CITY OF FERNIE
BRITISH COLUMBIA

REQUEST FOR DECISION (RFD)

Date: July 15, 2025

To: Mayor Milligan and Members of Council

From: Bryn Burditt, Director of Finance

Subject: Fire Hall Loan Authorization Bylaw No. 2533, 2025

RECOMMENDATION

THAT the "Fire Hall Loan Authorization Bylaw No. 2533, 2025" be given first, second, and third readings;

AND THAT Council direct Staff to apply for the Canada Community Building Fund – Strategic Priorities Fund for the Fernie Fire Hall project.

PURPOSE

This report presents the Fire Hall Loan Authorization Bylaw No. 2533, 2025 (Bylaw) for Council's consideration. The Bylaw has been prepared based on the discussion and general consensus expressed by Council at the July 8, 2025, Regular Meeting of Council.

BACKGROUND

At the July 8, 2025, Regular Meeting, Council received a presentation from the Director of Engineering & Public Works, the Manager of Parks & Recreation and the Director of Finance on the Fire Hall Conceptual Design and Budget. This presentation detailed for Council the Class C Cost Estimate, plus contingency and additional owner costs. The total project budget presented was $15,901,750.

As part of this presentation, Council was presented a financing strategy that included $4,901,750 of borrowing. This figure assumes a successful application to the Canada Community Building Fund – Strategy Priorities Fund (SPF) in the amount of $7.0M. The $4.9M includes $3.5M of the City portion, and $1.4M of the portion to be reimbursed by the Regional District of East Kootenay (RDEK).

Since the last version of the project budget, an additional $100K has been included to account for the construction of a gravel access route to the pavilion—an important functional component identified in the original Arcadis site design but previously omitted from the budget. To

Reviewed by:			
Chief Administrative Officer	Corporate Officer	Director of Finance	Other:

accommodate this and streamline the overall project figure, the total proposed budget has been rounded to $16,000,000.

The total amount to borrow if the City is unsuccessful in its application to the SPF would be $12,000,000.

As detailed for Council, the application deadline for SPF is September 12, 2025.

Historically, the SPF has announced its successful applications 8-9 months after the intake close date. This means we would expect to hear about our application roughly in June of 2026.

Staff is optimistic about our chances of success in this SPF intake period, given the history of the program funding Fire Halls, the timing of our project, and initial discussions with the Union of British Columbia Municipalities (UBCM), who administers the SPF, and the Municipality's ability to confirm full funding for the project.

Council also heard the pros and cons of proceeding with a Referendum versus utilizing recent changes to legislation around Approval Free Borrowing.

Referendum

Pros

- It is consistent with our original plan for funding requiring Voter Assent.

Cons

- Our application to the SPF would be viewed as risky given the timing of the Referendum after the application deadline. The City would be unlikely to be awarded an SPF contribution.
- If the Referendum fails, this project will only get more expensive. Fernie Fire and Emergency Services will continue to operate out of an inadequate facility not meeting post disaster requirements, likely requiring significant funds to renovate.

Approval Free Borrowing

Pros

- Aligns timing of all aspects of the project with the SPF intake period and allows for better support of construction in 2026.
- Cost certainty (if a Referendum fails, the project only gets more expensive, and there's no Fire Hall built).
- Referendum not required to address Right of Reverter Covenant.

Cons

- This is not in line with previous communication to the Community when borrowing was thought to be required to fund the project. This is a direct result of the timing of the SPF program being open for applications and changes to Provincially regulated Approval Free Borrowing limits for Municipalities. The SPF was announced in late May 2025. Borrowing regulations were significantly changed in June 2025.

Staff are recommending that Approval Free Borrowing is utilized to give the City the strongest SPF grant application possible. The following schedule would be followed if Staff is given direction from Council to proceed with approval free borrowing:

Date	Milestone	Deliverable
July 15, 2025	Special Council Meeting: Loan Authorization Bylaw	First, Second, and Third Reading of the Loan Authorization Bylaw
July 16, 2025	Submission to Inspector of Municipalities	
September 8, 2025	Loan Authorization Bylaw approval returned (allow 6-8 weeks for review)	
Week of September 21, 2025	Right of Reverter Covenant removal process initiated	Following a successful Loan Authorization Bylaw review, Right of Reverter Covenant removal process can be initiated, this can be advanced concurrently
September 22, 2025	Regular Council Meeting	Council adopts the Loan Authorization Bylaw
October 22, 2025 (approx.)	Quashing Period (1 Month)	
November 5, 2025 (approx.)		Certificate of Approval received
	Apply for Temporary Borrowing with Municipal Finance Authority	

Loan payment amounts and related effect on taxation

The temporary borrowing product with the Municipal Finance Authority (MFA) gives greater flexibility in the borrowing process while construction is ongoing. The final number of the loan does not have to be locked in immediately, and we can draw on the loan as needed through the construction process.

If the City is successful in its SPF application, the total amount borrowed is expected to be $5,000,000. At current interest rates (4.13%) and also removing the portion that would be attributed to the RDEK, this would amount to annual payments of $211,487.

This amounts to approximately a 2.06% taxation increase, or a $55.26 annual increase for the average single-family home in 2026.

If the City is unsuccessful in its SPF application, the total amount borrowed is expected to be $12,000,000. At current interest rates (4.13%) and removing the portion that would be attributed to the RDEK, this would amount to annual payments of $622,711.

This amounts to approximately a 6.08% taxation increase, or a $162.70 annual increase for the average single-family home in 2026.

INTERNAL CIRCULATION

This report has been reviewed by the Director of Engineering and Public Works, the Deputy Director of Finance, and the Manager of Communications.

LEGAL/STATUTORY AUTHORITY

See B.C. Reg. 254/2004 and section 174 of the *Community Charter* below.

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS

Part 1 — Liability Limit

Liability limit

2 For the purpose of section 174 (2) *[limit on borrowing and other liabilities]* of the *Community Charter*, a municipality may not incur a liability if

(a)at the time it proposes to incur the liability,

(i)the annual cost of servicing the aggregate liabilities of the municipality for the year, as determined in accordance with section 3 of this regulation,

exceeds

(ii)25% of the annual calculation revenue of the municipality for the previous year, as determined in accordance with sections 4 and 5 of this regulation, or

(b)incurring the liability would cause the annual costs referred to in paragraph (a) (i) to exceed the limit established by paragraph (a) (ii).

Annual costs of servicing aggregate liabilities

3 The annual cost of servicing the aggregate liabilities of a municipality for a year is the total of the annual expenditures for the year, determined for each of the following types of calculation liability:

(a)*Type 1 — general capital commitments:* in relation to a liability of the municipality that

(i)is or includes a non-current commitment,

(ii)is of a capital nature, and

(iii)is not covered by paragraphs (b) to (e),

the calculation liability is the current and non-current commitments in relation to the liability;

(b)*Type 2 — contingent capital commitments:* in relation to a liability of the municipality that

(i)is a contingent commitment,

(ii)is of a capital nature, and

(iii)is not covered by paragraphs (c) to (e),

the calculation liability is the commitments in relation to the liability;

(c)*Type 3 — debts under loan authorization bylaws:* in relation to a liability of the municipality that is the amount of debt borrowed under a loan authorization bylaw, the calculation liability is the outstanding amount of that debt;

Limit on borrowing and other liabilities

174 (1)A municipality may only incur a liability as expressly authorized under this or another Act.

(2)A municipality may not incur a liability if incurring the liability would cause the municipality to exceed a limit established under subsection (3) unless this is approved under subsection (4).

(3)For the purposes of subsection (2), the Lieutenant Governor in Council may make regulations

(a)establishing a limit on the aggregate liabilities and the method for determining that limit, and

(b)establishing a limit on the annual cost of servicing the aggregate liabilities and the method for determining that limit.

(4)With the approval of the inspector, a municipality may exceed the limit established under subsection (3).

(5)Except for borrowing under section 177 *[revenue anticipation borrowing]*, a municipality must not incur a liability for which expenditures are required during the planning period for its financial plan, unless those expenditures are included for the applicable year in the financial plan.

COMPLIANCE WITH CORPORATE STRATEGIES & POLICIES

The Fernie Fire Hall directly advances Council Strategic Objectives of Quality Services and a Livable Community.

FINANCIAL/BUDGETARY CONSIDERATIONS

If the City is successful in its SPF application, the total amount borrowed is expected to be $5,000,000.

At current interest rates (4.13%) and also removing the portion that would be attributed to the RDEK, this would amount to annual payments of $211,487, being approximately a 2.06% taxation increase, or a $55.26 annual increase for the average single-family home in 2026.

If the City is unsuccessful in its SPF application, the total amount borrowed is expected to be $12,000,000. At current interest rates (4.13%) and also removing the portion that would be attributed to the RDEK, this would amount to annual payments of $622,711.

This amounts to approximately a 6.08% taxation increase, or a $162.70 annual increase for the average single-family home in 2026.

PERSONNEL IMPLICATIONS

The Fire Hall project has received input by every department across the City and will continue to require a collaborative effort to bring it to completion.

EXTERNAL AGENCY/PUBLIC COMMENTS

A copy of the Fire Hall Loan Authorization Bylaw No. 2533, 2025 will be sent to the Inspector of Municipalities on July 16, 2025.

COMMUNICATION CONSIDERATIONS

Extensive communications and outreach will continue to support the Fire Hall project through the next phases, including project updates on borrowing, funding, and construction.

The Communications Plan will be updated to include information on why we are proceeding with Approval Free Borrowing instead of going to Referendum.

OPTIONS

1. THAT Council give three readings to the Fire Hall Loan Authorization Bylaw No. 2533, 2025.
2. Council direct otherwise.

CONCLUSION

This report presents the Fire Hall Loan Authorization Bylaw No. 2533, 2025 for Council's consideration. The Fire Hall Loan Authorization Bylaw No. 2533, 2025 has been prepared based on Council's discussion at the July 8, 2025 Regular Meeting of Council.

Respectfully submitted,



Bryn Burditt, Director of Finance

Attachments

1. Fire Hall Loan Authorization Bylaw No. 2533, 2025
2. Fernie Fire Hall Liability Servicing Limit Certificate 2025