

The County of Peterborough

County Council

To: Chair and Members of Committee

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

Date: September 21, 2017

**Subject: Peterborough County/City Paramedics Service (PCCP)
Preliminary Draft 2018 Budget**

Recommendation:

That the Joint Services Steering Committee (JSSC) receive the preliminary draft 2018 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 2018 budget development.

Financial Impact:

Preliminary 2018 Funding Requirement for the County and City of Peterborough with regard to PCCP:

	2017 Funding Requirement	2018 Funding Requirement	\$Change	%Change
City	\$4,700,258	\$4,757,687	\$ 57,429	1.22%
County	\$3,324,169	\$3,358,463	\$ 34,294	1.03%

General Overview:

The 2018 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 2018, as a component of the County's 2018 budget process. This preliminary budget includes an estimate of the provincial grant funding for 2017/18 based on the estimated eligible 2017 operating expenses, plus a 1.0% cost of living increase over the 2017 estimated provincial base funding grant (we have not yet received the approved 2017 provincial base funding grant allocation notice). The actual grant amount will not likely be known until late 2018. Staff will continue to communicate with the Ontario Ministry of Health and Long Term Care (MOHLTC) to obtain the final approved 2018 transfer amount as soon as it is available.

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.

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 2016 census data was incorporated into the 2018 preliminary paramedic services budget.

Population data has been drawn from the 2016 Statistics Canada Population Census information. In the 2016 census, the total population of the County and City is reported as 138,236 residents. Of this, the City of Peterborough is noted to have 81,032 residents or 58.62% of the total population (up from 58.32% in 2011 Census), with the remaining 57,204 or 41.38% of the population in the County (down from 41.68 in 2011 Census).

In this budget, gross overall expenditures (operating and capital) are forecast to increase by approximately 2.24% or \$372,747. Of this amount, operational gross expenditures are anticipated to increase by 2.73%, or \$417,697 primarily driven by increases in wages and benefits and facility expenses due to required repairs and maintenance as well as the impact of proposed minimum wage increases. This operating increase is offset slightly by a decrease of \$44,950 in overall capital budget, therefore, reducing the overall increase for 2018 to 2.24%

Provincial Grants:

The Provincial operating grant transfer is estimated at \$7,830,097 based on the estimated 2016/17 transfer amount, adjusted for estimated eligible 2017 operational expenditures plus a 1.0% 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 2018 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 mid 2018 (Note: We are still awaiting receipt of the approved 2017 funding).

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 2018 Offload Nurse funding is yet to be confirmed, we are cautiously optimistic that it will continue at the 2017 transfer level and has been budgeted accordingly.

General Operating Costs

Operational gross expenditures are forecasted to increase in this preliminary budget by 2.73% or \$417,697 over those budgeted in 2017. We have been advised that the Manulife Employee Benefits costs are increasing, therefore, we have incorporated a 7.2% increase to this line item. More detailed payroll rates will be available in the late fall of 2017 or early winter months of 2018. The draft budget will be updated at that time to reflect the known changes.

In total, payroll (union and non-union) represents approximately \$285,795 of the forecast 2018 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 2018 payroll for the service is approximately \$12.1 million which equates to roughly 71% of the total 2018 preliminary gross expenditures, or 77% of the gross operational expenditures forecasted for the service in 2018.

Administration:

Administrative expenses are expected to increase by \$106,317 over 2017. Wage and benefit costs for administration are expected to increase by \$101,933 or 5.6%. General administration expenses are increasing overall by \$3,409 (primarily related to increases in legal expenses) and contributions to reserves are forecasted to increase by \$975.

Paramedic Expenses:

The collective agreement (CA) for CUPE 4911 expired on December 31, 2016. Accordingly, the wages for the paramedic department have been estimated for 2018, assuming a nominal cost of living increase.

Overall paramedic expenses are expected to increase by \$180,362 over 2017 or 1.99%.

Paramedic supplies expenses are expected to decrease by \$3,500 while wages and benefits are expected to increase by \$183,862.

Vehicles, Insurance and Maintenance

Overall vehicle and insurance costs are estimated to decrease by \$16,079 or 1.23% from those budgeted in 2017. The vehicle replacement schedule indicates that three ambulances are due for replacement in 2018. The cost of each ambulance is estimated at \$166,459, funded by reserves. There are no planned replacements for ERV units in 2018, as two units were purchased in 2017.

Overall capital vehicle purchases are forecasted to decrease by \$73,727 in 2018.

The fuel budget for PCCP vehicles has been increased by \$5,000 for 2018 as we are estimating to be slightly over budget in 2017. In addition, we have increased the tires and tire repair line by \$2,000 for 2018.

This line also includes an increase of approximately \$50,648 over 2017 for contribution to the rolling stock capital reserve.

Patient Care Equipment and Supplies:

The patient care section of the 2018 preliminary budget estimates an increase of \$35,671 or 5.52% in gross spending. The medical disposable supplies line has been increased by \$10,000 as a result of increasing costs for these supplies. The drug expense line has been increased by \$1,800 and the transfer to reserves has been increased by \$12,071. In addition, we are purchasing two skill training units at a cost of \$11,800, funded by a draw from reserves.

Facility Expenses:

The facility expenses section of the 2018 preliminary budget estimates an increase of \$66,475 or 7.23%, resulting from projected increases as a result of minimum wage legislation (approximately \$59,920) as well as repairs and maintenance requirements for Clonsilla and upgrading to LED lighting at the Peterborough Facility (funded by reserves).

Reserves

Overall contributions to reserves, included in the 2018 preliminary budget, have increased by 9.4% or \$68,022 (\$50,648 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. The preliminary draft budget has been prepared with a number of assumptions related to payroll and benefits. These factors will be adjusted in the 2018 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 fall 2018.

As stated in the general overview, the PCCP 2018 departmental draft budget estimates provided in this report are to be considered preliminary. Further details will be provided as the County's 2018 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 2018 Budget

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Estimated Revenues:	Budget 2017	Budget 2018	Budget \$ Change (decrease) / increase	Budget % Change (decrease) / increase	Comments
County funding requirement - ambulance	3,324,169	3,358,463	34,295	1.03%	Population split based on 2016 census (58.62% City/41.38% County)
City funding requirement - ambulance	4,700,258	4,757,687	57,429	1.22%	Population split based on 2016 census (58.62% City/41.38% County)
Contribution from shared capital reserve	546,763	577,177	30,414	5.56%	Building Capital/Maintenance of \$66,000, 3 ambulances with power stretchers at \$166,459 each, and two skill trainers at \$11,800.
Contribution from LSR reserve (County Only)	19,545	0	-19,545	-100.00%	
Contribution from Sale of Ambulances		15,000	15,000	0.00%	Sale of decommissioned ambulances
Contribution from Reserve	0	0	0	0.00%	
Development charges reserve	35,000	0	-35,000	0.00%	
Province ambulance grant transfer	7,539,943	7,830,097	290,154	3.85%	Estimated Forecast
Dedicated nurse program funding transfer	450,600	450,600	0	0.00%	Budgeted at 100% of estimated cost (unchanged from 2017)
Recoveries amounts and Refunds	47,000	47,000	0	0.00%	Estimated recovery for services provided on a charge out basis.
Total Estimated Revenues	16,663,278	17,036,024	372,747	2.24%	

Estimated Expenses

Administration expenses	2,916,549	3,022,866	106,317	3.96%	Chief, 2 x Deputy Chief, 7 x FTE Superintendents, 8 P/T Superintendents, 1 x FTE Executive Assistant, 1 FTE Scheduler, 1 Professional Standards, 1 Fleet Coordinator, plus estimated 2018 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 \$13,164.
Paramedic expenses	10,169,490	10,349,852	180,362	1.99%	60 F/T Paramedics, 65 P/T Paramedics. Includes estimated increases to OMERS pension plan and employee benefits premiums in 2018. Also includes uniforms, professional fees, and health and safety costs.
Vehicles and insurance expenses	1,674,686	1,658,607	(16,079)	-1.23%	Includes fuel, vehicle maintenance and insurance expenses of \$597,100, replacement of three ambulances @ \$166,459 ea. + contribution to equipment reserve of \$557,130.
Patient care equipment and supplies expenses	619,087	654,758	35,671	5.52%	Patient Care Equipment and Supplies of \$470,000, Skill Trainers of \$11,800. In addition, this includes a contribution of \$162,958 to the patient care equipment reserve.
Cross Border Billings expense	50,000	50,000	0	0.00%	
Facility expenses	1,233,466	1,298,942	66,475	7.23%	Increases as a result of minimum wage increase impact, primarily within janitorial, maintenance and snow removal (within all 6 PCCP facilities). Increases for repairs and maintenance for Clonsilla base. This line also includes a reserve contribution of \$58,429.
Total estimated expenses	\$ 16,663,278	\$ 17,036,024	\$ 372,747	2.24%	