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**MEETING TYPE:** Regular Council Meeting  
**MEETING DATE:** Tuesday, October 04, 2022  
**AUTHOR:** Matt Vader, Director of Parks, Recreation and Culture  
**DEPARTMENT:** Parks, Recreation and Culture  
**ITEM TITLE:** Request for Council Decision – Fire Hall Project Vehicle Internal Transfer  
**DESCRIPTION:** Internal transfer of a vehicle initially used as part of the Fire Hall Project to the District’s fleet inventory

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**QUESTION**

Does Council wish to associate the cost of a truck purchased for a capital project on a pro-rated basis to the appropriate reserve?

**OPTIONS**

- A. THAT the 2022 Financial Plan be amended where \$27,642.85 of vehicle costs originally funded from the Fire Facilities and Equipment Reserve as part of the new Fire Hall capital project be re-allocated to be funded from the Equipment Acquisition and Replacement Reserve based on actual use.
- B. THAT no transfer be undertaken, and the total cost associated with the truck remain with the capital project.

**EXECUTIVE SUMMARY**

In 2018 a referendum was held regarding borrowing funds to supplement capital reserves for the building of a new Fire Hall. With the enactment of Loan Authorization Bylaw 1062, the Station 71 Fire Hall capital project has been delivered successful to further support community safety through the actions and responses of the Lake Country Fire Department.

**KEY INFORMATION**

When the project budget was being formalized with the project contractor, a truck was identified to be leased for the duration of the project for the use by the project superintendent to support in the delivery of the project and to be able to quickly pickup necessary supplies and various parts without needing to pay for shipping fees. When the project team reviewed the costs associated with a short term commercial lease of a vehicle, the cost to lease a truck was approximately 2/3rds of the cost to purchase a truck. With that considered, a truck was purchased in 2020 for \$34,021.97. Per District’s tangible capital assets accounting policy, trucks are amortized over 8 years, with one-half of the annual amortization being charged in the year of acquisition and in the year of disposal. With this amortization schedule in mind, \$27,642.85 is being requested to be associated to the Equipment Acquisition and Replacement Reserve and \$6,379.12 remain as a project cost. This vehicle is being worked into the District’s fleet replacement schedule and represents a more cost-effective way of replacing one of the fleet vehicles than purchasing a new vehicle, reducing the ask and the burden on the Equipment Acquisition and Replacement Reserve in upcoming years.

**DESIRED BENEFIT**

To have costs funded by the associated reserve or funding source that is the benefitting application.

**STRATEGIC RELEVANCE AND COMMUNITY SUSTAINABILITY**

The completion of Station 71 Fire Hall has been a signature project in the history of Lake Country and is a key component in providing community safety. Completing the project during a global pandemic with global supply chain issues has been a challenge but has been successful, nonetheless.

#### **REQUISITES**

That equipment and vehicles are acquired in the most cost effective and efficient manner.

#### **UNINTENDED OUTCOMES**

That District vehicles and equipment are not utilized to their fullest potential.

#### **BACKGROUND/HISTORY**

In 2007 the District retained an architect to study options for replacing Station 71 (Winfield). The information gathered through this study led to the identification of the preferred site (Okanagan Centre Rd E and Jardines Rd). This site was purchased in 2008.

In 2018 a referendum was held regarding the borrowing for the building of a new fire hall, the majority of the community demonstrated they were in favour of the fire hall construction.

With this, Loan Authorization Bylaw 1062 was enacted to authorize the borrowing of up to \$6,600,000 to fund the construction of a new Fire Hall. \$6,124,000 of this amount was ultimately borrowed.

#### **DISCUSSION/ANALYSIS**

See Key Information Section

#### **APPLICABLE LEGISLATION AND POLICIES**

Reserve Fund Policy 195, 2022

#### **IMPACT ON INFRASTRUCTURE OR MUNICIPAL SERVICES**

There are no identified impacts to infrastructure or municipal services.

#### **IMPACT ON STAFF CAPACITY AND FINANCIAL RESOURCES**

There are no additional impacts on staff capacity. On a financial basis, rather than purchasing another vehicle in 2023 as part of the fleet replacement program and drawing a higher amount from the Equipment Acquisition and Replacement Reserve, internally transferring the asset allows the fleet program to find its next replacement at a better price.

#### **ANALYSIS OF OPTIONS FOR CONSIDERATION**

Option A will appropriate the cost to the applicable reserve and show a more accurate project cost. Option B will increase the perceived cost of a capital project versus what the true cost of delivering a project.

Respectfully Submitted,

**Matt Vader, Director of Parks, Recreation and Culture**

#### **This report has been prepared on consultation with the following:**

*(author to request inclusion of initials to show concurrence)*

Tanya Garost, Chief Administrative Officer	<b>TG</b>
Trevor James, Chief Financial Officer	<b>TJ</b>