

County of Wellington 2023 Budget and 10-Year Plan

January 9, 2023

Purpose of today's meeting

- ▶ Review 2023 Budget Process and significant budget updates since November
- ▶ Provide a background of the County's finances
- ▶ To provide Council with an overview of the 2023 Budget and 10-Year Plan in advance of January Committee meetings
- ▶ Opportunity for Council to review and discuss service levels and proposed capital projects



Agenda

- ▶ 2023 Budget and 10-Year Plan
 - ▶ 2023 Budget Process
 - ▶ Highlights of the Proposed 10-Year Plan
 - ▶ Asset Management and Capital Financing
 - ▶ Reserves and Reserve Fund Balances & Activity
 - ▶ County Debt Management and Forecast
 - ▶ Capital Budget Details
 - ▶ Operating Budget Forecast
 - ▶ Recap and wrap-up



County's Budget Process

- ▶ Year-round effort – budget monitoring takes place throughout the year
 - ▶ Monthly financial statements
 - ▶ Budget variance reporting
 - ▶ Capital budget amendments, as required
- ▶ 2023 Budget Schedule was approved by AF&HR in May
- ▶ Preliminary Budget and 10-Year Plan was presented to all committees in November
- ▶ CAO & Department Heads reviewed line-by-line budgets in December



Budget Schedule to Date

Description	Deadline/Date
Treasury staff update 10 year plan model and salary model	Summer 2022
Departments submit major 10 year operating budget items, draft 10 year capital forecast and proposed 2023 user fees to Treasury	September 9, 2022
Staff Advisory Committee review of preliminary 10 year plan	Mid October 2022
Preliminary 10 year plan completed	Late October 2022
Staff develop detailed 2023 operating budgets	October - November 2022
Preliminary 10 year plan and 2023 user fees reviewed by all Standing Committees and Boards	November 2022
AF and HR Committee review of preliminary 10 year plan and 2023 user fees	November 29, 2022
County Council adopts 2023 user fees and receives 10 year plan for information	December 1, 2022
CAO & Department Head review of budgets	December 2022



2023 Budget Process – Next Steps

- ▶ January 9, 2023 presentation to Council
- ▶ Budget reviews at Committee and Board meetings next 2 weeks
- ▶ Full budget package circulated to Council by January 13, 2023
- ▶ AF&HR review of budget on January 17, 2023
- ▶ AF&HR recommendations considered by Council on January 26, 2023



10-Year Plan Outlook in November

- ▶ 10-Year Plan projected a 3.8% budget increase for 2023
- ▶ Increases from 2.8% to 3.6% in 2024-2032



Changes to the 10-Year Plan since November

▶ Budget Increases

▶ Loss in Infrastructure Funding for Capital

- ▶ Reduction in Ontario Community Infrastructure Funding (\$500K)
- ▶ Offset by increase in Canada Community Building Funding (\$100K)
- ▶ Net impact to Roads Capital Budget (\$400K)

▶ Cost Impacts

- ▶ Net impact of re-grading and adjustments for County positions – including RPN positions at Wellington Terrace, smaller adj other depts (\$200K)
- ▶ Paramedic shift added during COVID made permanent – County share \$245K in first year
 - ▶ Offset by utilizing County's Shared Services Stabilization Reserve for 50% - net impact (\$122K)

▶ Bill 23 Impacts – reduction in ability to collect development charges

- ▶ Difficult to quantify at this point – will be based on set of assumptions, vary year-to-year, awaiting further information from province (definitions, regulations)



Changes to the 10-Year Plan since November

- ▶ Budget Decreases
 - ▶ Rural Broadband Implementation capital funding removed (\$400K)
 - ▶ Increased sales of roads equipment revenue estimate (\$250K)
 - ▶ Various revenue estimate adjustments – tipping fees, tree sales revenue (\$57K)
 - ▶ MPAC Property Assessment estimate lowered (\$47K)
- ▶ Net Zero Impacts
 - ▶ New Housing contract positions identified to implement federal infrastructure grant of \$12 million – County portion to be funded from County reserves
 - ▶ New Information Services Librarian identified, able to offset cost through reduced pay equity requirements at library - net impact \$0
- ▶ Total effect of all changes:
 - ▶ Tax levy increased by \$77,200 – tax impact remains at 3.8% in 2023



Highlights of the proposed 10-year plan

- ▶ Projected tax increase of 3.8% in 2023 and a range of 2.9% to 3.7% from 2024-2032
- ▶ Estimated 2023 operating budget of \$277.9 million
- ▶ \$555.1 million capital investment over 10 years
 - ▶ \$61.6 million in 2023
- ▶ \$56.3 million in new debt issues over 10 years
 - ▶ \$33.0 million tax-supported
 - ▶ \$23.3 million growth-related



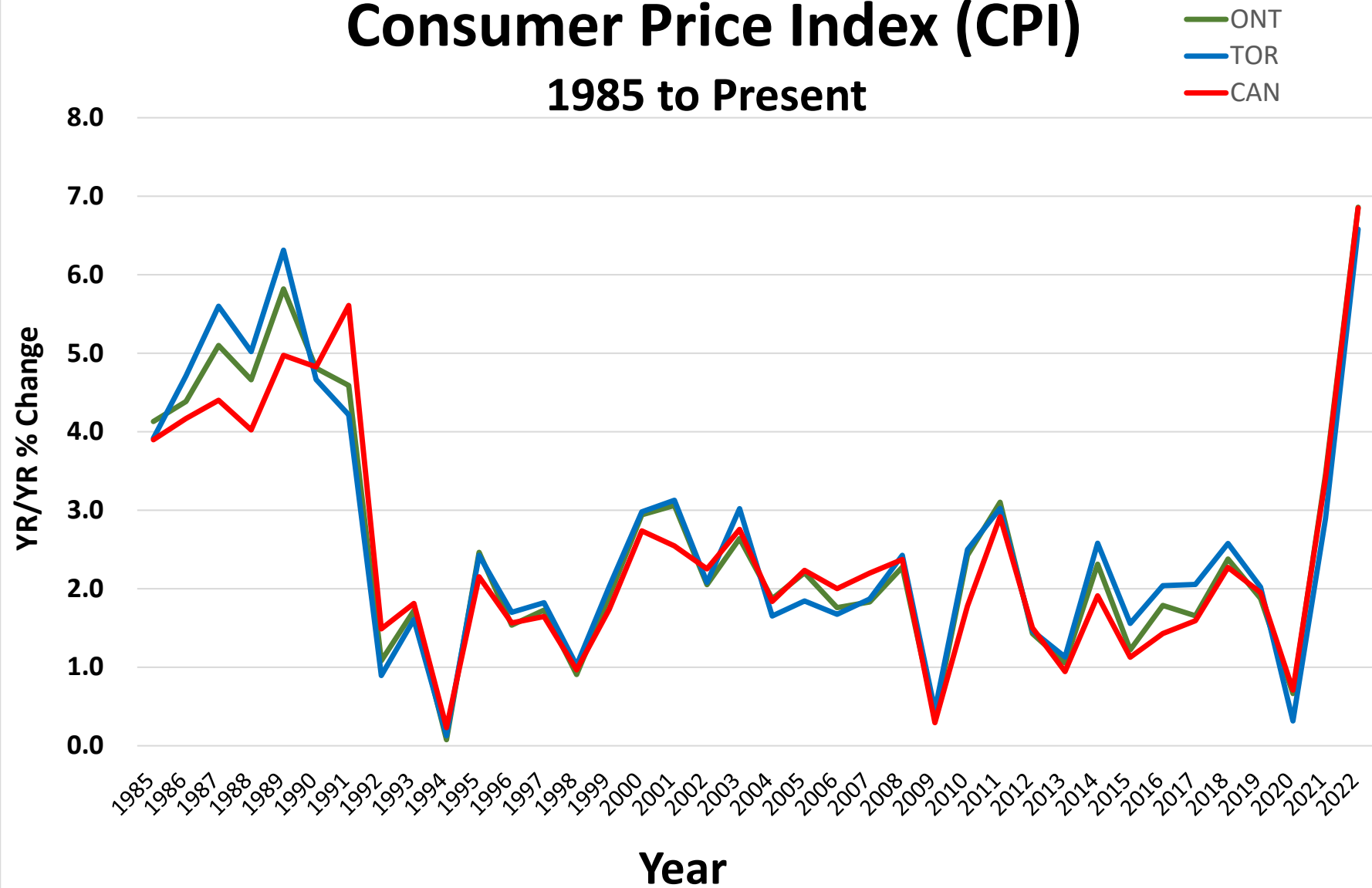
2023 Budget Context

- ▶ 40-Year Inflationary Highs
 - ▶ CPI – Ontario – averaged 6.9% in 2022 (low of 5.7% in January, high of 7.9% in June) – November CPI is at 6.4%
 - ▶ Double digit inflationary increases for a number of services that the County delivers
- ▶ Tight Labour Market
 - ▶ High inflation with low unemployment
 - ▶ Shortage of skilled labour
 - ▶ Inflation driving wages up, lots of choices for employment
 - ▶ Retention and recruitment an issue – particularly in Health Care
 - ▶ Implications for Wellington Terrace, Long-Term Care Home
- ▶ Disruption and Uncertainty with Provincial Funding Models
 - ▶ Bill 23 – More Homes, Built Faster Act
 - ▶ Significant Implications for Municipalities and ability to collect Development Charges
 - ▶ Shift in who pays for growth
 - ▶ Ontario Community Infrastructure Fund (OCIF) new funding model
 - ▶ Results in a significant redistribution of capital funds



Consumer Price Index (CPI)

1985 to Present



Construction Prices

STATISTICS CANADA
Non-Res Building Construction Price Index
Year-Over-Year % change by Quarter
2017-2022

Toronto Series

2017 BASE YEAR QUARTER	2017		2018		2019		2020		2021		2022	
	INDEX	YR/YR	INDEX	YR/YR	INDEX	YR/YR	INDEX	YR/YR	INDEX	YR/YR	INDEX	YR/YR
		% CHNG		% CHNG		% CHNG		% CHNG		% CHNG		% CHNG
I	98.9	3.8%	102.1	3.2%	107.4	5.2%	110.6	3.0%	114.2	3.3%	134.2	17.5%
II	100.0	3.2%	104.1	4.1%	108.3	4.0%	111.1	2.6%	119.9	7.9%	140.9	17.5%
III	100.4	3.1%	105.7	5.3%	109.2	3.3%	111.9	2.5%	125.0	11.7%	144.5	15.6%
IV	100.8	2.8%	106.6	5.8%	109.7	2.9%	112.1	2.2%	129.3	15.3%		
Ann. Avg.	100.0	3.2%	104.6	4.6%	108.7	3.8%	111.4	2.6%	122.1	9.6%	139.9	16.9%



Inflationary Impacts on the 2023 Budget

- ▶ A sample of some of the larger (double-digit) inflationary impacts that the County is facing are itemized below:

Item	% Increase	\$ Increase	Impact on County levy
Engineering (Roads and SWS)			
Curbside Collection Contract	12.4%	\$ 846,000	0.7%
Fuel	42.9%	480,000	0.4%
Parts (Fleet Maintenance)	28.6%	200,000	0.2%
Line Painting Contract	39.0%	230,000	0.2%
Vehicles and Equipment Capital Costs			
Roads (10-year capital up \$10.8 million)	35.8%	500,000	0.4%
SWS (10-year capital up \$1.8 million)	37.8%	100,000	0.1%
Insurance			
Employee Insurance (LTD, EHC, Dental, Life)	15.0%	810,000	0.7%
Corporate Insurance	16.5%	223,000	0.2%
Cyber Security	114.0%	69,000	0.1%
Information Technology			
Capital Costs (10-Year capital up \$5.1 million)	69.4%	450,000	0.4%
Software Maintenance & Licensing	15.2%	290,000	0.2%
		4,198,000	3.6%

*Note: Capital cost % increases relate to the difference in 10-year spending from the 2022 10-Year Plan compared to the 2023 10-Year Plan
The \$ Increase for capital reflects the amount of increased reserve transfers in 2023 (in most cases, these impacts are phased-in over multiple years)



2023 Provincial Funding Impacts

- ▶ OMPF reduction of \$138,900
- ▶ Ontario Community Infrastructure Fund (OCIF) reduction of \$506,679 (13%)
 - ▶ Over the 10 year plan - \$5 million
 - ▶ Pressure on County reserve to fund these works
- ▶ Cost of Ontario Works Administration funding freeze at 2018 levels \$305,000
 - ▶ County \$125,000 and City \$180,000
- ▶ Cost of Children's Early Years Administration funding freeze at 2018 levels \$732,000
 - ▶ County \$295,000 and City \$437,000



Ontario Community Infrastructure Fund (OCIF)

- ▶ Introduced in 2015 as the Province's main infrastructure funding provided to small and rural municipalities
- ▶ On December 9, funding model was adjusted for 2023 with few details on the formula
- ▶ Overall, Wellington municipalities OCIF funding has increased
 - ▶ However, there was a significant redistribution of funding within Wellington municipalities
 - ▶ County's funding was reduced by over \$500K – represents over \$5 million loss over 10-year plan
 - ▶ Needs to be made up using County reserves (or alternatively, project deferrals)

Total OCIF Allocations	2015	2019	2020	2021	2022	2023	Difference
Centre Wellington	\$ 293,039	\$ 1,216,174	\$ 1,271,559	\$ 1,271,559	\$ 2,596,074	\$ 2,985,485	\$ 389,411
Erin	59,729	258,604	260,016	260,016	548,545	466,263	\$ (82,282)
Guelph/Eramosa	114,783	450,444	445,088	445,088	918,994	781,145	\$ (137,849)
Mapleton	109,189	409,528	399,840	399,840	862,237	991,573	\$ 129,336
Minto	130,960	476,143	506,543	506,543	994,250	1,143,388	\$ 149,138
Puslinch	42,878	169,421	168,923	168,923	331,262	380,951	\$ 49,689
Wellington North	294,841	1,050,428	1,030,120	1,030,120	1,903,374	1,979,171	\$ 75,797
County of Wellington	464,769	1,823,229	1,863,466	1,863,466	3,759,468	3,252,789	\$ (506,679)
	\$ 1,510,188	\$ 5,853,971	\$ 5,945,555	\$ 5,945,555	\$ 11,914,204	\$ 11,980,765	\$ 66,561



Bill 23, More Homes Built Faster Act, 2022

- ▶ On October 25, 2022, the provincial government introduced “More Homes Built Faster: Ontario’s Housing Supply Action Plan 2022-2023”
 - ▶ Intended to advance the province’s commitment to getting 1.5 million homes built across Ontario over the next 10 years
 - ▶ Revised Bill received Royal Assent on November 28, 2022
- ▶ Made a series of changes intended to support the Provincial objective of building more homes, reduce construction costs and streamline development approvals, in an effort to help future new homebuyers
- ▶ Changes to the Development Charges Act (DCA) will reduce the amount of DCs that municipalities can recover from new development by implementing a number of reductions and exemptions, including
 - ▶ Mandatory five-year phase-in of DC rates (reductions: year 1 – 20%, year 2 – 15%, year 3 – 10%, year 4 – 5%)
 - ▶ Removal of land costs and studies as eligible capital costs from future studies
 - ▶ Exemptions for future non-profit housing, affordable and attainable housing (yet to be defined)
 - ▶ 15 to 25% discount for purpose-built market rental units



Bill 23, More Homes Built Faster Act, 2022

- ▶ Budget impacts are difficult to determine at this time for a number of reasons:
 - ▶ Awaiting regulations to come out that will define “affordable and attainable” housing
 - ▶ Additional details will determine timing and implementation of reductions and exemptions
- ▶ Mandatory Phase-In of DCs
 - ▶ \$4.7 million reduction in development charges collected over the 10-year plan (estimate)
 - ▶ Has impacts to cash flow and accounting for exemptions (reduced funding for growth-related projects)
 - ▶ Immediate impact: increases pressure on County reserves to fund shortfalls and requires more growth-related debt to be issued
 - ▶ Growth-related debt has increased by \$4.6 million since Preliminary Budget presented in November
- ▶ Exclusion of capital costs for land and studies from development charges
 - ▶ Land: requires definitions in future regulations to determine which lands are excluded
 - ▶ Current forecast includes \$4.0 million for land costs (all funded by DCs) until further direction is provided
 - ▶ Studies: amounts included in existing DC by-law can be collected, future DC by-law will exclude these costs
 - ▶ \$1.8 million forecasted for the future by-law



Bill 23, More Homes Built Faster Act, 2022

▶ Summary

- ▶ New legislation moves away from the principle that “growth pays for growth” by reducing developer contributions to fund growth-related infrastructure
 - ▶ Will result in increased property taxes or deferred capital projects
- ▶ Legislation was passed very quickly – it’s early in the process – municipalities are still determining impacts, regulations have yet to be filed, definitions of certain exemptions are outstanding
- ▶ Will the province provide additional funding in lieu of DCs to “make municipalities whole”?
- ▶ Creates uncertainty over who pays for growth

▶ Immediate Impacts

- ▶ Estimated reduction of \$4.7 million in development charge collections due to mandatory phase-in requirement
- ▶ \$4.6 million in additional growth-related debt charges to manage cash flow requirements















▶ Future Impacts

- ▶ Land and Studies to be exempted from future DC By-Laws – estimated impact of \$5.8 million
- ▶ Exemptions provided for affordable, attainable, non-profit and market rental housing yet to be determined

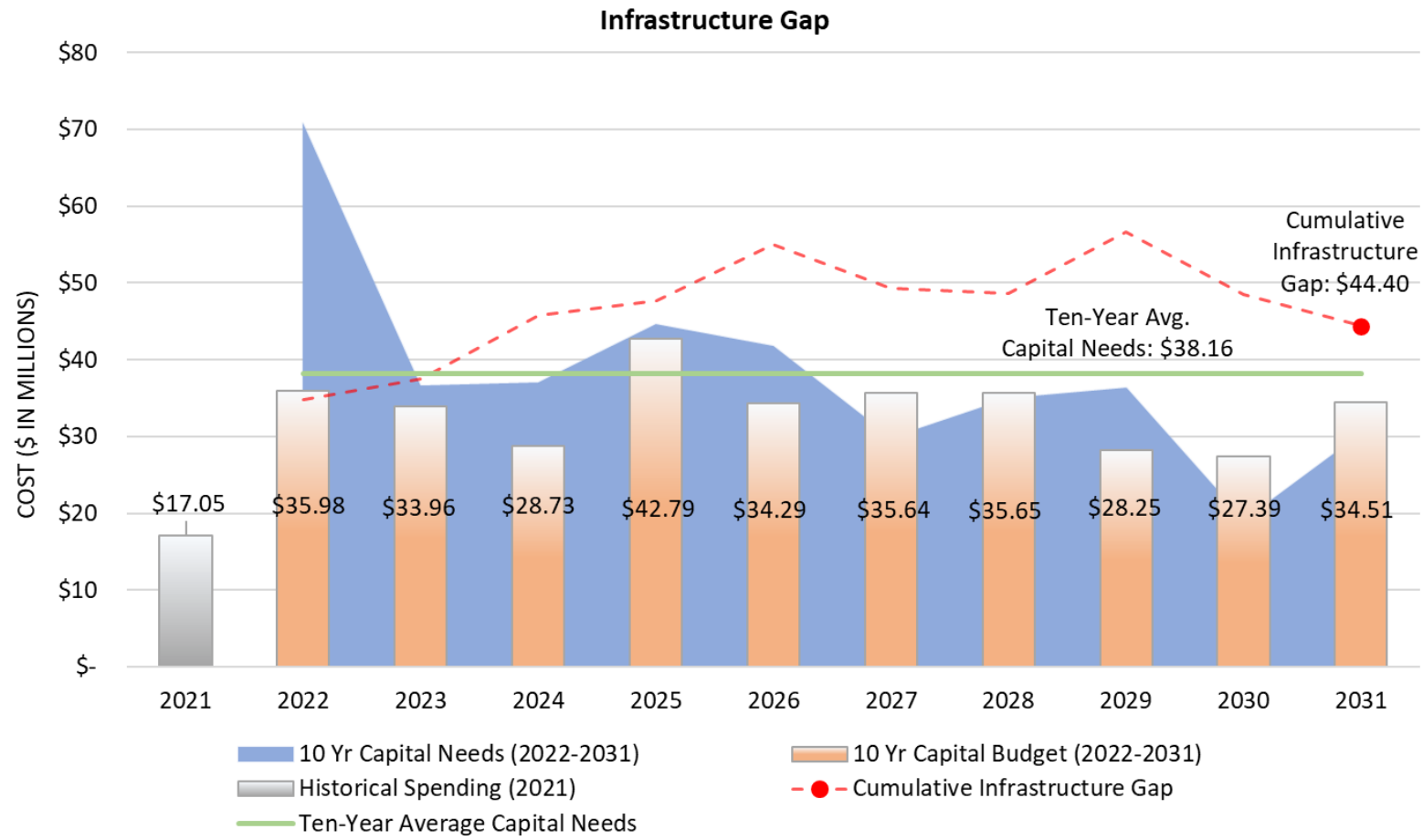


Corporate Asset Management Planning

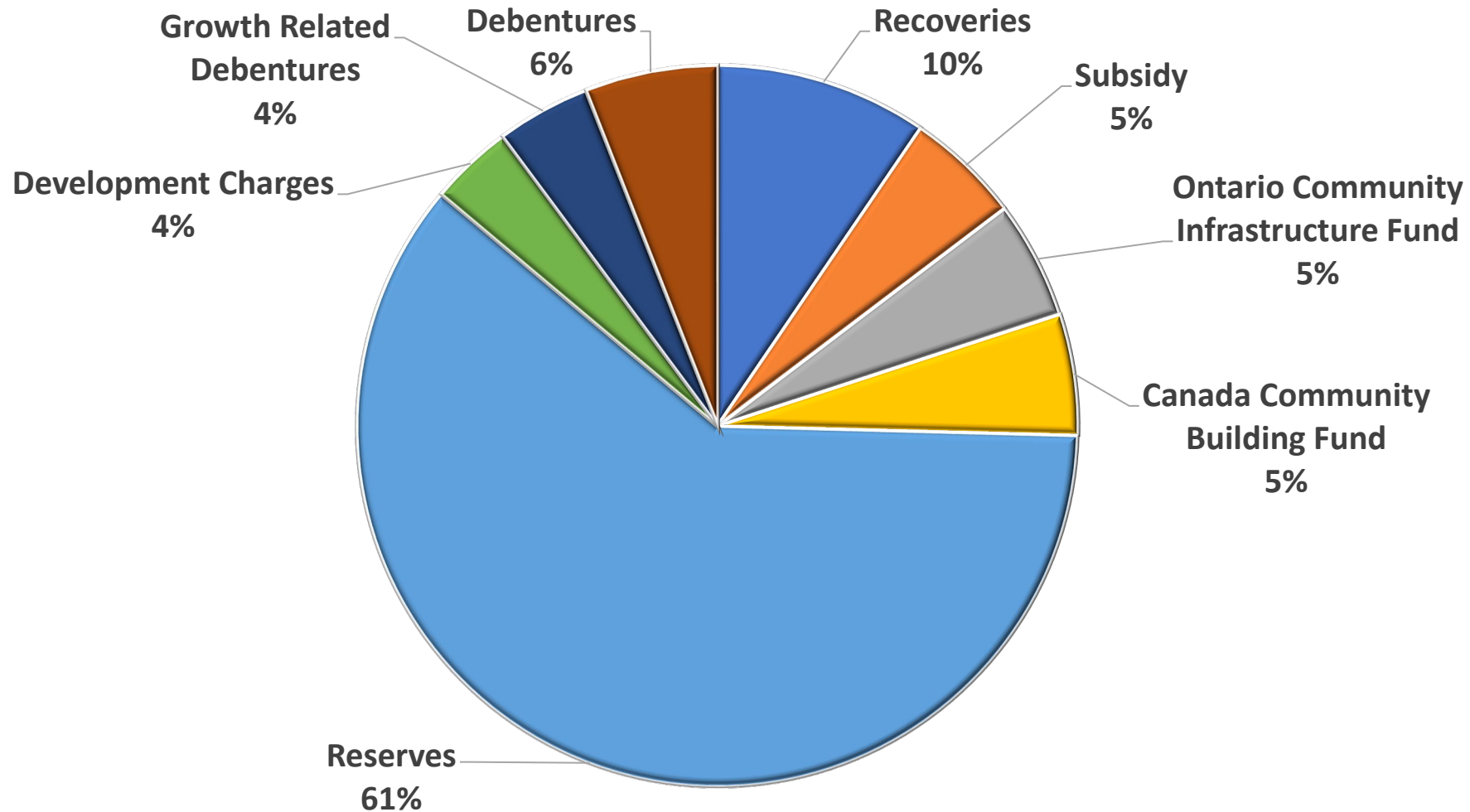
- ▶ Ontario Regulation 5887/17: Asset Management Planning for Infrastructure

Provincial Requirement	Completion Date	County Status	Results
Strategic Asset Management Policy	July 1, 2019		County Commitment to Continued Asset Management Planning and Reporting
Asset Management Plan for Core Assets: Roads, Bridges & Culverts, Stormwater Assets Current Levels of Service	July 1, 2022		 Total Replacement Value of Core Assets \$745 million
			 Average Condition of Core Assets Good
			 Ten-Year Average Annual Capital Needs \$38 million
			 Cumulative Infrastructure Gap \$44 million
Asset Management Plan for All Municipal Assets: Buildings, Vehicles and Equipment, Furniture and Fixtures, Library Materials Current Levels of Service	July 1, 2024		 Total Estimated Replacement Value of All Assets \$1.2 billion
			 Average Condition Work in Progress
			 Ten-Year Average Annual Capital Needs Work in Progress
			 Work in Progress
Asset Management Plan All Municipal Assets Proposed Levels of Service	July 1, 2025		Work in Progress
 COMPLETE  IN PROGRESS			

Corporate Asset Management Planning



2023-2032 Capital Financing



2023-2032 Capital Budget Highlights

- ▶ \$336.7 million - 60.7% of capital spending funded from own source revenue (reserves)
- ▶ \$88.2 million -15.9% funded through Federal and Provincial subsidies
 - ▶ \$29.3 million in Ontario Community Infrastructure Fund (OCIF)
 - ▶ \$30.2 million in Canada Community Building Fund (formerly Federal Gas Tax)
 - ▶ \$28.7 million provincial subsidy Social and Affordable Housing, Roads
- ▶ \$56.3 million – 10.1% to be funded through Debt
 - ▶ \$33.3 million tax supported
 - ▶ \$23.3 million growth-related (recovered from DCs)
- ▶ \$20.8 million – 3.7% funded by Development Charges



Reserves and Reserve Fund Balances

- ▶ County's reserve and reserve fund balances totalled \$119.0 million as of December 31, 2021
 - ▶ Capital Reserves: \$66.8 million
 - ▶ Operating Reserves: \$28.8 million
 - ▶ Reserve Funds: \$23.4 million (more restrictive in use)
- ▶ Reserve and Reserve Fund balances currently sit at \$121.9 million in draft form
 - ▶ Capital projects still to be closed
 - ▶ Potential winter control savings to be allocated
 - ▶ Projected surplus still to be allocated (\$1.6 to \$2.5 million)

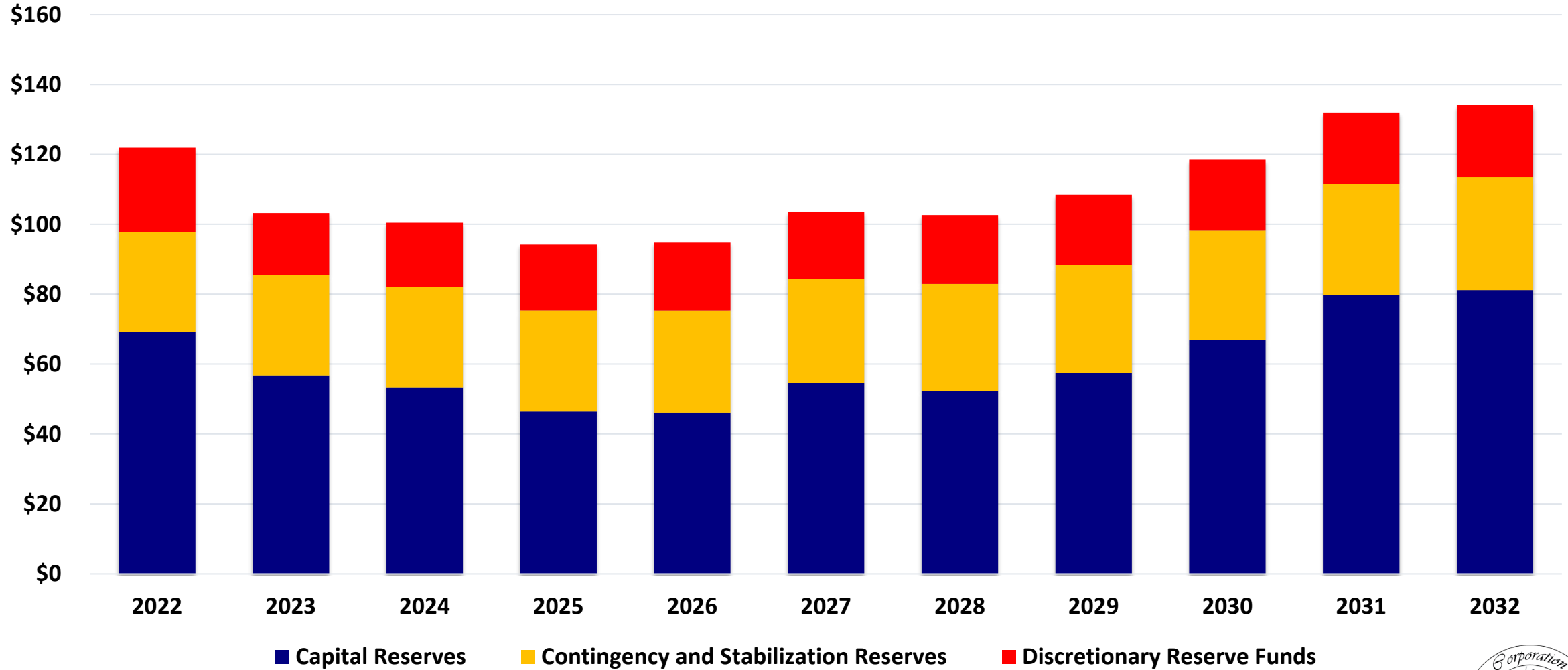


Reserves and Reserve Funds

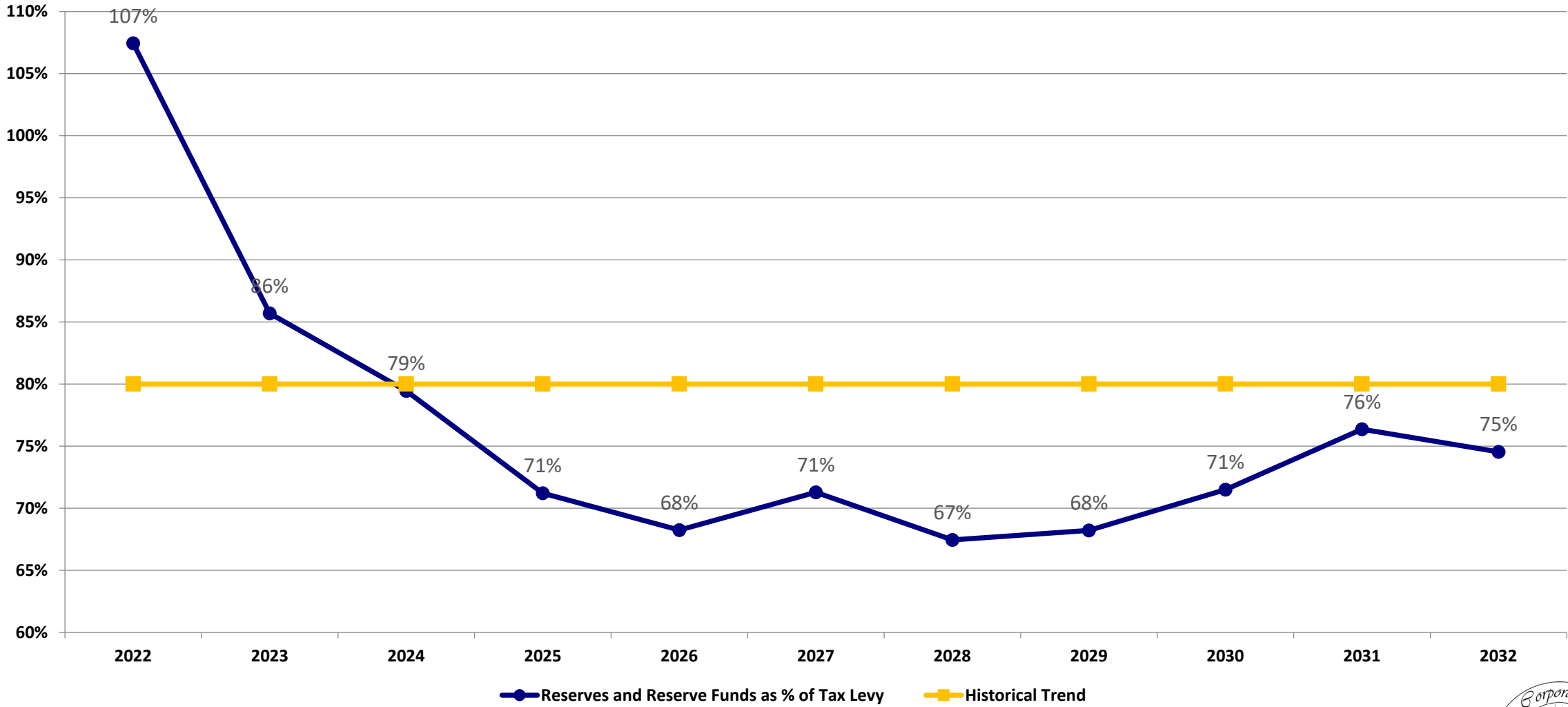
	Balance at Dec 31, 2021 (\$000s)	Projected Balance at Dec 31, 2022 (\$000s)	Projected Balance at Dec 31, 2023 (\$000s)
Reserves			
Operating Reserves			
Contingency & Stabilization Reserve	16,962	16,688	16,788
Winter Control Reserve	4,328	4,447	4,579
Shared Services Reserve	7,477	7,455	7,368
Capital Reserves	66,826	69,226	56,729
Total Reserves	\$ 95,593	\$ 97,816	\$ 85,464
Reserve Funds			
Future Liability Coverage Reserve Funds			
WSIB Self Insurance	3,914	3,825	3,708
Landfill Closure and Post Closure	9,281	9,702	10,351
Post Employment Benefits	1,956	2,159	2,374
Health Unit Debt Retirement	2,914	2,988	0
Donation Reserve Funds	577	394	430
Specific Purpose			
Housing Regeneration	4,264	4,544	406
Homeownership Loan Programme	493	505	520
Total Reserve Funds	\$ 23,399	\$ 24,119	\$ 17,789
Total Reserves and Reserve Funds	\$ 118,992	\$ 121,935	\$ 103,253

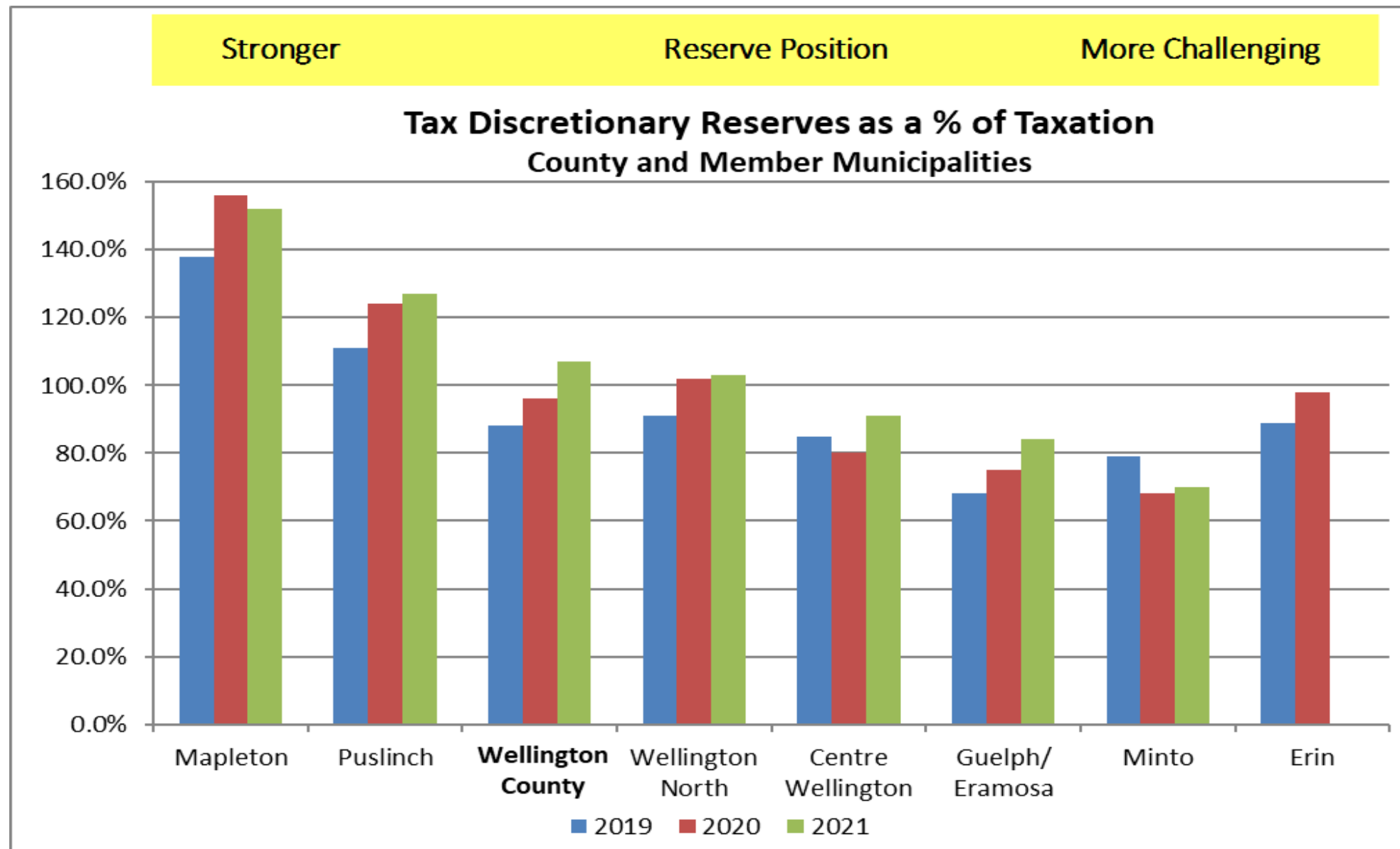


Reserves and Reserve Funds Forecast 2022-2032 (\$ Millions)



Reserves and Reserve Funds as % of Tax Levy





Note: Does not include Water and Wastewater Reserves



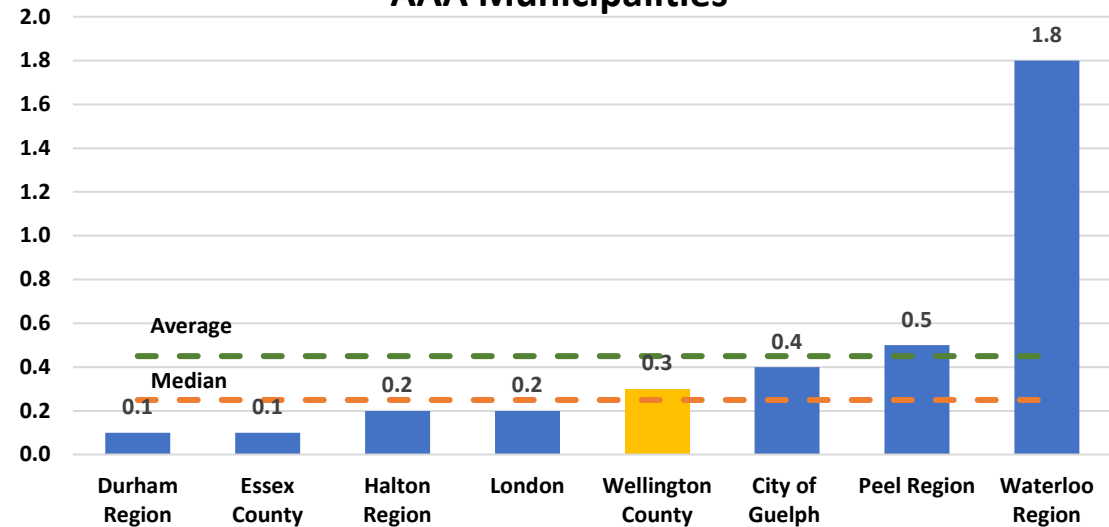
Tax Debt to Reserve Ratio

(Includes water & wastewater)

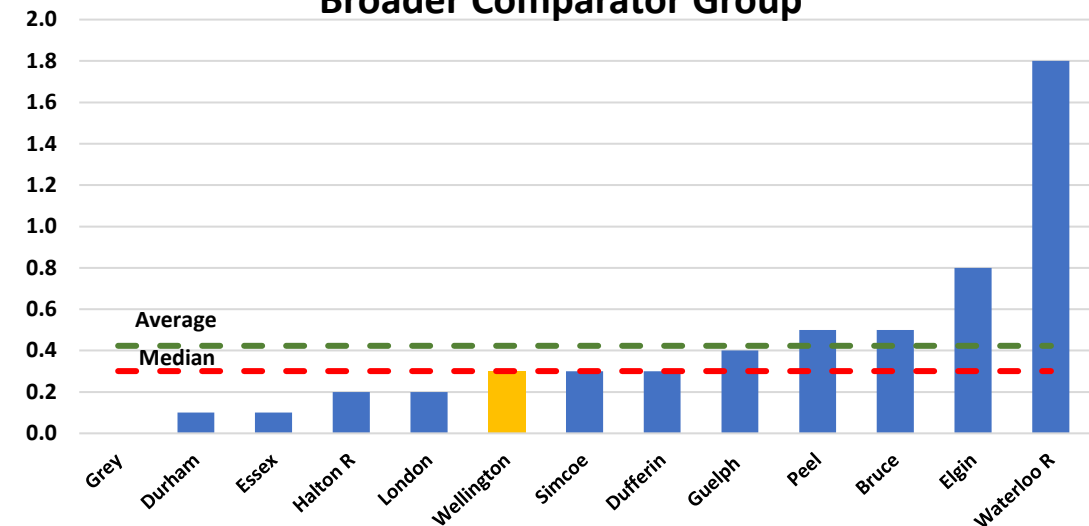
- This ratio reflects the amount of debt outstanding to the total reserves and reserve funds. A generally accepted target ratio for municipalities is considered to be no more than 1:1.
- The County has an even stricter policy limit of 0.75:1 ratio
- At 0.3:1 (2021 FIR) the County is well below this limit.
- In both comparator groups, Wellington County is below the group average.
- This demonstrates the principle of responsible debt management guiding long term decision making at the County.

Data Source: 2022 BMA Management Consulting Group Municipal Study

AAA Municipalities



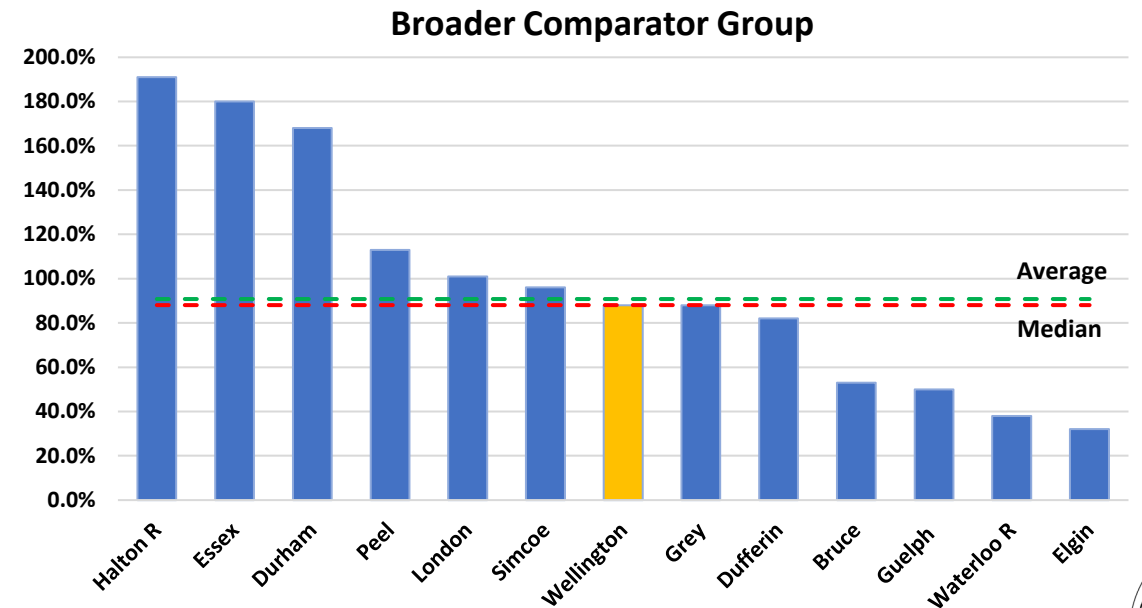
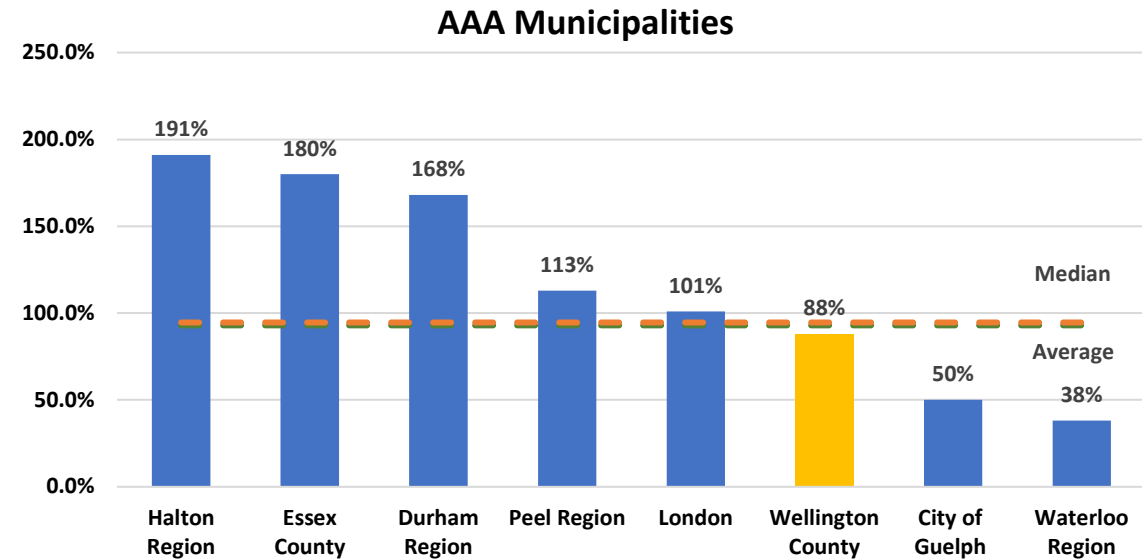
Broader Comparator Group



Tax Discretionary Reserves/Reserve Funds as a % of Own Source Revenues (Excludes water & wastewater)

- This indicator provides the total tax discretionary reserves and reserves funds in relation to a single year's own source revenues less water and wastewater revenues.
- Based on the 2021 Municipal Study, at 88%, the County's position is third lowest in comparison to AAA-rated municipalities and close to the peer average of the broader comparator group.
- This ratio is a strong indicator of financial stability.

Data Source: 2022 BMA Management Consulting Group Municipal Study



Provincial Averages – Debt and Reserves

- ▶ Municipalities report their financial results to the province annually through the Financial Information Return (FIR) process
- ▶ Ministry of Municipal Affairs and Housing (MMAH) produced the results of their 2021 Municipal Financial Profiles in December 2022 and shared them with municipalities
- ▶ Results show that the County is below the provincial average (all municipalities) for reserve and reserve funds as a % of municipal expenses and as a % of property taxes

	Provincial Avg - all Municipalities	South Upper-Tier Counties Avg	Wellington County
Total Debt Burden	\$ 76,185,470	\$ 16,356,800	\$ 32,566,214
Total Debt Burden per Household	\$ 1,344	\$ 341	\$ 904
Debt Servicing Cost as a % of Own Source Revenues	4.30%	3.60%	3.60%
Total Reserve and Discretionary Reserve Funds Per Household	\$ 3,212	\$ 1,501	\$ 3,327
Total Reserve and Discetionary Reserve Funds as a % of Municipal Expenses	76.00%	54.30%	55.70%
Total Reserve and Discretionary Reserve Funds as a % of Own Purpose Taxation	133.40%	113.90%	108.10%



Contingency and Stabilization Reserve

Purpose:

- To mitigate significant increases in tax rates as a result of uncontrollable factors such as weather, economic conditions, interest rate fluctuations, unemployment levels, development trends and changes in subsidies, revenues or cost sharing agreements

(Source: County of Wellington Reserves and Reserve Fund Policy effective June 2021)

Target:

- GFOA recommends, at a minimum, that the Contingency and Stabilization Reserve balance be maintained at a level of no less than two months of operating fund revenues or expenditures or 16.7%.
- Contingency and Stabilization Reserve 2021 Balance/2021 Own Source Revenues

$$= \$16,962,000 / \$136,559,231 = 12.42\%$$



Capital Reserves

Purpose:

- To make provisions for replacements/renewals/acquisitions of assets and infrastructure that are currently being consumed and depreciated.
- Avoid spikes in funding requirements for capital projects by reducing the reliance on long-term debt. *(Source: County of Wellington Reserves and Reserve Fund Policy effective June 2021)*

Target: *(Source: 2021 BMA Financial Policy: Reserves and Debt Management Third Party Review)*

- The ratio of existing capital reserves to accumulated amortization should be 100% or greater, meaning that the amount available in reserves at any time is equal to the amount of assets that has been depreciated or used (on an historical cost basis).
 - This indicator supports intergenerational equity – past generations did not contribute at the appropriate level which has led to an infrastructure deficit in Wellington County (2022 Backlog of \$44.4 million for core infrastructure assets only)
- Capital Reserve 2021 Balance/2021 Accumulated Amortization
$$= \$66,826,000 / \$366,951,974 = 18.36\%$$







Future Liability Coverage Reserve Funds

Purpose:

- Prudent and sustainable financial management strategies are needed to ensure future generations are not required to absorb a disproportionate share of currently incurred liabilities.

(Source: 2021 BMA Financial Policy: Reserves and Debt Management Third Party Review)

Target:

- WSIB – 2021 Liability = \$1,394,249 / 2021 Reserve Balance = \$3,914,279 
(Note: This Reserve Fund also funds the Health and Safety Budget which ranges from \$574,100 in 2023 to \$1,096,900 in 2032)
- Landfill Closure and Post-Closure – 2021 Liability = \$8,613,565 / 2021 Reserve Balance = \$8,491,715 
(Note: This liability increases to **\$10,190,146** million using a more realistic 30-year (versus 25-year) cash flow forecasting methodology)
- Post-Employment Benefit – 2021 Liability = \$1,970,739 / 2021 Reserve Balance = \$1,955,785 
- Health Unit Debt Repayment – 2023 Liability = \$2,753,000 / 2021 Reserve Balance = \$2,914,368 

These Reserve Funds are regularly reviewed and funding plans updated annually



Reserves summary

- ▶ Reserves are budgeted to drop by \$18.7 million in 2023
- ▶ Reserve balances are projected to decline by a further \$8.3 million until year 5 (2027) of the 10-year plan when they start to build back up
- ▶ Reserves and reserve funds as a % of the tax levy are projected to decline below 70% of the tax levy in the forecast
 - ▶ There is significant pressure on the County's reserves in the first four years of the capital forecast as inflation takes its toll before we completely phase-in the required increased transfers to capital reserves
- ▶ Reserve balances are healthy, but lag behind other AAA-rated municipalities and are close to the peer average amongst the broader comparator group in the study
- ▶ General conclusions:
 - ▶ Future Liability Coverage reserve funds are close to targeted levels
 - ▶ Contingency and Stabilization reserves are slightly underfunded
 - ▶ Capital reserves are well-underfunded
- ▶ Estimates are conservative and can improve over time

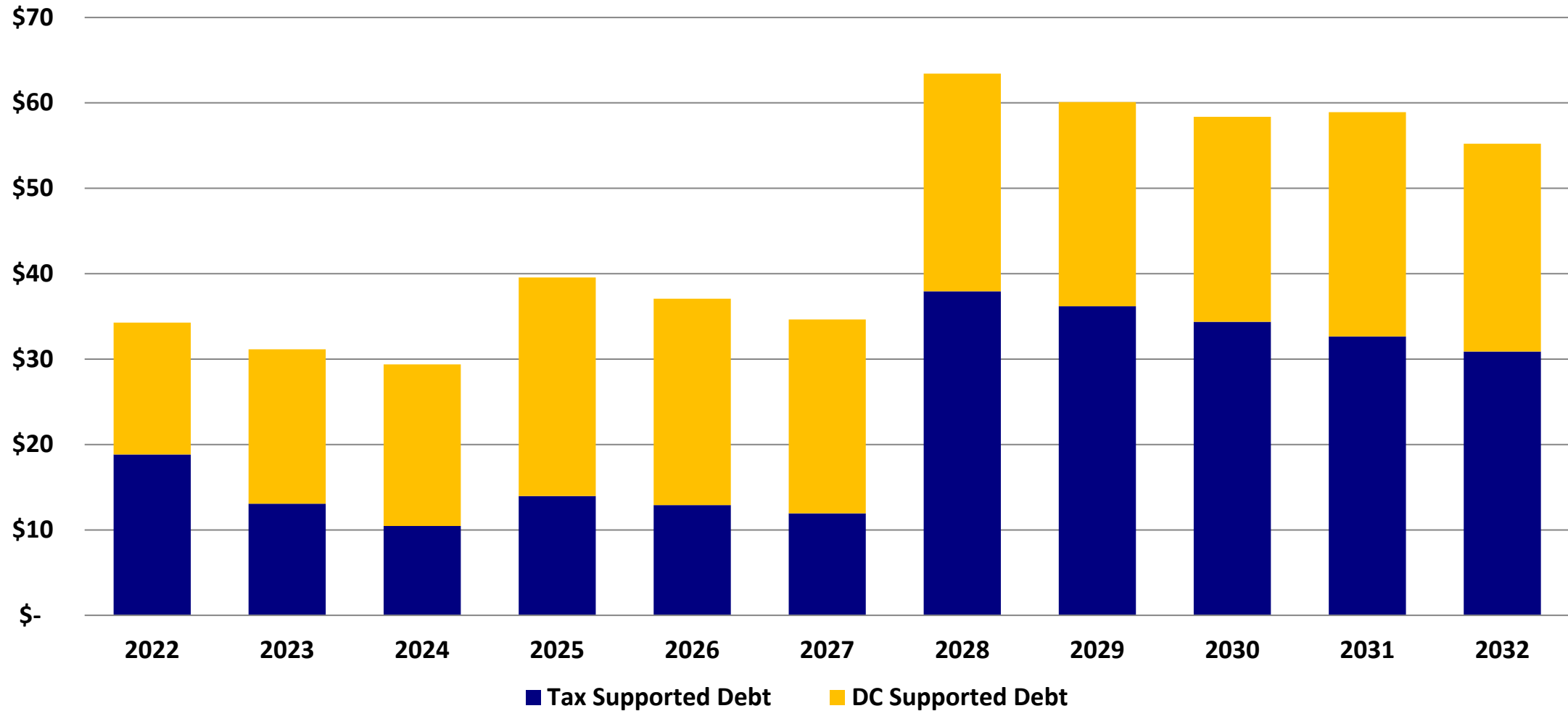


Projected long term borrowing

- ▶ \$56.3 million in new debt to be issued over the next ten years:
 - ▶ Tax-Supported Debt - \$33.0 million
 - ▶ Roads - \$6.0 million for the new Erin/Brucedale Garage (2025)
 - ▶ Property - \$27.0 million for 21 Douglas Street Reconstruction and Parking project (2028)
 - ▶ Growth-Related Debt - \$23.3 million
 - ▶ Roads Growth Related Debt - \$19.0 million
 - ▶ Erin/Brucedale Garage (2023/2025), Harriston Garage (2028), Aberfoyle Garage (2031), WR124 (2023/2025), WR10 at WR8 (2030)
 - ▶ Library - \$1.8 million for new Erin Library Branch Construction (2024)
 - ▶ Ambulance Related Projects - \$2.0 million in Growth related debt
 - ▶ Guelph/Eramosa Station (2025), Arthur Station (2028), Drayton Station (2030)



County of Wellington Debt Outstanding 2023-2032 (\$ Million)

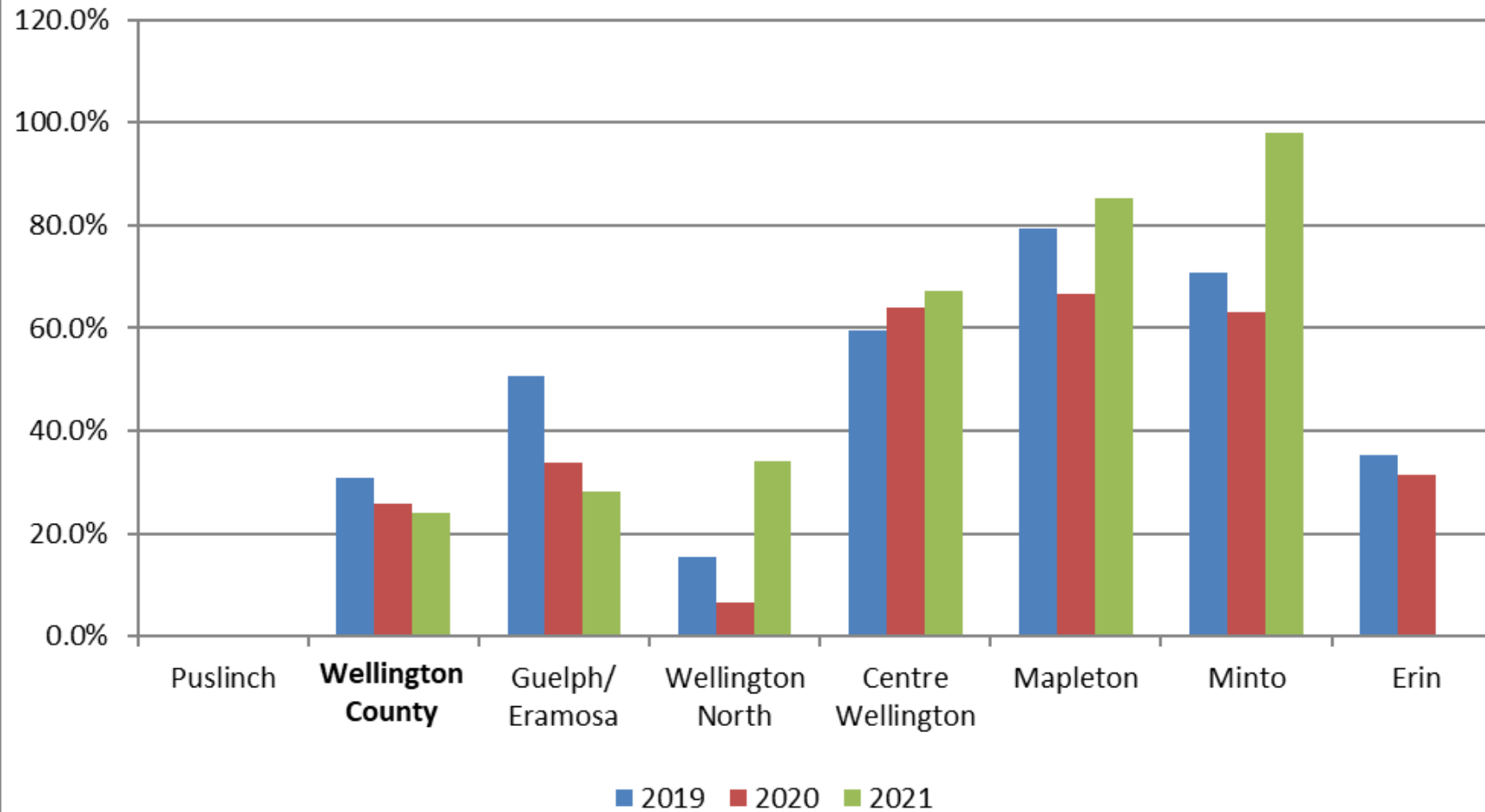


Limited Debt

Debt Position

Higher Debt Levels

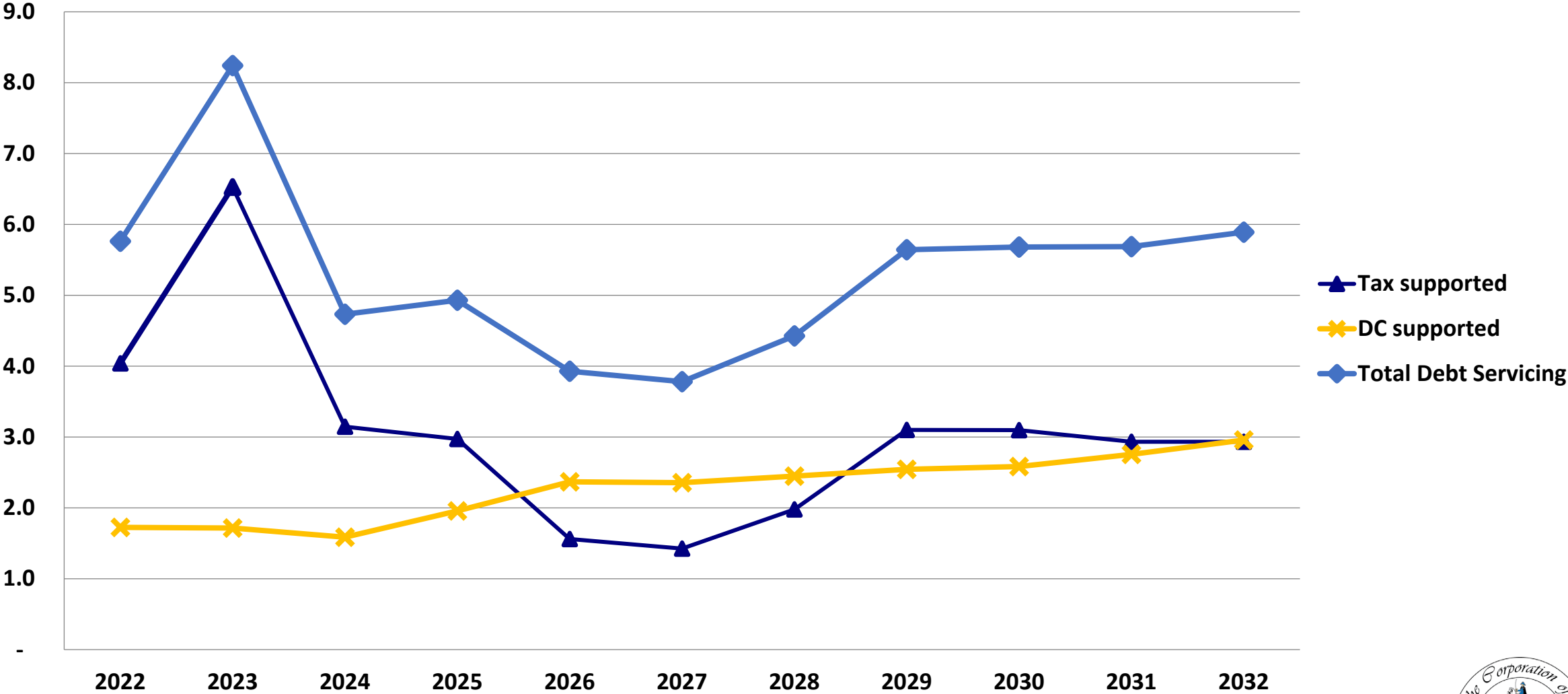
**Total Debt Outstanding per Total Own Source Revenues
County and Member Municipalities**



Note: Debt includes Tax supported, Water & Wastewater and DC supported debt; Own Source Revenue does not include DC revenue earned



County of Wellington
Debt Servicing Charges 2022 - 2032 (\$ Millions)

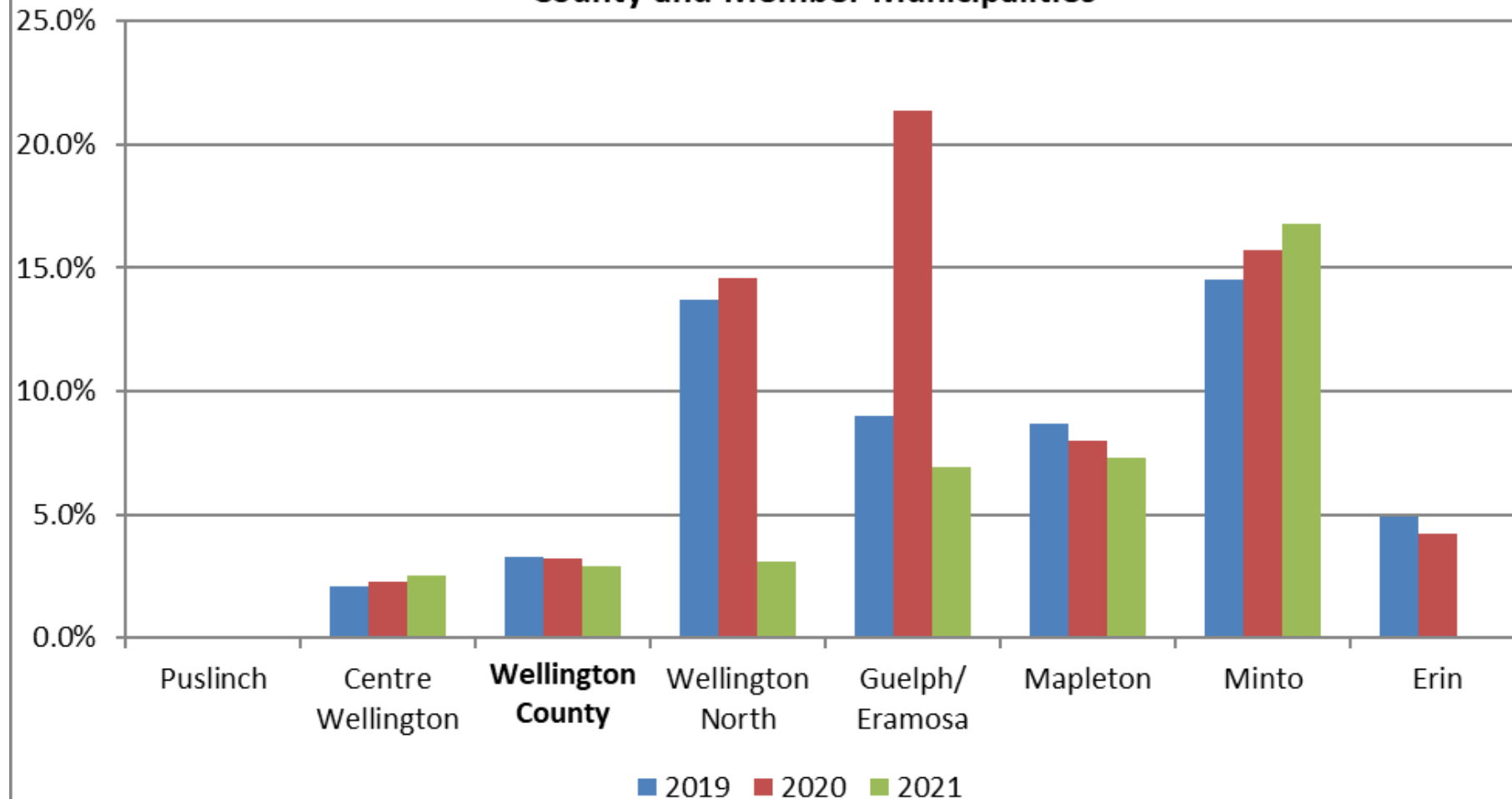


Limited Debt

Debt Position

Higher Debt Levels

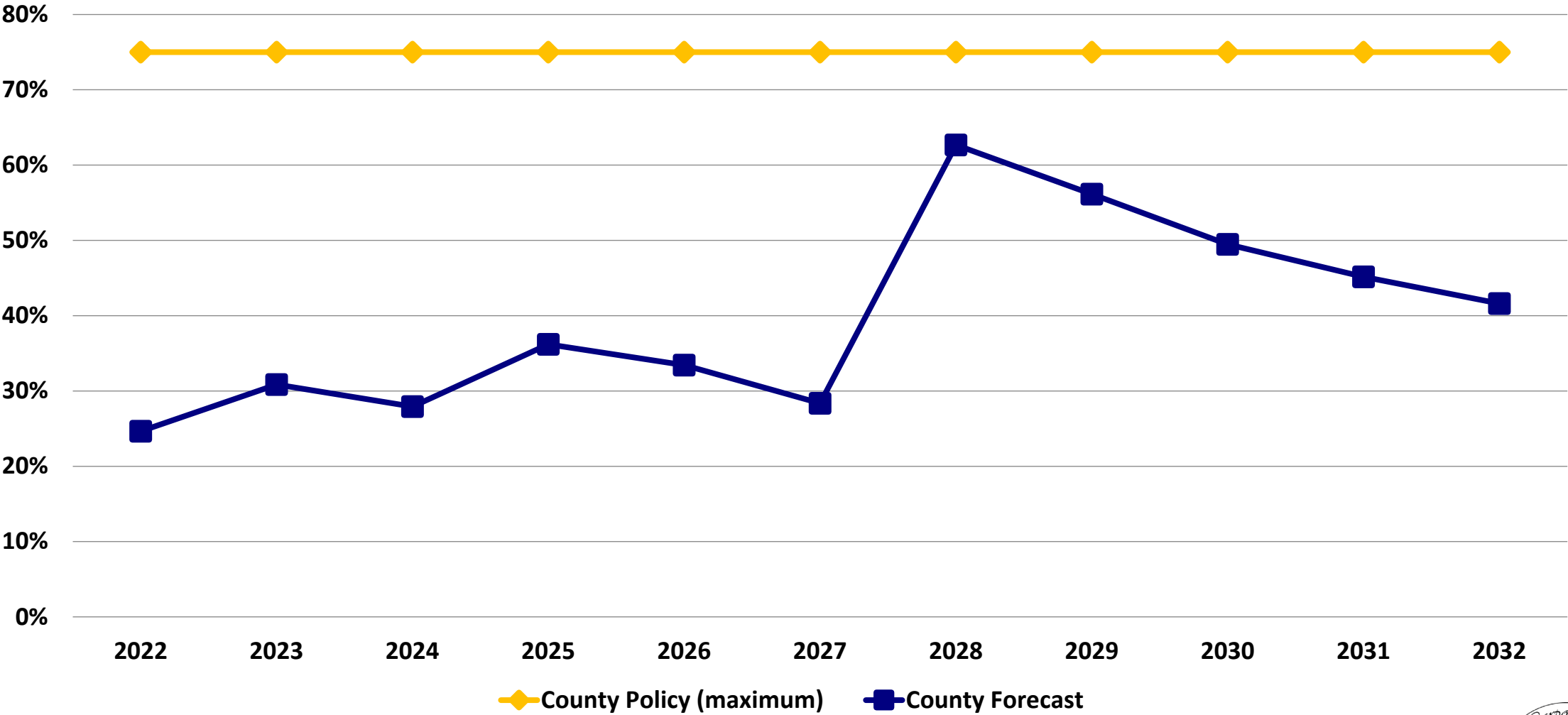
Tax Debt Charges as % of Tax Own Source Revenue County and Member Municipalities

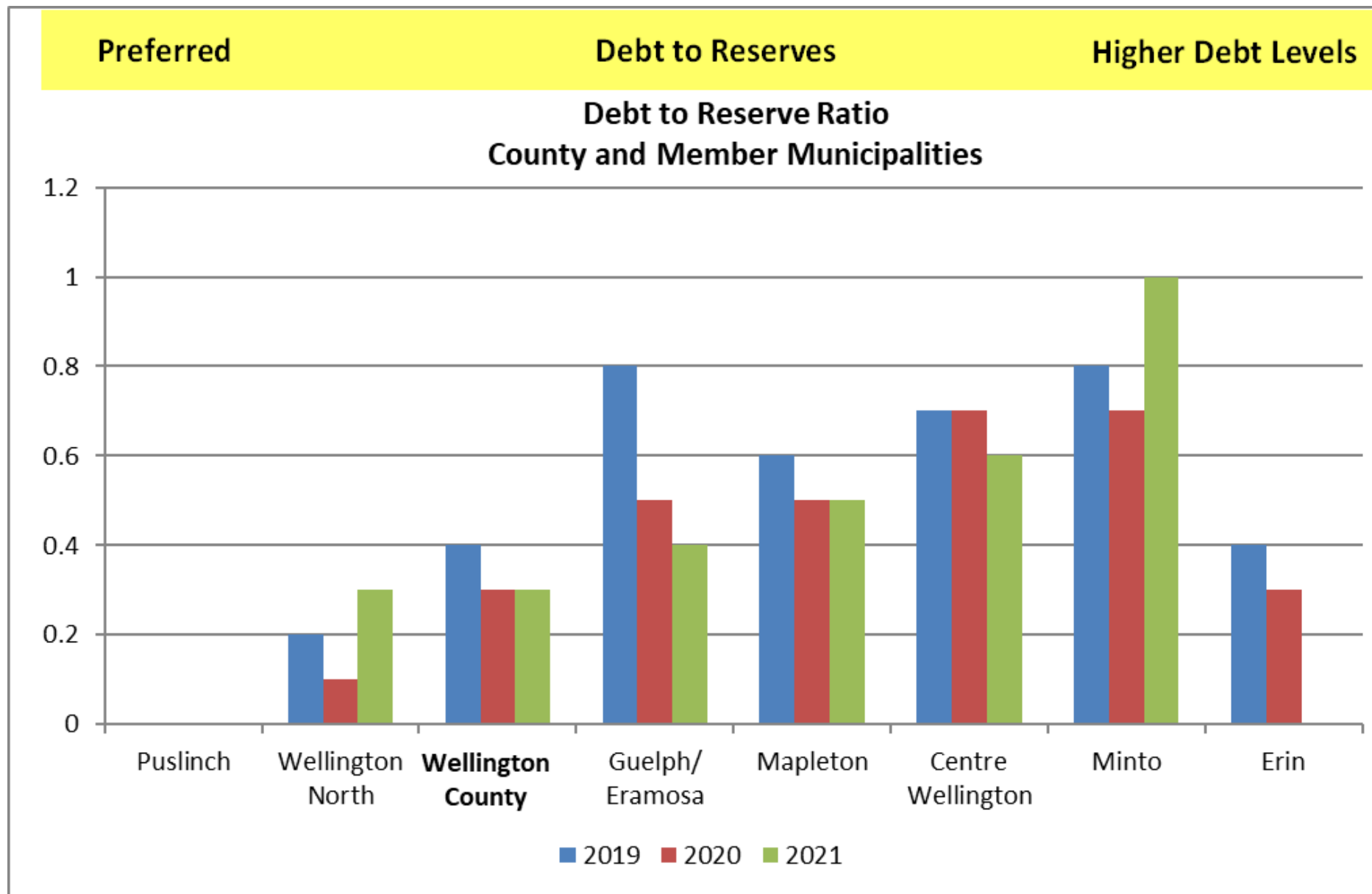


Note: Debt includes Tax Supported and DC Supported debt; Own Source Revenue does not include DC revenue earned; No Water and Wastewater debt or revenue is included.



Debt Outstanding to Reserve Ratio





Note: Debt includes Tax Supported, Water and Wastewater and DC funded debt, Reserves include Water and Wastewater Reserves.

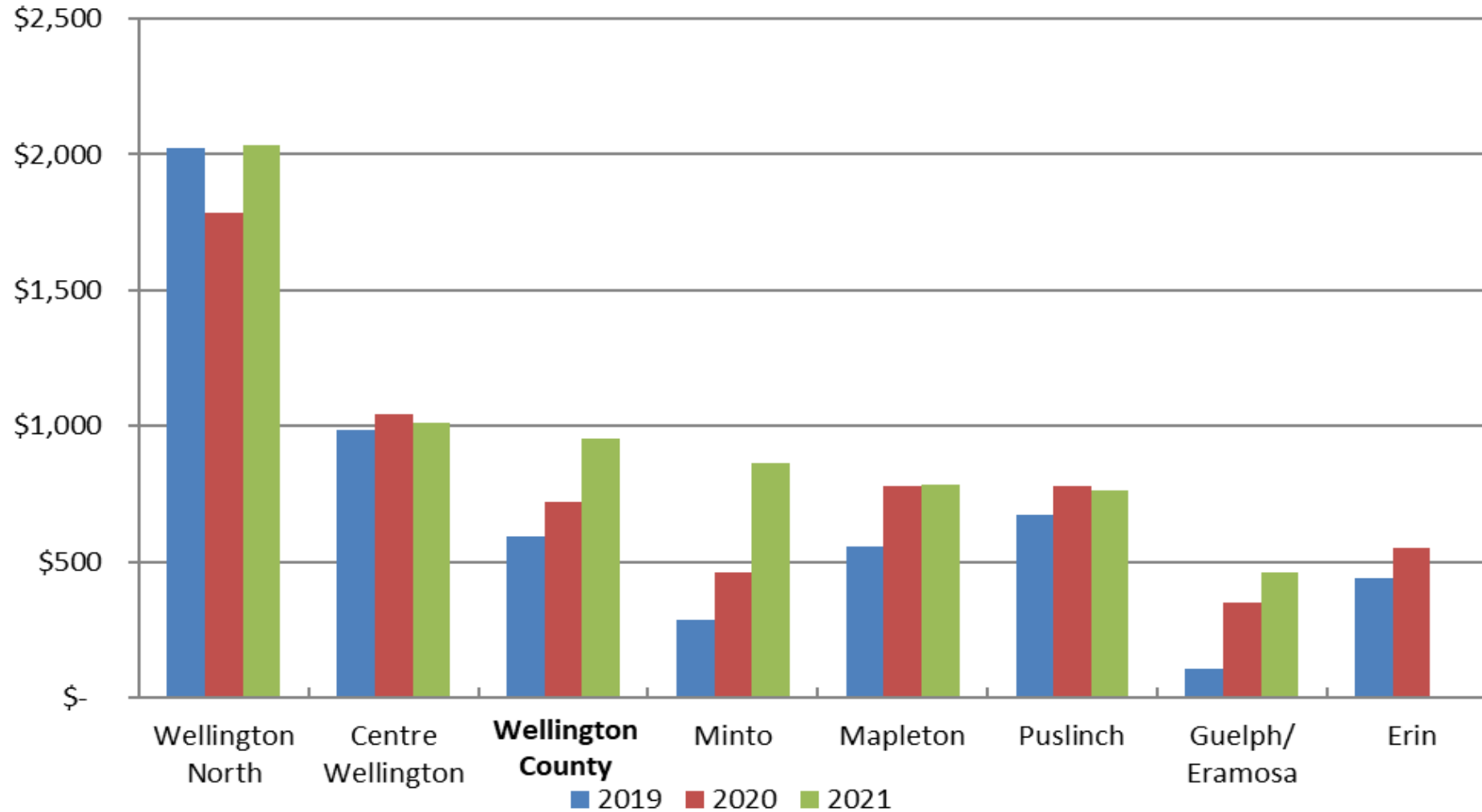


Stronger

Financial Position

More Challenging

Financial Position per Capita County and Member Municipalities

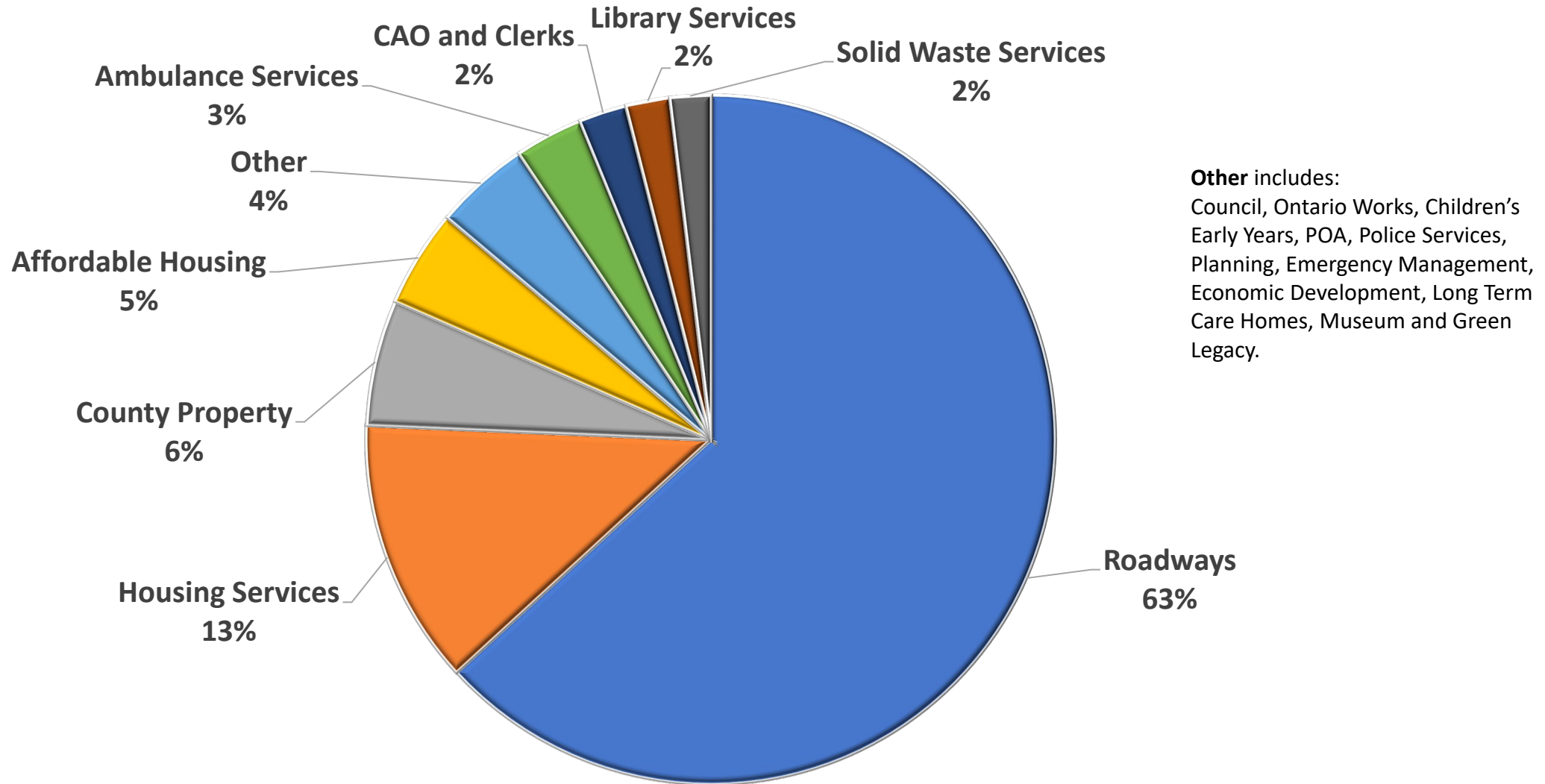


Debt summary

- ▶ Debt outstanding will top out at \$63.4 million in 2028
 - ▶ \$37.9 million tax supported, \$25.5 million DC supported
- ▶ Debt servicing costs will top out at \$8.2 million in 2023
 - ▶ \$6.5 million tax supported, \$1.7 million DC supported
 - ▶ Includes \$3.1 million balloon payment for Health Unit
- ▶ County's tax supported debt levels are relatively stable for the first 5 years of the 10-year plan before climbing in the last 5 when the 21 Douglas Reconstruction debt is added
- ▶ Debt servicing costs are generally maintained over the 10-year plan with a couple of notable dips and spikes
- ▶ Debt to reserve ratio remains below the policy level over the 10-year forecast



2023-2032 Capital Expenditures (\$554.7 million)



10 Year Capital Plan Highlights – Infrastructure

- ▶ Investment in County roads network
 - ▶ Roads Garages –the replacement of Erin / Brucedale, Harriston and Aberfoyle throughout the forecast
 - ▶ 216 kilometres of road improvements
 - ▶ Replacement or rehabilitation of 21 bridges and 6 culverts
 - ▶ 13 intersection improvements
- ▶ Social and Affordable Housing Capital Improvements
 - ▶ Increased investment in County owned social and affordable housing units
 - ▶ Transitional housing development at 65 Delhi Street in Guelph
- ▶ 21 Douglas Street Reconstruction and Parking
 - ▶ Increase office and parking space for administration staff in the forecast



10 Year Capital Plan Highlights – Services

- ▶ New Erin Library Branch Construction
 - ▶ Construction in 2023-24
- ▶ Wellington Place Mini-Master Plan
 - ▶ Implementation of plan approved in 2022, continuation of work in 2023-26
- ▶ Solid Waste Services
 - ▶ Facility upgrades at Elora and Rothsay Transfer Stations
 - ▶ Further development of Phase II of the Riverstown Landfill
- ▶ Ambulance Station Improvements
 - ▶ Proposed construction of 6 sites located throughout the County (5 locations identified over the forecast)
 - ▶ Construction delayed another year in the forecast due to uncertainty regarding provincial review for funding and service delivery



Capital Plan: Roads

- ▶ Facility Construction - \$35.1 million:
 - ▶ Erin / Brucedale Shop (2023-2025) - \$17.7 million
 - ▶ Harriston Shop (2026-2028) - \$7.4 million
 - ▶ Aberfoyle Shop (2029-2031) - \$8.1 million
 - ▶ \$1.9 million in various facility repairs over the 10 years
- ▶ Roads Equipment Replacements - \$40.1 million
- ▶ \$274.9 million investment over 10 years including:
 - ▶ \$115.6 million in roads construction projects (\$53.8 million growth related)
 - ▶ \$63.2 million in resurfacing projects
 - ▶ \$72.0 million in bridges and culverts
 - ▶ \$24.1 million in asset management activities



Capital Plan: Roads

- ▶ Internal funding (70%):
 - ▶ \$240.2 million from County Reserves
 - ▶ \$199.3 million funded from the Roads Capital Reserve
 - ▶ \$40.9 million funded from the Roads Equipment Reserve
 - ▶ \$6.0 million in tax-supported debt
- ▶ External funding (30%):
 - ▶ \$66.7 million in Federal and Provincial Subsidies
 - ▶ \$30.2 million funded from Canada Community Building Fund (previously Gas Tax)
 - ▶ \$29.3 million funded from Ontario Community Infrastructure Fund (OCIF)
 - ▶ \$4.2 million funded from Investing in Canada Infrastructure Fund
 - ▶ \$38.2 million funded through Development Charges and growth-related debt
 - ▶ \$2.9 million in municipal recoveries



Capital Plan: Solid Waste Services

- ▶ \$10.5 million in capital investment over 10 years
- ▶ \$3.2 million in improvements at active landfill sites and transfer stations
 - ▶ Riverstown Landfill (\$1.4 million) – development of Phase II
 - ▶ Excavation and Storm Water Retention Pond
 - ▶ Elora and Rothsay Transfer Station Improvements (\$1.1 million)
 - ▶ Site improvements at all other sites (\$640,000)
- ▶ \$6.6 million for equipment
 - ▶ Including the replacement of 8 pickups with electric vehicles
- ▶ \$790,000 for work at closed sites to address closure costs for Riverstown Phase I



Capital Plan: Social Housing

- ▶ \$58.6 million investment in the County's 1189 Social Housing units for improvements and upgrades
 - ▶ \$11 million federal grant funding
 - ▶ Remainder cost shared with City of Guelph
 - ▶ County share funded from Housing Capital Reserve
- ▶ Transitional Housing Development at 65 Delhi Street - \$7.6 million
 - ▶ 54% funding from Federal/Provincial streams
 - ▶ Remainder from the Shared Housing Regeneration Reserve Fund
- ▶ Climate Change Initiatives - \$2.3 million over ten years



Capital Plan: Affordable Housing

- ▶ Provision for Development of new County-owned Affordable Housing Units
 - ▶ Numbers are preliminary and assumptions are used
 - ▶ New construction planned for 2025, 2026, 2029, 2032
 - ▶ \$2 million in Provincial subsidy (assumed)
 - ▶ \$4 million from the Housing Development Reserve
- ▶ County-owned Affordable Housing Buildings (131 units):
 - ▶ Facility improvements total \$1.4 million over the forecast
 - ▶ Funded by Housing Capital Reserve (\$741,000) and federal grant (\$640,000)



Capital Plan: Property Services

- ▶ Facility improvements to County-owned buildings:
 - ▶ Total \$4.0 million over the forecast
- ▶ Vehicle and equipment replacements
 - ▶ Total \$740,000 over the forecast
- ▶ 21 Douglas Street Reconstruction and Parking (2028)
 - ▶ Concept plan at this stage
 - ▶ To provide for additional office and parking space
 - ▶ Estimated cost at \$28 million
 - ▶ Funding split between debt (\$27 million) and reserve (\$1 million)



Capital Plan: Planning / Climate Change

- ▶ Implementation of Climate Change Mitigation Plan “Future Focused”:
 - ▶ Total \$2.6 million over the forecast
 - ▶ Project timing is dependent on funding
(assumptions used for subsidies in forecast)
 - ▶ County share is funded through the Climate Change Mitigation reserve
- ▶ Capital Forecast includes \$6.1 million in climate change initiatives in other County Departments (\$3.4 million incremental investment)



Capital Plan: Land Ambulance

- ▶ Ambulance Station Redevelopment – projects delayed another year in the forecast due to Provincial uncertainty in funding and service delivery
 - ▶ Erin (2023-2024 - \$1.9 million)
 - ▶ Guelph/Eramosa (2025-2026 - \$2.0 million)
 - ▶ Arthur (2027-2028 - \$3.6 million)
 - ▶ Drayton (2029-2030 - \$1.9 million)
 - ▶ Mount Forest (2031-2032 - \$2.2 million)
 - ▶ Funded through County Property Reserve and Development Charges - to be leased back to ambulance service
- ▶ Other Land Ambulance Capital (County share approx. 40%)
 - ▶ Ambulances and related equipment - \$4.2 million (County portion) over 10 years
 - ▶ Delhi Street Station – 2028 - \$1.8 million (County portion)
 - ▶ Funded through Ambulance Reserve



Capital Plan: Wellington Terrace

- ▶ Facility improvements and lifecycle replacements of building components total \$2.4 million over the ten years
- ▶ \$2.4 million for equipment and technology replacements
 - ▶ Wireless Phones and Wifi replacements (2023, 2027 and 2029)
 - ▶ Tablet replacements (2025 and 2029) and Network equipment (2027)
 - ▶ Tractor (2023) and Resident van (2027)
 - ▶ Nutrition Services Equipment throughout the forecast
 - ▶ Nursing equipment throughout the forecast



Capital Plan: Library

- ▶ New Erin Branch Library Construction (\$8.0 million total)
 - ▶ Construction in 2023-24 (\$6.5 million remaining)
 - ▶ Funded by a mix of reserves, development charges and growth-related debt
- ▶ Lifecycle replacements of building components of \$4.1 million
- ▶ Programming related projects for \$880,000
 - ▶ Software, Technology and Collection Enhancements
 - ▶ Courier Van Replacement
 - ▶ Library Master Plan in 2025
 - ▶ Review all aspects of library services and inform future programme initiatives



Capital Plan: Museum and Wellington Place

- ▶ Wellington Place Mini-Master Plan
 - ▶ Work continues over 2023-26 to improve visitor experience on site

	(In '000s)	2023	2024	2025	2026	Total
Facilities						
WP – Museum Attic Renovation					780	780
WP – Museum Building Renovations			1,200			1,200
WP – Museum Exterior Entrance		75				75
Total Facilities		75	1,200	0	780	2,055
Wellington Place						
WP - Amphitheatre					210	210
WP - Commons Recreation Area			625			625
WP - East Parking Lot and Vehicle Access Laneway		90				90
WP - Museum Trail		60				60
WP - Pavilion		775				775
WP - Root Cellar					110	110
WP - Storage Building, Bicycle/Water Stations				1,450		1,450
Total Wellington Place		925	625	1,450	320	3,345
Total Wellington Place Mini-Master Plan		1,000	1,825	1,450	1,100	5,375



Capital Plan: Museum and Wellington Place

- ▶ Wellington Place Road Work (\$2.2 million)
 - ▶ 2023 – Rehabilitation of Charles Allen Way
 - ▶ 2023 – County contribution to Township work on Beatty Line: Garafraxa St to St Andrew St.
 - ▶ 2024 – Construction of Samuel Honey Drive – timing may change based on need
- ▶ Museum Programming
 - ▶ Archives Digital Software for digital record storage
- ▶ Museum Facilities
 - ▶ Building lifecycle replacements of \$1.1 million funded through the property reserve

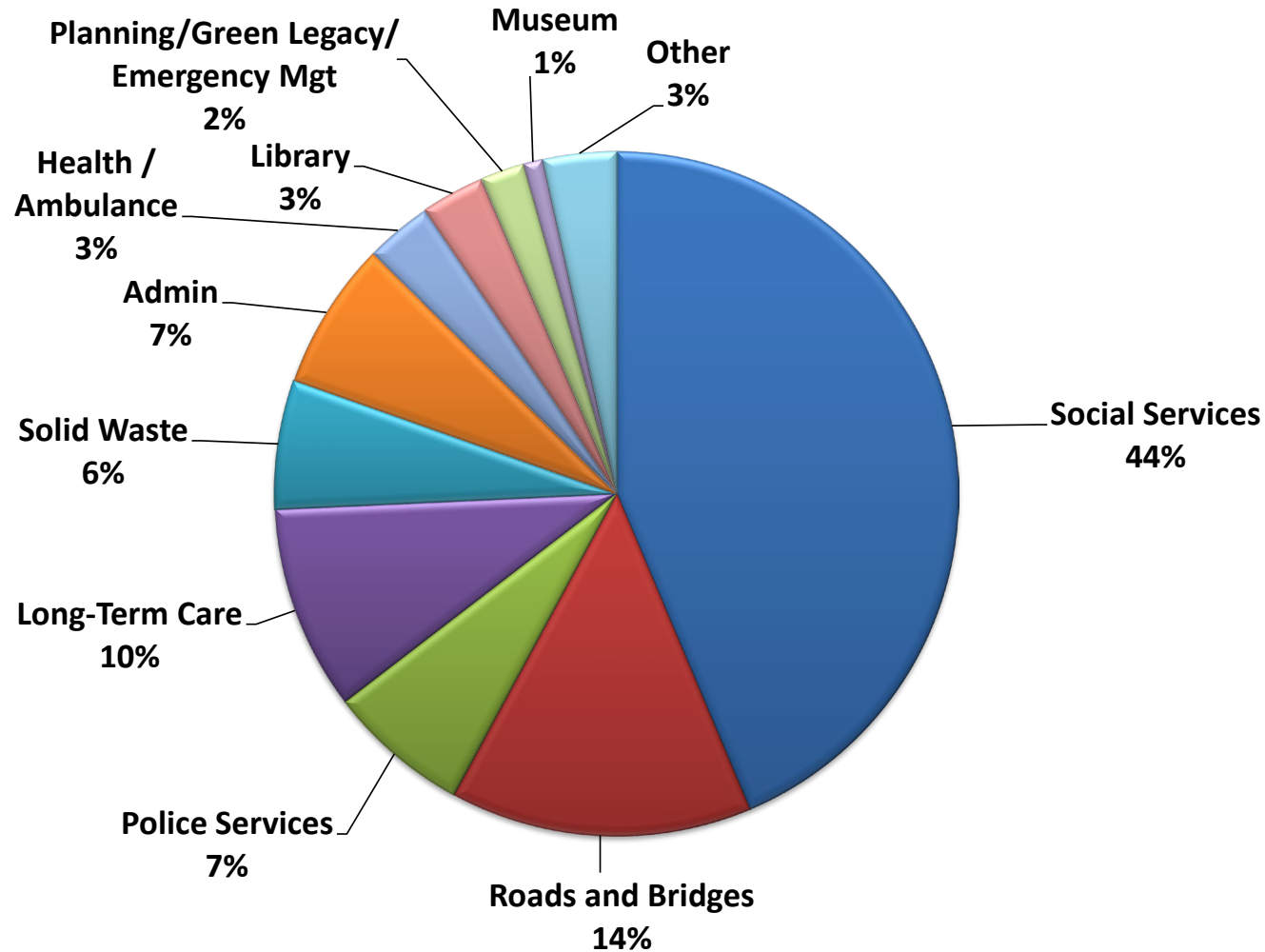


Operating Budget Forecast

- ▶ \$277.9 million in expenditures and transfers in 2023
- ▶ Forecast to grow to \$351.6 million by 2032
 - ▶ Average annual increase of 3.5% over 10 years
 - ▶ Mainly driven by infrastructure requirements (capital transfers)
- ▶ Totals just over \$3.1 billion in projected spending over 10 years
- ▶ In 2023 -1% tax increase/decrease = \$1,160,600
- ▶ 2023 Assessment growth = 2.26%



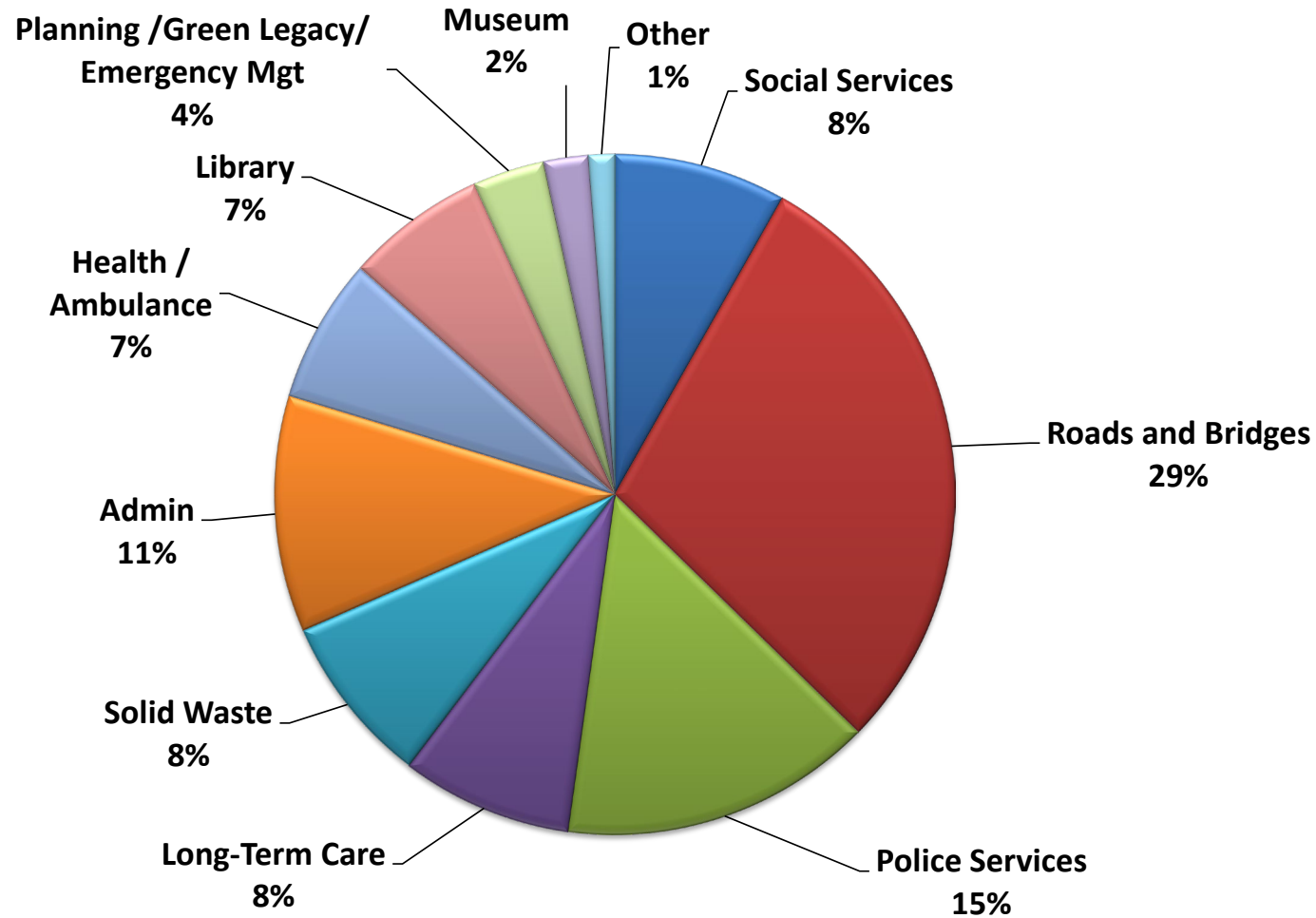
Operating Budget By Department



Other includes: Property Assessment, Economic Development, Tax Write-offs, Corporate Legal, Transfer of Interest to Reserves, Provincial Offences and Grants to Organizations.



Levy Requirement By Department



Operating Budget: Roads

- ▶ Capital Funding Requirements

- ▶ Have increased by \$1.8 million in 2023
 - ▶ Approximately \$1.4 million of this is due to inflationary pressures for Roads (\$900K) and Equipment (\$500K)
 - ▶ Another \$400K was created by the loss of OCIF funding (\$500K) offset by increase in Canada Community Building Fund allocation (\$100K)

- ▶ Other Inflationary Pressures

- ▶ Fuel cost increases of \$400,000
- ▶ Parts (Fleet Maintenance) are up \$200,000
- ▶ Line Painting contract costs are up \$230,000

- ▶ Staffing changes include:

- ▶ New mechanic position responsible for vehicle repairs for other County departments, fully offset by internal recoveries and reduced repair budgets in other departments



Operating Budget: Solid Waste Services

- ▶ Curbside Collection Contract
 - ▶ Significant inflationary increase in Waste, Blue Box, Organics and Leaf and Yard Waste collection and processing contracts
 - ▶ Represents an increase of over \$840,000 (12.4%)
- ▶ Staffing Changes include:
 - ▶ Part-time site assistant staff for the Belwood and Elora Transfer Stations
 - ▶ Equipment Operator (Leachate Management) at the Riverstown Landfill Site
- ▶ Revenue changes
 - ▶ Sales of recyclable materials has been increased by \$300K to reflect stronger plastic and metal prices during the first half of 2022
 - ▶ Tipping fees increasing from \$120 to \$125 per tonne, increasing annual revenue by \$80K



Operating Budget: Police

- ▶ O.P.P. Contract
 - ▶ \$17.3 million in 2023 (net of \$450,000 provision to account for expected savings from the annual contract reconciliation)
 - ▶ The 2023 budget includes 1 FT and 2 PT Collision Reporting Clerks
 - ▶ 10-year plan includes projected contract amounts and 1 new officer/year throughout the forecast

	2022 budget	2023 estimate	2024 estimate	2025 estimate	2026 estimate	2027 estimate	2028 estimate	2029 estimate	2030 estimate	2031 estimate	2032 estimate	2023/22 change
OPP Base Contract <small>*Net of Reconciliation Provision</small>	\$16,957,000	\$17,177,000	\$17,566,000	\$17,965,000	\$18,372,000	\$18,789,000	\$19,214,000	\$19,649,000	\$20,094,000	\$20,548,000	\$21,013,000	1.30%
New 1 FT and 2 PT Collision Reporting Clerks (2023), 1 New Officer Beginning in 2024		\$112,900	\$339,900	\$537,600	\$742,700	\$955,400	\$1,175,900	\$1,404,500	\$1,641,300	\$1,882,600	\$2,128,500	
OPP Contract with new civilian and Officer positions	\$16,957,000	\$17,289,900	\$17,905,900	\$18,502,600	\$19,114,700	\$19,744,400	\$20,389,900	\$21,053,500	\$21,735,300	\$22,430,600	\$23,141,500	1.96%



Operating Budget: Social and Affordable Housing

- ▶ Staffing changes for 2023 include:
 - ▶ Maintenance Supervisor: 3-year contract starting April 1st
 - ▶ Capital Works Coordinator: 2-year contract starting July 1st
 - Both positions will support increased capital investment from capital grant
- ▶ Ending of Investment in Affordable Housing Programme March 31st
 - ▶ Requires an increased municipal contribution to support households
 - Additional \$200,000 investment in 2023
 - Another \$350,000 investment in 2024
- ▶ Additional funding has been allocated to support the Homelessness Prevention Programme in response to significant pressures



Operating Budget: Children's Early Years

- ▶ Canada Wide Early Learning and Child Care Funding Agreement (CWELCC)
 - ▶ Total of \$22.4 million in federal grant funding
 - ▶ Funding is 100% and intended to reduce parent fees
- ▶ Two new positions added to support the delivery of the new CWELCC
 - ▶ Manager of Child Care Administration (1 FTE)
 - ▶ Children's Early Years Funding Analyst (1 FTE)
 - Both positions are 100% funded through federal CWELCC funding



Operating Budget: Long-Term Care

- ▶ Provincial Funding
 - ▶ Additional Direct Hours of Care funding of \$805,000 for 2023
- ▶ Staffing changes include:
 - ▶ 2022 in-year changes
 - ▶ Employment Support Clerk to assist with onboarding and support for new staff and other admin functions
 - ▶ Reduction of staff hours to reflect the changes in swabbing requirements
- ▶ Employee Retention
 - ▶ Shift Premium increases, position re-grades, job step progression and economic adjustments are reflected in the budget
 - ▶ These initiatives are aimed at improving hiring and employee retention



Operating Budget: Ambulance Services

- ▶ Service enhancements for 2023 include:
 - ▶ Additional two supervisors for the Erin Station
 - ▶ Continuation of service enhancement (4 paramedics) added during COVID – makes this shift permanent
 - ▶ This service enhancement was originally scheduled for 2025
 - ▶ Funding of this shift is uncertain – County will cover half of the cost from Shared Services Stabilization Reserve
 - ▶ Net County cost of both enhancements after reserve funding is estimated to be \$322,000
- ▶ Total contract cost is increasing by \$228,300
 - ▶ Includes contingency for additional COVID-related expenses



Operating Budget: Planning

- ▶ Staffing changes include:
 - ▶ New Forestry Sustainability Officer
 - ▶ Responsible for ensuring adherence to Forest Conservation By-Law, managing 11 County-owned Forest Tracts and responding to environmental issues
 - ▶ Partially offset by reduced hours for Forestry By-Law Conservation Officer
- ▶ Planning Application Review Fees and Recoveries
 - ▶ Strong growth has led to increased revenues for municipal recoveries (\$123,000) and application fees (\$243,000)
- ▶ Source Water Protection
 - ▶ Agreement with City of Guelph for funding of \$120K towards Source Water Protection
 - ▶ Additional Source Water Protection Coordinator through Centre Wellington for education, outreach, data management – fully offset by additional funding



Operating Budget: Library

- ▶ Staffing changes include:
 - ▶ Additional assistant branch supervisor hours to meet staffing level needs at the Palmerston and Drayton locations
 - ▶ A new Information Services Librarian starting in October 2023 to provide additional commitment to outreach programmes
- ▶ Debt Charges
 - ▶ Fergus Library debt charges mature in 2023
 - ▶ Results in savings of \$134,000 in 2023 and \$141,000 in 2024
 - ▶ Erin Library growth-related debt charges start in 2023
 - ▶ Fully offset by development charge funding



Operating Budget: IT (CAO / Clerks)

- ▶ Staffing changes include:
 - ▶ Cyber Security Analyst
 - ▶ To become the security expert for the County and improve the County's overall security posture
 - ▶ Responsible for completing security vulnerability assessments, reviewing security logs, investigating incidents and implementing best practices
- ▶ Increased costs and inflation:
 - ▶ Software maintenance and licenses (\$167,000)
 - ▶ Cyber security insurance (\$69,000)
- ▶ Capital funding requirements
 - ▶ Have increased by \$450,000 annually
 - ▶ 10-year capital forecast has increased by \$5.1 million from last year's forecast
 - ▶ Largely due to inflation, but also increased requirements (security, software, digitization)



Operating Budget: Admin & Ec Dev

▶ Treasury:

- ▶ Staffing changes: new Budget and Accounting Coordinator
 - ▶ Assist with the development and preparation of the County's annual operating budget
 - ▶ Closely monitor the County's cash flow to help maximize investment opportunities and returns
 - ▶ Coordinate the preparation of Annual Budget and Financial Reporting documents including departmental performance measures
- ▶ Modernization grant funding of \$80K for Asset Management position(s) ended in 2022

▶ Human Resources

- ▶ Here4Hope partnership changes with Canadian Mental Health Association (CMHA)
 - ▶ Programme enhancements and structural changes – net increase of approx. \$80K in 2023
- ▶ Modernization grant funding of \$65K for HRIS system ended in 2022

▶ Economic Development

- ▶ Tax levy funding of Rural Broadband capital no longer required (\$400K savings)



Operating Budget: General Rev and Exp.

- ▶ General Revenues:
 - ▶ OMPF Funding - \$787,400
 - ▶ Interest earnings - \$3.6 million
 - ▶ PILs and supplementary taxes - \$3.4 million

- ▶ General Expenses:
 - ▶ Contribution to MPAC for property assessment - \$1.5 million
 - ▶ Tax write-offs - \$1.0 million



Operating Budget: Staffing Changes

2023 Staffing Summary				
2022 Approved staff complement (expressed as full time equivalents)	735.2			
Annualization of positions approved in the 2022 budget	3.0			
2022 In-Year Staffing Adjustments	FTE	Gross Cost (Sal & Ben.)	Other Funding / Savings	Net County Cost
Child Care: Pedagogical Leader - one year Contract Ending June 2023	0.5	48,200	(48,200)	-
Child Care: Canada Wide Early Learning Manager, Canada Wide Early Learning Data Analyst	2.0	225,600	(225,600)	-
Terrace: Employee Support Clerk	1.0	98,600	(98,600)	-
Economic Development: Talent Attraction position to FT	0.4	35,000	(8,700)	26,300
Adjustments due to COVID-19				
Child Care: Screeners (AM) Removed	(0.9)	(37,000)	37,000	-
Child Care: Screeners (PM) Removed	(0.6)	(26,700)	26,700	-
Terrace: Remove Swabbing/Reduce Terrace Aide Hours	(0.8)	(60,000)	60,000	-
Total 2022 In-Year Staffing Adjustments	1.6	\$ 283,700	\$ (257,400)	\$ 26,300
Adjusted 2022 Staff Complement	739.9			



Operating Budget: Staffing Changes

2023 Staffing Summary				
2023 Proposed Staffing Changes	FTE	Gross Cost (Sal & Ben.)	Other Funding / Savings	Net County Cost
IT: Cyber Security Analyst	0.8	97,800	(18,800)	79,000
Treasury: Budget and Accounting Coordinator	0.8	83,200	(4,600)	78,600
Roads: Truck and Coach Technician	0.8	69,400	(69,400)	-
Solid Waste Site Coverage: add 2 Part-Time Site Assistants Elora/Belwood Transfer Sites, Equipment Operator (Leachate Management), March 1st start date	2.0	147,000		147,000
Housing: Maintenance Supervisor (Contract, April 1st Start Date), Capital Works Coordinator (Contract, July 1st Start Date)	1.3	128,600	(128,600)	-
Library: additional ABS Hours Drayton and Palmerston Branches, add Information Services Librarian (October 1st Start Date)	0.8	68,600		68,600
Planning: add FT Forest Sustainability By-Law Officer; reduce hours for PT Weed and Tree Inspector	0.5	85,200	(24,800)	60,400
Proposed changes to Staff Complement	6.8	\$ 679,800	\$ (246,200)	\$ 433,600
2023 Proposed Staff Complement (full time equivalents)	746.7			



2023 Operating Budget Summary

- ▶ Significant inflationary impacts across the board
- ▶ Largest departmental impacts:
 - ▶ Roads (capital, OCIF, fuel, parts, line painting, labour) - \$2.8 million (2.4% levy impact)
 - ▶ SWS (curbside collection, fuel, staffing) - \$1.1 million (1.0% levy impact)
 - ▶ IT (capital, software mtce, cyber security) - \$996K (0.9% levy impact)
 - ▶ Long-Term Care (staffing, retention) - \$947K (0.8% levy impact)
- ▶ All other departments - \$1.2 million (1.1% levy impact)
- ▶ Offset by Assessment Growth (2.26% reduction to tax impact)
- ▶ Current tax impact at 3.8%



County of Wellington Tax Impact (2023-2032)

