



Mike Mayes, Director
Financial Services/Treasurer

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May 28, 2015

CORPORATE SERVICES REPORT - FINANCIAL SERVICES-2015-10

TO: Mayor Tony Van Bynen and Members of Council
Committee of the Whole

SUBJECT: Master Fire Plan Information

ORIGIN: Manager, Finance & Accounting

RECOMMENDATION

THAT Corporate Services Report - Financial Services – 2015-10 dated May 28, 2015 regarding Master Fire Plan Information be received for information purposes.

COMMENTS

Purpose

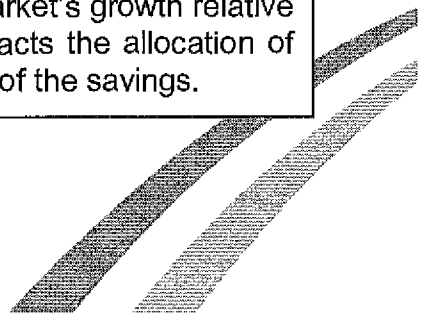
The purpose of this report is to address the questions from Newmarket Councillors that arose at the JCC meeting in Aurora on April 7, 2015. This information is directed to Newmarket Council, as Aurora has dealt with a longer term funding strategy.

Budget Impact

Under any of the 5 options presented for the implementation of the Fire Department Master Plan Update (FDMPU) in future years, the average total tax increase to the Town of Newmarket ranges from 1.4% to 1.5% per year. Assessment growth has been factored in to the calculations.

Summary

Growth will lower the per capita cost of Fire Services. However, Newmarket's growth relative to Aurora, as well as population and the number of fire incidents, impacts the allocation of costs. If Newmarket's allocation increases, this would offset some or all of the savings.



Background

At a meeting of the Joint Council Committee held in Aurora on April 7, 2015 a number of proposed options for implementation of recommendations from the July 2014 Fire Department Master Plan Update (FDMPU) were proposed and recommendations were made.

This report addresses the questions from Newmarket Councillors that arose at that meeting, namely the impact of assessment growth on the tax increase applicable to Fire Services and the total increase (base plus proposed FDMPU implementation), for Fire Services associated with the various hiring options for an additional suppression crew.

Base budget

The increase to the base budget from 2014 to 2015 is \$545,158 which represents a 0.6% tax increase in Newmarket. The tax increases to the base from 2016 to 2020 are approximately 0.7% each year, assuming that the Town's share of CYFS costs remains at its current level of 59.77%.

FDMPU implementation in 2015

In the approved 2015 budget, a further \$346,111 (for 2.4 FTE's and a \$25,000 training initiative) was included from the 2008 FDMPU, as well as an enhancement of \$130,500 for wellness. This represents a 0.56% tax increase in Newmarket. However, due to a change in the allocation formula between Newmarket and Aurora, Newmarket's allocation decreased from 60.05% in 2014 to 59.77% in 2015, resulting in a savings of \$65,000 in Newmarket and a total tax increase of 1.09% versus 1.21%.

Joint Council Committee options for FDMPU in Future Years

Several options were presented to JCC with respect to the timing of the hiring of an additional fire suppression crew, as well as the inclusion of support personnel recommended in the 2014 FDMPU. The most operationally effective option from a hiring perspective, as well as the option that provides a significant increase to the department's depth of service in the shortest time frame, is to hire the additional 20 firefighters over 2 years and complete all initial training by the time the 5th fire station is constructed. A phased implementation plan for the hiring of the 5th crew provides the benefit of spreading the financial impact over a longer period, although the operational benefits of the additional staffing are not realized until the hiring of all positions is completed. Options from a 2 year to a 5 year phase-in were considered and reviewed.

The total tax increase to the Town of Newmarket is summarized by year in Appendix A. For the five years, the average ranges from 1.4% to 1.5% per year.

Assessment growth is factored in to the tax increase by increasing the dollar amount that a 1% tax increase represents (1% = \$505,042 in 2015 and \$644,576 in 2020). However, for purposes of illustration, if 100 houses were added to Newmarket's assessment, the tax impact is estimated to decrease by approximately 0.10%, assuming the allocation factor between Newmarket and Aurora remains unchanged. Growth does spread the cost out. However, if Newmarket's growth exceeds that of Aurora's, our allocation would increase which would offset some or all of the savings.

Assumptions

The levy increase from 2016 to 2020 for CYFS was assumed to be 5%, which includes a 2% tax increase and a 3% increase for assessment growth. Salaries and wages were increased by 3% per year and our current benefit percentage of 29% was used. All increases and hirings have been annualized.

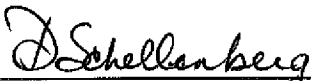
BUDGET IMPACT

Operating Budget (Current and Future)

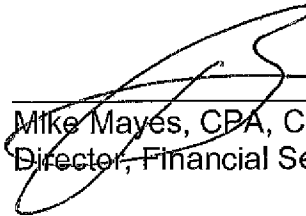
The total tax increase (base plus FDMPU implementation) to Newmarket is 1.09% in 2015. Targeting a total budget increase in the range of between 1.4% to 1.5% for the next five years could be an option and would be similar to Aurora's approach.

CONTACT

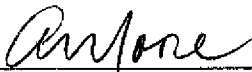
For more information on this report, contact: Mike Mayes at 905-953-5300, ext. 2102 or via e-mail at mmayes@newmarket.ca



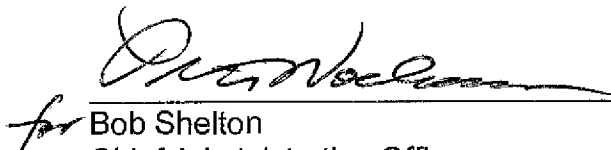
Dawn Schellenberg, CPA, CA
Manager, Finance & Accounting



Mike Mayes, CPA, CGA
Director, Financial Services/Treasurer



Anita Moore, AMCT
Commissioner, Corporate Services



for Bob Shelton
Chief Administrative Officer

DS/nh
Attachment

- Appendix A (1 pg.)

Appendix - A

CENTRAL YORK FIRE SERVICES DRAFT FIRE MASTER PLAN UPDATE OPTIONS TOTAL ANNUAL TAX INCREASE TO NEWMARKET

	2015	2016	2017	2018	2019	2020	AVERAGE
I. HIRE ADDITIONAL FIREFIGHTERS (FF'S) OVER 2 YEARS (assuming 8 and 12)		8 FF'S	12 FF'S				
TOTAL (INCLUDES THE BASE)	1.09%	2.23%	2.14%	1.07%	1.13%	0.94%	1.50%
II.a) HIRE ADDITIONAL FF'S OVER 3 YEARS (assuming 4, 8 and 8)		4 FF'S	8 FF'S	8 FF'S			
TOTAL (INCLUDES THE BASE)	1.09%	1.83%	1.68%	1.70%	1.13%	0.98%	1.47%
II.b) HIRE ADDITIONAL FF'S OVER 4 YEARS (assuming 8, 4, 4 and 5)		8 FF'S	4 FF'S	4 FF'S	4 FF'S		
TOTAL (INCLUDES THE BASE)	1.09%	2.23%	1.35%	1.32%	1.44%	0.93%	1.46%
II.c) HIRE ADDITIONAL FF'S OVER 4 YEARS (assuming 4, 4, 4 and 8)		4 FF'S	4 FF'S	4 FF'S	4 FF'S	8 FF'S	
TOTAL (INCLUDES THE BASE)	1.09%	1.83%	1.29%	1.25%	1.75%	0.98%	1.42%
II.d) HIRE ADDITIONAL FF'S OVER 5 YEARS (assuming 4 per year)		4 FF'S	4 FF'S	4 FF'S	4 FF'S	4 FF'S	
TOTAL (INCLUDES THE BASE)	1.09%	1.83%	1.29%	1.25%	1.38%	1.29%	1.41%