



Municipality of the District of Argyle

Item: Eel Brook Fire – request for funding – new pumper-rescue combo

Date: September 27, 2020

VISION

We see Argyle as home to a healthy and thriving rural population. Our municipality promotes and supports economic and social opportunities for the region and engages in the active expression of our unique Acadian heritage. We are a place of choice for rural living and are widely recognized for our warm hospitality and joie de vivre. Surrounded by fresh air and cool ocean breezes, we work and play in the great outdoors. People choose to live in Argyle because of our commitment to each other, to our community and to our neighbors. Argyle is a place we are proud to call home.

Background:

Council has been approached to consider an extraordinary request from Eel Brook Volunteer Fire Department (EBVFD) for the purchase of a combined pumper-rescue truck. Their presentation is attached to this item, but in short, the loss of their pumper due to an accident has resulted in an insurance payout to replace it. They received full replacement cost for the truck, which is very positive news. The Department, to their credit, took a larger view of their vehicle needs, and believe they have a solution that will result in a cost savings to the taxpayer. That is, to eliminate the rescue as a separate vehicle and combine it with the replacement pumper.

The EBVFD see an opportunity to remove one vehicle from their fleet by combining the pumper and the rescue into one vehicle. The savings that was noted by the Department was about \$169,000 (including HST), but closer to \$154,000 after HST refunds. This savings assumes that the Department would otherwise buy a new rescue at \$356,000. Actual cost may vary, and certainly there are other used options that could come available in the next 4 years. Thus, the actual savings may not reach this amount, and there may be other ways to save/spend less in the future.

The department is asking us to grant the entire amount for the new truck, so any of the savings they receive out of this decision, if any, would benefit them and the EBVFD district rate payers. In short, if Council wishes to fund this request with a 100% grant, they will be passing on the estimated savings to Eel Brook Fire rate payers. While this is ideal for Eel Brook rate payers, we have 8 other Fire Departments to consider in funding equity.

This request is unbudgeted and happens to be in an election period. In my research and questions to my peer group, there is no MGA or Elections Act restriction on making such a decision now. You are still an active Council. I would not usually recommend that Council consider such a large request in an election period, due to the potential real or perceived conflict it creates between the incumbent Councilors and those seeking to serve.

In this instance, I would recommend you consider this request now for the following reasons.

1. Council is being asked to act on behalf of a Fire Department, the request was not initiated by Council.

2. A request from a fire department should be considered more urgent and critical to the fundamental services we deliver. While they are a non-profit organization separate from us, they serve us directly for an essential service. This would differ, arguably, from a community hall asking for third party support.
3. The EBVFD is pressed to make a decision on the matter, time is of the essence, as the decision, whether positive or negative, triggers the Department to order a truck, and that takes time to arrive.
4. The extraordinary nature of the request presents an opportunity that needs swift action if it is to be achieved.

So for these reasons, I believe that the need for a decision to support emergency services outweighs any perceived or real political conflict issue. Furthermore, Municipal government is uniquely designed that it can make these decisions despite being in an election period. Council can still choose to defer the decision to November 2020.

Historical and policy considerations:

Review of Policy

In reviewing the motions of council, we do not find where a policy was presented to you. We have a draft policy that was the first attempt at addressing what could be multiple requests coming from other fire departments. This policy would have been one of the effects of COVID business interruption. In my recollection of budget discussion, it was discussed, and to my recollection, understood, that this “policy” would address no more than two requests at a time, to smooth the financial burden. However, there is no official motion or direction of any kind to support this officially. So, in absence of policy, I have enclosed motions and discussions of Council relating to two separate requests received.

Quinan

It is moved by Nicole Albright and seconded by Kathy Bourque to provide the Quinan Fire Department with a \$150,000 capital grant, over 6 years, to purchase a new fire truck.

Motion Carried (6 in favour, 0 against)

It is moved by Calvin d’Entremont and seconded by Danny Muise to direct the CAO to develop a new Fire Services Capital Grant Program and draft the necessary policy or by-law.

Motion Carried (6 in favour, 0 against)

East Kemptville

A capital request from the Kemptville & District Volunteer Fire Department for a new fire truck was reviewed. CAO Muise reminded Council that at a meeting with all of the volunteer fire departments, the departments agreed that an application-based program should be developed to deal with their capital deficiencies and inability to generate revenues.

Historical assessment:

Prior to 2018, Council did not provide funding to fire departments for equipment or trucks. Council’s expectation prior to this was that the area rate would be used for that purpose. With

the growing cost of fire trucks and the growing need to replace them, the smaller fire departments could not generate sufficient cash to buy these trucks without making it extremely cumbersome on the taxpayer. The first request is our best indication of a maximum contribution; being \$150,000. The East Kemptville request is \$15,000 per year for 5 years.

While the policy was never going to exclude the larger Fire Departments (West Pubnico, Wedgeport and Eel Brook), it was clearly the intent of Council to support these requests when the area rate could not fully address the need. Under normal circumstances, the three bigger areas would be able to set a reasonable rate to buy the trucks they needed.

Eel Brook is finding themselves in a unique circumstance. They cannot set a reasonable area rate to fund both the building and the truck at the same time. The need to replace trucks is evident in Eel Brook, as it is in other Departments. See the section on the Fire Station Construction below for more details on the current area rate.

Eel Brook does not feel like they can increase the rate to cover this cost, and that is an understandable conclusion. From an administrative standpoint, I would agree with the EBVFD's conclusion that both should not be area rated at the same time, as it will prove costly to the residents of that District.

Direct engagement with the Chief:

The following questions were posed of the Chief both to further understand their request and the process used to come to this decision.

1. I understand your rescue has 4 years before it is considered outside of the 'best before' date. Is that correct?

No that's not correct. The rescue is a 1988 and already 32 years years old.

2. How many more years for your other trucks before it requires replacement?

The tanker is a 2004 and has 4 years remaining of the recommended 20 years for a primary responding vehicle. Engine 2 is an 86 and now 34 years old.

3. Have we an update on the estimated costs for the eel brook fire station and the funds required to make the project happen?

The architects are reviewing costs based on the withdrawal of the post disaster requirements. I am trying to arrange a telephone conference call with Harry on Wednesday evening to discuss this.

4. How will being down a truck impact your operations in the future? I see what you're trying to do re save money, but does having the combi vehicle risk restricting your ability to be at two scenes? Has your department discussed that aspect?

It has been discussed and both existing trucks are basically required at every scene as the equipment they carry is vastly different. There are very few calls we could run with only the rescue. We do still have engine 2 as a back up pumper currently as well.

5. I know you talked about this, but there was no used option considered. Do you think that this is a COVID issue or is this longstanding?

We were unable to find any suitable used replacements. All the reasonably priced used apparatus we found were at least 15-20 years old or more already. Any of the newer apparatus we found were very closely priced to the cheque we will be receiving, and most were city trucks with higher mileage and small water tanks. There were very few in between and none we found that were suitable. At the time of searching through used vehicles we were unable to find any pumper/rescue combinations. COVID would have had no effect on this as the vast majority of our searching took place before COVID hit hard.

6. Have you consulted with other fire departments on this decision, and what Mutual aid considerations went into this recommendation?

We didn't consult very much with other departments within the Municipality or County for that matter as no one else here is running a similar truck. We did discuss it in general with several firefighters from other depts and they all seemed to like the idea. I did speak with members from Woods Harbour on multiple occasions as their Engine 11 is of similar size. As far as mutual-aid goes the only difference we would really see would be that we can have more firefighters in one apparatus when arriving on scene and would not congest the scene as much as we would have less apparatus on arrival. Other than that, it would be business as usual.

7. As Eel Brook is the principal responder on Highway 103 incidents, how does this vehicle operate in that environment?

For calls along highway 103 I feel this design would be beneficial for a few reasons. Day time calls during the work week can be difficult to get truck drivers to the hall, and therefore the scene, quickly. First arriving members on these days currently have to make the decision of whether to bring the pumper or the rescue as both are required. Pumper for fire suppression, foam and protection of our members, and rescue for all the tools required to assist people involved in the accident, both medical and jaws of life. Having all the necessary tools and equipment for all aspects of the call on one apparatus allows us to get what we need as close to the scene as possible which can be more difficult with two apparatus trying to navigate around police, EHS, bystanders, etc. A larger truck also provides better physical protection from oncoming traffic as we use this as a barrier to protect our firefighters.

8. Lets assume that the Council supports your request in one form or another, what is your plan to address the other two trucks and how will it be funded?

That largely depends on how our fundraising and grant money search goes for the hall. The plan was to step up fundraising as much as possible to get the hall paid as quickly as possible and then replace one truck at a time using the area rate to fund it. We are very aware that it will take a significant amount of time to align ourselves with current insurance requirements but that is our end goal. All departments in this area have gotten away with it so far but with the ever increasing demand of liabilities placed on us I feel it is only a matter of time before this catches up to us and one of our depts finds themselves in trouble. Whether it be equipment reliability, training, operating guidelines, or the way our scenes are run. Over the last three years EBFD has made great strides in improving these things, and still has a lot of room to improve and continue to improve, but I feel the municipality as a whole has a long ways to go towards taking these liabilities and responsibilities more seriously.

We can only truly work on our dept and have a great effect, but I have tried to bring some changes at the municipal level as well through the AMFFA. these have been notably small changes to start but that's the only way to do things in the fire service which is notoriously reluctant to change. I've seen how much of the fire service operates within the rest of the province and we really need to step up our game in this area. We are certainly effective and know how to get things done but we can definitely improve in operating to the standard that many others do.

This is only my own personal belief but I feel if one dept really steps it up and tries to make these improvements others will follow. And don't get me wrong I'm not trying to put any of the other depts down in any way shape or form were all good at what we do we've all just fallen behind. It's a fine balancing act between increasing training and regulation while keeping enough volunteers interested in the service and turning out to calls.

Based on the following answers from the Chief and the presentation enclosed, I come to the following conclusions:

- The department did its due diligence on this difficult decision, consulting appropriate departments with similar apparatus, and engaged outside its Department for advice.
- This Department has the unique experience of responding to many Highway 103 incidents, and the logic applied by the department on the combo vehicle is consistent with a department addressing their volunteer challenges as well as the response challenge. While I am not a first responder, I would tend to agree with the Chief's interpretation of the benefits of this truck for those calls.
- I cannot be assured that this purchase will save the capital dollars presented by EBVFD but I would come to a reasonable conclusion that there would be some savings. Also, eliminating one truck will reduce insurance, registration, fuel, and other maintenance costs.
- Should Council be favoring support, this will likely trigger a larger discussion on meeting standards for vehicles and gear for all units. This is, in my view, completely consistent with Council's intent to create a training committee (pre COVID) to focus on increasing trained firefighters in this area. The larger discussion on fire service in Argyle should be had, in the opinion of your CAO.

Other factors - Consolidation and Fire Station Construction:

Future of fire service - Argyle

There is no question that consolidation is entering the minds of some of our volunteer members with the increased training requirement, decrease in volunteer base, and increase in costs of operation. Actual discussions on consolidation have not yet occurred. However, Eel Brook represents one of the 'big three' Fire Departments and would be more likely to grow in significance in a consolidation, due to its size, training, and central location. What does this request to combine vehicles look like when using the lens of reduced fire departments? Without a plan, this thought has more questions than answers, but Council is asked to consider this lens when making a decision. This decision not only impacts Eel Brook, but the larger fire service. If I am to interpret the Chief's comments correctly, this purchase actually considers the potential reduction of volunteer base.

Additional information on the Fire Station construction:

Current cost estimates are understood to be high but are estimated at \$2,800,000. This would be an 'all in' cost, including soft costs and construction costs. There is a contingency built in this figure. Argyle has recently been engaged in this project. Hans Pfeil has recommended changes to their land improvements that should save them money. Furthermore, Council approved a motion to approve the elimination of the post disaster designation, which ultimately, would be authorized by John Sullivan our building official. This would reduce the amount of material and the nature of that material, which should further reduce the cost.

The EBVFD had a recreation / gym facility included in the design, with the hopes that it would attract Federal funding for the project. The Department confirmed that they were unsuccessful with ACOA funding request and is considering a GoFundMe fundraiser.

Current estimates indicate that if the cost will in fact reach 2.8 Million, the area rate of 12.5 cents will be required for 18 years. The EBVFD goal was to have a 10-year rate of repayment. To be clear, these calculated years are additional to the amount of years already rated.

Assuming the fundraising does not generate considerable dollars, the current design and building is underfunded. To meet the goal of 10-year repayment objective, assuming no change in design, the rate would have to be just shy of 20 cents. Any cost savings on the construction would obviously decrease this rate. For instance, if the project cost was reduced by \$200,000, the rate would be closer to 17.5 cents. (*These calculations assume a 3% interest rate, and assumes borrowing of \$1,800,000)

In short, the facts on the Fire Station stated above support the EBVFD's case that they cannot ask the ratepayer to support this unique opportunity to combine vehicles.

MGA considerations:

The EBVFD is a registered fire department in accordance with Section 294 of the Municipal Government Act, which means that we, as a Municipality, may grant, lend or guarantee a loan on behalf of Eel Brook or any other registered fire department. Relevant Sections of the MGA are below (bold added by CAO Muise, and sections not relevant were excluded purposely)

Section 66(4) A municipality may borrow money (a) with the approval of the Minister of Transportation and Infrastructure Renewal, to improve a street that is the property of Her Majesty in right of the Province;
(b) to pay and retire debentures;
(c) where a municipality is authorized by an Act of the Legislature to give a guarantee, to honour such a guarantee that it is called upon to pay;
(e) for the purpose of making a loan to a registered fire department or registered emergency services provider.

Registration as fire department

294 (1) A body corporate may apply to a municipality for registration as a fire department.
(2) A municipality shall not refuse to register a body corporate that complies with this Act if the
(a) municipality is satisfied that the body corporate is capable of providing the services it offers to provide.
(b) body corporate carries liability insurance, as required by the municipality.
(c) body corporate does not provide the fire services for profit; and
(d) municipality does not provide the same services for the same area.

(3) A fire department, including a fire department of a municipality, village or fire protection district, shall register in each municipality in which it provides emergency services.

(4) A registered fire department shall provide the municipality with a list of specific emergency services it will endeavour to provide and the area in which the services will be provided.

(5) Registration continues in force until withdrawn by the municipality for cause or the fire department requests that the registration be revoked.

(6) A municipality may grant or lend money to, or guarantee a loan for, a registered fire department for operating or capital purposes.

(7) A municipality may grant or lend assets, without charge, to a registered fire department.

(8) Registration does not make a fire department an agent of a municipality.

Cost considerations:

The cost of the new pumper / rescue is not exactly as presented by the EBVFD, since there was HST included in their figures. The revised figures are as follows:

Cost of proposed vehicle purchase:	\$554,990 before HST
Net cost after HST	\$578,777
Proceeds from insurance	<u>(\$396,211)</u>
Adjusted request to Council	\$182,566
Original request from EBVFD	\$242,027
Maximum amount funded by Council historically	\$150,000 (Quinan)
Amount committed already to the Fire Station	\$200,000

Options for Council's consideration:

1. Approve a grant for the full amount

The approval of the grant for the full amount would result in an unbudgeted expense of \$182,000. It could be spread across several years as we did in the previous requests. So technically, the first payment would be the only unbudgeted item. If the payments are spread over several years, this scenario would result in EBVFD borrowing to purchase the tanker, so there would be an interest cost to consider also. A full grant approval by Council would result in the largest grant given to any department for a truck. Consider also that the Council has approved a \$200,000 grant for the building as well.

2. Deny the request for now – encourage a request in the future for the next replacement.

This would be the recommended course of action if Council did not agree with the Department's recommended combination purchase. The denial of the request would result in the EBVFD to pursue a pumper purchase only, and the Rescue replacement would be deferred in a future year. Council should consider that there are 2 additional old vehicles that will require consideration and will need to be area rated in the future, I refer to the Chief's answer to question 8 above.

3. Approve a loan for the full amount

Council may lend the money to the EBVFD, at a repayment rate and interest rate of your choosing, as stated in MGA Section 294. Under this option, EBVFD will be able to purchase the combination vehicle, but would owe the Municipality for the amount. This option would push the payments well into the future, so the Department wouldn't have to put an area rate to repay at the same time as the building. This option would mean that the Department would be unlikely to make repayments for another 10 years. The funds would be taken from the operating reserve. The cost to Argyle would be about \$3,700 per year in lost interest, and they could choose to absorb that cost or pass along a low interest rate to the Department. A loan only would treat EBVFD differently than Quinan and East Kempt in their requests, but there would be an argument to suggest that this is a unique request that requires a unique approach.

4. Approve a grant/loan hybrid solution

A grant/loan hybrid would allow for a portion of the request to be a grant, and the remaining a loan that EBVFD would have to repay in the future. The terms of the loan would be similar to option 3 above, it would simply be a lower amount to repay. A hybrid approach would allow Council to decide an amount they wish to grant to support all rate payers, and how much should actually be paid directly by the rate payers.

If you were to ask your staff what a hybrid would look like, I would present the following facts:

- Grants for trucks have been as low as \$45,000 and as high as \$150,000.
- The \$45,000 is a shared cost with MODY – as the East Kempt request was co-funded by Yarmouth, so a more appropriate number may be closer to \$90,000 when adjusting for estimated population served in Argyle and Yarmouth.
- A partial loan is a recognition that if Eel Brook didn't have a building to build, that they would rate for this normally. This allows for some of the perceived savings to be shared by both MODA and EBVFD.
- Estimated savings are as high as \$151,000 but that is not an absolute number.

CAO's Recommendation:

There remains uncertainty on the Department's need to fundraise/area rate for the new building. Neither the Municipality nor the Department can accurately predict actual costs for the construction at this time.

I am confident that the EBVFD followed an appropriate process in their decision presented to Council. I am equally confident that they are in a strong position to understand the standards required by our insurers and the fire service generally. Finally, I am confident that they are uniquely knowledgeable of the needs for rescue and first response on Highway 103 accidents. I have no reason to believe their recommended purchase plan is unreasonable. Our volunteers are in the best position to recommend required equipment, and EBVFD has consistently proven that they are responsible and are truly focused on training and improving standards. Consider

also that the combination of two vehicles will benefit the rate payers in the future as costs will be avoided. For these reasons, I would not recommend denial of this request.

Of the remaining options, I would recommend option 4, a hybrid loan/grant model to address the immediate need of the department, while considering the longer term financial needs of all 9 fire departments and the need to reset fire services for the entire Municipality.

Recommended grant amount: Low \$90,000 (loan \$92,500), High \$150,000 (loan \$32,500). Since the department has indicated two other vehicle replacements, it is likely that another request could come to Council in the future. For this reason, I would not recommend the full \$150,000 as a grant. CAO recommended proportion is: \$100,000 grant, \$82,500 loan. This way, it would leave an additional \$50,000 that Eel Brook could request in the future, in theory, if we are to stand by the \$150,000 maximum amount. To spread a grant over years, I would recommend lending the entire amount initially, and providing for loan forgiveness over time, which would smooth the expense over 5 years.

The loan would not require any repayment until well into the future and would have interest not exceeding 2%. I would recommend an interest rate of 1% to split the cost between both parties equally. The details could be negotiated between administration and the EBVFD. The funds lent would come from the operating reserve.

Suggested motion:

That Council move to support the request from the Eel Brook Volunteer Fire Department for the purchase of a combined Rescue/Pumper truck, and that the additional funds needed to purchase this truck be paid for by the Municipality through a loan amounting to \$187,500. On March 31 of each year for the next 5 years, \$20,000 of this loan shall be forgiven by the Municipality, for a total forgiveness of \$100,000.

That the CAO be tasked to create and secure a loan agreement between the Eel Brook Volunteer Fire Department and the Municipality of the District of Argyle, with an interest rate set at 1%, and a repayment plan that supports the needs of the Department in the construction of a new building.