



cutting through complexity

Emergency Services Training Centre – Operational and Financial Review

Township of North Huron

September 26, 2016





Township of North Huron Table of Contents

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This report is based on information and documentation that was made available to KPMG at the date of this report. KPMG has not audited or otherwise attempted to independently verify the information provided unless otherwise indicated. Should additional information be provided to KPMG after the issuance of this report, KPMG reserves the right (but will be under no obligation) to review this information and adjust its comments accordingly.

Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and recommendations as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the Township of North Huron. KPMG has not and will not perform management functions or make management decisions for the Township of North Huron.

This report includes or makes reference to future oriented financial information. Readers are cautioned that since these financial projections are based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occur, and the variations may be material.

Comments in this report are not intended, nor should they be interpreted, to be legal advice or opinion.

KPMG has no present or contemplated interest in the Township of North Huron or the Emergency Services Training Centre nor are we an insider or associate of the Township of North Huron or the Emergency Services Training Centre. Accordingly, we believe we are independent of the Township of North Huron and the Emergency Services Training Centre and are acting objectively.



Emergency Services Training Centre – Operational and Financial Review

Section I Project Overview

Introduction

The Emergency Services Training Centre (“ESTC”) located in Blyth, Ontario is a world-class facility that provides firefighter and emergency response training for municipalities, not-for-profit organizations, and various companies. The ESTC is operated by the Township of North Huron (“Township”) and through partnerships with accredited training providers, delivers high-quality instruction that first responders require to deal with the ever-changing demands in emergency services. The Emergency Services Training Centre is recognized as a regional training and testing centre by the Ontario Fire College and the Office of the Fire Marshal and Emergency Management. The ESTC is the only provider in Canada and one of only three sites in North America to offer advanced level propane emergency training. Since its inception, the ESTC has become a model for fire, emergency response and corporate training in Ontario.

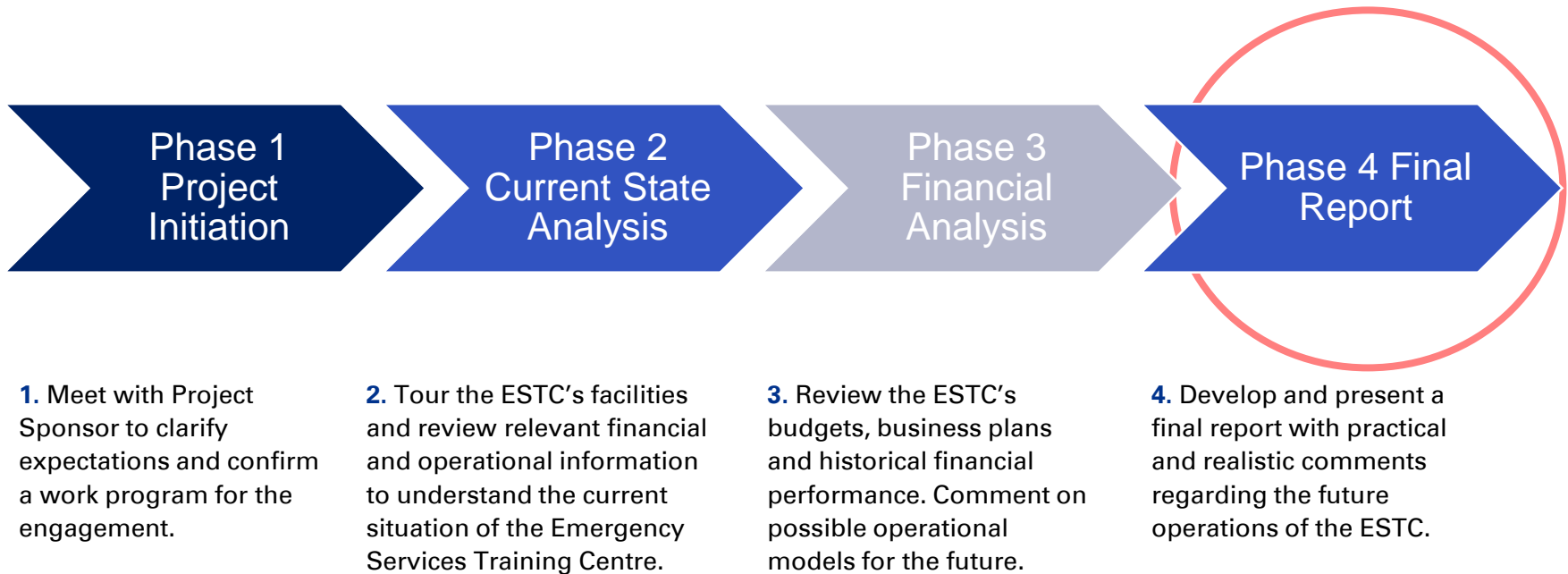
Project Objectives

KPMG LLP (“KPMG”) was retained to undertake a review of the operations of the Emergency Services Training Centre and develop a operation and financial review/business plan that will address the long-term sustainability of the ESTC. Specific project objectives include:

- Understand the current operations of the ESTC to determine whether the ESTC is providing the desired level of service as efficiently and effectively as possible, and to identify ways to enhance the efficiency and effectiveness of the ESTC’s future operations;
- Review the ESTC’s budgets, historical business plans and financial performance, in order comment on of possible operational models for future performance.
- Determine whether there are any programs or services the ESTC should no longer provide;
- Pull together all of the work completed and develop a final report with comments for the future operation of the ESTC.

Scope of Work

This engagement commenced on April 15, 2016, and will be completed when the final report is submitted to the Township of North Huron. The diagram below depicts the key phases of the engagement:





Emergency Services Training Centre – Operational and Financial Review

Section II Current State Analysis

History

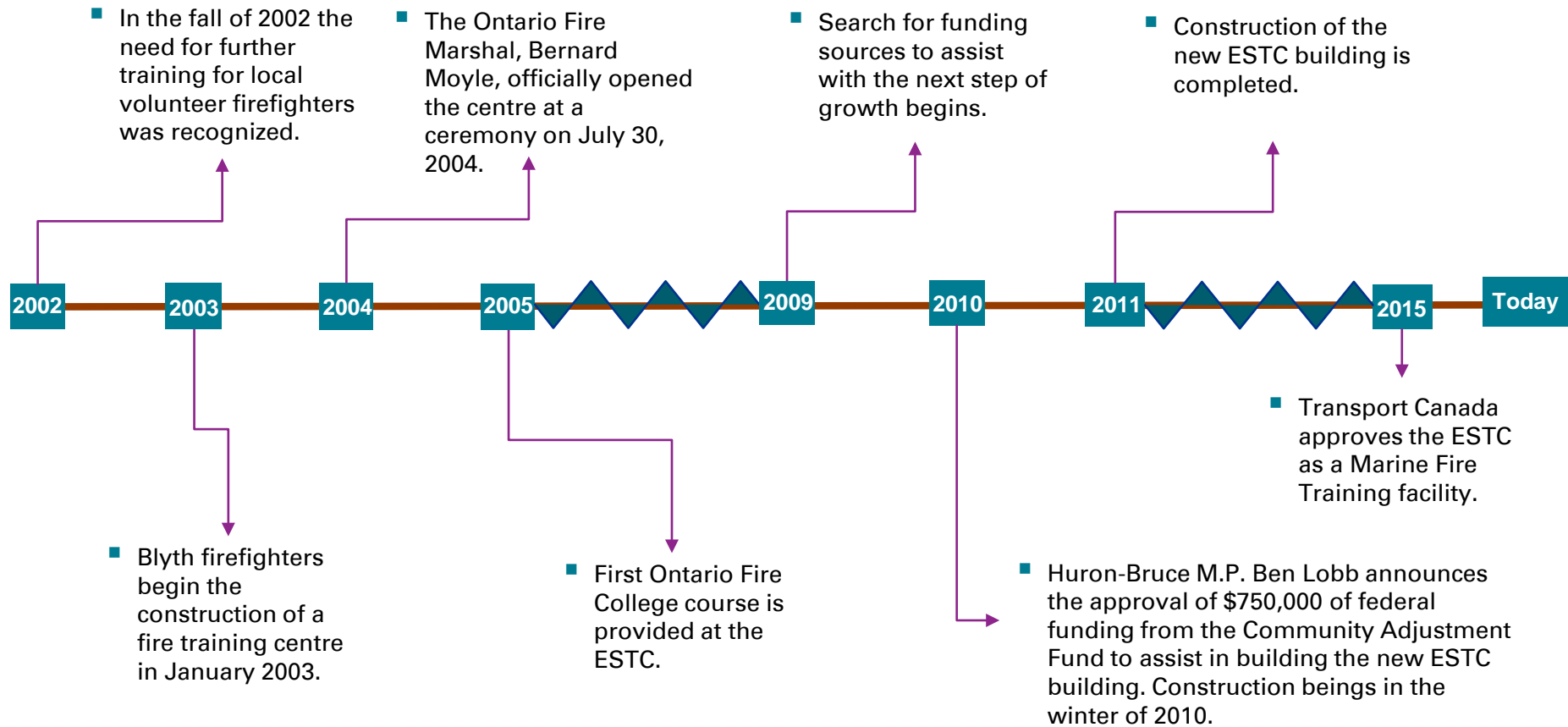
The Emergency Services Training Centre was born out of the idea that local area volunteer firefighters needed access to a fire training facility to improve their skills. In January 2003, Blyth firefighters constructed a simple fire training facility that would allow for training updates in just a few, most-needed areas, including farm machinery rescue and fire suppression/search and rescue. Through continuous community support, the facility quickly grew to include:

- Farm and agriculture rescue
- Auto extrication
- Silo and grain bin rescue
- Confined space rescue
- Propane emergencies
- Electrical emergencies

The construction of the original fire training grounds and facilities was scheduled to take three years until 2006, but with strong community support it was finished two years ahead of schedule; and in 2005 the ESTC provided its first Ontario Fire College course for rural firefighters, providing volunteer firefighters with courses in cooperation with the Ontario Fire College.

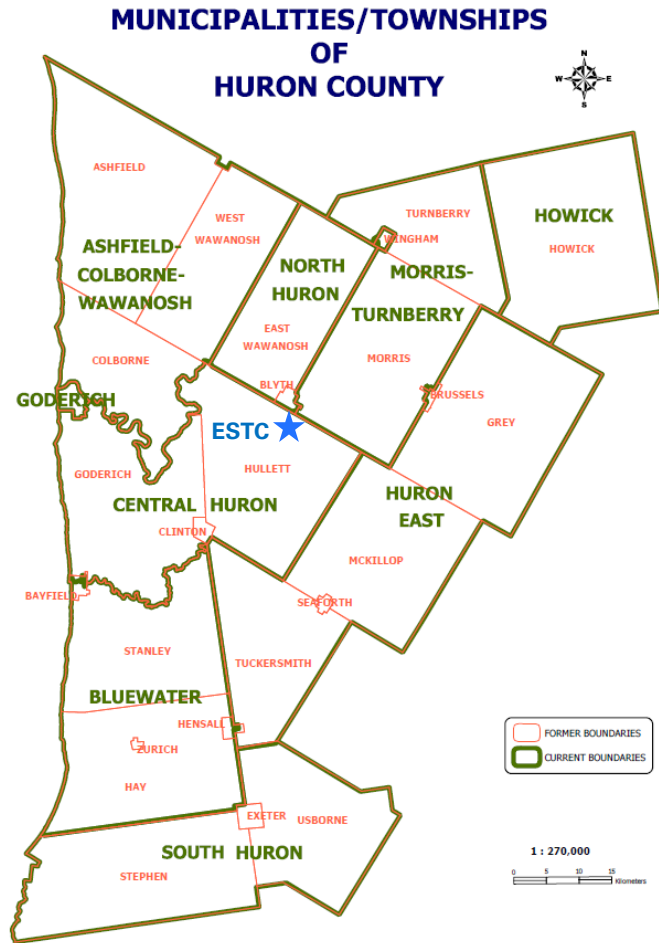
In 2009, the ESTC began searching for funding to assist with the next step of growth; the addition of classrooms, washrooms with full showers, and a proper place to store apparatus and equipment. One year later in April of 2010, Huron-Bruce M.P. Ben Lobb announced the approval of a \$750,000 grant from the Community Adjustment Fund program. A ceremony was held in August of 2010 with construction of the new ESTC building taking place over the winter of 2010-2011.

The cost of the ESTC expansion project was approximately \$1.95 million and consisted of various site improvements, including an 18,000 square foot technology building complete with classrooms, washrooms and a large apparatus bay able to accommodate both the ESTC and North Huron's fire apparatus, as well as a paved parking lot. With \$750,000 of federal funding, the Township funded the remainder of the construction cost through a \$1.2 million debenture for the remainder with Ontario Infrastructure and Lands Corporation. The Township has assessed the ESTC with responsibility for covering 55% (\$660,000) of the debenture with the remaining 45% (\$540,000) allocated to the Township of North Huron for its fire department. The loan has an amortization period of 20 years with an interest rate of 3.71%, maturing in 2032.



Since its inception, the Emergency Services Training Centre has become a model for fire, emergency response and corporate emergency training in Ontario.

Location



- The Emergency Services Training Centre is located in the Township of Central Huron at 40193 Blyth Road in the community of Blyth, Ontario.
- Huron County is home to five towns, five villages and over 60 hamlets, and is divided into nine municipalities.
- Per the 2011 census, the population of the Township of North Huron is approximately 5,000.

Site Features

The ESTC's seven-acre site is laid out to allow students to participate in a variety of disciplines. Site features include:

1. Propane Emergencies Pad:

- Propane fire pad with multiple burn scenarios including an overturned 10,500 gallon propane tractor-trailer.

2. Burn Building

- The Burn Building has two stories with both interior and exterior stairs and allows firefighters to hone their interior firefighting and search and rescue skills. The 1,800 square foot building has reconfigurable walls to change room sizes and locations within the structure. The water-filled burn pans use propane vapor to provide realistic and repeatable fires that can also be moved to different locations throughout the building.

3. Vehicle Extrication Area

- The Auto Extrication Pad has both paved and gravel sections to help duplicate conditions found in real situations. There is an intersection, curved section of road and an area for submerged vehicle options. In addition, the vehicle area boasts a collapsible hydro pole and sections of concrete "jersey" barrier to change the possible scenarios.

4. Marine Rescue Area

- The ESTC offers a marine program through its Transport Canada approved facility for mariners who may be required to perform a rescue while on board a vessel.

5. Emergency Services Training Centre Building

- 18,000 square foot fire station with classrooms, offices and a large apparatus bay floor. The site also has a paved parking area with approximately 50 spaces.

Current Customers

The ESTC's key customers currently include:

1. Fire Service Private Career College

- Live burn training for college students
- Four sets of four-day courses (early spring and late fall)
- 16 days of fire grounds usage

2. Ontario Fire College

- Various fire training courses
- 20 to 30 days of classroom usage
- No usage of fire grounds, however, fire equipment is used for 5 days

3. ESTC Firefighter 1 and Firefighter 2 Training

- Training for local area fire departments in Huron County and other jurisdictions
- 4 days and 6 nights of classroom usage
- 8 days of fire grounds usage

4. Public Services Health and Safety

- Health and safety related programs
- 10 to 12 days of classroom usage
- 2 days of fire grounds usage

5. North Huron Fire Department

- Training of local fire department
- 4 days and 4 nights of fire grounds usage

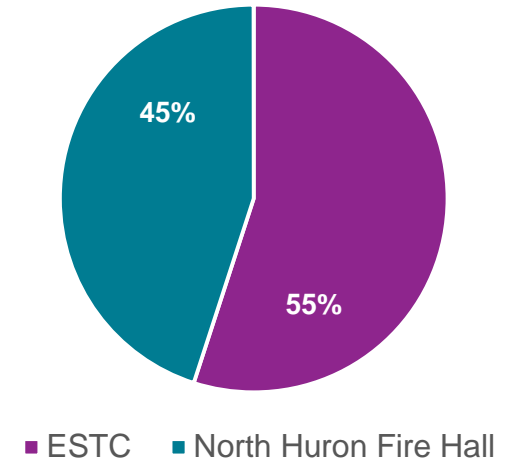
6. Industrial Programs

- Training for various industrial customers
- 6 days of fire grounds usage

Building Allocation

- The ESTC is currently responsible for 55% of the building-related expenditures as well as 55% of the principal and interest payments on the outstanding loan with the Ontario Infrastructure and Lands Corporation.
- The remaining 45% of building-related expenditures is the responsibility of the Township of North Huron's local fire department.
- The allocation was determined by the Township of North Huron at the inception of the Emergency Services Training Centre facility.
- The ESTC currently uses two spots on the apparatus bay floor as well as one office space.
- The fire hall occupies five spots on the apparatus bay floor as well as two office spaces.
- Both the ESTC and local fire department employees have common access privileges to the storage rooms and change rooms in the facility.
- The Emergency Medical Services ("EMS") are also a tenant of the facility. The EMS rents out two spots on the apparatus bay floor which are side-by-side as well as a 15' by 10' office adjacent to the apparatus bay for a monthly fee of \$500 (\$6,000 annually).

Allocation of Building Expenditures



Financial Analysis - ESTC

	2012	2013	2014	2015	Cumulative
Total revenue	146,100	215,700	207,100	191,600	
Operational expenses	156,000	233,300	237,900	182,600	
Building expenses	17,400	21,100	20,500	20,000	
Capital expenses	-	-	-	17,600	
Principal and interest on loan	23,500	47,000	47,000	47,000	
Operating deficit	(50,800)	(85,700)	(98,300)	(75,600)	(310,400)

Operational expenses - Composition	2015
Salaries and wages and benefits	38%
Instructor contracts	23%
Materials and supplies	13%
Meals for courses	8%
Equipment repair	4%
Other	14%
	100%

- As at December 31, 2015 (fiscal year-end), the ESTC had a cumulative operating deficit of approximately \$310,400 (before depreciation). However, in fiscal 2015, the Township raised \$98,000 through a tax levy to support an original budgeted deficit of \$98,000. The actual loss (not including depreciation) was \$75,600. The majority of funds raised from the tax levy (\$95,600) was used to bring the cumulative deficit down from \$310,400 to \$214,800 at the end of fiscal 2015. The remaining \$2,400 of money raised through the tax levy was used to support other departments that incurred a loss in fiscal 2015.
- Building expenses represent the ESTC's 55% allocation of the total expenses incurred to maintain the facility.
- As of the 2015 fiscal year-end, the outstanding balance of the Township's \$1.2 million loan was approximately \$1,048,000. The ESTC's 55% portion was \$576,400.

Revenue - Composition	2012	2013	2014	2015
ESTC course revenue	108,300	110,200	94,000	67,700
Contractor course revenue	-	32,600	38,800	65,800
Facility rentals	30,900	30,800	49,400	43,400
Other	3,400	36,100	18,900	8,700
EMS rental revenue	3,500	6,000	6,000	6,000
Total revenue	146,100	215,700	207,100	191,600

- ESTC course revenue is generated through courses instructed by either ESTC staff or local fire department employees.
- Contractor revenues relate to courses that are organized by ESTC but led by an outside contracted instructor.

- Facility rental revenue represents a portion of the total course revenue that is related to usage of the facilities during either ESTC or contractor delivered courses. Historically, Management has presented facility rental revenue on its own, however, facility rental revenue is directly related to the delivery of ESTC or Contractor courses and subsequent usage of the facility.
- Third parties can also rent out classrooms or the fire grounds for a day and perform their own training classes and exercises with the assistance of ESTC staff members.

Financial Analysis - ESTC

The following tables break down the historical financial results of the ESTC's training operations into two categories:

1. **ESTC** – This category presents the historical revenues and expenses of the ESTC's operations only, separate from any building-related expenditures as well as principal and interest payments on the loan.
2. **Building** – This category presents the historical revenues and expenses related to the building only.

ESTC - Training (*)	2012	2013	2014	2015	Total
Total revenue	142,600	209,700	201,100	185,600	
Operational expenses	156,000	233,300	237,900	182,600	
Capital expenses	-	-	-	17,600	
Operating deficit	(13,400)	(23,600)	(36,800)	(14,600)	(88,400)

(*) Before any notional charge for building rent.

Building - 55%	2012	2013	2014	2015	Total
Total revenue	3,500	6,000	6,000	6,000	
Building expenses	17,400	21,100	20,500	20,000	
Principal and interest on loan	23,500	47,000	47,000	47,000	
Operating deficit	(37,400)	(62,100)	(61,500)	(61,000)	(222,000)

- The cumulative operating deficit of \$310,400 is composed of \$88,400 related to the ESTC's training operations and \$222,000 related to the building's costs.
- Over the four-year period, the building-related operating deficit accounts for approximately 63% to 81% of the total deficit in any given year.

Financial Analysis - ESTC

- The original 2016 operating budget submitted to Council included income from ESTC operations of approximately \$187,500. Net income of approximately \$106,000 was budgeted after the deduction of capital expenses for the fire grounds as well as the ESTC's 55% allocation of building costs and principal and interest payments on the outstanding loan.
- The Director of Finance of the Township of North Huron noted that Council budgeted for the ESTC to break-even given its historical performance regardless of the operating budget prepared by Management.
- Management has also created a forecast for 2016. The forecast predicts an operating deficit of approximately \$67,000, which is consistent with prior years. However, income from ESTC operations only (without the inclusion of any building-related expenditures or one-time capital expenses) is forecasted at approximately \$14,000.

Operating Results - 2016	Budget	Forecast
Revenue		
Contractor course revenue	215,030	87,282
ESTC course revenue	147,780	34,400
Facility rentals	101,450	56,750
Meal revenue	40,502	21,251
Property plant and equipment rental revenue	10,272	1,644
Classroom and long-term rental	7,560	8,060
Other revenue	5,500	5,500
Clothing and textbook sales	2,000	2,000
Total revenue	530,094	216,887
Expenses		
Salaries, wages and benefits	166,810	61,718
Instructor contracts and other costs	47,300	53,350
Fireground expenses	35,265	20,806
Meal expense for students	33,616	17,638
Materials and supplies	27,201	16,694
ActiveNet fees	11,878	11,878
Office	9,850	9,850
Travel and trade shows	4,050	4,050
Advertising	3,460	3,460
Other	3,130	3,130
Total expenses	342,561	202,574
Income from ESTC operations	187,533	14,312
Building costs	25,333	25,333
Principal and interest payments	47,000	47,000
Capital expenses	9,000	9,000
Operating income (deficit)	106,200	(67,021)

Governance Model

Originally, when the Emergency Service Training Centre was established there was no Board of Directors, rather the operations of the ESTC were governed by the Blyth Firefighters Association on an arms-length basis to the Township of North Huron.

Subsequent to the construction of the new building, a formal Board of Directors was established. The Board held an inaugural meeting on March 10th, 2012. The Board included the following directors:

- John Black, Fire Chief;
- David Sparling, Deputy Fire Chief;
- Jim Campbell, North Huron Council member;
- Rick Elliot, Blyth BIA representative;
- Bob Kissner, Kingsville Fire Chief;
- George Sesto, Retired Ontario Fire College instructor, and;
- Leanne Martin, Administrative Assistant for the Township of North Huron

No meetings were ever held since the inaugural meeting. Some of the Board members stepped down only a few months after the first meeting and, following the sudden death of the Fire Chief, the Board has since dissolved.

Currently, the ESTC is informally governed by the Fire Department on behalf of the Township. There is no formal Board of Directors.

Competitors

There are approximately 20 fire and emergency response training centres in Ontario. Below are some of the ESTC's major competitors.

1. Grimsby Regional Training Centre for Prevention and Education Excellence ("GRTC")

- In June of 2015, the Grimsby Fire Department, the Ontario Fire College ("OFC") and the OFMEM Academic Standards and Evaluations entered into a Memorandum of Understanding for the direct delivery of OFC courses through the GRTC.
- Course offerings focus on establishing the province's first Centre of Fire Prevention Excellence.
- Completion of the facility is anticipated for 2017 and will include classroom space and a fire prevention lab to replicate the OFC's facility.

2. Greater Toronto Airports Authority Fire and Emergency Services Training Institute ("FESTI")

- Built in 2007 and located at Toronto International Airport, FESTI is a division of an operational fire department allowing it to capitalize on experiences to provide current and up-to-date training and evaluations.
- The innovative facility features a combination of indoor classrooms with outdoor practical training structures built adjacent to the main facility. Four 20-person classrooms are available with one fully computerized lab.
- The facility also includes a 64-person theatre, a core assembly area and a full kitchen with food services provided through a cafeteria.

3. Waterloo Region Emergency Services Training and Research Complex ("WRESTRC")

- Built in 2003, WRESTRC is a large-scale training facility developed to serve all of the Waterloo Region's Municipal Fire Departments, the Regional Police Service, and the Region's Emergency Medical Service.
- The Administration building has approximately 16,000 square feet of floor space and is divided into three functional areas: administration/classroom area; employee fitness centre and emergency services area.
- The classroom space can accommodate 80 to 100 people and the room can be divided into two areas.
- The training ground includes 1.2 kilometers of paved road services designed for vehicle maneuvering and control exercises and a 3,000 square foot, multi-level concrete building for fire training exercises.

4. Oakville Training Campus for Emergency Excellence

- Six-acre state-of-the-art facility includes a live burning tower, driver training area, water rescue pond, working traffic lights, hydro poles, manholes, level railway crossing.
- Simulations allow firefighters to gain real-life experience in a controlled setting. Possible simulations include, firefighting and rescue, technical rope rescue, water and ice rescue, auto extrication, confined space rescue, hazardous materials response, and emergency medical.

Competitors

5. Bruce Power Fire Training Facility

- On April 13, 2015, Bruce Power officially opened its \$25 million, 23,000 square foot fire training facility.
- The facility includes a mock-up of a turbine generator which allows firefighters to practice realistic scenarios.
- Propane fuelled props produce fire and smoke to simulate a variety of situations, thermal cameras capture video footage and stream it back to a central control room.
- Bruce Power may approach local municipal fire departments to promote potential co-training opportunities that will help make communities even safer.

6. City of London

- Training complex includes a four-storey fire training tower, a two-storey smoke house and a classroom.
- The training complex provides a wide variety of training scenarios including, vehicle extrication, hazardous materials, defibrillator operations, CPR, emergency medical response, first aid, ice and water rescue, technical rescue and command procedures as well as the latest firefighting techniques.

7. Georgian College – Marine Emergency Duties Centre (Owen Sound)

- On June 23, 2015, the federal and provincial government announced that they will contribute \$1.96 million each towards a 13,600 square foot centre to be built at the Owen Sound campus of Georgian College
- The facility will provide introductory and advanced Marine Emergency Duties courses in firefighting, survival craft, life raft and immersion suit training as well as first aid. The site will become a marine training centre of excellence in Ontario.
- The centre will be used by students in Georgian College's marine programs as well as men and women currently working on board ships.
- The facility is scheduled to be completed by September 2016.

Competitors

8. Eastern Ontario Emergency Training Academy (“EOETA”)

- Constructed in 1985 and based in Norwood outside of Peterborough, the EOETA’s 20 acre site provides live training situations including a search and rescue maze, confined space, a three-storey burn tower, a flashover unit and a survivor unit. The site also has a shower facility, education hall, four classrooms and a cafeteria.
- Clients include municipal fire departments and private sector companies such as Canadian General Electric and Lakefield Research.
- EOETA has a stable base of trainees from Sir Sanford Fleming College.

9. Training Division/Southwest Oxford Fire Academy

- Training Division is an emergency services training company based in Texas.
- All courses have been approved through Texas, an International Fire Services Accreditation Congress (“IFSAC”) state, which allows transfer to other IFSAC states and Canada.
- As a result of many students coming from Canada, the company decided to open a facility in Ontario in an attempt to give students a choice, and potentially save them time, money, and other resources. Currently, Training Division has not been approved by the Ministry of Training Colleges and Universities.

10. Other Competitors

- Fire departments with in-house training areas/capacity (i.e. classroom space) provide a constant competitive threat to the Emergency Services Training Centre as they can provide some level of in-house training for their staff.

Sustainable Futures Funding Application

In January of 2015, the ESTC applied for grants in the amount of \$284,600 to be paid over three years. The submission was reviewed by the Huron County Economic Development Board on behalf of the Huron County Council. The funds would be used to:

- create more efficient operations at the ESTC including an online registration and payment system;
- hire a business consultant to prepare a formal business plan;
- purchase specialized equipment for the new Marine Emergency and Industrial Fire Brigade training course;
- hire a consultant to complete the necessary paperwork involved in becoming an approved location of a fire service private career college; and,
- purchase additional computers.

The submission was deferred until various matters were resolved. The following matters were communicated to the Reeve and CAO of the Township:

1. **Financial implications of building expenditures on the ESTC as a business** - The Huron County Economic Development Board was concerned with the fact that the ESTC was responsible for covering a significant portion of the building-related expenditures and felt that this could limit the ESTC being successful as a stand-alone business.
2. **Governance** – The Board was concerned that there was no governing body to monitor the operations of the ESTC and believed that this could limit the success of the ESTC.

A member of the Huron County Economic Development Board has indicated that due to the time that has elapsed since the original submission, the funding application would need to be re-assessed. This re-assessment would involve analyzing the implications of any new market developments and new competitors in the fire training and emergency response industry over the past year and a half in order to determine if the ESTC opportunity is still viable.

Fire Training in the Province of Ontario

Historically, there has been a great reliance on the Ontario Fire College and the Office of the Fire Marshall, both agencies of the Ontario Ministry of Community Safety and Correctional Services, to provide all of the required training for firefighters in Ontario. Due to funding cuts and a reduction in personnel, the past four years has provided the realization that all these training services can no longer be provided and; more importantly, that they cannot be provided for free as in prior years. As a result, fire training in Ontario has been in a state of flux. Centres such as the Emergency Services Training Centre have worked with the Ontario Fire College but have had limited success in attracting students and providing necessary training.

Currently, the Ontario Association of Fire Chiefs ("O AFC") has partnered with the Public Services Health and Safety Association ("PSHSA") to build a new model for fire training in Ontario. This model is based on a partnership with fire training centres across Ontario whereby the O AFC and PSHSA will develop the curriculum and the training centres will provide the training. Registration for all courses will be done through a centralized online registration website operated by the O AFC at no additional administrative surcharge to the training centres (these costs are charged to the customers instead). The goal of this partnership is to have all fire training centres work together to deliver necessary fire and emergency rescue training across Ontario rather than competing with each other. In addition, the O AFC and PSHSA will demand that training centres have high-quality and safe training structures as well as strong instructors to deliver the courses. Furthermore, the O AFC and PSHSA will work together with its partners to ensure that training centres are able to provide the various training courses that are in demand to avoid the creation of facilities or programs that lack customer demand.

The O AFC expects that the curriculum will be completed in the fall of 2016 and that the new model will take a year or two before it is completely operational. Moreover, a major issue with fire training in Ontario is having municipalities/townships and fire chiefs understand that training services can no longer be provided for free and that they will need to budget the cost of training for their fire personnel.

SWOT Analysis - ESTC

Strengths:

- Training grounds allow students to participate in a variety of disciplines/training scenarios.
- Proven ability to create and deliver unique accredited courses.
- Ability to take advantage of the excess capacity in ground training time, classroom space, office space, and parking space.
- Recognized as a regional training and testing centre for the Ontario Fire College and the Office of the Fire Marshal and Emergency Management.
- Only provider in Canada and one of only three sites in North America to offer advanced level propane emergency training

Weaknesses:

- Cumulative operating deficit of approximately \$310,400 incurred from 2012 to 2015.
- Outstanding loan of \$1,048,000 of which the ESTC is responsible for covering 55% (\$576,400).
- The building (i.e. classrooms and offices) and training grounds are under-utilized.
- There is no independent governing body overseeing the performance and operations of the ESTC.
- Several new training opportunities have been unsuccessful; these were leads that the Fire Chief had worked on for several months/years.
- There currently is no general manager specifically tasked to look after the operations of the ESTC, rather this task is being performed by the Fire Chief who has other responsibilities.

Opportunities:

- Providing training for local fire halls and petrochemical companies, as well as partnering with private career colleges offering fire training and emergency response training are opportunities currently being contemplated.
- The Ontario Association of Fire Chiefs is looking to partner with training centres across Ontario to deliver a curriculum and courses that it is developing; this could be a year or two away from being implemented.

Threats:

- There is intense competition in the emergency services training industry in Ontario. Competitors include other fire departments delivering training programs, colleges and municipalities constructing their own training facilities, and private companies providing their own training courses.
- Changes in government legislation regarding training requirements (i.e. the new Federal government removed the re-qualifying requirement for sailors) along with the lack of enforcement of existing training requirements.
- Historically, training courses were provided for free; now municipalities and fire departments must subsidize training costs.

Key Challenges & Considerations

- **Operating Deficit** - As at December 31, 2015, the cumulative operating deficit was \$310,400.
- **Loan Repayment** - As at the 2015 fiscal year-end, the amount owing on the \$1.2 million loan was approximately \$1,048,000. The ESTC is responsible for 55% (\$576,400) of this loan.
- **Underutilized Facility** - The fire-training grounds are only used approximately 40 days per year. Classrooms are available, but are barely used due to a lack of consistent clientele.
- **Market Saturation** - There is intense competition in the emergency services training industry. Primary competitors include other fire departments delivering training programs, colleges constructing their own training facilities, and private companies providing their own training courses.
- **Management Staffing Concerns** - The Fire Chief is currently splitting time between his current role and managing the Emergency Services Training Centre. The dual duties are creating an increased level of stress and the intention of the Fire Chief is to focus more of his time on his role as Fire Chief as opposed to managing the ESTC.
- **Customer Culture** - Several potential training program opportunities at the ESTC have been unsuccessful; these were leads that the Fire Chief had worked on for several months/years. Historically, emergency response training in Ontario has been free and now municipalities/fire departments are required to pay for training and this is believed to be hindering enrollment.
- **County Politics** - There are fourteen fire stations within Huron County and there are no other training centres in this area, but it is unclear as to why other townships or municipalities are not using or do not want to use the ESTC.
- **Lack of Governance** - There is no independent governing body overseeing the performance and operations of the ESTC.
- **Value Proposition Assessment** - The Fire Chief believes that the main driver of ESTC's revenue is the fire-training grounds since customers are attracted by the quality of fire-training grounds rather than the ESTC building itself.
- **Fire Training in Ontario** - The current model for delivering fire training in the Province of Ontario is in disarray and the Ontario Association of Fire Chiefs is in the process of changing the model.
- **Other Uses for the Building** - Should Council determine that the ESTC's portion of the building space is not needed to support the training operations of the ESTC, other opportunities to rent out space within the building should be considered.



Emergency Services Training Centre – Operational and Financial Review

Section III

Analysis of Options

Introduction

The future success and purpose of the Emergency Services Training Centre as a stand-alone business and the building itself will be the product of the decisions made by the Township of North Huron. The poor financial performance of the ESTC over the past four years has brought about the realization that a new plan is needed. This new plan must identify the current issues faced by the ESTC and determine an overall strategy for the future operations of the ESTC; and determine the impact of the new strategy on both the ESTC and the Township. This overall strategy is composed of two major considerations:

1. Determining the future of the Emergency Service Training Centre as a training service provider.
2. Determining a use for the building's excess space.



Emergency Services Training Centre – Operational and Financial Review

Section III

Consideration #1

Determining the Future of the ESTC
as a Training Service Provider

Introduction

The Township of North Huron must first decide if the Emergency Services Training Centre should continue to operate as a stand-alone training service provider. As at December 31, 2015, the cumulative operating deficit of the ESTC was \$310,400. However, as a stand-alone business (after the removal of building expenditures and loan repayments), the ESTC's training operations account for 40% of the total cumulative deficit. In addition, the year-over-year deficit from 2014 to 2015 declined by \$22,200, meaning that the ESTC was losing \$1,217 a month on average in 2015 compared to \$3,067 a month on average in 2014. Furthermore, in 2015, the ESTC had an operating surplus of \$3,000 prior to the one-time capital expenditures incurred.

ESTC - Training	2012	2013	2014	2015	Total
Total revenue	142,600	209,700	201,100	185,600	
Operational expenses	156,000	233,300	237,900	182,600	
Capital expenses	-	-	-	17,600	
Operating deficit	(13,400)	(23,600)	(36,800)	(14,600)	(88,400)

The first consideration will therefore be to assess the viability of operating the ESTC as a stand-alone training service provider. This means that all building-related expenses and principal and interest expenses currently being allocated to the ESTC will not be considered or incorporated in any financial assessment of the ESTC as a stand-alone training service provider.

Main Training Opportunities Pursued To Date

Opportunity #1: Great Lakes sailors through Georgian College and then GB Industrial

- **Reason for Pursuit:** In November of 2015, Transport Canada identified that there were approximately 3,000 sailors in Ontario who required training. These sailors generally worked on vessels operating on the Great Lakes.
- **Duration of Pursuit:** Almost two years.
- **Potential Annual Profit:** \$16,000 - \$32,000 (\$2,000 a training session with between 8 to 16 training sessions being offered annually).
- **Why it did not happen:** Georgian College decided to build its own training facility in Owen Sound (receiving approximately \$2 million from both the federal and provincial governments). Subsequent to Georgian College's decision, the ESTC began working with another Canadian training provider. In 2014, the Township considered an option to support this project that included private capital investment, but ultimately decided not to proceed. In the fall of 2015, Transport Canada approved the ESTC facility and a lower level of curriculum than was originally planned. In August of 2016, ESTC Management confirmed that the federal government changed the lower level training requirement dramatically reducing the viability of this opportunity.
- **Current Status:** In July of 2016, a Canadian training provider informed ESTC that there are still sailors who want training; however, ESTC does not have any other information and is therefore unsure of the future potential of this opportunity.

Opportunity #2: Pre-service firefighter campus for a fire service private career college

- **Reason for Pursuit:** Becoming a satellite campus for the private career college was expected to bring in a consistent annual flow of students to the facility.
- **Duration of Pursuit:** Almost two years.
- **Potential Annual Profit:** \$78,000 (\$39,000 per training session with 2 sessions being offered annually).
- **Why it did not happen:** In 2016, the ESTC was approved by the Ministry of Training, Colleges and Universities as a satellite campus for the private career college, but with the increased scrutiny of private career colleges over the past years due to poor employment rates after graduation, the private career college decided not to pursue growth options beyond its existing campuses.
- **Current Status:** Opportunity appears to be unsuccessful at this point in time.

Main Opportunities Pursued To Date

Opportunity #3: Provide NFPA 1081 training for Industrial Fire Brigade customers

- **Reason for Pursuit:** The ESTC would partner with a private sector industrial emergencies training provider, which was recently acquired by a public community college, to deliver programs to industrial customers. The ESTC, the private sector industrial emergencies training provider and the public community college would have discussions with an American company about becoming a satellite campus.
- **Duration of Pursuit:** Ten months.
- **Potential Annual Profit:** \$10,500 to \$14,000 (\$3,500 a course with between 3 to 4 courses being offered annually).
- **Why it did not happen:** An American company decided it did not want to come to Ontario. The public community college appears to have lost interest in the opportunity.
- **Current Status:** Opportunity appears to be unsuccessful at this point in time. Furthermore, the Ontario Fire College has partnered with Lambton College to provide NFPA 1081 training.

Opportunity #4: Fire Departments that have crude by rail passing throughout their communities

- **Reason for Pursuit:** David Sparling developed a national program for Emergency Response Assistance Canada ("ERAC"). In exchange, ERAC would provide the ESTC with railcars to develop an emergency rail facility on site.
- **Duration of Pursuit:** Almost two years.
- **Potential Annual Profit:** \$9,900 to \$13,200 (\$3,300 a course with between 3 to 4 courses being offered annually; potential to provide additional spin-off courses for \$3,300 in net profit each).
- **Why it did not happen:** The geographical location of the ESTC limits potential customers since there is no crude by rail travelling through North Huron.
- **Current Status:** Opportunity appears to be unsuccessful at this point in time. Management believes that this opportunity is still possible but will take a lot of work and may not come to fruition given the location of the ESTC.

Potential Future Opportunities

Opportunity #1: Private Career Colleges

- **Why Pursue:** Become a satellite campus training site of a private career college. This would ensure a consistent annual flow of students to the facility.
- **Potential Annual Profit:**
 - *Pre-Service Program:* \$80,000
 - *Fire Prevention Program:* \$10,000
- **Hindrances:** Private career colleges have been coming under increased scrutiny over the past few years due to poor employment rates after graduation. Also, most of these colleges are urban-based, therefore, these colleges prefer to send students to facilities located in urban areas.

Opportunity #2: Partnership with the Ontario Association of Fire Chiefs

- **Why Pursue:** This opportunity would allow for greater reach to potential customers throughout Ontario as ESTC's courses would be listed on a centralized website that could be seen by a large number of potential customers. This would reduce administrative costs of the ESTC.
- **Potential Annual Profit:** Unknown at this point.
- **Hindrances:** Online platform should be available in the fall of 2016 and the ESTC may need to wait a year or two before seeing the true benefit of this partnership.

Potential Future Opportunities

Opportunity #3: Local Fire Halls

- **Why Pursue:** The 12 local fire stations (not including the two from North Huron) in Huron County provide limited to no hands-on training for their firefighters. Annual training will allow firefighters to improve their skills in order to be prepared for actual scenarios.
- **Potential Annual Profit:** \$9,600 to \$19,200 (12 fire stations at one or two days each with a net profit of \$800 per day).
- **Hindrances:** Management believes that some local fire chiefs and councils within Huron County view the ESTC as being too expensive and therefore have been reluctant to send firefighters for training. Another hindrance is the willingness of municipalities/townships to spend the necessary funds for training.

Opportunity #4: Petrochemical/Industrial companies

- **Why Pursue:** Management believes that there are petrochemical/industrial companies that would be interested in Fire Master training programs, which would bring in a strong profit stream annually.
- **Potential Annual Profit:** \$12,400 to \$24,800 (\$6,200 per course at two to four courses offered annually).
- **Hindrances:** Management has no initial point of contact for these potential private sector customers. In addition, the ESTC lacks the personnel and resources available to continuously pursue these customers.

Opportunity #5: Light aircraft emergency training

- **Why Pursue:** There is currently no program offered to fire departments that provides emergency services training for small municipal airports. This would be an opportunity for the ESTC to find unique course offerings to pursue additional revenue streams.
- **Potential Annual Profit:** \$4,000 to \$8,000 (\$4,000 per course at one to two courses offered annually).
- **Hindrances:** Municipalities and fire departments may be hesitant since a program has never been offered before. There would be a one-time capital expenditure of \$2,500 for equipment and updates to the training grounds.

Financial Analysis

Management has developed three scenarios, each depicting the potential financial results of the ESTC operating as a stand-alone training service provider.

Scenario 1: Focus on Existing and Maintainable Clients

- The ESTC would operate with an administrative assistant working two half days per week. The ESTC would limit itself to existing clients and would not pursue any new customers.
- This scenario is the most conservative and would require little effort as the ESTC would not hire a general manager to pursue new clients.

Scenario 2: Continue to Operate the ESTC on a Status Quo Basis

- The ESTC would continue to operate unchanged with one administrative assistant (37.5 hours per week less some time off in the summer months) as well as the fire chief performing various managerial duties. The ESTC would focus on existing and maintainable customers and would only pursue a few new clients.

Scenario 3: Hiring a General Manager to Pursue New Clients

- This is the most aggressive scenario as the ESTC would operate with a full-time general manager. This general manager would be responsible for the day-to-day operations of the Emergency Service Training Centre. While focusing on existing clients, the General Manager would also be required to pursue a wide range of new potential customers.
- Management believes that a fair market salary (excluding benefits) for a general manager to run the ESTC would be approximately \$82,000 per annum, which is currently Management's best estimate. Management believes that this salary level would attract an individual who is familiar with the fire and emergency training industry and would be able to pursue these opportunities.

Financial Analysis

The following table below shows the financial projections under each of the three scenarios as prepared by ESTC Management:

Projections - Scenario #	1	2	3
ESTC course revenue	42,300	65,200	154,100
Contractor course revenue	36,600	113,200	133,400
Other	13,900	32,500	42,600
Total revenue	92,800	210,900	330,100
Expenses:			
Wages and benefits	21,000	62,000	140,000
Course expenses	44,000	123,000	155,000
Office expenses	10,000	17,000	17,000
ESTC rent charge	12,000	12,000	12,000
Capital expenses	4,000	6,000	8,000
Total expenses	91,000	220,000	332,000
Operating income (deficit)	1,800	(9,100)	(1,900)

Assumptions and Considerations:

- The ESTC would rent space within the building at a rate of \$1,000 per month.
- Management has not presented facility rental revenue separately, rather it has been included in ESTC and Contractor course revenue.
- Capital expenses will increase the more the fire grounds are used.
- Scenario Two does not include any salary expense for the fire chief for his oversight role over the ESTC's operations. This would result in an even greater operating deficit.
- Under Scenario Three, the fair market value for salary for a full-time general manager is assumed to be \$82,000.

Pros and Cons

Scenario 1:

Pros:

- Continue relationship with the Ontario Fire College by providing its courses with the hope that this may lead to additional revenue sources in the future.
- Reduced administrative overhead and salaries and benefit costs.

Cons:

- Small customer base; losing one or two clients would have significant financial implications.
- Fire grounds continue to be severely underutilized.
- No attempt to grow the business or search for potential clients could potentially limit the future operating success of the ESTC.

Scenario 2:

Pros:

- Fire chief is actively searching for new customers; trying to grow the business through working together with fire associations and customers.
- Maintains a broader base of clients.

Cons:

- The fire chief has communicated that he wants to remove himself from ESTC's operations and focus more on his fire chief role.
- North Huron could potentially strain its relationship with neighboring townships if they believe that the fire chief was performing roles specifically for the ESTC as they pay 51% of his salary.
- This model does not grow the business enough to achieve operational profitability.

Scenario 3:

Pros:

- Relieves the fire chief from ESTC duties to focus on other matters.
- New general manager would be able to devote more time than the current fire chief in actively pursuing customers.
- Work with the OAFB and PSHSA regarding the new fire training model for Ontario.

Cons:

- The large salary expense of the general manager accompanied by the fact that there is no guarantee as to how much training revenue could be secured is a significant financial risk to the ESTC.

Analysis

Scenario Two is not a viable alternative given the current information available. The fire chief has expressly communicated that his intentions are to focus his time on his role as the fire chief of the Township as opposed to dealing with the day-to-day operations of the ESTC. Moreover, Scenario Two represents the “status quo” scenario and it is evident that operations cannot continue as they currently are as this provides a financial strain on both the ESTC as a stand-alone business and the Township. Therefore, it is clear that the Township must decide between either Scenario One and Scenario Three.

Scenario One is the more conservative cost-reduced approach as this would not require a general manager but only a part-time administrative assistant who would handle the day-to-day operations of the ESTC. The major deterrent of pursuing this model is that the ESTC will limit itself to existing customers and would not pursue any new customers; therefore, there would be significant negative financial implications if current customers are lost. Ultimately, choosing Scenario One would result in limited to no growth for the ESTC, which could severely limit the long-term viability of the ESTC as a stand-alone training service provider.

Scenario Three is the most aggressive approach as the ESTC would hire a general manager who would be tasked with attracting new customers to the facility. The issue with this model is that the ESTC would incur a significant fixed cost for the general manager without having any guarantee as to the potential revenue streams that could result. Adopting this model would represent an attempt to grow the business and turn the ESTC into a successful training service provider in the future.

Conclusion

Council of the Township of North Huron must decide based on the information presented whether or not it believes the ESTC should operate as a stand-alone service provider. If Council decides that there is not a business case for the ESTC to operate as a stand-alone service provider, then Council should consider pursuing Scenario One. Under this scenario, the Township would understand that fire training is being provided to a limited number of customers and that the program would attempt to break-even annually. **We note that under all three scenarios, the ESTC training business would only be a “tenant” within the ESTC facility.**

Alternatively, if Council decides that there is a business case for the ESTC to operate as a stand-alone service provider, then Council should consider pursuing Scenario Three. Scenario Three would allow the ESTC to attempt to grow its business and see what the future would hold for the ESTC. However, progress should be monitored regularly to determine the continued viability of this option.

Regardless of the alternative selected, Council should consider the implementation of a new governance model for the ESTC.



Emergency Services Training Centre – Operational and Financial Review

Section III

Consideration #2

Determining a Use for the Building's
Excess Space

Introduction

As previously mentioned, all building-related expenses have not been considered in assessing the viability of the future of the Emergency Services Training Centre as a stand-alone training centre. The implication of this is that the Township of North Huron will need to cover the 55% allocation of building-related expenses that are currently allocated to the ESTC. In other words, the Township of North Huron will be responsible for the remaining 55% of building-related expenditures that are not currently allocated to the fire department.

The Township is already covering 45% of building-related expenditures, therefore, the following section of this report will identify alternatives available to the Township of North Huron to cover the 55% allocation of expenses that were previously allocated to the ESTC. The Township of North Huron will need to determine the appropriate use for the excess space in the facility that the ESTC does not require for its operations as a stand-alone training service provider.

The facility is approximately 18,000 square feet and is composed primarily of a twelve vehicle apparatus bay, two classrooms, offices, a large kitchen, as well as firefighter changing rooms and gear storage space. Management has asserted that ESTC's training operations do not require 55% of the facility and there are currently spaces throughout the facility that could be used for other purposes.

ESTC Usage of the Facility

The space required for ESTC's training operations is as follows:

- **One classroom** - There is a portable classroom adjacent to the fire grounds that has been used in the past; however, the classroom is in rough shape compared to the two classrooms inside the facility. The ESTC could operate with just the portable classroom, but using an inside classroom would be a better alternative.
- **One or two office room(s)** - The ESTC would be able to run its operations using one or two office spaces.
- **One or two spot(s) on the apparatus bay floor** - The apparatus bay floor can be divided into twelve spots. The ESTC only requires one or two of these spots.
- **Change and storage rooms** - The ESTC will need common access privileges to the storage rooms and change rooms in the facility.

Current Tenants

- The County's Emergency Medical Services rents out two spots on the apparatus bay floor which are side-by-side as well as a 15' by 10' office adjacent to the apparatus bay for a monthly fee of \$500 (\$6,000 annually). The EMS is under no binding agreement and it is Management's belief that the EMS could easily find another location to rent; but decided to rent space within the ESTC since there was excess space available.
- The Township's local fire hall occupies five spots on the apparatus bay floor, the communications room, the communications equipment room and has common access privileges to storage rooms and change rooms in the facility. The Township is allocated 45% of the annual building expenditures to account for the fire hall's usage of the facility, including principal and interest payments on 45% of the outstanding loan.
- No other party has approached the ESTC to potentially rent out any available space.

Excess Space Available

The excess space within the ESTC that would be available for rent is as follows:

- **One or both indoor classrooms** - There is one classroom available for rent and there could be a second classroom available if the ESTC decides to operate using the portable classroom only. Both training rooms are approximately the same size (i.e. 31' by 35') and could be re-purposed depending on the end user. The re-purposing would evidently require some capital expenditures to be made by either the Township of North Huron or the tenant.
- **Five to six spots on the apparatus bay floor** - Of the twelve spots available, one or two will be required to support the operations of the ESTC and five spots are required for the fire hall to park its vehicles. This leaves five to six spots that could be rented out, keeping in mind that the EMS is currently renting two of these spots.
- **Two to three office rooms** - There would be two or three office spaces available after the ESTC has determined how many and which office spaces it requires for its training operations.
- **Kitchen** – The sizeable kitchen (i.e. 17' x 26') is also available for rent or potential re-purposing.

Financial Analysis

As noted previously, the ESTC is responsible for 55% of the annual building-related costs including principal and interest expenses. As at December 31, 2015, the building expenses and principal and interest payments covered by the ESTC amounted to \$67,000 per annum. Given the current allocation between the ESTC and the fire hall, this represents a grand total of \$121,000 of costs in 2015.

Building - 2015	ESTC	Township	Total
Building expenses	20,000	16,000	36,000
Principal and interest on loan	47,000	38,000	85,000
Total	67,000	54,000	121,000

Break-even Analysis	
Total building costs - ESTC only	67,000
Months	12
Break-even rent per month	5,583

- The Township would require approximately \$6,000 (including annual inflation of expenses) in revenue per month in order to cover the ESTC's 55% allocation of annual building expenditures.
- Currently, the EMS is the only additional tenant in the facility and pays \$500 a month for two spots on the apparatus bay floor and one office space.

Potential Tenants

North Huron and Morris-Turnberry Townships

- North Huron and Morris-Turnberry are undertaking a shared services review and as part of this shared service review, the Townships will be performing a building services review. Management believes that the excess space available at the ESTC should be included in the building services review and that the Townships should consider the option of utilizing the excess space that the ESTC's building has to offer.

Huron County Community Emergency Management Coordinator

- Huron County is considering the option of hiring a full-time emergency management coordinator. Management believes that this tenant could bring in between \$500 to \$1,000 a month in revenue from renting one or two offices. The issue with this potential tenant is the fact that the building would need to be equipped with a generator to ensure that emergencies could be coordinated even in the event of power outages. The ESTC is not equipped with such a generator and the expected capital cost of purchasing a generator would be approximately \$40,000. Although this could be a potential tenant, the County has other fire stations already equipped with a generator that could serve as a suitable site.

Automotive Garages

- Management has considered the option of having local automotive garages rent space on the apparatus floor as well as office spaces. Management believes that this type of tenant could generate between \$500 to \$1,000 a month in revenue. However, the main issue with an automotive garage as a tenant is that the apparatus bay floor has an open concept and garages typically require greater security for their equipment and tools. This would likely require an upfront capital expenditure to modify the apparatus bay floor; and would therefore increase the rent to a cost that would likely deter these potential tenants. Furthermore, the ESTC would be renting out the facility to a non-municipal third party which runs the risk that the Township of Central Huron would start to charge property tax.

Potential Tenants

Community Agencies

- Management has considered the possibility of renting excess office space within the ESTC to community organizations such as the United Way. These potential tenants already have their own offices within the Township and therefore, the value proposition that the ESTC would have to offer would need to be significant in order to have these organizations consider moving from their existing locations. Management does not believe that a lease agreement could be reached with these organizations that would be beneficial to both the ESTC and the organizations themselves; not to mention the added risk of potentially incurring property tax.

Warehouse Space

- A portion of the apparatus bay floor could be converted into warehouse space for either the Township or a third party tenant. This option would require that a portion of the apparatus bay floor be sectioned off from the space used by the local fire hall. The likely scenario would be using half of the apparatus bay floor for warehousing while the other half would be used to house the local fire hall's trucks as well as one or two spot(s) for the ESTC. This option may force the EMS out as their two spots on the bay floor would no longer be available. Furthermore, property taxes may arise if the warehouse space is rented to a private sector tenant.

Personal Storage Facility

- A portion of the apparatus bay floor could be turned into a personal storage facility. Spots on the floor could be rented out on a monthly basis. The issues with this option are ongoing administration and potential property taxes.

Roof Rental:

- Management indicated that approximately four years ago, the Township was approached by a solar energy company wanting to rent the roof for \$35,000 a year for ten years. Management revisited this opportunity in 2015 and noted that the current rent would be significantly less than \$35,000 per year; and noted that this is no longer feasible.

Potential Tenants

Library

- The classrooms could potentially be re-purposed into a library. The rear entrance to the building is located adjacent to these classrooms and would provide easy access. The parking lot has sufficient parking spots for library patrons.

Other

- Other possible uses of the facility could include:
 - Health Care Clinic/Office
 - Municipal Economic Development offices
 - College campus/training facility

Analysis

The ESTC facility is too large for the operations of just the ESTC and the local fire hall and this has resulted in a severely under-utilized facility. The practical use of the building as a fire hall and a fire training centre somewhat limits its attractiveness to non-municipal tenants. In addition, building-related expenses compound the issue and make it clear that a solution is needed. Potential tenants can be categorized into two groups, municipal tenants and non-municipal tenants, each having their own advantages and disadvantages.

The major benefit of non-municipal tenants is that they provide an external revenue stream that can be used to offset building expenses. However, non-municipal tenants would likely result in property taxes being assessed against a portion of the building. Management believes that there are no non-municipal tenants or combination of non-municipal tenants that would pay sufficient rent to completely offset all building-related expenses, and potentially property taxes as well.

The other option is for the Township or County to use the excess space within the facility. This option would ensure that no additional property tax expense is incurred. The major deterrent of this option is that there currently is limited (if other Townships use the facility) to no potential for external revenue flowing to the Township, which would leave the Township responsible for all building-related expenses.

Regardless of the tenant or combination of tenants, it is critical that Council understand that it will be the responsibility of the Township of North Huron to cover all building-related expenditures associated with the ESTC facility.

Conclusion

Council must first determine if there are any potential non-municipal parties who would be interested in renting a portion of the facility and cover a significant portion of or all of the building-related expenses. Although property taxes would become an additional expenditure, bringing in external revenue would allow the Township to offset a portion or all of the building expenses as opposed to funding these costs itself. If Council determines that pursuing non-municipal clients is not an option, then the Township must consider the possibility of using the excess space in the facility. The shared services review between Morris-Turnberry and North Huron provides an opportunity for the Township to consider the excess space that the facility has to offer.

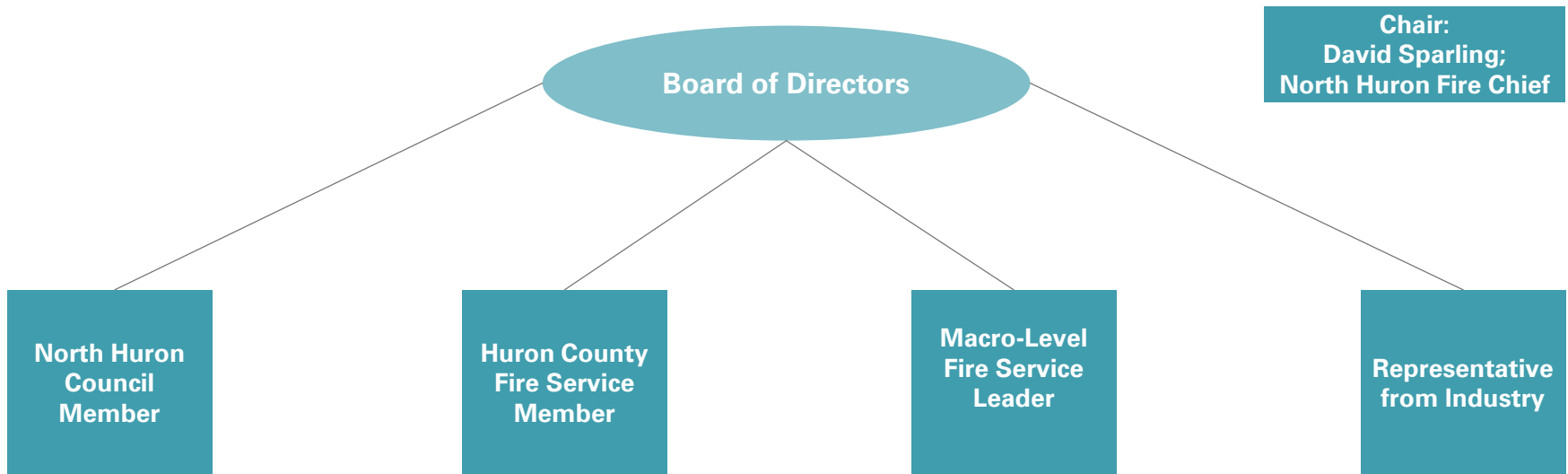


Emergency Services Training Centre – Operational and Financial Review

Section IV Governance Model

Governance Model

The Emergency Services Training Centre is currently a self-governed division of the Township's fire department. In the future the following governance model is suggested:



North Huron Council Member - A representative from Council will ensure that the Township is represented in the decisions made by the ESTC's Board. This will also ensure that there is an open line of communication between the ESTC and the North Huron Council.

Huron County Fire Service Member – This will ensure that the Board is represented by a individual who understands the current and future direction of fire services in the Huron County.

Macro-Level Fire Service Leader - A representative understanding the direction of fire service training in Ontario and nationally will be essential to the future success of the ESTC.

Representative from Industry - A representative from an organization that requires emergency training (i.e. petrochemicals, marine) other than fire training will ensure that the Board is aware of training demands in other emergency service areas.



Emergency Services Training Centre – Operational and Financial Review

Section V Overall Conclusion

Conclusion

Since the construction of the new ESTC facility in 2011, there have been several new fire training centres established, which has increased competition in the fire and emergency services training sector in Ontario. As a result, operating the ESTC as a training service provider is not financially viable, particularly if the ESTC is required to assume 55% of all building-related expenditures and still remain competitive in the industry. A more suitable alternative would be for the ESTC training business to become a tenant of the building and pay rent; which would offset a portion of the building-related expenditures. Council must find additional tenants or uses for the excess building space in order to cover the remaining portion of the building-related expenditures.

The establishment of an independent governance model for the ESTC will ensure that both the operational and financial performance of the ESTC as a training service provider are monitored regularly. In addition, the new Board will be represented by a macro-level fire service leader who will ensure that the ESTC is kept up-to-date with opportunities and changes in the fire and emergency services training sector in Ontario. The Township of North Huron will be represented by one Board member who will ensure that the Township is aware of the operating and financial performance of the ESTC on a regular basis.

Interviewees

In preparing this Report, KPMG conducted interviews with the following individuals:

1. David Sparling – Township of North Huron Fire Chief
2. Neil Vincent – Reeve of the Township of North Huron
3. Donna White – Director of Finance, Township of North Huron
4. Sharon Chambers – CAO, Township of North Huron
5. Jim Lynn – Chair of the Huron County Economic Development Committee
6. Richard Boyes – Executive Director, Ontario Association of Fire Chiefs
7. Several other private individuals who have knowledge of the operations of the ESTC.



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