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Item No. 12.4.1
Audit & Finance Standing Committee
June 20, 2018

TO: Chair and Members of Audit & Finance Standing Committee

SUBMITTED BY: Original Signed

Ken Stuebing, Fire Chief - Fire & Emergency

Original Signed

Jacques Dubé, Chief Administrative Officer

DATE: May 7, 2018

SUBJECT: **Budget Increase to Fire Apparatus Fleet Expansion (CE010004)**

ORIGIN

The Approved 2017/2018 Capital Budget - Fire Apparatus Fleet Expansion (CE010004).

On June 20, 2017, Regional Council awarded Tender 17-101 for the purchase of two (2) new stock rescue pumpers to Dependable Emergency Vehicles, the lowest bidder meeting specifications, for \$1,388,882 (net HST included) with funding from Project Account No. CE010004 - Fire Apparatus Fleet Expansion.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Council approved, Dec 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

Halifax Charter, section 93(1) - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year; Halifax Charter, section 79(1) - Specifies areas that the Council may expend money required by the Municipality; Halifax Charter, section 35(2)(d)(i) - The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy; Halifax Charter, section 120(6) - The Municipality may maintain other reserve funds for such purposes as the Council may determine; and the Halifax Regional Municipality Reserve Administrative Order - No reserve funds will be expended without the CAO's recommendation and Council approval.

RECOMMENDATION

It is recommended that the Audit & Finance Standing Committee recommend that Regional Council:

1. Approve an increase to Project Account CE010004 – Fire Apparatus Fleet Expansion in the amount of \$367,400; and,
2. Approve an unbudgeted withdrawal in the amount of \$367,400 from the Obligation Reserve, Fleet Vehicles & Equipment reserve Q531, as outlined in the Financial Implications section of this report.

BACKGROUND

On January 26, 2016, Regional Council approved the following motion to “Supplement existing career staffing at Station 4 (Lady Hammond Road) and Station 13 (King Street) with a complement of volunteer firefighters so they become permanent composite stations”. The role of the volunteer firefighters is to back-up career firefighters when they are out on a call. Therefore, the volunteers would require their own fire apparatus at these two stations. As part of the Approved 2017-18 Capital Budget, Regional Council approved \$1.4 million for two new stock rescue pumpers fully equipped (project #: CE010004).

On June 20, 2017, Regional Council awarded Tender 17-101 for the purchase of two new unequipped stock rescue pumpers to Dependable Emergency Vehicles, the lowest bidder meeting specifications, for \$1,388,882 (net HST included).

DISCUSSION

The estimated budget for each stock pumper unequipped was \$585,000. However, the lowest bid meeting specifications was \$694,500 which is \$109,500 or 19% overbudget. The unexpected higher cost was attributable to a higher than expected cost when compared to historical costs, and to currency exchange rates (US\$).

Because the cost of the pumpers was higher than anticipated, there was only \$23,043 remaining in the project account to equip them. The cost to equip one pumper truck is \$195,200. Attachment 1 to this report includes a detailed list of the equipment required for one pumper truck. Therefore, an additional \$367,400 is required to equip both trucks. The trucks cannot be made operational without being equipped.

To fund the purchase of the equipment without impacting funding for planned apparatus replacements, staff is requesting a withdrawal of funds from the Fleet Vehicles & Equipment reserve Q531 to increase project CE010004. Finance has confirmed that the funding requested is available in this reserve. A copy of the business case for this reserve is included as Attachment 2 to this report.

FINANCIAL IMPLICATIONS

Budget Summary: Project No. CE010004 – Fire Apparatus Fleet Expansion

Cumulative Unspent Budget	\$ 23,043
Plus: Funding from Q531	<u>\$ 367,400</u>
Balance	\$ 390,443

Budget Summary: Obligation Reserve - Fleet Vehicles & Equipment, Q531

Projected Balance in reserve at March 31, 2018	\$ 2,375,318
Projected revenue to March 31, 2019	\$ 228,300
Commitments to March 31, 2019	\$(1,229,243)
Withdrawal per recommendation	<u>\$ (367,400)</u>
Projected balance, March 31, 2019	\$ 1,006,975

Obligation Reserve, Q531 Fleet Vehicles & Equipment Reserve is to provide funding for replacement of fleet vehicles and equipment with a useful life of less than 10 years. Reserve is funded through the sale of surplus vehicles and equipment, funds as approved by Council and interest to the reserve. This report would result in an unbudgeted withdrawal and, based on draft five year usage of this reserve, the recommendation would not have a negative affect to those draft plans.

RISK CONSIDERATION

Currently, the volunteers must use an uncommitted spare when one is available. If a spare is not available, volunteers cannot supplement career staff. As a result, there will be reduced back-up for career firefighters when they are out on a call. This could put public safety at risk by delaying response time should emergency calls occur while resources are already deployed.

COMMUNITY ENGAGEMENT

Community engagement was not undertaken as part of this report.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

If the recommendation in this report is not approved, it will be necessary to defer the purchase of a replacement apparatus to free up the funding required. This is not recommended as the apparatus scheduled for replacement over the next few years are past their useful life. As a result, the possibility of breakdown is high which could endanger public safety by affecting HRFE's ability to respond to an emergency.

ATTACHMENTS

Attachment 1: Detailed List of Equipment Required for Fire Pumper Truck
Attachment 2: Reserve Business Case: Fleet Vehicles & Equipment, Q531

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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Attachment 1 (Page 1 of 2)
Detailed List of Equipment Required for Fire Pumper Truck

Equipment Description	# Units	Cost/Unit	Total Cost	Equipment Description	# Units	Cost/Unit	Total Cost
1 ½ " Forestry Hose rolls (seasonal)	6	\$128	\$768	Gated Wye	2	\$304	\$608
1 ½ Double Male/Female	1	\$12	\$12	Generator	1	\$1,375	\$1,375
1 ½ Quarter Turn Forestry	2	\$25	\$50	Grub Axe	1	\$48	\$48
1 ½ Smooth Bore Nozzles	1	\$680	\$680	Hand Saws in Case	2	\$23	\$46
10' Attic Ladder	1	\$550	\$550	Hand Tank	1	\$142	\$142
10' Pike Pole	1	\$140	\$140	Hard Hats	4	\$22	\$88
100' ¾ Forestry Line/Reducer/Nozzle	1	\$128	\$128	Hard Suction Spanners	2	\$28	\$56
100' 1 ¾ Garbage Line / Nozzle	1	\$1,339	\$1,339	Harnesses in Bag	3	\$355	\$1,065
100' Cable in Bucket	2	\$333	\$666	Head Set (behind driver's seat)	1	\$1,200	\$1,200
100' Measuring Tape	1	\$24	\$24	Heat Gun	1	\$100	\$100
12' Pike Pole	1	\$160	\$160	Heliport High-Rise Kit	1	\$1,400	\$1,400
14' Roof Ladder	1	\$663	\$663	High Expansion foam nozzle	1	\$250	\$250
2 ½ - 1 ½ Reducers	2	\$26	\$52	High Rise Belt	1	\$280	\$280
2 ½ - 4" Siamese	1	\$750	\$750	High Rise Kit	1	\$1,400	\$1,400
2 ½ Double Male / Female	2	\$23	\$46	High Rise Pack w/ Fog Nozzle	1	\$2,079	\$2,079
2 ½ Fog Nozzle	1	\$901	\$901	High Rise pack w/ Smooth Bc	1	\$1,400	\$1,400
2 ½ Hose Clamp	1	\$220	\$220	Highway Halligan Bar	1	\$237	\$237
2 ½ Plug	1	\$40	\$40	Holmatro Cutter	1	\$13,277	\$13,277
2 ½ Siamese	1	\$500	\$500	Holmatro Foot pump	1	\$966	\$966
2 ½ Stortz Adapters	2	\$80	\$160	Holmatro Hoses	2	\$1,496	\$2,992
2 ½ with Gated Wye	500'	\$4,574	\$4,574	Holmatro Oil	1	\$9	\$9
2 ½ with Smooth Bore Nozzle	500'	\$4,574	\$4,574	Hose Beackets	9	\$60	\$540
200' 1 ¾ Pre-Connect	3	\$1,320	\$3,960	Hug a Dog	1	\$12	\$12
25' 5" Filler Hose	1	\$287	\$287	Hydrant Gate	1	\$285	\$285
3' Pike pole	1	\$80	\$80	Ice Grips (seasonal)	4	\$6	\$22
3' Plaster rake	1	\$90	\$90	Junction Box	1	\$30	\$30
30' Extension Ladder	1	\$1,591	\$1,591	K12 Saw	1	\$1,625	\$1,625
30" Halligan Bar	1	\$317	\$317	Kelly Tool	1	\$225	\$225
4' Pike pole	1	\$100	\$100	Large bolt cutter	1	\$52	\$52
4' Plaster rake	1	\$100	\$100	Life Safety Rope	1	\$351	\$351
4' Pry Bar	2	\$50	\$100	Little ED Hand Lights	2	\$149	\$298
4" P3 Hydrant Adapter	1	\$187	\$187	Med Ram	1	\$6,510	\$6,510
4" West Side Hydrant Adapter	1	\$187	\$187	Medical Bag/Collar Bag	1	\$580	\$580
4"-5" Adapters	2	\$170	\$340	Medical Gloves (M/L/XL)	3	\$16	\$47
4"-5" Spanner	1	\$56	\$56	Mobile Radio	1	\$5,600	\$5,600
5 Gallon containers of Foam	2	\$297	\$594	Mixed Gas	1	\$10	\$10
5" East Side Hydrant Adapter	1	\$197	\$197	Monitor gun base	1	\$250	\$250
5" hose & west side adapter	600'	\$4,908	\$4,908	Monitor Gun with 4 Stacking	1	\$4,389	\$4,389
5" West Side Hydrant Adapter	1	\$197	\$197	Mop	1	\$10	\$10
50' 1 ¾ Lines	2	\$330	\$660	Multi Axe	1	\$350	\$350
50' Cable in Bucket	1	\$167	\$167	MX 6 bump kit (Plastic Box)	1	\$519	\$519
6' Pike Pole	1	\$100	\$100	MX 6 Meter	1	\$4,016	\$4,016

Attachment 1 (Page 2 of 2)
Detailed List of Equipment Required for Fire Pumper Truck

Equipment Description	# Units	Cost/Unit	Total Cost	Equipment Description	# Units	Cost/Unit	Total Cost
8' Pike Pole	1	\$120	\$120	MX 6 Tubing kit	1	\$169	\$169
Absorbent Pads	1	\$45	\$45	Oil Drip Pan	1	\$17	\$17
AED	1	\$1,750	\$1,750	Opticom	1	\$1,500	\$1,500
Assorted Cribbing	1	\$250	\$250	Piercing Tip Nozzle w/ Shutof	1	\$998	\$998
AVL GPS Device	1	\$150	\$150	Pike pole	1	\$120	\$120
BA c/w elevator keys	1	\$3,301	\$3,301	Plug n Patch	1	\$45	\$45
BA Packs	3	\$3,301	\$9,903	Portable Radios	4	\$2,000	\$8,000
Back Board	1	\$300	\$300	Power Unit	1	\$13,610	\$13,610
Back tanks (seasonal)	2	\$198	\$396	Pry Axe	1	\$350	\$350
Bag of Salt (Seasonal)	1	\$7	\$7	Push broom	1	\$6	\$6
Bar Oil	1	\$9	\$9	Pylons	8	\$32	\$256
Binoculars	1	\$135	\$135	Radio Antenna	1	\$100	\$100
Blowhard Fan	1	\$5,560	\$5,560	Ratchet straps	2	\$40	\$80
Bucket of Speedy Dry	1	\$11	\$11	Recip Saw	1	\$125	\$125
Burn Kit	1	\$125	\$125	Rubber Mallet (Mounted)	1	\$75	\$75
Cable on Reel	1	\$333	\$333	Safety Vest	5	\$48	\$240
Chain Saw	1	\$2,500	\$2,500	SCBA Bottles	2	\$570	\$1,140
Chimney Kit	1	\$275	\$275	Shingle Hammer	1	\$34	\$34
Circle D's	2	\$550	\$1,100	Sledge Hammer	1	\$35	\$35
Class D	1	\$203	\$203	Small bolt cutter	1	\$30	\$30
CO2	1	\$344	\$344	Socket Set	1	\$48	\$48
Combi Tool	1	\$14,400	\$14,400	Spade Shovel	2	\$40	\$80
Combination Spanners	5	\$28	\$140	Spanners & Hydrant Wrench	4	\$113	\$452
Combination Spanners	4	\$56	\$224	Spare O2 Bottles	2	\$100	\$200
Corn broom	2	\$11	\$22	Spare Radio Batteries	4	\$80	\$320
Crow Bars	2	\$24	\$48	Spare SCBA Cylinders	2	\$570	\$1,140
Decon Kit	1	\$100	\$100	Splitting Maul	1	\$48	\$48
Digital Camera	1	\$500	\$500	Square Shovel	1	\$40	\$40
Digital Vehicle Radio Repeater	1	\$13,000	\$13,000	Squeegee's	2	\$24	\$48
Drop Light	1	\$14	\$14	Straight Gas	1	\$10	\$10
Dry Chem. Extinguisher	1	\$131	\$131	Straight Tips	2	\$50	\$100
Ear defenders	2	\$28	\$56	Suction Hose	1	\$434	\$434
Extension cord	1	\$47	\$47	Suction Hose with Strainer	1	\$434	\$434
Fire Axe	2	\$70	\$140	Tarps (2 Canvas, 2 Vinyl)	4	\$49	\$196
Fire Extinguisher	1	\$48	\$48	TIC in Charger/Spare Battery	1	\$12,236	\$12,236
Fire Line Tape	1	\$17	\$17	Tool Box	1	\$90	\$90
First Aid Kit	1	\$48	\$48	Trail marker tape	2	\$17	\$34
Flat Head Axe	1	\$235	\$235	Vulcan Hand Lights	2	\$250	\$500
Foam Eductor	1	\$827	\$827	Wedges	7	\$1	\$7
Fog for Monitor	1	\$300	\$300	Wheel Chocks	2	\$45	\$90
Forestry bag (seasonal)	1	\$500	\$500	Wind Shield/Seat Belt Cutter	1	\$110	\$110
Gas Shut Off Crescent Wrench	1	\$48	\$48	Total Cost (including unrefundable HST):			\$195,184

Reserve Business Case

Fleet Vehicles & Equipment, Q531

Type of Reserve: Obligation. A saving fund for future obligation recognizes that:

- a) an obligation may be associated with recapitalization of a specific asset where the estimated lifecycle cost of an asset can be reasonably estimated;
- b) an obligation with a strategic plan where the asset or project may not yet be specified, such as the purchase of land;
- c) that a future expenditure may be managed through the long-term operating or capital budget, depending on the magnitude or situation of the obligation.

Purpose

Due to HRM's debt policy stating that debt will not be used for assets with a life expectancy under 10 years, this reserve is to provide funding for replacement of fleet vehicles and equipment with a useful life of less than 10 years.

This Reserve combines and replaces three reserves: Q204 General Fleet Reserve, Q205 Police Vehicle & Equipment Reserve and Q206 Fire Vehicle & Equipment Reserve.

Source of Funds

Funding arises from:

- a) proceeds received through the sale of all surplus vehicles and equipment;
- b) amounts transferred to the fund as approved by Council; and
- c) interest accumulates in accordance with the Corporate Guidelines on Reserves.

Application of Funds

The Reserve is intended to provide funding for the purchase of vehicles and equipment with a useful life of less than 10 years.

Time Line and Balances

Reserve is to be ongoing. Per Administrative Order 2014-015, The Director of Finance shall:

- a) review the reserve annually to ensure that funds are contributed and withdrawn according to the approved Reserve Business Case;
- b) review each Reserve at set intervals to ensure continuing relevance and adequacy with the strategic direction of the Municipality;

- i. Set interval for this reserve will be every 3 years;
- c) provide to Council an annual report on Reserve activity and balance; and,
- d) recommend to Council the closure of any Reserve whose purpose is outdated or to combine any Reserves with similar purposes.

In accordance with the Administrative Order 2014-015, a minimum and maximum balance should be set to meet the purpose of the Reserve. Per the Administrative Order 2014-015 Guidelines, the Business Unit shall submit a five year detailed cash flow projection which includes contributions and withdrawals.

This will be developed in consultation with Business Units and will be updated by September 30, 2017.

Approval Process

As outlined in the Administrative order 2014-015 and Administrative Guidelines, withdrawals from the reserve will be approved by Council, either through the annual budget process to ensure it continues to meet the operational requirements, or by motion of Council subsequent to approved budget. Finance (Accounting) is responsible for ensuring availability of funds and appropriateness of withdrawals in accordance with the Reserve Business Case prior to report submission to Audit & Finance Standing Committee and Council requesting their approval.

Attachments

As per outlined in the time lines and reserve balances section above, the 5 year cash flow will be prepared and attached to reserve business case. This will include assumptions used in projecting dollar amounts with activity for an appropriate length of time keeping with the nature of the reserve.

Original Council Approval Date	September 20, 2016
Effective Date of Last Revision	September 20, 2016
Business Unit Director Contact	Director, Operations Support