

To: Warden and Members of County Council

From: Director of Corporate Services

2023 Business Plans and Budget

RECOMMENDATION

1. That the 2023 preliminary budget information package be received for discussion purposes.

REPORT HIGHLIGHTS

- 2023 County general levy \$70.3 million – 5.7% increase over 2022
- 2023 Library levy \$4.3 million – 5.6% increase over 2022
- 2023 Court Security Grant levy – \$10,276 – 80.1% decrease from 2022
- \$84.0 million financed capital plan – 31.5% increase over 2022
- 13 new initiatives to advance the Strategic Plan
- \$53.1 million contributions to capital reserves for Asset Management purposes
 - \$17.4 million related to General Levy – increase of \$1.2 million
 - \$0.1 million related to Library Levy – increase of \$17,000 which is offset by retirement of debt obligation payments in 2023
 - \$6.5 million related to wastewater reserves – reduction of \$0.5 million from 2022
 - \$6.7 million related to water reserves – reduction of \$0.5 million from 2022
 - \$5.9 million in interest revenue allocation
 - \$0.6 million in development charge exemptions funded from levy and rates
 - \$8.6 million in capital grants
 - \$7.3 million in development charge revenues collected

Implementation Points

The proposed schedule for presentations of draft 2023 business plans and budgets is set out in Table 1.

Table 1 – 2023 Budget Meeting Schedule

Budget Meeting	Date	Time	
Special Council Meeting #1	Wednesday, November 30, 2022	9:00am - 12:00pm	
Special Council Meeting #2	Monday, December 5, 2022	9:00am - 12:00pm	
Regular Council Meeting	Wednesday, January 11, 2023	9:30am -	*

* Special budget meeting falls on a regular Council meeting date.

Further discussion will take place in regards to scheduling any supplementary budget meetings that may be required with a goal to adopt the 2023 budget on **Wednesday, January 11, 2023** at the regular scheduled Council meeting.

The Senior Management Team will present the business plans and budgets as outlined in Table 2.

Table 2 – 2023 Budget Meeting Objectives

Wednesday, November 30, 2022 – Special Meeting
Process overview/Budget Summary
Capital budget
Departmental budgets
Monday, December 5, 2022 – Special Meeting
Departmental budgets continued
Council discussion and deliberations
Wednesday, January 11, 2023 – Regular Council Meeting
Final deliberations and consideration of amending motions

Budget deliberations are planned to take place during an open session of Council to allow Council the opportunity to present resolutions to advance the budget approval process. These resolutions may include, but not necessarily limited to the following, or may be variations of the following:

That Oxford County 2023 Business Plans be adopted as amended;

And further, that Oxford County Council approves the 2023 Budget with a general purpose levy of \$_____;

And further, that Oxford County Council approves a 2023 special levy for Library purposes in the amount of \$_____, levied against all area municipalities with the exception of the City of Woodstock;

And further, that Oxford County Council approves a 2023 special levy to fund a Woodstock Police Services Grant for court security and prisoner transportation services in the amount of \$_____, levied against all area municipalities with the exception of the City of Woodstock;

And further, that Oxford County Council approves the following 2023 grants requests, totalling \$_____;

And further, that following grant requests, totalling \$_____, be funded under the Oxford County Youth Initiatives grant of \$_____;

And further, that a by-law to adopt the estimated expenditures for the year 2023 as set out in Report No. CS _____ be presented to Council for enactment at their regular meeting scheduled for January 25, 2023;

And further, that staff be authorized to proceed with implementing the incremental full-time equivalent positions as presented in the Full-time Equivalent Plan as part of the 2023 Preliminary Budget Information and further explained in Report No. CS (CS) 2022-39.

Financial Impact

The financial impacts as presented in this report are reflected in more detail in the 2023 Preliminary Budget Information package attached as Attachment 1.







Communications

A collaborative area municipal online survey is typically launched in June in advance of the business plan and budget development. The survey is designed to provide residents and business owners in the community an opportunity to express their opinion and participate in forming the County's budget priorities. A joint survey with the Area Municipalities for the 2023 budget was not undertaken this year due staff resource commitments to preparing for the municipal election. Consideration will be given in the 2023 Business Plan and Budget to resume a collaborative budget survey with our Area Municipalities for the 2024 budget.

The release of the Draft 2023 Business Plan and Budget, and information about how residents can stay informed throughout the budget process, will be promoted through media channels, social media and the County website. Residents will be invited to watch special budget meetings online as they are taking place. After each special budget meeting, presentations and video recordings will be posted on the County website and promoted through social media. Residents will also have the option to ask a question through *Speak Up, Oxford!* over the course of the budget deliberation process.

Notification will also be shared with Area Municipal CAOs and Treasurers and Chambers of Commerce informing them of release draft of the Draft 2023 Business Plan and Budget.

Strategic Plan (2020-2022)

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

DISCUSSION

Background

The 2023 Draft Budget proposes a levy requirement of \$70,317,804 for general purposes; a levy requirement of \$4,288,199 for library - benefitting seven of the eight Area Municipalities (excluding Woodstock); and, a special levy of \$10,276 for court security and prisoner transportation for seven of the eight Area Municipalities (excluding Woodstock) to fund a grant for the City of Woodstock. The 2023 proposed levies represent increases of 5.7% for general purposes, 5.6% for libraries, and a decrease of 80.1% for court security and prisoner transportation.

Comments

Overview

The 2023 draft budget process begins with the preparation of business plans by each department. Finance staff then provides assistance to each department in developing the base budget reflecting non-discretionary adjustments to service levels approved by Council in the prior year. Staff then consider the goals and objectives proposed within their respective business plans and determine the following impacts: one-time items; service level impacts; operating impacts of capital and, new initiatives that will affect the base budget in addition to the non-discretionary impacts, including changes in provincial funding.

Senior Management Team (SMT) then peer reviews the draft business plan and budget submissions of all departments, including proposed service level changes, FTE changes, new initiatives and impact on taxation. The 2023 base budget increase of 3.8% is significantly less than the year over year consumer price index increase of 6.9%.

Table 3 identifies the funding sources for the budget impacts that are included in the draft budget and how they impact the base budget. The illustration indicates that the base budget levy requirement represents a 3.8% increase over the prior year's levy. Refer to pages 65 to 70 of the 2023 Draft Budget information package for more details on the table below.

Table 3 – 2023 Budget Impact Funding Sources (consolidated budget)

Draft Budget Impacts	Total	Reserves	Other	Rates	Taxation	%
Non-recurring	\$ 419,288	\$ 487,706	\$17,938	\$73,000	(\$159,356)	(0.2%)
Service Level	2,767,865	274,000	1,057,121	339,614	1,097,130	1.6%
New Initiatives	5,262,667	4,513,559	273,368	(49,708)	525,449	0.7%
Initiative Gapping	(3,091,060)	(2,662,110)	-	(250,476)	(178,474)	(0.3%)
COVID-19	519,961	-	519,961	-	-	0.0%
In-year Approval/ Carryover	2,785,528	2,635,500	150,028	-	-	0.0%
Total	8,664,249	5,248,655	2,018,416	112,430	1,284,748	1.8%
Draft levy increase over prior year					3,951,167	5.6%
Base Budget increase*					\$2,666,419	3.8%

* Includes increase in asset management plan capital transfers of \$1,150,018, which is comprised of:

- **\$140,250** for Social Housing Facilities
- **\$609,768** for Paramedic Services Fleet & Equipment
- **\$400,000** for Roads

Initiative gapping is the impact of a new initiative or service level change that is phased in during 2023. The full-year impact of the change is included in the service level or new initiative, with the gapping accounting for the partial year impact. The cumulative impact of these adjustments, will add \$178,474 into the 2024 base budget levy.

New initiatives proposed in the 2023 draft budget are described in Table 4.

Table 4 – 2023 New Initiatives

#	New Initiative	Investment	Page
1	Agricultural Plastic Diversion Pilot Program	\$20,500	127
2	Early Compactor Replacement Procurement	\$2,075,910	133
3	Curbside Large Article Collection in Tillsonburg	\$9,551	136
4	Tillsonburg Transfer Station Funding	\$213,260	138
5	Tillsonburg Yard Waste Depot Funding	\$48,610	141
6	Existing Fleet Conversion to Upgraded Sanitary Flushing/ Cleaning Truck	\$605,292	222
7	Affordable Housing and Housing Repair Program	\$1,615,000	257

#	New Initiative	Investment	Page
8	Continuous Quality Improvement Content Management System	\$50,000	282
9	Continuous Quality Improvement Team	\$33,700	285
10	Family Transition Program	\$14,100	289
11	Infection Prevention and Control Team	\$298,775	292
12	Emergency Management Coordinator	\$68,911	369
13	Year-round Ox on the Run Mobile Outreach Pilot	\$209,059	403

Capital Plans

The 2023 proposed capital plan expenditures amount to \$84.0 million compared to \$63.9 million in 2022. Of the \$84.0 million in capital projects \$11.1 million are carryover projects from 2022, with \$73.0 million representing new 2023 budget requests. Some project highlights include:

- Electric vehicle chargers - *Expansion* - **\$1,405,000**
- 410 Buller Masonry - *Renewal* - **\$1,150,000**
- Woodingford Lodge – Buildings – *Renewal* - **\$1,068,506**
- Bridge and Culvert Rehabilitation / Replacement - *Renewal* - **\$6,080,000**
- Waste Management compost pad and weigh scale – *Expansion* - **\$1,501,500**
- SCADA Master Plan - *Replacement and expansion* - **\$2,208,000**
- Tillsonburg Wastewater, WWTP Upgrade – *Expansion* - **\$6,415,000**
- Drumbo Wastewater, WWTP Expansion – *Expansion* - **\$725,000**
- Woodstock Wastewater, Pattullo Industrial Park servicing – *Expansion* - **\$2,456,500**
- Ingersoll Water, Cast iron pipe replacement – *Replacement* - **\$1,000,000**

The 2022 Capital Plan, which includes multi-year and developer controlled projects, is expected to be 88.1% (66.0% in 2021) complete by year end. The Plan projects the unfinanced capital balance by project which represents the project expenses incurred, but not yet financed. In addition, the previous years' approved budget that has not yet been spent is added, as well as the requested budget for new and ongoing projects to arrive at the accumulated amount representing the 2023 Financed Capital Budget. The funding sources proposed for each capital project are also illustrated in the 2023 Capital Plan. See page 35 of the 2023 Draft Budget information package for more details.

The Long Term Capital Plan presents the planned projects for ten consecutive years beginning in 2023. The report also presents a year over year summary of the sources of funding for each of the respective capital budgets. Further details regarding the long term capital plan start on page 43 of the 2023 Draft Budget information package.

Interdepartmental Allocations

Interdepartmental allocations include Finance, Customer Service, Human Resources, Information Technology, Facilities and Fleet. The year over year increase in the overall interdepartmental charges is 13.6%, of which Fleet and Facilities has the most significant increases of \$965,425 and \$889,204 or 24.5% and 11.8% respectively, largely due to the inflationary increase in energy prices and costs to support new initiatives and FTEs. The cumulative net increase of the remaining interdepartmental budgets amount to \$508,751 for an overall interdepartmental budget increase of \$2,363,380. More information regarding the interdepartmental charges can be found on page 74 of the 2023 Draft Budget information package.

Full-time Equivalent Analysis

The County's full-time equivalent (FTE) staffing complement is proposed to increase by 25.4 FTEs in 2023, 9.1 of which are fully funded by grants and 5.8 are temporary, for a total of 645.4 FTEs. The overall increase in FTEs is largely driven by 9.7 FTE increase in Woodingford Lodge to address staffing needs and meeting the requirements of the *Fixing Long-term Care Act 2021* and Ontario Regulation 246/22. Further details are explained in Table 5.

Table 5 – 2023 Proposed Full-time Equivalent Plan Changes

	FTE	Service Level	Grant/ Reserve Funded	Temp	COVID-19 Temp*
2022 Approved FTE Plan	627.7				
2022 Temporary FTE	(10.5)				
2022 In-year FTE changes	2.8				
2022 Base FTE Plan	620.0				
Communication: Summer Student	0.3	0.3	-	-	-
Community Planning: Student Planner	0.7	0.7	-	-	-
Paramedic Services: Emergency Management Co-ordinator, Temporary Paramedics	1.2	0.6	-	-	0.6
Woodingford Lodge: Food Services Worker, Maintenance Worker, Housekeeping/ laundry Aide, Infection Prevention and Control–Supervisor and Registered Practical Nurse, Supervisor of Resident Care, Personal Support Worker and Registered Practical Nurse, Screening and swabbing positions	9.7	2.7	4.6	-	2.4
Waste Management: Scalehouse Operator	0.6	0.6	-	-	-
Human Resources: HR Co-ordinator	1.0	1.0	-	-	-
Finance: Financial Analyst	1.0	1.0	-	-	-

	FTE	Service Level	Grant/ Reserve Funded	Temp	COVID-19 Temp*
Engineering & Construction: Supervisor of Development	1.0	1.0	-	-	-
Library: Outreach Specialist, Public Service Clerk, Summer Students (Mobile Ox on the Run) and Service Level Changes	2.1	(0.2)	-	2.3	-
Water and Wastewater: Water Treatment Operators, Utility Locate Summer Student, Technical Services Water Technologist, Wastewater Treatment Maintenance Person and Tandem Truck/Machine Operator (2024 Budget)	6.3	6.3	-	-	-
Human Services: Housing program co-ordinator (extended July to December) and Human Services Supervisor	1.5	-	1.0	0.5	-
2023 Draft budget increase	25.4	14.0	5.6	2.8	3.0
Draft 2023 FTE Plan	645.4				

* Provincially funded temporary positions due to COVID-19

Information regarding the 2023 FTE Plan can be found on page 71 of the attached 2023 Draft Budget information package.

Five Year Projections

Five year forecasts have been prepared by each department taking into account any planned projects, foreseen changes to services as well as cost of living increases. These reports are incorporated into each department's detailed budget summary of the 2023 Draft Budget information package.

Reserve Continuity Report

The reserve continuity schedule includes Reserve Policy target balances and projected surplus or shortfall balances for each reserve as of December 31, 2023, providing an indication of availability for future funding sources – details available on page 75.

In the Budget Highlights section of the Draft Budget information package (page 18) is a graphic illustration of the capital contributions to reserves that are included in the 2023 budget - totalling \$53.1 million, and increase of \$12.3 million from 2022. Capital contributions to reserve include interest revenues, capital grants, development charges and budget allocations funded by both property taxes and water and wastewater rates.

Debt Repayment

Future years' debt requirement projections are incorporated with current debt obligations in the debt repayment schedule covering years 2023 to 2032, which is largely driven by the long term capital plan. Details available on page 80 indicate the County's projected debt jumps in 2025 from \$38.6 million to \$52.2 million, peaking at \$67.1 million in 2031. These projections are predicated on ongoing investment in accordance with our Asset Management Plan to most effectively fund our infrastructure needs.

Assessment

As announced in the 2021 Fall Budget Statement published on November 4, 2021, the reassessment that was scheduled to be conducted for the 2021 tax year was postponed. As such, property assessments for the 2022 and 2023 tax years will continue to be based on the same valuation date that was used for 2020. It is anticipated that the revised assessments will be employed in 2024 or later. Assuming that occurs, properties assessed with increased market values will be taxed based on their prior year's assessment plus one quarter of the amount of the increased market value. As the assessment value of properties change, it creates a shift in the proportionate share of taxes paid among property classes. Further analysis regarding tax shifts caused by assessment growth will be presented once the final 2022 assessment growth figures are released by MPAC.

Library Board

The Oxford County Library Board's recommendation is further explained under Report No. CS 2022-37.

Conservation Authorities

At the time of publishing this report, the Conservation Authorities' 2023 draft budgets have not been received. For those Conservation Authorities who have not yet submitted draft budget figures, levies have been based on their historical average. The resulting estimated total levy for Conservation Authorities is \$1.7 million – an overall 2.0% decrease from 2022 Approved County budget but at 3.0% increase over 2022 actual levies. Regulations are pending with respect to recent changes to the Conservation Authorities Act which will impact the range of services that Conservation Authorities participate in which could impact their business model and budgets going forward.

The Conservation Authorities' 2023 draft budgets will be included on Council agendas as they are received. The Board meetings to consider the budgets are typically held in January and February of the budget year.

Grants

Community grants have been included in the 2023 Draft Budget based on the 2022 Approved budget. The grant requests received to date will be brought forward to Council for consideration during the 2023 budget deliberation process.

Local community agencies seeking grants in 2023 are invited to be delegated before Council during the special budget meetings and the December Regular Council meeting. Total grants included in the 2023 Draft Budget is \$294,500 or 0.0% increase.

PSAB Budget

In accordance with Ontario Regulation 284/09 the 2023 Draft Budget is presented with a schedule in the PSAB format – see page 59 of the 2023 Draft Budget information package.

Budgetary Impacts of COVID-19

On March 17, 2020, Ontario's Premier declared a provincial emergency through the authority granted under the *Emergency Management and Civil Protection Act* (EMCPA). Due to measures that had to be taken to mitigate the impact of this pandemic on our health and financial well-being, all levels of government, nationally and internationally stepped up to provide assistance. In consideration of all financial relief initiatives, protection of the overall supply chain is paramount in order to mitigate economic loss and secure successful recovery.

The 2022 year end projections, forecast the closing balance of Safe Restart Agreement Fund at \$3.8 million. The 2023 Budget includes COVID-19 related costs of \$519,961, \$220,500 being funded through the Safe Restart Agreement remaining funds and \$0.7 million funded through other provincial funding.

Public Health

At the time of publishing this report, the Southwestern Public Health (SWPH) 2023 draft budget has not been received. The resulting estimated total levy for Southwestern Public Health is \$2.8 million – an overall 11.3% increase from 2022 approved budget or 6.0% from the 2022 actual levy.

The SWPH 2023 draft budget will be included on a Council agenda when it is received. Due to the municipal election, the new Public Health Board is expected to consider the budgets in January/February. Oxford proportionately shares the SWPH levy requirement with the City of St. Thomas and County of Elgin, with Oxford portion being approximately 55%.

Rates Funded Budgets

Water and wastewater rates are funded most predominantly by user fees/rates, with the exception of capital funding received from senior levels of government and development charges. The total water and wastewater proposed budgets for 2023 totals \$87.1 million, representing a \$13.7 million increase over 2022 approved budget. There is no impact on the County levy to fund these budgets. Refer to page 147 of the 2023 Business Plan and Budget Plan.

Pending Items

The April 27, 2022 County Council agenda included correspondence from the Township of South-West Oxford recommending continuation of broadband funding in the County's 2023 and 2024 budgets – see Attachment 2. In response, Council adopted the following resolution:

“Resolved that the correspondence from the Township of South-West Oxford dated April 20, 2022 regarding Broadband Internet Funding be received and referred to 2023 Budget and Business Plan deliberations.”

This item has been added to the pending adjustment list for Council’s consideration in the 2023 budget. Based on the current draft general levy, the broadband funding contribution would be \$1.4 million for 2023.

Conclusions

Included in the 2023 Draft Budget information package is an overview including a summary and outlook which provides a narrative synopsis of the draft budget that is before Council for consideration.

The County’s Asset Management Plan as updated in 2022 provides valuable insight in preparing the five- and ten-year capital forecasts, allowing more accurate planning for the associated reserve and debt financing requirements.

The 2023 Draft Budget information, including supplementary information provided to Council in electronic format, will be available for public access on the County’s website at <https://www.speakup.oxfordcounty.ca/2023-budget>.

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

Benjamin R. Addley
Interim Chief Administrative Officer

ATTACHMENTS

Attachment 1 – [2023 Draft Business Plan and Budget](#) (*link to document on County website*)
Attachment 2 – Township of South-West Oxford Correspondence, dated April 20, 2022 re:
Broadband Internet Funding
Attachment 3 – 2023 Draft Business Plan and Budget Highlights Presentation