

PCCP 2019 Preliminary Draft Budget



**JJSC Meeting -
September 6, 2018**



2019 PRELIMINARY BUDGET

- 2019 Draft Budget with 3 potential scenarios for service provision – This is a PRELIMINARY DRAFT budget as there are still a number of unknown variables such as Provincial Ambulance Funding for 2019, as well as statutory benefit rates for EI, EHT, etc.
- Deployment of ambulances follows a balanced emergency coverage model. Resources are deployed in a strategy that balances the predicted call locations while considering travel times.
- As deployed ambulances receive assignments, remaining available ambulances are moved to locations based upon predicted call locations, while attempting to maintain relatively even geographic coverage across the County and the City.
- Issues with response availability and response times are occurring due to increasing call volumes, ambulance availability, hospital offload delays, etc.

BUDGET SCENARIOS

- To assist with addressing these issues, staff have prepared three different budget scenarios for Council consideration.
- Scenario 1 assumes that paramedic service provision will continue to remain the same for 2019 as 2018 (i.e. status quo)
- Scenario 2 assumes that the existing Buckhorn summer ambulance deployment will be enhanced to create a permanent year round 24 hour ambulance.
- Scenario 3 assumes that a full additional 24/7 staffed ambulance will be deployed between Lakefield and the City.
- Each of these Scenario's present challenges and opportunities and have differing budgetary impacts (Scenario 2 and Scenario 3 are built using Scenario 1 as a base).

Cross Border Funds

- During the years from 2001 to 2015, the County of Peterborough was proactively setting aside funding to assist with addressing Cross Border expenses with the City of Kawartha Lakes (“CKL”) by accruing for these expenses annually.
- There was no formal agreement signed with CKL, therefore, no payments were made, however, it was believed that eventually a payment would be owed.
- In recent years, the balance of Cross Border assistance has switched in that the County is now providing more assistance to CKL, such that the prior years expense accrual is no longer required.
- Accordingly, the County does not owe anything to CKL and CKL does not owe the County.

Cross Border Funds

- As a result, the estimated Cross Border accrual can be paid out. The County will retain approximately \$312,970 and the City and the Province of Ontario will be refunded approximately \$421,390 and \$734,334, respectively.
- County Council and Staff recommend that both the City and County cross border funds be transferred to reserves in 2018 and be used to assist with offsetting costs of service expansion in 2019 and 2020 (65% in 2019 and 35% in 2020) or be used to fund a specific project in the future, if the 2019 service expansion is not approved.
- A formal agreement for Cross Border with CKL has not been signed but is in progress and will be brought to Council in 2019

Scenario 1

- Remain Status Quo – No service expansion
- Does not address increasing service delivery demands nor does it address the zero-ambulance availability and response time concerns
- Anticipated that continuing with this model will result in increased frequency of “zero ambulance availability incidents” and increasing response times to the City and the County, with the greatest foreseen impact occurring within the County.
- Gross spending increased by \$536,434 or 3.13% over 2018
 - Operations increase \$343,265 or 2.2% over 2018 budgeted operations
 - Capital and reserve transfer increase of \$193,170 from 2018
- Payroll the largest component of the budget at approx. \$12.65M (Payroll is 71.6% of the PCCP total budget and 78.4% of the gross operating budget)
- Estimated payroll increase for 2019 is \$318,331 or 2.58% over 2018 budgetary allocation and is driven by salary and benefit cost increases.

Scenario 1

- Budget includes increase of 1.75% for Paramedic Staff and 2.1% for Non-Union
- Other cost factors for salaries include the estimate for CPP, EI, OMERS, etc. While the health benefits are remaining relatively stable for 2019, there is a significant increase experienced for CPP as both the contribution rate (employer and employee) has increased as well as the base in which CPP is calculated.
- 2019 salary budget includes annualization of part-time fleet technician introduced mid-year 2018. Approx. cost is \$19,000.
- In 2018, the Superintendent of Emergency Management position was filled with an employee who was not a full time permanent staff member, therefore, was paid a lower wage. This position has since been filled with a permanent full-time staff member, resulting in a budgetary increase of approximately \$10,000.
- 2018 budget oversight occurred in which the statutory holiday pay for part-time shift superintendents was missed. This has been corrected in the 2019 budget, at a cost of approximately \$20,000

Scenario 1

- Other expense increases for administrative expenses totalling \$26,889 for the following:
 - Employee background checks – requirement for 2019 (every 5 years)
 - GIS Tracking for new replacement ambulances
 - Legal expenses
 - Software expenses
 - Internal transfers (increasing salary and benefits within other departments as well as a portion of new Asset Management Analyst salary)
- Ambulance fuel, maintenance and repairs expenses are increasing by \$19,909
- Patient Care Equipment and Supplies (drugs, medical disposal, laundry and bedding, equipment maintenance, etc.) are increasing by \$30,105
- Capital purchases are forecasted to increase by \$137,463 in 2019. Three ambulances are being replaced, along with a bariatric ambulance (total \$636,840). These are planned equipment purchases, being funded by reserves.
- RESP Trainer, funded by reserves, is being purchased at an estimated cost of \$9,664.

Scenario 1

- Contributions to reserves for future equipment replacement are increasing by \$27,343 for 2019. This includes replacement contributions towards new ambulances, patient care equipment, facilities and administration equipment.
- Major facility repairs, funded by reserves, forecasted for 2019 include:
 - Kitchen renovation at Armour Road for \$15,000
 - Armour Road Security System Replacement for \$20,000
 - Catch Basin Repairs in Armour Road Garage for \$25,000
- 2019 Preliminary levy increase, under Scenario 1, is 1.77% for the County and 1.95% for the City
- Staff are not recommending that Cross Border funds be used to offset levy increase for Scenario 1 as there is no service expansion being considered under this Scenario.

Scenario 2

- Scenario 2 is the first service expansion option presented for 2019
- Involves converting the summer ambulance deployment for Buckhorn into a year round, 24 hour, ambulance.
- Current summer ambulance deployment for Buckhorn equates to approximately 2 FTE positions. These two positions are already included annually in the budget, therefore, in order to create a permanent year round 24 hour ambulance, only 6 additional FTE's would be required to be funded in the 2019 budget.
- Scenario 2 will assist in improving “zero ambulance availability” and response times, in both the County and the City during the 6 months that the current Buckhorn deployment is not staffed (i.e. October to April). This scenario is likely to reduce costs associated with overtime and up staffing during the winter/spring months.
- This ambulance will continue to provide coverage to the Trent Lakes, Selwyn regions, however, call volumes will likely create a draw that will necessitate regular movement of the vehicle back into the City on a regular basis.
- No additional capital costs are required for Scenario 2.

Scenario 3

- Scenario 3 is the second service expansion option presented for 2019
- Involves adding a full additional 27/7 staff ambulance, from April 1, 2019, with proposed shared deployment between Lakefield and the City (Armour Road).
- The current summer deployment at the Buckhorn location would continue
- Scenario 3 involves introducing 8 new FTE positions (instead of the 6 FTE under Scenario 2), to create a permanent year round 24 hour ambulance
- Will assist in balancing coverage to the north of the City, while maintain proximity to the City which receives call volumes.
- Will improve “zero ambulance availability levels” and response times in both the City and the County and it is expected that there will be a decrease in up-staffing costs.
- Will require the purchase of another ambulance and ambulance equipment at a cost of \$202,280.

Service Expansion Costing

- 2019 Preliminary levy increase, under Scenario 2 and 3, before assuming any reduction in levy by using Cross Border funds, is as follows:

	Scenario 2	Scenario 3
City	10.41%	16.83%
County	10.22%	16.63%

- If 65% of the Cross Border funds are used in 2019, to assist with service expansion, the 2019 Preliminary levy increase, under Scenario 2 and 3, is as follows:

	Scenario 2	Scenario 3
City	4.70%	11.12%
County	4.24%	10.65%

Service Expansion

- The Provincial Grant for Ambulance in 2019 will be based upon the 2018 PCCP budget. Therefore, any increased funding from the Province, as a result of the service expansion, will not occur until 2020, when the 2019 budget will be used to plan the 2020 allocation. The 2019 budget projections include salary and benefit cost increases for the period from April 1, 2019 to December 31, 2019, with the balance of the salary and benefits being annualized in 2020.
- Accordingly, there will be no increase in Provincial funding for 2019, to assist with any service expansion costs. In order to ease the introduction of the service expansion, it is recommended that the County and the City utilize the Cross Border funds to assist with reducing the service expansion impact on the 2019 and 2020 budgets.
- It is anticipated that the Provincial Grant for 2020 and 2021 will be higher to fund the annualized cost of the service expansion.

Impact on Future Years

- The use of the cross border funds will assist with delaying the full impact of the expansion until the 2021 budget, however, by 2021, the cross border funds will be exhausted and the full cost of the expansion (less cost covered by the Province), will need to be covered by levy. The Provincial funding will be increased in 2020, however, the 2020 budget will also have to take into consideration the cost of the annualized salaries for a full year of the service expansion. Full Provincial funding will not be realized until 2021.
- By allocating the cross border funds as 65% in 2019 and 35% in 2020, we are able to smooth the effect on levy, so that the average increases for 2020 and 2021 are estimated as follows:

		Scenario 2			Scenario 3	
	2020		2021		2020	2021
City	4.61%		3.67%		1.58%	3.00%
County	4.75%		3.81%		1.70%	3.14%

