

The County of Peterborough
County Council



To: Chair and Members of Committee
From: Trena DeBruijn, Director of Finance/Treasurer
Randy Mellow, Chief of Paramedics
Date: September 6, 2018

Subject: Peterborough County/City Paramedics Service (PCCP) Preliminary Draft 2019 Budget

Recommendation: That the Joint Services Steering Committee (JSSC) receive the preliminary draft 2019 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 2019 budget development; AND

That the JSSC recommend that Scenario 2 be used for the purposes of drafting the 2019 PCCP budget.

General Overview:

The 2019 PCCP service 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 January 2019, as a component of the County's 2019 budget process.

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 2019 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).

The Provincial operating grant transfer is estimated at \$8,092,075 based on the estimated 2017/18 transfer amount, adjusted for estimated eligible 2018 operational expenditures plus a 1.7% cost of living increase applied to the base funding commitment. This estimate has been prepared utilizing the Ontario Ministry of Health & Long Term Care ("MOHLTC") grant allocation formula as provided by the Minister. The final decision relating to the 2019 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 2019.

In 2015, the Province committed separate funding support of \$450,600 for the Dedicated (or Offload) Nurse Program (DNP). The DNP initiative has proven to assist 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 2019 Offload Nurse funding is yet to be confirmed, we are cautiously optimistic that it will continue at the 2018 transfer level and has been budgeted accordingly.

Cross Border Expense Reversal

In prior years from approximately 2001 to 2015, the County of Peterborough had set up an accrual totaling \$1,468,700. This accrual related to prior year projected expenses for Cross Border Billings with the City of Kawartha Lakes ("CKL")

In prior years, the County of Peterborough relied extensively on Cross Border services from CKL. While no formal agreement had been drafted or signed in prior years, it was assumed that an eventual resolution would be reached wherein the County would be required to reimburse CKL for Cross Border expenses. Accordingly, an accrual was made each year to estimate this future expense.

In recent years, the County's reliance on Cross Border assistance from CKL has reduced drastically and is now in a position where the County is responding to more calls for CKL than CKL is responding for the County.

In discussions with CKL, and as a result of recent years Cross Border incidents, it has been agreed that the County will not owe CKL for any prior years events and CKL will not owe the County for any prior year events.

The County and CKL are currently working on finalizing a Cross Border Agreement for which is planned to be presented to Council in 2019.

As a result of this agreement, the estimated Cross Border accrual of \$1,468,700 can be paid out. This results in a payment for 2018 to the City of Peterborough in the amount of approximately \$421,390 and to the Province of Ontario in the amount of \$734,334.

It is County Council as well as staff's opinion that the municipal share of the Cross Border accrual should be transferred to reserves in 2018 and be used to assist with funding the expected cost of service expansion in 2019 and 2020. As the Provincial Land Ambulance Grant for 2019 is based upon the 2018 budget, utilizing the cross border reserve funds will assist with reducing the levy impact of the service expansion in 2019 and 2020.

The portions owing to the City of Peterborough and the Province of Ontario will be refunded in 2018. The calculations presented below for Scenarios 2 and 3, assume that both the County of Peterborough and the City of Peterborough will use reserves generated from Cross Border reversal in 2018 of approximately \$312,000 and \$421,390, respectively. In order to smooth the levy impact, staff recommend that 65% of the reserve be used to reduce expenditures in 2019 and the remaining 35% be used to reduce expenditures in 2020.

Service Expansion

Attached, as Appendix D, is a report of May 16, 2018, in which the Chief of Paramedics presented the reasons for recommending a service expansion.

This report (Appendix D), was presented to both County Council and JSSC, at which time, the JSSC requested that staff present options to appropriately address service delivery demands as part of the 2019 budget process.

Scenario 1, provided below, does not address the increasing service delivery demands and does not address the zero-ambulance availability and response time concerns. This Scenario assumes a status quo situation and forms the base budget upon which Scenario 2 and Scenario 3 are formulated.

Scenario 2 and Scenario 3, below, are provided as options to address the increasing service delivery demands, zero-ambulance availability and response times.

The deployment of PCCP ambulances follows a dynamic balance emergency coverage model. This means that resources are deployed in a strategy that balances the predicted call locations while considering travel times. When all ambulances are available, they are located in each of their perspective stations. As deployed ambulances receive assignments, remaining available ambulances are moved to locations based on predicted call locations while attempting to maintain relatively even geographic coverage across the County and City. Ultimately, the disproportionate City call volume inevitably draws resources from the County to the City.

Under both Scenario 2 and 3, the additional ambulance will assist in keeping ambulances in the County more often while still reducing the incidents of zero-ambulance availability in both the City and County.

Scenario 1 – Assuming No Expansion (Status Quo)

Under Scenario 1, it is assumed that the PCCP department will remain status quo. Scenario 1 sees no increase to PCCP staffed ambulance hours.

This option does not address the increasing call volumes. It is anticipated that this scenario will result in increased up staffing/overtime costs and missed paramedic meal and rest breaks. In the absence of paramedic service enhancement, it is anticipated that there will be increased frequency of “zero ambulance availability incidents” and increasing response times to the City and County with the greatest impact occurring within the County.

Under Scenario 1, gross overall expenditures (operating and capital) are forecasted to increase by approximately 3.1% or \$536,434. Of this amount, operational gross expenditures are anticipated to increase by 2.2%, or \$343,265 primarily driven by increases in wages and benefits and an increase of \$193,170 or 1.45% in capital purchases and reserve contributions.

In total, under Scenario 1, payroll (union and non-union) represents approximately \$318,331 of the forecasted 2019 gross operational expenditures increase. This is equivalent to an increase of 2.58% over the 2018 payroll, primarily related to salary and benefit increases. This includes: senior management, full and part time superintendents, full & part time paramedics, and administration staff wages and benefits. Of particular interest is the impact of CPP changes on the 2019 budget which equates to an estimated \$42,690 for 2019 (included in the total payroll and benefit increase of \$318,331). The CPP rates are increasing for 2019 and the base for CPP calculations is also increasing. The increase in wages and benefits, excluding CPP, is approximately 2.2% over 2018.

The total estimated 2019 payroll for the service, under Scenario 1, is approximately \$12.65 million which equates to roughly 71.6% of the total 2019 preliminary gross expenditures, or 78.4% of the gross operational expenditures forecasted for the service in 2019.

Administration:

Administrative expenses are expected to increase by \$115,756 or 3.8% over 2018. This includes wage and benefit costs for administration that are expected to increase by \$89,329 or 4.4%. Approximately \$19,000 of the increase relates to the annualization of the part-time fleet and equipment technician introduced mid-year 2018.

Included in the 2018 budget, was funding for 60% of the Superintendent of Emergency Management wage, included at a lower rate of pay as it was not being covered by a full-time permanent staff member. This position has since been filled by a full-time permanent staff member, resulting in an increase of approximately \$10,000 to the 2019 budget.

In the 2018 budget, there was an inadvertent oversight in budgeting for statutory holiday pay of approximately \$20,000 for the part-time shift superintendents. This has been corrected in the 2019 budget.

CPP changes within the 2019 budget are causing an increase of approximately \$6,500 to the administrative salaries budget.

Excluding the changes outlined above, the salary and wages impact on the 2019 budget would approximate \$37,829 or approximately 2%.

General administration expenses are increasing overall by \$26,889 or 2.6% and contributions to reserves are forecasted to decrease by \$462.

The primarily increases in general administration expenses relate to the following:

- Completion of employee background checks (done every 5 years);
- GIS tracking (to support the new ambulances being purchased in 2019);
- Legal expenses;
- Software expenses; and
- Internal transfers (as a result of salary and benefit increases in other functional departments)

Paramedic Expenses:

Overall paramedic expenses are expected to increase by \$221,202 over 2018 or 2.11%.

The wages for the unionized paramedic staff have been increased by 1.75%, per the Collective Agreement.

Paramedic supplies expenses are expected to decrease by \$7,800 (primarily as a result of a reduction in Health & Safety requirements for 2019) while wages and benefits (including CPP, OMERS, EI, etc.) are expected to increase by \$229,002.

Vehicle Operating Expenses

Vehicle operating expenses are estimated to increase by approximately \$19,909 over 2018. This is primarily due to increases in fuel and repairs and maintenance. As call volumes increase, the cost of vehicle fuel and maintenance (and tires) increase accordingly.

Vehicle Capital and Reserve Expenses

Vehicle capital purchases are funded by reserves in the 2019 budget and are expected to increase by approximately \$160,352 for 2019. Included in this amount, is an increase for capital purchases of \$137,463 and an increase to vehicle reserves of \$22,889.

The vehicle replacement schedule indicates that three ambulances, plus one bariatric ambulance are due for replacement in 2019. The estimated replacement cost of each of the ambulances is \$152,280 and the cost of the bariatric ambulance is approximately \$180,000 (total of \$636,840). This represents an increase of \$137,463 in capital vehicle purchases over 2018. These purchases are entirely funded by shared reserves and were approved as a pre-purchase for 2019 by Council on June 27, 2018.

Patient Care Equipment and Supplies:

The patient care section of the 2019 preliminary budget estimates an increase of \$30,105 or 4.66% in gross spending. This increase is primarily due to budgetary increases in drug

costs, medical disposable supplies, laundry and bedding as well as equipment maintenance.

As call volumes continue to increase, the costs for drugs, medical disposable supplies, laundry and bedding and equipment maintenance are all affected. Operating expenses are forecasted to increase by \$32,000, while capital purchases (and reserve contributions) are decreasing by \$1,895 over 2018.

Included in the 2019 capital budget is the purchase of a RESPI Trainer for \$9,664.

Facility Expenses:

The facility expenses section of the 2019 preliminary budget estimates a decrease of \$10,889 or

-0.84% over 2018. Operating expenses are decreasing by \$46,063, while capital expenses are increasing by \$35,174.

Included in the 2019 budget are plans to repair the garage catch basins, upgrade the security system and renovate to expand the staff kitchen at the Armour Road location. These repairs are funded by reserves.

Reserves

Overall contributions to reserves, included in the 2019 preliminary budget, have increased by 3.5% or \$27,343 (\$22,889 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.

Planned Service Expansion Options

Presented below are the estimated cost impacts on the 2019 budget, resulting from possible service expansion scenarios and uses the calculations for Scenario 1 as a base budget.

Scenario 2 involves introducing staffing enhancement in a phased approach by combining existing Buckhorn summer ambulance deployment (equivalent to 2 FTE) with 6 new positions to create a permanent year round 24 hour ambulance. Scenario 2 will assist in improving “zero ambulance availability levels” and response times in both the County and City during the 6 months that the current Buckhorn deployment is not staffed (October to April) and will provide improvements during the summer months. This scenario is likely to reduce costs associated with overtime and up staffing during the winter/spring which has been problematic over the past, given current call volumes.

The plan, under Scenario 2, assumes that operations would continue at the present level until April 1, 2019, at which time the new deployment would commence. The deployment strategy for this scenario would be to continue to provide coverage to the Trent Lakes, Selwyn region to the extent possible with an understanding that all City call volume will in

all likelihood create a draw that will necessitate regular movement of the vehicle back into the City on a regular basis. Deployment will be shared between Lakefield and Buckhorn locations.

Scenario 3 provides for a full addition 24/7 staffed ambulance with proposed shared deployment between Lakefield and the City (Armour Road). Scenario 3 involves introducing 8 new FTE positions, as of April 1, 2019, to create a permanent year round 24 hour ambulance. This strategy will allow the resource to assist in balancing coverage to the north of the City as much as possible while maintaining proximity to the balance of the call volume in the City. Scenario 3 also involves the purchase of another ambulance and ambulance equipment at an additional cost of \$202,280.

Scenario 3 will improve “zero ambulance availability levels” and response times in both the County and the City throughout the entire year. It is anticipated that this scenario will see a reduction year round in up-staffing cost (given current call volumes).

	Scenario 2 - 2019	Scenario 3 - 2019
Scenario 1 – Status Quo – Base Budget	\$17,665,313	\$17,665,313
Forecasted Service Expansion Costs:		
Paramedic Wages & Benefits	\$675,547	\$933,880
Paramedic Costs	\$6,500	\$6,500
Vehicle Operating	\$10,000	\$30,818
Vehicle Capital	\$0	\$202,280
Patient Care	\$0	\$44,000
Total Estimated Expenses	\$18,357,360	\$18,882,791
<i>Less Grants, Reserves and Recoveries</i>	<i>-\$9,326,179</i>	<i>-\$9,326,179</i>
Sub-total	\$9,031,181	\$9,556,612
City Cross Border Reserve	\$273,904	\$273,904
City Funding Requirement	\$5,020,175 (4.7% increase)	\$5,328,181 (11.12% increase)
County Cross Border Reserve	\$202,800	\$202,800
County Funding Requirement	\$3,534,302 (4.24% increase)	\$3,751,726 (10.65% increase)

It is County Council and Staff's Opinion that Scenario 2 should be utilized for the service expansion model in 2019.

Financial Impact:

Scenario 1: Financial Impact with No Expansion (Status Quo) – Appendix A

Preliminary 2019 Funding Requirements - Scenario 1

	2018 Funding Requirements	2019 Funding Requirements	\$ Change	% Change
City	\$4,794,909	\$4,888,400	\$93,491	1.95%
County	\$3,390,628	\$3,450,733	\$60,105	1.77%

As Scenario 1 is a status quo budget, staff are not recommending that the Cross Border Funds be used to reduce planned expenditures for 2019. If Scenario 1 is chosen, staff recommend that the County's cross border funds be left in reserves for 2019 and be used to support a future essential need. If the cross border funds were used to reduce the impact on the 2019 levy, under Scenario 1, the increasing impact of salary and other cost increases will be experienced in 2020 (along with any 2020 increases) and there will not be any reserve funds to assist with lowering the expected increase.

Scenario 2: Financial Impact with Planned Service Expansion for Buckhorn – Appendix B

Preliminary 2019 Funding Requirements - Scenario 2

	2018 Funding Requirements	2019 Funding Requirements	\$ Change	% Change	2019 Funding Requirements After Cross Border Reserve Transfer	% Change After Cross Border Reserve Transfer
City	\$4,794,909	\$5,294,078	\$499,170	10.41%	\$5,020,174	4.70%
County	\$3,390,628	\$3,737,102	\$346,474	10.22%	\$3,534,302	4.24%

If no cross border reserve funds were used to decrease levy requirements in 2019, the estimated increase for the City and the County would be approximately 10.41% and 10.22%, respectively.

If all the cross border reserve funds were used in 2019 to decrease levy requirements, the estimated increase for the City and the County would be approximately 1.62% and 1.02%, respectively.

Staff recommend that JSSC recommend that Scenario 2 be implemented for 2019 and that 65% of the cross border reserve funds be used in 2019 to decrease levy requirement. Based on these assumptions, staff calculate the estimated increase for the City and the County to be approximately 4.7% and 4.24%, respectively.

Scenario 3: Financial Impact with Full Planned Service Expansion – Appendix C
Preliminary 2019 Funding Requirements - Scenario 3

	2018 Funding Requirements	2019 Funding Requirements	\$ Change	% Change	2019 Funding Requirements After Cross Border Reserve Transfer	% Change After Cross Border Reserve Transfer
City	\$4,794,909	\$5,602,085	\$807,177	16.83%	\$5,328,181	11.12%
County	\$3,390,628	\$3,954,526	\$563,898	16.63%	\$3,751,726	10.65%

If no cross border reserve funds were used to decrease levy requirements in 2019, the estimated increase for the City and the County would be approximately 16.83% and 16.63%, respectively.

If all the cross border reserve funds were used in 2019 to decrease levy requirements, the estimated increase for the City and the County would be approximately 8.05% and 7.43%, respectively.

If Scenario 3 is chosen, Staff recommend that 65% of the cross border reserve funds be used in 2019 to decrease levy requirement and calculate the estimated increase for the City and the County to be approximately 11.12% and 10.65%, respectively.

Future Budgetary Considerations

For planning purposes and future consideration, staff have prepared a preliminary draft estimate on the impact of the service expansion scenarios, for budget years 2020 and 2021, assuming the following:

- 35% of the remaining cross border reserve is used in 2020 to reduce levy requirements
- Inflationary impact of 2% on all operating expenditures in each year (2020 and 2021)
- Provincial Land Ambulance Grant will increase by 1% for inflation each year
- Capital reserve contributions are increasing by \$20,000 in each year (2020 and 2021)

		Scenario 2			Scenario 3	
	2020		2021		2020	2021
City	4.61%		3.67%		1.58%	3.00%
County	4.75%		3.81%		1.7%	3.14%

Under Scenario 2, assuming cross border funds are used to reduce levy requirements in 2019 and 2020, the average annual levy increase approximates 4.32% for the City over the years 2019 to 2021 and 4.26% for the County.

Under Scenario 3, assuming cross border funds are used to reduce levy requirements in 2019 and 2020, the average annual levy increase approximates 5.24% for the City over the years 2019 to 2021 and 5.16% for the County.

Future Service Requirements

As Council is aware, the service demands being placed upon the Paramedic service is continually increasing (beyond forecast) and as a result, both response times and zero ambulance availability are increasing as well.

While Scenario 2 and Scenario 3, presented above, provide options to assist with meeting current service needs being experienced, it is important for Council to be aware that the service demands are continually growing and changing and, as such, are difficult for the Paramedic service to plan for the future.

Accordingly, staff anticipate that the next term of Council will need to further explore service delivery options and future expansions, beyond the Scenario's presented in this report.

To illustrate this, the following table shows the estimated budgetary impact, should the Paramedic Service implement Scenario 2 in 2019 (assuming use of Cross Border reserves of 65% in 2019 and 35% in 2020) and further implement a seasonal ambulance (12 hours per day, 6 months per year), in 2020.

	2019	2020	2021
City	4.7%	7.47%	2.33%
County	4.24%	7.61%	2.47%

While the addition of a seasonal ambulance is not being recommended in this report, it is important for Council to be aware that future service enhancement options may need to be considered in the future, if the service demands continue to rise beyond current forecasts.

In consultation with:

1. CAO, Troy Speck
2. Director, Corporate Projects & Services, Sheridan Graham
3. Deputy Chief, Operations, Chris Barry

Attachments

Appendix A
Appendix B
Appendix C
Appendix D, PCCP 2017 Year End Performance Report

Respectfully Submitted,
Original Signed by

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For more information, please contact
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Respectfully Submitted,

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