

To: Warden and Members of County Council

From: Director of Corporate Services

Business Plan and Budget Review – Q2 2021

RECOMMENDATION

1. That Report CS 2021-27 entitled “Business Plan and Budget Review – Q2 2021”, be received for information.

REPORT HIGHLIGHTS

- 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
- June 30, 2021 forecasted year-end overall deficit of \$158,156 comprised of:
 - County general levy surplus of \$150,918
 - Library surplus of \$239,942
 - Water and wastewater system deficit of \$1,206,840
 - Specific Program reserve surplus of \$657,824

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 November for the period ending September 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 a minor deficit at year-end.

Attached to this report as Attachment 2 is the Q2 2021 Overall Forecast Variance and COVID-19 Financial Update for the period ending June 30, 2021. The forecast figures suggest an overall operating surplus of \$158,156 - surplus of \$150,918 in the general levy; \$239,942 surplus in the library levy; a deficit of \$1,206,840 for the water and wastewater systems; and an







overall surplus of \$657,824 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.

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 reports annotated to explain significant variances as of June 30, 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 \$17,981,500. 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 22 different funding programs, represented by 50 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 June 30, 2021, 2021 forecasted year-end overall deficit is \$158,156 (Q1 - \$134,116 surplus), which is comprised of:

- County general levy surplus of \$150,918 (Q1 - \$84,318 deficit);
- Library surplus of \$239,942 (Q1 - \$225,494 surplus);
- Water and wastewater system deficit of \$1,206,840 (Q1 - \$555,160 deficit) – allocated to four water and eleven wastewater reserves
- Program reserve surplus of \$657,824 (Q1 - \$548,100 surplus) – 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 \$10.02 million in 2021; \$9.08 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 \$3.64 million available to fund future COVID-19 operating pressures and local needs.

Table 1 – Safe Restart Agreement Fund Continuity

| | Opening Balance | Revenue | Expenses | Closing Balance |
|-----------------|----------------------------|--------------------|--------------------|----------------------------|
| 2020 | \$- | \$3,502,100 | \$169,504 | \$3,332,596 |
| 2021 - Forecast | 3,332,596 | 1,244,656 | 938,560 | 3,638,692 |
| | | \$4,746,756 | \$1,108,064 | |

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 Q2 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 surplus of \$452,467 (Q1 - \$81,215 deficit) or 0.6% over the revised budget.

Q1 Business Plan and Budget Division Updates

Attachment 4 of this report provides Q2 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

| Division | Project Description | Amount |
|-----------------|---|------------------|
| 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 |
| WFL | Domestic water pump failure | 100,000 |
| Transportation | Guiderails | 30,000 |
| Water | Assessment of Thornton Feedermain | 170,000 |
| Transportation | Intersection illumination | 25,000 |
| WFL | Landscaping | 30,595 |
| Housing | 272 Harris retaining wall, walkway, and drainage | 181,456 |
| Wastewater | Emergency Repairs - Tillsonburg Sanitary Sewer Stoney Creek Erosion Protection | 180,000 |
| | | \$734,051 |

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 of the date of this report, SWPH anticipate confirmation from the Ministry in August that they will fund all COVID-19 related expenditures. This confirmation 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 June 30, 2021. The report indicates that a total of nine grant applications received this year, five grants have been approved totalling \$60,995 of the \$90,000 allocated for disbursement in 2021 (matching the total grant disbursement in 2020).

As for business loans invested in local business recovery from the pandemic, CFO has disbursed 12 loans totalling \$665,000. Promotion of the loan portion of the program is ongoing through social media feeds, local radio stations, community partners and Economic Development Offices.

Modernization Funding Update

In March 2019, the Ministry of Municipal Affairs and Housing (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 – June 30, 2021

| Modernization Project | Approval | Cost to Date | Divisional Project Update |
|--|------------------|------------------|---|
| Tourism – In Market Visitor Information Signage [CS 2020-46] | \$70,000 | \$8,722 | Test phase (Oxford County Cheese Trail Signage) underway. Monitoring results as plans begin for other signage and location selection. SWOTC Partnership funds secured to cover half the cost of the Cheese Trail signage. |
| Roads – GPS/AVL and Road Patrol Compliance Software Evaluation [CS 2020-46] | 10,000 | 0 | Preferred Vendor has been selected through competitive Request for Proposal process but has not been awarded yet. |
| Waste Management - Weigh Scale Software Optimization [CS 2020-46] | 200,000 | 0 | Request for Proposals has been issued to pre-qualified Vendors. |
| Information Services – 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 |
| Information Services – 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 |
| Woodingford Lodge – Visual Enhancement for Resident Dining & Meal Choices [CS 2020-46] | 58,660 | 6,312 | Project underway. Items on order and waiting on installation date. |
| Paramedic Services – Real-Time Data CAD Integration [CS 2020-46] | 33,300 | 33,886 | Full implementation completed. |
| Human Resources – HRIS Configuration and Implementation [CS 2020-46] | 60,262 | 34,363 | Project in process |
| Information Services – Drone [2021 Budget] | 6,000 | 0 | Planned for Q2/Q3 |
| General – Service Delivery Review [CS 2019-04] | 20,000 | 20,000 | Project complete |
| Human Resources – Scheduling Software Configuration and Implementation [CS 2021-14] | 27,778 | 17,349 | Project in process |
| | \$725,000 | \$137,422 | |

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. An update on the projects status is included in Table 4 below.

Table 4 – Wave 2 Modernization Funding Status Update – June 30, 2021

| Modernization Project Proposals | Total Cost | Funding Request | Divisional Project Update |
|---|-------------------|------------------------|--|
| Finance - Review Feasibility of Digital Accounts Payable Process [CS 2021-14] | \$25,000 | \$25,000 | Project approved – RFP issued |
| Information Services – Public Websites Modernization [CS 2021-14] | 180,240 | 117,156 | Ministry approval pending more information – supplementary information has been provided |
| Information Services – Road and Address GIS Data Transformation [CS 2021-14] | 167,800 | 109,070 | Ministry approval pending more information – supplementary information has been provided |
| Water and Wastewater - Service Delivery Review [CS 2021-14] | 100,000 | 100,000 | Project approved – RFP issued |
| Library – RFID Technology Project – Self-Serve Locker System [CS 2021-14] | 54,000 | 35,100 | Project not approved – deemed a major capital expenditure therefore ineligible |
| Roads - Operations and Maintenance Service Delivery Review [CS 2021-14] | 125,000 | 125,000 | Project approved – RFP issued |
| Paramedic Services – Deployment Review [CS 2021-14] | 150,000 | 150,000 | Project approved |
| | \$802,040 | \$661,326 | |

The four third party review stream projects are required to be completed by November 30, 2021 while the two implementation related projects that are pending approval must conclude by September 30, 2022. Further updates regarding the status of these projects will be provided as of September 30, 2021, or earlier if deemed appropriate.

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 \$3.6 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

Report Author:

Original signed by

Carolyn King, CPA, CA
Manager of Finance

Departmental Approval:

Original signed by

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

Approved for submission:

Original signed by

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

ATTACHMENTS

Attachment 1 – Q2 2021 2020-2022 COVID Funding Summary
Attachment 2 – Q2 2021 Overall Forecast Variance and COVID-19 Financial Update
Attachment 3 – Q2 2021 Capital Plan Review
Attachment 4 – Q2 2021 Business Plan and Budget Update by Division