



MEMORANDUM

July 12, 2007

TO: Mayor and Council

CC: City Manager
General Manager of Corporate Services
Director of Budget Services
City Clerk

FROM: Kenneth Bayne, Director of Financial Planning & Treasury

SUBJECT: **RTS06848: Replacement of Self Contained Breathing Apparatus used by Fire and Rescue Services**

On July 10, Council considered a report from the General Manager of Fire and Rescue Services recommending replacement of the department's self contained breathing apparatus and authority to conduct an RFP for a vendor to supply and maintain the equipment. Council indicated it discomfort in approving the recommendations in the absence of information on how the purchase would be financed/funded. In addition, concern was expressed about the apparent absence of a systematic process for replacing this life-safety equipment. Council deferred decision on the recommendation pending a report back on these issues on July 12, 2007.

Staff agree that management of the self contained breathing apparatus on a life-cycle basis is appropriate and had anticipated making that recommendation as part of a future recommendation for funding. This is consistent with the approach that has been increasingly taken to management of plant and equipment that is critical to the City's operations. The Plant and Equipment Plant through which much of the city's truck, vehicle and small equipment fleets are managed is the vehicle that has been used to ensure systematic replacement of this infrastructure.

The Plant Account provides a source of financing for the purchase, maintenance and replacement of equipment with recovery of that funding drawn from the Operating and Capital budgets on a lifecycle basis. The Self Contained Breathing Apparatus is a good fit for this revolving fund. The following amended Recommendation A clarifies that the Plant Account is the source of financing for the initial purchase and periodic replacement of the equipment and that the Fire Department Operating Budget will "rent" the equipment on a cost recovery basis over its life.

Recommendation B below is drawn from the original report.

Recommendation A requests financing of \$3.2 million for the initial purchase of the new equipment from the Plant Account. This requirement will be validated through the competitive RFP process and staff have some expectation that the final costs will be lower. Taking into account the equipment maintenance funding already in the Fire Department budget, the recommendation indicates net additional funding of approximately \$350,000 (based on the \$3.2 million purchase cost) will be required in the departmental budget to provide for "rental rates" payable to the Plant Account and for additional maintenance costs. These costs will be added to the budget over the next two years and will be subject to the normal budget review process to ensure appropriate funding levels.

The General Manager of Fire and Rescue Services and the Director of Finance offer the following recommendation for Council consideration.

- A. THAT Council approve the replacement of the VF&RS Self Contained Breathing Apparatus and associated equipment at a cost estimated at \$3.2 million; financing for this purchase to be provided by the Plant and Equipment Account to be repaid through incremental annual charges (rental rates) to the departmental operating budget of approximately \$350,000 by 2009 without offset and subject to normal operating budget review.*
- B. THAT Council direct the General Manager/Fire Chief of Vancouver Fire and Rescue Services, together with the Manager of Materials Management, to issue a Request for Proposals (RFP) for the provision and maintenance of Self Contained Breathing Apparatus and associated equipment, on terms satisfactory to the Director of Legal Services.*

These recommendations are supported by the City Manager.

If you have any questions, please call me directly.

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