



City Budget 2012

Fire Services Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pays the day-to-day operating costs for City services.

2012 Operating Budget

2012 OPERATING BUDGET ANALYST BRIEFING NOTES
BUDGET COMMITTEE NOVEMBER 10, 2012

TABLE OF CONTENTS

PART I: RECOMMENDATIONS	2
PART II: 2012 SERVICE OVERVIEW AND PLAN	
Program Map and Service Profiles.....	3
2012 Recommended Service Levels	4
2012 Service Deliverables	6
PART III: RECOMMENDED BASE BUDGET	
2012 Recommended Base Budget	7
2012 Recommended Service Changes	9
2013 and 2014 Outlook	12
PART IV: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS	
2012 Recommended New/Enhanced Service Priority Actions	N/A
PART V: ISSUES FOR DISCUSSION	
2012 and Future Year Issues	14
Issues Referred to the 2012 Operating Budget Process	16
APPENDICES	
Appendix 1: 2011 Performance	18
Appendix 2: 2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers	22
Appendix 3: Summary of 2012 Recommended Service Changes	24
Appendix 4: Summary of 2012 Recommended New/Enhanced Service Priority Actions	25
Appendix 5: Inflows / Outflows to/ from Reserves and Reserve Funds	26

Contacts: **Alan Cohen**
 Manager, Financial Planning
 Tel: (416) 392-3740

Brian Tagg
 Senior Financial Planning Analyst
 Tel: (416) 392-5377

PART I: RECOMMENDATIONS

2012 Recommended Operating Budget (In \$000s)

(In \$000s)	2011		2012 Recommended Operating Budget			Change - 2012 Recommended Operating Budget v. 2011 Appvd. Budget		FY Incremental Outlook	
	2011 Appvd. Budget	2011 Projected Actual	2012 Rec. Base	2012 Recommended New/Enhanced	2012 Rec. Budget	\$	%	2013	2014
	\$	\$	\$	\$	\$			\$	\$
GROSS EXP.	371,254.1	374,981.4	369,756.2	-	369,756.2	(1,497.9)	(0.4)	3,073.7	(29.6)
REVENUE	15,430.2	15,476.2	15,131.9	-	15,131.9	(298.3)	(1.9)	-	-
NET EXP.	355,823.9	359,505.2	354,624.3	-	354,624.3	(1,199.6)	(0.3)	3,073.7	(29.6)
Approved Positions	3,185.3	3,053.3	3,176.3	-	3,176.3	(9.0)	(0.3)	-	-

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 10% Reduction vs. 2012 Rec'd Reduction	Target %
2012 Reductions	(36,656.8)	(11,469.0)	(25,187.8)	3.1%

Recommendations

The City Manager and Chief Financial Officer recommend that:

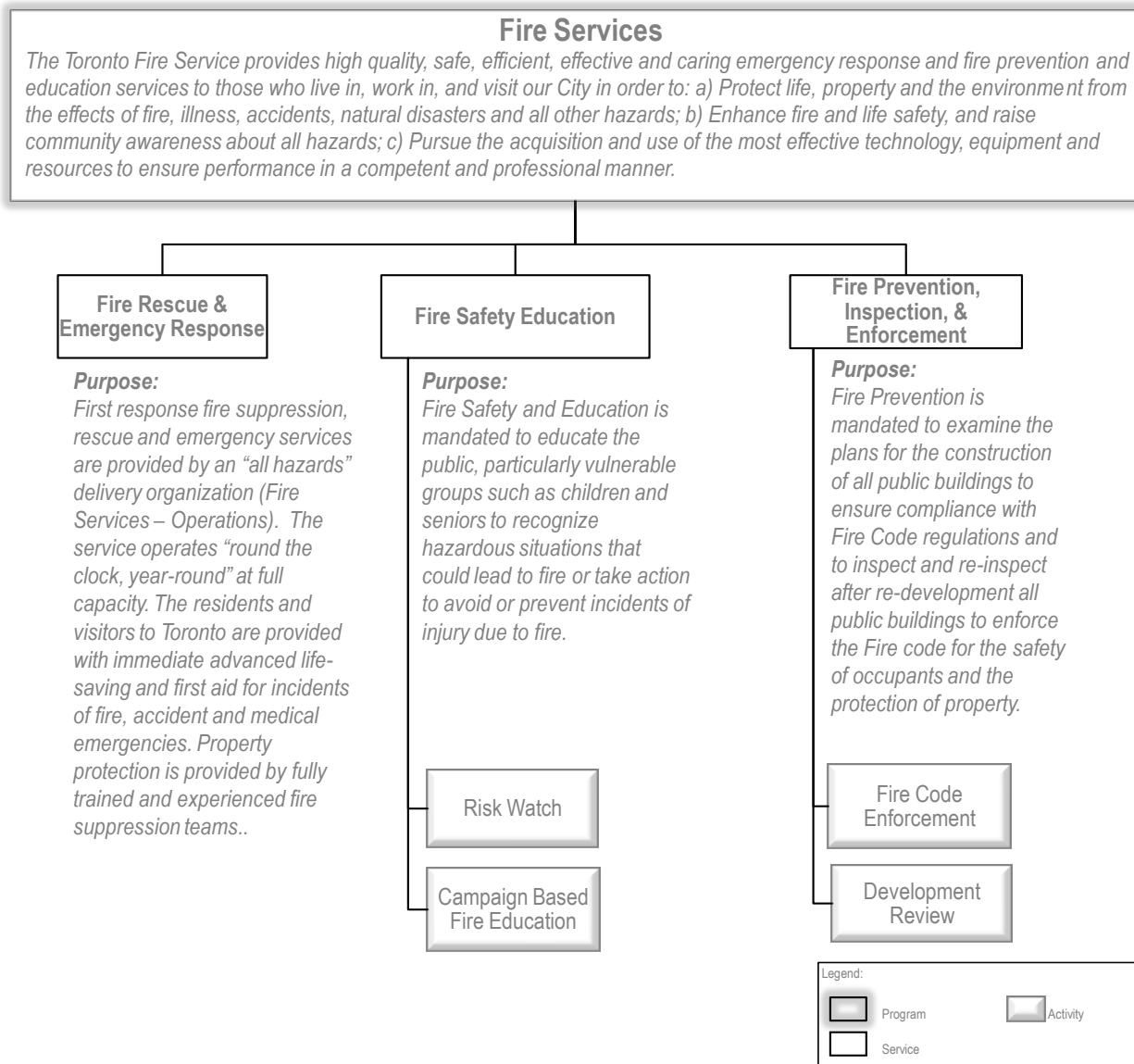
1. City Council approve the 2012 Recommended Operating Budget for Toronto Fire Services of \$369.756 million gross and \$354.624 million net, comprised of the following services:

<u>Services</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Fire-Operations	297,855.9	283,990.8
Fire Prevention & Public Safety	14,409.3	14,084.8
Communications & Operational Support	29,139.0	28,697.1
Professional Develop. & Mechanical Support	25,097.9	24,697.9
Fire - Headquarters	<u>3,254.1</u>	<u>3,153.8</u>
Total Program Budget	<u><u>369,756.2</u></u>	<u><u>354,624.3</u></u>

2. The information contained in Confidential Attachment 1 remain confidential until the outcome of Council's decision has been communicated to Unions and affected staff.

PART II: 2012 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles



Service Customer

Fire Rescue & Emergency Response

- Incident Victim
- Property owner
- Property occupant
- Adjacent Property owners
- Insurance Companies

Fire Safety Education

- Toronto Elementary School Teachers
- Community Groups
- Businesses
- Elementary School Children
- Parents / Guardians
- General Public

Fire Prevention, Inspection, & Enforcement

- Property owners
- Property User / Occupant
- Adjacent Property Owners / Neighbours

2012 Recommended Service Levels

The following chart indicates the current and 2012 Proposed Service Levels for Toronto Fire's Services and Activities:

Service Types & Levels

Service	Activity	Type	2011 Current Service Level	2012 Proposed Service Levels
Fire Safety Education	Risk Watch		100% of Schools, up to grade 4, received training up to 2010.	100% of Schools, up to grade 4; and, grades 5 to 8 by June 2012 in all TCDSB and TDSB schools.
	Campaign Based Fire Education	Fire Education Material / Brochures	1 public educator per 130,000 population	1 public educator per 130,000 population
		Fire Education Training Sessions	1 public educator per 130,000 population	1 public educator per 130,000 population
		Public Events	1 public educator per 130,000 population	1 public educator per 130,000 population
Fire Prevention, Inspection, & Enforcement	Development Review		29% of inspections completed within 7 days	29% of inspections completed within 7 days
	Fire Code Enforcement		25% of inspections compliant on first inspection	25% of inspections compliant on first inspection
Fire Rescue & Emergency Response		Alarm Response	4 minute 47 seconds 90% of the time	Increased response times at 90 th percentile due to trucks out of service
		Fire Incidents Response	4 minute 47 seconds 90% of the time	Increased response times at 90 th percentile due to trucks out of service
		Hazardous Material Response	4 minute 47 seconds 90% of the time	Increased response times at 90 th percentile due to trucks out of service
		Medical Response	4 minute 47 seconds 90% of the time	Increased response times at 90 th percentile due to trucks out of service
		Rescue Response	4 minute 47 seconds 90% of the time	Increased response times at 90 th percentile due to trucks out of service
		Vehicular Accident Response	4 minute 47 seconds 90% of the time	Increased response times at 90 th percentile due to trucks out of service
		Other Response	4 minute 47 seconds 90% of the time	Increased response times at 90 th percentile due to trucks out of service

Service Deliverables

Fire Services has established service objectives for the next 3 year period to move the Master Fire Plan forward in order to maintain and improve fire protection in Toronto in accordance with Council priorities, increasing service demands and legislative requirements.

Fire Rescue and Emergency Response:

1. *Improve incident response to 240 seconds or less 90% of the time from 287 seconds by 2013.* The Council approved service level is a 4 minute road response time. This is the standard endorsed by the NFPA. In 2010, road response time at the 90th percentile was 4 minutes, 47 seconds. The response time is dependent 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 (5,000 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 by December 31, 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. *Inspections in the Entertainment District* - of 90-100 establishments (and surrounding areas) to be conducted every two years to ensure all fire prevention and protection equipment are being maintained to limit the inherent dangers associated with large numbers of people, overcrowding complaints, as well as common yearly functions and festivals. As a result of these inspections, staff will attend approximately 10-20 court cases a year.
5. *Fire Code Compliance Program for Hospitals* - Toronto Fire Services has a Fire Code Compliance Program for the 109 Hospitals and Nursing homes in the city. The Inspections will be completed by the end of 2012 and every two years thereafter.
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. Also, to have a risk-based inspection plan for the City in place and operational by 2015.

7. *Reduce the number of false alarms* by working with building owners to make necessary improvements, promote the use of sprinklers and smoke alarms; and,
8. *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.

Fire Safety Education:

9. *Provide public education forums* (1,000 events annually) to promote fire safety, special events and advertising;
10. *Risk Watch Program* –Implement the risk watch program in 430 TCDSB schools by 2013. In addition, Fire Services plans to develop a comprehensive fire safety awareness program for students living in university/college residential accommodations and expand the Older & Wiser program with a proactive outreach to care givers and older adults in the community.
11. 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.

2012 Service Deliverables

The 2012 Recommended Operating Budget of \$354.624 million net for Fire Services provides funding to:

- Provide 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 3,085 firefighters and 91 management and administrative staff;
- Replace 8 to 10 emergency response vehicles in 2012;
- Respond to approximately 145,000 emergency incidents resulting in approximately 280,000 vehicle runs;
- Respond to 35,000 fire alarms and over 10,000 fires;
- Respond to 73,000 medical emergencies and 15,000 vehicle incidents and rescues;
- 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 46,000 new, existing and rehabilitated buildings; and,
- Host 1,000 public education forums to promote fire safety.

PART III: RECOMMENDED BASE BUDGET

2012 Recommended Base Budget (In \$000s)

(In \$000s)	2011 Appvd. Budget	2012 Recommended Base	Change 2012 Recommended Base v. 2011 Appvd. Budget		FY Incremental Outlook	
					2013	2014
	\$	\$	\$	%	\$	\$
GROSS EXP.	371,254.1	369,756.2	(1,497.9)	(0.4)	3,073.7	(29.6)
REVENUE	15,430.2	15,131.9	(298.3)	(1.9)	0.0	0.0
NET EXP.	355,823.9	354,624.3	(1,199.6)	(0.3)	3,073.7	(29.6)
Approved Positions	3,185.3	3,176.3	(9.0)	(0.3)		

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 1Rec'd Reduction vs. 2012 10% Reduction Target	Target %
2012 Reductions	(36,656.8)	(11,469.0)	(25,187.8)	3.1

2012 Recommended Base Budget

- The 2012 Base Budget of \$369.756 million gross and \$354.624 million net represents a \$1.2 million or 0.3% net decrease from the 2011 Operating Budget of \$355.824 million net.
- The 2012 Base Budget of \$354.624 million net includes Program budget reductions of \$11.469 million net or 3.1% of the 2011 Approved Net Budget. This is \$25.188 million below Fire Services 10% reduction target of \$36.657 million.
- Service changes of \$11.469 million include base budget savings of \$2.204 million net, savings from efficiencies of \$0.086 million and minor service level changes of \$9.179 million net.
- The 2012 Operating Budget for Fire Services reflects the deletion of 9 permanent filled positions. The total staff complement will change from 3,185.3 to 3,176.3 positions as noted below:

2012 Recommended Staff Complement – Base Budget Summary

	Staff Complement
2011 Approved Complement	3,185.3
2011 In-year Adjustments	
2011 Approved Staff Complement	3,185.3
2012 Recommended Staff Complement	
2012 Prior Year Staffing Reorganization	(2.0)
2012 Temporary Complement - Capital Project Delivery	
2012 Operating impacts of completed Capital projects	
2012 Service Change Adjustments	(7.0)
Total Recommended Complement	3,176.3

- The total approved staff complement for 2011 is 3,185.3 positions. A net total of (2) approved positions were reduced as a prior year re-organization of staff resources. This re-organization included:
 - converting 3 Special Project manager positions into 2 Division Chief positions; and,
 - converting (3) clerical positions, including (1) in purchasing and (2) in accounting, into (1) senior program coordinator and (1) operations & budget analyst.
- In addition, a total of (7) positions are recommended to be deleted for non-operational support divisions.
- Furthermore, removing the equivalent of three (3) additional trucks from service throughout 2012 will permit a deferral of hiring in Fire Operations and result in the reduction of an additional 68 firefighter positions.

2012 Recommended Service Change Summary

(In \$000s)

Description	2012 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% of 2012 Budget Reduction Target	2013		2014	
	#	\$	\$	%	\$	# Pos.	\$	# Pos.
Base Changes:								
Base Expenditure Changes								
Absorb Base Pressure Expenditures								
Absorb Alternate Rate Increase		(922.2)	(922.2)	0.3				
Absorb Non-Labour Inflation Increase		(657.3)	(657.3)	0.2				
Absorb Snow Clearing Requested Increase		(75.0)	(75.0)	0.0				
Increased Gapping for Staff Transferred from PPF&A		(68.4)	(68.4)	0.0				
Reduce Increase in Mechanical & Electrical Kitchen- by 50%		(21.0)	(21.0)	0.0				
Absorb Base Pressure Expenditures subtotal		(1,743.9)	(1,743.9)	0.5				
Reduce Facilities Maintenance Increase by 50%		(217.8)	(217.8)	0.1				
Defer Operating Impact of Capital Projects		(122.5)	(122.5)	0.0	105.0		(32.5)	
Expenditure Reductions Based on Actual Experience		(119.9)	(119.9)	0.0				
Base Expenditure Changes		(2,204.2)	(2,204.2)	0.6				
Base Revenue Changes								
Base Revenue Changes								
Sub-Total Base Budget Changes		(2,204.2)	(2,204.2)	0.6				
Service Efficiencies								
Operations Support Service Cost Reduction		(85.7)	(85.7)	0.0				
Sub-Total Service Efficiencies		(85.7)	(85.7)	0.0				
Revenue Adjustments:								
Sub-Total Revenue Adjustments								
Minor Service Impact:								
Eliminate Fleet Reserve Provision		(1,497.5)	(1,497.5)	0.4				
Fire Services' Operations and Support Reductions	(7.0)	(460.6)	(460.6)	0.1				
Defer Hiring for Fire Operations		(7,221.0)	(7,221.0)	2.0				
Sub-Total Minor Service Impacts	(7.0)	(9,179.1)	(9,179.1)	2.5				
Major Service Impact:								
Sub-Total Major Service Impacts								
Total Service Changes	(7.0)	(9,264.8)	(9,264.8)	2.5				
Total Base Budget & Service Changes	(7.0)	(11,469.0)	(11,469.0)	3.1				

2012 Recommended Service Changes

- Recommended Service Changes total \$11.469 million net and include base reductions of \$2.204 million and services change reductions of \$9.179 million net which contribute towards the Program's budget reduction target. In total, the Program has achieved reductions of \$11.469 million net or 3.1 % of the 2011 Approved Operating Budget of

\$355.824 million for Fire Services compared to the Program target of \$36.657 million or 10% of the 2011 Approved Net Operating Budget. The recommended service changes are discussed below:

Base Changes (*\$2.204 million gross and net*)

Absorb Base Pressure Expenditures

Absorb the Alternate Rate Budget Pressure Adjustment

- Fire Services will absorb the \$0.922 million expenditure increase that was added to the base budget for 2012 to reflect actual costs incurred when firefighters are awarded alternate rate pay on a shift by shift basis for temporarily filling in senior positions. Fire Services will continue to manage this expenditure as necessary within current resources;

Absorb Economic Factors within Base Budget

- The annual inflationary increase for non-salary expenditures, totaling \$0.657 million will be absorbed in 2012 through monitoring expenditures and on-going operational efficiencies.

Various Small Adjustments

- Increased pressure totaling \$0.096 million for increased charges for contracted snow removal (\$0.075 million) and replacement of kitchen equipment (\$0.021 million) will be absorbed by Fire Services. Fire Services will continue to manage these expenditures as necessary within current budget;

Increased Fire Services' Gapping

- Fire Services' request to decrease gapping by \$0.068 million in order to align transferred staff salaries to the established gapping rate for Fire Services is not recommended.

Reducing Corporate Facilities Increased charges for Building Maintenance

- Expenditures for required building maintenance are generally overspent each year. The recommended reduction of 50% of the requested increase for maintenance costs will provide \$0.218 million more funding to manage facility maintenance needs;

Deferring the Operating Impact of Capital

- Operating impacts of completed Capital projects totaling \$0.123 million are recommended to be deferred to 2013 and 2014. This deferral is based on the current estimated completion date of Exhibition Place Station by mid-2012 and Station D in mid-2013.
- Operating costs of \$0.038 million for Exhibition Place Station and operating costs of \$0.067 million for Station D will be required in 2013. In 2014, the annualization of operating costs for Station D is (\$0.033 million) reflecting the reversal of one-time furniture costs of \$0.050 million in 2013.

Expenditure Reductions Based on Actual Experience

- As a result of thorough review of actual expenditures compared to budget, it has been determined that a further \$0.120 million in net reductions can be made without affecting service levels.

Service Efficiencies *(savings of \$0.086 million gross and net)**Operations Support Service Efficiency*

- One service level efficiency providing savings totaling \$0.086 million is recommended for 2012. *(Please see Confidential Attachment 1 under separate cover).*

Minor Service Impact *(savings of \$9.179 million gross and net)**Eliminate Fleet Reserve Provision*

- Eliminating the fleet reserve increase for 2012 will result in base savings of \$1.498 million. The reduction to the annual fleet reserve contribution will maintain the 2012 contribution level at \$5.703 million.
- The operational impact of this reduction may be that existing older service emergency vehicles will be out of service more often due to increased maintenance requirements.
- Fire Services reported to Budget Committee in August 2011 on the adequacy of fleet reserve contribution, the current status of the existing fleet and the projected necessary annual contribution level to provide sustainable emergency response. This necessary annual contribution level to replace fire vehicles had been previously estimated to be \$7.2 million. The matter was referred back to the City Manager for review in 2012.

Fire Services' Operations and Support Reductions

- Three separate service changes recommended will provide savings totaling \$0.461 million and reduce 7 positions in 2012. *(Please see Confidential Attachment 1 under separate cover).*

Defer Hiring for Fire Operations

- This minor service level change as recommended will maintain vacancies from 2011 throughout 2012 and provides savings totaling \$7.221 million for 2012. At year-end 2011 the Operations Division is projected to have an additional 68 firefighter positions vacant. This total is 68 positions more than the normal gapping level of 64 positions and gives rise to the removal of the equivalent of three (3) additional trucks from service throughout 2012. Total firefighter vacancies are projected to be 157 positions by January 2012. In order to maintain the year-end gapping level, Fire will be required to hire early in 2012 in addition to the removal of the equivalent of three (3) additional trucks from service. This recommended action generates 2% of the Program target of \$36.657 million or 10% of the 2011 Approved Operating Budget.

2013 and 2014 Outlook

- Both 2013 and 2014 do not include provision for a cost of living adjustment for Firefighters' Local 3888. This cost has also not been included for 2010, 2011 or 2012 as it is subject to current negotiations. As a result, 2013 and 2014 Outlooks also do not include non-union progression and union step increases. Mediation sessions occurred in June and September 2011. The first Arbitration session was in November with further sessions planned for December 2011.

2013 Outlook:

- 2013 Outlook is estimated at \$3.073 million which includes \$2.9 million or 0.9% increase for OMERS premiums. In addition, 2013 includes the operating impact of completed capital projects as follows:
 - the second half-year impact of operating costs for the refurbished fire station at Exhibition Place which is expected to be completed by July 2012. This includes \$0.020 million for natural gas and \$0.018 million for hydro costs.
 - the first half year impact of operating costs for new Station D which is expected to be complete in July 2013. This includes \$0.010 million for natural gas, \$0.008 million for hydro and \$0.050 million for furniture.
 - The on-going maintenance cost of \$0.068 million for enhancing the Wide Area Network (WAN) links at all Fire Services locations from Bell Canada's low to medium-speed links to Cogeco Data Services' high-speed links.

2014 Outlook:

- The 2014 Outlook of \$0.030 million includes the annualized operating costs for Station D including \$0.010 million for natural gas, \$0.008 million for hydro and the reversal of \$0.050 million for one-time furniture costs. Also included in 2014 is the annualized impact of the WAN project for \$0.003 million.

PART V: ISSUES FOR DISCUSSION

2012 and Future Year Issues

2012 Issues

Deferred Hiring for Fire Operations

- The 2012 recommended 10% reduction target for Fire Services is \$36.659 million;
- Other base and service changes recommended for 2012 result in savings of \$4.248 million;
- Deferral of hiring in the Fire Operations Division arising from removing the equivalent of three (3) additional trucks from service throughout 2012 is recommended as a minor service level change for 2012. As Fire Services generally operates with an overall annual gapping rate of 64 positions, it is recommended that this normal vacancy level be maintained.
- In addition, due to the deferral, to early 2012, of hiring new recruits, it is projected that a further 68 positions will be vacant by year-end. Given the City's financial situation, an additional reduction of \$7.221 million is recommended to remove the equivalent of three (3) additional trucks from service throughout 2012 and thereby defer hiring the equivalent of 68 positions;
- This will result in salary and benefit savings of approximately \$7.221 million or 2% compared to the 10% reduction target for 2012. In addition, total vacancies are projected to increase to 157 in early 2012 at which time Fire Services will hire new staff while maintaining the removal of the equivalent of three (3) additional trucks from service throughout 2012 in order to sustain the recommended savings.
- Fire Services has indicated that while this is manageable there may be safety issues for the public and firefighters; removing the equivalent of 3 additional trucks from service will marginally increase emergency response times.
- Furthermore, Council directed that a review will be undertaken in 2012 regarding the integration of Fire Services and EMS and consider the potential for a more efficient model of service delivery. It is recommended that further hiring be deferred pending the outcome of this review.

Core Service Review Approvals

On September 26, 27, 2011 City Council adopted the City Manager's report, entitled "Core Service Review – Final Report to Executive Committee" dated September 9, 2011, with his recommendations that addressed the results of the detailed Core Service Review conducted by KPMG. Council approved specific recommendations regarding Fire Services and service levels; namely:

- *Fire Services – Consider integrating EMS and Fire organizationally and developing new models to shift more resources to EMS response and less to fire response over time.*

This specific study will begin in early 2012 and any findings will be evaluated within the 2013 Operating Budget process. In the interim, the City Manager and the Chief Financial Officer recommend the deferral of hiring in both EMS and Fire Services pending the outcome of the review.

- *Fire Services – Consider the opportunities to improve response times and decrease equipment requirements through dynamic staging of equipment:*

Further study is required to assess the service, financial, organizational, legal/legislative and other impacts. These items were referred to the City Manager for inclusion in a broader service and organizational study to be reported to standing committee and Council as required;

- *Fire Services – Consider reducing the range of medical calls to which the fire department responds:*

This matter forms part of the scope of the joint Fire/EMS Efficiency Study which will consider options for the integration of Fire and EMS. The study will assess the service, financial, organizational, legal/legislative and other impacts. As well, Fire Services, EMS and Toronto Police Services are part of the Tiered Response Committee directed by Sunnybrook Hospital. Any change to response levels would be required to be reviewed by the Committee and assessed in terms of meeting emergency response medical requirements and protocols.

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 allowing the government to make regulations affecting Ontario's full-time, part-time and volunteer firefighters and fire investigators. Government regulation

exists 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.

- 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 costs. The value of 2008 claim payments was \$7.2 million. Estimated charges for 2009 were expected to be less than half of 2008. To date, this increased obligation was partially absorbed by the Program. Final costs for 2010 were \$2.903 million. Final costs for 2011 have not yet been determined, but as at December 31, 2011 WSIB costs are projected to be \$3.7 million.
- The Provincial government's decision to extend the benefits retroactively to 1960 resulted 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 are reviewing and evaluating the option of an individual submission from the City of Toronto.

Issues Referred to the 2012 Operating Budget Process

Contribution to the Fleet and Equipment Reserve

- In order to achieve an adequate vehicle replacement rate, the required contribution to the Fire fleet replacement reserve is estimated to be \$7.200 million per year. This would result in a replacement cycle for the trucks not exceeding 15 years.
- 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 Approved Operating Budget included a fleet contribution of \$5.703 million which was \$0.928 million or 14% below the 2009 contribution of \$6.631 million and \$1.557 million below the optimal contribution of \$7.260 million.
- For 2011, the contribution rate to the reserve did not change from that funded in the 2010 Approved Operating Budget of \$5.703 million.
- For 2012, the contribution remains at \$5.703 million and is not anticipated to significantly affect service levels until 2013. Older vehicles will be out of service more often due to required increased maintenance; however, this is deemed to be

manageable. However, 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.

- The Outlooks for 2013 and 2014 do not include any further increased contributions and as a result, the vehicle replacement reserve will be in a deficit by 2013 of \$0.781 million (please see Appendix 5).
- The Chief of Toronto Fire Services was recommended to report back to Budget Committee prior to the 2012 Budget process on the adequacy of fleet reserve contribution, the current status of the existing fleet and the projected required annual contribution to provide sustainable emergency response. This report was before Budget Committee on August 23rd as item BU13.2 and was referred to the City Manager to review the number and types of fire vehicles as part of his Efficiency Review. This review will form part of the joint Fire/EMS Efficiency Study and any fleet related findings will be reported with the 2013 Budget Process.

Appendix 1

2011 Performance

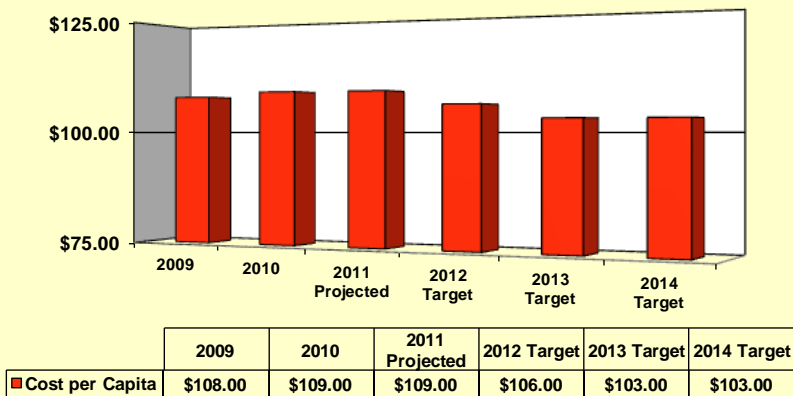
2011 Key Accomplishments:

In 2011, Fire Services achieved the following results:

- ✓ Successfully mitigated emergency incidents of various scales and circumstances across the City as the City's only all hazards response agency.
- ✓ Trained 38 new fire fighting recruits for the Operations division between February and April, 2011. Seven Communications staff were also hired in 2011, along with one lateral transfer to Communications from another fire division, and one Senior Marine Engineer.
- ✓ Completed the annual "Alarmed for Life" campaign (a community-based proactive smoke alarm education program). This is a joint initiative between the Fire Prevention and Public Education Division and the Operations Division. Once again, the Operations division exceeded the previous year's total of the number of residences visited in delivering the fire safety message to 80,141 residences city wide with the 2011 campaign.
- ✓ Moved into a new (replacement) Station 141 located on Keele Street north of Finch as part of a project with TTC, which saw the TTC replace the existing station as the land was required for their subway extension plan.
- ✓ Took delivery and put into service 12 Rescue Pumpers and one rear mount Aerial device. Six additional aerials were ordered in 2011 for delivery in 2012. Also took delivery of a fire pump testing trailer which is more economical than constructing a built-in pump testing system, and is capable of facilitating mobile testing of fire pumps if required.
- ✓ Completed the implementation of a significant upgrade to the CAD (Computer Aided Dispatch) system in our Communications Division. The completion of this project allowed for the implementation of a new Business Intelligence tool for the Fire Services which will assist in quality assurance and improvement initiatives in the future.
- ✓ Participated in two HUSAR (Heavy Urban Search and Rescue) activations in Goderich and Woodstock, in addition to providing HUSAR support to EMAT (Emergency Medical Assistance Team) during the evacuation of northern communities during a significant wild fire event.

2011 Performance

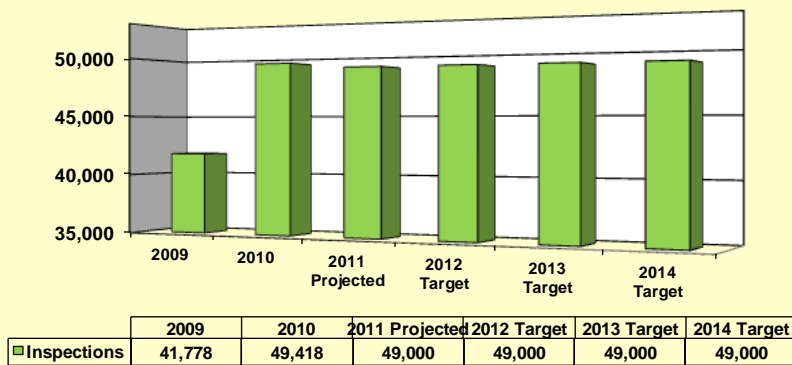
Fire Suppression-Cost per Capita



Cost per Capita of Fire Suppression

Based on a population of 2,755,800 and gross expenditures of \$299.5M, the average cost per capita is projected to be \$109 in 2011, unchanged from 2010. By 2014, a target level of \$103 is expected. However, these projections exclude pending labour settlements.

Fire Prevention-Inspections



Fire Prevention-Inspections

The objective is to maintain fire inspections of existing and rehabilitated buildings (about 40,000 inspections yearly) and all new developments (5,000 inspections yearly) to ensure that they have adequate safety measures and protections as required by the Fire Code. Target inspections are projected to reach 49,000 in 2011 and remain unchanged through 2014

2011 Budget Variance Analysis

2011 Budget Variance Review
(In \$000s)

	2009	2010	2011	2011	2011 Appvd. Budget vs Projected	
	Actuals	Actuals	Approved Budget	Projected Actuals*	Actuals	Variance
(In \$000s)	\$	\$	\$	\$	\$	%
GROSS EXP.	369,431.3	371,445.4	371,254.1	374,981.4	3,727.3	1.0
REVENUES	8,054.1	12,463.7	15,430.2	15,476.2	46.0	0.3
NET EXP.	361,377.2	358,981.6	355,823.9	359,505.2	3,681.3	1.0
Approved Positions	3,181.3	3,183.3	3,185.3	3,053.3	(132.0)	(4.1)

* Based on the Third Quarter Operating Budget Variance Report.

2011 Experience

- As of September 30, 2011 Fire Services is projecting a year-end net unfavourable variance of \$3.681 million net or 1% of the 2011 Approved Net Operating Budget of \$355.824 million.
- This is primarily the result of higher than budgeted gross expenditures for fringe benefits due to OMERS costs and WSIB claims and non-salary unbudgeted spending for demolition of the old Empress Hotel on Yonge Street after the January fire. These variances are partially offset by under-spending in salaries due to the high number of firefighter vacancies and costs that have been recovered from the Yonge Street building owner.
- For year-end, over-spending of \$5.8 million for fringe benefits and revenue shortfalls of \$0.4 million (for the combined impact of chargeable false alarms and elevator/vehicle response fees) offset by higher gapping of \$2.5 million result in an unfavourable net expenditure variance of 1% or \$3.7 million for Fire Services.

Impact of 2011 Operating Variance on the 2012 Recommended Budget

- The 2011 Operating Variance to date reflects the impact of deferring the hiring of a new class of firefighter recruits. The year-end position indicates continued savings due to deferred hiring. It is recommended that the equivalent of three (3) additional trucks be removed from service throughout 2012, eliminating the need to hire 68 firefighter recruits. By January 2012, firefighter vacancies are expected

to grow to 157 positions but an additional recruit class will be hired in the new-year.

- In 2012 WSIB claims will continue to impact fringe benefit expenses. WSIB occupational illness claims payments started to decline in 2009, this trend continued in 2010 and 2011. No funding is included in the 2012 Recommended Operating Budget as final claims cannot be estimated at this time.

Appendix 2

2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers

Program Summary by Expenditure Category

(In \$000s)

Category of Expense	2009	2010	2011	2011	2012	2012 Change from		2013	2014
	Actual	Actual	Budget	Projected Actual	Recommended Budget	2011 Approved Budget	%	Outlook	Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	339,545.8	343,728.3	341,636.0	344,935.9	339,981.0	(1,654.9)	(0.5%)	342,881.0	342,881.0
Materials and Supplies	8,439.5	6,785.1	8,247.7	8,247.7	7,925.4	(322.3)	(3.9%)	7,980.4	7,997.9
Equipment	845.0	856.2	800.5	800.5	770.2	(30.3)	(3.8%)	820.2	770.2
Services & Rents	5,976.9	5,553.4	5,860.2	6,287.5	5,979.3	119.1	2.0%	6,048.0	6,050.9
Contributions to Capital	-	-	-	-	-	-	-	-	-
Contributions to Reserve/Res Funds	8,803.5	7,931.9	8,747.5	8,747.5	8,747.5	(0.0)	(0.0%)	8,747.5	8,747.5
Other Expenditures	6.8	86.7	-	-	-	-	-	-	-
Interdivisional Charges	5,813.8	6,503.9	5,962.2	5,962.2	6,352.7	390.5	6.6%	6,352.7	6,352.7
TOTAL GROSS EXPENDITURES	369,431.3	371,445.4	371,254.1	374,981.4	369,756.2	(1,497.9)	(0.4%)	372,829.9	372,800.3
Interdivisional Recoveries	379.1	396.9	362.1	362.1	369.6	7.6	2.1%	369.6	369.6
Provincial Subsidies	532.1	1,403.6	400.0	400.0	400.0	-	0.0%	400.0	400.0
Federal Subsidies	-	-	-	-	-	-	-	-	-
Other Subsidies	-	-	-	-	-	-	-	-	-
User Fees & Donations	6,536.8	10,303.9	14,491.9	14,537.8	14,354.2	(137.6)	(0.9%)	14,354.2	14,354.2
Transfers from Capital Fund	-	-	-	-	-	-	-	-	-
Contribution from Reserve Funds	-	-	-	-	-	-	-	-	-
Contribution from Reserve	-	-	-	-	-	-	-	-	-
Sundry Revenues	606.1	359.4	176.3	176.3	8.0	(168.3)	(95.5%)	8.0	8.0
TOTAL REVENUE	8,054.1	12,463.7	15,430.2	15,476.2	15,131.9	(298.3)	(1.9%)	15,131.9	15,131.9
TOTAL NET EXPENDITURES	361,377.2	358,981.6	355,823.9	359,505.2	354,624.3	(1,199.6)	(0.3%)	357,698.0	357,668.4
APPROVED POSITIONS	3,181.3	3,183.3	3,185.3	3,185.3	3,176.3	(9.0)	(0.3%)	3,176.3	3,176.3

2012 Key Cost Drivers

- For 2012, Salaries & Benefits, Material & Supplies and Equipment changes include absorbing inflation, reducing budgets based on actual experience.
- In 2012, salaries mainly reflect the staff vacancies being held in the Operations Division as well as a further (7) permanent position deletions in support divisions.
- Service and Rents increases are mainly a result of increased contracted costs such as snow clearing, software maintenance and contracted vehicle maintenance.
- Starting in 2011, Contributions to Reserves/Reserve Funds include contributions of \$0.780 million per year for bunker suit replacements to be purchased in 2015 as well as reduced contributions for fleet replacement which started in 2010. For 2012, annual contributions to the fleet reserve remain unchanged at \$5.703 million.

- Provincial Subsidies remain the same from 2009 to 2012 except for the one time increases in 2010 for G20 Planning. The decrease in 2011 is due to the reversal of the G20 Planning provision.
- User Fee increases from 2009 are mainly as a result of additional charges resulting from the False Alarm By-Law implemented in 2010 modified by adjustments to volume based on actuals. Starting in 2010, User Fees and Donations reflect the change in the False Alarm Bylaw to start charging for all nuisance and malicious false alarms. 2011 includes the annualization of the 2010 bylaw change as well as more processing staff and additional revenue due also changing the response vehicle charge from \$350 to \$410. For 2012, an increase in the volume of highway vehicle incident responses is projected to increase revenues by \$0.250 million which is generally offset by continues decline in the number of chargeable false alarms.
- Approved positions for 2011 totaled 3,185.3 including two additional accounting positions to process false alarm charges. For 2012, 3,176.3 positions are recommended and reflect the recommended reduction of (7) positions in support divisions as well as a reduction of (2) positions due to a prior year internal re-organization of staff.

Appendix 3

Summary of 2012 Recommended Service Changes

Appendix 4
Summary of 2012 Recommended New/Enhanced Service Priority
Actions

Appendix 5

Inflows / Outflows to / from Reserves & Reserve Funds

Program Specific Reserve/Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	2012	2013	2014
			\$	\$	\$
Vehicle Reserve Fire-Fleet	XQ1017	Beginning Balance	7,869.7	1,619.2	(781.3)
		Proposed Contributions (Withdrawals)	5,702.5 (11,953.0)	5,702.5 (8,103.0)	5,702.5 (6,503.0)
		Total Proposed Contributions (Withdrawals)	(6,250.5)	(2,400.5)	(800.5)
		(Vehicle Reserve Fire -Fleet) BALANCE AT YEAR END	1,619.2	(781.3)	(1,581.8)
Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	2011	2012	2013
			\$	\$	\$
Vehicle Reserve Fire Equipment	XQ1020	Beginning Balance	2,391.5	3,613.9	4,836.3
		Proposed Contributions (Withdrawals)	1,222.4	1,222.4	1,222.4
		Total Proposed Contributions (Withdrawals)	1,222.4	1,222.4	1,222.4
		(Vehicle Reserve Fire Equipment) BALANCE AT YEAR END	3,613.9	4,836.3	6,058.7
Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	2011	2012	2013
			\$	\$	\$
Toronto Fire Svcs Public Education Reserve	XQ4205	Beginning Balance	298.1	298.1	298.1
		Proposed Contributions (Withdrawals)			
		Total Proposed Contributions (Withdrawals)	0.0	0.0	0.0
		(Vehicle Reserve Fire Equipment) BALANCE AT YEAR END	298.1	298.1	298.1

Appendix 5 (cont'd)

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 2011	Proposed Withdrawals (-) / Contributions (+)		
			2012	2013	2014
		\$	\$	\$	\$
Capital Financing Reserve Fund	XQ0011	TBD	727.3	727.3	680.3
Insurance Reserve Fund	XR1010	34,656.8	1,168.1	1,168.1	1,168.1
Total Reserve / Reserve Fund (Draws) / Contributions			1,895.4	1,895.4	1,848.4