

Report EMSR-TAPS-14-14

To: Chair Barfoot and Members of the Transportation and Public Safety Committee
From: Mike Muir, Director of Paramedic Services
Mary Lou Spicer, Deputy Director of Finance
Meeting Date: June 5, 2014
Subject: EMS 2015 – 2019 Five Year Capital Forecast
Status: Recommendation adopted by Committee as presented per Resolution TAPS76-14; Endorsed by County Council July 8, 2014 per Resolution CC87-14;

Recommendation

THAT Report EMSR-TAPS-14-14 regarding the draft Five Year Capital Forecast for 2015 to 2019 for Paramedic Services operations be received as presented and forwarded for inclusion in the corporate Five Year Capital Forecast for consideration by County Council.

Background

Attached is a summary of the Five Year Capital Forecast for 2015 to 2019 accompanied by detailed capital project forms for each of the projects being proposed by the EMS department for the Committee's discussion and direction.

Summary

Vehicle and Equipment Reserve Schedule

A vehicle and equipment reserve schedule is the basis for determining the annual contribution required to the EMS reserve and the assumptions that this schedule is based upon are reviewed and updated annually to ensure that adequate funds are set aside for future purchases. An analysis of the reserve confirms that the 2014 contribution to reserve that totaled \$506,000 is adequate and there should be no

increase to the contribution in 2015 - 2019. All financial costs, vehicles and equipment are presented on separate capital project forms as below:

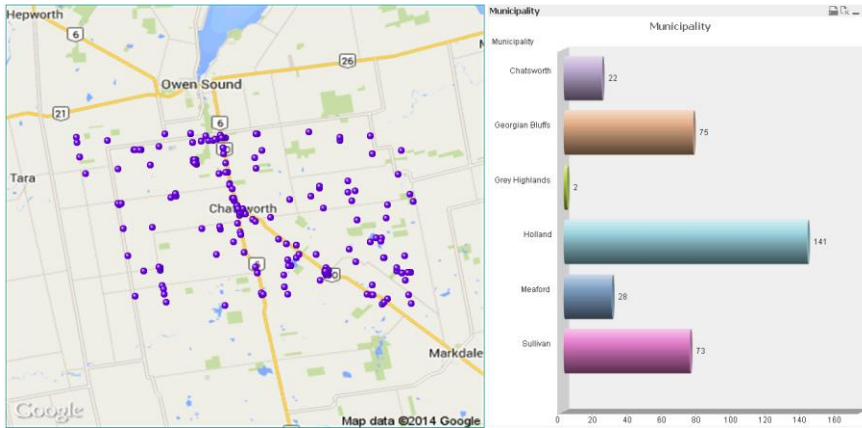
1. Debenture Payment – Craigleith Base
2. Ambulance Replacement
3. Stretchers
4. Emergency Response Unit Replacement (Duty Supervisor's Vehicles)
5. Cardiac Monitor/Defibrillators
6. Stair Chair – Patient Conveyance Equipment
7. Tablet Computers
8. Transfer to Reserves (Vehicle and Equipment Replacement)
9. Transfer to/from Reserve Building Condition Assessment (BCA) EMS Station Capital Repairs
10. Chatsworth Base new construction.

The reserve schedule is refined annually to adjust for estimated replacement costs and useful life spans. The following provides a summary of the lifecycles set for vehicles and equipment:

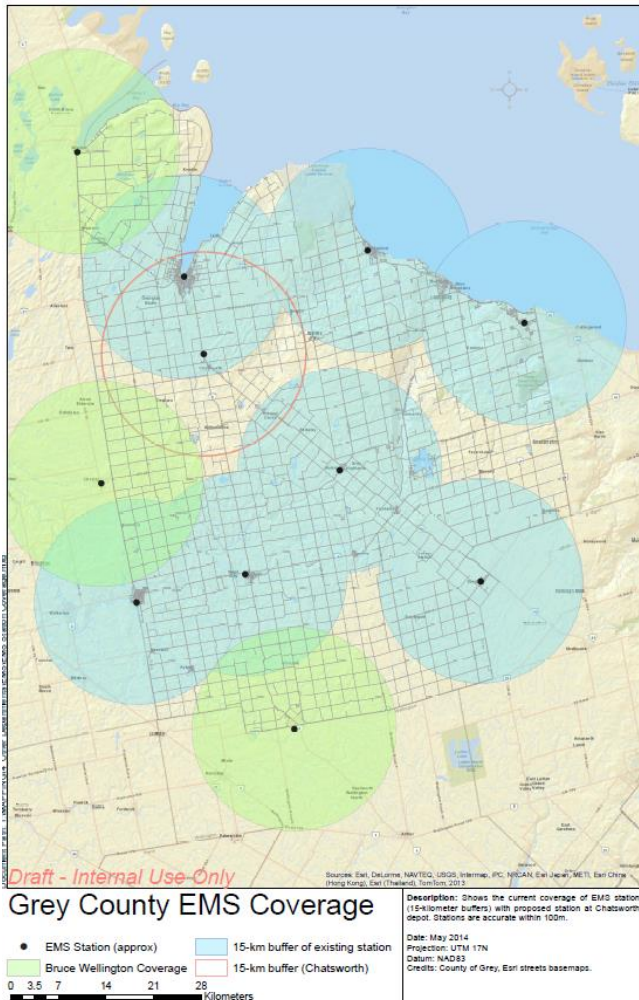
- All ambulances were moved to a six year replacement cycle in 2009 (previously on a five year replacement cycle). This was the result of gathering vehicle repair history and the maintenance performed by TAPS mechanics. Disposal value remains at \$5,000; this is based upon history of amounts received at auction. There was a reduction of one ambulance in 2014 from the replacement cycle as a result of the County's changes in non-urgent transfer service provision reducing the ambulance fleet from 16 to 15.
- Emergency Response Units (ERU) utilized by the Duty Supervisors have a replacement cycle of five years due to high use and mileage. Disposal value remains at \$2,000 and reflects the historical disposal value for emergency response units.
- The estimated inflationary increase in cost for vehicles (ambulances and ERU) was reduced in 2014 from 4% to 2% based on past experience.
- Stretcher replacement will align with the number of ambulances purchased by year. Stretchers have lifespan of ten years as recommended by the manufacturer. The service introduced power assisted stretchers in 2011 and will continue with power stretchers for all future replacements.

- Tablet computers used for electronic ambulance call reporting and vehicle mapping applications are scheduled for replacement every five years as a result of receiving a full five year warranty on new computers purchased in 2012.
- Cardiac Monitor/Defibrillators are schedule for replacement in 2016 utilizing a life cycle of seven years.
- Stair Chairs are scheduled for replacement in 2016 utilizing a life cycle of ten years.
- The Incident Response Unit (trailer) was purchased in 2010 and has a life cycle of ten years.
- Transfer to/from Reserve Building Condition Assessment (BCA) EMS Station Capital Repairs was new for 2014-2018 and sets aside funds for future major capital repairs anticipated within the next 10-15 years including roof, parking lot, HVAC, etc. A building condition assessment was done for the Owen Sound base in 2011; when the BCA is updated in 2016, the Craigleith base will be added. The 2015 – 2019 BCA funding has been reduced to \$29,135 based on a review of the cost and timing of future capital repairs. The self-financed debenture of the Craigleith base totals \$57,787 and repayment ends in 2016; these funds will be available in 2017, allowing a mechanism to fund future capital projects/repairs without creating an increase to the levy requirement.
- New for the 2015-2019 capital budget is the request for funding to build a new ambulance base on County lands to service the Chatsworth, southwest Georgian Bluffs and southeast Meaford areas. The base would be staffed utilizing existing staffing resources currently in place at the Owen Sound station. When operational, the base will provide greatly improved response times to the Chatsworth and surrounding areas which traditionally have been serviced by the Owen Sound and Markdale stations. Responses directly to the town, as well as smaller communities such as Keady and Walter's Falls will be improved as ambulances responding from Owen Sound must navigate through the city prior to leaving it.

In 2013, the service responded to 334 Code 4 and Code 3 calls to the service area as demonstrated by the map below.



The following map identifies a 15 kilometer response area that would be serviced by the new base. The zone buffer will allow for the meeting of the 90th percentile response time target of 15 minutes for CTAS 1 calls within the catchment area.



The new base would be constructed on the Chatsworth Depot site as an addition to the existing works building. The proposed structure would be a 2,000 square foot, two bay station with crew's quarters at a cost of \$480,000. The build would be funded by self-debenture at \$28,652 for a period of 10 years.

The capital reserve schedule shows that based upon estimated costs, trade-in value and projected life cycles that the 2013 contribution to reserve should be \$603,437 with slight increases each year. However, when this is compared against the December 31, 2013 reserve balance that totals \$2,330,419 and projected vehicle and equipment replacement costs over the next five years, staff recommends that the budgeted transfer to reserve remains at \$506,000. This also takes into account taking \$100,000 from the reserve balance and establishing a separate reserve that could be used to fund unbudgeted operating budget expenditures. In addition to the annual contribution, the reserve has benefited from a number of items such as:

- Transfer of year end surplus to the reserve
- Unbudgeted provincial equipment grants that were received in previous years for equipment that was a budgeted purchase and grant revenue was transferred to the reserve
- Unbudgeted provincial funding increases
- 2009 one time provincial funding allocation
- The replacement of two ambulances from insurance proceeds and a portion of the funds required for the replacement were already in reserve for this purpose

The purpose of a stable transfer to reserve is to eliminate spikes in the levy requirement as well as to provide a source of funding when equipment and vehicles are required to be replaced.

The final page of the reserve schedule titled "Examination of Reserve Fund Balance to double check if future is adequate with assumptions made" examines the implication of leaving the annual transfer to reserve at the current amount of \$506,000. The calculation shows that if all assumptions are accurate and no year-end surplus is available to transfer to reserve, there will be a slight shortfall of \$142,230 in 2019.

This does not mean that the reserve will be in a negative balance at that time but rather that for each type of vehicle and equipment that we plan to replace in the future and set aside funds each year for these purchases, at the end of 2019 we will have \$142,230 less in reserve than the calculations indicate is required. Staff will monitor the potential future funding shortfall and continue to update cost assumptions but has taken into consideration that the schedule shows that \$1,724,593 will be held in reserve at

December 31, 2019 for these future purchases. As mentioned above, this takes into account the recommendation of staff to take \$100,000 from the Equipment Reserve and create a separate reserve that could be used as a mechanism to fund unanticipated operating budget expenditures. Based upon this information, staff has reviewed the projection and recommends that the budgeted contribution to reserve remain at \$506,000. The reserve schedule is attached to the project sheet titled "Transfer to Reserves (Vehicle and Equipment Replacement)".

Financial / Staffing / Legal / Information Technology

Considerations

As discussed above.

Link to Strategic Goals / Priorities

The Capital Forecast includes ongoing capital funding to preserve the portfolio of vehicles, equipment and buildings under the care and control of the Transportation and Public Safety Committee, which support Goal 1.6 of the Corporate Strategic Plan. The goal identifies the importance of accelerating Council's commitment to lifecycle planning for the long term investment of county owned capital assets.

Communication is a key value to the County's Strategic Plan. The report provides information to Council in regards to the estimated future capital funding requirements and needs.

Respectfully submitted by,

Mike Muir
Director Grey County Paramedic Services

Mary Lou Spicer
Deputy Director of Finance

[Attachment to EMSR-TAPS-14-14 EMS 2015-2019 Draft Five Year Capital Forecast](#)