

To: Warden and Members of County Council

From: Director of Corporate Services

Business Plan and Budget Review – Q2 2023

RECOMMENDATIONS

1. That Report CS 2023-26 entitled “Business Plan and Budget Review – Q2 2023”, be received;
2. And further, that staff be authorized to proceed with implementing the incremental full-time equivalent positions as presented in Attachment 5 including:
 - a. 1.0 Permanent FTE - Infection Prevention and Control (IPAC) Funding – BI 2023-08;
 - b. 1.0 Temporary FTE – Integrated Program Support – BI 2023-09; and
 - c. 4.0 Temporary FTE – Family Transitions Program 2023-24 – BI 2023-10.

REPORT HIGHLIGHTS

- Delivery of the 2023 goals and objectives is progressing as planned
- June 30, 2023 forecasted year-end overall surplus of \$979,097 comprised of:
 - County general levy surplus of \$1,452,586
 - Library levy deficit of \$31,182
 - Water and wastewater system deficit of \$226,914
 - Special Program reserve deficit of \$215,393 – allocated to/from program reserves for fleet, facilities, housing and waste collection

Implementation Points

Staff will continue to monitor rising inflation’s impact on the County’s budget and services and take appropriate action where required. The next financial update for Council will be in November for the period ending September 30, 2023.

Financial Impact

This report is based on information Finance staff have compiled from the financial systems and input received from each of the respective departments. The year to date financial activity as presented in this report anticipates a overall surplus at year-end.







Attached to this report as Attachment 1 is the Q2 2023 Overall Forecast Variance as at June 30, 2023. The forecast figures suggest an overall operating surplus of \$979,097 - surplus of \$1,452,586 in the general levy; \$31,182 deficit in the library levy; a deficit of \$226,914 for the water and wastewater systems; and an overall deficit of \$215,393 for program reserves.

The financial estimates contained in this report are to be considered qualified as they are based on information available at a point in time and are subject to change significantly within a short period of time due to the dynamic nature of the current economy.

Communications

This report is intended to update Council on the progress on business plan goals and financial impacts and funding received to date. Through *Council this Week*, a summary of this report is also being provided to the public.

Strategic Plan (2020-2022)

					
WORKS WELL TOGETHER	WELL CONNECTED	SHAPES THE FUTURE	INFORMS & ENGAGES	PERFORMS & DELIVERS	POSITIVE IMPACT
		3.ii. 3.iii.		5.ii.	

DISCUSSION

Background

In accordance with the reporting provisions contained within the Long Term Financial Sustainability Plan, staff have prepared progress updates for each of the approved goals and objectives within their business plans, accompanied by budget variance report annotated to explain significant variances as of June 30, 2023.

Comments

Financial Operating Forecast

Attachment 1 to this report provides a financial summary of the forecasted surplus (or deficit) by division. At June 30, 2023 forecasted year-end overall surplus is \$979,097, which is comprised of:

- County general levy surplus of \$1,452,586;
- Library levy deficit of \$31,182;
- Water and wastewater system deficit of \$226,914 – allocated to/from four water and eleven wastewater reserves

- Program reserve deficit of \$215,393 – allocated to/from four program reserves - fleet, facilities, housing and waste collection.

The overall surplus of \$979,097 reflects the impact of higher interest rates, and increased funding in long-term care previously funded by the levy. Although there is an overall surplus position, some notable variances are outlined below:

- \$1.8 M net investment income
- \$0.2 M water and wastewater rates income
- \$(0.2 M) water and wastewater chemicals
- \$(0.5 M) increased WSIB claims costs in Woodingford Lodge and Paramedic Services
- \$(0.9 M) development charge exemptions (further context provided below)
- \$(0.1 M) gas heating expenses due to rising energy costs
- \$0.5 M in approved budget impacts detail in Table 2

County staff are currently collecting and reviewing Development Charge exemption information for Q1 and Q2 from area municipalities. The cost of development charge exemptions to be funded by user rates/fees or taxation based on information received to date are illustrated in Table 1. While it is difficult to project the total exemptions anticipated to be funded for 2023; additional analysis on exemptions is being completed through the 2024 Development Charges Background Study to estimate annual exemption amounts with a higher confidence level.

Table 1 – 2023 Development Charge Exemptions to date

Exemption Category	County	Library	Water	Wastewater	Total
Industrial buildings	\$27,486	\$903	\$3,512	\$13,958	\$45,859
Farm buildings	17,730	582	-	-	18,312
Municipal buildings	265,668	8,728	449,690	-	724,086
Board of Education	2,104	69	-	-	2,173
Rental Discount	31,996	-	17,441	31,409	80,846
Total	\$344,984	\$10,282	\$470,643	\$45,367	\$871,276

The 2023 budget included a salary gapping provision of \$550,000. The year to date salary and benefit forecasts continue to be monitored to assess the impacts of gapping. At this time, the gapping provision is expected to be a fair representation of the overall salaries and benefits underspent by year end.

Supplementary tables to the respective budget update reports include in-year budget transfers approved by the CAO in accordance with Purchasing Policy No. 6.07, in response to projects that exceed the approved budget provision. In addition, these supplementary tables report emergency purchases incurred. A summary of these approved transfers and emergency purchases incurred to date with more details are to be found in Attachment 2.

As the Municipal Act does not allow municipalities to carry a deficit, when a deficit occurs it must be funded in the following year’s budget – meaning it must be funded through the levy or existing reserves. The planned adjustments to reserves have sufficient balances to fund this year’s projected deficits.

Financial Capital Forecast

The Q2 2023 Capital Plan Review, attached as Attachment 3, illustrates the 2023 approved capital budget (including in-year approved budget transfers, and forecast carry-forward variances from the prior year); forecasts; and, projected year end variances for each project. The projected overall variance for year end is estimated to be a surplus of approximately \$4.3 million or 4.3% of the revised budget. Supply shortages are contributing to the delay in completing projects.

Q2 Business Plan and Budget Division Updates

Attachment 4 of this report provides Q2 2023 business plan updates by division including comments prepared by the respective departments.

Budget Impacts Update

Oxford County’s 2023 Budget was passed on January 11, 2023. The budget, including provincial funding, was estimated using the best available information at the time. Subsequent to budget approval, the province has released new information impacting the County’s 2023 budget and specific services. This is a common occurrence as the Municipal and Provincial fiscal years do not align, with the Provincial year end being March 31 while the municipal year end is December 31.

On May 10, 2023, Report No. CS 2023-15 was presented to Council summarizing new or additional funding announcements known at that the time. Subsequently, additional information and initiatives have come forward with detailed descriptions of the budget impacts illustrated in Attachment 5 to this Report and summarized in Table 2 below.

Table 2 – Budget Impact Update to 2023 Budget

#	Report	Description	Division	2023 Provincial Funding Increase	2023 Projected Levy Savings
1	CS 2023-15	<i>Family Transitions - Local Priorities Fund</i>	<i>Woodingford Lodge</i>	\$36,500	\$27,000
2	CS 2023-15	<i>RN, RPN, and PSW Staffing Supplement</i>	<i>Woodingford Lodge</i>	420,768	420,768 ¹
3	CS 2023-15	<i>AHP Staffing Supplement</i>	<i>Woodingford Lodge</i>	40,122	37,944

#	Report	Description	Division	2023 Provincial Funding Increase	2023 Projected Levy Savings
		<i>Resident Health and Well-Being Program</i>	<i>Woodingford Lodge</i>	34,722	
4	CS 2023-15	<i>Supporting Professional Growth Fund</i>	<i>Woodingford Lodge</i>	2,841	-
5	CS 2023-15	<i>Long-term Care Level of Care</i>	<i>Woodingford Lodge</i>	349	349
6	CS 2023-15	<i>Early Learning and Child Care</i>	<i>Child Care</i>	153,178	-
		<i>Canada-Wide Early Learning and Child Care Agreement</i>	<i>Child Care</i>	3,922,296	
		<i>Mental Health Support</i>	<i>Child Care</i>	21,028	
7	CS 2023-15	<i>Zero Emission Vehicle Infrastructure Program</i>	<i>Facilities</i>	360,000	-
8	BI 2023-08	<i>IPAC Leads Personnel and Education</i>	<i>Woodingford Lodge</i>	242,325	56,819
9	BI 2023-09	<i>Integrated Program Support</i>	<i>Human Services</i>	-	-
10	BI 2023-10	<i>Family Transitions - Local Priorities Fund 2023-24</i>	<i>Woodingford Lodge</i>	336,840	-
				\$5,570,969	\$542,880

Note 1 – These funds would also be available in the event that the Woodingford Lodge Master Plan identifies additional staffing resource requirements within the fiscal year, subject to Council approval.

Southwestern Public Health

Oxford County, City of St. Thomas and Elgin County are municipal funding partners for the Southwestern Public Health (SWPH), on a cost shared basis with the Ministry of Health and Long Term Care. The Ministry provides the majority of the funding for public health services across the province. The demand on public health services to address the pandemic, mental health and addictions are imposing a significant financial impact on public health services.

At the Board of Health meeting held on June 22, the Board considered further investments to address declining population health in the wake of COVID-19, with the following resolution was passed:

“That the Board of Health for Southwestern Public Health approve the Further Investments in Public Health Priorities Report for June 22, 2023.”

In response, SWPH will request that the Ministry of Health commit to including the additional costs in annual base funding for this mandatory program work. Given that previous provincial funding increases (except COVID-19 monies) have not been approved for the public health sector, the Board of Health anticipates the full increase to be applied to the municipal levy. As such, the revised SWPH Board of Health levy for Oxford County is an additional \$143,697.

Modernization Funding

Between 2019 and 2021, the Ministry of Municipal Affairs and Housing (MMAH) announced 3 phases of one-time grants for municipalities intended to help modernize service delivery and reduce future costs by investing in projects: service delivery reviews, development of shared services agreements, and capital. Phase 1 Modernization grant was unconditional, where Phase 2 and 3 were application-based.

The following tables identify the projects approved under each of the three MMF funding intakes, including brief status updates; financial expenditures incurred to date; and, approved project costs.

Table 3 - MMF Initial Allocation of \$725,000

Modernization Project	Project Approval ¹	Life to Date Actuals	Divisional Project Update
Tourism – In Market Visitor Information Signage <i>[CS 2020-46]</i>	\$70,000	\$17,329	On-going Est. Comp- Q4 2023 Downtown Woodstock signage installed. Meetings held with hotels, Town of Ingersoll and Zorra Township to start signage process
Roads – GPS/AVL and Road Patrol Compliance Software Evaluation <i>[CS 2020-46]</i>	1,384	1,384	Complete
Waste Management - Weigh Scale Software Optimization <i>[CS 2020-46]</i>	173,314	162,612	On-going Est. Comp- Q4 2023 Software procurement is complete; customer web based reporting and payment module to be fully implemented by end of 2023.
Information Services – Mobile Solution for CloudPermit (Building Inspections) <i>[CS 2020-46]</i>	72,448	72,448	Complete
Information Services – Requirements for CloudPermit – Community Planning <i>[CS 2020-46]</i>	100,000	74,014	On-going Est. Comp- Q4 2023 Implementation is proceeding with expected completion in Q4 of 2023.

¹ Includes provincial modernization funding, and budget transfers

Modernization Project	Project Approval¹	Life to Date Actuals	Divisional Project Update
Woodingford Lodge – Visual Enhancement for Resident Dining & Meal Choices <i>[CS 2020-46]</i>	37,147	37,147	Complete
Paramedic Services – Real-Time Data CAD Integration <i>[CS 2020-46]</i>	33,886	33,886	Complete
Human Resources – HRIS Configuration and Implementation <i>[CS 2020-46]</i>	47,768	47,768	Complete
Information Services – Drone <i>[2021 Budget]</i>	39,201	39,201	Complete
General – Joint Service Delivery Review <i>[CS 2019-04]</i>	20,000	20,000	Complete
Human Resources – Scheduling Software Configuration and Implementation <i>[CS 2021-14]</i>	27,998	27,998	Complete
Uncommitted – Project Savings Realized	70,183	-	To be allocated to MMF project overruns
	693,329	533,788	
Transferred to MMF Intake 2 Projects	28,405	-	
Transferred to MMF Intake 3 Projects	3,266	-	
	\$725,000	\$533,788	

Table 4 – MMF Intake 2 Projects

Modernization Project Proposals [CS 2021-14]	Project Approval²	Life to Date Actuals	Divisional Project Update
Finance - Review Feasibility of Digital Accounts Payable Process	\$35,565	\$35,565	Complete
Information Services – Public Websites Modernization	180,240	157,834	Complete
Information Services – Road and Address GIS Data Transformation	167,800	126,620	Complete
Water and Wastewater – Operations and Maintenance Service Delivery Review	101,719	101,719	Complete

² Includes provincial modernization funding, budget transfers, and required County cost shared portion where applicable

Modernization Project Proposals [CS 2021-14]	Project Approval²	Life to Date Actuals	Divisional Project Update
Roads - Operations and Maintenance Service Delivery Review	141,121	141,121	Complete
Paramedic Services – Deployment Review	150,000	131,270	Complete
	\$776,445	\$694,129	

Table 5 – MMF Intake 3 Projects

Modernization Project Proposals [CS 2021-38]	Project Approval	Life to Date Actuals	Divisional Project Update
Human Resources - Digitizing Disability Management	\$44,266	\$44,266	Complete
Finance - Accounts Payable Digitization Implementation	285,000	11,497	On-going <i>Est. Comp- Dec 2023</i> Project completion delayed pending selected automated process identification (API) software solution integration with Great Plains financial system; integration planning is now underway.
Woodingford Lodge - Automated Scheduling Solution for Long Term Care	61,588	61,588	Complete
Clerks - Modernizing Access to Archival Records	22,700	22,611	Complete
Paramedic Services - Emergency Notification and Communication Software	19,500	8,868	On-going <i>Est. Comp- Dec 2023</i> Oxford County Paramedic Services has acquired the Everbridge software application, a communications tool enabling area municipalities to respond to and deploy resources more efficiently in an emergency or disaster. The program administrator training has been completed, as well as the system configuration, which includes mapping the software to the local area. Some organizations have been onboarded and have successfully launched local notification systems. Oxford County Paramedic Services recently filled a position for an Emergency Management Coordinator, who will continue to roll out the program to our community partners. The project is on schedule for a December 1, 2023, completion date.

Modernization Project Proposals [CS 2021-38]	Project Approval	Life to Date Actuals	Divisional Project Update
Woodingford Lodge - Nutritional Services Review	95,000	50,880	Complete
Housing - Subsidized Housing Operations Optimization Review	35,362	35,362	Complete
Clerks - Digital Risk Management and Information System	48,000	45,257	Complete
	\$611,416	\$271,474	

In summary, there are 25 modernization projects supported by provincial funding: 20 projects are completed; 5 projects are in progress with anticipated completion in 2023.

Safe Restart Agreement and Provincial COVID-19 Recovery Funding

The County’s COVID related costs were fully funded for years 2020 to 2022. The County received \$3.5 million as part of the Federal-Provincial Safe Restart grant, and \$1.2 million as part of the Provincial COVID-19 Recovery Funding for Municipalities in 2021. The County has utilized \$714,696 to offset COVID related operating costs from 2020 to 2022; and is forecasting to utilize \$1,267,031 in 2023. In accordance with direction from the Ministry, since funding exceeded COVID-19 related costs to date, the residual funding has been allocated to a dedicated reserve for use in 2023.

Table 6 – Safe Restart Agreement Fund and Provincial COVID-19 Recovery Funding Continuity

	Opening Balance	Revenue	Expenses	Closing Balance
2020	\$-	\$3,502,100	\$169,504	\$3,332,596
2021	3,332,596	1,244,656	281,788	4,295,464
2022	4,295,464	-	263,404	4,032,060
2023 – Forecast	4,032,060	-	2,765,029	1,267,031
		\$4,746,756	\$3,479,725	

Conclusions

Overall, the 2023 second quarter reports indicate that the County’s current financial position is positive. Staff will continue to assess alternative courses of action to mitigate the budget impacts which will include, but not be limited to, finding efficiencies and opportunities for the balance of 2023 and in preparation for the 2024 Business Plans and Budget.

SIGNATURES

Report Author:

Original signed by

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Manager of Finance

Departmental Approval:

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Lynn S. Buchner, CPA, CGA
Director of Corporate Services

Approved for submission:

Original signed by

Benjamin R. Addley
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ATTACHMENTS

- Attachment 1 – Q2 2023 Overall Forecast Variance
- Attachment 2 – Approved Transfers and Emergency Purchases Summary
- Attachment 3 – Q2 2023 Capital Plan Review
- Attachment 4 – Q2 2023 Business Plan Update by Division
- Attachment 5 – Budget Impact Report BI2023-08 to BI2023-10