

## COMMITTEE OF THE WHOLE FEBRUARY 16, 2004

### CENTRAL FIRE COMMUNICATIONS

#### Recommendation

The Fire Chief and City Manager, in consultation with the Commissioner of Finance & Corporate Services and the Director of Budgeting and Financial Planning, recommend:

1. that the following report, be received; and
2. that the business case for a 7-member fire communications centre merits continued support in principle; and
3. that the proposed cost sharing formula for the consolidation of fire communication services as to be provided by the Region of York on behalf of the Municipalities of the City of Vaughan, the Town of Newmarket, the Town of Aurora, the Town of Whitchurch-Stouffville, the Township of King, the Town of East Gwillimbury and the Town of Georgina, be approved in principle; and
4. that the use of a 'Special Area Levy' by the Region to fund centralized fire dispatch be supported in principle by the City of Vaughan; and
5. that staff, as previously authorized, continue participation in the development of the service agreement/governance model and labour relations aspects, etc. and report back to Council accordingly.

#### Purpose

This item intends to update Council on the progress towards Centralized Fire Communications especially regarding the cost sharing formula and business case/ financial aspects; and to further indicate to our partner Municipalities and the Region of York, Vaughan's continued interest and commitment to the centralization of fire communication services.

#### Background - Analysis and Options

During the year-2003, there were several significant 'steps' made towards the realization of this project:

##### Step One:

Pursuant to on-going deliberations and previous resolutions in regard to this matter, Council of the City of Vaughan, at its meeting of May 12, 2003, adopted the following (emphasis added):

*That the Region be advised that the City of Vaughan:*

- a. *Desires to continue its participation in the review process to consolidate the fire dispatch services;*
- b. *Accepts in principle the Region's offer to provide a Regional operated centralized fire dispatch service, on the basis of a service contract, **subject to an appropriate service agreement, cost sharing formula** and governance model;*
- c. ***Seeks a more detailed analysis and review of the business case to ensure that the financial aspects of the proposed centralized fire dispatch are acceptable;***
- d. *Acknowledges the Region's commitment to fairly address the job security concerns of the affected employees, but also desires a comprehensive plan for resolution of the labour issues;*

- e. *Has authorized the City Manager, Fire Chief and delegated staff, to participate in all aspects of the project, including the development of the governance model, service agreement, cost sharing formula and implementation plan;*

#### **Step Two:**

Notwithstanding the recommendation of the Regional Chief Administrative Officer to the Fire Service Committee on June 5, 2003 that: *"Regional Council not proceed to implement a centralized fire dispatch service."* (as only seven municipalities expressed support of consolidation and the Town of Richmond Hill would not support a centralized fire communications service and the Town of Markham would only support a two-centre model), the Fire Service Committee amended the recommendation to Regional Council to proceed with a 7-member model (excluding Richmond Hill and Markham).

Thus, the Council of The Regional Municipality of York on June 12, 2003 approved Report No. 2 of the Fire Services Committee:

*"that Regional Council direct staff to proceed to explore a Centralized Fire Dispatch subject to further discussion with the local municipalities (excluding Markham and Richmond Hill) and, subject to a further cost benefit analysis of the 7-1-1 participation scenario, to report their findings back to the Committee in September"*

#### **Step Three:**

The Council of The Regional Municipality of York on September 18, 2003 approved Report No. 5 of the Regional Chief Administrative Officer (emphasis added):

*"Whereas the business case analysis for a 7 Member Fire Dispatch Centre indicates a potential cost savings, and whereas there are a number of intangible benefits available to member municipalities. It is recommended that:*

1. *The Region of York proceed with the formation of a 7 Member Fire Dispatch Service to be co-located with 9-1-1 and York Region Police Dispatch subject to*
  - a. ***receiving approvals from the local Councils** of Aurora, East Gwillimbury, Georgina, King, Newmarket, **Vaughan**, and Whitchurch-Stouffville **to enter into a satisfactory agreement with the Region of York covering the terms of a single Cost Sharing Formula and a Special Area Levy;** and*
  - b. *a satisfactory resolution of all labour issues*
2. *An implementation plan is prepared in the first quarter of 2004 for start up of a 7 Member Fire Dispatch Centre by late 2005."*

#### **Step Four:**

The Municipal and Regional treasurers and finance support staff met with the project consultant in the Fall-2003 to:

- review the business case for a 7-member fire communications centre;
- consider funding-source alternatives; and
- to develop a cost-sharing formula.

In those regards, the treasurers' group reached the unanimous conclusion that:

- There are still financial merits to the 7-member business case, albeit not as great as an 8- or 9-member fire communications centre;
- That a 'Local Area Levy' by the Region be used to fund centralized fire dispatch ; and
- The cost-sharing formula should be based on the respective apportionment of the rolling-averages of: (described further later in this report)
  - the number of dispatched incidents in the municipality served
  - the population of the municipality served
  - the assessment value of the municipality served

The Commissioner of Finance and Corporate Services will continue to participate in the treasurers' group on-going deliberations regarding the appropriate clauses in the service agreement relating to the financial cost-sharing formula and the Special Area Levy source of funding.

### **York Region Base Case Financial Analysis**

The attachments to this report provide the financial details behind York Region's business case and forecasted savings generated by centralizing fire dispatch. The attachments are as follows:

Attachment 1: Summary of York Region's forecast of Vaughan's base costs versus the 7 member model.

This attachment compares the base costs projected by York Region if Vaughan were to continue on its own with fire dispatch compared to Vaughan's cost based on the proposed cost sharing formula of the 7 member centralized fire dispatch. The result is a savings for Vaughan from centralized fire dispatch in the first year of \$137,000 and a cumulative savings of \$2.9m over the 23 years forecasted by York Region. All of these savings are in 2003 dollars and based on Vaughan's current cost sharing allocation of 52.49%. (Details of the cost sharing formula are outlined later in this report).

Attachment 2: Details of York Region's 7 member model financial forecast

This attachment details the costs of a 7 member centralized fire dispatch model as forecasted by York Region.

Attachment 3: Details of York Region's forecast of Vaughan base costs to continue with local fire dispatch.

This attachment details the costs forecasted by York Region if Vaughan were to continue with local fire dispatch.

The Fire Chief, with assistance from Finance staff, has reviewed the business case forecast and agree that York Region's forecast of Vaughan costs relating to continuing with local fire dispatch appear reasonable, and accordingly, the projected savings are also reasonable.

### **Cost Sharing Formula**

The cost sharing formula for the seven participating municipalities is a 3 year rolling "blended average" beginning in year 4 based on an equal weighting of the following:

- Total Taxable Assessment - from assessment roll data as of December 31<sup>st</sup> each year.
- Population - as calculated by York Region Planning for June 30<sup>th</sup> of each year.
- Call Volumes - as tracked by Fire Dispatch Facility as of December 30<sup>th</sup> each year.

Vaughan's share of the blended average cost sharing formula based on 2002 data presented in the base case by York region represents 52.49% of the total cost of central fire dispatch.

This blended formula ensures a more reasonable cost allocation to each member municipality relating to centralized fire communications. Each individual measure on its own may not provide an equitable cost allocation to all of the member municipalities. Total taxable assessment is the current measure used by the Region to allocate costs. To allocate costs based on a blend of total taxable assessment, population and call volumes smooths the impact if any one of these measures fluctuates significantly between municipalities on a year-to-year basis. The benefit of the 3 year rolling average is that it will mitigate fluctuations in activity volumes resulting from uncommon increases in any of the 3 variables in a given year.

Although this cost will be included as a Special Area Levy on Vaughan property tax bills, it is important that Council and staff feel that the cost sharing formula is logical and reasonable. In order to ensure a reasonable cost allocation, staff has attended numerous discussions with the member municipalities and the Region over the last few months negotiating a cost sharing formula that is as reasonable as possible to the taxpayers of Vaughan. The result is the cost sharing formula noted above.

Due to Vaughan's projected growth exceeding the growth of the other 7 members, it is apparent that Vaughan's share of the cost allocation will increase over time relative to the other 7 member municipalities. However, the question of how the Region's base costs of administration, etc., will be controlled in the future, is still outstanding. Staff will continue to participate in discussions with the Region and the member municipalities to address these and other concerns.

The Fire Chief, with assistance from Finance staff, has reviewed the proposed cost sharing formula and agrees it is reasonable for the taxpayers of Vaughan.

### **Relationship to Vaughan Vision 2007**

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

### **Conclusion**

The support in principle of the 7-member business case, funding source and cost-sharing formula is the prelude to the:

- development of the service agreement, including clarification of the governance model;
- clarification through the Minister of Community Safety & Correctional Services, of the Region's ability to operate a fire communications centre within the labour relations aspects of the *Fire Protection and Prevention Act*, and
- other labour relations aspects vis-à-vis employee and Vaughan Professional Fire Fighters Association consultations, collective agreement amendments and negotiations, etc.

### **Attachments**

1. Summary of York Region's forecast of Vaughan's base costs versus the 7 member model.
2. Details of York Region's 7 member model financial forecast.
3. Details of York Region's forecast of Vaughan base costs to continue with local fire dispatch.

### **Report prepared by:**

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Respectfully submitted,

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Fire Chief

Michael De Angelis  
City Manager

**Summary of York Region's Forecast of Vaughan's Base Costs To Continue With Local Fire Dispatch Versus The 7 Member Model  
For the 23 year period (2004-2026)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total	
Vaughan & King Estimated Costs	827,600	980,164	982,564	932,564	932,564	932,564	932,564	932,564	932,564	1,067,660	972,690	947,616	947,616	1,215,815	1,211,260	1,211,260	1,211,260	1,211,260	1,211,260	1,211,260	1,211,260	1,211,260	1,211,260	1,211,260	24,436,050
Less: King's Revenue	91,059	107,819	108,082	102,562	102,562	102,562	102,562	102,562	102,562	117,445	106,995	104,260	104,260	133,740	133,239	133,239	133,239	133,239	133,239	133,239	133,239	133,239	133,239	133,239	2,666,297
Net Vaughan's Estimated Base Costs (As Per Attachment 3)	736,541	872,345	874,482	829,982	829,982	829,982	829,982	829,982	829,982	950,235	865,695	843,555	843,555	1,082,075	1,078,021	1,078,021	1,078,021	1,078,021	1,078,021	1,078,021	1,078,021	1,078,021	1,078,021	1,078,021	21,765,763
Vaughan's Estimated 7 Member Costs	599,299	525,544	765,123	713,633	713,633	707,320	707,320	707,320	849,898	849,473	798,146	798,146	796,046	796,046	796,046	796,046	838,617	839,617	864,413	864,413	864,413	1,133,282	1,133,282	1,133,282	16,866,775
Total Vaughan's Savings / (Costs)	137,443	246,802	109,359	116,349	116,349	122,662	122,662	122,662	(20,016)	100,762	67,640	45,411	45,411	266,030	281,975	261,675	239,104	239,104	199,606	199,606	(55,270)	(55,270)	(55,270)	(55,270)	\$2,681,968

Details of York Region's 7 Member Model Financial Forecast  
For the 23 year period (2004-2026)

7 MEMBER FIRE DISPATCH CENTRE FIXED COSTS TO ESTABLISH A BASIC DISPATCH FACILITY  
(REGARDLESS OF ANTICIPATED BUSINESS ACTIVITY)  
OPTION 1 - SPACE, TECHNOLOGY AND IMPLEMENTATION COSTS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
(1) Improved Space	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813	\$ 45,813
(2) Technology - Capital	\$ 564,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000
(3) Implementation Expenses	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
SUB-TOTAL 7M FDC FIXED COSTS	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913	\$ 2,108,913
Allocated over the 7 Municipal Members	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116	\$ 301,116
(4) Staffing Costs	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350	\$ 583,350
(5) Technology - Annual Maintenance Costs	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
(6) Region of York Variable Overhead Cost Allocation - 1% FDC	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567	\$ 67,567
7. VARIABLE COSTS	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927	\$ 980,927
TOTAL ANNUAL COSTS	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740	\$ 1,141,740

NOTES:  
 1) Personnel costs as calculated for the RM CFO Model in Phase 1 - rounded down, including purchase of furniture for new staff  
 2) Assume a) that the Fire Model for the Police CAD can be used b) because of that economical approach technology purchase would be in the order of \$500K, allocated at 5% for 10 years  
 3) Plug number  
 4) Assumed  
 5) Assumed  
 6) Assumed  
 7) Assumed  
 8) Assumed  
 9) Assumed  
 10) Assumed

ROW 5 - FIXED COSTS (ROWS 1 TO 3) ARE TO BE DISTRIBUTED EQUALLY OVER 7 MEMBERS  
 ROW 9 - VARIABLE COSTS (ROWS 6 TO 8) ARE TO BE DISTRIBUTED BY THE BLENDED ASSESSMENT/POPULATION/ALL VOLUME COST SHARING FORMULA, AS AN EXAMPLE

Municipality	7M FDC Cost Sharing Blended Formula	
	Share of 7M FDC based on the blended average of 1) Taxable Assessment, 2) Population, 3) Call Volumes	
	2004	2010
	%	%
Comber York	\$ 264,898	\$ 312,762
	23.21%	23.21%
East Gwillimbury	\$ 45,437	\$ 59,348
	4.33%	4.33%
Georgina	\$ 108,465	\$ 128,016
	9.52%	9.50%
Idora	\$ 61,426	\$ 72,487
	5.38%	5.33%
Wainspan	\$ 669,298	\$ 707,830
	58.46%	52.49%
Whitchurch-Shelville	\$ 89,229	\$ 85,724
	5.10%	5.10%
Total	\$ 1,141,852	\$ 1,347,898
	100.00%	100.00%

Details of York Region's 7 Member Model Financial Forecast  
For the 23 year period (2004-2026)

Summary of Overhead Costs		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
1	(1) Administration Costs Payroll	\$ 2,925	\$ 2,925	\$ 3,825	\$ 3,825	\$ 3,825	\$ 3,825	\$ 3,825	\$ 3,825	\$ 4,725	\$ 4,725	\$ 4,725	\$ 4,725	\$ 4,725	\$ 4,725	\$ 4,725	\$ 4,725	\$ 4,950	\$ 4,950	\$ 5,175	\$ 5,175	\$ 5,650	\$ 5,650	\$ 5,650	
2	(2) Administration Costs for HR services	\$ 18,850	\$ 18,850	\$ 24,650	\$ 24,650	\$ 24,650	\$ 24,650	\$ 24,650	\$ 24,650	\$ 30,450	\$ 30,450	\$ 30,450	\$ 30,450	\$ 30,450	\$ 30,450	\$ 30,450	\$ 30,450	\$ 31,900	\$ 31,900	\$ 33,350	\$ 33,350	\$ 37,700	\$ 37,700	\$ 37,700	
3	(3) Senior Management Guidance	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	
4	(4) Improved Space Costs - Annual Maintenance Costs	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	\$ 5,792	
5	(5) Technology - Annual Support Costs	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	
6	SUB-TOTAL 7 M CFD OVERHEAD COSTS	\$ 67,567	\$ 67,567	\$ 74,267	\$ 74,267	\$ 74,267	\$ 74,267	\$ 74,267	\$ 74,267	\$ 80,967	\$ 80,967	\$ 80,967	\$ 80,967	\$ 80,967	\$ 80,967	\$ 80,967	\$ 80,967	\$ 82,642	\$ 82,642	\$ 84,317	\$ 84,317	\$ 89,342	\$ 89,342	\$ 89,342	
7	CUMULATIVE OVERHEAD COSTS 7 MEMBER FCUG	\$ 67,567	\$ 135,133	\$ 202,400	\$ 268,666	\$ 335,933	\$ 402,199	\$ 468,466	\$ 534,732	\$ 600,999	\$ 667,266	\$ 733,532	\$ 800,799	\$ 867,066	\$ 933,332	\$ 1,000,599	\$ 1,066,866	\$ 1,133,133	\$ 1,200,400	\$ 1,267,666	\$ 1,333,933	\$ 1,400,200	\$ 1,466,466	\$ 1,532,732	\$ 1,599,000

NOTES:  
 (1) \$225 per employee (estimate based on private sector comparison)  
 (2) \$1,450 per employee (estimated 2004 costs)  
 (3) Allocation for Regional Director guidance (25% of a Regional Director salary & benefits @ \$1500K)  
 (4) Maintenance costs as calculated for the BM CFD Model in Phase 1 - rounded down (\$5/square foot)  
 (5) 25 FTE (assume starting with Police 11 support at a base salary of \$90K)

