

COUNTY OF WELLINGTON

2014 Budget and 2014-2018 Five Year Plan

Presentation to Wellington County Council

January 3, 2014



Agenda

- ▶ Overview and 2014 Budget Process
- ▶ Changes to the five-year plan since November
- ▶ Capital Financing
- ▶ Reserves and Reserve Fund Balances & Activity
- ▶ County Debt Management and Forecast
- ▶ Capital Budget Details
- ▶ Operating Budget Forecast
- ▶ Recap and wrap-up



Purpose of today's meeting

- ▶ Review 2014 Budget Process
- ▶ To provide Council with an overview of the 2014 Budget and the 2014-2018 five-year plan in advance of January Committee meetings
- ▶ Opportunity for Council to review and discuss service levels and proposed capital projects

2014 Budget Process

- ▶ January 3, 2014 presentation to Council
- ▶ Budget reviews at Committee and Board meetings next two weeks
- ▶ Full budget package circulated to Council by January 17
- ▶ AF&P review of budget on January 21
- ▶ AF&P recommendations considered by Council on January 30, 2014



5-Year Plan Outlook in November

- ▶ 5-Year Plan projected a 4.1% budget increase for 2014
- ▶ Increases from 3.0% to 4.5% in 2015-2018
 - ▶ 4.3% increase in 2015 and 4.5% increase in 2016 once projected further losses of OMPF funding is absorbed into the County budget (further 15% drop in each year)

Changes to the 5-year plan

- ▶ **Active Transportation Plan**
 - ▶ Local Municipal Fund reduced from \$350,000 to \$200,000 in 2014 (0.2% on the levy), will increase to \$350,000 in 2015
 - ▶ Transfer to County reserve reduced from \$225,000 to \$150,000 in 2014 and further reserve transfers will be eliminated from future years in the 5-year plan – funding will be used to fund work on the Trans Canada Trail
- ▶ Assessment growth finalized at 2.13% - 1.13% higher than estimated in November (Levy reduction of 1.1%)
- ▶ Palmerston Library now estimated at \$3 million construction cost - \$1 million increase for 2015
- ▶ Social Services Reserve will be used to fund County portion of Social Housing capital costs starting in 2015 (approx \$640K in new funding)
- ▶ A number of other smaller changes



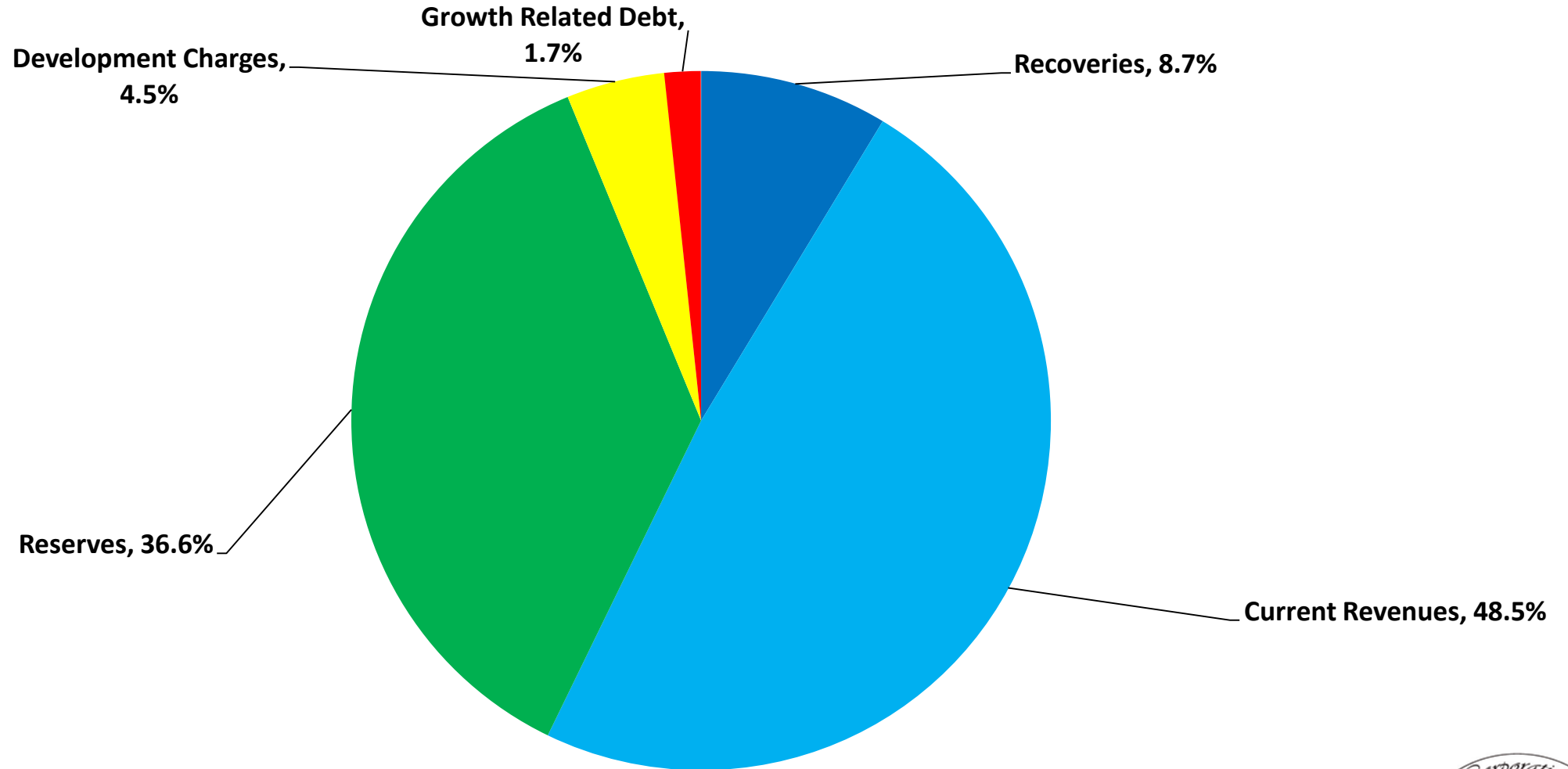
Highlights of the revised 5 year plan

- ▶ Projected tax increase of 2.8% in 2014 and a range of 2.9% to 4.2% from 2015-2018
 - ▶ Includes 4.1% increase in 2015 and 4.2% increase in 2016
- ▶ \$112 million capital investment over 5 years
- ▶ Estimated 2014 operating expenditures and transfers of \$184.1 million

2014-2018 Capital Budget Highlights

- ▶ \$112 million in capital spending projected over the five-year plan
- ▶ 85% of capital spending will be funded from tax levy and reserves
- ▶ \$5.1 million funded from Development Charges
- ▶ Only one project to be funded by growth-related debt, totally recoverable from Development Charges

2014-2018 Capital Financing



Reserves and Reserve Fund Balances

- ▶ **County's reserve and reserve fund balances totaled \$65.2 million as of December 31, 2012**
 - ▶ Reserves: \$52.0 million
 - ▶ Reserve Funds: \$13.2 million (more restrictive in use)
- ▶ **Reserve and Reserve Fund balances currently sit at \$62.6 million in draft form**
 - ▶ Interest earnings still to be allocated
 - ▶ Capital projects still to be closed
 - ▶ Projected surplus still to be allocated

Reserves and Reserve Fund Activity

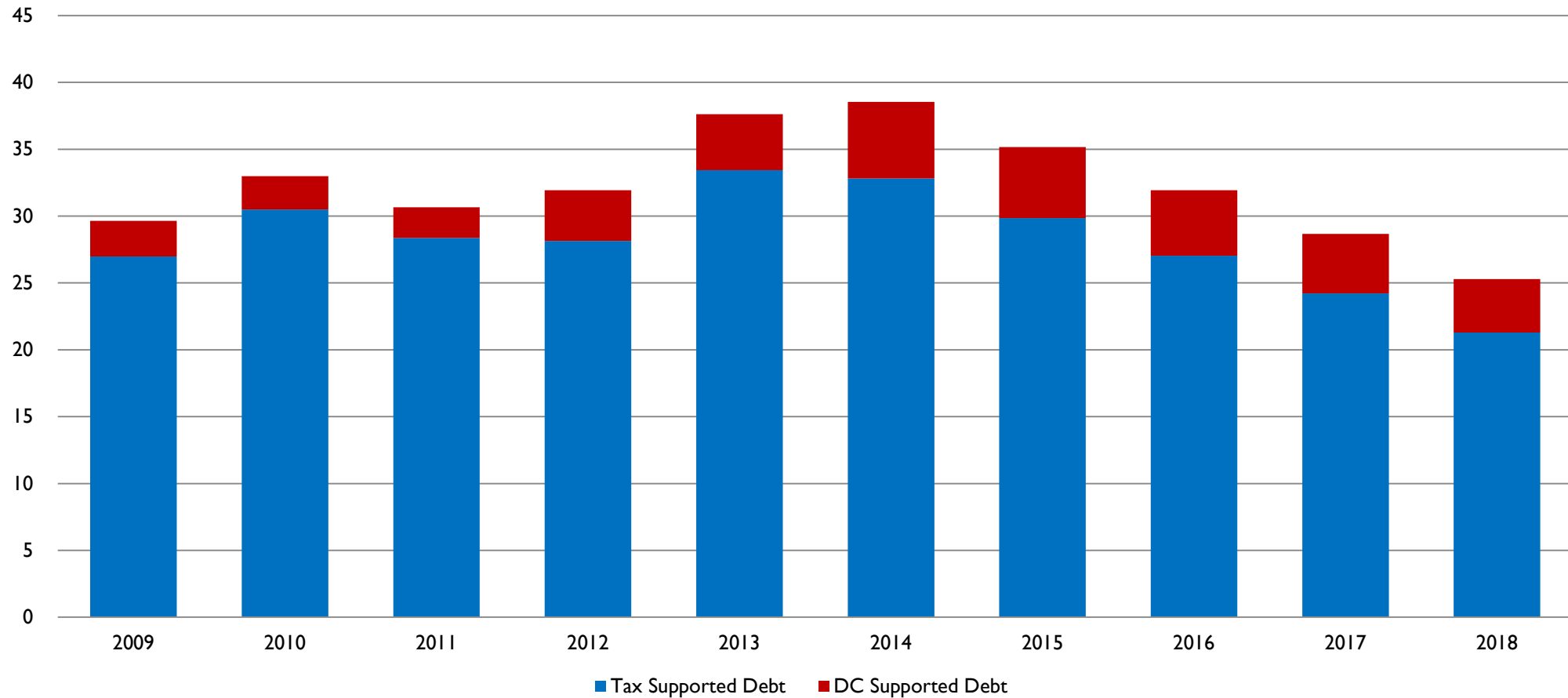
- ▶ **2013 surplus projection: \$600K to \$1.2 million**
 - ▶ To be transferred to the County Property Reserve
 - ▶ Will be used to:
 - ▶ 1. Reduce or eliminate further debt issuance for Public Health Unit Facilities in Guelph and Orangeville
 - ▶ 2. Help to fund Palmerston and Hillsburgh Library construction
- ▶ **2014 Budgeted Transfers to/from Reserves**
 - ▶ Transfers in: \$14.2 million (includes interest earnings)
 - ▶ Transfers out:
 - ▶ Capital: \$12.8 million
 - ▶ Operating: \$2.1 million
 - ▶ Net budgeted impact to reserves in 2014: decrease of \$700K



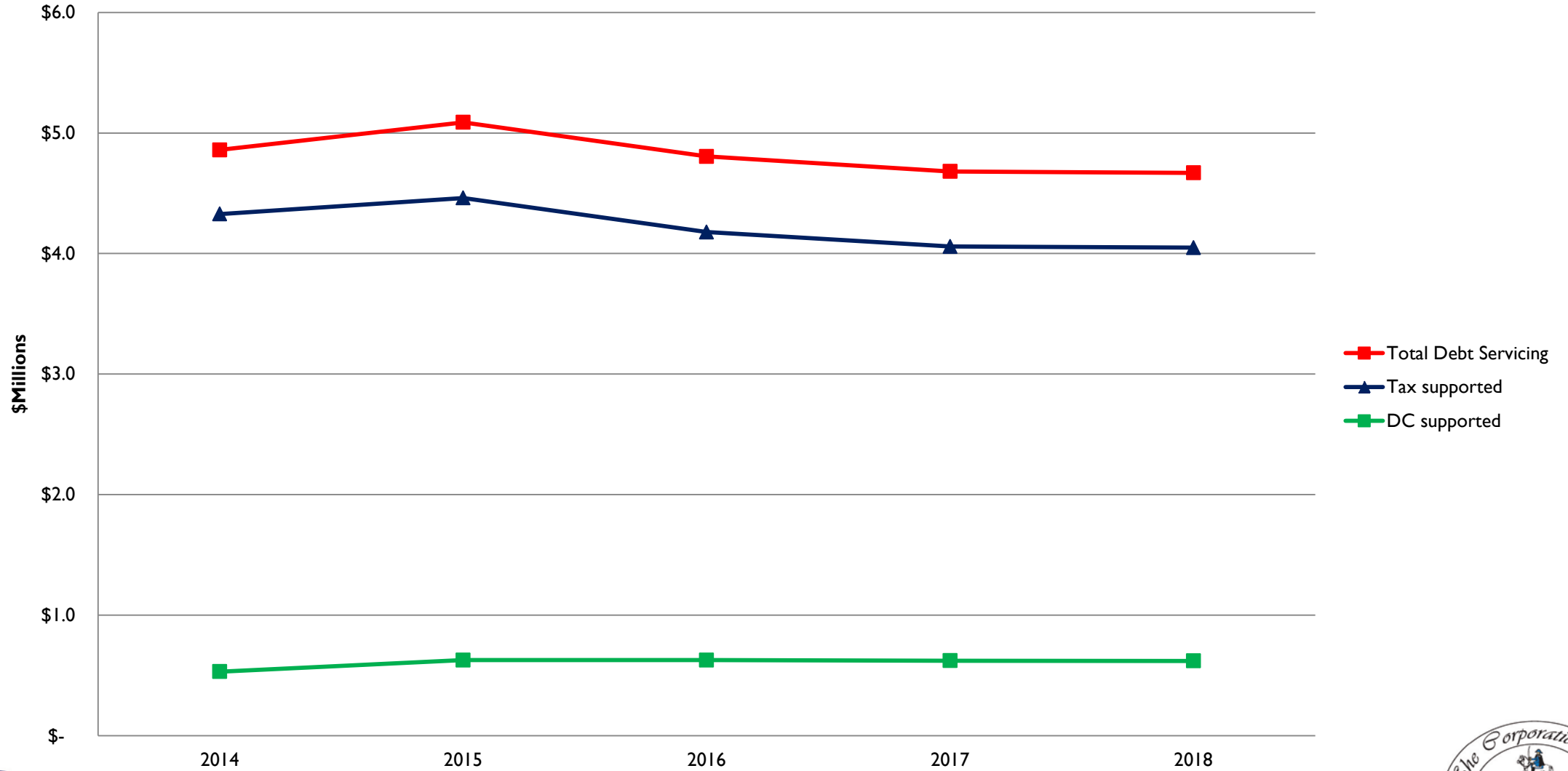
Projected long term borrowing

- ▶ **Debt previously approved but not yet issued:**
 - ▶ Solar Panels: \$492,000 (to be recovered by solar panel revenues)
 - ▶ Health Unit: \$1,639,000 (\$94K DC funded, \$1.5 million Tax Funded – to be recovered by HU loan repayment)
- ▶ **New debt in this 5 year plan:**
 - ▶ WR 7 Passing Lane \$1.8 million (DC funded)
- ▶ **Lowest level of reliance on debt financing in recent years**

Forecast of Debt Outstanding (millions)



Projected Debt Servicing Costs

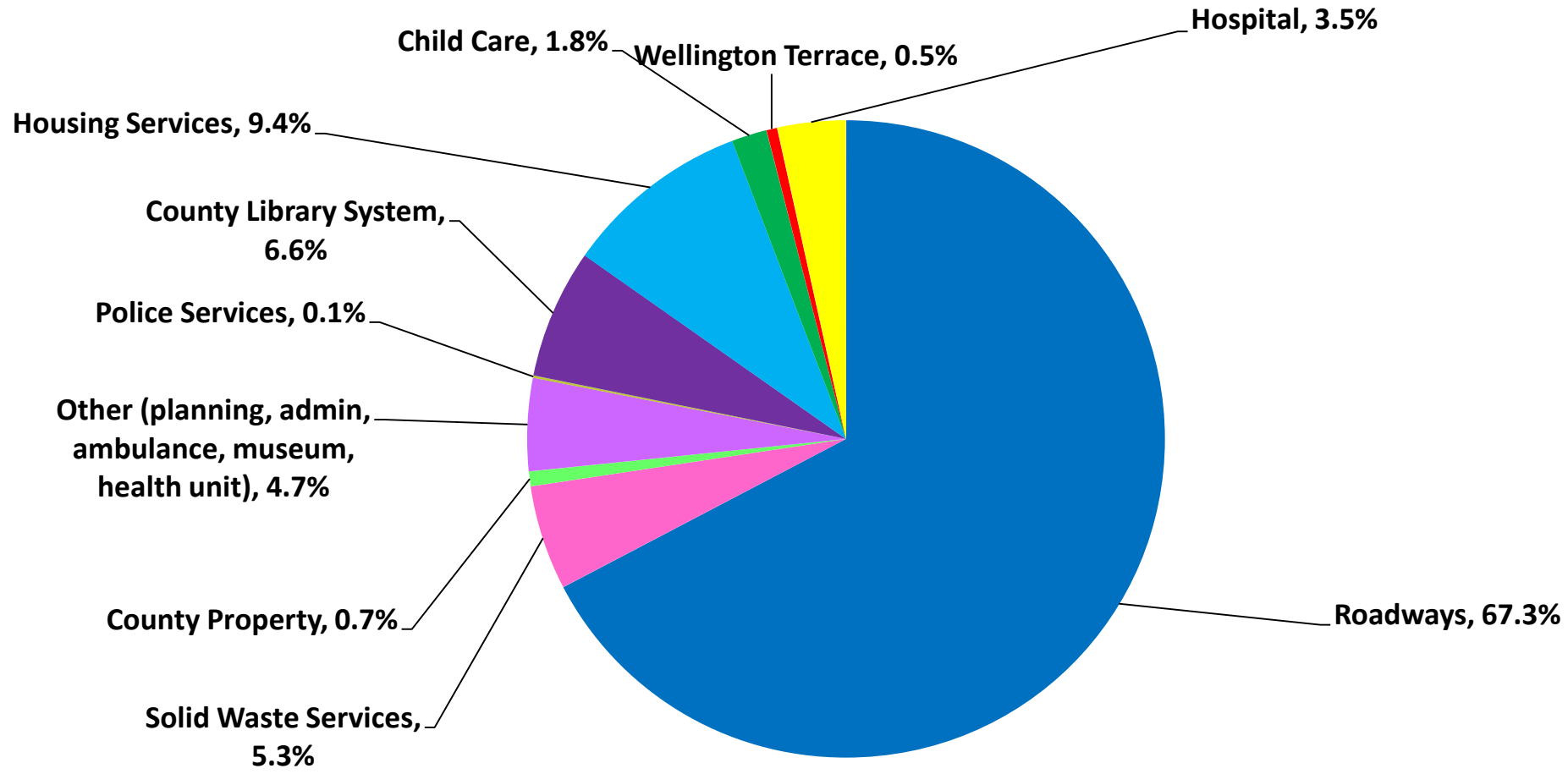


Debt summary

- ▶ Debt outstanding will top out at \$38.5 million
 - ▶ \$32.8 million tax supported, \$5.7 million DC supported
- ▶ Debt servicing costs will top out at \$5.1 million
 - ▶ \$4.5 million tax supported, \$627K DC supported
- ▶ Debt servicing costs as a % of the county tax levy will not exceed 6% over the 5 year plan
- ▶ Debt issuance limited to specific facility projects
- ▶ In summary: the County's debt levels are very low and manageable



2014-2018 Capital Expenditures



Capital Plan: Roads

- ▶ \$65.4 M in roads construction, bridges and culverts, and resurfacing projects
- ▶ \$14.7 million in Federal Gas Tax funding
- ▶ \$8.2 M in roads equipment funded from reserves
- ▶ \$1.1 million re-build of the Erin Garage - design in 2014 construction in 2015 funded from reserves, development charges and levy
- ▶ County bridges on local roads now funded through the tax levy

Capital Plan: Solid Waste Services

- ▶ \$1 million in equipment over 5 years
- ▶ \$4.4 million in improvements at active landfill sites and transfer stations (including potential Leachate Collection System at Riverstown in 2017-18)
- ▶ \$500K work at closed landfill sites funded from Landfill Closure and Post Closure Reserve

Capital Plan: Library

- ▶ **2014: Palmerston Branch expansion and renovation**
 - ▶ Last of the five Carnegie libraries to be renovated
 - ▶ Cost estimate of \$3 million, increase of \$1 million required to complete all three levels
- ▶ **2014: Radio Frequency Identification system**
 - ▶ To be located at Fergus Branch budgeted for \$50K
- ▶ **2015: Interior improvements at Aboyne Branch**
- ▶ **2016/2017: Construction of new Hillsburgh Branch**
 - ▶ Currently a leased location
 - ▶ Cost estimate of \$4 million
- ▶ **2018: Courier van replacement**

Capital Plan: Museum

- ▶ **Wellington Place Lands development to include:**
 - ▶ Upgrade to the access road (\$800K in 2014) for total of \$1.3 million.
 - ▶ Development of “The Commons” a landscaped green space designed for informal public use. \$100K budgeted over 2014 and 2015.
- ▶ **Wellington Place & Artifact Storage Buildings (2014)**
 - ▶ Additional \$125K to complete the second of two storage buildings
- ▶ **Upgrades to the outbuildings**
 - ▶ 2015: Coal Room roof and wall repairs
 - ▶ 2016: Pump House / Lime Kiln Ruins to protect ruins from further damage and to turn into an interpretive exhibit
 - ▶ 2016 and 2017: Farm House Archeological dig

Capital Plan: Terrace

- ▶ Resident equipment lifts \$300K over the five year plan
- ▶ Nursing equipment replacements \$250K over the five year plan
- ▶ Phone system upgrade continues in 2014 with an additional \$50K budgeted
- ▶ All projects cost shared with the City of Guelph

Capital Plan: Police Services

- ▶ Equipment for new officers \$68K over five years
- ▶ New vehicle radio \$24K over five years
- ▶ Centre Wellington OPP Operations Centre project to add heat coils to ramps

Capital Plan: Emergency Management

- ▶ Upgrade to the County Fire Paging equipment
- ▶ Update to the Emergency Management software.
- ▶ Both projects are scheduled for 2015.

Capital Plan: Social Services

- ▶ **Five year plan for improvements and upgrades at the County's 1189 Social Housing Units**
 - ▶ \$2.5 million in 2014
 - ▶ Cost shared with City of Guelph (currently 75.3%)
 - ▶ Beginning in 2015 the County share will be funded through the Social Services Reserve
- ▶ **261-263 Speedvale Elevator and Accessibility Project**
 - ▶ \$1.3 million in 2015
 - ▶ 50% of the project is incremental over planned capital expenditures



Capital Plan: Social Services

- ▶ **Fergusson Place Affordable Housing building:**
 - ▶ Moisture remediation work in 2014 (\$350,000)
 - ▶ Generator and dehumidification system in 2015 (\$250,000)
 - ▶ Both projects funded by Housing Development Reserve Fund
- ▶ **Construction of a new Willowdale Child Care Centre. Projected costs of \$2 million will be funded through reserves.**

Capital Plan: County Property

- ▶ Various interior and exterior improvements/repairs to County Administration buildings (\$835K over 5 years)
 - ▶ Admin Centre and Court House
 - ▶ Douglas Street buildings
 - ▶ Gaol
 - ▶ 129 Wyndham St.
 - ▶ Demolition of Palmerston OPP station

Capital Plan: Hospital Grants

- ▶ **Council has committed \$5 million for Groves Memorial Community Hospital**
 - ▶ \$960,000 provided as part of land acquisition in 2008
 - ▶ \$200,000 spent for servicing and design in 2012 and 2013
- ▶ **Balance of \$3.8 million estimated for 2014**
 - ▶ To be used to fund “Street B,” storm water mgt pond, sanitary sewers and watermain from Hospital site to Beatty Line
 - ▶ Anything remaining will be transferred to Groves Hospital as a grant
- ▶ **Funding from Hospital Capital Grant Reserve**

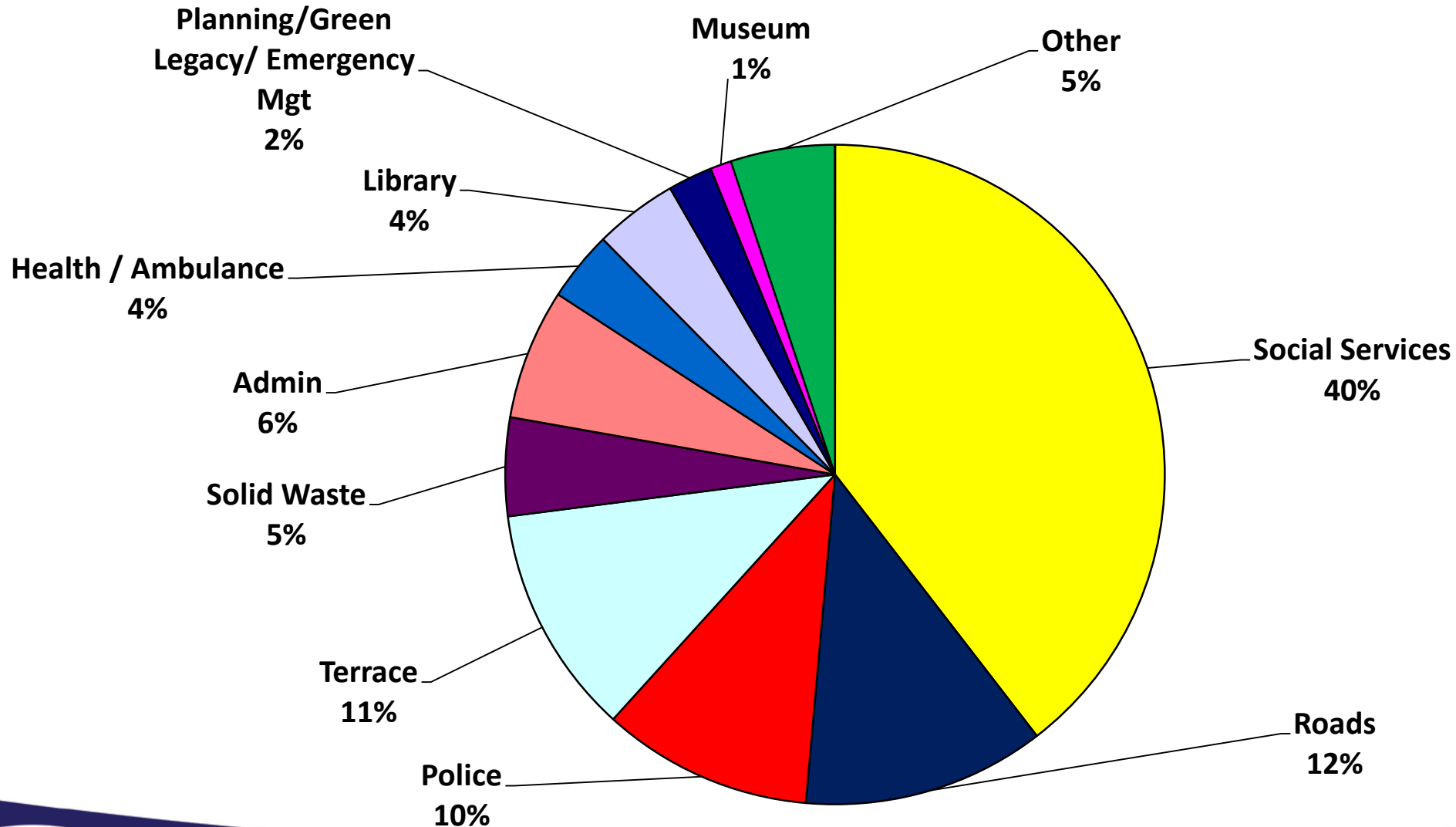
Capital Plan: Ambulance

- ▶ Ambulances and related equipment - \$1.4 million over 5 years
- ▶ County contributes approximately 40% of cost
- ▶ Includes additional vehicles to increase levels of service (2016 and 2017)
- ▶ All vehicle and equipment costs except for enhancements are funded through reserve transfer in Ambulance operating

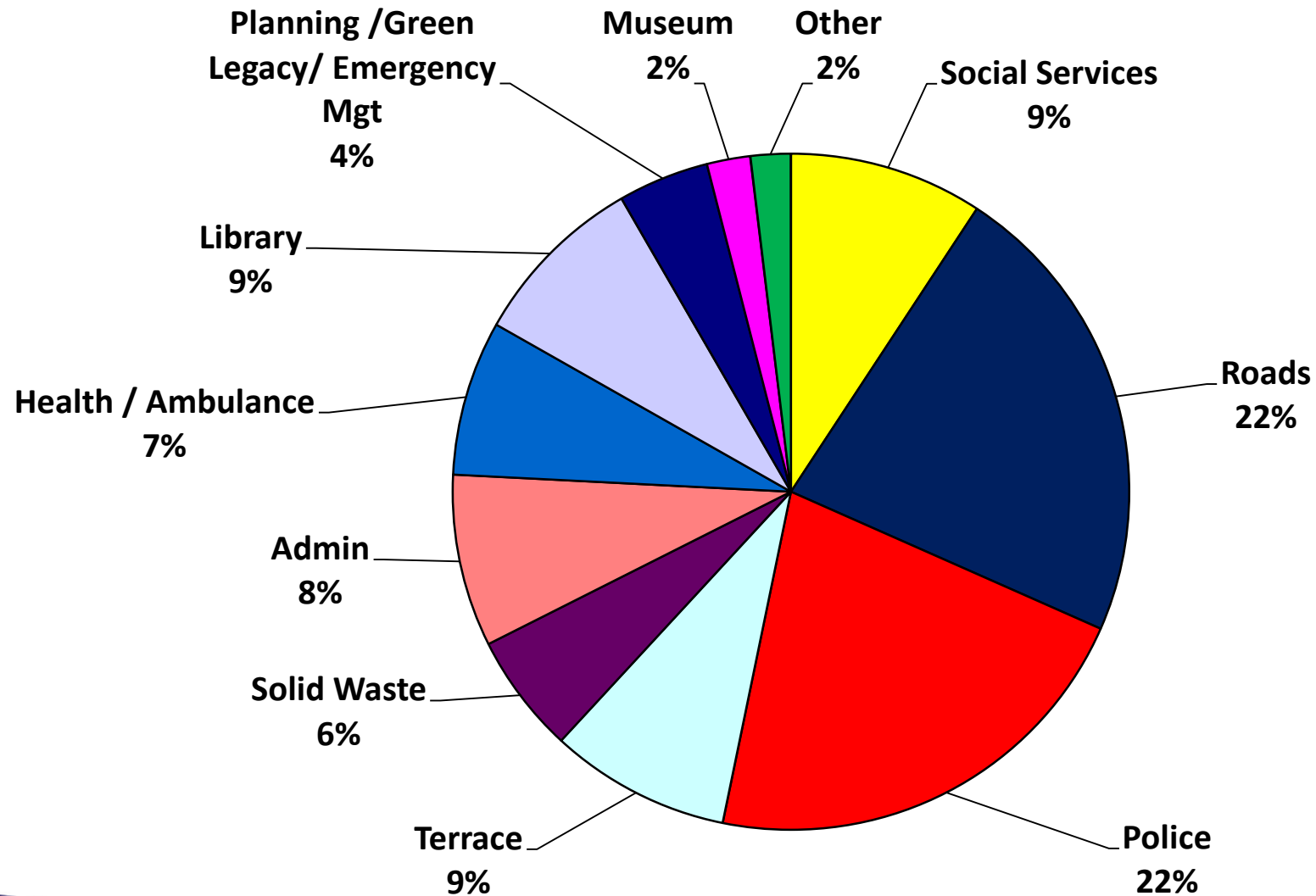
Operating Budget Forecast

- ▶ \$184.1 million in expenditures and transfers in 2014 and forecast to grow to \$208.0 million by 2018
 - ▶ Average Annual Increase of 2.5% over 5 years
- ▶ 1% tax increase/decrease = \$795,700
- ▶ 2014 Assessment growth = 2.13%

Operating Budget By Department



Levy Requirement By Department



Operating Budget: Engineering

▶ Roads:

- ▶ Winter control budget of \$4.5 million in 2014
- ▶ Additional Snow Plow Operator hours in 2014

▶ Solid Waste:

- ▶ Transition of Aberfoyle landfill into a transfer station
 - ▶ Reduced hours for staff as operations transitions to 3 days/week
- ▶ Additional equipment operator hours to make a position full time to provide for recyclables and bin lifts at Aberfoyle at a lower cost than contracted bin lifts

Operating Budget: Police

- ▶ 2014 budgeted OPP contract amount of \$17.8 million
- ▶ 1 new Staff Sergeant and 2 new civilian positions added in 2014 with 2 new uniformed positions each year thereafter from 2015-2018
- ▶ Mounted unit has been disbanded resulting in savings of \$26,000 in costs in 2014 as well as the redeployment of a full-time officer
- ▶ The 5-year forecast assumes a continuation of the current contract as the Province is revisiting the billing model and changes are expected to be introduced in 2015

Operating Budget: Planning

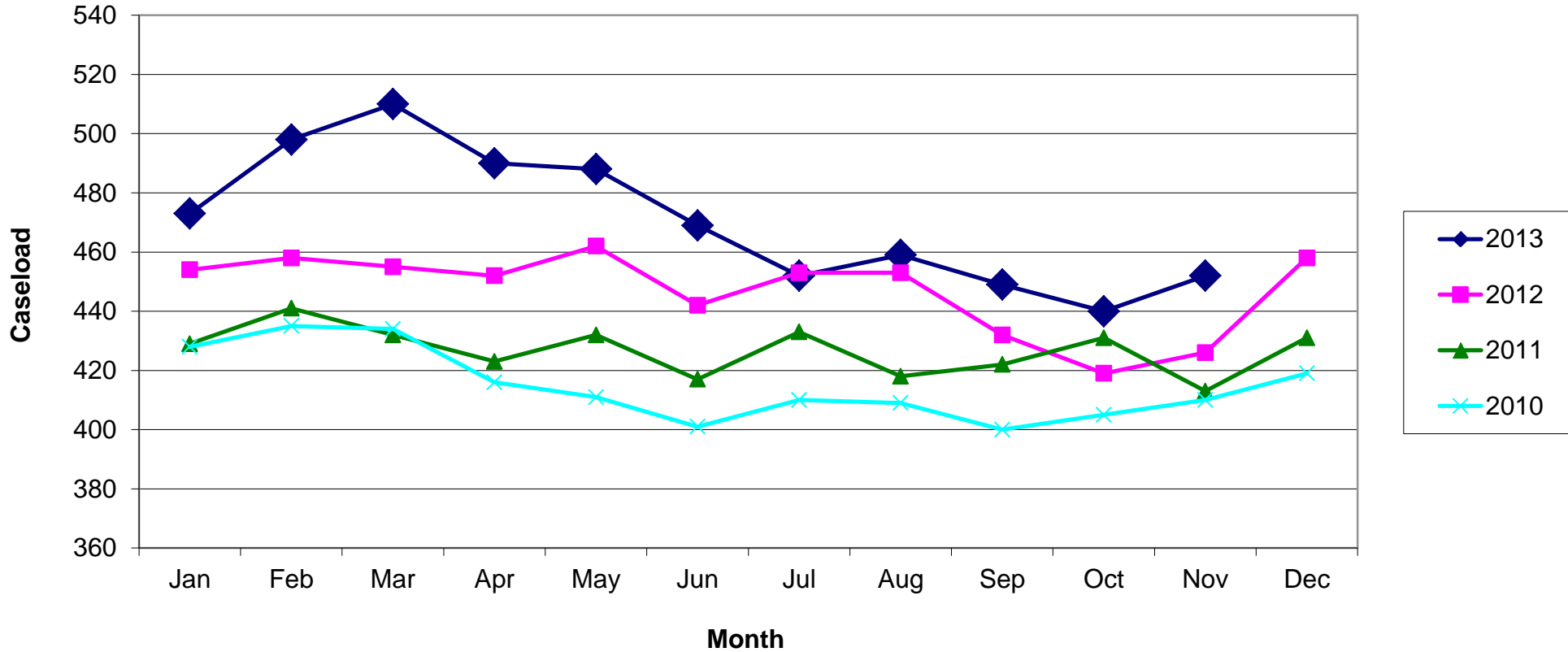
- ▶ Active Transportation Plan Municipalities transfer payment established in 2014 (\$200K) increased to \$350K in 2015
- ▶ Reserve transfer to fund County Active Transportation Plan capital requirements (\$150K) in 2014, eliminated thereafter
- ▶ Risk Management Officer position funding through transfer payment annualized in 2014



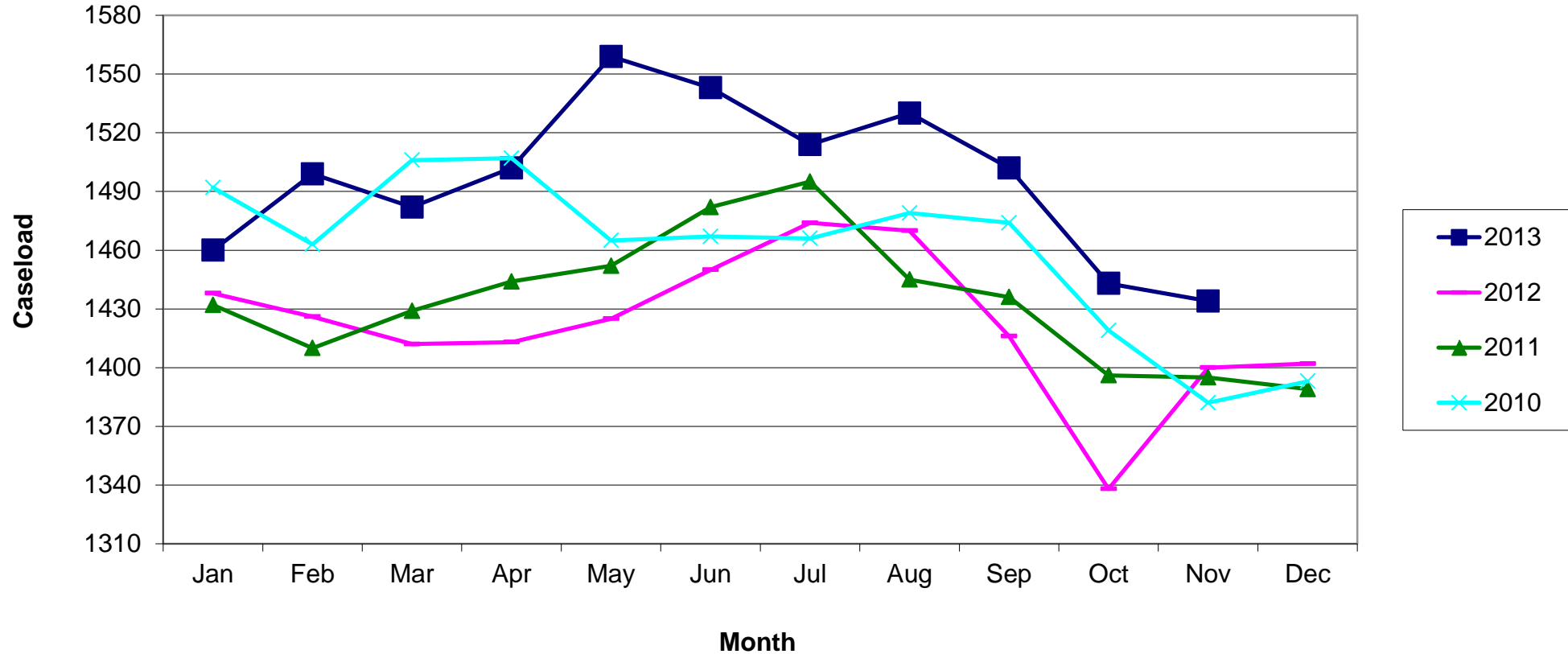
Social Services

- ▶ Ontario Works, Child Care and Housing
- ▶ 2014 budget highlights
 - ▶ Provincial uploading
 - ▶ Ontario Works caseload
 - ▶ Increased Child Care funding
 - ▶ New Palmerston and Willowdale Child Care Centres
 - ▶ Reduced Federal funding in Housing
 - ▶ CUPE Pay Equity and Job Evaluation costs
 - ▶ \$170K net municipal cost (\$90K City, \$80K County)

County of Wellington Ontario Works Caseload - January 2010 to November 2013



City of Guelph Ontario Works Caseload - January 2010 to November 2013



Operating Forecast: Ontario Works

- ▶ OW benefit costs reflect a 5% caseload increase over 2013 projected actuals, a 1% rate increase, as well as a 1% increase to allow for provincial rule changes surrounding asset limits and earnings exemptions
- ▶ Projected savings resulting from the OW upload are \$412,000 (\$314,000 City, \$98,000 County) – municipal share now at 11.4%
- ▶ Staffing changes:
 - ▶ 0.4 FTE decrease due to a position moving to part time

Operating Forecast: Child Care Services

- ▶ Re-opening of a new Willowdale Child Care Centre in September 2014. The closure and 8-month vacancy removed \$640,000 in annual expenditures from the child care system in which provincial funding needs to be reallocated.
- ▶ The 2014 provincial funding allocation for child care has increased by more than \$800,000.
- ▶ Funds have been reallocated to the child care system as follows:
 - ▶ Annual provincial funding of approximately \$280,000 has been utilized for Palmerston Child Care and Learning Centre
 - ▶ Additional funding of approximately \$300,000 has been allocated to administration resulting in municipal savings
 - ▶ Ongoing and one-time funding increases in other programme areas

Operating Forecast: Child Care Services

▶ Staffing changes:

- ▶ Reduction of 9.0 FTE due to the closure of Willowdale Child Care Centre for 8 months of the year
- ▶ Addition of 5.2 FTE for the Palmerston Child Care and Learning Centre
- ▶ Annualization of the Children's Services Coordinator

Operating Forecast: Housing

- ▶ Subsidies payable to non profit and co-operative housing providers reflect a 0.4% decrease from 2013
- ▶ No changes to subsidy payments made to the four housing providers with operating agreements expiring between 2016-2018
- ▶ Federal funding announcements for 2014 are \$120,000 lower than the 2013 funding level

Operating Forecast: Housing

- ▶ An annual transfer of \$1.5 million to the Social Services Reserve has been reflected in the budget. This transfer was previously reflected in General Revenues and Expenditures
- ▶ A rent reduction of 50% for the first three months of 2014 at Fergusson Place will produce a small deficit of \$9,400 which will be funded through the Housing Development Reserve

Operating Budget: Public Health

- ▶ The County funds 32.7% of the municipal share of public health expenditures
- ▶ 2014 contribution of \$2.3 million reflects loan repayment from the Health Unit and reduced facility levy for Guelph and Orangeville
- ▶ Projected debt charges of \$380,000 in 2014 for the facilities



Operating Budget: Ambulance

- ▶ The County funds 40% of the municipal share of Land Ambulance expenditures
- ▶ Forecast includes \$245K increase to County costs as a result of the City's Ambulance Response Time Improvement Plan
- ▶ 2014 County contribution projected at \$3.4 million



Operating Budget: Economic Dev't

▶ Staffing Changes include:

- ▶ Business Retention and Expansion Coordinator hired from grant funding in 2013 made permanent in 2014
- ▶ Taste Real Coordinator brought on staff from outside consultant
- ▶ A new Administrative Assistant

▶ Numerous existing and new initiatives towards Economic Development including

- ▶ Safe Communities Wellington County
- ▶ Taste Real Initiative
- ▶ Festival & Events Guide
- ▶ County of Wellington Marketing Strategy
- ▶ BR&E Local Implementation Fund
- ▶ County Wide BR&E Implementation
- ▶ Wellington Signage Strategy
- ▶ Regional Transportation Study



Operating Budget: OMPF

- ▶ County's OMPF allocation was \$4.7 million in 2012
- ▶ Changes to OMPF
 - ▶ In 2013 OMPF allocation was reduced by 10% to \$4.2 million (loss of \$471,800 or 0.6% impact on tax levy)
 - ▶ In 2014 OMPF allocation has been reduced by a further 15% to \$3.6 million (further loss of \$637,200 or additional 0.8% impact on tax levy)
- ▶ Forecast assumes further 15% OMPF funding drops in 2015 and 2016
- ▶ County's OMPF allocation projected to decrease down to \$2.6 million by 2016
- ▶ Represents a drop in annual funding of \$2.1 million by 2016, total funding reduction of \$5.3 million since 2012

Operating Budget: General Exp and Rev.

▶ General Revenues:

- ▶ OMPF Funding - \$3.6 million
- ▶ Federal Gas Tax - \$2.5 million
- ▶ Interest earnings - \$2.6 million
- ▶ PIL's and supplementary taxes - \$1.5 million
- ▶ Loss of remainder of Grand River Raceway revenues

▶ General Expenses:

- ▶ Tax write-offs - \$1.0 million
- ▶ Contribution to MPAC for property assessment - \$1.35 million



Operating Budget: Staffing Changes

2014 Staffing Summary				
2013 Approved staff complement (expressed as full time equivalents)	589.2			
Annualization of positions approved in the 2013 budget	3.7			
Adjusted 2013 staff complement	592.9			
		Gross Cost (Sal & Benes)	Other Funding / Savings	Net County Cost
2013 In-Year Adjustments	FTE			
Child Care: Willowdale Closure	-9.0	(516,400)	516,400	-
Child Care: Palmerston Opening	5.2	370,200	(307,300)	62,900
Economic Development: Taste Real Co-ordinator (contract to employee)	0.8	46,300	(40,000)	6,300
Economic Development: BR&E Co-ordinator (grant funded in 2013, partially funded in 2014)	0.7	48,100	(12,000)	36,100
Emergency Management: Service Continuity Co-ordinator (funded through WSIB reserve)	1.0	68,100	(68,100)	-
SubTotal	-1.3	\$ 16,300	\$ 89,000	\$ 105,300
		Gross Cost (Sal & Benes)	Other Funding / Savings	Net County Cost
2014 Budget Changes	FTE			
CAO & Clerks: new Business Systems Analyst, new Deputy Clerk, additional student hours in Technical and Application Services	2.9	173,500	(57,300)	116,200
Economic Development: new Administrative Assistant	0.8	44,000	-	44,000
Museum: additional hours for the Programme Assistant and Archives Assistant, a new part-time Programme Assistant, and a new part-time Curatorial Assistant	1.4	75,800	-	75,800
Ontario Works: Employment Facilitator change to part-time	-0.4	(35,100)	35,100	-
Roads: new snow plow operators for weekend coverage	1.3	89,800	(89,800)	-
SWS: equipment operator hours (replacing bin lift contract) and adjustments at Aberfoyle	-0.3	9,800	(50,000)	(40,200)
Terrace: new Maintenance Worker, new Dietician (replacing contract)	1.6	109,600	(77,900)	31,700
Treasury: increase Accounting Analyst hours to full-time	0.3	8,200	(1,400)	6,800
All other staffing adjustments	-0.3	-	-	-
Proposed changes to Staff Complement	7.3	\$ 475,600	\$ (241,300)	\$ 234,300
2014 Proposed Staff Complement (full time equivalents)	598.9			

2014 Operating Budget Summary

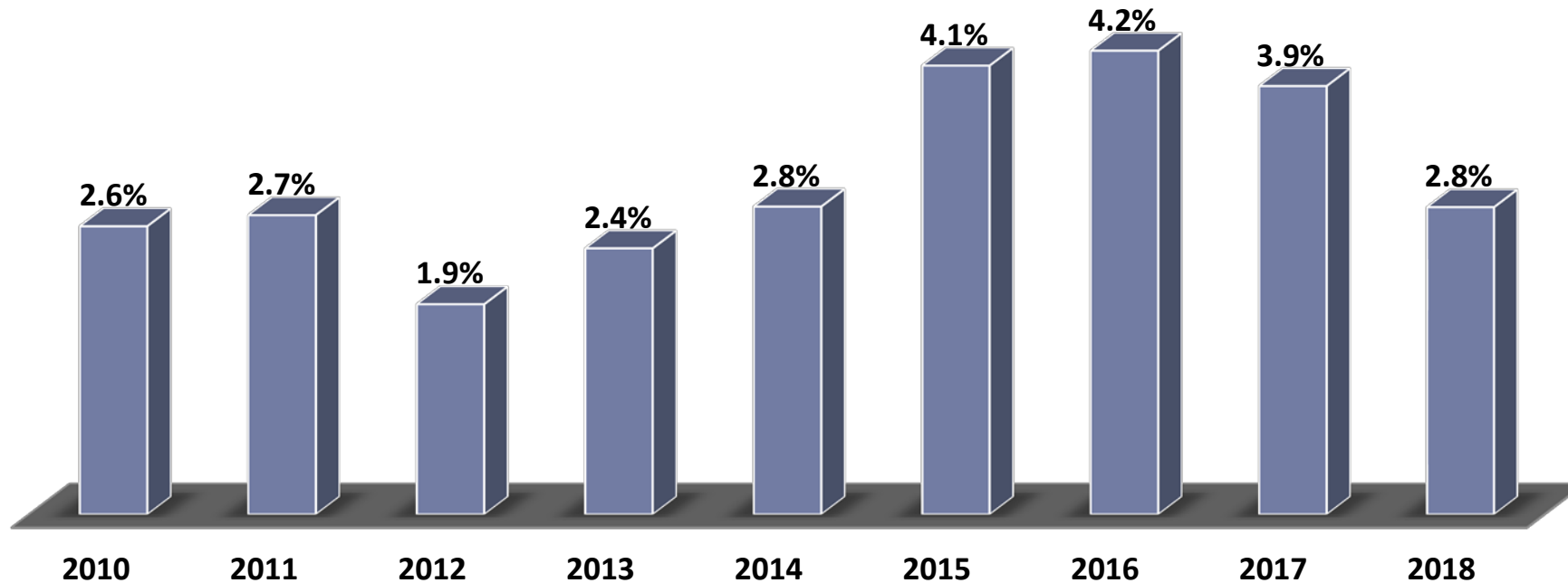
- ▶ Policing contract renewal
- ▶ OMPF funding reductions
- ▶ Active Transportation Plan Local Implementation Fund
- ▶ New Child Care Funding Formula and Framework
- ▶ Palmerston Child Care and Learning Centre
- ▶ Ambulance Response Time Improvement Plan
- ▶ BR&E Local Implementation Fund
- ▶ Current tax impact at 2.8%

5 Year Capital Plan Highlights

- ▶ Palmerston and Hillsburgh Library renovation and expansion
- ▶ Wellington Place Lands Development and Groves Memorial Hospital Grant
- ▶ New Willowdale Child Care Centre
- ▶ Trans Canada Trail Development
- ▶ Social and Affordable Housing Capital Improvements
 - ▶ Continued investment in 1,189 owned units
 - ▶ 261-263 Speedvale Elevator and Accessibility project
 - ▶ Fergusson Place Improvements

County of Wellington County tax impact (2010-2018)

County Levy %



2010-2013 Actual
2014-2018 Projected

