



City of
Peterborough

To: **Members of the Finance Committee**

From: **Richard Freymond**
Commissioner of Corporate and Legislative Services

Meeting Date: **January 13, 2020**

Subject: **Report CLSFS20-006**
Fairhaven 2020 Budget

Purpose

A report to inform Council that the 2020 Budget submission for Fairhaven will be reviewed on Tuesday, January 14, 2020.

Recommendation

That Council approve the recommendation outlined in Report CLSFS20-006, dated January 13, 2020, of the Commissioner of Corporate and Legislative Services as follows:

That the budget details included in this report regarding Fairhaven for the 2020 Budget be received for information.

Budget and Financial Implications

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

Background

The Finance Committee is scheduled to review the 2020 Draft Budget during the week of January 13, 2020. Tuesday, January 14, 2020 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 2020 amounts that are included in the Draft 2020 Budget. The Finance Committee will resume its review of City departments either later that evening, or on Wednesday, January 15, 2020.

Included on pages 197 - 199 of the 2020 Draft Budget Highlights Book is the high-level summary of information provided by Fairhaven. The budget elements include support for Operations, Capital and Debt Servicing costs.

Fairhaven continues to face numerous budgetary pressures in 2020. As a result, Fairhaven has requested increased operational funding from the City in the amount of \$1,350,000 (2019 - \$1,116,667), a 20.9% increase.

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 # 3-4.03) to support Fairhaven's on-going capital program. The amount for 2020 is \$225,191.

The following Chart provides details of the Debt Servicing, Operating and Capital components of the 2020 Fairhaven budget.

		2019 Approved	2020 Requested	% Change	\$ Change
Fairhaven Request					
	Debt Servicing	\$ 679,074	\$ 679,074	0.0%	\$ -
	Operating Support	\$ 1,116,667	\$ 1,350,000	20.9%	\$ 233,333
Included in Draft Operating Budget		\$ 1,795,741	\$ 2,029,074	13.0%	\$ 233,333
	Capital Project	\$ 216,400	\$ 225,191	4.1%	\$ 8,791
Total Support for Fairhaven		\$ 2,012,141	\$ 2,254,265	12.0%	\$ 242,124

Additional budget details are appended to this report and if requested, further information will be provided by Fairhaven representatives on January 14, 2020.

Submitted by,

Richard Freymond
Commissioner of Corporate and Legislative Services

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Attachment:

Appendix A: Draft 2020 Budget for Fairhaven

To: Chair and Members of the Fairhaven Committee of Management

From: Lionel Towns
Executive Director

Meeting: September 11, 2019

Subject: Report # 2019 - ED 40
2020 Fairhaven Operating and Capital Budget Requests – County and City of Peterborough

PURPOSE OF THE REPORT:

To obtain approval from the Committee of Management for Fairhaven's 2020 Operating and Capital Budget requests to the County and City of Peterborough.

RECOMMENDATIONS:

- a) That Fairhaven's 2020 municipal Operating Budget funding request be increased from 2019's ask of \$1,675,000 (\$558,300 – County, \$1,116,700 – City) to \$2,025,000 (\$675,000 – County, \$1,350,000 – City); a total increase of \$350,000
- b) That the Fairhaven's 2020 municipal Capital Budget request follow the ten year capital plan endorsed by both Councils in 2012 for a total of \$329,043 (\$117,144 – County, \$225,191 – 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 2020 Budget deliberations.

BACKGROUND

The following chart illustrates the “per diem,” or per day/per Resident, funding that is provided to all Homes in Ontario, during the past seven years:

LONG TERM CARE - ONTARIO PER DIEM INCREASE HISTORY 2012-2018				
Year	NPC	PSS	RF	OA
Average	1.86%	1.86%	3.38%	1.36%
2018	2.00%	2.00%	6.00%	1.60%
2017	2.00%	2.00%	6.50%	1.40%
2016	2.00%	2.00%	3.70%	1.10%
2015	2.00%	2.00%	2.00%	1.50%
2014	2.00%	2.00%	0.90%	0.70%
2013	2.00%	2.00%	1.56%	1.13%
2012	1.00%	1.00%	3.00%	2.10%

Three separate funding memos have been released by the Associate Deputy Minister in May 2019, culminating in the announcement of our per Resident/per day (per diem) funding for 2019/2020. Some existing supplementary funding has been rolled into per diem transfers but the total or “global increase,” as it is called in the communications, is \$1.77 or just under 1%.

In the numerous memos that have been sent to Homes by the Ministry, it is repeatedly mentioned that:

“While we continue to review and evolve health care policy in Ontario, we are acutely aware of the critical and important services our long-term care partners deliver to patients, which is why we are demonstrating our commitment through a 1.7% overall increase to LTC sector funding for 2019-20.”

A statement that implies that Homes are receiving a 1.7% increase to their Provincial revenue streams is misrepresentative. Our Home’s annualized revenue will actually decrease by \$167,000 (Case Mix Index funding - \$173,000; High Wage Transition Funding -

\$34,000; and an apparent increase to record keeping funding [RAI/MDS] of \$40,000) while the meagre 2% per diem increases that we have received for the past six years (that did not cover inflation and Resident needs increases as they were), was decreased to 1%, or a further decrease of over \$172,000 to the already insufficient funding that we had expected to receive, based on the Ministry's prior commitment for many consecutive years, to care for some of the most vulnerable citizens in our Province.

These funding cuts were announced well after the approval of the operating budgets of Fairhaven, the County of Peterborough and the City of Peterborough. Including the reduction in annual growth to per diem funding, the total estimated impact on 2019 revenue (not including any increase in wage rates, inflation for services, supplies, etc.) is \$190,265. Fairhaven is not asking for additional funds from our municipal partners for this belated funding drop. While a year away, the projected impact on 2020's budget is \$339,000.

The Consumer Price Index (CPI) numbers, available at the time of the release of the 2019/2020 funding announcements, show a seasonally adjusted CPI of 2.1%. While one can't assume the same figure for the coming twelve months, with transportation costs increasing for most goods, it is more than likely that our "global funding increase" of 1% increase will effectively mean a 1.1% reduction in effective purchasing power to provide for the nursing, programming, and facility needs of our Residents. With so much scrutiny on long term care health care during the past year, it is inconceivable that our ability to finance ever increasing operational needs will actually shrink when expectations from the Province, the public, Residents and families will rise. Fairhaven has survived many years of minimalist funding increases; inefficiencies have been hunted constantly during this period. The efficacy well is running dry.

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 and 2019, the efficiencies gained through COM's reorganizational decisions in 2016 and 2017, were

successful and, our Home was able to keep our operating budget requests, to the City of Peterborough and County of Peterborough, at a stable level (\$75,000 increase was requested during the 2018 municipal budget process). The \$350,000 requested increase in total municipal support (\$233,331 – City and \$116,669 – County) essentially equals the annualized effect of funding losses noted above and does not include any consideration of inflation for materials, supplies, contracted services, wages or benefits (estimated to be, at a minimum, \$425,000). This does carry some budget risk but Fairhaven acknowledges the budget pressures felt by both municipalities and would not ask for increases in transfers, from year to year, beyond what is 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