



Date: 27/02/2024

To: Chair and Directors, Finance/Budget Committee

And To: Murray Daly, Chief Administrative Officer

From: Kevin Erickson, Chief Financial Officer

Date of Meeting: Finance-Budget Committee_Feb29_2024

File: 7200-04

Short Summary:

Discussion Regarding Director Input Into Fire Apparatus Configurations Prior To Purchase Confirmation

Voting:

-

Memorandum:

A situation has arisen raising a concern with me about our process of ordering fire apparatus replacements. I am bringing this item to the committee for discussion over this situation, how it arose, what the committee's feelings regarding it are, and workable solutions for avoiding it in the future.

The apparatus in question is the new water tender for Barlow Creek in 2024. During the budgeting process the price for the new tender was determined to be \$535,000 and was included in the current budget along with an amount to cover a referendum for borrowing.

Previously, Procurement received a price from Fort Garry for a stock tender of \$479,000. With PST the purchase price would be \$512,530. The loan amount was rounded up to \$535,000 to allow for decaling, lighting and other configurations needed after purchase. As Barlow is a small area the belief was that this was the most cost-effective option for the new tender.

It came to my attention that following a configuration session between Fort Garry, the Barlow Creek Fire Chief, Regional Fire Chief Roger Hollander, and Manager of Procurement Larry Loveng, that after choosing the design and desired options, the final price was now \$597,483 plus PST of \$41,824 for a total purchase price of \$639,307, \$104,307 over what was budgeted for.

Barlow Creek VFD does not have significant reserves or a robust surplus. The purchase of the new tender is to be 100% financed through debt. Currently budgeted is a 30% tax increase in 2025 to accommodate the debt of \$535,000. Adding an extra \$104,000 will require increasing the requisition by at least 40%.

As Chief Financial Officer I have put a temporary hold on the purchase, not feeling comfortable with it going through without the Area Director being aware of what has transpired.

Attachments:

None.

Financial Implications:

This situation has many financial implications. As mentioned, if the purchase proceeds as presently configured, it will increase the planned tax increase by 33% over what is currently budgeted. Not only will it raise the tax burden over the course of the loan, but it will reduce the Fire Department's financial capacity to deal with issues that may arise in the future.

Policy Implications:

This purchase conforms to policy as we have a Supply Agreement with Fort Garry for the supply of fire apparatus. The issue really is should the Electoral Area Director of the Fire Department making the purchase be at the configuration meeting and have a say in what is being purchased. It is alright for the Fire Chief to say "he will sell it to the community" but it is the Director who will have to answer to the community when the tax bill arrives. Is there some level of comfort where Director attendance is deemed unnecessary, or should he/she be there for all major apparatus configuration sessions? Alternatively, would it suffice if the quoted price and the financial implications are sent to the Director for review and acknowledgment before the purchase order is issued?

Alignment with Strategic Plan:

- Infrastructure and Asset Management:** To establish a systematic, predictable approach to managing the regional district's assets and infrastructure that builds on current asset management data and condition assessments.
- Enhanced Communications and Engagement:** To build trust and credibility of the regional district by enhancing our communications and engagement with citizens, stakeholders, and volunteers.
- Effective and Responsive Land Use Planning and Development:** To ensure our land use planning and development is responsive to future growth and housing needs, anticipates risks and hazards associated with climate change and provides efficient and consistent processes for landowners and developers.
- Relationships with First Nations:** To foster a healthy and inclusive region by building and strengthening our relationships with First Nations and embracing the principles of reconciliation.

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CAO Comments:

The price of the apparatus and a reasonable contingency to address things such as lights, decals and necessary accessories should be set at the budget stage and this amount should not be exceeded during the build and design phase of the order.

Options:

1. Action at the discretion of the Committee;
2. Defer.

Recommendation:

Action at the discretion of the Committee.