with site selection, an Expression of Interest process was initiated to identify and secure endorsement from Council for potential facility co-users with a view to expanding funding opportunities for the facility. This process highlighted a common need for office space, meeting rooms, and workshop and storage space among a number of local organizations, and a challenge in that funding opportunities to develop these value-added features is not readily available. Ultimately Council directed that co-use be assigned to a separate but co-located facility to allow the Fire Hall to advance without delay while still providing opportunities to maximize community value on the grounds, confirming the Elk Valley Family Society and Fernie Child Care Society as potential co-users for this non-core element.

Following site selection and direction on co-users the project team and consultant shifted to refining the facility needs with a focus on advancing a needs-based Fire Hall.

DISCUSSION

Arcadis will be presenting the results of their work on this project, representing the completion of their engagement with the City on the project.

While this is the completion of the conceptual design and costing phase, further action is required to continue advancing the project including:

1) Confirming the scope of the facility (This report)

This report provides the opportunity for Council to understand work undertaken to confirm the building program required to support the service area. The scope as developed for the needs-based firehall also then informed the cost estimate that is provided at a budgeting level.

2) Determining the delivery method for refining design and construction of the project.

This is the next important decision. The delivery method and where and how the design phase occurs will determine how quickly the cost estimates can be validated, if design-based savings can be achieved, and ultimately how construction is managed.

Staff are currently engaged in discussions to develop a formal recommendation to Council.

3) Determining the final funding strategy and the use of reserves, potential land disposition, and borrowing.

The appraisals and analysis of properties is recommended to support this step, as is further analysis of potential options including updates to DCC or ACC bylaws, and negotiations with the Regional District.

4) Advancing through a referendum process to initiate borrowing to fully fund the project.

This process has been discussed previously, and a future report on funding will provide Council with the formal opportunity to set and advance the question on borrowing.

Community Working Group (CWG)

Staff has worked with members of the CWG to revise their Terms of Reference (TOR) for the next phase of the project. The group's focus will be reviewing and advising on communications content related to the Fire Hall, reviewing public engagement information, and providing a community perspective on the project as it advances toward the referendum and into design.

Ball Diamond Replacement

Following the site selection decision, Council directed staff to meet with affected user groups. Staff contacted the groups and held a meeting with the ball community and the primary user of the space to discuss impacts.

Developing a net new ball diamond to include all the amenities has been estimated at \$900,000. Upgrading or refurbishing an existing diamond would cost less. Note this cost is significantly higher than would be required to upgrade existing alternative fields, but represents a full replacement cost to build a new field. The Arcadis report does not include ball diamond

replacement costing. These numbers are provided for context for Council as a related element of the Fire Hall.

Property Disposition

The properties identified in this report for consideration were identified in consultation with the Planning Department and the City's municipal property inventory, and are included as they represent the most straightforward for disposition.

All properties require a property appraisal prior to sale as identified in the City's disposition policy. 902 2nd Avenue property is mandated to go through the site disclosure statement process prior to sale to advise if any environmental remediation is required. 661b 1st Avenue must be subdivided from the Arts Station property prior to sale and any conditions of that subdivision are unknown at this time.

The Ridgemont Lane properties currently have a No-Build covenant and a geotechnical assessment would be needed to allow the City to remove or modify that covenant to allow for development. There is a risk that the geotechnical assessment may result in these lots still being unable to build and the covenant standing. For this reason, the appraisal of these lots (Ridgemont) should be held until the covenant is modified or removed. The other properties can have the appraisal done at any time.

As importantly, the consideration of disposition of property as a component of the overall funding strategy must be considered against the disposition policy and other needs identified in strategies, Master Plans and the Official Community Plan. The City is limited in land holdings, and notably, capital funding opportunities from different orders of government or organizations do not allow for the purchase of lands.

If directed to proceed with the appraisals and analysis staff will then undertake this work.

INTERNAL CIRCULATION

This Report has been reviewed by the CAO, Director of Finance, Corporate Officer and the Fire Hall Project Team.

LEGAL/STATUTORY AUTHORITY

The City of Fernie has the statutory authority under the Local Government Act to acquire and develop land for municipal purposes, including the construction of essential service facilities like the Fire Hall.

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS

The costing in the Arcadis Final Report can be used as a budgeting estimate, and as the funding strategy is formalized based on that costing, project methodology and design can provide the additional certainty staff believe is important to support effective communication leading-up to the planned referendum.

The dates outlined below provide the two spring borrowing timelines that meet procedural requirements:

Recommended Spring Referendum Timeline

- Bylaw Readings: January 28
- Inspector Approval: February 7
- Elector Approval/Referendum: *within 80 days of Inspector Approval – April 5*
- Bylaw Adoption: *Post referendum – April 8, 2025*
- Quashing Period: 30 days post-adoption
- Inspector Approval #2: Security Issuing Resolution May 13, 2025 *or a special meeting date.*
- Send to RDEK: May 30 deadline
- RD Bylaw: Readings and Adoption: June 12 or 13, 2025
- RD Quashing Period: 10 days post-adoption
- RD Corporate Officer Certificate & Inspector Approval #3.
- Send to Municipal Finance Authority.

COMPLIANCE WITH CORPORATE STRATEGIES & POLICIES

The Fernie Fire Hall Project aligns with the Council's Strategic Plan by enhancing emergency services, contributing to sustainable infrastructure, and promoting a safer community. It supports the goal of delivering dependable services, fosters a liveable community through improved safety, and modernizes essential services to adapt to changing needs.

Consideration of property disposition should be in accordance with City Policy unless otherwise directed by Council.

FINANCIAL/BUDGETARY CONSIDERATIONS

As per the attached Arcadis final report, the estimated costs of a purpose-built standalone fire hall is \$20,535,000 at current 2024 pricing. There are estimated cost escalations for construction in future years provided in the Arcadis final report.

There are a number of significant items to consider for building the final funding strategy.

Current Reserve Balances

Per the 2024 financial plan, our ending reserve balances for Canada Community Building Fund and Facility Renovation reserves are \$1,107,977 and \$1,207,693, respectively.

Disposition of Municipal Property

Per the attached Arcadis report, there are seven properties that could be considered for disposition at an estimated value of \$3,739,100. This estimate is noted as requiring refining through appraisals.

The environmental disclosure statement for 902 2nd Avenue is estimated at \$20,000 as noted in a Staff Report from February that was related to site selection for the Fire Hall. The Ridgemont Lane hydrological study is also estimated at \$20,000. Approximately \$10,000 is estimated to complete property appraisals.

The estimated total of \$50,000 in funding for this work could be taken from the Facility Reserve to fund, which could be replenished through disposition if Council chooses to do so.

RDEK Rural services agreement

The current agreement states that the RDEK will contribute \$450,000 towards a new fire hall, noting that the current agreement was put in place before COVID & the current inflationary challenges especially around construction. This figure is based on the notional cost of one bay, the Arcadis report notes that the cost of a single bay is 1.3 million. Further, the significant new development and potential development on the horizon in the electoral area and specifically surrounding the resort has fundamentally shifted our current and future obligations for services to the Regional District.

Staff have initiated discussions with counterparts at the RDEK to discuss this matter.

Borrowing

The current long-term MFA borrowing rate is 3.91%. Annual payments on a few different loan amounts are as follows (also included an annual tax increase for reference if this loan were to be serviced solely through a tax increase):

| <u>Loan Amount</u> | <u>Annual Payment</u> | <u>% tax increase</u> |
|--------------------|-----------------------|-----------------------|
| \$20,000,000 | \$1,143,996 | 12.16% |
| \$17,500,000 | \$1,000,997 | 10.64% |
| \$15,000,000 | \$857,997 | 9.12% |

Of note is our current \$3,000,000 short-term loan with the MFA, of which 2025 is the final \$600,000 payment for this loan. This \$600,000 could be applied to the new fire hall loan in theory, though in order to afford this \$600,000 loan payment, our current contribution to reserves has been reduced over the 5-year term.

Additional Repayment Considerations

Additional analysis is required to formalize repayment considerations over the term of the loan, including DCC bylaw updates given the new inclusion of fire protection services within that scope. This and updates to fire service agreements may provide incremental opportunities to reduce the reliance on taxation for the repayment of the final loan amount.

IMPLICATIONS

The next phase represents a significant cross-functional body of work, as the assessment of properties, analysis of recommendations across strategies and plans, the development of a

formal financial and delivery strategy, and the referendum process all require input from multiple departments.

The existing project steering committee will continue to coordinate this work and reporting to Council.

As previously presented to Council, should the City not advance the Fire Hall project, there are significant cost and service delivery implication including:

- 1) Response times, safety for the community and insurance costs related to FUS ratings.
- 2) Wear and tear on vehicles and equipment.
- 3) Ongoing heightened risk of delays for primary responses due to rail crossing.
- 4) Significant costs to bring the operations facility up to post-disaster standards.
- 5) Recruitment and retention challenges impacting overtime and loss of experienced staff.

COMMUNICATION CONSIDERATIONS

A project update reflecting the information in the Pre-planning Phase Final Report has been prepared for publishing on the City's online channels.

Following Council direction on advancing the next steps of this project, the CWG will be engaged to support the preparation of communications materials and tactics in advance of a borrowing referendum. A communications and engagement consultant has also been retained to support City staff in this phase of the project.

OPTIONS

Council may,

1. Direct staff to advance the project based on the concept in the Arcadis Final Report, advance property appraisals and analysis, and direct staff to bring forward a report on delivery methodology to get to design and cost validation.
2. Direct staff on changes to the conceptual design, which staff would then advance through future confirmation of the project methodology and the next steps as noted above.
3. Direct staff otherwise.

Staff recommend option 1.

CONCLUSION

This report is provided to present the consultants final report to Council. It also provides an opportunity for Council to discuss the scope as presented, and provide direction on advancing that concept and the consideration of property disposition as a component of finalizing the funding strategy.

Staff are recommending Council endorse the conceptual design as provided in the attached report and direct staff to advance the project through selecting a delivery method, further analyzing properties for disposition, and confirming a formal funding strategy.

Future reports to Council would provide opportunities to confirm that methodology, direction on other funding elements, and ultimately advancing the question of borrowing to deliver the project.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'MBT', is positioned above the name of the signatory.

Michael Boronowski, Chief Administrative Officer

Attachments:

1. Arcadis City of Fernie Fire Hall Final Report