

## Report FR-CS-08-15

**To:** Chair Pringle and Members of the Corporate Services Committee  
**From:** Kevin Wepler, Director of Finance  
**Meeting Date:** January 13, 2015  
**Subject:** **Draft 2015 Corporate Services Budget Overview**  
**Status:** Recommendation adopted as amended by Committee per Resolution CS14-15; Endorsed by County Council February 3, 2015 per Resolution CC36-15;

### Recommendation(s)

**THAT Report FR-CS-08-15 regarding the Draft 2015 Corporate Services Budget be received;**

**AND THAT the 2015 Corporate Services Budget as presented/amended 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. In addition, 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 \$8,925,517, requires a net levy increase of \$916,848 or a 11.45% increase over the 2014 budget. This reflects a 1.76% increase to the corporate net levy requirement for 2015.

Included in this budget package is a section titled Stable and One-Time Funding. This separate section identifies the corporate budget reduction that will occur with the proposed removal of the Stable Funding transfer to reserves of \$2,323,236, along with the distribution of \$2,825,743 in provincial social services uploaded savings that has been placed in the County's Future Infrastructure Reserve to each local municipality based on the assessment values that the County utilizes to calculate taxation.

## *Council Budget*

The 2015 Council budget has a budget increase of \$6,982. As approved by Council, the annual salaries and per diem rates have been increased by 1.5% which is the estimated Federal Consumer Price Index increase, as approved by By-law 4702-10.

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 and the Western Ontario Wardens' Caucus.

## *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 2015 Administration budget includes a requested levy contribution of \$4,087,346 which is an increase of \$327,415 over the 2014 budget.

The 2015 budget lines for Wages and Benefits reflect a 2% wage increase, along with merit increases and any estimated benefit rate increases and/or decreases. These budget lines also include the cost increases as a result of the compensation review that was completed for the non-union group in 2014.

This market analysis indicated that the market average wage rates for similar municipalities and similar positions to the County of Grey were 5.8% above the County's wage rates, with the market median at 5.4% above the County's wage rates. Council approved implementing the consultant's recommendations necessary to maintain the County's non-union salary grid competitive position with 45<sup>th</sup> and 55<sup>th</sup> percentile of comparator municipalities.

An additional 484 hours of part-time support staff has been budgeted at a cost of \$12,416 in the Emergency Management 2015 budget. As a result of the workload required for Emergency Management, additional part-time hours are being proposed in order to reduce the overtime that would be incurred by the Emergency Systems Coordinator. This cost increase is being offset by reduction in OMERS premiums in the Clerk's Department budget.

The IT budget proposes an increase of \$11,304 for a student position. Currently the IT budget contains funding for a 4 month coop student in the summer months to help the department with computer rollouts. The 2015 proposed budget includes funding to hire another coop in the fall or spring term to assist the GIS staff. There are a large number of projects that could be undertaken with the help of a student. This provides excellent

work experience for students and also would provide the IT department with a cost effective 4 month employee.

The Human Resources Strategic Plan completed in 2012 identified the need for a Labour Relations Coordinator to assist various divisions with their labour relations responsibilities. Currently 400 of the 850 employees working with the County are employed in the County's three Long Term Care facilities. Although the Human Resources provides a number of services for Long Term Care, the department has realized over the past 5-7 years that the number of Human Resources related interactions has significantly increased, to the point where the County's Long Term Care Administrators and Directors of Care are working mostly as Human Resources Coordinators, rather than the Management/Medical Professionals that they were originally hired as. This is a result of a number of factors including:

1. Decentralized organizational structures requiring multiple Human Resources staff to service different departments and locations.
2. A highly labour intensive unionized environment requiring additional resources for grievance, mediation, negotiations and general industrial relations.
3. Highly regulated services which generate additional Human Resources work in the form of mandatory training, certification and record keeping, regulatory oversight and employee provincial reporting.

The level of Human Resources support depends on whether the corporation views Human Resources as a means to keeping compliant and avoiding litigation or whether the Human Resources department should take on a strategic role in contributing to the organization's goals. Proactive Human Resources partnership requires a higher level of internal resources for the various departments. Under-resourced Human Resources departments will operate in a more reactive mode. This can end up being a vicious cycle, where Human Resources never looks to be proactive as they are not invited to be involved at the strategic level.

The Human Resources department has proposed in the 2015 budget a Human Resources Coordinator to work specifically with Long Term Care operations and be responsible for the day to day labour relations issues, including grievance administration, collective agreement administration, labour relations research, recruitment and training. This position would report to the Director of Human Resources and would work closely with all members of the Human Resources Department. The 2015 budget increase for this new full-time position has been estimated at \$86,313.

### ***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.

In 2014, as part of a consultant's work in providing actuarial services for the County's WSIB and post-employment benefits, a recommendation on the appropriate internal charge out rates for WSIB and reserve levels was provided. Based on this analysis 2015 premium rates for the Workers' Compensation budget, have been decreased corporate wide by 25% to reflect the lower claim costs the County has experienced over the past six years. This will result in approximately \$177,000 in budgetary savings with lower premiums being charged out to each of the County Departments in 2015.

### *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. This inter-functional charge equates to a cost per computer of \$700 per annum. The \$50,000 increase in the Transfer to Reserve budget line is a result of the reduction of the Computer Software budget line with the County not renewing its annual maintenance fee for the County's records management software. The budgeting to place these expenditure savings aside is to provide a future funding source for the upgrade or replacement of this software.

### *General Administration Budgets*

Investment Income is being budgeted \$135,666 higher in 2015 due to investment fund balance increases and some higher investment interest reinvestments. 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 \$140,779 has been budgeted for 2015.

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

- \$3,420 – 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 2015 has been estimated to be \$1,799,220 or an increase of \$6,358 over the amount budgeted in 2014. The estimated budget for 2015 is based on the billing increase the County experienced in 2014 (0.30%) as compared to the 2013 billing.

### *County Property – Administration Building Budget*

This budget includes the ongoing costs of operating and maintaining the County Administration Building.

An Inter-functional Administration Charge of \$18,600 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.

### *Provincial Offences Operating Budget*

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.

Provincial Offences revenue in 2014 has incurred a significant decrease in volume in Part 1 ticket. Part 1 ticket volumes, for January-November of 2014 as compared to the same period for 2013 are down in volume by 5,382 tickets. Revenues as of the end of November 2014 are \$651,997 lower than what had been received in the same period in 2013. The 2015 budget, in recognition of this reduction in revenues, has been drafted

with approximately \$600,000 less in revenue. As well, expenditures which are associated with the decline in ticket volumes have also been lowered. Where staff vacancies have occurred in 2014, these staff positions have been left vacant, with the work being re-assigned to existing staff members. These budget changes have resulted in a proposed net levy budget increase of \$161,159.

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.

### *Administration and General Administration – Capital Budgets*

The 2015 budget consists of the following expenditures:

- \$45,000 in expenditures to conduct a service review of the Finance Department.
- \$55,000 in expenditures to complete a Job Hazard and Physical Demands Analysis (3 year initiative).
- \$30,000 in expenditures to upgrade the Corporate Website.
- \$40,000 in expenditures to update the IT Strategic Plan.
- \$60,000 in expenditures to complete the Ortho Photography.
- \$10,000 as a Transfer to Reserve for future Telephone System upgrades.
- \$5,000 as a Transfer to Reserve for future Ortho Photography expenditures.
- \$19,500 as a Transfer to Reserve for future Tower Replacements (Ceylon and Woodford).
- \$70,000 as a Transfer to Reserve for future Network & Desktop Software upgrades.
- \$50,000 as a Transfer to Reserve for future Records Management Software upgrade and/or replacement.
- \$9,000 as a Transfer to Reserve to implement a Corporate Communications Plan in 2020.
- \$260,042 as a Transfer to Reserve in order to provide funding for future capital projects. This Transfer to Reserves for future capital projects commenced with the 2011 approved budget which included a budgeted amount of \$234,559, which was equal to a 0.5% levy increase. With the Asset Management Plan for the County of Grey being completed and the long-term funding requirements that

have been identified, it is being recommended that this funding be reallocated to the Transportation Services budget to provide additional funding for capital investments.

### *Property – Administration & POA Buildings - Capital Budgets*

The 2015 budget(s) require a proposed levy contribution of \$322,800 of which \$250,000 is being proposed as a transfer to reserve as a provision for the possible future Administration/POA building expansion.

In 2012, County Council appointed a task force to review administration space needs of the County Corporation. The purpose of this Committee was to review the findings, conclusions and recommendations of the Ventin Group's analysis of Grey County administration space needs, as outlined in its report, *Space Need Study of the Administration/POA Court*, dated October 11, 2011, and undertake additional research and enquiry as deemed necessary to make recommendations to the Corporate Services Committee on a preferred course of action to satisfy identified space needs.

County Council at its September 2, 2014 meeting, adopted the recommendation that Council supports in principle the concept drawings for a new addition and renovation to the existing County Administration Building and that staff provide the incoming 2015 Council with a full review of the history to date on the need of an addition and renovation to the existing County Administration Building along with the conceptual drawings.

Based on some preliminary budget analysis provided by the Ventin Group, an estimate of \$10.8 million has been provided. The 2015 budget proposes a transfer to reserve of \$250,000, which is a budget increase of \$125,000 from the provision contained in the 2014 budget. This reserve funding contribution will provide future funding for this possible building renovation and expansion and will build towards the funding level required from taxation to fund a future debenture of approximately \$7.6 million over a period of 15 years.

The other projects proposed in the 2015 Administration Building budget are as follows:

- \$10,000 to upgrade the panic notification system.
- \$35,000 for painting of the exterior of the Administration Building and its balcony decks.
- \$42,000 to replace the HVAC rooftop units that control the heat and air conditioning for the Administration Building.
- \$20,000 to install humidifiers on the upper level of the Administration Building.

- \$10,800 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.

### *Grey Bruce Health Unit*

Public Health Units in Ontario are funded 75% by the Ministry of Health and 25% by the Local Municipalities. The 2015 budget has been developed using an estimated budget increase of 1.86% over the Ministry of Health's approved 2014 budget, with Grey County's share equaling \$1,768,487.

### *Centre Grey Hospital Campaign (Markdale Hospital)*

The 2015 budget includes a transfer to reserve of \$100,000 for the Centre Grey Hospital Campaign, with 2015 representing the 7<sup>th</sup> installment to reserves for this project. 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.

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, but not before 2009.

### *Grey Bruce Health Services – The Hospital Campaign*

The 2015 budget has been drafted with the 2<sup>nd</sup> installment of \$200,000 of a financial contribution of \$1,000,000 in funding to the Grey Bruce Health Services for "The Hospital Campaign", of which \$154,610 is being funded from taxation and the balance for 2015 being funded from the County's Health Care Initiative Reserve.

### *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 \$5,431 has been included in the 2015.

The 2015 budget has been drafted with taxation of \$100,000 being allocated to the Centre Grey Hospital Campaign along with \$200,000 in funding being provided for the



Grey Bruce Health Services – “The Hospital Campaign”, of which \$154,610 is being funded from taxation and \$5,431 in taxation being transferred to reserves for Health Care Initiatives funding or a total from taxation of \$260,041 or ½ of 1% of the 2014 budgeted levy contribution of \$52,008,373.

### *Georgian College – Marine Emergency Duties Training Centre*

County Council on August 5, 2014 endorsed the resolution to provide \$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 to be 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 \$916,848, or an 11.45% increase over the 2014 budget. This reflects a 1.76% increase to the corporate net levy requirement for 2015.

As detailed in this report, the proposed 2015 Corporate Services Budgets contain service level increases in the Administration budgets to provide the following:

- Additional part-time support staff assistance for the Emergency Management departmental budget.
- Additional 4 month coop student in the IT departmental budget to assist the GIS staff.
- A new full-time Human Resources Coordinator position in the Human Resources department to work specifically with the Long Term Care operations and be responsible for the day to day labour relations issues, including grievance administration, collective agreement administration, labour relations research, recruitment and training.

## 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 2015 Budget.

Respectfully submitted by,

Kevin Weppler  
Director of Finance

[Attachment to FR-CS-08-15 Corporate Services Draft Budget January 13, 2015](#)