



City of
Peterborough

To: **Members of the Budget Committee**

From: **Sandra Clancy, Director of Corporate Services**

Meeting Date: **November 23, 2015**

Subject: **Report CPFS15-065**
Peterborough County/City Paramedics Service 2016 Budget

Purpose

A report to inform Council that the 2016 Budget submission for Peterborough County/City Paramedics Service (PCCPS) will be reviewed on Tuesday, November 24, 2015.

Recommendation

That Council approve the recommendation outlined in Report CPFS15-065, dated November 23, 2015, of the Director of Corporate Services as follows:

That the presentation and budget details presented to the November 24, 2015 Budget Committee by the Peterborough County/City Paramedics Service, be received.

Budget and Financial Implications

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

Background

The Budget Committee is scheduled to review the 2016 Draft Budget during the week of November 23, 2015.

Tuesday, November 24, 2015 has been set aside to review budget requests from outside Boards and Agencies. If requested, representatives from PCCPS are prepared to attend to make a short presentation and answer questions about the amounts that are included in the Draft 2016 Budget. The Budget Committee will resume its review of City departments either later that evening, or on Wednesday, November 25, 2015.

Included on page 173 of the 2016 Budget Highlights Book is a high-level summary of information presented by PCCPS.

The 2016 Budget request for \$4,547,895 is a 4.9% increase over the 2015 Budget and was endorsed by the Joint Services Steering Committee on September 10, 2015.

Additional budget details are appended to this report and further information will be provided by representatives from PCCPS on November 24, 2015.

Submitted by,

Sandra Clancy
Director of Corporate Services

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Attachment:

Appendix A: Draft 2016 Budget for Peterborough County/City Paramedics Service

Appendix A

**Draft 2016 Budget for Peterborough County/City Paramedics
Service**

Appendix A: Peterborough County/City Paramedics (PCCP) Preliminary Draft 2016 Budget

Estimated Revenues:	Budget 2015	Budget 2016	Budget \$ Change (decrease) / increase	Budget % Change (decrease) / increase	Comments
County funding requirement - ambulance	\$ 3,098,542	\$ 3,250,279	\$ 151,737	4.9%	Population split based on 2011 census (58.32% City/41.68% County)
City funding requirement - ambulance	\$ 4,335,579	\$ 4,547,895	\$ 212,316	4.9%	Population split based on 2011 census (58.32% City/41.68% County)
Contribution from shared capital reserve	\$ 556,300	\$ 344,461	\$ (211,839)	-38.1%	Replacement of two ambulances with Power Cots @ \$159,862 & two administration vehicles @ \$43,000 ea. Funded from reserve.
Province ambulance grant transfer	\$ 6,795,664	\$ 7,155,816	\$ 360,152	5.3%	Based on 2014/15 confirmed grant allocation adjusted for 2015/16 anticipated adjustments.
Dedicated nurse program funding transfer	\$ 450,600	\$ 450,600	\$ -	0.0%	Budgeted at 100% of estimated cost (unchanged from 2015)
Recoveries amounts and Refunds	\$ 10,000	\$ 51,000	\$ 41,000	410.0%	Estimated recovery for services provided on a charge out basis.
Total Estimated Revenues	\$ 15,246,685	\$ 15,800,051	\$ 553,366	3.6%	
Estimated Expenses					
Administration expenses	\$ 2,779,085	\$ 2,868,863	\$ 89,778	3.23%	Chief, 2 x Deputy Chief, 6 x FTE Superintendents, P/T Superintendent's hours estimate, 1 x FTE Executive Assistant, 2 x FTE Administration Assistants, fleet coordinator, OMERS pension plan and employee benefits premium rates per 2015. Includes Off Load Nurse program of \$450,600 (100% Provincially funded), and admin equipment reserve contribution of \$11,286.
Paramedic expenses	\$ 9,408,086	\$ 9,920,168	\$ 512,082	5.44%	47 F/T Primary Care Paramedics (PCP) (4 new PCP estimated to start April 2016), 13 Advanced Care Paramedics (ACP). OMERS pension plan and Manulife employee benefits premiums per 2015. Also includes uniforms, professional fees, and health and safety costs.
Vehicles and insurance expenses	\$ 1,587,046	\$ 1,448,961	\$ (138,085)	-8.70%	Replacement of two ambulances @ \$159,860 ea. (includes power cot supplied with vehicle) + 2 Administration Vehicles @ \$43,000 + anticipated COL increases in fuel, reduction in estimated vehicle maintenance, estimated related insurance premiums, licensing, and contribution to equipment reserve of \$460,438.
Patient care equipment and supplies expenses	\$ 491,200	\$ 595,570	\$ 104,370	21.25%	Estimated increase in costs for equipment maintenance and repair, medical disposable and non-disposable supplies. Offset by marginal decrease in the cost of medical gases cost.
Cross Border Billings expense	\$ 50,000	\$ 50,000	\$ -	0.00%	
Facility expenses	\$ 931,268	\$ 916,489	\$ (14,779)	-1.59%	
Total estimated expenses	\$ 15,246,685	\$ 15,800,051	\$ 553,366	3.63%	

The County of Peterborough
Joint Services Steering Committee

To: Chair and Members of Committee

From: John Butler, Director of Finance/Treasurer

Date: September 10, 2015

**Subject: Peterborough County/City Paramedics Service (PCCP)
Preliminary Draft 2016 Budget**

Recommendation:

That the Joint Services Steering Committee receives the preliminary draft 2016 PCCP budget proposal and approves it to be forwarded to the City of Peterborough to act as a preliminary estimate to assist the City in their 2016 budget development.

Financial Impact:

Preliminary 2016 Funding Requirement for the County and City of Peterborough with regard to PCCP:

	2015 Funding Requirement	2016 Funding Requirement	\$Change	%Change
City	\$4,335,579	\$4,547,895	\$ 212,316	4.9%
County	\$3,098,542	\$3,250,279	\$ 151,737	4.9%

General Overview:

The 2016 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 2016, as a component of the County's 2016 budget process. This preliminary budget includes an estimate of the provincial grant funding for 2015/16 based on the estimated eligible 2015 operating expenses plus a 1.75% cost of living increase over the 2015 approved provincial base funding grant. The actual grant amount will not likely be known until early 2016 however. Staff will continue to communicate with the Ontario Ministry of Health and Long Term Care (MOHLTC) to obtain the final approved 2016 transfer amount as soon as it is available and revise the 2016 budget estimate accordingly.

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 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 2011 census data was incorporated into the 2013 paramedic services budget.

In this budget, gross expenditures are forecast to increase by approximately 3.63% or \$553,366. Operational gross expenditures are anticipated to increase by 4.8%, or \$673,488 primarily driven by the addition of four proposed new primary care paramedic (PCP) positions. The draft budgetary estimate allows for the recruitment of the new PCPs to be completed by March 2016 with an anticipated April 1st start date. Budget allocations have been prorated accordingly.

Capital costs are proposed to decrease by (10.4%) or (\$120,122) over those budgeted in 2015. This reduction is a reflection of replacing 2 ambulances in 2016 vs. the three replaced in 2015 and the move to less expensive administrative cars vs. emergency response vehicles (ERV) for the senior administration staff. The decrease is partially offset by the inclusion of power cots as an integral component of each new ambulance purchase.

Provincial Grants:

The Provincial operating grant transfer is estimated at \$7,155,816 based on the approved 2014/15 transfer amount, adjusted for estimated eligible 2015 operational expenditures plus a 1.75% cost of living increase applied to the base funding commitment. This estimate has been prepared utilizing the MOHLTC grant allocation formula as provided by the Minister. The final decision relating to the 2016 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 the first quarter of 2016.

In 2015, the Province committed separate funding support of \$450,600 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. 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 2016 Offload Nurse funding is yet to be confirmed, we are cautiously optimistic that it will continue at the 2015 transfer level and has been budgeted accordingly. Appendix B provided for your reference, contains annual statistical information regarding the hospital off-load delays.

General Operating Costs

Operational gross expenditures are forecast to increase in this proposal by 4.8% or \$673,488 over those budgeted in 2015. Manulife employee benefits costs, Ontario Municipal Employees Retirement System (OMERS) pension contributions, and long/short term disability premiums are included at the same rate as 2015 but applied at the expected 2016 wage levels. More detailed rates will be available in the late fall of 2015 or early winter months of 2016. The draft budget will be updated at that time to reflect the known changes.

In total, payroll (union and non-union) represents approximately \$598,900 of the forecast 2016 gross operational expenditures 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 2016 payroll for the service is approximately \$11.5 million which equates to roughly 72.8% of the total 2016 gross expenditures, or 78.1% of the gross operational expenditures forecast for the service in 2016.

Administration:

Administration costs are expected to increase by 3.23% overall. Cost drivers include, Union collective agreement wage increases, part time hours estimates, GIS tracking, and software licensing/support. The increases are partially offset by anticipated easing in disbursements for computer hardware, advertising, and audit fees. Once more accurate pension and benefit rates are known, administration forecasts will be revised accordingly.

Paramedic Expenses:

Paramedic wages are calculated for 2016 based on the rates in Schedule A of the CUPE 4911 collective agreement (CA) for the period of January 1, 2016 to December 31, 2016. The wage increment in the CA for 2016 is scheduled at an increase of 2% over the 2015 rate. As previously noted, employee benefits costs

are subject to change and will be updated as more accurate information becomes available. The current CA expires on December 31, 2016.

In addition to the CA increase, the 2016 budget is recommending an enhancement of four new primary care paramedics (PCP) to the services compliment. As evidenced in a report presented to the Joint Services Steering Committee on June 11th of 2015 entitled "Peterborough County/City Paramedic (PCCP) Service 10-year Facilities and Resource Master Plan" (attached as appendix B to this report), ambulance call volumes in the Peterborough area have dramatically increased year over year. In 2014, the emergency and urgent calls (codes 3 & 4) increased by 7.7% over those of 2013. So far in 2015, the service is trending call increases in excess of 10% for these calls compared to the same period in 2014. Given the on-going anticipated impact of the Peterborough area population age demographic, there is no likelihood of this trend slowing in the foreseeable future.

While both County and City Councils approved funding for the Master Plan (MP) study to commence in 2015, the reality of the service struggling and falling behind its mandated emergency response time requirements indicate more immediate action be taken in the interim until the MP can be completed. The addition of four incremental PCPs to the service's staff compliment will allow one of the current City based ambulance day cars to be upgraded from a 12 hour to a full 24 hour a day, 7 day a week responder. Further needs will be discussed and addressed as the contents of the MP become available.

The incremental PCPs are anticipated to be recruited by the end of March 2016 with a start date of April 1, 2016. The budget allocation has been prorated accordingly. It is estimated that the four new PCPs will result in an incremental cost of \$345,239 in 2016. The remaining incremental paramedic forecast increase of approximately \$166,800 is attributed to the scheduled wage increase per the CA.

Vehicles, Insurance and Maintenance

Overall vehicle and insurance costs are estimated to reduce by \$18,154 or (8.7%) from those budgeted in 2015. The vehicle replacement schedule indicates that two ambulance are due for replacement in 2016 vs. the three that were replaced in 2015. Driven by long term economic and health considerations, vehicle replacements are now forecast to include power cots as standard equipment. Doing so will increase the per-unit replacement cost by an estimated \$16,000 per vehicle in 2016. It is felt however, the resulting future health and economic offsets created by the inclusion of the power cots will more than compensate for the added up-front expenditure. The cots have the same life expectancy as an ambulance and are distributed through the vehicle vendors.

Traditionally, senior administration staff have been assigned an ERV to accommodate their mobility requirements. In an attempt to offset some of the rising vehicle costs, administrative cars will be acquired for the chief and deputy chief at a forecast cost of \$43,000 per unit (2 x \$43,000 = \$86,000 total). This represents an estimated reduction of approximately \$23,800 per vehicle from the more expensive emergency response vehicles traditionally assigned to these senior administrative positions.

Insurance is expected to continue to increase in spite of their significant jump in 2015 and an incremental 4.5% has been estimated for premium increases. Fuel and licensing are also expected to increase but are offset by anticipated reductions in vehicle maintenance and repair expenditures.

Patient Care Equipment and Supplies:

The patient care section of the 2016 preliminary budget estimates a 25% increase in gross spending. Right across the board, costing pressures have been driving up expenditures related to equipment maintenance & repair (increase of \$34,800), drugs (increased \$18,200), pandemic supplies (\$10,000), disposable medical supplies (increase of \$10,000), and non-disposable medical supplies (increase of \$30,000). The budgetary increases are forecast with consideration for past costing historical trends applied to anticipated 2016 service level requirements.

Reserves

Overall contributions to the shared equipment reserve have been forecast to increase in the 2016 budget. The increase is to reflect changes in asset replacement costs, in particular the addition of the power cots to the ambulance fleet replacements. 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. Reserve contributions are proposed to increase by 4.85% or \$30,455 over those budgeted for 2015.

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 available at this time. These factors will be adjusted in the 2016 draft budget as the details become known. Likewise, the provincial grant transfer is estimated based on the most accurate information available when this report was prepared. The final details will likely not be known until early 2017.

As stated in the general overview, the PCCP 2016 departmental draft budget estimates provided in this report are to be considered preliminary. Further details will be released as the County's 2016 budget process moves forward to completion and as more detailed information becomes available from our external partners, legislative regulators, and service providers.

Respectfully submitted,

John Butler
Director of Finance/Treasurer
County of Peterborough

And,

Randy Mellow
Chief of Paramedics,
County of Peterborough

Appendix A:
Peterborough County/City Paramedics (PCCP) Preliminary Draft 2016 Budget

Appendix B:
Peterborough County/City Paramedics (PCCP) Service 10-year Facilities and Resources Master Plan.

The County of Peterborough

County Council

To: Warden and Members of Council

From: Randy Mellow, Chief of Paramedics

Date: March 18, 2015

Subject: PCCP 10 Year Resource and Facilities Master Plan RFP

Recommendation: That Council directs staff to issue a Request for Proposal for a Paramedic Services 10 Year Resource and Facilities Master Plan

Financial Impact: Approximately \$80,000

Overview:

The number one priority of Peterborough County/City Paramedic Service (PCCP) is to provide the best possible prehospital clinical care to the residents and visitors of Peterborough County and City and to do so in the most effective and efficient method possible. In order to achieve this, PCCP administration continually analyses paramedic service call volumes, response times and patient outcomes. Additionally, factors such as patient and population demographics and health care system pressures such as Ambulance Offload Delays are examined in order to evaluate current and future deployment needs.

Recent statistical analysis, as presented in the 2014 PCCP Year End Performance Report – January 21, 2015 has served to illustrate demonstrable trends related to paramedic service response volumes, patient demographics and predicted trends.

Call Volume Trends:

In 2014 PCCP witnessed a significant increase in patient responses and transports (Figure 1). Emergent (Code 4-life threatening) responses has increased by 6% while Urgent (Code 3 - serious) response has increased by 9.6%. There was an overall increase of 6.6% for all responses including incident standby calls.

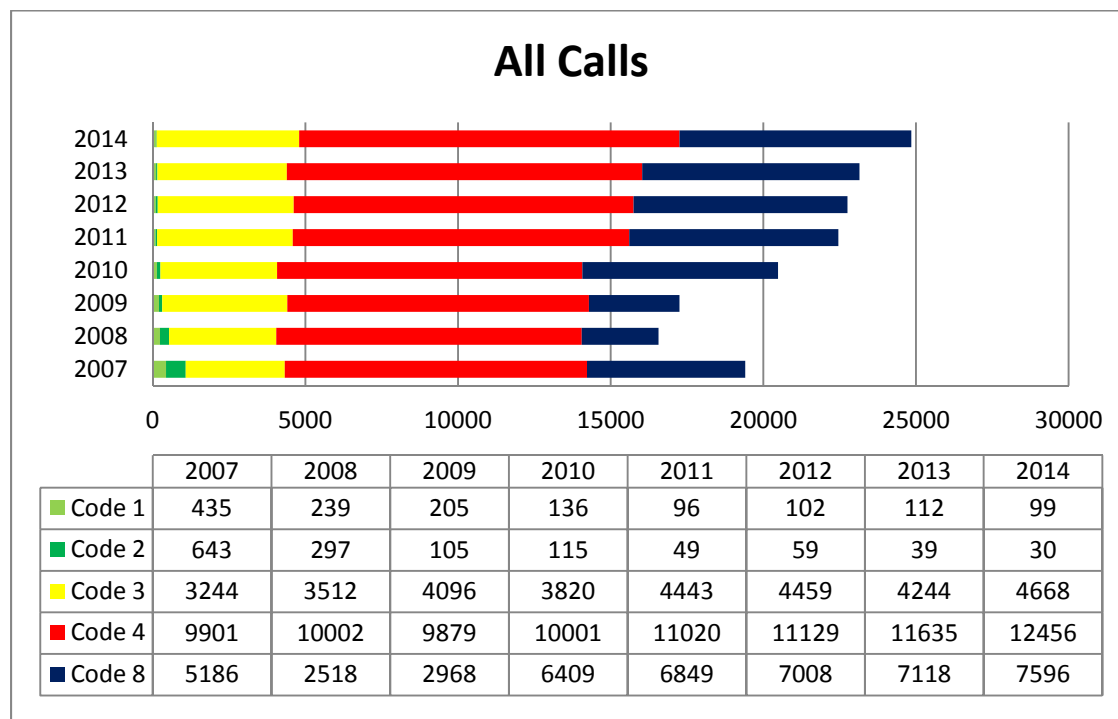


Figure 1

On examining demand for service through a more detailed retrospective review of patient care and transport call volumes (Codes 1-4), an overall year over year call volume increase of approximately 4% (3.93%) has been realized. (Figure 2)

Based on this trend, it could be predicted that the demand for paramedic response could increase from the present 17,253 responses in 2014 to an estimated 26,560 responses in 2025. This represents an approximate 54% increase in demand for service.

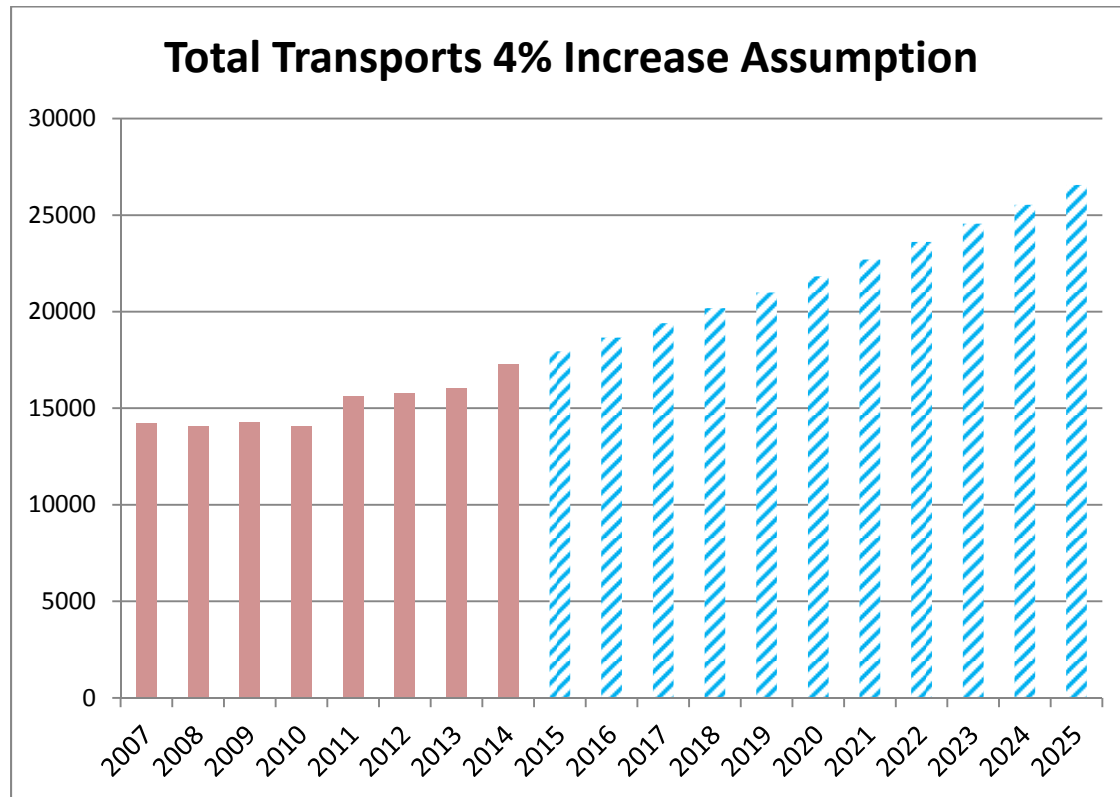


Figure 2

Response Time Performance:

Prior to 2013 Paramedic Service Response Time performance was assessed and reported based on 90th percentile response time achievement. Subsequently, response time performance reporting requirements changed through legislative requirements to a system based on response time targets focussed on patient medical acuity. Figure 3 below illustrates the current Response Time Performance Plan as approved by Council as well as the performance achieved over the prior 2 years.

Despite a significant increase in call volume, PCCP realized improvements to response times to high acuity calls and was successful in achieving 5 of the 6 targets included in the new provincially mandated response time plan in 2014. The individual target that was not met was missed by 2% or a total of 4 responses which exceeded the established target.

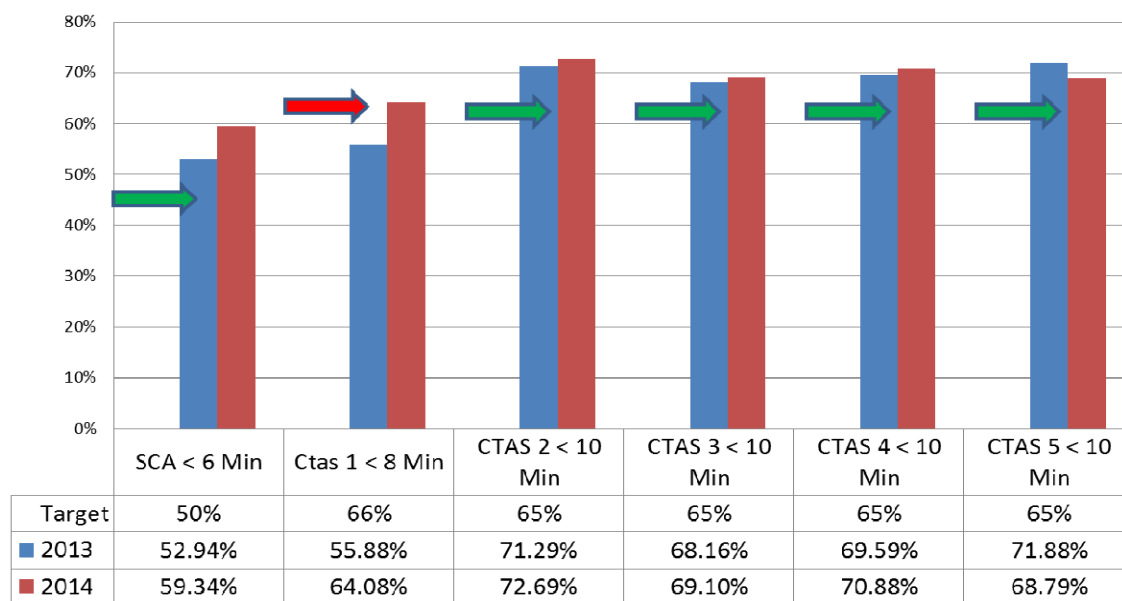


Figure 3

In order to perform a more detailed analysis of response time trends, the traditional and more familiar 90th Response Time Data is compared to both call volume trends as well as paramedic staffing hours in Figure 4 below.

Paramedic Staffing Hours:

As the graph in Figure 4 demonstrates, during the period leading up to and inclusive of 2007/8 the Paramedic Services in Peterborough County were witness to lengthening response times. A number of factors such as increasing call volume and ambulance offload delay were surmised as factors associated with this increase. In response, through support of County Council, paramedic staffing increases were approved and implemented on a graduated basis.

Figure 4 provides demonstration of the apparent effect and correlation of the staffing hours and call volume to the 90th response time. Where the rate of call volume increase was met with an equivalent staffing hour increase, a resultant stabilization or decrease in response time was realized. Conversely, response times have risen sharply as staffing hours have remained relatively unchanged over the past 2 years while experiencing significant call volume increase.

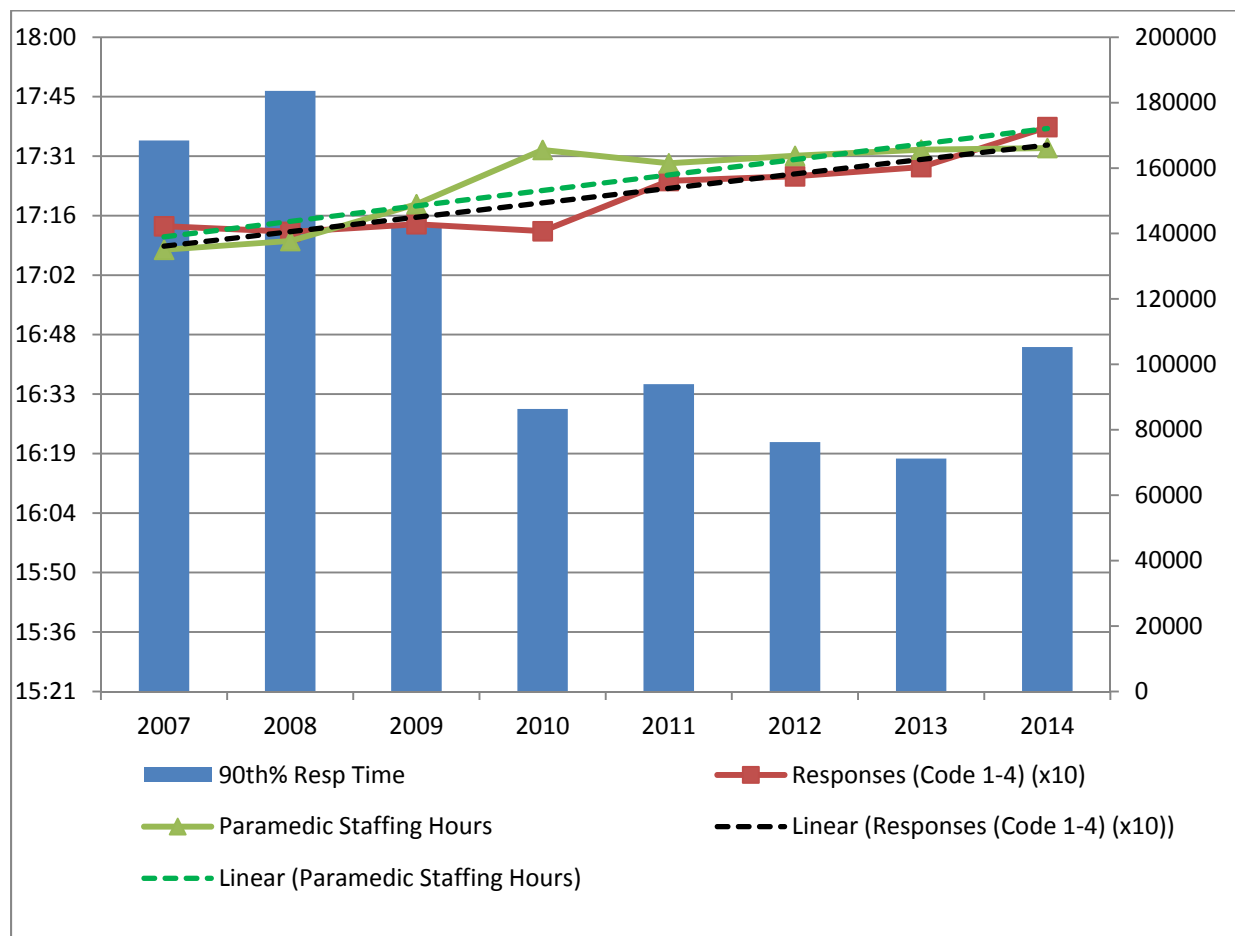


Figure 4

Given current available data and trends as demonstrated above, it can be predicted that PCCP paramedic staffing would need to increase at a rate of 3.1% per year in order to maintain current Council endorsed performance targets in light of increasing call volume. This would equate to approximately 24 additional full time paramedic positions by 2025. In support of the staffing, capital requirements such as vehicles, equipment and additional stations would be required.

Other Paramedic Service Performance Factors:

Offload Delay Pressures

Ambulance Offload Delay has been a significant and persistent factor adversely effecting PCCP operations since approximately 2005. The Operations Division continues to oversee the provincially funded Offload Nurse Program in partnership with the Ministry of Health and Long Term Care and Peterborough Regional Health Center (PRHC). This initiative allows paramedics to transfer the patient to the offload nurse in order to return to the community faster and be available to

respond to the next request for service. In 2014, the Province committed \$450,600 2014/15 fiscal year for the continuance of the pilot project.

PCCP experienced considerable increases in average daily ambulance offload delays in each month of 2014. This occurred despite equal Offload Nurse staffing hours as compared to the previous year. (Figure 5)

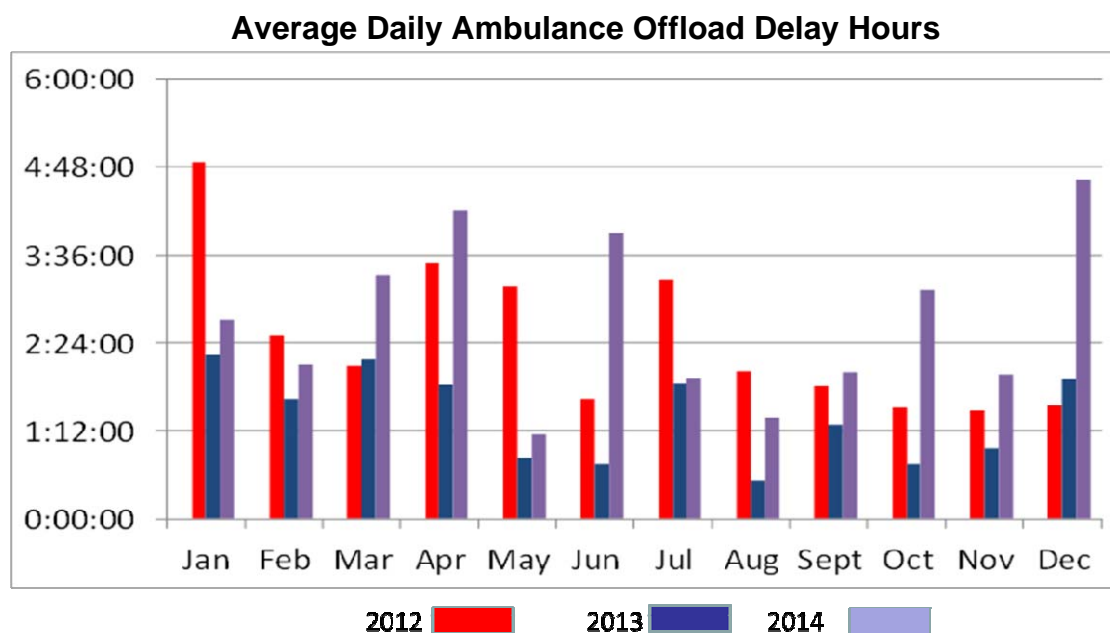


Figure 5

Patient Demographics

It has been frequently recognized that the Peterborough Region is home to a disproportionate number of residents over the age of 65. As expected, this statistic is reflected in the demographics of the patients who received paramedic services in 2014 (Figure 6). Paramedic responses for persons over the age of 65 represent greater than 50% of the total responses. Given the predicted growth of the percentage of the population aged within this age group, it is easily surmised that the call volume increase witnessed over the past 5 years will continue at equal or greater rates of growth well into the foreseeable future.

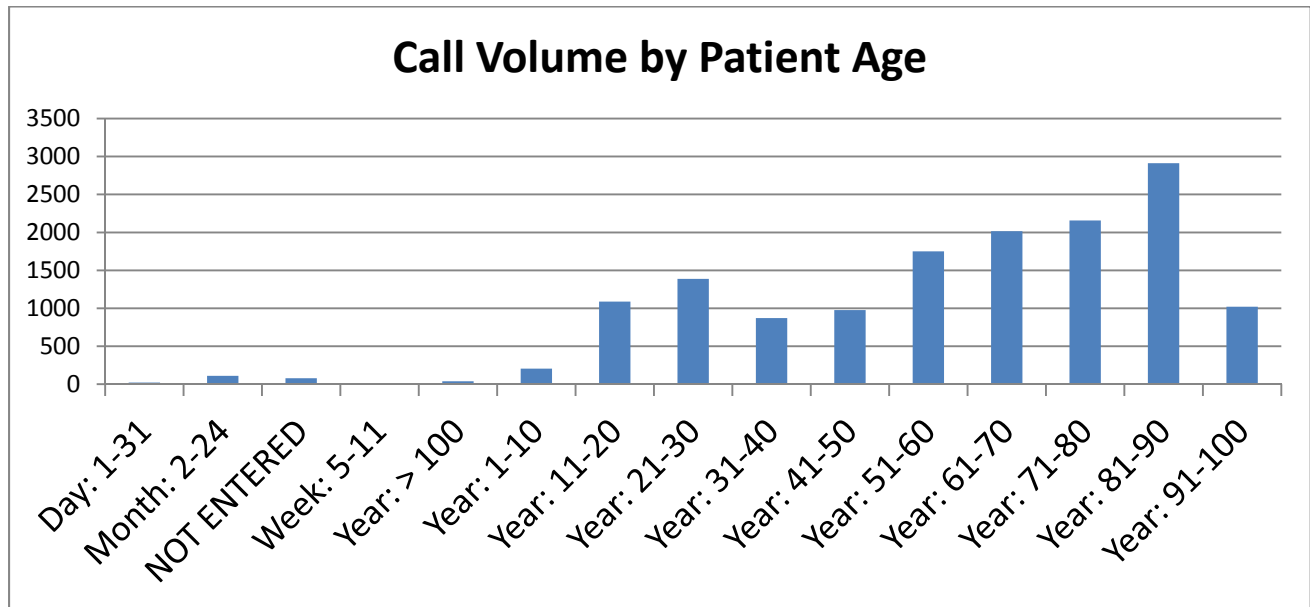


Figure 6
(Source: PCCP Patient record database)

Population Growth and Demographics

Demand for paramedic response or call volume can be associated to a number of factors. Those factors include population demographic composition such as age and health status as well as economic determinants and regional growth and infrastructure. Figure 7 demonstrates an apparent correlation of call volume to population growth.

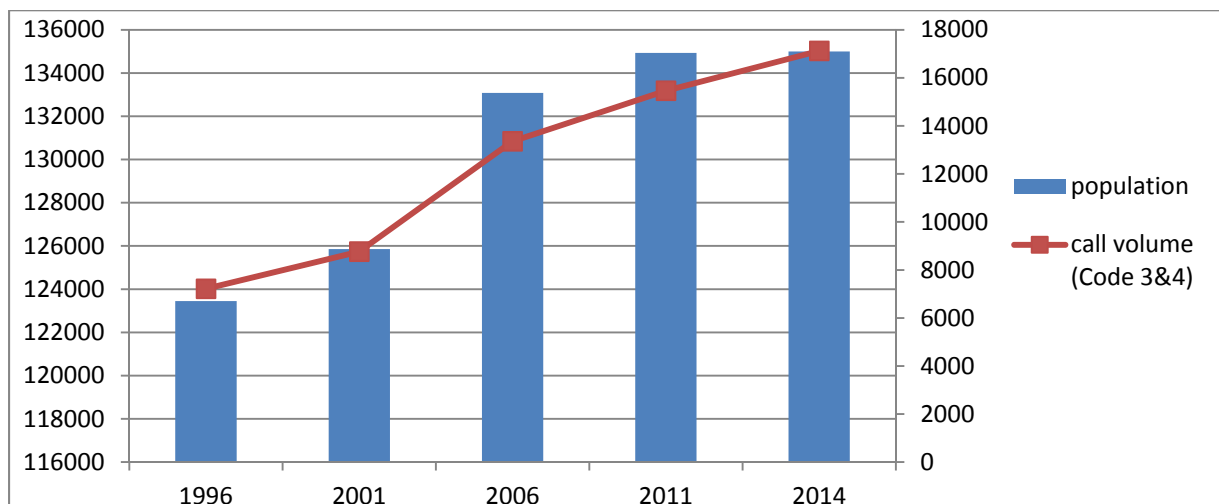


Figure 7
(Source: Stats Can & MOH ADRS/ADDAS database)

While population growth can be assumed to be correlated to call volume growth, resource planning cannot be based solely on that assumption. As Figure 8

demonstrates, the Peterborough region can expect a significant and disproportionate growth in the more senior age groups. As demonstrated above in Figure 6, this portion of the population demographic accounts for a significantly higher portion of paramedic responses. Therefore this predicted growth is likely to disproportionately increase the demand for paramedic services.

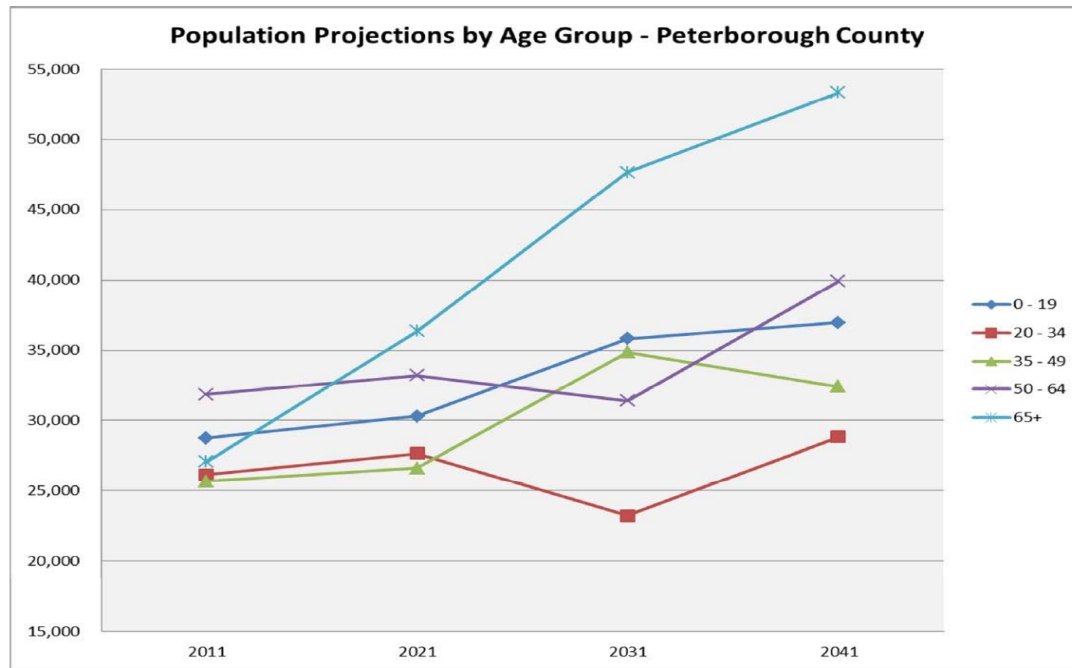


Figure 8

(Source: Peterborough 2014 – Peterborough Social Planning Council)

Current or potential developments within the County, City and the broader region may prove to be significant drivers of future population and employment growth in the Peterborough region. A brief example of these projects might include:

- Expansion of Municipal water and sewer to accommodate growth in Millbrook
- Current planned Millbrook subdivision including 351 units
- Major residential plans in City of Peterborough
- Highway 407 extension
- Peterborough Airport growth
- Peterborough – Toronto Commuter Railway

While the exact scale and degree to which these developments may ultimately influence the growth of the Peterborough region is currently unknown, it is prudent to consider the impact of these potential drivers as a component of future facility and resource needs analysis.

Summary:

PCCP remains committed to continual analysis of performance and seeks system improvement opportunities. Throughout 2015 the department will continue to examine response statistics, system pressures and where necessary adjust deployment in order to continue to deliver paramedic services that meet the needs of the residents and stakeholders of the community.

Unfortunately, this planning process of establishing resource needs based on historical trends can be described as a reactive process at best. Through this process, demand must first exist prior to resource planning being developed. As such, this reactive process most often results in sub-optimal performance and an inability to strategically plan to meet impending future needs.

In keeping with the goals of the County Strategic Plan, there is a need for a more detailed and wholesome analysis in order to best prepare the County and PCCP to meet those future challenges. Such analysis would include not only retrospective data analysis but would also analyse drivers of service demand such as demographic composition, health status, economic determinants and public expectation. Analysis of these growth factors will not only provide for a much more effective and strategic approach to resource planning but will also provide Council with a more informed position to logically approve and implement the legislatively required Response Time Performance Plans.

In order to address this need for analysis and to provide a strategic tool to align resource requirements with patient demand and ensure optimal investments in capital projects, PCCP Administration is recommending that a Request for Proposal be issued for a comprehensive Paramedic Services 10 Year Resources and Facilities Master Plan.

Financial Implications:

As this project is of significant concern and potential impact to both the County and City of Peterborough, a funding strategy that recognizes shared responsibility must be considered. To that end, it is recommended that the RFP be issued in October of 2015 with project completion in early 2016. This timing will allow for both the County and City to contemplate methods to address the cost within the 2016 Operational Budget. Specific strategies for addressing the County responsibility will be addressed within the County's Reserve Plan which is proposed to be presented in June of 2015.

Respectfully submitted,

Original signed by

Randy Mellow, Chief of Paramedics