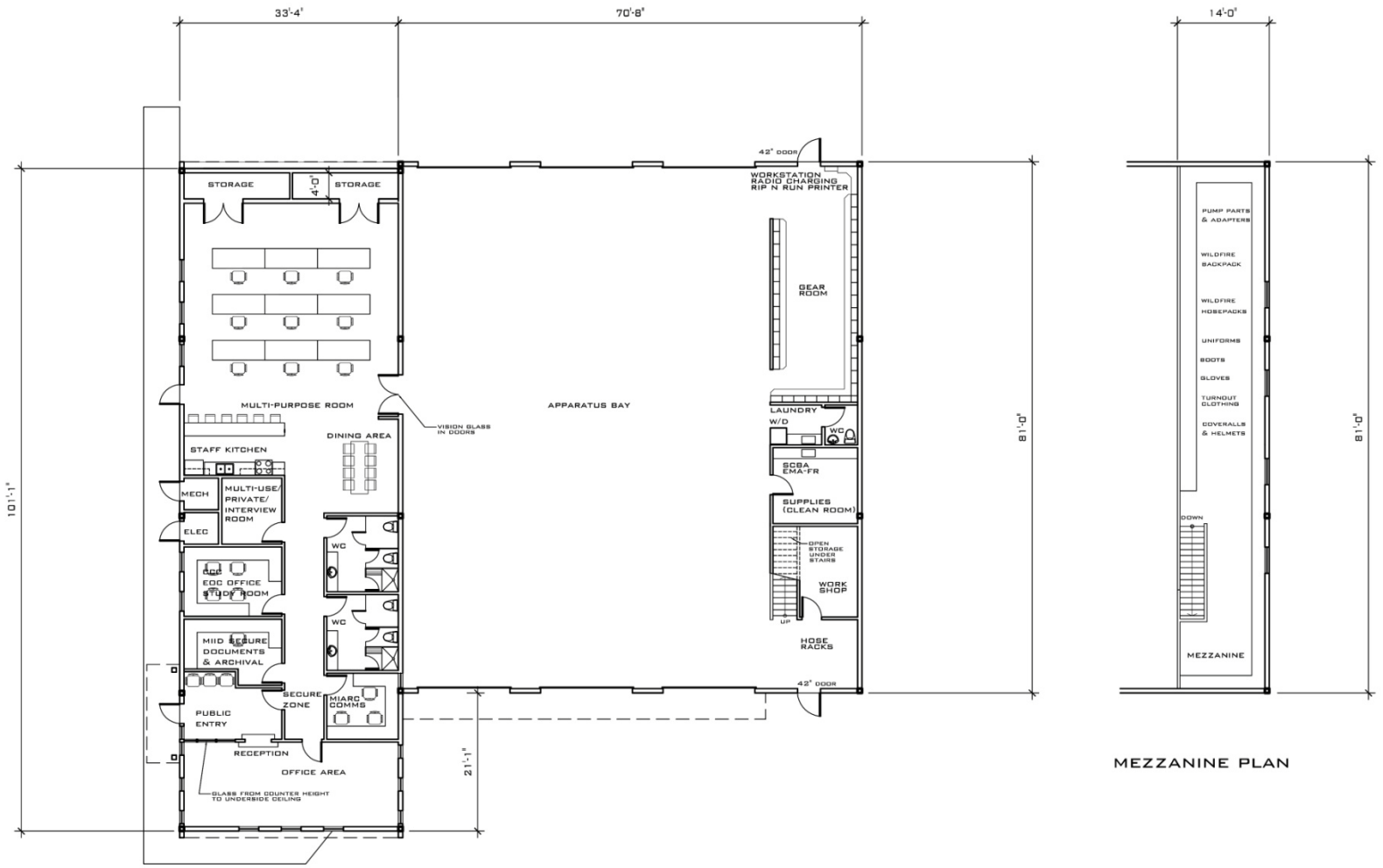


MAYNE ISLAND PROPOSED FIREHALL - 2014



MAYNE ISLAND PROPOSED FIREHALL -

Floor plan



MAIN FLOOR PLAN

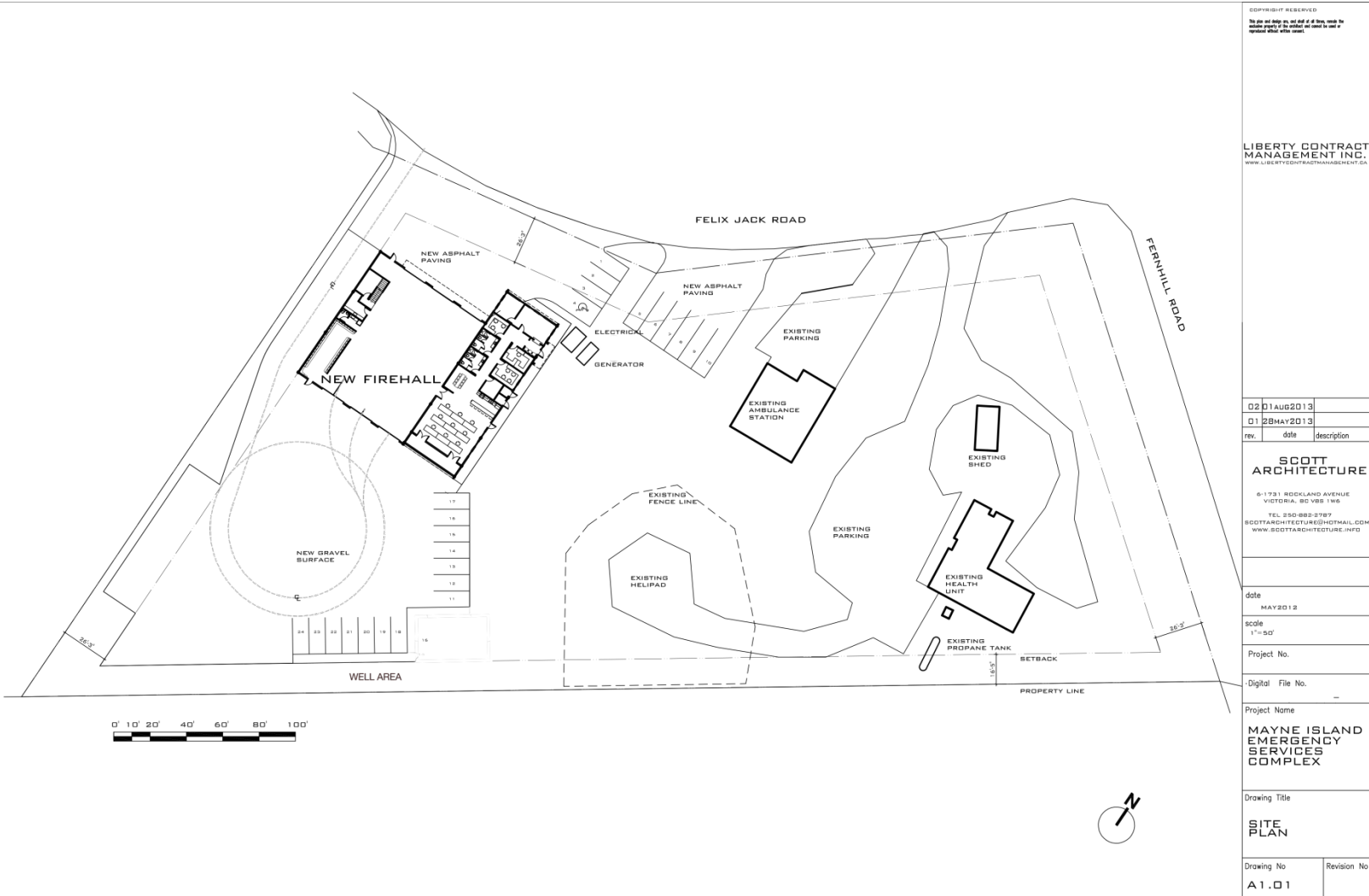
MEZZANINE PLAN



Admin floor area - 3167
 Apparatus floor area - 5725
 Total main floor area - 8892
 Mezzanine area - 1134

MAYNE ISLAND PROPOSED FIREHALL -

Site Plan



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This plan and drawings are not valid if it does, under the contract project. The contract will need to be used or updated when the contract.

LIBERTY CONTRACT MANAGEMENT INC.
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rev.	date	description

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MAYNE ISLAND PROPOSED FIREHALL -

The need for a new fire hall has been obvious to the community for some time. The lower floor of the fire hall was built in 1969, with the upper floor added in 1984. With the growth of our community, the current building is far too small to house the equipment necessary to provide adequate fire protection to the community.

The current building has three narrow bays. We have two engines and two water tenders that need to be protected from the elements and to comply with Insurance Underwriter's requirements for a "Fire Hall" rating. One of the Tenders will only fit in to the hall when the ladder is taken off. The truck cannot be moved into or out of the hall without at least one spotter. The other Tender is parked in a lean-to which does not provide adequate protection.

The present fire hall first floor is cinder block, and the second floor, housing the offices, training and meeting room and record storage is wood frame construction. The present building does not meet post-disaster standards, or current public access requirements.

A Work Safe B.C. Inspection Report dated 2009 dealt with several worker safety issues within the fire hall, that had to be addressed. An Independent Auditor was hired in summer of 2011 to determine the needs of Mayne Island Fire department. He confirmed the need for a new fire hall in his report.

In 2013 the Board requested proposals and project budgets from three well-known, experienced firms. Liberty Contract Management Inc. is the firm chosen after all proposals were considered. The Board and the staff, with some input from the public, have spent the last two years refining a proposal that would meet the long term need of the community as cost effectively as possible.

Project Cost

Design, Management & Building	\$1,596,372
Site Preparation	224,750
Temporary facilities, Moving & Storage Costs Interest, Insurance, Permits, Legal	256,250
Sub Total	2,077,372
Total Contingency	316,161
Total Project Cost	\$2,393,533

The building is a basic, functional steel building, designed with an anticipated use of 50 years.

Included in **site preparation costs** is demolition of the existing structures onsite; moving, then re-installing water tanks. Also included are costs for a sewage system, a potable water system, and site grading.

The **temporary facilities** include rental structures to house apparatus as well as offices and equipment to allow the fire department to operate within during the construction phase, costs for the MIID office rental, as well as all costs of moving, utility hook-ups & storage.

Interest included is the cost of Temporary borrowing during the course of Construction.

The Board believes this proposal represents the appropriate balance between our community's needs and our abilities to pay. Any new structures for fire halls must meet emergency services standards including seismic, public access and worker safety.

Board of Trustees, Mayne Island Improvement District
February 15, 2014

MAYNE ISLAND PROPOSED FIREHALL -

Funding

On completion of the construction, the Board must make a decision on the actual amount to borrow. The Board cannot borrow any amounts beyond the approved referendum amount of \$2.4 million. However, if there are no unforeseen costs, and little of the contingency fund used, the Board hopes to see a long term debt to be borrowed closer to \$2 million.

Question 1-at the end of construction, will MIID apply to the Prov. of BC for the funding of the project?

Application to the Province to borrow on a long term basis of 20 years to fund this project will be made. The funds available as long term debt is at a fixed rate for the entire 20 year term. Given the historically low interest rates being provided, this should prove to be favourable to the taxpayers of Mayne Island for the 20 year term. Funding will only be provided at completion of the project and if the taxation method of Assessment based taxes, collected by the Surveyor of taxes, is chosen.

Question 2-if we don't get funding until the end of the project, how do we pay the contractors in the meantime?

The Ministry will not provide interim financing, only at project completion.. We have discussed interim construction financing with our bank, and they have responded favourably to our request with a suggested interest rate of Prime. Proof of our Interim construction financing is required by the Ministry, and has been provided.

Question 3-if MIID is not approved by the Province for some reason, what option has been considered?

Preliminary discussions with our bank have resulted in their proposal of fixed rate mortgage for 10 year term with a 20 year amortization. The rate would be at the bank's mortgage rates at the time of borrowing. (Presently quoted as 4.78%) After end of the 10 year term a new rate and term would have to be negotiated for the balance of loan at the rates of interest in effect then.

Impact on Property Owners Taxation

If the long term funding is approved by the Province, the annual debt payment becomes part of the annual budget of the MIID and therefore, part of the annual provincial rural property tax bill, collected by the Surveyor of Taxes on behalf of MIID. This eliminates the requirement for MIID staff to bill and collect taxes. Also, the Surveyor of Taxes is responsible to collect delinquent accounts; lessening legal costs for MIID should the Improvement District be required to collect the taxes.

Using the maximum amount authorized to be borrowed (\$2.4 million) and a conservative estimated rate obtained from the Ministry: based on a 20 yr mortgage term, at a fixed rate of 4%, the yearly payment on the debt would be just under \$172,000

The cost to Residential properties would be \$34.60 per \$100,000 of Assessed Value.

The cost to Commercial properties would be \$84.80 per \$100,000 of Assessed Value.

Question 4 -what options of taxation method were considered?

- 1- parcel tax, every property, whether improved or not, is charged an equal amount.
- 2- asset tax, where tax is calculated on the property's assessed value, as determined annually by BC Assessment

Asset based tax has been chosen.

See the comparison and considerations on the following page.

MAYNE ISLAND PROPOSED FIREHALL -

Taxation Methods Considerations

Parcel Tax

- Cannot be deferred
- Each taxable property pays the same amount of tax, no matter what its size or value
- Provincial funding for the long term debt is not available; therefore the interest rate of mortgage obtained from a financial institution is higher, and is limited to shorter terms (10 years vs 20 years through Provincial funding) When the mortgage term expires, MIID has no guarantee of rate of interest applicable for a renewal.
- The Surveyor of Taxes will not collect parcel taxes for Improvement Districts. Therefore:
 - MIID must bill each property owner directly
 - MIID must create its own taxation roll & convene a court of revision (*cost of staff time?)
 - MIID will incur all costs of billing, collecting & tax sales (*cost of staff time?)
 - MIID will need to collect an extra amount each year or borrow from Reserves to cover any late or delinquent payments in order to insure that the loan payment can be paid on its due date each year (amount?)
 - Only remedy for delinquent taxes is to force a tax sale (*legal and staff time costs)

* MIID will not know the actual amount of these extra costs to property owners until 1 or 2 years after implementation

Assessment Based Tax

- Billing and collecting is done by the Surveyor of Taxes
- Can be deferred by property owners who meet provincial criteria
- Provincial funding for long term debt is available at the lowest possible rate and term (20 years).
- Each taxable property pays an amount based on its value, as assessed by BC Assessment
- Because Taxes are collected for MIID by the Surveyor of Taxes:
 - Tax is included in the annual provincial property tax bill that property owners receive
 - Late or delinquent payments are dealt with by the Province
 - The annual loan payment is assured by the Province with no added cost to MIID
 - Costs are known (the Surveyor of Taxes presently charges a 5% fee)
 - MIID incurs no extra staff or legal costs

NOTE: If a Parcel Tax had been chosen, the Improvement District would not be eligible to apply for a 20 yr fixed term mortgage from the Prov. of B.C., nor would the Surveyor of Taxes collect the tax.