



Upcoming Alternative Approval Process Kersley Fire Truck Replacement



Fire Truck Replacement: *No change to current taxes!*

Why is there going to be an AAP?

One of the Kersley volunteer fire department's fire trucks is on its last wheels and is due for replacement in 2019. The Cariboo Regional District needs resident's permission to purchase the new truck and enter into debt financing arrangements that exceed five years in term.

What areas are included in the AAP?

The Alternative Approval Process is taking place within the Kersley Fire Protection Service area. Only those in the fire protection service area can submit an Elector Response Form.

Why do we need to replace the fire truck?

To be a legal volunteer fire department, the CRD's Kersley Volunteer Fire Department (VFD) must follow all the requirements to obtain fire insurance. The fire engine is reaching its age limit and must be

replaced in 2019. If it is not replaced, the Kersley VFD will not be able to get insurance, meaning they cannot operate as a fire department.

How much will the fire truck cost?

The new fire engine will cost approximately \$400,000. The department has \$150,000 available in capital reserves to contribute towards the purchase so the CRD will only be borrowing the remaining \$250,000 required.

If adopted, the new bylaw authorizes us to borrow up to \$400,000 over 10 years to purchase the truck for the Kersley VFD. However, the CRD will only need to borrow \$250,000.

Why are we using 10-year financing?

By financing the truck through debt over 10 years instead of 5 years, the CRD will be able to spread out the cost

of the purchase, so taxes will not need to be increased to cover the replacement cost. The Kersley VFD will also be able to save up for future maintenance and truck replacement requirements.

How will this impact my taxes?

In the Kersley fire protection area, the 10-year financing model is keeping taxes from increasing as much as they would under a 5-year borrowing model.

As a result, the Kersley Fire Protection Area is seeing inflationary tax increases only over the next 5-year financial plan (2019-2023) with a 2.5% tax increase each year. This includes the fire truck replacement with 10-year financing.

If the fire truck was purchased with 5-year financing, there would need to be a 15% tax increase in 2019.



THE DETAILED FINANCIAL EXPLANATION

Traditionally, the CRD has replaced fire trucks through five-year capital leases. By financing these purchases instead, with 10-year debt issued by the Municipal Finance Authority, the required payments can be spread over a greater period. This decreases short term cash requirements and eliminates the need for tax increases to fund the truck purchase.

Financing the truck purchase with 5-year capital lease financing requires total debt servicing payments of approximately \$243,793 over the

five years in the current 2019-2023 Five Year Financial plan.

Financing the purchase with 10-year debt financing would require debt servicing payments of only \$123,793 over the five years in the current 2019-2023 Five Year Financial Plan.

Debt financing for 10 years will result in additional interest costs as compared to 5-year financing over the full term of the truck replacement project; by the time the debt is fully repaid in 2029 the

total extra costs are expected to be \$28,445.

The CRD considers the additional interest costs to be reasonable since they stabilize tax rates going forward and allow for contributions to capital reserves for future capital expenditures.

A comparison of cash flows for 5-year versus 10-year financing is included in the table below.

Analysis 10 yr debt finance vs 5 yr capital lease						
Kersley VFD apparatus required 2019						
		5 Years	10 Years	Variance in payments		
				Yearly	Cummul	
2019	1	27,088	4,063	(23,026)	(23,026)	
2020	2	54,176	29,933	(24,244)	(47,269)	
2021	3	54,176	29,933	(24,244)	(71,513)	
2022	4	54,176	29,933	(24,244)	(95,756)	
2023	5	54,176	29,933	(24,244)	(120,000)	
2024	6	27,088	29,933	2,845	(117,156)	
2025	7	-	29,933	29,933	(87,223)	
2026	8	-	29,933	29,933	(57,290)	
2027	9	-	29,933	29,933	(27,358)	
2028	10	-	29,933	29,933	2,575	
2029	11	-	25,870	25,870	28,445	
Totals		270,881	299,326	28,445		

ALTERNATIVE APPROVAL PROCESS – DEADLINE APRIL 16



What is an AAP?

An AAP is a 'reverse' form of public assent where the CRD will adopt Bylaw No. 5186 unless at least 10 percent of the electors in the Kersley fire protection area submit a signed form saying they are against the adoption of the bylaw without a vote being held.

This means the CRD will go ahead and purchase the fire truck with 10-year financing unless 10 percent of the electors in the fire protection area object and submit signed Elector Response Forms.

What happens if the AAP fails?

If 10 percent or more of the electors in the Kersley fire protection area submit signed Elector Response Forms, the CRD would hold a referendum.

Eighty-five (85) elector responses are required to prevent the CRD from proceeding without a referendum in the Kersley Fire Protection Area. A report explaining how this number was calculated can be requested from the CRD.

How to Submit a Response Form

Elector responses must be submitted on the official Elector Response Form. This form, or an accurate copy of it, is the only form that will be accepted. Pick up a form during business hours from the CRD office or download it at cariboord.ca/firedepartments.

Elector Eligibility

Only electors in the Kersley Fire Protection Service Area are eligible to sign the Elector Response Forms.

There are two types of electors. Resident and non-resident.

Resident: When signing an Elector Response Form during an AAP, a resident elector must: be 18 years of age or older; be a Canadian citizen; have lived in British Columbia for at least the last six months; have lived in the Kersley Fire Protection Service Area for at least the last 30 days; and not be disqualified under the Local Government Act, or any other enactment from voting in a local election, or be otherwise disqualified by law.

BYLAW UNDER CONSIDERATION

If adopted, Cariboo Regional District Kersley Fire Protection Loan Authorization Bylaw No. 5186, 2018, will authorize the borrowing of up to \$400,000 over ten years to replace an aging fire engine/pumper for the Kersley Fire Protection Service. There is no change to the taxation requisition limit to accommodate this borrowing. The service area is a portion of Electoral Area A.

Non-resident: When signing an Elector Response Form during an AAP, a non-resident property elector must: be at least 18 years of age; be a Canadian citizen; have lived in British Columbia for at least the last six months; have owned property in the Kersley Fire Protection Service Area for at least the last 30 days; and not be disqualified under the Local Government Act or any other enactment from voting in a local election, or be otherwise disqualified by law.

Note: Only one non-resident property elector may sign an Elector Response Form per property,

regardless of how many people own the property; and, that owner must have the written consent of a majority of the other property owners to sign the response form on their behalf. **Properties owned in whole or in part by a corporation do not qualify.**

Filling Out the Form

Resident electors signing the Elector Response Form must provide their name and address.

Non-resident property electors must provide their name and the address of the property in relation to which they are entitled to register as a non-resident property elector. The Cariboo Regional District will not share the

information on the form with anyone other than its Manager of Corporate Services or other persons designated by the Manager of Corporate Services.

Submit by April 16

To be valid, Elector Response Forms must be received by the CRD's Manager of Corporate Services, in the form established, no later than 4:00 p.m. on Tuesday, April 16, 2019 and must only be signed by duly qualified electors within the Kersley Fire Protection Service Area.



Alice Johnston, Manager of Corporate Services

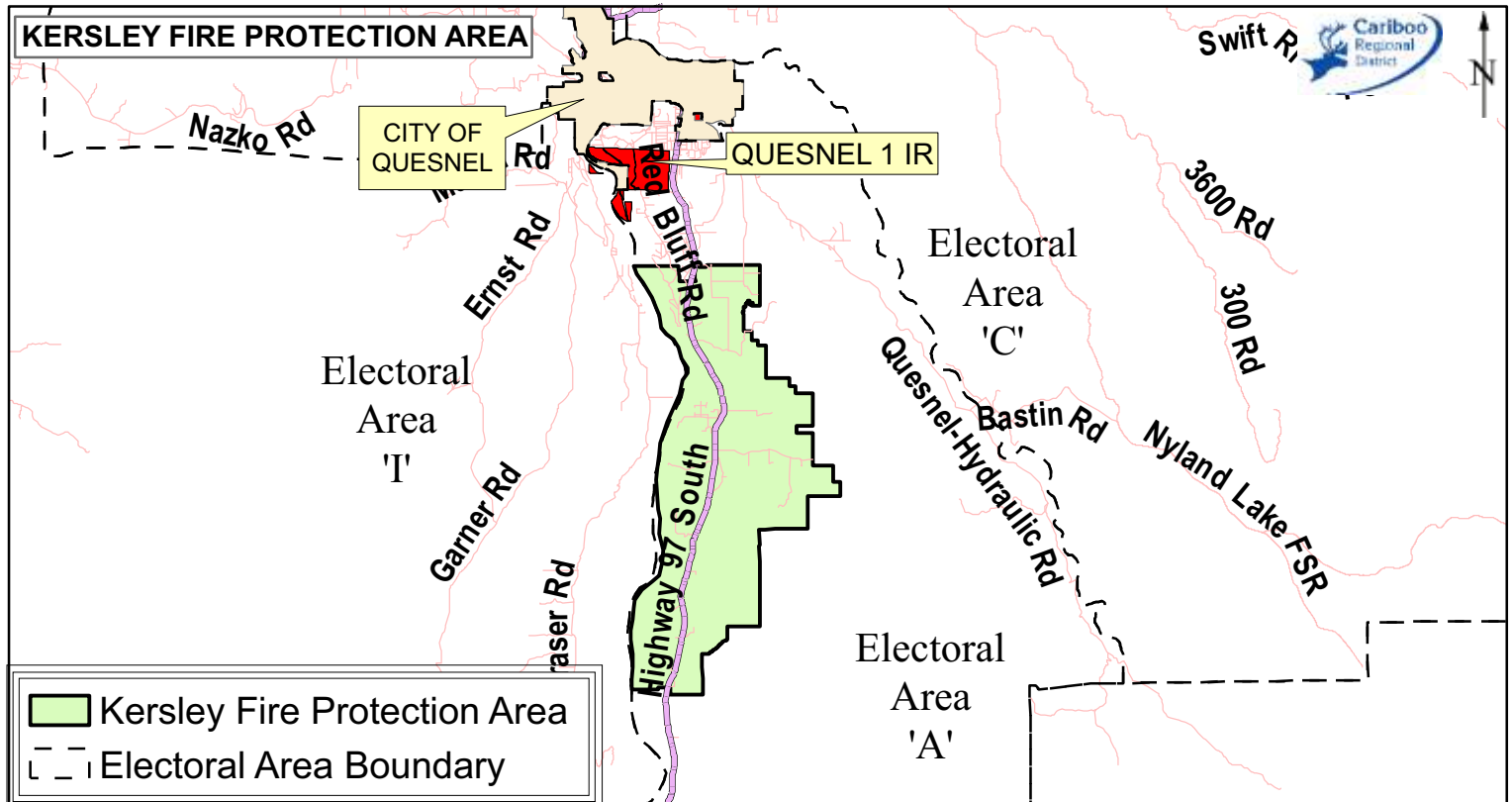
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KERSLEY FIRE PROTECTION BOUNDARY



***Use the searchable map on our website to see if your property is in the boundary.**

250-392-3351 or
1-800-665-1636

cariboord.ca/firedepartments

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CRDEmergencyOperations

