



CENTRAL YORK FIRE SERVICES

2015-12-15

Fire Services Report 2015-10

To: Joint Council Committee
Origin: Central York Fire Services – Deputy Chief
Subject: **55' Aerial / Quint Cost Increase**

RECOMMENDATIONS

THAT the Joint Council Committee (JCC) approve additional funds from reserve to purchase a replacement Aerial / Quint device due to a shortfall in the budget;

AND THAT JCC authorize the Director of Finance and the Manager of Procurement to fund from reserve the replacement apparatus by \$366,000.00 CDN (excluding any applicable taxes);

COMMENTS

To obtain Joint Council Committee (JCC) approval for a 2015 Capital Budget amendment due to the further devaluation of the Canadian dollar as compared to the American dollar.

BACKGROUND

As part of the 2015 budget process, a replacement fire apparatus was approved in the amount of \$900,000.00 CDN (at the time the Canadian dollar was \$91.79). Newmarket Procurement initiated a Request for Proposal (RFP) process. The bid closed on October 15, 2015 and two (2) proposals were received by Corporate Services – Procurement Services Department. Due to the strengthening American dollar in comparison to the Canadian dollar there is a serious impact on the cost of emergency apparatus as the majority of fire apparatus are built in the United States.

When the 2015 budget was developed the exchange rate at the time was \$1.0847 CDN and upon the closing of the proposal, the exchange rate had changed to \$1.2904 CDN according to the Bank of Canada Daily Noon Exchange Rate. This exchange rate variance has caused a significant shortfall resulting in the Canadian dollar being at the lowest exchange rate in eleven years.

During the period from June 2014 (when vendor provided a cost estimate) to October 15th 2015 the cost of the fire apparatus has increased by approximately 20%.

The preferred vendor as evaluated by Central York Fire Services (CYFS) and the Procurement Manager is Safetek Emergency Vehicles. They are the supplier of our current two aerial devices and as such having the new apparatus from Safetek will ensure compatibility/consistency within the fleet, assist with fleet maintenance, training and Health and Safety of Firefighters.

The replacement of this 1996 Freightliner Telesquirt (Fleet # 96-05) has been approved by JCC and is in compliance with the Fleet Replacement Schedule.

BUDGET IMPACT

The 2015 Capital Budget provides funding for the purchase of a fire apparatus, however, because fire vehicles are typically constructed in the United States and the actual market value could not be known until the tendering process was undertaken. The current budget allotment is insufficient to cover the proposed bid price.

Collectively, based on the quoted prices, there is a budget variance of \$366,000.00 CDN on the Canadian prices quoted. The bid submission include a clause allowing for the proponent to apply a currency fluctuation calculation to adjust the price if the value of the Canadian dollar changes significantly compared to the U.S. dollar. The bid submission also include an option to pay in U.S. funds and both have provided payment incentives over the approximate one year build-out period.

The prices quoted in this report represent the unadjusted bid price in Canadian dollars. Upon final award, depending on the exchange rate of the day and the incentives that can be applied, it may be advantageous for the Town to purchase U.S. Funds and pay for future apparatus in U.S. dollars.

The 2015 Capital Budget allotment for the 55' Aerial / Quint apparatus is \$900,000.00 and the recommended proponents bid is **\$1,236,000.00 (excluding any applicable taxes)**.

CONSULTATION

Director of Finance and the Manager of Procurement, Town of Newmarket

IMPACT ON THE MASTER FIRE PLAN

The replacement of this apparatus is consistent with the Fire Department Master Plan Update (FDMPU 2014).

CONTACT

Deputy Chief Rocco Volpe

A handwritten signature in black ink, appearing to read "R. Volpe", written over a horizontal line.

Rocco Volpe, Deputy Chief
Central York Fire Service