

**To: Warden and Members of County Council**

**From: Director of Corporate Services**

## **Business Plan and Budget Review – Q1 2021**

### **RECOMMENDATION**

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1. That Report CS 2021-20 entitled “Business Plan and Budget Review – Q1 2021”, be received for information.

### **REPORT HIGHLIGHTS**

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- Delivery of the 2021 goals and objectives is progressing as planned with some delays due to COVID response
- Update regarding service level impacts of the ongoing COVID-19 pandemic on County services
- At March 31, 2021 forecasted year-end overall surplus of \$134,116, comprised of:
  - County general levy deficit of \$84,318;
  - Library surplus of \$225,494;
  - Water and wastewater system deficit of \$555,160
  - Specific Program reserve surplus of \$548,100

### **Implementation Points**

Staff will continue to monitor the ongoing pandemic’s impact on County services and take appropriate action where required. The next financial update for Council will be in August for the period ending June 30, 2021.

### **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 surplus year-end financial results.

Attached to this report as Attachment 2 is the Q1 2021 Overall Forecast Variance and COVID-19 Financial Update for the period ending March 31, 2021. The forecast figures suggest an overall operating surplus of \$134,116 - deficit of \$84,318 in the general levy; \$225,494 surplus in the library levy; a deficit of \$555,160 for the water and wastewater systems; and an overall

surplus of \$548,100 for program reserves. Attachment 4 to this report provides more detailed information regarding the variances.







The Treasurer has reviewed this report and qualifies the financial estimates 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 pandemic.

## Communications

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

Property owners who received one-year deferrals in 2020 for payment of water and wastewater mandatory connection charges will receive notices of the upcoming due dates. Similarly, billings for new water and/or wastewater services charges deferred in 2020 will resume upon their respective expiry dates in 2021 as set out in the Comments section below.

## Strategic Plan (2015-2018)

					
<b>WORKS WELL TOGETHER</b>	<b>WELL CONNECTED</b>	<b>SHAPES THE FUTURE</b>	<b>INFORMS &amp; ENGAGES</b>	<b>PERFORMS &amp; DELIVERS</b>	<b>POSITIVE IMPACT</b>
		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 reports annotated to explain significant variances as of March 31, 2021.

On March 17, 2020, Ontario's Premier declared a provincial emergency through the authority granted under the *Emergency Management and Civil Protection Act* (EMCPA). Operations across all County departments have been affected by the pandemic and have modified services by introducing measures to assist in reducing the spread. This report also serves to provide a regular report of the financial implications and steps taken to respond to and recover from the effects of COVID-19.

## Comments

### Provincial COVID-19 Related Funding

The Federal and Provincial Governments have been supportive of the impacts of the pandemic on municipal services. An itemized list of 2020-2022 COVID-19 funding, either received or recognized as of the date of this report, is provided in Attachment 1 totalling \$17,826,435. These Federal and Provincial funds have been reflected in the forecasts contained in this report, annotated to identify conditions such as reimbursing unspent funds where applicable.

In total, there are 19 different funding programs, represented by 44 funding allocations, supporting programs, supplies and services related to COVID-19 response and recovery.

### Financial Operating Forecast

Attachment 2 to this report provides a financial summary of the forecasted surplus (or deficit) by division. At March 31, 2021, 2021 forecasted year-end overall surplus is \$134,116, which is comprised of:

- County general levy deficit of \$84,318;
- Library surplus of \$225,494;
- Water and wastewater system deficit of \$555,160 – allocated to four water and eleven wastewater reserves
- Program reserve surplus of \$548,100 – allocated to six program reserves - fleet, facilities, housing, waste collection, source water protection and Woodlands

Also summarized in Attachment 2 are the total COVID-19 expenses which are forecasted to be \$8.48 million in 2021; \$8.23 million is funded from either service recovery fees, or dedicated grant funding (Attachment 1); with the remaining funding forecasted to be funded with the Safe Restart Agreement (SRA) grant. This funding is expected to be utilized to address operating pressures and local needs related to COVID-19.

In accordance with direction from the Ministry, since the SRA funding exceeded the 2020 COVID-19 related costs, the residual funding has been allocated to a dedicated reserve for use in 2021 as required. Table 1 below, illustrates a forecasted \$4.32 million available to fund future COVID-19 operating pressures and local needs.

**Table 1 – Safe Restart Agreement Fund Continuity**

	<b>Opening Balance</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Closing Balance</b>
2020	\$-	\$3,502,100	\$169,504	\$3,332,596
2021 - Forecast	3,332,596	1,244,656	252,832	4,324,420
		<b>\$4,746,756</b>	<b>\$422,336</b>	

Due to the fluidity of the situation it is challenging to accurately quantify the potential financial impacts that may result over an undefined period of time, therefore forecast estimates have been prepared on the basis of information available at the time of this report and are subject to change as COVID-19 ensues and provincial and local directives change to respond.

### Financial Capital Forecast

The Q1 2021 Capital Plan Review, attached as Attachment 3, illustrates the 2021 approved capital budget (including in-year approved budget transfers); forecasts (including forecast carry-forward variances from the prior year); and, projected year end variances for each project. The projected overall variance for year end is estimated to be a deficit of \$81,215 or 0.1% over the revised budget.

### Q1 Business Plan and Budget Division Updates

Attachment 4 of this report provides Q1 2021 business plan and budget updates by division including comments prepared by the respective departments.

As supplementary tables to the respective budget update reports are in-year budget transfers approved by the CAO between like projects 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 in excess of \$25,000.

Table 2 provides a summary of these approved transfers and emergency purchases incurred to date with more details to be found in Attachment 4.

**Table 2 – Summary of In-Year Transfers and Emergency Purchases**

<b>Division</b>	<b>Project Description</b>	<b>Amount</b>
PW - Facilities	Highland Roads Yard – to resolve avian issues	\$4,538
PW - Facilities	Springford Roads Yard – to resolve avian issues	5,462
WFL	Mechanical lifts	7,000
Wastewater	Emergency Repairs - Tillsonburg Sanitary Sewer Stoney Creek Erosion Protection	180,000
		<b>\$197,000</b>

### 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 are imposing a significant financial impact on public health services. As of the end of 2020, the Ministry responded to these additional costs without impacting our municipal contributions.

As for an early indication of the expected impact on the SWPH 2021 budget and the Ministry's future funding commitment, we anticipate an update following the SWPH Board meeting scheduled for May 17, 2021. This update will be of assistance in determining any additional funding requirements from the municipal partners in 2021.

### Economic Stimulus Fund

In accordance with the County's partnership agreement with Community Futures Oxford (CFO) to administer an Economic Stimulus Fund to support local businesses and non-profit community agencies experiencing financial challenges resulting from the pandemic, a report has been received from CFO dated March 31, 2021. The report indicates that a total of three grants have been approved totalling \$33,995 of the \$90,000 allocated for disbursement in 2021 (matching the total grant disbursement in 2020). A second round of grant applications will be approved in late May.

As for business loans invested in local business recovery from the pandemic, CFO has disbursed 12 loans totalling \$655,000 with another three loans approved for \$120,000. Promotion of the loan portion of the program is ongoing through social media feeds and local radio stations.

### Modernization Funding Update

In March 2019, the MMAH funded a one-time unconditional grant for small and rural municipalities intended to help modernize service delivery and reduce future costs by investing in projects such as: service delivery reviews, development of shared services agreements, and capital. The County's allocation was \$725,000. County Council received Report No. CS 2020-46 titled "Modernization Funding Project Proposals" at their meeting held October 28, 2020 and approved investment of the \$725,000 unconditional Modernization funds to specific projects that will modernize service delivery to gain efficiencies and achieve future savings. An update on the approved projects status is included in Table 3 below.

Table 3 – Wave 1 Modernization Funding Status Update – March 31, 2021

Modernization Project	Approval	Cost to Date	Divisional Project Update
<b>Tourism</b> – In Market Visitor Information Signage [CS 2020-46]	\$70,000	\$7,866	Test phase (Oxford County Cheese Trail Signage) underway. Will be monitored for results as plans begin for other signage and location selection.
<b>Roads</b> – GPS/AVL and Road Patrol Compliance Software Evaluation [CS 2020-46]	10,000	0	Request for Proposals has been released to qualified vendors short listed through Letters of Interest (LOI) selection process
<b>Waste Management</b> - Weigh Scale Software Optimization [CS 2020-46]	200,000	0	Request for Letters of Interest (LOI) and subsequent Request for Proposals (RFP) to be issued to be issued to market vendors in Q2 2021
<b>Information Services</b> – Mobile Solution for AMANDA (Building Inspections) [CS 2020-46]	164,000	16,790	Pilot project substantially implemented in one municipality - project anticipated to under budget
<b>Information Services</b> – Requirements for AMANDA – Community Planning [CS 2020-46]	75,000	0	Pending ongoing pilot of Cloud Permit Planning solution will determine our approach – anticipated completion Q3/Q4
<b>Woodingford Lodge</b> – Visual Enhancement for Resident Dining & Meal Choices [CS 2020-46]	58,660	6,312	Project underway. Items on order and waiting on installation date.
<b>Paramedic Services</b> – Real-Time Data CAD Integration [CS 2020-46]	33,300	3,562	Project has moved from pilot phase to full implementation. Expected to be completed by end of Q2 2021.
<b>Human Resources</b> – HRIS Configuration and Implementation [CS 2020-46]	60,262	19,167	Project in process
<b>Information Services</b> – Drone [2021 Budget]	6,000	0	Planned for Q2/Q3
<b>General</b> – Service Delivery Review [CS 2019-04]	20,000	20,000	Project Complete
<b>Human Resources</b> – Scheduling Software Configuration and Implementation [CS 2021-14]	27,778	0	Project in process
	<b>\$725,000</b>	<b>\$73,697</b>	

In response to the Provincial Government's announcement of the second intake of the Municipal Modernization Program, the County approved seven proposed innovative initiatives that would improve efficiency of services delivery and reduce expenditure growth effectively meeting the eligibility criteria for funding under this program. The proposed projects that were submitted for funding are listed in Table 4 below. The project updates referenced in Table 3 all indicate they are pending approval which are expected to be announced by the Ministry in May 2021.

**Table 4 – Wave 2 Modernization Funding Status Update – March 31, 2021**

<b>Modernization Project Proposals</b>	<b>Total Cost</b>	<b>Funding Request</b>	<b>Divisional Project Update</b>
<b>Finance</b> - Review Feasibility of Digital Accounts Payable Process [CS 2021-14]	\$25,000	\$25,000	Under ministry review, project approvals expected in May 2021
<b>Information Services</b> – Public Websites Modernization [CS 2021-14]	180,240	117,156	Under ministry review, project approvals expected in May 2021
<b>Information Services</b> – Road and Address GIS Data Transformation [CS 2021-14]	167,800	109,070	Under ministry review, project approvals expected in May 2021
<b>Water and Wastewater</b> - Service Delivery Review [CS 2021-14]	100,000	100,000	Under ministry review, project approvals expected in May 2021
<b>Library</b> – RFID Technology Project – Self-Serve Locker System [CS 2021-14]	54,000	35,100	Under ministry review, project approvals expected in May 2021
<b>Roads</b> - Operations and Maintenance Service Delivery Review [CS 2021-14]	125,000	125,000	Under ministry review, project approvals expected in May 2021
<b>Paramedic Services</b> – Deployment Review [CS 2021-14]	150,000	150,000	Under ministry review, project approvals expected in May 2021
	<b>\$802,040</b>	<b>\$661,326</b>	

#### **Water/Wastewater Mandatory Connections and Project Billings**

In May 2020, Council received Report No. CS 2020-16 titled “COVID-19 Financial Relief Measures Update” and in response approved a number of deferrals for water and wastewater mandatory connection deadlines originally set for 2020. As well, there were water and wastewater new or expanded service charges that were planned to be billed in 2020 that were delayed by one year. The following summarizes those deferrals including the impact on water and wastewater revenues.

- The Ingersoll Mutual Street and Park Ave Sewer and Watermain Project serviced eight properties. A mandatory connection date of June 30, 2020 was set in By-law No. 5933-2017 for two properties set-back over 50 metres from the property line. This date was deferred to June 30, 2021 through By-law No. 6223-2020. The financial impact of the

deferral of the mandatory connection to date is approximately \$1,300 in lost revenue for the Ingersoll Water System and approximately \$3,000 in lost revenue for the Ingersoll Wastewater System.

- The first installment for the Mount Elgin Wastewater system was billed in 2013 and a mandatory connection date of September 30, 2020 was set in By-law No. 5509-2013 for those properties with septic systems constructed after 1990. This date was deferred to September 30, 2021 through By-law No. 6223-2020. In addition to the estimated cost of \$6,000 billed in 2013, a second installment of \$6,500 was due after the property connected to the sanitary system or once the mandatory connection date had passed. Eighteen properties were subject to the 2020 mandatory connection date, of which only four have connected to the system. The financial impact of the deferral of the mandatory connection to date is approximately \$21,500 in lost revenue for the Mount Elgin Wastewater System and all 18 properties will be billed their second installment in 2021.
- The County Road 17 projects serviced a total of 7 properties, of which two properties are currently connected to the system. A mandatory connection date of October 31, 2020 was set in By-law No. 6136-2019. This date was deferred to October 31, 2021 through By-law No. 6223-2020. The financial impact of deferring the mandatory connection to date is \$7,100 in lost revenue for the Woodstock Water System.
- In 2019, the County installed new low pressure sanitary sewer services along Dufferin and McKeand Streets in Ingersoll. On February 13, 2020, property owners were sent pre-financing letters informing them of the charges to be billed to their property following Council passing a financing by-law anticipated to occur at the meeting scheduled April 8, 2020. On May 15, 2020, property owners were sent letters informing them that the billing has been delayed until 2021 as a result of the economic impacts created by COVID-19.
- New or expanded water/wastewater servicing projects that were complete with plans to be billed in 2020 were deferred for a year, including projects in Tillsonburg for North Street, Lowrie Crescent, Concession Street and Rouse Street.
  - The new revenue loss to defer these billings for new and/or expended Ingersoll and Tillsonburg projects into 2021 was estimated to be \$118,000.

Unless otherwise directed, staff will proceed with these billings that were deferred by Council in May 2020 to ensure the state of our communities' water and wastewater systems are appropriately funded to meet regulated standards.



## **Conclusions**

Staff will continue to monitor and be prepared to respond to Provincial directives related to County services as they arise, and as we strive to deliver the best possible service to our community. First and foremost, staff will ensure the health and safety of our community and staff is protected by following public health guidelines.

Overall, this report indicates the 2021 County's current COVID costs are fully funded. The remaining federal-provincial funds (SRA) of \$4.3 million assisted in effectively eliminating what would have otherwise been a deficit, with excess funds available for utilization for the remainder of 2021 to offset continuing COVID related operating costs.

## **SIGNATURES**

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### **Report Author:**

Original signed by

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Carolyn King, CPA, CA  
Manager of Finance

### **Departmental Approval:**

Original signed by

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

### **Approved for submission:**

Original signed by

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Michael Duben, B.A., LL.B.  
Chief Administrative Officer

## **ATTACHMENTS**

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Attachment 1 – Q1 2021 2020-2022 COVID Funding Summary  
Attachment 2 – Q1 2021 Overall Forecast Variance and COVID-19 Financial Update  
Attachment 3 – Q1 2021 Capital Plan Review  
Attachment 4 – Q1 2021 Business Plan and Budget Update by Division