

# Analyst Briefing Notes

## Budget Committee - February 16, 2010

### PART I: 2010 OPERATING BUDGET

|                         |   |
|-------------------------|---|
| Executive Summary ..... | 2 |
| Recommendations .....   | 6 |

### PART II: 2010 SERVICE OVERVIEW AND PLAN

|   |   |
|---|---|
| Mission Statement .....                   | 7 |
| Program Map .....                         | 7 |
| 2010 Recommended Services: Overview ..... | 8 |

### PART III: 2009 EXPERIENCE

|  |    |
|--|----|
| 2009 Accomplishments .....   | 10 |
| 2009 Budget Variance Analysis .....                                | 11 |
| Impact of 2009 Operating Variance on 2010 Recommended Budget ..... | 11 |

### PART IV: 2010 RECOMMENDED BASE BUDGET

|                                    |    |
|------------------------------------|----|
| 2010 Recommended Base Budget ..... | 12 |
| 2010 Key Cost Drivers .....        | 13 |
| 2010 Service Changes .....         | 14 |

### PART V: RECOMMENDED SERVICE CHANGES

|  |    |
|--|----|
| 2010 Recommended Service Changes ..... | 16 |
|--|----|

### PART VI: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS

|                                     |    |
|-------------------------------------|----|
| 2010 Service Priority Actions ..... | 17 |
|-------------------------------------|----|

### PART VII: ISSUES FOR DISCUSSION

|  |     |
|--|-----|
| 2010 Budget Issues .....                                   | 20  |
| 2011 and Future Year Issues .....                          | 22  |
| Issues Referred to the 2010 Operating Budget Process ..... | N/A |
| Issues Referred from 2009 and Prior Years .....            | 22  |

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|  |    |
|--|----|
| <b>Appendix A:</b> 2010 Recommended Base Budget Changes vs. 2009 Approved Budget ..... | 24 |
|--|----|

|   |    |
|---|----|
| <b>Appendix B:</b> Summary of Service Changes ..... | 25 |
|---|----|

|  |    |
|--|----|
| <b>Appendix C:</b> Summary of 2010 Recommended New/Enhanced Service Priority Actions ..... | 26 |
|--|----|

|  |    |
|--|----|
| <b>Appendix D:</b> Program Summary by Expenditure Category ..... | 27 |
|--|----|

|  |    |
|--|----|
| <b>Appendix E:</b> Inflows / Outflows to / from Reserves and Reserve Funds ..... | 28 |
|--|----|

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February 16, 2010

**PART I: 2010 OPERATING BUDGET****Executive Summary**

- Toronto Fire Services provides emergency response and fire prevention and education services to those who live in, work in, and visit our City in order to protect life, property and the environment from the effects of fire, illness, accidents, natural disasters and all other hazards. In the promotion of fire and life safety, Fire Services raises community awareness about all hazards. In order to achieve this, Fire Services delivers three main services including 24 hour Fire Rescue and Emergency Response, Fire Safety Education and Fire Prevention, Inspection and Enforcement.
- Fire Services has established the following service objectives to move forward Fire Services' Master Fire Plan in order to maintain and improve fire protection in Toronto. The following summarizes Fire Services' service objectives:
  - Improve road response times from 4 minutes 51 seconds to 4 minutes: The Council approved service level is a 4 minute road response 90% of the time. Current response times average 4 minutes 51 seconds. Similarly, Fire Services will also improve turnout time from 2 minutes 4 seconds to 1 minute by 2012.
  - Maintain fire inspections of existing and rehabilitated buildings (40,000 inspections yearly) and all new developments (6,000 inspections yearly) to ensure that they have adequate safety measures and protections as required by the Fire Code.
  - Reduce the number of false alarms by working with building owners to make necessary improvements. Promoting the use of sprinklers and smoke alarms and providing public education forums.
  - Increase the efficiency of Fire Prevention Inspectors by 10% and increase the fire prevention inspector ratio per population as defined by the Office of the Fire Marshal.
  - Expand the risk watch program to 400 schools from 225 by 2010 and increase the public educator ratio per population as defined by the Fire Underwriters Survey. As well, conduct public education forums (1,000 events annually) to promote fire safety through schools, special events and advertising.
- Fire Services' major accomplishments in 2009 include the following:
  - Successfully mitigated emergency incidents of various types. Fire Services responded to 142,014 calls including 8,283 fires, 2,322 rescues and 79,747 medical calls.
  - Conducted a provincial HUSAR mock deployment exercise in Ottawa, as well as participating in a HUSAR exercise held outside of Buffalo, New York. Training of 92 new fire fighting recruits for the Operations division over two classes held during the year.

- Increased community contacts by 10.8% over 2008 for the annual “Alarmed for Life” campaign (a community-based proactive smoke alarm education program).
  - Expanded the Risk Watch public education program into senior elementary school grades (previously this program ended at Grade 4) and launched “Project Zero” which is the first program of its kind in the City of Toronto, where Fire Inspectors go door to door in the community, checking for the presence of working smoke alarms in an effort to eliminate fire deaths in Toronto.
  - Completed acquisition of replacement vehicles including seven rescue pumpers, one squad and one hazmat support vehicle.
- For 2009, Fire Services projects year-end net expenditures of \$360.904 million, \$1.650 million or 0.5% above the 2009 Approved Operating Budget of \$359.254 million net. This unfavourable variance primarily results from over-spending in salaries and benefits for WSIB occupational illness claims payments which are unbudgeted expenses. As well, year-end revenues are projected to be impacted by the continuing lower volume of false alarm fees.
  - WSIB occupational illness claims payments started to decline in 2009, this trend is expected to continue in 2010 resulting in less pressure on the Fire Services Operating Budget. Fire Services will continue to manage salary pressures to achieve gapping targets by finding offsetting savings wherever possible. The 2010 Recommended Operating Budget includes a recommended change to the False Alarm fee and Bylaw which is expected to increase fee revenues by \$4.745 million in 2010.

**Table 1: 2010 Recommended Budget**

| (In \$000s)               | 2009               |                       | 2010 Recommended Operating Budget |                        |                  | Change - 2010 Recommended Operating Budget v. 2009 Appvd. Budget |       | FY Incremental Outlook |      |
|---------------------------|--------------------|-----------------------|-----------------------------------|------------------------|------------------|--|-------|------------------------|------|
|                           | 2009 Appvd. Budget | 2009 Projected Actual | 2010 Rec. Base                    | 2010 Rec. New/Enhanced | 2010 Rec. Budget |  |       | 2011                   | 2012 |
|                           | \$                 | \$                    | \$                                | \$                     | \$               |  |       | %                      | \$   |
| <b>GROSS EXP.</b>         | 367,106.9          | 368,406.9             | 371,595.4                         | 145.6                  | 371,741.0        | 4,634.1  | 1.3   | 729.0                  | 85.0 |
| <b>REVENUE</b>            | 7,852.9            | 7,502.9               | 7,709.8                           | 4,890.4                | 12,600.2         | 4,747.3  | 60.5  | 1,630.2                | 0.0  |
| <b>NET EXP.</b>           | 359,254.0          | 360,904.0             | 363,885.6                         | (4,744.8)              | 359,140.8        | (113.2)  | (0.0) | (901.2)                | 85.0 |
| <b>Approved Positions</b> | 3,181.3            | 3,181.3               | 3,181.3                           | 2.0                    | 3,183.3          | 2.0  | 0.1   | 1.0                    | 0.0  |

| TARGET COMPARISON             | 2010 Target | 2010 Rec. Budget | 2010 Rec. Budget vs. 2010 Target | 2011 Target |
|-------------------------------|-------------|------------------|----------------------------------|-------------|
| <b>NET BUDGET</b>             | 344,791.1   | 359,140.8        | 14,349.7                         | 326,828.4   |
| <b>PROGRAM REDUCTION (\$)</b> | (22,153.3)  | (7,803.6)        | 14,349.7                         | (17,962.7)  |
| <b>PROGRAM REDUCTION (%)</b>  | (6.2)       | (2.2)            | 4.0                              | (5.0)       |

- The 2010 Recommended Operating Budget for Fire Services of \$371.741 million gross and \$359.141 million net is \$0.113 million or 0.03% below the 2009 Approved Operating Budget, and achieves Program reductions of \$7.804 million or 2.2% of the 2009 Approved Budget, which is \$14.350 million or 4% less than the reduction target for Fire Services in 2010. Fire Services did not meet the reduction target due to on-going salary and benefit obligations. Further reductions would affect front line staff and public safety.

- The 2010 Recommended Operating Budget for Fire Services includes funding for one new & enhanced service priority action which contributes to achieving the reduction target. Charging for all false alarms will generate \$4.745 million in net revenue for 2010. Approval of this initiative will result in the Program's total staff complement increasing by 2 from 3,181.3 to 3,183.3 positions.
- The 2010 Recommended Operating Budget for Fire Services results in incremental future year net expenditure reduction to the Program of \$0.901 million in 2011 and an increase of \$0.085 million in 2012.
  - In 2011, projected increases of \$0.729 million are required for operating impact of completed Capital projects for the Business Intelligence project, including one approved position,; new staff costs for false alarm processing, COLA, step and progression pay for Local 79 and non-union staff. These increased costs will be offset by \$1.630 million in increased revenue resulting from changes to the False Alarm Bylaw.
  - The 2012 Outlook anticipates incremental cost increases of \$0.085 million for the operating impact of Capital projects including on-going maintenance and utilities for the new Station D.
  - The 2010 Recommended Base Budget and 2011 and 2012 Outlooks do not include a funding provision for new COLA increases for Firefighters' Local 3888 for which the City is currently in negotiations.
- Fire Services has identified viable 2011 reduction options which will contribute to achieving the Program's 2011 reduction target of \$17.963 million or 5% of the 2009 Approved Budget. These options will be further reviewed over the course of the year and presented for consideration with the 2011 Operating Budget.
- The 2010 Recommended Base Budget provides funding for the following key cost drivers:
  - Salary pressures including the following: annualization of the 2009 COLA adjustment for Firefighters' Local 3888, the 2010 COLA adjustments for Local 79 and eligible non-union staff totaling \$3.412 million. This payroll increase is partially offset by net reductions due to retirement and staff turnover of (\$2.524) million. Other cost drivers include: annualization of Recognition Pay of \$0.414 million net, step increases of \$2.688 million for Firefighters' Local 3888 and Local 79;
  - Other pressures include higher False Alarm Fee Refunds of \$0.200 million for building owners who rectify situations that caused false alarms and an estimated reduction in the volume false alarm charges of \$0.250 million given the success of the program.
- The cost drivers noted above will be partially off-set by the following savings included in the 2010 Recommended Operating Budget:
  - Base budget reductions of \$1.330 million that include absorbing non-salary increases, inflation and the provision for alternate rate assignments; reducing winter and facility maintenance costs; reducing the false alarm fee refund and deferring equipment upgrades.

- Fire Services' 2010 Recommended Operating Budget includes service changes with savings of \$6.474 million for 2010 with an incremental savings impact of \$1.587 million in 2011. The recommended service changes are comprised of \$1.729 million in service efficiency savings as well as \$4.745 million net revenue from new revenue changes which contribute to achieving the Program's Reduction Target.
- Approval of the Service Changes will result in an increase of 2 approved permanent positions increasing the complement from 3,181.3 to 3,183.3.
- The following key program issues have been identified during the 2010 Operating Budget process:
  - The decrease in planned fleet reserve contributions for 2010 of \$1.498 million to \$5.703 million annually may result in older vehicles being off-road for maintenance more often but should not significantly impact service.
  - A charge for all false alarms rather than having the first alarm free of charge. Two additional positions to process charges are required. This additional fee is estimated to generate additional revenue of \$6.332 million annually. This recommended fee change will lead to less resources being allocated to nuisance and malicious alarms, will have a financial impact on the TCHC and will require an amendment to the False Alarm Bylaw.
- The 2010 Recommended Operating Budget for Fire Services provides funding for Fire Services to provide effective Fire Emergency Response and Prevention activities including:
  - 24-hour emergency response for the City of Toronto from 82 fire stations located across the City with a fleet of 354 heavy & light emergency, support and training vehicles, 11 HUSAR/CBRN dedicated vehicles, 2 fire boats for marine emergency response and a staff of 3,091 firefighters and 92 management and administrative staff;
  - Replace 8 to 10 emergency response vehicles in 2010;
  - Respond to fire alarms (35,000 annually) and fires (8,500 per year);
  - Respond to medical emergencies (73,000 annually) and vehicle incidents and rescues (15,000 yearly);
  - Train and equip HUSAR and CBRN teams to be ready to respond to major disasters and benefiting from synergies derived from international cooperation and training activities;
  - Inspect new, existing and rehabilitated buildings (46,000 inspections yearly); and,
  - Host public education forums (1,000 events annually) to promote fire safety.

**Recommendations**

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2010 Recommended Operating Budget for Fire Services of \$371.741 million gross and \$359.141 million net, comprised of the following services:

| <u>Service:</u>                            | Gross<br><u>(\$000s)</u> | Net<br><u>(\$000s)</u> |
|--|--------------------------|------------------------|
| Fire-Operations                            | 300,408.3                | 289,198.5              |
| Fire Prevention & Public Safety            | 14,473.4                 | 14,186.9               |
| Communications & Operational Support       | 28,492.5                 | 27,888.8               |
| Professional Develop. & Mechanical Support | 24,826.0                 | 24,426.0               |
| Fire - Headquarters                        | 3,540.9                  | 3,440.6                |
|  | <hr/>                    | <hr/>                  |
| Total Program Budget                       | <u>371,741.1</u>         | <u>359,140.8</u>       |

2. These Analyst Briefing Notes for Fire Services’ 2010 Recommended Operating Budget be considered concurrently with the (February 2010) report from the Fire Chief and General Manager of Toronto Fire Services entitled “Change False Alarm By-law to allow Fire Services to Charge for attendance at all Nuisance and Malicious False Alarms”.

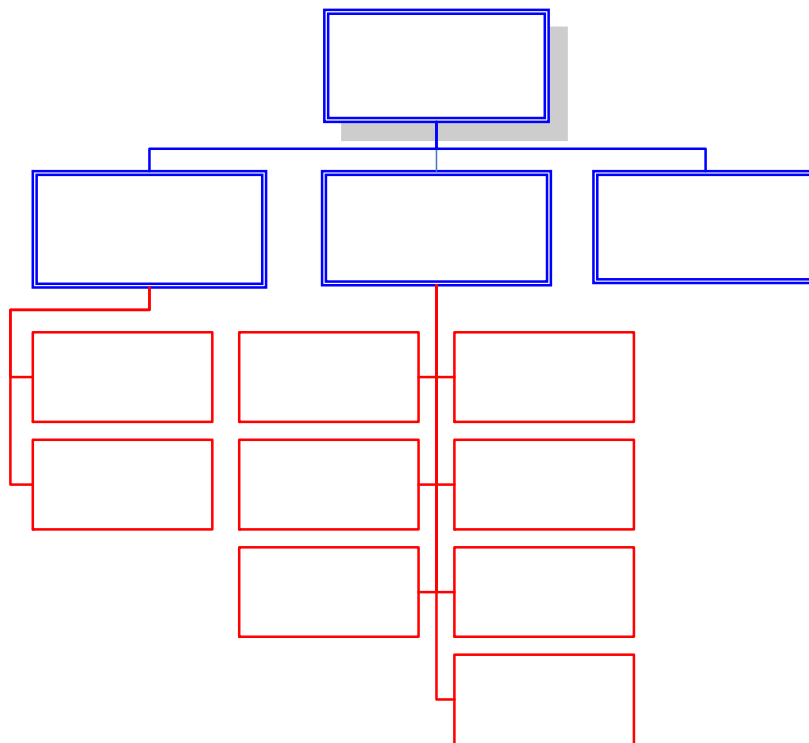
**PART II: 2010 SERVICE OVERVIEW AND PLAN**

**Mission Statement**

The Toronto Fire Service provides high quality, safe, efficient, effective and caring emergency response and fire prevention and education services to those who live in, work in, and visit our City in order to:

- Protect life, property and the environment from the effects of fire, illness, accidents, natural disasters and all other hazards;
- Enhance fire and life safety, and raise community awareness about all hazards;
- Pursue the acquisition and use of the most effective technology, equipment and resources to ensure performance in a competent and professional manner; and
- Build a cohesive, equitable and unified workforce.

**Program Map**



Toronto Fire Service provides 24/7 emergency response and fire prevention and education services to the citizens of Toronto. Fire Services delivers three services and their associated activities: 24 hour Fire Rescue and Emergency Response, Fire Safety Education and Fire Prevention, Inspection and Enforcement in order to reduce incidents of preventable death and injury and loss of property.

## 2010 Recommended Services: Overview

### *Fire Rescue and Emergency Response*

Fire Rescue and Emergency Response provides alarm response, critical fire suppression services as well as first response to medical emergencies, heavy urban search and rescue, hazardous materials response, road accident response as well as response to other disasters and emergencies as required. The approved service level for 2010 has not changed from 2009 and is based on a 4 minute road response 90% of the time. Current road response times average 4.85 minutes. Due to budget constraints on vehicle acquisitions, older vehicles may require more maintenance reducing availability for emergency response. In addition, Charging for all false alarms will increase the expected number of charges by over 200%, i.e. the first false alarm will now be chargeable, it was previously without charge.

### *Fire Prevention, Inspection and Enforcement*

Fire Prevention, Inspection and Enforcement provides building inspection and enforcement of fire bylaws as well as building plan examination services. Inspections are conducted based upon the risk associated with particular types of occupancies. Inspections include marijuana grow-ops, night club inspections in the entertainment district and inspections in support of the fireworks bylaw. The approved service level for 2010 has not changed from 2009 and is based on an inspector to population ratio of 1:26,500. The Office of the Fire Marshal (OFM) and Fire Underwriter's Survey (FUS) recommend a service level of 1:15,000.

### *Fire Safety Education*

Fire Safety Education provides public education in matters relating to fire prevention and emergency preparation for individuals, community groups and schools. This service oversees implementation of the Risk Watch program in all schools in the City of Toronto as well as new public education programs, including the car seat inspection program. The approved service level for 2010 has not changed from 2009 and is based on an educator to population ratio of 1:130,000. The Fire Underwriter's Survey (FUS) recommend a service level of 1:50,000.

## Service Objectives

Fire Services has established service objectives for the next 3 year period to address its challenges and opportunities and primarily reflect the need to move forward with the Master Fire Plan in order to maintain and improve fire protection in Toronto in accordance with Mayor and Council priorities, increasing service demands and legislative requirements. The following section provides Fire Services' service objective targets for 2010 and beyond.

### **Fire Rescue and Emergency Response:**

1. *Improve incident response to 240 seconds or less 90% of the time from 291 seconds by 2010.* - The Council approved service level is a 4 minute road response time. This is the standard endorsed by the NFPA. In 2009, road response time at the 90th percentile was 4 minutes, 51 seconds. The response time is dependant on efficient allocation of resources including staff,

vehicles and station location. This should improve as more new stations are developed according to the Master Fire Plan.

**Fire Prevention, Inspection and Enforcement:**

2. *Maintain fire inspections* of existing and rehabilitated buildings (40,000 inspections yearly) and all new developments (6,000 inspections yearly) to ensure that they have adequate safety measures and protections as required by the Fire Code;
3. *Reduce retrofit inspections to zero* – Hotel retrofits to be completed within the mandated five (5) year time from January 1, 2007 to January 1, 2012. In addition, Fire Services should complete plans examination and approve plans for the Building Department within seven (7) working days. Preliminary new building inspections should be done within five (5) working days of notification, and final inspection within two (2) working days of notification;
4. *Reduce the number of false alarms* by working with building owners to make necessary improvements, promote the use of sprinklers and smoke alarms;
5. *Continue to work with the Affordable Housing Office* to integrate the use of residential fire sprinklers in proposed buildings to deal with limited road width and fire route access issues. Residential fire sprinklers are a key to promoting life safety and reducing property damage; and,
6. *Increase the efficiency of Fire Prevention Inspectors by 10% by introducing appropriate technology within three years.* To increase the fire prevention inspector ratio to 1 inspector per 15,000 population as defined by the Office of the Fire Marshal and the Fire Underwriters Survey (FUS) from the existing 1 inspector per 26,500 population by 2015.

**Fire Safety Education:**

7. *Provide public education forums* (1,000 events annually) to promote fire safety, special events and advertising;
8. *Risk Watch Program* -Implement the risk watch program in all (191) TCDSB schools by June 2010 as well as increase the number of schools participating in the risk watch program to 400 from 225 by 2010. Increase the public educator ratio to 1 public educator per 50,000 population as defined by the Fire Underwriters Survey (FUS) from the existing 1 public educator per 130,000 population by 2015.

**PART III: 2009 EXPERIENCE****2009 Accomplishments**

- Successfully mitigated emergency incidents of various scales and circumstances across the City as the City's only all hazards response agency. Fire Services responded to 142,014 calls including 8,283 fires, 2,322 rescues and 79,747 medical calls.
- Conducted a provincial HUSAR mock deployment exercise in Ottawa, Ontario. Also participated as an international visitor in a HUSAR exercise held outside of Buffalo, New York.
- Trained 92 new fire fighting recruits for the Operations division over two classes held during the year. Ran a successful recruitment campaign to generate the eligibility list for operational fire fighters for hiring in 2010.
- Began implementation of the Risk Watch public education program into senior elementary school grades (previously this program ended at Grade 4).
- Successfully launched a new public education program (in partnership with Enbridge Gas) aimed at reducing residential fire deaths to zero. "Project Zero" is the first program of its kind in the City of Toronto, where Fire Inspectors go door to door in the community, checking for the presence of working smoke alarms in an effort to eliminate fire deaths in Toronto.
- Successfully implemented mobile tablets into the Fire Prevention Division as recommended by the Auditor General, allowing inspectors to spend more time in the field doing inspections and less time in the office. Reporting capabilities to be realized in 2010.
- Implemented recommendations regarding the amalgamation of administrative services resulting from the Fire/EMS Program Review.
- Completed a remediation project to remove old/obsolete radio towers across the City.
- Put into service seven rescue pumpers, one squad and one hazmat support vehicle.

**Table 2: 2009 Budget Variance Review (\$000s)**

| (In \$000s)               | 2008 Actuals | 2009 Approved Budget | 2009 Projected Actuals* | 2009 Appvd. Budget vs Projected Actuals Variance |       |
|---------------------------|--------------|----------------------|-------------------------|--|-------|
|                           | \$           | \$                   | \$                      | \$   | %     |
| <b>GROSS EXP.</b>         | 361,036.4    | 367,106.9            | 368,406.9               | 1,300.0  | 0.4   |
| <b>REVENUES</b>           | 9,387.0      | 7,852.9              | 7,502.9                 | (350.0)  | (4.5) |
| <b>NET EXP.</b>           | 351,649.4    | 359,254.0            | 360,904.0               | 1,650.0  | 0.5   |
| <b>Approved Positions</b> | 3,144.0      | 3,181.3              | 3,181.3                 | 0.0  | 0.0   |

\*Projected Actuals Based on the September 30, 2009 Variance Report

## 2009 Budget Variance Analysis

Fire Services' Third Quarter Variance report projects that the Program will be overspent by \$1.650 million or 0.5% above the 2009 Approved Operating Budget of \$359.254 million net by year-end.

- The projected year-end variance is primarily driven by over-spending in salaries and benefits of \$1.300 million mainly for WSIB occupational illness claims payments which are unbudgeted expenses. These illness claims are projected to be approximately \$3.0 million which is less than the \$7.200 million experienced in 2008. By year-end, expenditure savings due to early retirements and higher gapping will be offset by the hiring of new recruits. Year-end revenues are projected to be lower by \$0.350 million mainly due to the continuing lower volume of false alarm fees.

## Impact of 2009 Operating Variance on the 2010 Recommended Budget

- WSIB occupational illness claims payments started to decline in 2009, this trend is expected to continue in 2010 resulting in less pressure on the Fire Services Operating Budget. In 2010, there continues to be no budget provision for these expenditures in Fire Services as claims cannot be estimated at this time.
- In a typical year, early savings from gapping are usually somewhat offset by salary costs for new recruits in the last six months. The 2009 Year-end Operating Variance includes projected salary savings due to gapping. However, the 2010 Recommended Operating Budget maintains the 2009 budgeted gapping rate of 2% which is consistent with past experience. Fire Services will continue to manage salary pressures to achieve gapping targets by finding offsetting savings wherever possible.
- The 2010 Recommended Operating Budget includes a recommended change to the False Alarm Bylaw which will allow Fire Services to charge property owners for the first false alarm which is currently free of charge. This is expected to increase fee revenues by \$4.745 million in 2010 which accounts for the lower false alarm fee revenue experienced in 2009.

## PART IV: 2010 RECOMMENDED BASE BUDGET

**Table 3: 2010 Recommended Base Budget (\$000s)**

|                           | 2009 Appvd.<br>Budget | 2010<br>Recommended<br>Base | Change<br>2010 Recommended<br>Base v. 2009 Appvd.<br>Budget |       | FY Incremental Outlook |      |
|---------------------------|-----------------------|-----------------------------|---|-------|------------------------|------|
|                           |                       |                             | \$  | %     | 2011                   | 2012 |
| (In \$000s)               | \$                    | \$                          | \$  | %     | \$                     | \$   |
| <b>GROSS EXP.</b>         | 367,106.9             | 371,595.4                   | 4,488.5   | 1.2   | 685.7                  | 85.0 |
| <b>REVENUE</b>            | 7,852.9               | 7,709.8                     | (143.1)   | (1.8) | 0.0                    | 0.0  |
| <b>NET EXP.</b>           | 359,254.0             | 363,885.6                   | 4,631.6   | 1.3   | 685.7                  | 85.0 |
| <b>Approved Positions</b> | 3,181.3               | 3,181.3                     | 0.0   | 0.0   | 1.0                    | 0.0  |

| TARGET COMPARISON             | 2010 Target       | 2010 Rec.<br>Budget | 2010 Rec. Budget vs.<br>2010 Target | 2011 Target       |
|-------------------------------|-------------------|---------------------|-------------------------------------|-------------------|
| <b>NET BUDGET</b>             | <b>344,791.1</b>  | <b>363,885.6</b>    | <b>19,094.5</b>                     | <b>326,828.4</b>  |
| <b>PROGRAM REDUCTION (\$)</b> | <b>(22,153.3)</b> | <b>(3,058.8)</b>    | <b>19,094.5</b>                     | <b>(17,962.7)</b> |
| <b>PROGRAM REDUCTION (%)</b>  | <b>(6.2)</b>      | <b>(0.9)</b>        | <b>5.3</b>                          | <b>(5.0)</b>      |

Note: 2010 Recommended Program Reduction of \$3.059 million excludes new service priority actions of \$4.745 million that contribute to achieving target

**Table 3a: Program Reduction Requirements (\$000s)**

| (In \$000s)  | 2010 Required<br>Reductions | 2011 Required<br>Reductions |
|--|-----------------------------|-----------------------------|
| 2009 Approved Budget (September 30)                | 359,254.0                   |                             |
| <b>Pressures Reported with 2010 / 2011 Outlook</b> | <b>3,499.8</b>              | <b>1,292.1</b>              |
| Pressures Not Reported with 2010 / 2011 Outlook    | 4,190.6                     | (2,684.6)                   |
| <b>5% Reduction Target</b>                         | <b>(17,962.7)</b>           | <b>(17,962.7)</b>           |
| Additional Pressures not in 2010 Reported Outlook  | (4,190.6)                   | TBD                         |
| <b>Program Reduction Target</b>                    | <b>(22,153.3)</b>           | <b>(17,962.7)</b>           |
| <b>Net Budget Target</b>                           | <b>344,791.1</b>            | <b>328,120.5</b>            |

### *2010 Recommended Base Budget*

The 2010 Recommended Base Budget of \$363.886 million net represents a \$4.632 million or 1.3% increase over Fire Services' 2009 Approved Operating Budget of \$359.254 million. The 2010 Recommended Base Budget includes \$7.690 million for base budget increases, which have been partially offset by \$1.330 million in base budget reductions arising from recommended service changes.

The 2010 Recommended Base Budget of \$363.886 million net also reflects service change savings of \$1.729 million from recommended service efficiencies. This represents \$19.095 million or 5.3% in Program reductions below Fire Services' 2010 Operating Budget reduction target of \$22.153 million or 6.2% of the 2009 Approved Budget.

In addition to base service changes of \$3.059 million, the 2010 Recommended Operating Budget for Fire Services includes recommended New/Enhanced Service Priority Actions that total \$4.745 million in new revenue changes that contribute to achieving the Program target. As a result, recommended Program Reductions total \$7.804 million net or 2.2% of the 2009 Approved Operating Budget rather than the \$22.153 million or 6.3% Program Reduction Target (*Please see Part V: 2010 Recommended Service Changes*).

Approval of the 2010 Recommended Base Budget will result in the program's total staff complement remaining unchanged at 3,181.3 approved positions.

### **2010 Base Budget Key Cost Drivers**

The 2010 Recommended Base Budget provides funding for the following key cost drivers:

- Salary pressures including:
  - Annualization of the 2009 COLA adjustment for Firefighters' Local 3888, the 2010 COLA provision for Local 79 and non-union staff totaling \$3.412 million, offset by net reductions due to retirement and staff turnover of (\$2.524) million for a net impact of \$0.888 million.
  - Annualization of Recognition Pay of \$0.414 million net which is provided to firefighters as part of their collective agreement to recognize achievement of defined length of service. The established increments are 3%, 6% and 9% and depend on the years of service attained.
  - Step increases of \$2.688 million including associated fringe benefit and gapping adjustments for Firefighters' Local 3888 and Local 79 as well as \$0.014 million for progression pay for eligible non-union staff.
  - Increased fringe benefits costs, as the percentage of salaries are increasing by 1.2% over the current rate. This is particularly as a result of the OMERS rate increases for Fire and will result in a net pressure of \$0.852 million in 2010.
  - The 2010 Recommended Base Budget does not include provision for new COLA for Firefighters' Local 3888 as these amounts are subject to on-going negotiations.
- Other cost drivers including:
  - Increased non-contracted facility costs of \$0.161 million for existing fire stations as well as new maintenance costs of \$0.045 million for the completed capital project for the Toryork Bays Expansion.
- Base budget pressures have been partially offset by reductions of \$1.330 million including:
  - *Deferral of Furniture Replacement, Contracted Landscaping, Video Equipment Upgrades, Fee Refunds* for 2010 resulting in savings of \$0.163 million:

- Annual furniture replacement for fire stations, \$0.050 million;
  - the cost of contracted landscaping for lawns around Fire Services facilities, \$0.018 million;
  - the first phase of a 3-year plan to replace video equipment with the latest High Definition standard equipment, \$0.045 million; and,
  - the budget for refund of False Alarms Fees is estimated to be \$0.250 million and is meant to reimburse property owners who rectify alarm causing situations. This reduction will moderate the estimate by \$0.050 million.
- *Absorbing Inflation Increases, Alternate Rate budget pressure, Fire Boat Hazardous Material Boom, Snow Clearing/ Winter Maintenance and Contracted Facilities Maintenance and the Operating Impact of Capital-West Burnhouse Training Facility* are recommended to be absorbed and managed within the current budget allocations resulting in savings of \$1.114 million:
- annual adjustments for inflation for non-salary expenditures, \$0.248 million;
  - the provision for actual costs incurred when firefighters are awarded alternate rate pay \$0.750 million;
  - the purchase of a replacement boom to contain hazardous materials on water, \$0.010 million; and,
  - contracted winter and facilities Maintenance and the annual operating expenditures for on-going maintenance for the West Burnhouse, \$0.106 million.
- *Increase Fire Services Gapping* by \$0.052 million, to reflect actual experience for the overall Program.

## 2010 Service Changes

Fire Services' 2010 Recommended Base Budget includes service change savings of \$3.059 million representing 0.9% of the 2009 Approved Budget with no incremental impacts in 2011. The recommended 2010 service changes are comprised of \$1.330 million in base change savings noted above and \$1.729 million in savings arising from service efficiencies.

The recommended service changes are summarized below:

### *Service Efficiencies*

- Overtime Reductions of \$0.232 million made possible by re-allocating existing resources, filling of vacancies and refining of staff scheduling within Emergency Communication, Marketing/Fundraising and Fire Prevention; and,
- Deferral of the planned 2010 increase for fleet reserve contributions of \$0.570 million and a further \$0.928 million decrease to the base fleet reserve contribution. While this change may mean older vehicles will be out of service for more maintenance, it is sustainable until 2013 without any major service impacts.

**2011 and 2012 Outlook: Net Incremental Impact**

Approval of the 2010 Recommended Base Budget for Fire Services will result in 2011 incremental increase of \$0.686 million and 2012 incremental increase of \$0.085 million for the salary adjustments and the operating impact of completed capital projects including staff and on-going maintenance and utilities.

Both 2011 and 2012 do not include provision for new COLA for Firefighters' Local 3888 as the cost is subject to current negotiations. Future year impacts are primarily attributed to the following:

- *2011*: COLA, step and progression pay for Local 79 and non-union staff totaling \$0.479 million. Business Intelligence Project: The \$0.206 million impact in 2011 includes \$0.106 million for a permanent full time position required for application support, database administration and development after completion of this project as well as \$0.100 million for software maintenance.
- *2012*: Station D: \$0.085 million is required for the first year and represents the estimated cost for maintenance and utility costs after completion of this project.

Fire Services has presented reduction options for 2011. These options will be further reviewed over the course of the year and presented for consideration during the 2011 Operating Budget process.

## PART V: 2010 RECOMMENDED SERVICE CHANGES

**Table 4: 2010 Recommended Service Change Summary**  
(In \$000s)

| Description   | 2010 Recommended Service Changes |                  |                  |                           | Net Incremental Impact |            |
|---|----------------------------------|------------------|------------------|---------------------------|------------------------|------------|
|   | Position Change                  | Gross Exp.       | Net Exp.         | % Change over 2009 Budget | 2011                   |            |
|   | #                                | \$               | \$               | #                         | \$                     | # Pos      |
| <b>Base Change Summary</b>  | <b>0.0</b>                       | <b>(1,329.5)</b> | <b>(1,329.5)</b> | -0.4%                     | <b>0.0</b>             | <b>0.0</b> |
| <b>Service Efficiencies:</b>  |                                  |                  |                  |                           |                        |            |
| Overtime Reductions-Emergency Communication/Marketing/Fundraising/Fire Prevention |                                  | (231.8)          | (231.8)          | -0.1%                     |                        |            |
| Reduce Fleet Reserve Contribution   |                                  | (1,497.5)        | (1,497.5)        | -0.4%                     |                        |            |
| <b>Revenue Changes:</b>   |                                  |                  |                  |                           |                        |            |
| <b>Minor Service Level Changes:</b>   |                                  |                  |                  |                           |                        |            |
| <b>Major Service Level Changes:</b>   |                                  |                  |                  |                           |                        |            |
| <b>Sub-Total Service Changes</b>  | <b>0.0</b>                       | <b>(1,729.3)</b> | <b>(1,729.3)</b> | -0.5%                     | <b>0.0</b>             | <b>0.0</b> |
| <b>New/Enhanced Service Priority Actions *</b>                                    | <b>2.0</b>                       | <b>145.6</b>     | <b>(4,744.8)</b> | -1.3%                     | <b>(1,586.9)</b>       | <b>0.0</b> |
| <b>Total Service Changes</b>  | <b>2.0</b>                       | <b>(2,913.2)</b> | <b>(7,803.6)</b> | -2.2%                     | <b>(1,586.9)</b>       | <b>0.0</b> |

\* New/Enhanced Service Priority Actions that contribute to achieving target.

### 2010 Recommended Service Changes

The budgetary impact of implementing the following base service changes are included in the 2010 Recommended Base Budget, with total savings estimated at \$3.059 million in 2010 with no incremental savings in 2011. In addition to the base service changes, New/Enhanced Service Priority Actions totaling \$4.745 million in net revenue which contribute towards achieving Fire Services' reduction target are also recommended. Approval of the recommended service changes including the New/Enhanced Service Priority Actions will increase Fire Services' current approved staff complement by 2 approved positions from 3,181.3 to 3,183.3

## Service Changes

The following 2 recommended service changes included in Fire Services' 2010 Recommended Base Budget, resulting in 2010 savings of \$1.729 million net are discussed below.

### *Service Efficiencies:*

**Overtime Reductions:** The following three service areas will be affected by the recommended service efficiency that will result in savings of \$0.232 million:

**Emergency Communication:** Most vacancies will be filled by the end of the 1st quarter 2010 reducing backfilling by staff on overtime; also additional trained captains will be in place to reduce the need for backfilling with overtime and vacation scheduling policy changes will smooth peaks that put pressure on overtime.

**Fire Prevention:** Overtime savings are possible by an agreement with inspectors that allocates 2 hours of the 42 hour week to be set aside toward special events during the year that would otherwise require overtime assignments.

**Marketing/Fundraising:** Fire has limited staff resources in the fundraising and marketing unit in 2009; the unit is responsible for managing the paid duty scheduling at special events; this activity will be provided through other means in 2010 and the overtime budget can be scaled back as a result.

**Reduce Fleet Reserve Contribution:** This recommended service change will result in savings of \$1.498 million in 2010. The 2009 approved contribution to the fleet reserve was \$6.631 million. The increase of \$0.570 million to \$7.200 million annually was planned for 2010. This is the optimum contribution level that would allow Fire Services to replace fire trucks based on a 15-year life-cycle. This service change would defer the planned 2010 contribution increase for 3 years and reduce the base contribution to \$5.703 million per year. Vehicles over 15 years of age are not recognized by the Fire Underwriters Survey as reliable fire equipment when determining risk for setting commercial insurance rates. Fire Services should not be affected in any significant way, however to compensate for this deferral, fleet contributions will be required to start increasing by 2013.

## New/Enhanced Service Priority Actions

In addition to recommended Base Service Changes, it is recommended that 1 New/Enhanced Service Priority Action be approved for 2010. Approval of this New Service Priority Action totaling \$4.745 million net will result in the generation of new revenue for Fire Services. (*Please see Part VI: Recommended New Service Priority Actions*).

In total, the Program has achieved reductions of \$7.804 million net or 2.2% of the 2009 Approved Operating Budget for Fire Services compared to the Program target of \$22.153 million or 6.2% of the 2009 Approved Operating Budget.

**PART VI:  
RECOMMENDED NEW SERVICE PRIORITY ACTIONS**

**Table 5: 2010 New / Enhanced Service Priority Actions: Summary**  
(In \$000s)

| Description                               | 2010 Recommended |                  |               | Net Incremental Impact |            |            |            |
|---|------------------|------------------|---------------|------------------------|------------|------------|------------|
|   | Gross Exp.       | Net Exp.         | New Positions | 2011                   |            | 2012       |            |
|   | \$               | \$               | #             | \$                     | # Pos      | \$         | # Pos      |
| <b>Enhanced Services:</b>                 |                  |                  |               |                        |            |            |            |
| (a) Enhanced Services - Council Approved  |                  |                  |               |                        |            |            |            |
| (b) Enhanced Services - Program Initiated |                  |                  |               |                        |            |            |            |
| Charging for all False Alarms             | 145.6            | (4,744.8)        | 2.0           | (1,586.9)              |            |            |            |
| <b>Sub-Total Enhanced Services</b>        | <b>145.6</b>     | <b>(4,744.8)</b> | <b>2.0</b>    | <b>(1,586.9)</b>       | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |
| <b>New Services:</b>                      |                  |                  |               |                        |            |            |            |
| (a) New Services - Council Approved       |                  |                  |               |                        |            |            |            |
| (b) New Services - Program Initiated      |                  |                  |               |                        |            |            |            |
| <b>Sub-Total New Services</b>             | <b>0.0</b>       | <b>0.0</b>       | <b>0.0</b>    | <b>0.0</b>             | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |
| <b>Total Enhanced/New Services</b>        | <b>145.6</b>     | <b>(4,744.8)</b> | <b>2.0</b>    | <b>(1,586.9)</b>       | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

**2009 Recommended New / Enhanced Service Priority Actions**

**Enhanced Service Priority Actions**

*Program Initiated*

**Charge for all False Alarms:**

Currently, property owners are not charged for the first malicious/nuisance false alarm incident, the recommendation is to start charging for all false alarms. This proposal will align revenues with the costs incurred. This new fee of \$350.00 per vehicle dispatched for the first false alarm requires an amendment to the False Alarm Bylaw. A separate staff report to Budget Committee entitled "Change False Alarm By-law to allow Fire Services to Charge for attendance at all Nuisance and Malicious False Alarms" is recommended to be considered concurrently with these analyst notes.

Fire crews attend up to 15,000 false alarms per year and are therefore unavailable for real emergencies. Reducing the incidence of malicious and nuisance false alarms will decrease risk for the community at large. It should be noted that Toronto Community Housing Corporation represents approximately 14% of chargeable false alarms (based on 2008 data) and the impact of the change may be an additional 835 charges per year or \$0.877 million in annual costs to the TCHC.

To process the increased estimated volume of 10,212 charges an additional 2 positions are required. Annual net expenditure reduction for Fire Services is estimated to be \$6.332 million, \$4.745 million in 2010.

It is therefore recommended that the required increases in false alarm fees be approved consistent with a fee being charged for a false alarm at the first emergency call instead of at the second emergency call in a two month or yearly period and that staff be authorized to amend the False Alarm Bylaw as required.

**PART VII: ISSUES FOR DISCUSSION****2010 Budget Issues****Contribution to the Fleet and Equipment Reserve**

In order to achieve an effective vehicle replacement rate, it is estimated that the required contribution to the Fire fleet replacement reserve be set at \$7.200 million per year. During the 2005 Budget deliberations, Council committed to making increased vehicle replacement reserve contributions a priority for 2006. After several contribution increases, the annual contribution reached \$6.631 million by 2009. The optimal \$7.2 million annual contribution level required to replace fire trucks every 15 years was planned to be phased-in by 2010. Due to budget constraints, the 2010 Recommended Operating Budget will include a fleet contribution of \$5.703 million which, while foregoing the planned 2010 increase, is a decrease of \$0.928 million or 14% below the 2009 budgeted contribution of \$6.631 million. While this reduction may result in a delay in replacing emergency response vehicles that are older than 15 years, it is not anticipated to significantly affect service levels and should be sustainable until 2013. The risk is that Fire Services would not be able to replace older vehicles which will be out of service more often due to required increased maintenance; however, this is deemed to be more manageable than front line staff reductions.

A further implication of this service change is that vehicles over 15 years of age are not recognized by the Fire Underwriters Survey as reliable fire equipment when determining risk for setting commercial insurance rates. Fire Services will continue to monitor this situation with possible changes to fleet reserve contribution levels and its impact on the Fire Services fleet.

**Charges for False Alarms**

The option of increasing False Alarm revenues by charging for all false alarms (currently the first one is free) will generate additional revenue of \$4.890 million in 2010 and incremental revenue of \$1.630 million in 2011 for a total of \$6.521 million. Since invoice volumes are estimated to increase by 10,212 from current level of 3,277 to 13,489 annually, two additional base positions are required to handle the increased volume of billing at a total cost of \$0.189 million and \$0.146 million in 2010. The 2010 Recommended Operating Budget includes a requirement for one Financial Analyst and one Accounting Assistant to process the expected increased volumes. This will result in 6.5 approved positions dedicated to processing charges. Approval of this change will result in a net revenue increase of \$4.745 million in 2010 and \$6.332 million annually. This new fee of \$350.00 per vehicle dispatched for the first false alarm will require an amendment to the False Alarm Bylaw which is the subject of a separate staff report to Budget Committee and Council concurrent with the 2010 Recommended Budget.

While instituting a new fee for false alarms may generate revenue for the short-term, charges for nuisance and malicious alarms are meant to ultimately be a disincentive and so, as shown by recent operating variance reports, the volume of these charges and so the revenue generated will decrease over time. Property owners who correct any deficiencies causing the false alarms are also eligible

for a refund pursuant to policy. These effects produce operating budget pressures that must be mitigated in other ways if possible.

In addition, there is an impact for the Toronto Community Housing Corporation which currently generates approximately 14 percent of the chargeable calls. The cost pressure for TCHC is estimated to be \$0.877 million for a full year and approximately \$0.658 million for nine months in 2010. TCHC will be required to develop strategies to mitigate the occurrence of false alarms.

**3-Year Agreement with Qatar for Firefighter Training**

As recommended by the Community Development and Recreation Committee at its meeting of February 3, 2010, Toronto Fire Services (TFS) requested authorization to enter into an agreement with the State of Qatar to provide enhanced firefighter training to 10 selected staff of the Directorate General of Civil Defence, Ministry of the Interior. The training program revenue from Qatar would have covered contractor payments and direct program costs and have resulted in net revenue to the City.

Unfortunately, due to scheduling concerns, the State of Qatar withdrew its offer to the City of Toronto and contracted with the United Kingdom, to fulfill their immediate training requirements. However, Fire Services’ experience with this initiative may lead to future international revenue generating opportunities that would be the subject of a future report to Council.

**Gapping Rates**

Fire Services has used gapping as a reduction option to offset Operating Budget pressures since 2005. For example, the 2005 gapping target of \$5.654 million or 2.0% of salaries and benefits was not achieved. The 2005 actual gapping rate experience was 0.8% of salaries and benefits. The following table shows gapping trends since 2005: (\$000s)

| Year                          | Salaries & Benefits Total | Gapping Target | Percent of Salaries & Benefits | Actual Gapping | Percent of Salaries & Benefits | Note         |
|-------------------------------|---------------------------|----------------|--------------------------------|----------------|--------------------------------|--------------|
| 2005                          | 277,157.5                 | 5,654.5        | 2.0%                           | 2,280.9        | 0.8%                           |              |
| 2006                          | 303,792.9                 | 5,995.9        | 2.0%                           | 4,851.6        | 1.6%                           |              |
| 2007                          | 311,291.0                 | 6,178.9        | 2.0%                           | 6,759.4        | 2.2%                           |              |
| 2008                          | 327,209.0                 | 6,656.9        | 2.0%                           | 12,718.0       | 3.9%                           |              |
| 2009                          | 335,508.6                 | 6,757.8        | 2.0%                           | 7,588.7        | 2.3%                           | As of Oct 09 |
| 2010                          | 349,371.9                 | 7,011.3        | 2.0%                           |                |                                |              |
| <b>Average Actual Gapping</b> |                           |                |                                | 6,839.7        | 2.1%                           |              |

Table reflects gapping before any allowance for WSIB illness claims.

A review of actual gapping over the past 5 years indicates that Fire Services averages 2.1% gapping per year. A 2% gapping target is budgeted annually. Recent extraordinary gapping levels experienced in 2008 (3.9%) are not expected to continue as staffing levels are stabilizing toward

year-end with the hiring of new classes of recruits. The Program continues to be generally constrained in attempts to achieve higher gapping targets due to the requirements of firefighter contract provisions that maintain a defined staffing level throughout the year and generally precludes using further increased gapping beyond 2% as a potential cost reduction.

**2011 and Future Year Issues**

**2011 Reduction Target**

Fire Services has presented feasible 2011 reduction options during the 2010 Budget process towards achieving the Program’s 2011 reduction target of \$17.9 million or 5% of the 2009 Approved Budget. These options will be further reviewed over the course of the year and presented for consideration during the 2011 Operating Budget process.

**Outstanding Issues from 2009 and Prior Years**

**WSIB Charges for Occupational Disease Claims Settlements**

Changes to the Workplace Safety and Insurance Board's (WSIB) handling of occupational disease claims adjudication regarding claims by firefighters contracting diseases such as cardiovascular disease and cancer have resulted in increased approvals and subsequent costs to the City.

An amendment to the Workplace Safety and Insurance Act, 1997, received Royal Assent on May 4, 2007 enabling the Provincial government to make regulations affecting Ontario's full-time, part-time and volunteer firefighters and fire investigators. The Province then introduced a regulation regarding WSIB claims that defines which diseases are presumed to be work-related for full-time firefighters. The regulation identifies eight types of cancer and sets out the conditions and restrictions for each, as well as heart injuries suffered within 24 hours of fighting a fire or participating in a training exercise involving a simulated fire emergency.

The following statistics provide the types and number of claims received by the City and their current status:

| <b>Number of Claims</b> | <b>Type of Claim</b>                           |
|-------------------------|--|
| 96                      | Settled claims for cancer                      |
| 7                       | Pending claims for cancer                      |
| 72                      | Claims for cancer that are under appeal        |
| 9                       | Settled claims for other disease               |
| 5                       | Pending claims for disease                     |
| 24                      | Claims for other disease that are under appeal |
| <b>213</b>              | <b>Total</b>                                   |

Note: Other Diseases include neurological, cardiac, Parkinson’s disease, Sarcoidosis, asthma, chronic lung disease and chronic obstructive pulmonary disease. Data is as of February 2010 and reflects a total increase of 11 claims over 2008.

The above chart represents the total number of estimated claims that could be eligible for settlement back to 1987. Recently, the Provincial government extended eligibility back to 1961. This is

significant because the standard for personal protective equipment at that time was lower than it is today. As a result, there may be further potential claims.

Prior to 2006, the annual cost for WSIB pension claims and associated administration costs charged against the Fire Services Operating Budget was less than \$1.5 million and was covered by the fringe benefit provision in the budget. The 2007 cost of settling outstanding appeals resulted in a further \$0.750 million pressure. The value of 2008 claim payments was \$7.2 million. Estimated charges for 2009 are expected to be at most approximately \$3.0 million.

To the end of 2008, this increased obligation had been partially absorbed by the Program resulting in an unfavourable variance. Beginning in 2009, these costs were planned to be funded in the Non-Program expenditure budget, instead Fire Services will continue to manage the cost within current budget allocations.

In response to the changes to the Workplace Safety and Insurance Act and the financial implications for municipalities, the Ontario Municipal Human Resources Association (OMHRA) developed a position paper and is in the process of seeking the support of other groups. The City of Toronto provided input to the position paper as a member of the working group. The Association of Municipal Managers, Clerks and Treasurers of Ontario (AMCTO) endorsed the position paper in a letter of October 10, 2008 sent to the Ministers of Finance, Municipal Affairs and Housing, and Labour. The Association of Municipalities of Ontario (AMO) has also endorsed the submission. Other groups including The Municipal Finance Officers Association of Ontario (MFOA), the Ontario Association of Fire Chiefs and the Ontario Professional Firefighters Association, have all received a copy of the position paper in order to seek their endorsement.

The primary issue is the Provincial government's decision to extend the benefits retroactively to 1960, potentially resulting in more than \$100 million in costs directly downloaded to municipalities. With the overall cost impact for the City of Toronto yet to be determined, City staff have evaluated the option of an individual submission from the City of Toronto. However, recent trends indicate that the volume of claims has started to decrease and further investigation of all past claims to 1960 has ceased with past claims being examined on a claim by claim basis. It is now unlikely that the City will go forward with a formal individual submission to the Minister of Labour.

## Appendix A

## 2010 Recommended Base Budget Changes vs. 2009 Approved Budget

| (In \$000s)                                      | Summary of 2010 Base Budget Adjustments |                    |                |                  | Net Incremental Outlook |             |
|--|---|--------------------|----------------|------------------|-------------------------|-------------|
|  | Approved Positions                      | Gross Expenditures | Revenues       | Net              | 2011                    | 2012        |
|  |   | \$                 | \$             | \$               | \$                      | \$          |
| <b>2009 Council Approved Operating Budget</b>    | <b>3,147.3</b>                          | <b>365,028.1</b>   | <b>7,852.9</b> | <b>357,175.2</b> | <b>0.0</b>              | <b>0.0</b>  |
| Technical Adjustments                            |   |                    |                | 0.0              |                         |             |
| In-Year Budget Adjustments                       | 34.0                                    | 2,078.8            |                | 2,078.8          |                         |             |
| <b>2009 Approved Operating Budget</b>            | <b>3,181.3</b>                          | <b>367,106.9</b>   | <b>7,852.9</b> | <b>359,254.0</b> | <b>0.0</b>              | <b>0.0</b>  |
| Prior Year Impacts:                              |   |                    |                |                  |                         |             |
| Annualizations from Prior Year                   |   | 435.6              |                | 435.6            |                         |             |
| Reversals from Prior Year                        |   |                    |                | 0.0              |                         |             |
| Operating Impacts of Capital                     |   | 95.0               |                | 95.0             | 206.4                   | 85.0        |
| Zero Base Items                                  |   | (50.0)             |                | (50.0)           |                         |             |
| Economic Increases:                              |   |                    |                |                  |                         |             |
| Salary   |   | 6,113.0            |                | 6,113.0          | 479.3                   |             |
| Non Salary                                       |   | 248.0              |                | 248.0            |                         |             |
| <b>Adjusted Base Budget</b>                      | <b>3,181.3</b>                          | <b>373,948.5</b>   | <b>7,852.9</b> | <b>366,095.6</b> | <b>685.7</b>            | <b>85.0</b> |
| Base Expenditure Changes                         |   | (623.8)            |                | (623.8)          |                         |             |
| Base Revenue Changes                             |   |                    | (143.1)        | 143.1            |                         |             |
| <b>2010 Base Budget Prior to Service Changes</b> | <b>3,181.3</b>                          | <b>373,324.7</b>   | <b>7,709.8</b> | <b>365,614.9</b> | <b>685.7</b>            | <b>85.0</b> |
| Recommended Service Changes:                     |   |                    |                |                  |                         |             |
| Service Efficiencies                             |   | (1,729.3)          |                | (1,729.3)        |                         |             |
| Revenue Changes                                  |   |                    |                | 0.0              |                         |             |
| Minor Service Level Changes                      |   |                    |                | 0.0              |                         |             |
| Major Service Level Changes                      |   |                    |                | 0.0              |                         |             |
| <b>Total Recommended Base Changes</b>            | <b>0.0</b>                              | <b>(1,729.3)</b>   | <b>0.0</b>     | <b>(1,729.3)</b> | <b>0.0</b>              | <b>0.0</b>  |
|  |   |                    |                |                  |                         |             |
| <b>2010 Recommended Base Budget</b>              | <b>3,181.3</b>                          | <b>371,595.4</b>   | <b>7,709.8</b> | <b>363,885.6</b> | <b>685.7</b>            | <b>85.0</b> |

**Appendix B**  
**Summary of Service Changes**

**Appendix C**

**Summary of 2010 Recommended  
New/Enhanced Service Priority Actions**

## Appendix D

## Program Summary by Expenditure Category

(in \$000s)

| CLUSTER: B<br>PROGRAM: Fire Services |                            |                              |                               |  |               |                  |                  |
|--------------------------------------|----------------------------|------------------------------|-------------------------------|--|---------------|------------------|------------------|
|                                      | 2009<br>Approved<br>Budget | 2009<br>Projected<br>Actuals | 2010<br>Recommended<br>Budget | Change from<br>2009 Approved<br>Budget |               | 2011<br>Outlook  | 2012<br>Outlook  |
|                                      | \$                         | \$                           | \$                            | \$                                     | %             | \$               | \$               |
| Salaries and Benefits                | 337,406.1                  | 338,706.1                    | 342,390.2                     | 4,984.1                                | 1.5%          | 343,019.2        | 343,019.2        |
| Materials and Supplies               | 8,497.9                    | 8,497.9                      | 8,657.9                       | 160.0                                  | 1.9%          | 8,657.9          | 8,657.9          |
| Equipment                            | 1,143.3                    | 1,143.3                      | 1,024.3                       | (119.0)                                | (10.4%)       | 1,024.3          | 1,024.3          |
| Services & Rents                     | 5,630.0                    | 5,630.0                      | 6,035.5                       | 405.6                                  | 7.2%          | 6,135.5          | 6,220.5          |
| Contributions to Capital             |                            |                              |                               |  | n/a           |                  |                  |
| Contributions to Reserve/Res Funds   | 8,803.5                    | 8,803.5                      | 7,875.5                       | (928.0)                                | (10.5%)       | 7,875.5          | 7,875.5          |
| Other Expenditures                   |                            |                              |                               |  | n/a           |                  |                  |
| Interdivisional Charges              | 5,626.1                    | 5,626.1                      | 5,757.6                       | 131.5                                  | 2.3%          | 5,757.6          | 5,757.6          |
| Required Adjustments                 |                            |                              |                               |  | n/a           |                  |                  |
| <b>TOTAL GROSS EXPENDITURES</b>      | <b>367,106.9</b>           | <b>368,406.9</b>             | <b>371,741.0</b>              | <b>4,634.1</b>                         | <b>1.3%</b>   | <b>372,470.0</b> | <b>372,555.0</b> |
| Interdivisional Recoveries           | 346.1                      | 346.1                        | 353.0                         | 6.9                                    | 2.0%          | 353.0            | 353.0            |
| Provincial Subsidies                 | 400.0                      | 400.0                        | 400.0                         |  |               | 400.0            | 400.0            |
| Federal Subsidies                    |                            |                              |                               |  | n/a           |                  |                  |
| Other Subsidies                      |                            |                              |                               |  | n/a           |                  |                  |
| User Fees & Donations                | 6,856.2                    | 6,506.2                      | 11,596.6                      | 4,740.4                                | 69.1%         | 13,226.8         | 13,226.8         |
| Transfers from Capital Fund          | 135.6                      | 135.6                        | 135.6                         |  |               | 135.7            | 135.7            |
| Contribution from Reserve Funds      |                            |                              |                               |  | n/a           |                  |                  |
| Contribution from Reserve            |                            |                              |                               |  | n/a           |                  |                  |
| Sundry Revenues                      | 115.0                      | 115.0                        | 115.0                         |  |               | 115.0            | 115.0            |
| Required Adjustments                 |                            |                              |                               |  | n/a           |                  |                  |
| <b>TOTAL REVENUE</b>                 | <b>7,852.9</b>             | <b>7,502.9</b>               | <b>12,600.3</b>               | <b>4,747.3</b>                         | <b>60.5%</b>  | <b>14,230.5</b>  | <b>14,230.5</b>  |
| <b>TOTAL NET EXPENDITURES</b>        | <b>359,254.0</b>           | <b>360,904.0</b>             | <b>359,140.8</b>              | <b>(113.2)</b>                         | <b>(0.0%)</b> | <b>358,239.5</b> | <b>358,324.5</b> |
| <b>APPROVED POSITIONS</b>            | <b>3,181.3</b>             | <b>3,181.3</b>               | <b>3,183.3</b>                | <b>2.0</b>                             | <b>0.1%</b>   | <b>3,184.3</b>   | <b>3,184.3</b>   |

## Appendix E

### Inflows / Outflows to / from Reserves & Reserve Funds

#### Program Specific Reserve / Reserve Funds

| Reserve / Reserve Fund Name<br>(In \$000s) | Reserve /<br>Reserve Fund<br>Number | Description  | 2010*                | 2011                 | 2012                 |
|--|-------------------------------------|--|----------------------|----------------------|----------------------|
|  |                                     |  | \$                   | \$                   | \$                   |
| Vehicle Reserve - Fire                     | XQ1017                              | Beginning Balance  | 5,265.1              | 1,107.2              | 1,107.2              |
|  |                                     | Proposed<br>Withdrawals (-) /<br>Contributions (+)         | (9,860.9)<br>5,703.0 | (5,703.0)<br>5,703.0 | (5,703.0)<br>5,703.0 |
|  |                                     | Total Proposed Contributions (Withdrawals)                 | (4,157.9)            | 0.0                  | 0.0                  |
|  |                                     | <b>(Vehicle Reserve - Fire XQ1017) BALANCE AT YEAR END</b> | <b>1,107.2</b>       | <b>1,107.2</b>       | <b>1,107.2</b>       |

\*Balance as of December 2009

| Reserve / Reserve Fund Name<br>(In \$000s) | Reserve /<br>Reserve Fund<br>Number | Description  | 2010*          | 2011           | 2012               |
|--|-------------------------------------|--|----------------|----------------|--------------------|
|  |                                     |  | \$             | \$             | \$                 |
| Vehicle Reserve - Fire Equipment           | XQ1020                              | Beginning Balance  | 826.7          | 1,269.1        | 1,711.5            |
|  |                                     | Proposed<br>Withdrawals (-) /<br>Contributions (+)                   | 442.4          | 442.4          | (1,500.0)<br>442.4 |
|  |                                     | Total Proposed Contributions (Withdrawals)                           | 442.4          | 442.4          | (1,057.6)          |
|  |                                     | <b>(Vehicle Reserve - Fire Equipment XQ1020) BALANCE AT YEAR END</b> | <b>1,269.1</b> | <b>1,711.5</b> | <b>653.9</b>       |

\*Balance as of December 2009

#### Corporate Reserve / Reserve Funds

| Reserve / Reserve Fund Name<br>(In \$000s)                    | Reserve /<br>Reserve Fund<br>Number | Balance as of<br>December<br>2009<br>\$ | Proposed Withdrawals (-) /<br>Contributions (+) |                  |                |
|---|-------------------------------------|---|---|------------------|----------------|
|   |                                     |   | 2010  | 2011             | 2012           |
|   |                                     |   | \$  | \$               | \$             |
| Insurance Reserve Fund  | XR1010                              | 32,463.5                                | 1,076.1   | 1,076.1          | 1,076.1        |
| Capital Financing Reserve<br>(Station D (Midland & Eglinton)) | XQ0011                              | 43,295.4                                | 654.5<br>(529.0)                                | 654.5<br>(369.0) | 654.5          |
| <b>Total Reserve / Reserve Fund Draws / Contributions</b>     |                                     |   | <b>1,201.6</b>                                  | <b>1,361.6</b>   | <b>1,730.6</b> |