

Report FR-CS-29-16

To: Chair Eccles and Members of the Corporate Services Committee
From: Kevin Wepler, Director of Finance
Meeting Date: October 11, 2016
Subject: **Draft 2017 Corporate Services Budget Overview**
Status: Recommendation adopted by Committee as presented per Resolution CS72-16; Endorsed by County Council November 1, 2016 per Resolution CC139-16;

Recommendation(s)

- 1. That Report FR-CS-29-16 regarding the Draft 2017 Corporate Services Budget be received; and**
- 2. That the 2017 Corporate Services Budget as presented be forwarded to County Council for its consideration.**

Background

The Corporate Services Committee is responsible to oversee the budgets of Council, Corporate Administration, Assessment, Provincial Offences, County Property, Health Unit and Health Care Initiatives budgets. This Committee is also responsible for the administration of the taxation budget, which includes supplementary tax and tax write-offs.

The overall net budget of operating and capital combined totals \$9,205,884. This requires a net levy increase of \$155,471 or a 1.72% increase over the 2016 budget. This reflects a 0.29% increase to the corporate net levy requirement for 2017.

Council Budget

The 2017 Council budget has a budget increase of \$16,400. The increase reflects a cost of living increase. The other factor increasing salaries are additional per diems for both the AMO and FCM conferences. Both these conferences will be in Ottawa in 2017 which will add an extra per diem because of the length of travel.

The Association and Membership Fees budget line includes funds for memberships with the Ontario Good Roads Association, the Federation of Canadian Municipalities, Association of Municipalities of Ontario, Western Ontario Wardens' Caucus plus for 2017 the addition of the Great Lakes and St. Lawrence Cities Initiative membership.

Administration Budgets

The Administration Budget is a consolidation of budgets of the CAO, Clerk, Communications, Emergency Management, Finance, Human Resources and Information Technology (IT) Departments.

The 2017 Administration budget includes a requested levy contribution of \$4,245,342 which is an increase of \$105,487 over the 2016 budget.

The 2017 budget lines for Wages and Benefits reflect a 1.63% wage increase, along with merit increases and any estimated benefit rate increases and/or decreases. This wage increase is based on the Non Union COLA wage calculation formula as approved in Report HRR-CS-11-15.

The Wages and Benefit budget lines also include funding for the following new positions:

- Contract Administrative Support
- Realignment of Communications and Economic Development positions resulting from Communications strategy
- Information Services Coordinator

The contract Administrative Support position is one-time funding for a support position in the Clerk's Department. This position would be responsible for identifying and updating the ownership of County lands and to provide support for the implementation of the County's new records management software Alfresco.

The Communications budget currently includes funding for one Communications Officer. The 2017 budget has been increased to 1.5 full time equivalent staff with one being a Manager and the other a Communications Officer. The duties of the Communications Officer will be split between Corporate Communications and Economic Development. These changes will support implementation of the Strategy.

The Information Technology budget includes funding for a new Information Services Coordinator. This position is being included in the 2017 budget to provide technology support to a number of Grey County local municipalities. The funding for this position would be from the local municipalities participating in this initiative with no net County funding being required.

The Information Technology budget has also been adjusted to reflect the secondment of the IT Director as the interim Executive Director with SWIFT (South Western Integrated Fibre Technology) Inc. While the County will be recovering from SWIFT Inc. the salaries and benefits incurred for this secondment, funds equivalent to the compensation for an IT Director have been shown under the Professional & Consulting fees budget line in order to provide support to the IT Department in the absence of the Director and to maintain the funding level required for this position in the future.

Workers' Compensation and Weekly Indemnity Budget

The Workers' Compensation and Weekly Indemnity budgets are self-insured plans. The premiums charged to County Departments are shown in these budgets as a credit or a source of revenue and this is used then to pay all of the costs to administer these self-insured plans. For 2017 no significant changes have been made in the premiums charged to departments to fund the costs of these self-insured plans.

Information Services Budget

This Departmental Budget accumulates the costs of keeping the County's base network servers up and running along with the costs of licensing and providing virus protection. It also provides training funding to keep the County's Information Technology staffs' knowledge current with new network developments. This budget is funded by an inter-functional charge to each department.

General Administration Budgets

Investment Income is being budgeted higher in 2017 with interest being calculated for the self-financed debenture of the County's Administration Building renovation and expansion. As per the Cash and Investment Management Policy, "*that the net revenue budgeted from investments in a fiscal year and used in the calculation of the County's tax rate is to be not greater than 1% of own purpose levy and that any investment revenue that is budgeted that exceeds this threshold shall be placed in a one-time funding reserve for use in funding non-recurring expenditures.*", a transfer to reserve in the amount of \$271,000 has been budgeted for 2017.

The Transfer to Reserves budget line has also been adjusted based on the calculated funds required to fund the anticipated pay equity settlement with one of the County's bargaining units.

Payments to Individuals and Organizations include the budgeted payments for the following:

- \$3,425 – Municipal Employer Pension Centre of Ontario (MEPCO) -OMERS Support Fund
- \$10,000 – Children’s Water Festival
- \$250 – Federation of Agriculture – Public Speaking Competition

Assessment Budget

The County pays for the cost of the services of the Municipal Property Assessment Corporation (MPAC) on behalf of all municipalities in the County. MPAC’s fee for 2017 has been estimated to be \$1,803,650 or an increase of \$6,355 over the amount budgeted in 2016. The estimated budget for 2017 is based on the historical billing increases the County experienced in 2015 and 2016.

County Property – Administration Building Budget

This budget includes the ongoing costs of operating and maintaining the County Administration Building. This budget includes a requested levy contribution of \$307,746 which is an increase of \$62,217 over the 2016 budget. The increase is mainly due to the projected increase in utility costs along with a provision for higher utility consumption with the Administration building expansion.

An Inter-functional Administration Charge of \$16,400 has been shown as a credit in this budget in order to allocate maintenance staff costs to the Provincial Offences building where these costs are cost shared with Bruce County in the Provincial Offences operating budget.

County Property – Provincial Offences Building Budget

Rental income is included in this budget which is the offset of the rent charged to the Provincial Offences operating budget. This income exceeds the County’s operating costs and should be viewed as a return on the capital spent to renovate and upgrade this building. Once the Provincial Offences Building is decommissioned, any remaining reserve funds can be considered to be transferred to assist with other corporate facility needs.

Provincial Offences Operating Budget

Revenues have been projected to be lower by approximately \$100,000 in 2017 and this is based on 2016 year-to-date revenues. As always, predicting the financial future of

the POA budget is not easy as the County has no control over the volume of tickets that are being issued.

The County operates the Provincial Offences courts for both Grey and Bruce Counties. The net revenue from the program is cost shared on the basis of population. Adjustments have been made on the cost sharing of these operations as endorsed in Report FR-CS-12-16, by utilizing the latest Statistics Canada population data and not the population as listed in the yearly Municipal Directory of the previous year.

Administration – Capital Budgets

The 2017 budget requires a proposed levy contribution of \$53,000 and consists of the following expenditures:

- \$100,000 to upgrade network storage equipment.
- \$20,000 as a Transfer to Reserve for future network storage equipment upgrades.
- \$10,000 as a Transfer to Reserve for future Telephone System upgrades.
- \$50,000 for the replacement of Photocopiers.
- \$30,000 as a Transfer to Reserve for future Photocopier replacements.
- \$8,000 as a Transfer to Reserve for future updates of the Corporate Website.
- \$5,000 as a Transfer to Reserve for future Ortho Photography expenditures.
- \$21,000 as a Transfer to Reserve for future Tower Replacements (Ceylon and Woodford).
- \$7,500 as a Transfer to Reserve for a future Market Salary Review.
- \$22,700 as a Transfer to Reserve for future updates of the Human Resources software.

Property – Administration Buildings - Capital Budgets

The 2017 budget requires a proposed levy contribution of \$78,740. Projects proposed in the 2017 Administration Building budget are as follows:

- \$6,500 to replace flag poles.
- \$470,000 to replace the existing Administration Building roof.
- \$200,000 for office workstation and furniture replacement.
- \$112,000 to replace carpet in existing Administration Building.
- \$100,000 to install additional building security and audio/visual equipment in the Administration Building.
- \$78,740 as a Transfer to Reserve for future capital funding to provide adequate funds in reserve for the replacement of building and equipment components in the future.

Property – Administration Building – Expansion & Renovation – Capital

This Property capital budget includes funding required to meet the estimated self-financed debenture for the expansion and renovation to the existing County Administration Building.

The 2016 Property capital budget had provided \$600,207 as a transfer to reserve. This reserve funding budget amount was a planned annual increased contribution working towards providing funding to meet the required debenture payment beginning in 2017. The 2017 Property capital budget has been increased by \$106,332 to meet the required debenture payment.

Grey Bruce Health Unit

Public Health Units in Ontario are funded 75% by the Ministry of Health and 25% by the Local Municipalities. The 2017 budget has been developed based on the Ministry's Public Health Funding Model for Mandatory Programs. The Ministry has chosen to use an Equity Adjusted Population Model which has two groups of equity factors and associated indicators. This Equity Adjusted Population Model is based on Service Cost Drivers and Drivers of Need which are combined to create a unique Equity Adjustment Factor for each health unit.

The funding implication that this has on the 2017 Health Unit's budget is that the Ministry has calculated that the Grey Bruce Health Unit is being overfunded and therefore any future growth in the public health envelope will go to those health units

who are underfunded. The Grey Bruce Health Unit is therefore anticipating a 0% increase to their mandatory cost shared budget.

The 2017 Health Unit budget has been budgeted with a 0% increase based on the Health Unit's 2016 approved budget. The municipal cost sharing of this budget has been adjusted to reflect the cost sharing of the expenses of the Health Unit by utilizing the latest Statistics Canada population data and not the population as listed in the yearly Municipal Directory of the previous year.

Centre Grey Hospital Campaign (Markdale Hospital)

The 2017 budget does not include any further funding for the capital grant for the Centre Grey Hospital Campaign. Council approved a capital grant of land and money for the Centre Grey Health Services Foundation for the Centre Grey Hospital Campaign in the total amount of \$1,000,000.

The amount of money to be paid as part of the capital grant shall be determined by subtracting the value of the lands donated to the Centre Grey Health Services Foundation from the \$1,000,000 and the value of the lands shall be determined by an appraiser at the time of the land transfer.

At the end of 2016, the County will have placed in reserve an estimated \$790,000. This amount along with the \$220,000 appraised value of the land (appraised February 10, 2015), the County will have met its funding obligation and no further contribution in 2017 is required.

The approval of this capital grant is contingent upon the approval of funding for completion of the Centre Grey Hospital by the Province of Ontario and payments will not be processed until such time as construction begins.

Grey Bruce Health Services – The Hospital Campaign

The 2017 budget has been drafted with the 4th installment of \$200,000 of a financial contribution of \$1,000,000 in funding to the Grey Bruce Health Services for "The Hospital Campaign".

Health Care Initiatives Funding

In order to continue with the recommendation that ½ of 1% of own purpose levy maximum per year for contribution to capital construction of projects of hospitals is maintained, a transfer to the Health Care Initiatives reserve in the amount of \$64,500 has been included in the 2017.

The 2017 budget has been drafted with taxation of \$200,000 in funding being provided for the Grey Bruce Health Services – “The Hospital Campaign”, and \$64,500 in taxation being transferred to reserves for Health Care Initiatives funding for a total from taxation of \$264,500 or ½ of 1% of the 2016 budgeted levy contribution of \$52,899,620.

Also included in the 2017 Health Care Initiatives Funding budget is a financial contribution of \$200,000 in support of the Residential Hospice of Grey Bruce for its “Build a Home Hospice Campaign”. This funding request has been budgeted to be funded from the One-Time Funding Reserve and has been included in the Health Care Initiatives Funding budget to be considered as part of the 2017 budget deliberations.

Georgian College – Marine Emergency Duties Training Centre

The 2017 budget has been drafted with the 3rd installment of \$200,000 of a financial contribution of \$2 million in financial support to Georgian College to construct a Marine Emergency Duties (MED) Training and Research Centre at the Owen Sound Campus.

This funding of \$2,000,000 is being provided over a ten year period beginning in 2015.

Financial / Staffing / Legal / Information Technology Considerations

The Corporate Services Budgets as proposed will require a levy increase of \$155,471 or a 1.72% increase over the 2016 budget. This reflects a 0.29% increase to the corporate net levy requirement for 2017.

Link to Strategic Goals / Priorities

Communication is a key value to the County's Strategic Plan. This report provides information to the Corporate Services Committee and to Council in regards to the items impacting the Corporate Services 2016 Budget.

Attachments

[Attachment to FR-CS-33-15 Draft 2016 Corporate Services Budget](#)

Respectfully submitted by,

Kevin Weppler
Director of Finance