



City of  
**Peterborough**

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**To:** Members of the Finance Committee

**From:** Patricia Lester  
Commissioner of Corporate and Legislative Services

**Meeting Date:** January 14, 2019

**Subject:** Report CLSFS19-006  
Fairhaven 2019 Budget

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## **Purpose**

A report to inform Council that the 2019 Budget submission for Fairhaven will be reviewed on Tuesday, January 15, 2019.

## **Recommendation**

That Council approve the recommendation outlined in Report CLSFS19-006, dated January 14, 2019, of the Commissioner of Corporate and Legislative Services as follows:

That the presentation and budget details presented to the January 15, 2019 Finance Committee by Fairhaven for the 2019 Budget, be received.

## **Budget and Financial Implications**

There are no additional budget and financial implications of the recommendation.

## Background

The Finance Committee is scheduled to review the 2019 Draft Budget during the week of January 14, 2019. Tuesday, January 15, 2019 has been set aside to review budget requests from outside Boards and Agencies. If requested, representatives from Fairhaven are prepared to attend to make a short presentation and answer questions about the 2019 amounts that are included in the Draft 2019 Budget. The Finance Committee will resume its review of City departments either later that evening, or on Wednesday, January 16, 2019.

Included on pages 193 - 195 of the 2019 Draft Budget Highlights Book is the draft Operating Budget for Fairhaven. The budget elements include support for Operations, Capital as well as Debt Servicing costs.

In recent years, the Operating Support for Fairhaven has increased substantially, with increases in 2016 and 2017 being approved at 88.0% and 70.2% respectively. The 2018 requested increase was approved at 4.7%.

Fairhaven continues to face numerous budgetary pressures in 2019, however, the Committee of Management, in forecasting cash flow needs, has submitted a municipal funding request of \$1,675,000 which is unchanged from the 2018 approved budget. The City's portion of the ask is \$1,116,667 (2018 - \$1,116,667) and the County's portion is \$558,333 (2018 - \$558,333).

As part of report CPFS12-062 dated September 4, 2012, Council resolved that beginning with the 2013 Capital Budget, an annual provision would be included in the Draft Capital Budget (Ref # 3-4.08) to support Fairhaven's on-going capital program. The amount for 2019 is \$216,400.

Chart 1 provides details of the Debt Servicing, Operating and Capital components of the 2019 Fairhaven budget.

**Chart 1**  
**2019 Fairhaven Budget Request**

Service	2019 Draft Budget	2019 Presentation Request	% Difference	\$ Difference
<b>Fairhaven - Debt Servicing</b>	648,209	648,209		
- Contribution from FH Reserve	30,865	30,865		
	<hr/> 679,074	<hr/> 679,074	0.0%	0
- Operating Support	1,116,667	1,116,667	0.0%	0
- Capital Financing				
Major Capital	216,400	216,400		
	<hr/> 216,400	<hr/> 216,400	0.0%	0
	<hr/> 2,012,141	<hr/> 2,012,141	0.0%	0

Additional budget details are appended to this report and further information will be provided by Fairhaven representatives on January 15, 2019.

Submitted by,

Patricia Lester  
 Commissioner of Corporate and Legislative Services

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Attachment:

Appendix A: Draft 2019 Budget for Fairhaven

**To:** Chair and Members of the Fairhaven Committee of Management

**From:** Lionel Towns  
Executive Director

**Meeting:** May 9, 2018

**Subject:** Report # 2018 - ED 37  
2019 Fairhaven Operating and Capital Budget Requests – County and City of Peterborough

**PURPOSE OF THE REPORT:**

To inform the Committee of Management of Fairhaven's 2019 Operating and Capital Budget requests to the County and City of Peterborough and to obtain approval for these final funding requests to be forwarded to both municipalities.

**RECOMMENDATIONS:**

- a) That Fairhaven's 2019 municipal Operating Budget funding request remain unchanged from 2018's ask of \$1,675,000 (\$558,300 – County, \$1,116,700 – City)
- b) That the Fairhaven's 2019 municipal Capital Budget request follow the ten year capital plan endorsed by both Councils in 2012 for a total of \$329,043 (\$112,596 – County, \$216,447 – City); and
- c) That the operating and capital budget requests above be approved and forwarded to the County and City of Peterborough for consideration during their 2019 Budget deliberations.

**BACKGROUND**

The City and the County provided annual operating funds to Fairhaven up to, and including, 1997 (Chart 1). Under intense municipal budget pressures, City and County Councils of the day resolved to suspend operating support beyond 1997 and Home management supported these plans by reducing operating budgets. From 1998 through

2013, Fairhaven experienced operating budget deficits but, through the utilization of reserve funds, excess land sales, etc. cash was available to meet financial commitments.

**Chart 1**

<b>Municipal Operating Budget Contributions to Fairhaven 1995 through 1998</b>				
	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>
<b>Municipal Operating Transfers</b>	\$ -	\$ 816,348	\$ 906,786	\$ 965,892

Fairhaven’s cash and investment balance, as at the end of 2008, was 58% higher than the end of 2018.

**Chart 2**

<b>Fairhaven Audited Cash and Investment Balances 2008 through 2017</b>										
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Cash and Investments</b>	\$ 2,409,413	\$ 1,765,501	\$ 2,015,771	\$ 1,930,793	\$ 1,929,533	\$ 2,267,734	\$ 3,204,403	\$ 3,395,719	\$ 3,234,981	\$ 3,803,151
<b>Investments</b>	\$ 618,992	\$ 618,992	\$ 714,383	\$ 709,920	\$ 706,511	\$ 1,403,200	\$ 2,010,383	\$ 1,858,204	\$ 1,800,000	-
<b>1 An emergency advance of \$467,817 was received in 2015 from 2016’s allocation. This amount has not been included in 2015 for comparison purposes</b>										

**CURRENT PROVINCIAL FUNDING**

Each year Fairhaven receives an increase to our per diem costs for our four funding envelopes: Nursing and Personal Care (NPC), Programs and Support Services (PSS), Raw Food (RF) and Other Accommodations (OA). However, these increases are expected to cover both inflation and Resident acuity (needs). It is unlikely that there will ever be an addition to long term care funding that will not be tied to an associated increase in program costs. For instance, when we received our Behavioral Supports Ontario (BSO) funding in 2012, this revenue was more than offset by the associated personnel costs that we are contractually obligated to incur. Since 2012 there has not been an increase in funding to account for collective bargaining agreement increases, leaving homes with program deficits.

As was the case in several of the past five years, CMI funding has decreased in 2018 and will most likely also decrease in 2019 as well. Fairhaven is projecting a drop in CMI funding of close to \$150,000 for the 2019/2020 fiscal year. Other changes in net expenses expected in 2019 include the following:

Collective bargaining grid and step increases	- \$325,000
Non union grid and step increases	- \$ 85,000
Inflation	- \$ 60,000
Per diem increases (outside of raw food which must be spent) (\$130,000)	

The view of Fairhaven Senior Management, regarding our responsibility in this challenging setting, is that our Home must do everything that we can to reduce the associated impact on our licensees and be transparent about our funding needs. During 2018, the efficiencies gained through COM's reorganizational decisions in 2016 and 2017, were successful and, with recoveries from our insurance experience compared to the premiums paid (not strictly sustainable), staff feel that the major net expense increases expected in 2019 can be offset so that an increase in municipal operating funding can be avoided. This does carry some budget risk but Fairhaven acknowledges the budget pressures felt by both municipalities

and will not ask for increases in transfers, from year to year, unless they are absolutely necessary.

Capital needs funding is, in fact, a more pressing issue. While the City and County were generous in implementing capital funding in 2013/2014, the Province continues to offer no funding for capital expenses, or major capital repairs, leaving Homes in the unenviable position of trying to find other funding sources. The contributions of our municipal partners, in line with the 2012 ten year capital plan, would be greatly appreciated once again.

Submitted,



Lionel Towns, CPA, CMA

Executive Director