



# CENTRAL YORK FIRE SERVICES

## CYFS Draft 2021 Operating and Capital Budgets Joint CYFS & Corporate Services/Finance Services Report

Report Number: JCC-2020-06  
To: Joint Council Committee  
Author: Central York Fire Services  
Meeting Date: Tuesday, September 1, 2020

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### Recommendations

1. That Joint CYFS/Corporate Services – Financial Services Report dated September 1, 2020 regarding the Draft 2021 Operating and Capital Budgets be received; and,
2. That the Joint Council Committee (JCC) receive the draft budgets; and,
3. That the JCC establish a date to discuss the draft budgets prior to the next scheduled JCC meeting on November 3, 2020.

### Comments

#### Purpose:

The purpose of this report is to provide an overview of the Operating and Capital Budget requests for 2021. As JCC has not had sufficient time to review the information, and the next JCC meeting would be too late to fit into the municipal budget processes, a special meeting to review the 2021 draft budgets is being requested.

### Background

#### DRAFT BUDGETS

##### *Operating Budget*

The proposed 2021 operating budget includes the following targets endorsed by Newmarket Council which are lower than those included in the 10 year forecast:

**10 Year Forecast**

**Newmarket Council Target Reduction**

Base	\$616,000	\$525,000	\$ 91,000
Growth	\$513,000	\$258,000	\$255,000
ARF	<u>\$200,000</u>	<u>\$100,000</u>	<u>\$100,000</u>
Total	<u>\$1,329,000</u>	<u>\$883,000</u>	<u>\$446,000</u>

Wages and benefits

Based on the most recent contract, sufficient provision has been included for wages. There is still an unfunded liability in the amount of \$547,282, due to a plan enhancement to post-retirement benefits included in the 2019 settlement. This does not require immediate attention and plans are being made to address it in future budgets.

Overtime

Efforts to manage overtime have been successful, particularly due to the annual hiring of 4 additional firefighters to ramp up to the compliment required for the seventh crew for the new fire station. Overtime in 2019 was \$168,000 which was \$38,000 below the budget of \$206,000. At the end of the second quarter of 2020, overtime expenditures are at budgeted levels and the goal is to remain on or near the 2020 budgeted level of \$211,000. The 2021 budget request, adjusted for inflation, is \$217,143.

New hires

2 new firefighter positions are budgeted in 2021. In an effort to follow previous staffing plans using a phased approach, CYFS is requesting to implement a 10 year recruitment staffing plan for future consideration of 20 additional firefighters for the possibility of future development and construction of a sixth fire station. The budget includes CYFS undertaking a new Fire Master Plan in 2021, in which staffing will be addressed. The budget also includes annualization for the remaining 25% of the salaries and benefits for the 4 new firefighters budgeted in 2020.

Fleet Maintenance

The Fire fleet is costly to maintain and actual expenses have challenged the budgets most years. This was the case once again in 2019, with actual expense exceeding the budget by \$129,000. At the end of the second quarter, expenses are below budget due to lower call volumes attributed to the pandemic. An inflationary increase was added in the 2020 budget to bring the annual budget request to \$493,170. Also, there is more work being done at Operations due to another position being hired (less work going to outside vendors).

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 were increased by \$200,000 in 2018 and 2019 to meet the requirements as set out in the capital budget and the asset management plan. In the 2020 budget discussions, JCC modified the annual increase to \$100,000 on a go forward basis.

As part of the update to the last 10 year forecast, asset replacement fund requirements will be reviewed and include the additional funding required for Station 4-5.

### 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 2021 budget request includes an annual facility rental charge of \$31,500. This rental cost is in addition to the operating costs for the facility.

### Cost Allocation

The 2020 budget reflects a 0.04% change in the cost allocation – Newmarket’s share being decreased to 58.58% (2019 - 58.62%) and Aurora’s share increasing to 41.42% (2019 – 41.38%). This results in a shift of \$12,000 in annual operating costs.

### Future outlook

An update to the last 10 year forecast is being prepared and will take in to consideration the changes proposed in the 2021 draft budget.

## **Capital Budget**

### Replacement

Capital replacements are funded by the Asset Replacement Fund (ARF). This includes the following for 2021:

- Lifecycle replacement of Personal Protective Equipment - \$180,000
- Replacement of Pumper - \$750,000
- Replacement of equipment – \$100,000
- Replacement of Platoon Chief vehicle - \$100,000

In addition to the above new requests for 2021, the following capital requests have been carried forward to 2021:

- Replacement of Hazmat truck - \$950,000
- Replacement of auto extrication equipment - \$65,000

### Growth

As part of the budget request for the 2 additional firefighters, personal protective equipment and uniforms for the new recruits (\$20,000) have been requested. Additional funding for the construction of Station 4-5 in the amount of \$917,727 has also been requested, with the funding to come from ARF. (Financial Services and Fire Services

report 2019-28, CYFS Reserve Fund, established the sources of funding for the new station.)

The following capital requests have been carried forward to 2021:

- Equipment for the new pumper for Station 4-5 - \$125,000
- Master Fire Plan - \$125,000

## **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 \$709,791 for 2021.

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.

A new Fire Master Plan is budgeted to take place in 2021.

## **Financial Impact**

The proposed 2021 budgets are lower than the funding envelopes for the operating budget included in the current 10 year forecast which had been presented to JCC in June, 2018.

## **Conclusion**

The 2021 budget continues to address implementation of the 2014 Fire Department Master Plan.

## 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.

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## Impact On The Master Fire Plan

### *Operating Budget (Current and Future)*

Aurora's share of the proposed operating budget is an increase of \$376,953, which is equivalent to a 0.75% tax increase.

Newmarket Council adopted a budget target for 2021 which included an additional \$521,000 (0.83% tax increase) for Fire Services. Newmarket's share of the proposed operating budget is an increase of \$506,047 (0.81% tax increase).

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

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Attachments:

- 2021 CYFS Draft Operating Budget
- 2021 CYFS Capital Budget