



## COUNCIL REPORT

To: Mayor and Council

Date: August 27, 2024

From: Ron Bowles, CAO

Subject: **WKFR Budget Amendments**

Report Prepared by: Jason Brolund, Fire Chief

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### **RECOMMENDATION** to Consider and Resolve:

**THAT** Council direct staff to amend the 2024 Budget to include \$900,000 for increased costs associated with the capital purchase of a new Quint Fire Apparatus to be funded through MFA Equipment Financing;

**AND THAT** Council direct staff to amend the 2024 Budget to include \$300,000 for increased costs associated with the capital purchase of a new Tactical Tender Fire Apparatus to be funded through MFA Equipment Financing;

**AND THAT** Council direct staff to amend the 2024 Budget to include \$30,000 from the Fire Equipment Reserve for increased costs of tarmac replacement at Fire Station #31;

**AND FURTHER THAT** Council direct staff to amend the 2024 Budget to include \$300,000 from the Fire Equipment Reserve for increased costs of the Fire Station #33 renovation.

### **RECOMMENDATION** to Consider and Resolve:

**THAT** Council direct staff to amend the 2024 Budget to include 2 Flex Fire Fighters and 0.4 FTE Administration staff at 2024 prorated costs of \$133,500 and 2025-ongoing costs of \$275,000.

### **STRATEGIC AREA(S) OF FOCUS**

**Invest in Infrastructure** – We will invest in building, improving and maintaining infrastructure to meet the needs of, and to provide a high quality of life for, current and future generations.

**Foster Safety and Well-Being** – We will pursue through direct action, advocacy, and collaboration with local and regional service providers, investments in community health,

needs-based housing, emergency preparedness, policing, and other services that foster safety and well-being in West Kelowna.

## **BACKGROUND**

Throughout 2024, costs associated with fire service approved-but-yet-to-be-completed capital projects were re-examined considering cost escalation and fire service needs and priorities.

Regular operational budget reviews and cost tracking have also identified an ongoing budget exceedance in contractually obliged firefighter overtime.

## **DISCUSSION**

### Capital Costs:

Re-examination of the current 10-year capital plan combined with manufacturer increases, inevitable delays due to the McDougall Creek Wildfire and other workload challenges has resulted in the identification of significant cost escalation on 4 critical outstanding capital projects.

Capital cost escalation is driven primarily by the following:

- 16% increase in component pricing, combined with supply shortages
- Inflation at a 30-year high, market orders at a 10-year high
- Oil costs highest in past 14 years
- Transportation +700%, Steel +100%, Plastics +80%, Aluminum +60%
- Increased build times decreases confidence for manufacturer pricing
- Shrinking workforce and contractor availability

These factors have resulted in the following additional costs:

- i. Quint #32 – Specification and RFP completed, but not yet ordered. Cost increase of \$900,000 to total of \$2,800,000 based on current RFP pricing.
- ii. Tactical Tender – Up to date estimated costing in place, spec and RFP not completed, order not placed. Forecast cost increase of \$300,000 to total of \$1,100,000 based on current comparable projects. This impact will also be felt on the second tactical tender, planned for request in 2027 (\$1,500,000 est.)
- iii. Station #33 Renovation (Gear Room) – Outstanding project to increase storage for firefighter gear and decontamination, required due to increased number of staff operating from this location and their health and safety. Up to date costing in place. Forecast cost increase of \$300,000 to total of \$800,000. In the future a roof replacement will also be required (\$240,000) and will be brought forward as a separate capital budget item.

- iv. Station #31 Tarmac – Outstanding project to replace failing pavement infrastructure in front of our busiest location. Cost increase of \$30,000 to total of \$100,000 based on current quotation(s).

These capital projects are not related. Council may support the increase to any or all and they will then proceed independently.

#### Operating Costs:

WKFR continues to require the regular use of overtime (at least a 1.5x premium) to maintain minimum staffing. The overtime budget allocated to WKFR has not kept pace annually with the amount required to operate the fire service.

The implementation of flexible firefighters (bargained in the 2022 IAFF Collective Agreement) has resulted in a decrease in the number of overtime shifts used to maintain contractually obliged minimum firefighter staffing levels (8 on duty). In 2023, 314 overtime shifts were avoided at considerable cost savings. However, overtime is still required, expected to exceed the allocated budget and staff are proposing changes to lessen the cost impact.

Over the past 3 years the ongoing need for overtime has resulted in \$500,000-\$700,000 in unbudgeted costs. Staff are seeking to correct this and reduce the amount spent on contractually required firefighter overtime, proposing the following:

- i. Additional Firefighter FTE's - it is recommended that 2 additional "flex firefighters" be hired (at a lower overall rate compared to the current average firefighter). The flexible nature of these firefighters means that they can be moved to cover gaps when and where they occur, instead of overtime. WKFR anticipates fully loaded annual ongoing costs of \$240,000 (\$120,000 x2) relating to these hires.
- ii. Training and Onboarding Costs – WKFR anticipates one-time costs of \$41,500 relating to the training and equipping of the 2 new firefighters. This includes the costs of uniforms and personal protective equipment.
- iii. Administrative Support - As the fire service grows and staff increases, tasks such as scheduling grow more complex. This creates the need for additional support and administrative coordination. The addition of 2 flex firefighters further supports this need of an additional 0.4FTE at an annual cost of \$35,000.

Currently, WKFR has a total strength of 42 firefighter FTE's. This results in 40 firefighters being assigned to shifts (10 per shift = 8 on duty + 2 covering vacation/leave/short term vacancies) and 2 being "flexible" to move across shifts as required on short notice. Any vacancies that cannot be covered by these 'flex' firefighters then result in overtime.

The proposed addition of 2 firefighters will result in a total strength of 44 career firefighter FTE's. This will permit taking full advantage of the 4 flex firefighter positions permitted under the current collective agreement while maintaining minimum shift staffing requirements. This increases the number of vacancies covered by the 'flex' firefighters and decrease overtime usage.

*See attachment #1 for more information on the current and proposed staffing model.*

The resulting cost offset in unbudgeted overtime could be between \$200,000 - \$400,000 - well offsetting the increased operational costs. However, this doesn't alleviate the tax increase needed to add these positions to the budget.

This request is being brought forward at this time to take maximum advantage of potential cost savings (*sooner to start, sooner to save*). Further efficiencies will be realized by tying into a upcoming recruitment and training process required for an existing vacancy within WKFR (created by a promotion to Assistant Chief).

The 3 operational items above are related. Should Council decline operating item (i) to proceed, the other 2 operating items would not proceed.

### **FINANCIAL IMPLICATIONS**

To ensure the additional costs of capital items are applicable to the City and it's fire service sharing partner, the funding either needs to come from the MFA Equipment Finance Program or directly from the Fire Department reserves. With the additional amounts being taken out of reserves, an increase of approximately \$56,000 (after cost sharing) in transfers to these reserves will need to occur with the 2025 budget going forward.

The request to add the additional flex firefighters and administrative staff at this time is essentially an early 2025 budget request. With 4 months remaining in 2024, any staff hired now would require prorated costs of \$133,500 to be found within the current budget to cover these costs ultimately reducing any possible surplus. For 2025, Council would be committing to a 0.6% tax increase (after cost sharing) for 2025 ahead of any other budgetary needs and asks. However, there would be a reduction in overtime that would eventually mitigate increasing department costs.

### **REVIEWED BY**

Warren Everton, Director of Finance / Chief Financial Officer

Lisa Siavashi, Deputy Chief Financial Officer

### **APPROVED FOR THE AGENDA BY**

Trevor Seibel, Deputy CAO

Powerpoint: Yes  No

Attachments:

Additional Flex Firefighters Infographic