



## Investing in Your Safety - New Deep Bay Fire Hall

*A Public Information Meeting has been scheduled to allow the board to present financing options for the proposed fire hall project and receive public feedback.*

**When:** Tuesday, May 14, 2019 at 7:00 pm

**Where:** Deep Bay Fire Hall, 5031 Mountainview Road

As published in the recent Pipeline Newsletter, the Deep Bay Improvement District (DBID) has contracted Magnum Project Management to establish a working budget for the proposed fire hall project. This budget has been completed and was presented to the Deep Bay Improvement District board of trustees at a special board meeting on April 25, 2019.

The board passed a motion “to borrow up to a maximum of \$2,000,000 to construct a new fire hall”. There are several steps required prior to this project being able to proceed.

1. Obtain preliminary approval from the Ministry of Municipal Affairs & Housing – this was received on July 13, 2018 ✓
2. Arrange short-term or “bridge” financing with a financial institution for the construction phase – this is in progress ✓
3. **The board must determine how long-term financing will be arranged once the project has been completed.**

***This is the next step and the board is interested in receiving feedback from DBID property owners as to their opinions on the two available options. Details and financial implications are provided on the following page.***

4. Once the financing option has been determined, rate payer approval, via a public referendum, must be obtained on the question of borrowing the funds. A full information package will be mailed out, and an open house will be scheduled prior to the referendum. Dates are still to be determined.

### Fire Hall Working Construction Budget

#### Construction Costs

General (professional fees, permits),	\$300,500
Site Construction	\$86,000
Concrete & Masonry	\$200,312
Steel Building	\$589,172
Interior	\$206,354
Mechanical	\$190,253
Electrical	\$74,755
Contingency/Escalation	\$329,469
Interim Financing	\$40,000

**Total Estimated Cost** **\$2,016,815**

**Less:** Building Renewal Funds (est.) **-\$30,000**  
 Donations **-\$93,715**

**Total Maximum Loan \$2,000,000**

## The DBID has two options for long term financing:

1. The DBID can approach private financial institutions to borrow monies and fund repayment of the debt through direct taxation. Private funding allows for a maximum term of 25 years, with borrowing interest rates set for a maximum of 10 years. Lump sum payments can be made throughout the term. DBID would invoice and collect the debt as part of the Annual Parcel & Fire Protection Taxes and can allocate the tax evenly between all properties.
2. The DBID can borrow fire protection funds from the Ministry of Finance for a maximum term of 20 years. The Provincial borrowing rates are fixed for the full 20-year term and are lower than those available from financial institutions. Debt repayment is collected directly by the Provincial Surveyor of Taxes via the rural tax levy. The tax levy is allocated among the property classes according to provincially set ratios and based on assessed property value. A lump sum payment can be applied only if the balance is being paid off in full. Eligible property owners have the ability to defer their property taxes, including this debt repayment, through the Provincial Property Tax Deferment Programs. Information regarding these programs is available here:

<https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/defer-taxes>

## Financial Implications of Borrowing Options

The following is based on a borrowing amount of \$2,000,000. *The actual tax levy will be based on the final project costs (not to exceed the authorized borrowing amount).*

Interest rates are current as of April 2019. *Actual interest rates will be determined at the time of borrowing.*

### Option 1: Private Financing\*

Interest Rate	Annual Repayment (25 year term)	Equal tax for 639 properties	Full Financial Cost
4.27%	\$131,703.36	\$206.11	\$3,292,584

\*These calculations assume no increase to interest rates at the 10-year renewal dates

### Option 2: Provincial Financing\*\*

Interest Rate	Annual Repayment (20 year term)	2019 Total Assessed Value - DBID	Tax rate per \$100,000 Assessed Value***	Full Financial Cost
3.20%	\$136,929.44	\$375,952,300	\$36.42	\$2,738,589

\*\*These calculations assume all properties are taxed at the same rate regardless of classification

\*\*\*to determine your tax rate:  $\frac{\text{Your 2019 Assessed Value} \times \$36.42}{\$100,000}$

Tax rate for the average residential home (\$585,570) =  $\frac{\$585,570 \times \$36.42}{\$100,000} = \$213.26$

## How can I find out more?

### Attend the Public Information Meeting on May 14, 2019 at 7:00 pm!

If you can't attend, please send your comments, no later than May 14, 2019 to:

Deep Bay Improvement District, 5031 Mountainview Road, Bowser, BC V0R 1G0

For questions about borrowing, the referendum process or the building project, please contact

Leslie Carter, Administrator

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