

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 24, 2015

Item 13, Report No. 7, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on March 24, 2015.

13 CAPITAL BUDGET AMENDMENT – FR-3556-13- NEW ENGINE FOR STATION 7-5 PUMPER

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Fire Chief, dated March 9, 2015:

Recommendation

The Fire Chief in consultation with the Interim City Manager and the Director of Financial Planning and Analytics, recommends:

1. That the budget for capital project FR-3556-13 be increased by \$29,122.
2. That the increase be funded from City Wide DC Fire Development Charges.
3. That the inclusion of this matter on a Public Committee or Council agenda with respect to increasing the capital budget as identified as Budget Amendment – New Engine for Station 7-5 Pumper is deemed sufficient notice pursuant to Section 2(1)(c) of By-Law 394-2002.

Contribution to Sustainability

The apparatus will be compliant to the new EPA Engine Emission and NFPA 1901 – 2009 Standard with the latest safety features included. The vehicle will be equipped with an engine driven auxiliary power unit capable of delivering all electrical and HVAC capabilities. The secondary power unit will reduce engine idle time by approximately 50% which significantly decreases vehicle emissions and fuel consumption. As well cost saving associated with extending service intervals and reducing parts and labour costs for PM service.

Economic Impact

Capital project FR-3556-13 - New Engine for Station 7-5 Pumper was approved in 2013 with a total budget of \$667,300. Additional funding from City Wide DC Fire Development Charges in the amount of \$29,122 is required to cover an increase in the price of the engine due to an unfavourable change in the U.S. to Cdn. exchange rate.

Table 1 – Budget Amendment

Approved Capital Budget (FR-3556-13)	\$ 667,300
Less: Total Tender Costs incurred SSA-13-428	\$ 674,422
Final engine outfitting costs	<u>\$ 22,000</u>
Total Amended Capital Budget	<u>\$ 696,422</u>
Capital Budget Increase Required	\$ 29,122

The City Wide Fire Development Charge Reserve is currently in a deficit position. This is an approved exception as authorized by Council. The negative balance is a result of emplacing infrastructure and purchasing necessary equipment slightly in advance of the growth that will eventually fund such assets. This is necessary to provide a Council approved level of service for all areas in Vaughan regardless of its stage of development. The negative balance is planned to

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continue as a result of this difference in timing between revenues and expenses. It is expected to return to a positive position within the next five to fifteen years as growth related revenues increase relative to capital expenditures on fire protection services.

Communications Plan

Not applicable.

Purpose

To obtain approval to increase the budget for capital project FR-3556-13 by \$29,122 to cover additional costs incurred as a result of an unfavourable U.S. to Cdn. foreign exchange rate change in 2014.

Background- Analysis and Options

Capital project FR-3556-13 was approved in 2013 for the purchase of one triple combination engine for Station 7-5 in accordance with the recommendations in the Master Fire Plan to meet increasing emergency service demands in the Weston/7 area. A total project budget of \$667,300 was approved to cover the cost of the engine and all the final outfittings needed to place the engine into service. A tender for the engine was awarded in 2013 in the amount of \$620,574. The remaining \$46,546 in the approved capital project budget was to be used to cover the costs of the final outfitting of the engine.

The tender award converted the cost of the engine from U.S. to Canadian dollars using a \$1.05 foreign exchange rate. This rate was the average 2013 exchange rate per the Bank of Canada. At the time the tender was awarded, the foreign exchange rate was projected to remain at approximately this level in 2014.

However in early 2014, the exchange rate began a pronounced decline and when the vendor invoices were processed later in the year, additional foreign exchange costs were incurred. As a result, the actual tender costs were higher than estimated, leaving no funds remaining in the original capital project budget to cover the final outfitting costs.

The remaining cost to place the engine into service is approximately \$22,000. This cost is lower than the funding that remained in the original budget for this expenditure. As the original budget was set prior to knowing the exact amount of the tender award, the amount of funds remaining in the original budget was impacted by the actual award amount.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the Vaughan Vision 2020 Strategic Plan, through the following initiatives, specifically:

Service Excellence:

- Enhance and Ensure Community Safety, Health & Wellness
- Lead & Promote Environmental Sustainability
- Pursue Excellence in Service Delivery

Management Excellence:

- Enhance Productivity, Cost Effectiveness & Innovation

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

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Regional Implications

None

Conclusion

An increase of \$29,122 to capital project FR-3556-13 is required cover additional costs resulting from an unfavourable US to CAD foreign exchange rate change. The additional funds will be used to complete the final outfittings necessary to place the new engine into service.

Attachments

N/A

Report Prepared By

Rita Selvaggi, CPA, CA
Manager, Financial Planning and Analysis, Ext. 8438

CAPITAL BUDGET AMENDMENT – FR-3556-13- NEW ENGINE FOR STATION 7-5 PUMPER**Recommendation**

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Communications Plan

Not applicable.

Purpose

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However in early 2014, the exchange rate began a pronounced decline and when the vendor invoices were processed later in the year, additional foreign exchange costs were incurred. As a result, the actual tender costs were higher than estimated, leaving no funds remaining in the original capital project budget to cover the final outfitting costs.

The remaining cost to place the engine into service is approximately \$22,000. This cost is lower than the funding that remained in the original budget for this expenditure. As the original budget was set prior to knowing the exact amount of the tender award, the amount of funds remaining in the original budget was impacted by the actual award amount.

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Attachments

N/A

Report Prepared By

Rita Selvaggi, CPA, CA
Manager, Financial Planning and Analysis, Ext. 8438

Respectfully submitted,

Fire Chief Larry Bentley
Vaughan Fire and Rescue