



**TOWN OF AMHERSTBURG  
COUNCIL MEETING  
SUPPLEMENTARY AGENDA**

**Monday, March 19, 2018**

**6:00 p.m.**

**Council Chambers**

**271 Sandwich Street South, Amherstburg**

**For information pertaining to this agenda or to arrange for any additional accessibility needs please contact Tammy Fowkes, Deputy Clerk at [tfowkes@amherstburg.ca](mailto:tfowkes@amherstburg.ca)**

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**9. REPORTS – CORPORATE SERVICES**

**9.2 External Audit Services – 2 Year Contract Extension**

It is recommended that:

1. The report from the Treasurer dated March 14, 2018 regarding External Audit Services- 2 Year Contract Extension **BE RECEIVED**;
2. A 2 year extension of the contract with KPMG LLP, to provide external audit services for the 2017 to 2018 fiscal years, **BE APPROVED**; and,
3. **By-law 2018-28** being a by-law to extend the contract with KPMG LLP to provide external audit services be taken as having been read three times and finally passed and the Mayor and Clerk **BE AUTHORIZED** to sign same.

### 13. REPORTS – CAO's OFFICE

#### 13.2 Rescue Vehicles Sale and Replacement

It is recommended that:

1. The report from the Fire Chief dated March 15, 2018 regarding Rescue Vehicles Sale and Replacement **BE RECEIVED**;
2. Administration **BE AUTHORIZED** to dispose of two Fire Service Rescue Vehicles and that net proceeds of the disposals **BE DEPOSITED** to the Fire Major Equipment Reserve;
3. Administration **BE AUTHORIZED** to purchase two replacement vehicles at a cost not to exceed the proceeds of sale above and to transfer funds from the Fire Major Equipment Reserve to fund the replacement vehicle purchases; and,
4. The CAO and Clerk **BE AUTHORIZED** to execute any applicable agreement to dispose of Rescue #1 a 2001 Freightliner Rescue Vehicle, and Rescue #2 a 2005 GMC 7500 Rescue Vehicle based on a direct offer to purchase.



## THE CORPORATION OF THE TOWN OF AMHERSTBURG

### OFFICE OF CORPORATE SERVICES

*MISSION STATEMENT: Committed to delivering cost-effective and efficient services for the residents of the Town of Amherstburg with a view to improve and enhance their quality of life.*

Author's Name: Justin Rousseau	Report Date: March 14, 2018
Author's Phone: 519 736-0012 ext. 2259	Date to Council: March 19, 2018
Author's E-mail: <a href="mailto:jrousseau@amherstburg.ca">jrousseau@amherstburg.ca</a>	Resolution #: NA

To: Mayor and Members of Town Council

Subject: External Audit Services- 2 Year Contract Extension

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#### 1. RECOMMENDATION:

It is recommended that:

1. The report from the Treasurer dated March 14, 2018 regarding External Audit Services- 2 Year Contract Extension **BE RECEIVED**;
2. A 2 year extension of the contract with KMPG LLP, to provide external audit services for the 2017 to 2018 fiscal years, **BE APPROVED**; and,
3. **By-law 2018-28** being a by-law to extend the contract with KPMG LLP to provide external audit services be taken as having been read three times and finally passed and the Mayor and Clerk **BE AUTHORIZED** to sign same.

#### 2. BACKGROUND:

On August 11, 2014, Council approved the following motion with regards to an RFP for external audit services:

**It is recommended that:**

1. The report from the Supervisor of Accounting dated July 29, 2014 regarding External Audit Services – Request for Proposal Results be received; and,
2. Council award the contract to KPMG LLP, to provide external audit services for the 2014 to 2016 fiscal years; and,

**3. By-law 2014-90 being a by-law to enter into a contract with KPMG LLP to provide external audit services be taken as having been read three times and finally passed and the Mayor and Clerk be authorized to sign same.**

Per Section 296 (1) of the Municipal Act: “A municipality shall appoint an auditor... responsible for, (a) annually auditing the accounts and transactions of the municipality...”.

Section 296 (3) of the Municipal Act states: “An auditor of a municipality shall not be appointed for a term exceeding five years.”

Given the above, the RFP was prepared and provided for a three year contract with the successful proponent, with the option to extend the contract for two additional years upon Council’s approval. This report is seeking Council approval to extend the contract for the additional two year period.

**3. DISCUSSION:**

Since KPMG was engaged in 2014 they have met the obligations of the three year external audit services contract for external audits of fiscal years ended 2014, 2015 and 2016. KPMG has maintained a professional working relationship with Administration and Council, and have held to the strict timelines for completion of municipal audit work, including presentation to Council of their annual Audit Findings Report.

It is recommended that the contract with KPMG be extended for a period of 2 years, to provide external audit services for the 2017 and 2018 fiscal years.

Administration will undertake an RFP for external audit services starting with the fiscal 2019 year ending, to remain compliant with the Municipal Act.

**4. RISK ANALYSIS:**

There is an element of risk of oversight that may occur in the transition to a new external auditor. Each audit file has items that make it unique, a familiarity with the file and its unique financial characteristics create a better chance of oversight issues being mitigated. KPMG had already begun audit field work for fiscal 2017 when it came to Administration’s attention that the contract had lapsed. Should Council not wish to extend the contract for a 2 year period, a one year extension would be required.

## 5. FINANCIAL MATTERS:

The 2014 cost proposal from KPMG for the 2 year contract extension covering the 2017 Year end and 2018 Year end included the following:

Description	Cost for 2 Year Contract Extension (Excluding HST)
Town Audit Fee	\$62,000
Amherstburg Community Foundation Audit Fee	\$3,350
Amherstburg Community Foundation Notice to Reader	\$1,605
Federal Gas Tax Audit Fee ( If Required)	\$1,940
<b>Total</b>	<b>\$68,895</b>
<b>Annualized Amount excluding Amherstburg Community Foundation and Gas Tax Audit Fees</b>	<b>\$31,000</b>

Following acceptance of the proposal from KPMG, it was determined that the reporting for the Amherstburg Community Foundation including annual Notice to Reader Financial Statements, Registered Charity Information Return and other required reporting for Canada Revenue Agency compliance would be prepared by Administration with experience and expertise in these areas. As such, KPMG services were not used for these purposes and the related fees have not been incurred. The statements are approved annually by the Board of the Amherstburg Community Foundation. The ACS related fees are removed from the renewal contract.

Further, the Federal Gas Tax Municipal Funding Agreement (MFA) was amended in 2015 to exclude the requirement to provide an external audit opinion on annual reporting required under the Agreement. Federal Gas Tax reporting is now subject to random audit by AMO to ensure MFA compliance, with no external audit cost incurred by the municipality being audited. The Federal Gas Tax related fees are removed from the renewal contract.

Finally, per discussion with Administration, KPMG has agreed to reduce fees by \$2,500 over the 2 year renewal period. The reduction reflects improvements to process and efficiency in work that has been achieved over the initial 3 year contract term.

As shown above, the fees proposed for the two year renewal period totalled \$68,895 plus HST. However, as a result of removing the ACS and Federal Gas Tax related elements of the engagement and reduction of the fees under KPMG's 2014 proposal, the total fees for the recommended two year renewal period will total approximately \$60,600 including net HST (\$59,500 before HST).

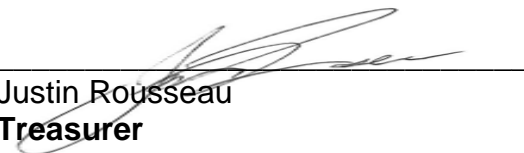
The Financial Services budget centre includes \$38,000 in each of the 2017 and 2018 fiscal years for audit fees. This allowance is to cover the external financial audit along with other audit and financial reporting requirements from year to year such as actuarial review of benefits. The cost of the recommended 2 year contract renewal with KPMG for external audit services can be accommodated within the approved budget for each of the reporting years.

6. **CONSULTATIONS:**

The Town Clerk and Managing Partner at KPMG were consulted with regards to this report.

7. **CONCLUSION:**

It is recommended Council approve the 2 year contract extension with KPMG for external audit services.

  
Justin Rousseau  
**Treasurer**

JR

## Report Approval Details

Document Title:	External Audit Services- 2 Year Contract Extension .docx
Attachments:	- 2018-28 KPMG LLP - External Audit Services.pdf
Final Approval Date:	Mar 16, 2018

This report and all of its attachments were approved and signed as outlined below:



**Cheryl Horrobin - Mar 15, 2018 - 9:17 AM**



**Mark Galvin - Mar 16, 2018 - 9:32 AM – Acting CAO**



**Paula Parker - Mar 16, 2018 - 1:46 PM**

**THE CORPORATION OF THE TOWN OF  
AMHERSTBURG BY-LAW NO.2018-28**

**By-law to extend a contract with KPMG LLP to provide external audit services.**

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**WHEREAS** the Municipal Act 2001, S.O., 2001, c. 25, authorizes Council to enter into agreements;

**AND WHEREAS** the Council of the Town of Amherstburg passed a resolution on August 11, 2014 accepting the proposal from KPMG LLP to provide external audit services;

**ANDWHEREAS** the Council of the Town of Amherstburg deems it expedient to extend the contract with KPMG LLP for a two year extension term for the 2017 to 2018 fiscal years,

**NOW THEREFORE** the Council of the Corporation of the Town of Amherstburg enacts as follows:

1. THAT the Mayor and Clerk be authorized to sign the contract on behalf of the Corporation of the Town of Amherstburg;
2. THAT this By-law shall come into force and take effect immediately upon the final passing thereof.
3. THAT By-law 2014-90 be hereby repealed.

Read three times and finally passed this 19th day of March, 2018.

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MAYOR – Aldo DiCarlo

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CLERK – Paula Parker





## THE CORPORATION OF THE TOWN OF AMHERSTBURG

### OFFICE OF THE CAO

*MISSION STATEMENT: Committed to delivering cost-effective and efficient services for the residents of the Town of Amherstburg with a view to improve and enhance their quality of life.*

Author's Name: Bruce Montone	Report Date: March 15, 2018
Author's Phone: 519 736-6500 ext. 2241	Date to Council: March 19, 2018
Author's E-mail: <a href="mailto:bmontone@amherstburg.ca">bmontone@amherstburg.ca</a>	Resolution #: N/A

To: Mayor and Members of Town Council

Subject: Rescue Vehicles Sale and Replacement

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#### 1. RECOMMENDATION:

It is recommended that:

1. The report from the Fire Chief dated March 15, 2018 regarding Rescue Vehicles Sale and Replacement **BE RECEIVED**;
2. Administration **BE AUTHORIZED** to dispose of two Fire Service Rescue Vehicles and that net proceeds of the disposals **BE DEPOSITED** to the Fire Major Equipment Reserve;
3. Administration **BE AUTHORIZED** to purchase two replacement vehicles at a cost not to exceed the proceeds of sale above and to transfer funds from the Fire Major Equipment Reserve to fund the replacement vehicle purchases; and,
4. The CAO and Clerk **BE AUTHORIZED** to execute any applicable agreement to dispose of Rescue #1 a 2001 Freightliner Rescue Vehicle, and Rescue #2 a 2005 GMC 7500 Rescue Vehicle based on a direct offer to purchase.

#### 2. BACKGROUND:

As part of the ongoing reorganization of the Amherstburg Fire Department, the evaluation of fire apparatus currently in use has been undertaken by the Fire Management Team as part of the review and update to the 2007 Fire Master Plan.

It has been determined that a Fire Major Equipment Reserve - 20 year rolling financial plan for all apparatus was required, and was put forward to municipal Council during the 2018 Budget Process. (Appendix "A")

The evaluation also considered the needs of the fire service related to the community fire risks and mandated services provided to the Town of Amherstburg as directed through the Establishing & Regulating By-law 2017-67. Consideration was also given to ensuring that future apparatus purchases reflect best practices in the industry, including value for money and multi-purpose apparatus that can serve a variety of uses and be advantageous for the current and future composite (Career and Paid on Call) deployment model.

### **3. DISCUSSION:**

Currently at Station #1, a 2001 Freightliner Rescue Vehicle is in service. This vehicle is primarily utilized to transport fire fighters to emergency scenes, respond as the primary unit to medical tiered response calls and has, in addition to medical equipment on the vehicle, a small amount of supplemental hand tools as well as an electric generator and portable lighting for use at many scenes. At Station #2 a 2005 GMC 7500 Rescue Vehicle is in service which fulfills a similar role to that of the rescue vehicle at Station #1 and is equipped in a similar fashion with the addition of water rescue equipment and tools as this vehicle is also used to tow the small boat in service for waterway calls.

These vehicles are scheduled for replacement under the 2018 Fire Major Equipment Reserve - 20 year rolling financial plan in 2023 & 2026 respectively. Recently the opportunity to sell these two vehicles has been realised, the details of which are contained in a P&C Memo for the consideration of Council.

Through discussion and further evaluation, Fire Management has determined that the most appropriate vehicles would be vehicles that can transport firefighters safely, can carry the necessary auxiliary equipment, and are cost effective in terms of purchase price, repair cost and ongoing maintenance requirements. Lastly the move to multi-purposed, major Fire Apparatus (e.g. Rescue Pumpers, Tanker Pumpers, Quints) would be operationally advantageous and cost effective. An opportunity now exists to replace these rescue vehicles with right size & right purpose vehicles.

An appropriate replacement for both Rescues is a 3/4 Ton 4X4 Pick-up type vehicle with a Crew Cab, properly equipped with seating, a full up to 8' Box, with weather protection for the cargo area, c/w ergonomic friendly roll-out tray, & tow package.

### **4. RISK ANALYSIS:**

Although the replacement of rescue equipment on a rolling 20 year financial plan identifies the apparatus to be replaced in 2023 & 2026, the fire department has determined that the most appropriate vehicle would be one that can safely transport firefighters and carry necessary auxiliary equipment. A vehicle type has been identified, as described above, that would fulfill the size and purpose requirements of the fire department. Moving to that vehicle type serves two purposes, in that it would be more cost effective and safety concerns would be mitigated for the community.

## **5. FINANCIAL MATTERS:**

The 2018 Budget does not include the purchase of two rescue vehicles for fire services. As noted above, Administration has been approached with an offer to purchase the current vehicles, which would facilitate procurement of replacement vehicles better suited to their required use and reducing operating and renewal cost demands.

Fire vehicles (heavy equipment) are amortized over 15 years of useful life under the Tangible Capital Assets Policy. The 2001 Freightliner Rescue Vehicle (Rescue #1) had a net book value of \$0 and the 2005 GMC 7500 Rescue Vehicle Rescue #2 had a net book value of \$30,506.58, both as of December 31, 2017. On disposal of the vehicles, the remaining net book value would be written off, net of any 2018 amortization, in the 2018 fiscal year reporting for financial statement purposes.

It is recommended that the two replacement vehicles be purchased at an all-in cost not to exceed the proceeds of disposal on the current units; which will ensure no negative financial impact for 2018 fiscal year.

If the disposal and purchase of vehicles are approved as recommended, it is anticipated that the related vehicle operating costs will be reduced.

Finally, the Fire Major Equipment Reserve - 20 year rolling financial plan (Appendix A), anticipated funding requirements of \$500,000 in 2023 to replace Rescue #1 and \$500,000 in 2026 to replace Rescue #2 on a "like for like" basis. The replacement of these vehicles under the recommended model would significantly reduce the capital outlay for replacement of these vehicles both now and moving forward.

## **6. CONSULTATIONS:**

N/A

## **7. CONCLUSION:**

An opportunity to continue with the rightsizing of the Fire Service and the lifesaving equipment utilized by the members will serve the Residents of Amherstburg now and well into the future. Consideration of the recommendations in this report will assist greatly in lessening the financial burden for Major Fire equipment.



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Bruce Montone,  
**Fire Chief**

**bm/BM**

## Report Approval Details

Document Title:	Rescue Vehicles Sale and Replacement.docx
Attachments:	- Copy of Appendix A- Fire Major Equipment reserve 20 year rolling.pdf
Final Approval Date:	Mar 16, 2018

This report and all of its attachments were approved and signed as outlined below:



**Mark Galvin - Mar 16, 2018 - 9:55 AM – ACTING CAO**



**Cheryl Horrobin - Mar 16, 2018 - 1:44 PM**



**Paula Parker - Mar 16, 2018 - 2:00 PM**

**FIRE Department,  
 FIRE MAJOR EQUIPMENT  
 RESERVE 20 YEAR ROLLING  
 FINANCIAL PLAN**

**APPENDIX A**

	2018	2019	2020	2021	2022
Equipment Reserve Beginning Balance	\$300,000	\$0	\$151,500	\$304,515	\$59,060
+ Contribution to Fund - Operating Budget	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
+ Contribution to Fund - Interest (1% / year)	\$4,500	\$1,500	\$3,015	\$4,545	\$2,091
	Engine 1 & Tanker 2			Tanker 3	
- Vehicle Replacement required	\$825,000			(\$400,000)	
<b>Equipment Reserve Year End Balance</b>	<b>\$1,279,500</b>	<b>\$151,500</b>	<b>\$304,515</b>	<b>\$59,060</b>	<b>\$211,151</b>

	2023	2024	2025	2026	2027
Equipment Reserve Beginning Balance	\$211,151	(\$84,738)	(\$333,085)	\$17,084	(\$129,245)
+ Contribution to Fund - Operating Budget	\$200,000	\$250,000	\$350,000	\$350,000	\$350,000
+ Contribution to Fund - Interest (1% / year)	\$4,112	\$1,653	\$169	\$3,671	\$2,208
	Rescue 1	Rescue 3		Rescue 2	
- Vehicle Replacement required	(\$500,000)	(\$500,000)		(\$500,000)	
<b>Equipment Reserve Year End Balance</b>	<b>(\$84,738)</b>	<b>(\$333,085)</b>	<b>\$17,084</b>	<b>(\$129,245)</b>	<b>\$222,962</b>

	2028	2029	2030	2031	2032
Equipment Reserve Beginning Balance	\$222,962	\$578,692	(\$362,021)	(\$12,141)	(\$158,763)
+ Contribution to Fund - Operating Budget	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
+ Contribution to Fund - Interest (1% / year)	\$5,730	\$9,287	(\$120)	\$3,379	\$1,912
		Ladder 1		Engine 3	
- Vehicle Replacement required		(\$1,300,000)		(\$500,000)	
<b>Equipment Reserve Year End Balance</b>	<b>\$578,692</b>	<b>(\$362,021)</b>	<b>(\$12,141)</b>	<b>(\$158,763)</b>	<b>\$193,150</b>

	2033	2034	2035	2036	2037
Equipment Reserve Beginning Balance	\$193,150	\$43,150	\$397,082	\$754,552	\$1,014,598
+ Contribution to Fund - Operating Budget	\$350,000	\$350,000	\$350,000	\$250,000	\$150,000
+ Contribution to Fund - Interest (1% / year)	\$5,431	\$3,932	\$7,471	\$10,046	\$11,646
	Engine 2				
- Vehicle Replacement required	\$500,000				
<b>Equipment Reserve Year End Balance</b>	<b>\$1,048,581</b>	<b>\$397,082</b>	<b>\$754,552</b>	<b>\$1,014,598</b>	<b>\$1,176,244</b>