



October 10, 2019

**JOINT CENTRAL YORK FIRE SERVICES AND CORPORATE SERVICES REPORT
FINANCE 2019- 27**

TO: Joint Council Committee

SUBJECT: Draft 2020 Operating and Capital Budgets

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

RECOMMENDATIONS

1. That Joint CYFS / Corporate Services Report – Financial Services – 2019-27 dated October 10, 2019 regarding the Draft 2020 Operating and Capital Budgets 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 JCC make a recommendation to Aurora Council, as per the Joint Services Agreement, and then send 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 2020.

Budget Impact

The proposed 2020 budgets are within the funding envelopes for the operating budget included in the 10 year forecast presented to JCC in June 2018.

Summary

The 2020 budget continues to address implementation of the 2014 Fire Department Master Plan Update (FDMPU) over a 5-year period.

DRAFT BUDGETS

Operating Budget

Wages and benefits

Based on recent contract settlements and arbitration awards, sufficient provision has been included for wages and benefits.

Overtime

Efforts to manage overtime have been successful, particularly due to the annual hiring of 4 additional firefighters each year to ramp up to the compliment required for the seventh crew required for the new fire station. Overtime in 2018 was \$150,000 which was \$50,000 below the budget of \$200,000. At the end of the third quarter of 2019, overtime expenditures are below budget and there are no indications the 2019 budgeted level of \$205,493 will be exceeded. The 2020 budget request, adjusted for inflation, is \$210,630.

New hires

4 new firefighter positions are budgeted to be hired in April of 2020, with a corresponding provision for 75% of their annual salary. The budget also includes annualization for the remaining 25% for the 4 new firefighters budgeted to be hired in April 2019. In addition to any new firefighter positions all current vacancies will be filled with replacement recruits.

Fleet Maintenance

The Fire fleet is costly to maintain and over the last several years actual expenses have increasingly been over budget. Actual expenditures once again exceeded the budget in 2018, by \$68,000. This was addressed in the 2019 budget with an increase of almost \$100,000 to better reflect actual experience. An inflationary increase was added in the 2020 budget to bring the annual budget request to \$493,170.

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 2.5% and include the costs for the new IT position hired in 2019. Support costs as a percentage of total expenses remain at 4.0%.

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 \$200,000 since 2018 to meet the requirements as set out in the capital budget.

On a go forward basis, the approved increase of \$200,000 in each of years 2021 and 2022 can be decreased to an increase of \$100,000 per year until 2024. The asset replacement fund is forecasted to have a positive balance by 2023 if this approach, combined with the transfer of the forecasted accumulated surplus to ARF, is made.

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 2020 budget request includes an annual facility rental charge of \$31,212. This rental cost is in addition to the operating costs for the facility.

Cost Allocation

The 2020 budget reflects a 0.28% change in the cost allocation – Newmarket's share being decreased to 58.62% (2019 - 58.90%) and Aurora's share increasing to 41.38% (2019 – 41.10%). This is a shift of \$80,000 in annual operating costs.

Future outlook

The next 2 years have been reviewed and revised from the last 10 year forecast:

	2020	2021	2022
Base budget	\$ 26,640,974	\$ 27,768,908	\$ 28,668,131
ARF contribution	1,499,600	1,599,600	1,699,600
Growth	353,083	200,000	200,000
	\$ 28,493,657	\$ 29,568,508	\$ 30,567,731
Allocation:			
Newmarket	\$ 16,702,982	\$ 17,333,060	\$ 17,918,804
Aurora	\$ 11,790,675	\$ 12,235,449	\$ 12,648,927
	\$ 28,493,657	\$ 29,568,508	\$ 30,567,731
Increase:			
Newmarket	\$ 677,991	\$630,077	\$585,745
Aurora	\$ 608,550	\$444,774	\$413,478
	\$ 1,286,541	\$ 1,074,851	\$ 999,223

The forecast includes an inflationary increase in the base budget of 2.5%, a contingency in 2021 of \$100,000 for a potential net decrease in revenue, a continuation of growth expenditures extended over a 10 year period, and a reduction in the ARF contribution increases from \$200,000 to \$100,000. This can be achieved if there is a transfer of accumulated surplus funds from the CYFS Reserve Funds.

Capital Budget

Replacement

Capital replacements are funded by the Asset Replacement Fund (ARF). This includes the following for 2020:

- Lifecycle replacement of Personal Protective Equipment - \$80,000
- Replacement of Pumper - \$750,000
- Replacement of mobile data terminals - \$40,000
- Replacement of equipment – \$100,000
- Personal protective equipment for replacement recruits - \$120,000
- Replacement of 4 light fire prevention vehicles - \$150,000

Growth

As part of the budget request for the 4 additional firefighters, personal protective equipment and uniforms for the new recruits (\$35,000) have been requested. Equipment for the new pumper for Station 4-5 (\$125,000) has also been requested.

Reserves

Financial Services Report 2015-46 recommended a target level for the CYFS reserve fund which was largely based on volatile expenditures. This was adopted by JCC. The target for the CYFS Reserves would be \$702,873 for 2020.

As at the end of 2018, the balance in the CYFS Reserves is \$1,534,354. With projected savings in 2019, predominantly from staff vacancies, anticipated to be in excess of \$1 million, the CYFS Reserves will be significantly over the target required.

It has been recommended in Financial Services Report 2019-19 that the funds in the CYFS Reserves in excess of the target be transferred to the Asset Replacement Funds to assist with their deficit position and allow for smaller increases to the Asset Replacement Fund contributions in future budgets.

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 4 firefighters on an annual basis and additional support staff – HR Consultant, Fire Inspector, Administrative Assistant, and IT resources. To date all positions, excluding the last 8 firefighters, have been filled.

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's share of the proposed operating budget is an increase of \$608,550, which is equivalent to a 1.25% tax increase.

Newmarket Council adopted a budget target for 2020 which included an additional \$830,000 (1.38% tax increase) for Fire Services. Newmarket's share of the proposed operating budget is an increase of \$677,991 (1.13% tax increase).

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

Capital Budget

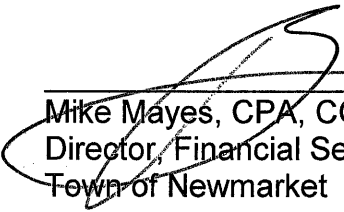
The capital budget will be within the funding envelope as outlined in the 2018 CYFS Asset Management Plan.

CONTACT

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

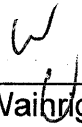


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Town of Newmarket

Reviewed by:



Rachel Wainwright-van Kessel, Director Financial Services
Treasurer
Town of Aurora

DS/lm

Attachments:

- 2020 CYFS Draft Operating Budget
- 2020 CYFS Capital Budget Summary

**CENTRAL YORK FIRE SERVICES
2020 OPERATING BUDGET**

Updated: 11/10/2019

OBJECT ACCOUNTS	2019	2020 Budget				Increase/(Decrease)	
	Budget	Base	G & E	Revisions	Total	\$	%
Expenses							
4011 Management Salaries	657,887	674,200			674,200	16,313	2.5%
4021 Regular Salaries & Wages	15,478,376	15,948,081	273,709		16,221,790	743,414	4.8%
4024 Standby/Callback	35,622	36,513	-		36,513	891	2.5%
4025 Overtime	205,493	210,630			210,630	5,137	2.5%
4026 Lieu Time Paid	723,032	741,108			741,108	18,076	2.5%
4027 - Seniority Pay	512,729	560,326			560,326	47,597	9.3%
4031 Casual/Seasonal Wage	28,125	28,688			28,688	563	2.0%
4109 Direct Payroll Benefits	5,163,733	5,269,549	79,374		5,348,923	185,190	3.6%
Sub Total Salaries and Benefits	22,804,997	23,469,094	353,083	-	23,822,177	1,017,180	4.5%
4216 Stationery & Office Supplies	15,300	15,606			15,606	306	2.0%
4217 Photocopier Lease & Supplies	7,650	7,803			7,803	153	2.0%
4219 Emergency Mgmt. Materials	4,080	4,162			4,162	82	2.0%
4229 Janitorial Supplies	20,400	20,808			20,808	408	2.0%
4231 - Machine Oil & Fuel	107,100	109,242			109,242	2,142	2.0%
4261 Uniforms, Clothing	141,780	144,616			144,616	2,836	2.0%
4269 Misc.	11,000	11,000			11,000	-	0.0%
4272 Vehicle Repairs & Maintenance	254,000	259,080			259,080	5,080	2.0%
4273 Building Repairs & Maintenance	122,400	124,848			124,848	2,448	2.0%
4278 Equipment Repairs & Maintenance	161,670	164,903			164,903	3,233	2.0%
4299 Capital Acquisitions	69,940	71,339			71,339	1,399	2.0%
4303 Cell Phone	30,633	31,246			31,246	613	2.0%
4311 Hydro	128,713	131,287			131,287	2,574	2.0%
4321 Heat	45,900	46,818			46,818	918	2.0%
4331 Water	15,300	15,606			15,606	306	2.0%
4404 Consulting Services	61,200	62,424			62,424	1,224	2.0%
4425 Education/Corporate Tuition Assist.	8,670	8,843			8,843	173	2.0%
4462 Fire Prevention	38,760	39,535			39,535	775	2.0%
4463 Fire Investigation	2,550	2,601			2,601	51	2.0%
4464 Association Allowance	3,000	3,000			3,000	-	0.0%
4465 Dispatch Service	454,500	463,590			463,590	9,090	2.0%
4466 Wellness Program	145,000	147,900			147,900	2,900	2.0%
4471 Mileage/Parking/Tolls	3,060	3,121			3,121	61	2.0%
4472 Memberships & Subscriptions	7,650	7,803			7,803	153	2.0%
4474 Medical Oversight	20,000	20,400			20,400	400	2.0%
4474 Training	102,000	104,040			104,040	2,040	2.0%
4478 Conferences & Seminar Fees	20,400	20,808			20,808	408	2.0%
4667 Property Lease	30,600	31,212			31,212	612	2.0%
4511 Street Snowploughing Contract	10,200	10,404			10,404	204	2.0%
4662 Contingency Account	45,900	46,818			46,818	918	2.0%
5105-5109 Work Order Charges	229,500	234,090			234,090	4,590	2.0%
5151- 5162 Support Cost Allocation	1,128,224	1,156,430			1,156,430	28,206	2.5%
4936 Asset Replacement Fund	1,299,600	1,499,600			1,499,600	200,000	15.4%
Total Expenses	27,551,677	28,490,077	353,083	-	28,843,160	1,291,483	4.7%
Revenues							
7431 Fire Dept. Recoveries	326,836	339,503			339,503	12,667	3.9%
7471 Misc. Charges	10,000	10,000			10,000	-	0.0%
Total Revenues	336,836	349,503	-		349,503	12,667	3.8%
Net Expenditure Before Transfers	27,214,841	28,140,574	353,083		28,493,657	1,278,816	4.7%
Transfers to/(from) Reserve Fund							
7542 From Reserve Fund	(7,725)	-			-	7,725	-100.0%
Net Expenditure	27,207,116	28,140,574	353,083		28,493,657	1,286,541	4.7%
Newmarket's share(2020-58.62%; 2019-58.90%)	16,024,991	16,496,004	206,977		16,702,982	677,991	4.2%
Aurora's share(2020-41.38%; 2019-41.10%)	11,182,125	11,644,569	146,106		11,790,675	608,550	5.4%
	27,207,116	28,140,574	353,083		28,493,657	1,286,541	4.7%

2020 CAPITAL BUDGET

FIRE SERVICES

Project Description	Decision Pkg No.
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EXPENDITURES		FINANCING				
Total Cost	Asset Replace. Fund	Develop. Charges	Reserves & Reserve Funds	Operating Fund	Other	Remarks

Central York Fire Services

Equipment for Station 4-5 Pumper	CYFS 10
Lifecycle Replacement of Personal Protective Equipment	CYFS 5
Replacement of Pumper 06-14 - E421	CYFS 9
Replacement of Mobile Data Terminals (MDTs)	CYFS 11
Personal Protective Equipment & Uniforms for New Recruits	CYFS 6
Replacement of Equipment	CYFS 7
Personal Protective Equipment & Uniforms for Replacement Recruits	CYFS 12
Replacement of 4 Light Prevention Vehicles	CYFS 4
Additional amount for Station 4-5	CYFS 13

125,000		125,000				
80,000	80,000					
750,000	750,000					
40,000	40,000					
35,000		35,000				
100,000	100,000					
120,000	120,000					
150,000	150,000					
1,650,000	1,650,000					

Total - Central York Fire Services

\$ 3,050,000	\$ 2,890,000	\$ 160,000			\$ -	
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