

The County of Peterborough

Joint Services Steering Committee

To: Chair and Members of Committee

From: Trena DeBruijn, Director of Finance/Treasurer
Randy Mellow, Chief of Paramedics, PCCP

Date: September 8, 2016

**Subject: Peterborough County/City Paramedics Service (PCCP)
Preliminary Draft 2017 Budget**

Recommendation: That the Joint Services Steering Committee (JSSC) receive the preliminary draft 2017 PCCP budget proposal and approve it to be forwarded to the City of Peterborough to act as a preliminary estimate to assist the City in their 2017 budget development.

Financial Impact:

Preliminary 2017 Funding Requirement for the County and City of Peterborough with regard to PCCP:

	2016 Funding Requirement	2017 Funding Requirement	\$Change	%Change
City	\$4,590,176	\$4,666,843	\$ 76,668	1.67%
County	\$3,250,277	\$3,335,289	\$ 85,011	2.62%

General Overview:

The 2017 PCCP service's departmental budget estimates provided in this report are to be considered preliminary only. The final draft PCCP budget is not expected to be presented until February 2017, as a component of the County's 2017 budget process. This preliminary budget includes an estimate of the provincial grant funding for 2016/17 based on the estimated eligible 2016 operating expenses, adjusted for new positions added in 2016, plus a 1.5% cost of living increase over the 2016 approved provincial base funding grant. The actual grant amount will not likely be known until early 2017 however. Staff will continue to communicate with the Ontario Ministry of Health and Long Term Care (MOHLTC) to obtain the final approved 2017 transfer amount as soon as it is available and revise the 2017 budget estimate accordingly.

The Consolidated Municipal Service Manager (CMSM) agreement between the County and City of Peterborough identifies permanent population as the method of distributing PCCP municipal costs. Following those guidelines, the distribution of municipal funding requirement contained within this preliminary draft budget estimate is based on each municipality's proportionate percentage of population for the Peterborough area.

Population data has been drawn from the 2011 Statistics Canada Population Census information. In the 2011 census, the total population of the County and City is reported as 134,933 residents. Of this, the City of Peterborough is noted to have 78,698 residents or 58.32% of the total population, with the remaining 56,235 or 41.68% of the population in the County. The Municipal cost sharing ratio for the land ambulance service is adjusted commensurate with the publication of the most recent census data in the first budget subsequent to the updated data's release. The revised ratio then remains in place until the next census data update. Statistics Canada generally updates its published population data once every five years. The change in sharing ratio based on the 2011 census data was incorporated into the 2013 paramedic services budget. It is anticipated that the new 2016 census data (once released) will be incorporated into the 2018 budget.

In this budget, gross overall expenditures (operating and capital) are forecast to increase by approximately 3.84% or \$613,889. Of this amount, operational gross expenditures are anticipated to increase by 3.1%, or \$463,837 primarily driven by the annualization of the four new primary care paramedic positions added in 2016 as well as the addition of the new paramedic facility on Clonsilla Avenue.

Capital costs are proposed to increase by 16.6% or \$85,381 over those budgeted in 2016. This increase is primarily a reflection of replacing 3 ambulances in 2017 vs. the two replaced in 2016. The remaining increase is accounted for by the increase in reserve transfer for 2017 of \$64,671 (over the reserve transfer in 2016).

Provincial Grants:

The Provincial operating grant transfer is estimated at \$7,539,943 based on the approved 2015/16 transfer amount, adjusted for estimated eligible 2016 operational expenditures plus a 1.5% cost of living increase applied to the base funding commitment. This estimate has been prepared utilizing the MOHLTC grant allocation formula as provided by the Minister. The final decision relating to the 2017 ambulance service grant transfer however, remains at the sole discretion of the Minister and will not be known exactly until the funding announcement is made. That announcement is expected in the first quarter of 2017.

In 2015, the Province committed separate funding support of \$450,600 for the Dedicated (or Offload) Nurse Program (DNP). The DNP initiative has proven extremely beneficial in managing the impact of patient offload delays at the Peterborough Regional Health Centre. Commencing with the 2014 level of MOHLTC grant commitment, the DNP was sufficiently funded to extend the nurse's operational hours to 24 hours a day, 7 days a week. While the 2017 Offload Nurse funding is yet to be confirmed, we are cautiously optimistic that it will continue at the 2016 transfer level and has been budgeted accordingly.

General Operating Costs

Operational gross expenditures are forecast to increase in this proposal by 3.1% or \$463,837 over those budgeted in 2016. Ontario Municipal Employees Retirement System (OMERS) pension contributions, and long/short term disability premiums are included at the same rate as 2016 but applied at the expected 2017 wage levels. We have been advised that the Manulife Employee Benefits costs are expected to increase, therefore, we have estimated a 6% increase to this line item. More detailed rates will be available in the late fall of 2016 or early winter months of 2016. The draft budget will be updated at that time to reflect the known changes.

In total, payroll (union and non-union) represents approximately \$338,118 of the forecast 2017 gross operational expenditures increase. This includes: senior management, full and part time superintendents, full & part time paramedics, and administration staff wages and benefits.

The total estimated 2017 payroll for the service is approximately \$11.8 million which equates to roughly 71.18% of the total 2017 gross expenditures, or 77.34% of the gross operational expenditures forecast for the service in 2017.

Administration:

Administration costs are expected to increase by 1.63% overall. Cost drivers include salary adjustments for Administration and Supervisory staff as well as increases for ambulance tracking system usage and the replacement of 20 toughbook computers.

The replacement tough book computers will replace the old systems which are using a multitude of software platforms and will standardize the hardware for the department.

In order to assist with the increase to the budget for the new hardware replacement costs, staff have reviewed the departmental line items and a number of accounts have been reduced, in reflection of anticipated spending for 2017 (and based upon a review of spending patterns from 2014 to 2016).

Paramedic Expenses:

The collective agreement (CA) for CUPE 4911 expires on December 31, 2016. Accordingly, the wages for the paramedic department have been estimated for 2017, assuming a nominal cost of living increase.

In 2016, the budget included the addition of four new primary care paramedics (PCP) to the services compliment. These new positions were added (and budgeted) part way through the year, therefore, the 2017 budget will reflect the full annualized salary.

Vehicles, Insurance and Maintenance

Overall vehicle and insurance costs are estimated to increase by \$215,670 or (16.54%) from those budgeted in 2016. The vehicle replacement schedule indicates that three ambulances are due for replacement in 2017 vs. the two that were replaced in 2016. The cost of each ambulance is estimated at \$146,393.

The 2017 draft budget also includes the replacement of two ERV units, at a cost of \$66,963 each. These units will be replacing the Front Line Superintendent and Paramedic Response vehicles.

Insurance is expected to continue to increase and an incremental adjustment of 5% has been estimated for premium increases. Staff have reviewed prior year and current year spending in vehicle fuel and have offset some of the increase in insurance by savings anticipated in the fuel line.

This line also includes an increase of approximately \$46,000 over 2016 for contribution to the rolling stock capital reserve.

Patient Care Equipment and Supplies:

The patient care section of the 2017 preliminary budget estimates an increase of 1.11% in gross spending. The medical disposable supplies line has been increased for past costing historical trends, however, this has been partially offset by decreases in the medical non disposable equipment as well as the pandemic supplies line.

Facility Expenses:

The facility expenses section of the 2017 preliminary budget estimates an increase of 5.37%, resulting from the addition of the Clonsilla Facility as well as energy upgrades/retrofits to all PCCP facilities.

Reserves

Overall reserve contributions, included in the 2017 budget, have increased by 9.8% or \$64,671 (\$46,000 of which is related to reserve contribution increases for rolling stock). Future equipment replacements are forecast over a 10 year horizon with funding for asset replacements flowing from the reserve account as contributions from reserve. Contributions to reserve provide the annual reserve replenishment dollars and are sourced from municipal tax dollars.

Conclusion

Appendix A to this report provides preliminary budget numbers for your review. Again, limited information regarding potential OMERS increases, changes in health benefits costs, government payroll deduction levels, and short/long term disability premiums are available at this time. These factors will be adjusted in the 2017 draft budget as the details become known. Likewise, the provincial grant transfer is estimated based on the most accurate information available when this report was prepared. The final details will likely not be known until early 2017.

As stated in the general overview, the PCCP 2017 departmental draft budget estimates provided in this report are to be considered preliminary. Further details will be released as the County's 2017 budget process moves forward to completion and as more detailed information becomes available from our external partners, legislative regulators, and service providers.

Respectfully submitted,

Trena DeBruijn
Director of Finance/Treasurer
County of Peterborough

And,

Randy Mellow
Chief of Paramedics,
County of Peterborough

Appendix A:
Peterborough County/City Paramedics (PCCP) Preliminary Draft 2017 Budget

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Estimated Revenues:	Budget 2016	Budget 2017	Budget \$ Change (decrease) / increase	Budget % Change (decrease) / increase	Comments
County funding requirement - ambulance	\$ 3,250,277	\$ 3,335,289	\$ 85,011	2.62%	Population split based on 2011 census (58.32% City/41.68% County)
City funding requirement - ambulance	\$ 4,590,176	\$ 4,666,843	\$ 76,668	1.67%	Population split based on 2011 census (58.32% City/41.68% County)
Contribution from shared capital reserve	\$ 344,461	\$ 546,763	\$ 202,302	58.73%	Replacement of three ambulances @ \$146,393 & two ERV's \$66,963 ea.
Contribution from LSR reserve (County Only)	\$ 30,218	\$ -	\$ (30,218)	-100.00%	
Development charges reserve	\$ -	\$ -	\$ -	0.00%	
Province ambulance grant transfer	\$ 7,155,816	\$ 7,539,943	\$ 384,127	5.37%	Forecast
Dedicated nurse program funding transfer	\$ 450,600	\$ 450,600	\$ -	0.00%	Budgeted at 100% of estimated cost (unchanged from 2016)
Recoveries amounts and Refunds	\$ 151,000	\$ 47,000	\$ (104,000)	-68.87%	Estimated recovery for services provided on a charge out basis.
Total Estimated Revenues	\$ 15,972,548	\$ 16,586,438	\$ 613,890	3.84%	

Estimated Expenses

Administration expenses	\$ 2,865,604	\$ 2,909,261	\$ 43,658	1.63%	Chief, 2 x Deputy Chief, 7 x FTE Superintendents, 4.8 P/T (FTE) Superintendent's hours (8 positions * 0.6), 1 x FTE Executive Assistant, 1 FTE Scheduler, 1 Professional Standards, 1 fleet coordinator, plus estimated 2017 OMERS pension plan and employee benefits premium rates. Includes Off Load Nurse program of \$450,600 (100% Provincially funded), and admin equipment reserve contribution of \$12,189.
Paramedic expenses	\$ 9,878,811	\$ 10,176,852	\$ 298,041	3.28%	60 FTE Paramedics (70 P/T). Includes estimated increases to OMERS pension plan and employee benefits premiums in 2017. Also includes uniforms, professional fees, and health and safety costs.
Vehicles and insurance expenses	\$ 1,449,161	\$ 1,664,831	\$ 215,670	16.54%	Replacement of three ambulances @ \$146,393 ea. + 2 Emergency Response Vehicles @ \$66,963 + anticipated increase of 5% in insurance premiums + contribution to equipment reserve of \$506,482.
Patient care equipment and supplies expenses	\$ 611,924	\$ 619,087	\$ 7,163	1.11%	Increase of \$15,000 for medical disposable supplies, offset by reduction in medical non disposable equipment. In addition, this includes a contribution of \$150,887 to the patient care equipment reserve.
Cross Border Billings expense	\$ 50,000	\$ 50,000	\$ -	0.00%	
Facility expenses	\$ 1,117,048	\$ 1,166,406	\$ 49,358	5.37%	Additional expenses for Cionsilla Location and Energy Upgrades/Retrofit to all 6 facilities. In addition, this line also includes a contribution of \$54,101 to the building capital reserve.
Total estimated expenses	\$ 15,972,548	\$ 16,586,438	\$ 613,890	3.84%	