

The County of Peterborough
Joint Services Steering Committee

To: Chair and Members of Committee
From: John Butler, Director of Finance/Treasurer
Date: September 4, 2014

**Subject: Peterborough County/City Paramedics Service (PCCP)
Preliminary Draft 2015 Budget**

Recommendation:

That the Joint Services Steering Committee (JSSC) receives the preliminary draft 2015 PCCP budget proposal and forwards it to the City of Peterborough to act as a preliminary estimate to assist the City in their 2015 budget development.

Financial Impact:

Preliminary 2015 Funding Requirement for the County and City of Peterborough with regard to PCCP:

	2014 Funding Requirement	2015 Funding Requirement	\$Change	%Change
City	\$4,228,687	\$4,310,226	\$ 81,539	1.93%
County	\$2,990,180	\$3,079,946	\$ 89,766	3.00%

General Overview:

The 2015 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 2015, as a component of the County's 2015 budget process. This preliminary budget includes an estimate of the provincial grant funding for 2015 based on 2014 grant transfers to date at the time this report was prepared. The actual grant amount will not likely be known until early 2015. Staff will continue to communicate with the Ontario Ministry of Health and Long Term Care (MOHLTC) to obtain the final approved 2015 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.

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 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. Statistic 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.

In this budget, gross expenditures are forecast to increase by approximately 3.58% or \$525,403. Of this increase in gross expenditures, 3.2%, or \$435,220 relates to operational expenses while capital costs are proposed to increase by 8.2% or \$90,183 over those budgeted in 2014.

Provincial Grants:

The Provincial operating grant transfer is estimated at \$6,795,664 based on actual 2014 transfers at the time this report was prepared. This is used as a temporary placeholder and will be updated when the actual 2015 funding confirmation is received from the MOHLTC.

In 2014, the Province committed separate funding support of \$455,520 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. 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 2015 Offload Nurse funding is yet to be confirmed, we are cautiously optimistic that it will continue at the 2014 transfer level.

General Operating Costs

Operational gross expenditures are forecast to increase in this proposal by 3.2% over those budgeted in 2014. Contingency amounts have been included to address possible changes in Manulife employee benefits costs, Ontario Municipal Employees Retirement System (OMERS) pension contributions, and long/short term disability premiums. These are estimates however and will change as reliable information becomes available.

Vehicles, Insurance and Maintenance

The most significant increase in the vehicle insurance and maintenance area is expected related to insurance premiums. This increase alone may represent an increase of up to \$47,900, an increment of 100% over insurance costs in 2014. Discussions continue with the County's insurers and our purchasing department is seeking competitive responses from the market to ensure we secure the best rates possible. Forecasts for 2015 insurance premiums will be amended as costing details are confirmed.

Other vehicle maintenance, licensing, and fuel costs are forecast based on expected service requirements times estimated unit costs. Separate budget allocations for vehicle accident repair and conversion repair costs contained in previous budgets, have been eliminated in the 2015 draft forecast and absorbed into the general maintenance provision. The elimination of these two provisions fully offsets vehicle operating increases other than those related to insurance.

Payroll and Staff Complement

Paramedic wages are calculated for 2015 based on the rates in Schedule A of the CUPE 4911 collective agreement (CA) for the period of January 1, 2015 to December 31, 2015. The wage increment in the CA for 2015 is a 2% increase over the 2014 rate. Other paramedic benefits costs are estimated based on the most recent information. As previously noted, employee benefits costs are subject to change and will be updated as more accurate information becomes available.

In 2014, a fourth shift superintendent was added to the service's management team complement. The new position was phased in over the latter half (6 months) of 2014 and is included in the 2015 draft budget for a full year. With this new supervisory staff member, the complement of full time shift superintendents was brought to 4, ensuring one superintendent for each 12 hour shift in a 48 hour rotation. The incremental cost in the 2015 draft budget for this position is approximately \$62,000.

To partially offset the incremental cost of the fourth superintendent position in 2015, the part time superintendents' hours have been reduced by 480 hours from the 2014 budgetary level. The estimated value of this reduction is approximately \$38,000, leaving a net estimated incremental cost in 2015 for the fourth shift superintendent of \$24,000.

In total, payroll represents approximately \$376,400 of the forecast 2015 gross expenditure increase. This includes: senior management, full and part time superintendents, full & part time paramedics, and administration staff wages and benefits. It also includes related training and travel estimates for each group.

The total estimated 2015 payroll related costs for the service are approximately \$10.9 million which equates to roughly 71.7% of the total 2015 gross expenditures, or 77.85% of the operational expenditures forecast for the service in 2015. This is virtually proportionately unchanged from the 2014 budget.

Capital Acquisitions

Gross capital expenditures are forecast to increase by up to \$90,183, or 8.2% over those budgeted for 2014. Of this increase, \$31,300 relates to increases in vehicle replacement costs over those budgeted in 2014. The balance of the capital budgetary increment over 2014 is incorporated into the vehicle and equipment reserve contributions to respond to current cost increases and adequately accommodate planned long term replacements.

Three ambulances are scheduled for replacement in 2015 at an expected cost of \$142,100 each as well as two emergency response vehicles at approximately \$65,000 each. These units are funded from the County/City shared equipment reserve.

Reserves

Reserve contributions and allowances contained within the 2015 preliminary budget have been calculated to be within the revised MOHLTC Public Sector Accounting Board (PSAB) guidelines. These guidelines limit reserve contributions to a value equal to or less than calculated capital asset amortization amounts.

While it has not been included in this preliminary draft estimate, the establishment of a Municipal only capital reserve should be considered by the committee either now or in the near future. This reserve will serve to reduce the impact of future service enhancements and new capital acquisitions that do not attract upfront Provincial support or qualify for funding from reserve. As you are aware, Provincial guidelines prohibit the use of Provincial funds to acquire new capital assets or capital enhancements. Accordingly, any future incremental vehicles or other capital equipment added to the service's asset complement comes with a 100% municipal funding requirement.

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 not known at this time. A modest allowance has been included in our estimates as a place holder, but these estimates are subject to change as more reliable information becomes available.

As stated in the general overview, the PCCP 2015 departmental draft budget estimates provided in this report are to be considered preliminary. Further details will be released as the County's 2015 budget process moves forward to completion and as more detailed information becomes available from our external partners, legislative regulators, and service providers.

Respectfully submitted,

Original signed by

John Butler
Director of Finance/Treasurer
County of Peterborough

Appendix A:
Peterborough County/City Paramedics (PCCP) Preliminary Draft 2015 Budget