

## **Justification for 2007 Mayne Island Improvement District Budget**

by

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Chair, Board of Trustees**

The Mayne Island Improvement District (“MIID”) proposes a 2007 Budget of \$502,000. This is an increase of \$106,000 over the 2006 Budget (or about 26%). The combined increase over the 2005 Budget is, relatively speaking, about 100%. Our calculations indicate that this would lead to a tax increase of about \$80 for the average property on the island.

The increase for 2007 can be laid to the following primary factors:

1. The taking over of the management and running of the Mayne Island Health Centre building as permitted in our amended Letters Patent of 1984;
2. The need to make extensive and immediate renovations to the heliport located on MIID property so that night-time and severe weather helicopter medivacs could resume;
3. The conclusions drawn from the Galiano Forest Fire of July 2006 and their effect on the Mayne Island Fire Department (“MIFD”);
4. The need to start paying call-out and training fees to the Fire Fighters;
5. The need to appoint a Deputy Fire Chief and a third Fire Captain;
6. The requirement to make significant improvements to the organization and mandated records-keeping for the Fire Department;
7. The realization that the new Fire Hall for Mayne Island would most likely cost \$2M rather than the earlier anticipated \$1M.; and
8. The provision of an Emergency Generator for the whole of the MIID property with the financial assistance of the Federal Government and the Capital Regional District (“CRD”).

Each of these factors will be discussed in more detail below.

2006 has been a year of significant developments for the MIID as indicated by the list of factors outline above. We were fortunate in deciding, in 2005, to employ our Fire Chief on a full-time basis as of the 1st of January, 2006. His presence, knowledge and skills as well as dedication have benefited and continue to benefit Mayne Islanders. Perhaps the most significant operational change has been our realization that the most serious danger on Mayne Island is that of wildfire during the summer and early fall.

### **Basis for MIID Budgeting**

The creation of the MIID annual budget currently involves the Chair of the Board of Trustees, the Fire Chief and the Administrator in a series of sessions held between Board Meetings. The overall plan is to create financial plans over the following 25 years for Capital Expenditures and Capital Reserve plans (“CapEx Plan”) and over the following 5 years for Operating Expenditures (“OpEx Plan”). The first 25-year CapEx Plan for the MIID was created in 2005 for the 2006 Budget.

We attempted to create the first 5-year OpEx Plan this year for 2007 but failed because we lacked sufficient detailed information on necessary Operating Expenditures for all departments but particularly for the Health Centre. This situation will be corrected in 2007 with better records-keeping practices.

The CapEx and OpEx Plans are created in a set of linked Microsoft Excel 2003 workbooks, which are included with this submission. The overall budget is similarly prepared in another Excel 2003 workbook along with the anticipated sources of funds.

The overall 2007 Budget was presented to the Board of Trustees in formal meetings on the 28<sup>th</sup> of September, 4<sup>th</sup> of October and 12<sup>th</sup> of October 2006. Copies of all Excel workbooks were provided to the individual Trustees for their detailed review. Bylaw 81 for the proposed 2007 Budget was read and approved unanimously at the 12<sup>th</sup> of October Board Meeting. Detailed analyses and rationale for the components of the proposed 2007 Budget were presented at the various meetings with significant commentary and discussion ensuing.

#### **1. Operation of the Mayne Island Health Centre (“MIHC” or “Health Centre”)**

The operation of the Health Centre has been within the authority of the MIID since our Letters Patent were amended in 1984. The fact that the MIID has not operated the Health Centre before now is due, we believe, to a series of quirks of continuing island politics.

The Health Centre consists of a 2-storey building with offices and waiting room for a doctor and a community health nurse, an emergency room, a number of rooms for visiting medical practitioners and a small meeting room as well as an external storage building for emergency services and medical materials. A large propane tank for heating purposes is located adjacent to the main building along with two parking lots and a heliport for emergency medevacs.

The Health Centre is located on the parcel of land owned by the MIID. Our Fire Hall, a Fire Fighters Association building and the B.C. Ambulance Services building are co-located on the same property.

The Health Centre was originally established under the authority of the, now-defunct, Capital Regional District Health Department (“CRDHD” and “CRD”). The original building was paid for by the Ministry of Health and passed on to the CRDHD. The Mayne Island Health Centre Association (“MIHCA”), a non-profit charitable society, was appointed to manage the operations of the MIHC including the selection and hiring of the doctor. We believe that the CRDHD provided the necessary funding for the full operation of the MIHC. When the Vancouver Island Health Authority (“VIHA”) was established it appears that the CRD transferred responsibility for the building and its equipment to the MIHCA. The responsibility for the contracting of doctors and nurses was transferred to VIHA.

We believe that the terms of the original lease for the land effectively leads to the Health Centre being considered a “leasehold improvement” with the ownership of the Health Centre building passing to the MIID.

The lease for the property on which the Health Centre sits has been rewritten and extended over the years. The current lease is between the MIID (as “lessor”) and the MIHCA (as “lessee”). The annual lease rate is the “proverbial dollar”.

The MIID was approached by the MIHCA in the early summer of 2005 to provide the MIHCA with sums of money for the operating costs of the Health Centre. On investigation it was found that the MIHCA was using some of the monies donated to them for capital improvements to pay their ongoing operating costs. The doctor and VIHA pay rent for the use of their respective office and emergency room space. The MIID offered to include the operation of the Health Centre buildings and facilities in our 2006 Budget but the MIHCA Board declined as they felt they needed more time to discuss the offer.

Discussions with the MIHCA continued during the winter of 2005-2006 and it was agreed that the MIID would take over the operation of the Health Centre buildings effective 1 January 2007. It was not possible to determine the specific Operating and Capital Costs required due to the paucity of detailed financial information available. Accordingly, a best guess was made of the items involved and these are noted in the appropriate spreadsheets. A contingency of 25% was assumed and included in the amounts for Operating Costs. It was apparent that Capital Cost items such as Interior Painting, Heating, Ventilation and Floor Replacement have not been attended to for at least the last 5 years. The 2007 Budget includes provisions for immediate Capital Cost work with the actual work items to be prioritized and a cap set for 2007. Some Electrical and Plumbing repairs are anticipated. The Roof and Structure appear to be in good shape. More detailed CapEx Plans will be prepared in 2007 for the following annual budgets.

Our Health Centre is a vital and necessary resource for Mayne Islanders. As maintenance and operation of the MIHC has devolved from regional to local authorities it is appropriate, given the mandated objectives of the MIID that we, that is the MIID, provide the necessary financial resources to maintain the buildings in proper working order. Public and private discussions with Mayne Islanders confirm this view. The MIHCA will retain their responsibility for providing specialized medical and emergency equipment as well as their ongoing involvement with seniors and general health education.

## **2. Renovation of the Mayne Island Health Centre Heliport (“Heliport”)**

The operation of the Heliport has been under the control of the MIHCA since the Mayne Island Lions Club built it as a community project in the early 1990s. The heliport location had been registered with Transport Canada and was and is served by HeliJet Airways for the B.C. Ambulance Services Air Ambulance Division.

**Due to a number of serious and unresolved safety violations at the Heliport HeliJet refused to continue providing committed medevac services to the Heliport in the beginning of December 2006. Limited services only would be provided and these would be at the sole discretion of the pilot. All nighttime service was specifically suspended.**

**This suspension of services caused some consternation on the island and a reaction on the part of the MIHCA. They initiated a number of activities of which one, the hiring of a non-insured tree faller, caused the MIID to take over the whole process. The MIID owns the land on which the Heliport is located and had not leased it to the MIHCA or any other party. The work the MIHCA intended to perform on the trees surrounding the Health Centre exceeded the terms of their lease for the Health Centre and their employment of a non-insured contractor placed the MIID at risk with Worksafe B.C. should an accident or incident occur.**

**Accordingly the MIID, by virtue of owning the land and by its third mandated objective, took over the task of renovating the heliport to Transport Canada standards. The MIHCA was relieved of any part in this project. The MIID opened formal discussions with Transport Canada, B.C. Ambulance Services, HeliJet Airways and Stantec (a heliport consultant) in order to get medevac services re-established. Medevac services were re-established on an incident-by-incident basis about 4 weeks after they were suspended. The immediate response was to address the most significant safety issues, that of trees within the flight path and of approach lighting, and to turnout the Fire Department to provide ground control during all medevacs. The longer-term response was and is to renovate the Heliport and its surrounding to full Transport Canada H2 standards and to obtain Transport Canada certification of the Heliport. As of the date of writing this justification the process of certification is in progress with final inspection scheduled for the week of the 25<sup>th</sup> of October.**

**The process of renovation involved the expenditure of approximately \$75,000 by the MIID. This is being treated as a Capital Expenditure in 2006. As it was not included in our 2006 Budget it was funded out of the contingencies in the Operating Expenses and by not paying into the Building Reserve account. This will be rectified with MIID Bylaw 82, which specifies a Bank Loan of \$75,000 so that the contingency funds can be replaced, and the Building Reserve augmented.**

**Since the Heliport was re-opened more than 16 emergency medevacs have been performed. One individual did not survive but the remainder did. A crass accounting would indicate that \$5,000 per life saved is a very worthwhile expenditure considering that each medevac costs B.C. Ambulance Services at least \$5,000 as well.**

**A public meeting was held on 4 February 2006 to inform Mayne Islanders that the Heliport had been re-opened for medevacs, albeit on a restricted basis. They indicated their approval of the whole process at that time and to-date the MIID has received no serious negative comments on the issue.**

Included with this package is a set of photographs taken of a medevac carried out on October 16<sup>th</sup>.

### 3. The July 2006 Galiano Forest Fire and its' effect on the Mayne Island Fire Department

The Forest Fire of July 2006 on Galiano Island provided a wake-up call to all those who believed that “a forest fire can never happen here” and confirmation to the MIID Trustees that the most likely significant danger to our island is that of wildfires and forest fires. The MIID sent our Fire Chief and our Command Vehicle along with two volunteers and a private water truck to provide “mutual aid”. This mutual aid had been previously agreed with the CRD on behalf of the South Galiano Fire Department.

The Galiano Forest Fire was a critical incident for the other Southern Gulf Islands and Vancouver Island as the main B.C. Hydro line serving these areas was located about 1 km. south of the centre of the fire. Many other local area Fire Departments along with the B.C. Forest Service sent firefighters and equipment to Galiano as soon as they were able.

The Forest Fire was successfully brought under control and then extinguished but the effort involved in doing so required significantly more equipment, firefighters and aerial bombardment than those available in any of the Fire Departments on the Gulf Islands or in any combination of them. Of particular importance were the continuing water drops by both Martin Mars plus one heavy-lift helicopter and three smaller helicopters all under the control of the B.C. Forest Service and the specialized Forest Fire crew provided by the B.C. Forest Service.

In the event of a similar wildfire/forest fire on Mayne Island the MIID would also have to rely heavily on the B.C. Forest Service and other Fire Departments with which Mutual Aid Agreements have been signed. More germane to the discussion at hand is that the MIFD Fire Chief quickly identified that the MIFD was seriously deficient in the types and amounts of equipment required to fight a wildfire. These deficiencies included:

- Insufficient lengths of large-diameter hose to deliver water to remote locations
- Insufficient lengths of medium- and small-diameter (forestry) hose to distribute water
- Insufficient wildfire coveralls (protective clothing)
- No wildfire boots
- No means of identifying “hot spots”
- Insufficient wildfire fighting tools
- No rigid drop tanks

These deficiencies were due in large part to the way in which the MIFD, and for that matter most other Southern Gulf Island Fire Departments, have been managed. Prior to the Kelowna Fire of 2003 most rural Fire Departments were primarily involved in training for “structural” (or building) fires and for providing “first responder” services in the event of accidents and medical emergencies. Little consideration was given to wildfire fighting.

Fire Departments are still learning about wildfires and how to be prepared to fight them. The availability of a full-time Fire Chief for the MIFD means that for the first time we have the ability to do some definitive analysis of our overall requirements and make necessary changes. The Galiano Fire simply brought a medium-term planning effort into sharp focus.

After the initial review of the Galiano Forest Fire the Fire Chief made a series of recommendations to the MIID Board for some immediate purchases to rectify equipment deficiencies as well as some purchases to be deferred to following budget years. The Board agreed with the Fire Chief's recommendations and authorized the immediate purchase of some additional hose of various diameters and a thermal imaging camera. The purchase of protective clothing and boots as well as a final complement of new hose was deferred to 2007 simply because none of these items could be supplied before the end of October 2006.

The 2006 Budget made no provision for the purchase of any of the additional wildfire fighting equipment. Bylaw 83 for a bank loan for \$17,500 was approved by the Board in order to repay funds withdrawn from general Operating expenses in order to pay for this equipment. The 2007 Budget includes funds to purchase much of the remaining required equipment.

#### 4. The need to start paying call-out and training fees to the Fire Fighters

Discussions with the Mayne Island Fire Fighters Association ("FFA") with respect to the MIID paying call-out and training fees have been ongoing for the last few years.

The basic elements of the issue relate directly to the changing demographics and economics of Gulf Island life. Firstly, the population of the Gulf Islands is becoming significantly "older" because of the large number of retirees moving here. This is compounded by the inexorable aging of the present inhabitants and the fact that the majority of the new people moving to the islands are mature and usually "empty nesters". This reduces the pool of individuals capable of being volunteer fire fighters. Secondly, the availability of well-paid continuing employment is diminishing and those firefighters who are so employed are often self-employed or work as contractors. These individuals might have some reluctance to respond immediately to a call-out particularly if it is a "first responder" or "ambulance assist" when the ambulance attendants, who are fully paid, usually arrive some time after the fire fighters do. Thirdly, the Southern Gulf Islands are becoming much more expensive to live on than in past years and we see this trend continuing. It is also much more of a "money-oriented environment" and in order for Fire Departments to maintain and possibly enhance our personnel levels we feel that we must offer some financial compensation. This is certainly the position that the Fire Fighters Association is taking. Our discussions with them to-date indicate that high levels of financial compensation are not required and that individuals would still volunteer their time at incidents but might not be so keen to attend all training sessions. As proper and continuing training is a basic requirement of any Fire Department we feel that time-based financial compensation would increase attendance and participation in training.

Call-out and training fees are paid by many of the Volunteer Fire Departments on other Southern Gulf Islands.

#### **5. The Appointment of a Deputy Fire Chief and a third Fire Captain**

Our experience throughout the summer of 2006 which was predominantly at an “Extreme” Fire Hazard Rating clearly indicated that the Fire Chief could not take any time off. He, in effect, was working a 24/7 shift as he was always on call or on duty. One of the consequences was some minor deterioration in his health and some burnout. Further, we had a number of incidents which the Fire Chief attended unaccompanied. This practice is in general violation of WorkSafe procedures. The Board of Trustees has decided to appoint a Deputy Chief who would be officially delegated the authority and responsibilities of the Fire Chief when the Fire Chief is unable to work or is not on-island. The Deputy Chief would be paid on a part-time basis and would have the rank of Fire Captain. The Deputy Chief has the rank of Deputy Chief.

We currently have a Fire Chief, and 2 Fire Captains and provision for up to 30 individuals in the Fire Department. Under British Columbia Emergency Response Management System ( BCERMS) we consider that the “span-of-control” is too wide for the available officers at up to 9 individuals per officer. By appointing a third Fire Captain we would effectively reduce the nominal “span-of-control” to just under 7 individuals which is considered to be appropriate by most management authorities.

#### **6. Improving the organization of mandated records-keeping for the Fire Department**

Records-keeping by the Fire Department is minimal and barely satisfactory at this time. In order to properly manage and administer the assets, personnel, inventory and responsibilities of the Fire Department we need to make some drastic improvements. The Fire Chief has recommended to the MIID Board that we purchase specialized software for this purpose that is available and supported within British Columbia as well as being used by many other Volunteer Fire Departments within the province.

The overall costs of improving our organization and records-keeping include considerable efforts by the Fire Chief and a clerk/data entry person during 2007 and 2008. The anticipated costs in 2007 for the clerical/data entry assistance and the specialized software are included in the General and Administrative portion of the 2007 Budget.

#### **7. The increased construction cost of the new Mayne Island Fire Hall**

As reported in the discussion on the 2006 Budget request, the MIID is faced with the construction of a new Fire Hall because the current Fire Hall is not capable of withstanding a moderate earthquake.

The Board of Trustees spent some considerable time in 2006 reviewing the questions posed by the proposed construction. We plan, now that Fire Season is over, to visit a number of Fire Halls that have been constructed recently for town and rural fire departments. We also searched for British Columbia architects with experience in designing and building Fire Halls. We received two surprises from these investigations, viz.

- There is really only one architect with significant and suitable Fire Hall design and construction experience; and
- The average construction cost of recent Fire Halls similar in size to our requirements was in excess of \$1.8 million.

The fact that there is only one architect with suitable experience will cause us some problems in defining invitations to tender for design and construction supervision services. The steep rise in construction costs was not unexpected but it does mean that annual payments, if over 20 years, will be twice those previously anticipated given that we can probably expect at least a 10% rise over current prices over the following 2 years.

The MIID anticipates spending around \$1,000,000 on the new Fire Hall construction in 2007 and another \$1,000,000 in 2008. This will be provided by a bank loan.

#### **8. The provision of an Emergency Generator for the whole of the MIID property**

A necessary component in the new Fire Hall would be a modern larger-capacity diesel-powered emergency generator. Discussion with the Southern Gulf Islands Emergency Services Committee (“SGIESC”) of the CRD (on which our Fire Chief is a full invited member) lead to a proposal to the MIID for the assisted funding of such an emergency generator. The CRD would provide a capital grant of \$20,000 and the Government of Canada would provide another capital grant of \$10,000 to the initial cost of the generator. The MIID would be responsible for the remaining purchase costs, installation of the generator on our site and the necessary connections and switching to the buildings under MIID control. The MIID would also be responsible for the operating costs of the generator and for its replacement at the end its service life.

The emergency generator would provide power to the Fire Hall and any other Fire Department buildings, the Health Centre and the Heliport. B.C. Ambulance Services would be offered the potential to receive emergency power from the generator but would have to provide their own connection and switchgear.

This opportunity must be accepted and the major components in place by 31 March 2007 for the capital grants to be paid. The MIID considers that this is an offer that cannot be refused and has decided to accept it. We consider the outcome to be in the best interests of Mayne Island.

#### **Summary**

**2007 will be the second year of substantial tax increases for the Mayne Island Improvement District. As described above there are legitimate reasons for making the increases. Mayne Islanders will have a number of visible improvements to indicate where the majority of the tax increase will have gone.**

**A presentation was made by the Fire Chief and the Chair to a small public meeting held on the 18<sup>th</sup> of October, 2006. While the primary purpose was to discuss FireSmart procedures for homeowners and gardeners we took the opportunity to discuss the Heliport and the proposed 2007 Budget. While most were non-committal about the increase the comments of those with concerns understood that they have had and would be receiving important improvements in the fire prevention and emergency services on the island.**