

## Report PSR-TAPS-04-15

**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 4, 2015

**Subject:** EMS 2016 – 2020 Five Year Capital Forecast

**Status:** Recommendation adopted by Committee per Resolution TAPS90-15;  
Endorsed by County Council July 7, 2015 per Resolution CC96-15;

### Recommendation

**THAT Report PSR-TAPS-04-05 regarding the draft Five Year Capital Forecast for 2016 to 2020 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 2016 to 2020 accompanied by detailed capital project forms for each of the projects being proposed by the Paramedic Services 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 Paramedic Services 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 shows that an increase to the annual reserve contribution is required and the schedule has been updated to reflect a 2.5% annual increase. 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

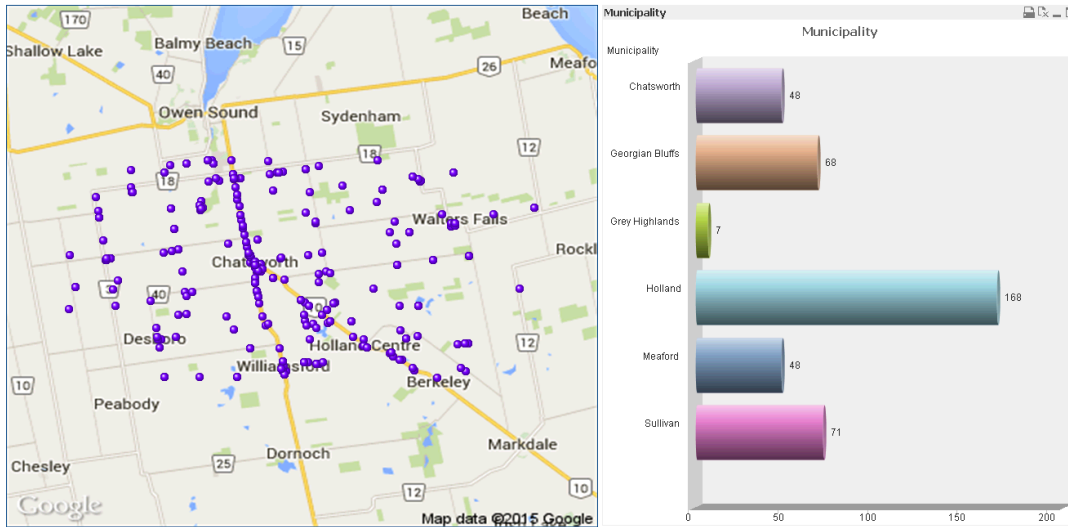
The reserve schedule is refined annually to adjust for estimated replacement costs and useful life spans. The following provides a summary of the lifecycles set for vehicles and equipment:

- 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 has been a reduction of one ambulance from the replacement cycle in 2019; this is the result of the County's up-staffing of the Craigleith base to 24 hours per day which resulted in the removal of one ambulance from the day shift. This will reduce the ambulance fleet from 15 to 14.
- 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 and continues to be viewed as acceptable for the 2016-2020 capital forecast.
- Stretcher replacement will align with the number of ambulances purchased by year. Stretchers have lifespan of ten years as recommended by the

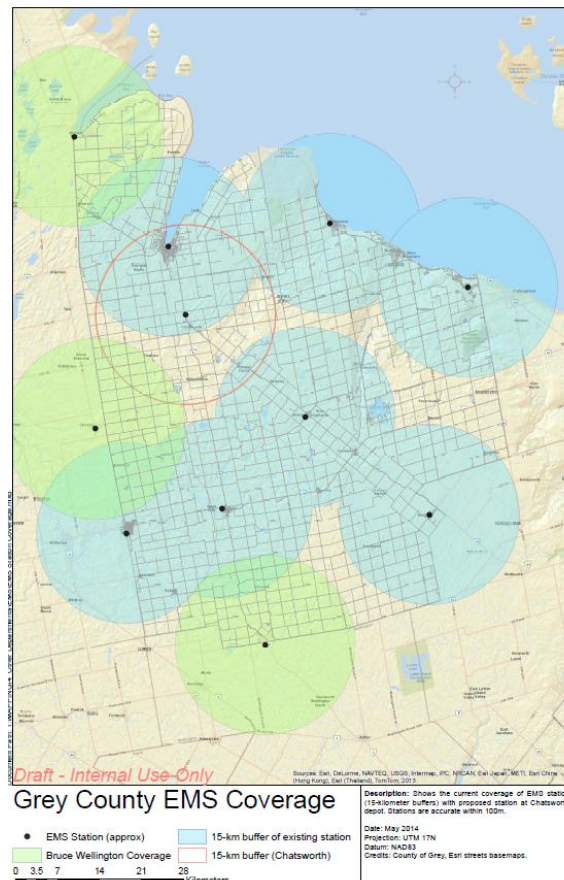
manufacturer. The service introduced power assisted stretchers in 2011 and will continue with power stretchers for all future replacements.

- 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. Trade in allowance for surplus equipment has been reviewed and reduced to \$3,000 per device. The purchase price per device has been reduced to \$32,400 from \$34,400 per device based on recent review of market pricing.
- Stair Chairs are scheduled for replacement in 2016 utilizing a life cycle of ten years. Current reserve funding is anticipated to be sufficient for this purchase.
- 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 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 Craigeith base will be added. The 2016 BCA transfer to reserve totals \$18,331 with \$2,000 increases annually based on a review of the cost and timing of future capital repairs. The self-financed debenture of the Craigeith base totals \$57,787 and repayment ends in 2016; a portion of these funds will be available in 2017, allowing a mechanism to fund future capital projects/repairs with a minimal increase to the levy requirement.
- Included in the 2016-2020 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. This capital request was originally approved in the 2015-2019 Five Year Capital Forecast. 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 Village of Chatsworth, 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 2014, the service responded to 410 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 90<sup>th</sup> 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 totaling \$39,456 per year for a period of 15 years.

The capital reserve schedule shows that based upon estimated costs, trade-in value and projected life cycles that the 2015 contribution to reserve should be \$590,069 with slight increases each year. However, when this is compared against the December 31, 2014 reserve balance that totals \$2,438,775 and projected vehicle and equipment replacement costs over the next five years, staff recommends that the 2015 budgeted transfer to reserve of \$506,000 be increased by 2.5% on an annual basis. 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.

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 result of increasing the reserve contribution by 2.5% on an annual basis. The calculation shows that if all assumptions are accurate and no year-end surplus is available to transfer to reserve, there will be a shortfall of \$204,334 in 2020.

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 2020 we will have \$204,334 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 \$1,818,438 will be held in reserve at December 31, 2020 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 for 2016 totals \$518,650 and increases by 2.5% annually. The reserve schedule is attached to the project sheet titled "Transfer to Reserves (Vehicle and Equipment Replacement)".

## Financial / Staffing / Legal / Information Technology Considerations

The Building Condition Assessment for the Owen Sound Station and the capital equipment reserve fund schedule have been used to identify priorities and determine when building capital repairs are required as well as ensure that adequate funds have been set aside.

The capital forecast as presented for the Paramedic Services department shows a 2016 net levy amount totaling \$576,437, requiring a net levy increase of \$12,649 or a 2.2% increase over the 2015 approved capital budget. This \$12,649 would reflect a 0.02% increase to the corporate net levy requirement for 2016.

## 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.

## Attachments

Attachment to PSR-TAPS-04-15 Paramedic Services 2016-2020 Draft Five Year Capital Forecast

Respectfully submitted by,

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Mary Lou Spicer  
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