

20 December 2010

FINAL Report of the Task Force to MIID Board of Directors regarding Budgeted costs for a proposed new Fire Hall.

The Task Force are grateful for the opportunity they have had to be an independent voice of the community providing advice to the MIID Board of Directors on this key issue to the community.

This report updates, with minor detail changes, the reports and budget cash flows previously submitted by the Task Force September 21, November 16 2010, and Dec 9 2010.

In all these cash flows, including this final projection, the recommended MAXIMUM long term borrowing projected by these prudent and conservative cash flow budgets is \$3.4 million.

The attached Budget cash flow is based on, and should be read in conjunction with:

Design Drawings by KMBR Architects dated July 14 2010, incorporating sub-consultant designs:

- Wicke Herfst Maver Structural Engineers. Structural Engineering
- FLUID Mechanical Engineering Ltd. Mechanical, plumbing.
- Jarvis Engineering Consultants. Electrical
- Thurber Engineering Ltd. Geotechnical

Architectural Outline Specifications dated June 30 2010.

Advicas Group Consultants Inc costing report dated September 20 2010. [Note, an annotated copy of this report, and a memo detailing where, cash flow line by line, the details of this costing report are translated into the budget cash flow, is deposited with the MIID concurrent with this memo, and forms part of this report].

Inflation costs escalation forecast per Advicas Group Consultants report.

Contingency allowances per Advicas recommendation, Ministry of Finance advice, and Task Force determinations.

Liberty Contract Management Inc. Cost Saving memo undated approx September 15 2010.

Subsequent consultant confirmation discussions.

MIID staff advice re Reserve funds, amounts spent in 2010, referendum projections and 2011 budget reserves and allocations.

Task Force estimates of minor siteworks and moving costs not covered by Advicas reports.

Best efforts current rates projections of interim financing interest costs.

Best efforts construction timeline per discussions with Liberty Contract Management Inc Sept 20 2010, based on a late Spring 2011 start, and a February 2012 completion.

Advice from MIID Auditors and Canada Revenue Agency re HST refunds.

It should be noted that in June 2010, when the Task Force were monitoring the alternative costs of a wood frame building versus a steel frame building, a decision needed to be made to crystallise the design for budget pricing purposes. On the advice of Liberty Contract Management and having observed the mid term trends in the pricing of these commodities, the TF elected to firm up the designs for budget pricing purposes using wood as the structural component material. The Task Force have committed that the final design material would be determined post-referendum, based on then current information.

The overall **maximum budget** forecast is \$3.4 million for borrowing referendum purposes.

The cash flow budget forecast is perhaps best explained in narrative terms:

Pre-referendum costs \$101,500.

- Covers all costs incurred by the Task Force since Jan 2010, primarily consultant fees to determine the appropriate elements to be included in the new design proposal,

- evaluating alternative site planning and services logistics, monitoring construction pricing to determine the most appropriate approach to the frame (wood versus steel),
- developing design drawings at an advanced level sufficient to obtain accurate Class B budget estimates [based on actual design details as opposed to less accurate per sq. foot estimates].
- Referendum administrative costs.

#### Temporary accommodations \$126,500.

- The Task Force determined at an early stage that the most cost effective siting for the proposed Fire Hall, and avoiding expensive soil removal and retaining walls, was on the site of the existing Hall.
- During construction, the Fire & Rescue and MIID and Emergency Preparedness operations will be housed in a leased temporary heated tent structure and a leased trailer, located at the front of the site.
- Costs include lease of temporary facilities, moving costs, relocating radio antennae, heating, and relocating firefighting water supply tanks.
- The Fire Chief is developing a detailed plan for maintaining seamless firefighting operations throughout the construction period.

#### Site development \$408,000.

- The cost estimates include demolition of the existing Hall, outbuildings, hose tower, and sidewalks.
- The existing Firefighters Association recreation hall, (formerly the Mayne school house, owned by the MIID) will be moved to a new location on site. Provision has been made for new foundations, exterior paint and a new roof.
- Other site improvements include a new septic field, new electrical service, hook ups to the emergency generator, roof rainwater collection to a newly relocated 32,000 gallon tank farm, readily accessible hydrants for water tanker refilling, and upgrades to the site water system.
- Site development costs also include for removal of fill at the rear of the site, a new gravel firefighting apparatus turn round and parking yard, (doubles as a firefighting practice area), excavation for the new fire Hall foundations, and landscaping.

#### Proposed new Fire Hall and offices \$2,074,000

- Construction budget estimates were prepared by independent cost consultants, based on detailed design drawings. Estimates are at a Class B level (+/- 10%).
- After the development of the cost estimates, the construction management consultants advised the Task Force of an initial estimate of up to \$230,000 of cost savings that should be considered. In developing the cash flow budget, the Task Force has adopted \$85,000 of these, with the balance of \$145,000, along with other cost savings, to be determined at the final design stage.
- The proposed Fire Hall will accommodate all five firefighting apparatus (currently only 3 are housed securely and weather protected).
- The structural design level is post disaster, that is, the building and equipment will be accessible and operational in the event of a major seismic event.
- All working spaces and operations will conform to WorkSafeBC regulations.
- The building will qualify as an approved Fire Hall by Fire Underwriters Association standards.
- a Ready Room (lockers, firefighters gear and equipment)
- specialized equipment storage for breathing apparatus, forestry fire tools, Jaws of Life.
- Advanced vehicle emission extraction systems, and isolated facilities for dealing with fire contaminated equipment and clothing.
- Building fully sprinklered, with a dedicated water system.
- Storage and maintenance space for all firefighting and emergency equipment.
- Training and debriefing room for 20-30 firefighters and a smaller multi-purpose meeting room, which doubles as Emergency Preparedness action room, and MIID meeting rooms.

- Direct entry radio room. Serves Mayne Island Emergency Preparedness, and also serves as Southern Gulf Islands emergency operations radio communications facility.
- Offices for Fire Chief, Deputy Fire Chief, Firefighter Officers, and MIID Administration.
- Hose tower, drying hoses, doubles as training facility.
- Washrooms, support facilities, small kitchen, and educational display boards.

Project soft costs \$42,500

- Covers legal advice re contracts, building permits, all round liability wrap-up insurance and move-in costs.

Consultants \$387,500

- Development of working & tender drawings, construction supervision, as-built drawings, warranty, and maintenance schedules.
- Construction management, organizing tenders, advising building committee, site and construction supervision, project superintendent.

Contingency, Taxes \$418,000

- The Task Force has adopted a government preferred and conventional industry standard contingency of 10%, applied to ALL costs. The contingency amount, estimated at \$304,000 is to cover unanticipated raw material price increases, labour shortages, and tightened or adverse bidding circumstances. None of these conditions are forecast for the proposed construction period.
- The Task Force has adopted the advice of the cost consultants to allow for market inflation from the Sept 2010 base to a proposed May 2011 construction start, by 2%, estimate \$61,000.
- HST taxes in the order of \$373,900 are included. MIID, rated as similar to a municipal government body, can claim 85% of the HST taxes back, claiming every 6 months. Net HST costs are \$53,000

Recoveries, grants (minus \$237,000)

- The existing Fire Hall Reserves have funded pre-referendum costs to date. (\$101,500)
- Further MIID Fire Hall Reserves of \$105,500 are available to be applied to Fire Hall costs.
- A \$20,000 Southern Gulf Islands Emergency Preparedness grant is available, at occupancy.
- A \$10,000 2010 operations budget for storage facilities is applied.
- Other Provincial grants are being explored. To date, in the current economic climate, few are available and none have proved useful.

Interim borrowing costs. \$81,000

- To fund the construction through to completion when the project costs can be converted to a long term Provincial financing loan, interim financing needs to be arranged, via banks or Ministry.
- The Task Force calculates the cost of this to be \$81,000, based on the projected monthly draws, and assuming a market rate of 5% p.a.
- It is anticipated that lower rates may be available through government sources.

Maximum Net Borrowing.

- The Task Force projects that the net amount required to be borrowed will not exceed \$3,400,000.
- This net maximum borrowing amount is deemed to be a prudent and conservative amount.
- The determination of the final borrowed amount will depend on market forces during a tendering process, the amount of the inflation allowance and contingencies (\$365,000) that are not used, and design cost savings (\$145,000 or more) that can be effected during final design and tendering.

Respectfully submitted, Bill Warning, Chair, Task Force