



AGENDA

Central York Fire Services - Joint Council Committee (Budget)

Wednesday, October 25, 2017 at 9:30 AM

Cane A & B, Town of Newmarket

Additions & Corrections to the Agenda

Declarations of Pecuniary Interest

Presentations

Deputations

Approval of Minutes

Items

1. Draft 2018 Operating and Capital Budgets – Update

Central York Fire Services / Corporate Services – Financial Services Report
October 25, 2017

1. That Joint CYFS / Corporate Services Report – Finance 2017-44 dated October 10, 2017 regarding the Draft 2018 Operating and Capital Budgets - Update be received and the following recommendations be adopted:

a. That the Joint Council Committee (JCC) receive and review the draft budgets; and,

b. That the October 25, 2017 JCC meeting be used to finalize a recommendation to be sent to Aurora Council for review and then to Newmarket Council for approval.

New Business

Closed Session (if required)

Adjournment



October 10, 2017

**JOINT CENTRAL YORK FIRE SERVICES AND CORPORATE SERVICES REPORT
FINANCE 2017- 44**

TO: Joint Council Committee

SUBJECT: Draft 2018 Operating and Capital Budgets - Update

ORIGIN: Central York Fire Services – Fire Chief
Director, Financial Services/Treasurer

RECOMMENDATIONS

1. That Joint CYFS / Corporate Services Report – Finance 2017-44 dated October 10, 2017 regarding the Draft 2018 Operating and Capital Budgets - Update be received and the following recommendations be adopted:
 - a. That the Joint Council Committee (JCC) receive and review the draft budgets; and
 - b. That the October 25, 2017 JCC meeting be used to finalize a recommendation to be sent to Aurora Council for review and then to Newmarket Council for approval.

COMMENTS

Purpose

The purpose of this report is to provide an overview of the Operating and Capital Budget requests for 2018.

Budget Impact

The proposed budgets are within the funding envelopes for the operating budget – tax impact established by both municipalities.

Summary

The 2018 budget continues to address implementation of the 2014 Fire Department Master Plan Update (FDMPU) over a 5-year period.

BACKGROUND

On September 26, 2017 JCC was presented with Report 2017- 42 which provided an overview of the draft operating and capital budgets for CYFS. Since that time, staff has reviewed the budget and propose some revisions that will slightly increase the tax impact, while remaining within the targets set and without negatively impacting the current service level.

This report consolidates the details from the original report and should be received as a replacement for it. Changes are noted and highlighted in yellow.

DRAFT BUDGETS

Operating Budget

Wages and benefits

Based on recent contract settlements and arbitration awards, sufficient provision has been included. However, with the current contract in the hands of an arbitrator, it is possible that revisions may be required.

Overtime

Overtime can fluctuate greatly, as evidenced by results in the last several years. Overtime in 2015 was \$299,000 (budget: \$220,000), while in 2016 overtime was \$185,000 compared to a budget of \$220,000. At the end of the second quarter of 2017, overtime expenditures are \$79,000, which is below the year-to-date budget of \$100,000. The 2018 budget request has retained overtime budget funding at the 2017 level of \$200,000.

New hires

4 new firefighter positions are budgeted to be hired in April of 2018, with a corresponding provision for 75% of their annual salary. The budget also includes annualization for the remaining 25% for the 4 new firefighters hired in April 2017. This will be the case again in 2019 when the remaining 25% for the 2018 new hires will be included.

In addition to the hiring of 4 additional firefighters, the 2018 draft budget includes the allocation of costs from IT for a new Application Support Analyst. The new position, to be hired in March, 2018 by Newmarket's IT department, would assist CYFS by overseeing the technology needs of the department with respect to the records management software (Firehouse). The position would also act as a liaison with York Regional Police, Richmond Hill Emergency Services, and other outside agencies that may address the IT needs of CYFS. The FDMPU outlined the hiring of this position last year but it was deferred.

The wages and benefits will be charged to CYFS as a support cost allocation.

Fleet Maintenance

The Fire fleet is costly to maintain and over the last several years actual expenses have increasingly been over budget. This trend is expected to continue, with 2017 year-to-date expenses already exceeding the annual budget. Work order charges were increased in 2017 by 23% to reflect full cost recovery. In 2018 the cost has been increased by 3%. Fleet maintenance includes the cost of parts, as well as the hourly charges by Newmarket staff (2017 budget - \$218,960). There is a risk that the

2018 budget will be exceeded in which case we will have to manage the overage with offsetting decreases in other expenses or by drawing on reserves.

Support costs

The Town of Newmarket allocates a proportional share of its overhead costs to CYFS. This includes a share of human resources, payroll, accounting, procurement, legal, insurance, and communications. These costs have been increased by 5.8% before the addition of the costs for the new IT hire. Support costs as a percentage of total expenses have increased from 3.6% to 4.0%.

Dispatch Service

The budget for dispatch services was decreased in 2017 by \$45,000 to better reflect the actual charges from York Region and Richmond Hill Fire Services. Actual costs incurred in 2016 were \$440,000 compared to a budget of \$460,000. The budget has been maintained at the 2017 level.

Infrastructure Levy / Asset Replacement Fund (ARF)

CYFS / Finance Report 2017-14, Capital and Asset Replacement Fund Forecast, presented options to JCC on how to deal with the infrastructure deficit. The contributions to the Asset Replacement Fund have been increased by \$249,600 to meet the requirements as set out in the capital budget. \$49,600 of the increase represents an allocation of previous years' transfers which are no longer required.

Training

Since 2011 CYFS has been using the former Timothy Street Operations Centre as an interim training facility. Newmarket is unable to use the land or the facility for other planned purposes, as there is no current suitable alternative location for fire training. The 2018 budget request has maintained annual facility rental charges at the 2017 level of \$30,000.

Cost Allocation

The 2017 budget reflects a 0.05% change in the cost allocation – Newmarket's share being decreased to 59.35% (2017 - 59.4%) and Aurora's share increasing to 40.65% (2017 - 40.6%). This is a shift of \$129,000 in annual operating costs.

Capital Budget

Replacement

Capital replacements are funded by the Asset Replacement Fund (ARF). This includes the following for 2018:

- Replacement of Personal Protective Equipment - \$55,000
- Replacement of Fire Equipment - \$100,000

A 10-year projection of future replacement requirements indicates that there will be a funding deficiency. As a result, the ARF contributions have been increased by \$249,600 for 2018.

Growth

As part of the budget request for the 4 additional firefighters, personal protective equipment and uniforms for the new recruits (\$27,000) have been requested. An additional fire prevention vehicle (\$38,500) has been requested for the position budgeted and hired in 2017. The chassis (\$400,000) for a new fire engine for Station 4-5, with a total budget of \$985,000, has been included in order to

start the procurement process in 2018 for delivery in 2019 to align with the completion of the new fire station. Development Charges (DC's) are the funding source for all of these items.

Other

In conjunction with an app created by Newmarket GIS, tablets (\$19,500) will allow for better record management for CYFS's "Stay Fire Smart" door-to-door campaign to educate residents on the importance of working smoke and carbon monoxide alarms and home escape planning. The Prevention division will also use tablets during onsite inspections to generate reports, take pictures and send the owner the electronic report from the site. This amount will be funded from the CYFS Reserve Fund.

US Exchange

Major capital purchases tend to be from American suppliers. As such, the increase in the exchange rate for U.S dollars has had a significant impact on capital costs and reserves. This is the major reason for the increase in capital funding requirements.

To reduce the risk of fluctuations, exchange rates are based on current values and will be locked in as soon as the budget is approved.

Reserves

Financial Services Report 2015-46 recommended a target level for the CYFS reserve fund. This was adopted by JCC. The three components are:

1. 50% of CYFS' total annual budget for the most volatile expenditure items such as overtime, fuel, repairs, utility costs, and legal costs. This provision would be about \$615,000;
2. Net contributions for light vehicle purchases, which will be \$331,000 at the end of 2017;
3. Other contingency amounts defined by JCC from time to time. \$19,500 will be required to fund the purchase of the tablets.

The target for the CYFS Reserve would be \$965,500. Before any adjustments for 2017 operating results, the projected balance is \$941,000.

At a future meeting, a proposal will be made to consolidate the light vehicle program into the asset replacement fund.

IMPACT ON THE MASTER FIRE PLAN

This report is consistent with the budget methodology set out in the 2008 Master Fire Plan and it includes certain staffing recommendations from the 2014 Fire Department Master Plan Update (FDMPU) and sets the foundation for the needs of the Fire Service.

Implementation of the Fire Master Plan

The implementation staffing option selected by JCC was a phased approach over 5 years. This included hiring four firefighters on an annual basis and additional support staff – HR Consultant, Fire Inspector, Administrative Assistant, and IT resources. The draft 2018 budget deferred some of these hirings for future consideration.

CONSULTATION

This report has been prepared by the Treasurer for the Town of Newmarket in consultation with the Fire Chief. The Treasurer for the Town of Aurora has reviewed this report.

BUDGET IMPACT

Operating Budget (Current and Future)

Aurora Council has set a 1.3% tax increase target for Fire Services. Aurora's share of the proposed operating budget is an increase of \$473,748, which is equivalent to a 1.10% tax increase.

Newmarket Council adopted a budget target for 2018 which included an additional \$725,000 (1.29% tax increase) for Fire Services. Newmarket's share of the proposed operating budget is an increase of \$661,337 (1.18% tax increase).

These amounts include the increased contributions to the Asset Replacement Fund. The difference in taxation bases and change in the allocation account for the discrepancy in the increases.


Capital Budget

The capital budget will be within the funding envelope as outlined in Joint CYFS / Finance Report 2017-14, Capital and Asset Replacement Fund Forecast. This report did a review of future funding requirements and recommended increases in contributions to the Asset Replacement Fund (ARF).

CONTACT

For more information on this report, contact: Mike Mayes at 905-953-5300, ext. 2102 or via e-mail at mmayes@newmarket.ca



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Reviewed by:

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Town of Aurora

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Attachments:

- 2018 CYFS Draft Operating Budget
- 2018 CYFS Capital Budget Summary

**CENTRAL YORK FIRE SERVICES
2018 OPERATING BUDGET**

Updated: 12/10/2017

OBJECT ACCOUNTS	2017	2018 Budget			Increase/(Decrease)	
	Budget	Base	G & E	Total	\$	%
Expenses						
4011 Management Salaries	627,788	641,841		641,841	14,053	2.2%
4021 Regular Salaries & Wages	14,708,729	15,001,684	280,489	15,282,173	573,444	3.9%
4024 Standby/Callback	86,000	86,000		86,000	-	0.0%
4025 Overtime	200,000	200,000		200,000	-	0.0%
4026 Lieu Time Paid	617,000	617,000		617,000	-	0.0%
4031 Casual/Seasonal Wage	20,000	20,000		20,000	-	0.0%
4109 Direct Payroll Benefits	4,801,000	4,893,592	81,342	4,974,934	173,934	3.6%
Sub Total Salaries and Benefits	21,060,517	21,460,117	361,830	21,821,947	761,430	3.6%
4216 Stationery & Office Supplies	15,000	15,000		15,000	-	0.0%
4217 Photocopier Lease & Supplies	5,000	5,000		5,000	-	0.0%
4219 Emergency Mgmt. Materials	4,000	6,500		6,500	2,500	62.5%
4229 Janitorial Supplies	20,000	20,000		20,000	-	0.0%
4232 Fuel for Vehicles	110,000	110,000		110,000	-	0.0%
4261 Uniforms, Clothing	132,000	127,000		127,000	(5,000)	-3.8%
4269 Misc.	11,000	18,000		18,000	7,000	63.6%
4272 Vehicle Repairs & Maintenance	130,000	130,000		130,000	-	0.0%
4273 Building Repairs & Maintenance	120,000	157,800		157,800	37,800	31.5%
4278 Equipment Repairs & Maintenance	148,500	148,500		148,500	-	0.0%
4299 Capital Acquisitions	67,800	77,800		77,800	10,000	14.7%
4303 Cell Phone	21,650	13,850		13,850	(7,800)	-36.0%
4311 Hydro	90,000	92,500		92,500	2,500	2.8%
4321 Heat	50,000	52,500		52,500	2,500	5.0%
4331 Water	15,000	10,000		10,000	(5,000)	-33.3%
4404 Consulting Services	60,000	60,000		60,000	-	0.0%
4425 Education/Corporate Tuition Assist.	11,000	11,000		11,000	-	0.0%
4462 Fire Prevention	28,000	25,500		25,500	(2,500)	-8.9%
4463 Fire Investigation	2,500	2,500		2,500	-	0.0%
4464 Association Allowance	3,000	13,000		13,000	10,000	333.3%
4465 Dispatch Service	460,000	460,000		460,000	-	0.0%
4466 Wellness Program	145,000	145,000		145,000	-	0.0%
4471 Mileage/Parking/Tolls	4,000	4,000		4,000	-	0.0%
4472 Memberships & Subscriptions	7,500	7,500		7,500	-	0.0%
4474 Medical Oversight	15,000	14,000		14,000	(1,000)	-6.7%
4474 Training	100,000	100,000		100,000	-	0.0%
4478 Conferences & Seminar Fees	20,000	20,000		20,000	-	0.0%
4667 Property Lease	30,000	30,000		30,000	-	0.0%
4511 Street Snowploughing Contract	10,000	10,000		10,000	-	0.0%
4662 Contingency Account	45,000	45,000		45,000	-	0.0%
5105-5109 Work Order Charges	218,960	225,000		225,000	6,040	2.8%
5151- 5162 Support Cost Allocation	911,482	934,508	110,761	1,045,269	133,787	14.7%
4911 Transfer to Capital	6,600	-		-	(6,600)	-100.0%
4936 Asset Replacement Fund	850,000	1,099,600		1,099,600	249,600	29.4%
Total Expenses	24,928,509	25,651,175	472,591	26,123,766	1,195,257	4.8%
Revenues						
7431 Fire Dept. Recoveries	290,000	307,172		307,172	17,172	5.9%
7471 Misc. Charges	10,000	10,000		10,000	-	0.0%
Total Revenues	300,000	317,172	-	317,172	17,172	5.7%
Net Expenditure Before Transfers	24,628,509	25,334,003	472,591	25,806,594	1,178,085	4.8%
Transfers to/(from) Reserve Fund						
4922 Transfer to Reserve Fund	55,000	-		-	(55,000)	-100.0%
7542 From Reserve Fund	(12,000)	-		-	12,000	-100.0%
Net Expenditure	24,671,509	25,334,003	472,591	25,806,594	1,135,085	4.6%
Newmarket's share(2018-59.35%; 2017-59.40%)	14,654,876	15,035,731	280,483	15,316,214	661,337	4.5%
Aurora's share(2018-40.65%; 2017-40.60%)	10,016,633	10,298,272	192,108	10,490,381	473,748	4.7%
	24,671,509	25,334,003	472,591	25,806,594	1,135,085	4.6%

2018 CAPITAL BUDGET

FIRE SERVICES

Project Description	EXPENDITURES		FINANCING					
	Total Cost	2018 Cost	Asset Replace. Fund	Develop. Charges	Reserves & Reserve Funds	Operating Fund	Other	Remarks
Tablets for Suppression and Prevention	19,500	19,500			19,500			
Life Cycle Replacement of Personal Protective Equipment	55,000	55,000	55,000					
Personal Protective Equipment & Uniforms for New Recruits	27,000	27,000		27,000				
Purchase of an Additional Prevention Vehicle	38,500	38,500		38,500				
Replacement of Equipment	100,000	100,000	100,000	100,000				
New Fire Engine for Station 4-5	985,000	400,000		400,000				
TOTAL - Central York Fire Services	\$ 1,225,000	\$ 640,000	\$ 155,000	\$ 565,500	\$ 19,500			