



County of
Essex

2016 Budget Overview



Fundamental Principles

- Appropriate levels of service are being delivered to the community.
 - Enhancements proposed for Transportation Services, EMS and at Sun Parlor Home to maintain current levels of service
- The Corporation is prepared to maintain its commitments to the community as represented by current discretionary funding levels (i.e. external commitments).
- Consideration has been given to the impact of decisions on the Corporation's future financial stability

Fiscally Responsible Government

- Standard & Poor's **AA** Credit rating
 - Very low debt (\$0 Levy supported debt)
 - Health liquidity (Solid Reserve Strategy)
 - Strong Financial Management
 - Solid Reserve Strategy
 - Long standing life-cycle capital program
 - Pay-as-go infrastructure
- Consistent tax rates – at or below inflation

County Budget Process

- Budget Assumptions / Format / Timetable
- Preparation of Preliminary Departmental Estimates
- Administrative Review
- Council Review (February 3, 2016)
- Budget Adoption (February 17, 2016)

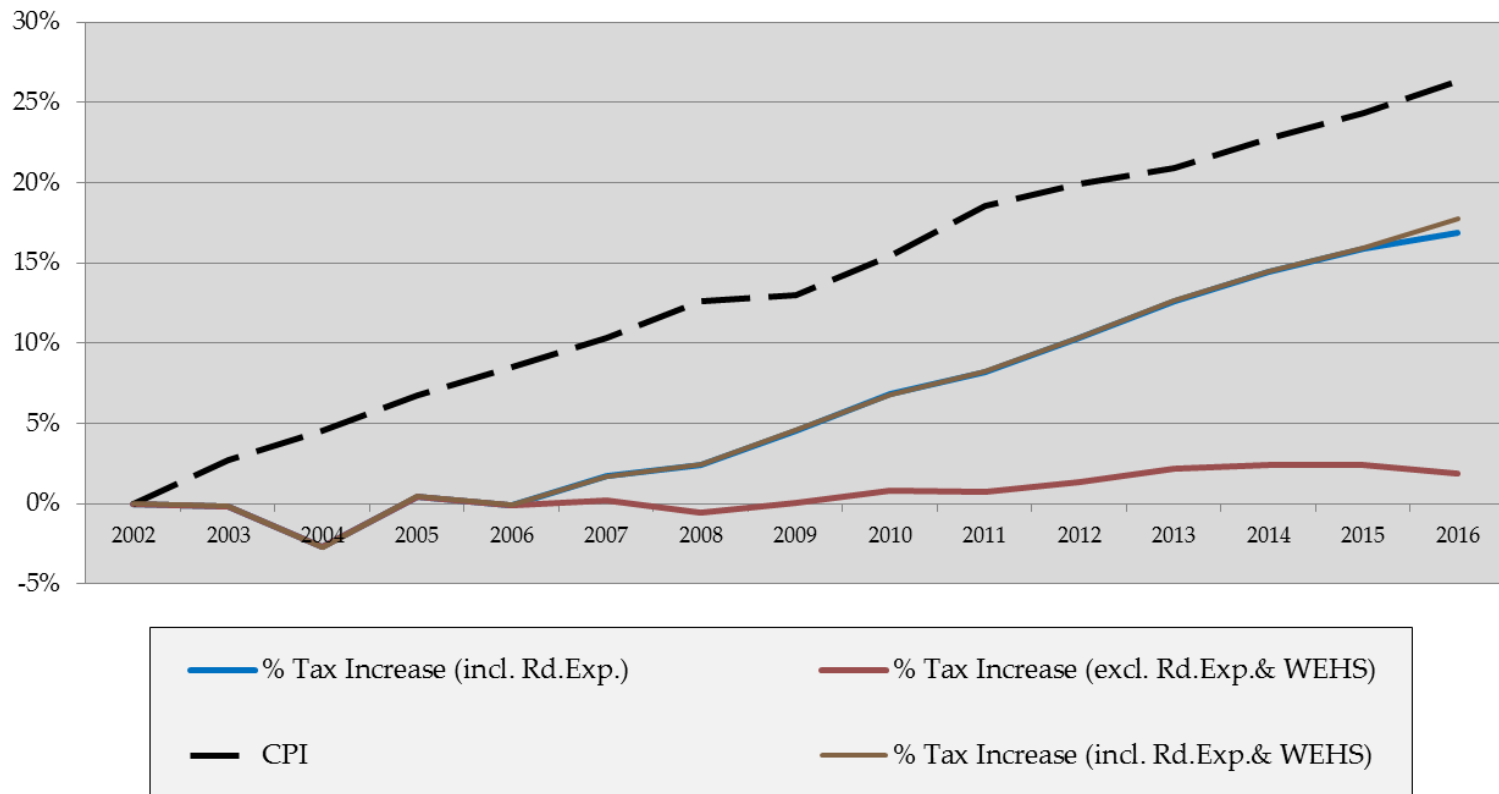
2016 Budget Overview

- Budget Summary
 - Impact Variables
 - Risk & Future Obligations
 - County Comparators
 - 2016 Tax Rate / Residential Impact
- Departmental Reviews

Ontario Inflation and County Tax Rates

- Inflation Index
 - CPI annual avg. incr., 2002-2015 = 1.9%
- County Tax Rates
 - Annual avg. tax rate increase, 2002-2016
 - **Excluding Infrastructure Expansion = 0.2%**
 - **Including Infrastructure Expansion = 1.2%**

CPI and Tax Rate Comparison



2016 “Targeted” County Tax Rate

Budgetary Pressure	Target
2016 Base Operations	0.00%
Infrastructure Expansion (year 10 of 12)	1.50%
New Windsor-Essex Hospital Systems	0.50%
2016 – Total Target Tax Rate	2.00%

2016 “Proposed” County Tax Rate

Budgetary Pressure	Target	Proposed
2016 Base Operations	0.50%	-0.49%
Infrastructure Expansion (year 10 of 12)	1.50%	1.46%
New Windsor-Essex Hospital Systems	0.50%	0.91%
2016 - Total Target Tax Rate	2.00%	1.88%

Budget Summary

Budget Summary	2015 Budget	2015 Projection	2016 Budget
Total Gross Expenditures	\$ 145,293,880	\$ 125,504,490	\$ 145,963,780
Departmental Recoveries	(54,226,020)	(54,083,090)	(54,469,000)
Net Expenditures	\$ 91,067,860	\$ 71,421,400	\$ 91,494,780
Net Contributions to (from) Reserves	(9,502,110)	10,144,350	(6,231,610)
Total County Responsibility	\$ 81,565,750	\$ 81,565,750	\$ 85,263,170

2016 Budget – Impact Variables

Variable	Levy Impact	Tax Impact
County Levy 2015	\$81,565,750	-2.54%
Regional Services cost sharing (EMS, Social Services, Social Housing)	173,000	0.21%
Roadway expansion (1.5% of Levy)	1,223,500	1.46%
Social Housing – inflationary	291,910	0.35%
Social Services – inflationary, OW rate incr., prov. uploading (94.2%)	(858,750)	-1.03%
Wages, benefits & statutory deductions (EI, CPP, EHT, WSIB)	1,621,237	1.94%
Health / Dental / LTD / Group life benefits	213,790	0.25%
Transportation Construction Rehabilitation Program (incl. OCIF)	450,000	0.54%
Asset amortization (facility, rolling stock & equipment)	150,000	0.18%
County-Wide Active Transportation Infrastructure	100,000	0.12%
SPH - increases in subsidy (per diems & CMI change)	(224,440)	-0.27%
Net expenditures/recoveries (utilities, contracts, supplies)	(202,827)	-0.24%
Economic Initiatives (new regional hospital, regional economic requests)	760,000	0.91%
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Regional Services Cost Sharing

- Social Services and Social Housing cost shared 60% weighted assessment / 40% actual cost
 - Social Services calculation approx. 65% City, 35% County
 - Social Housing calculation approx. 66% City, 34% County
- EMS cost shared based on weighted assessment
 - Cost share: 51.7% City, 48.3% County
- Cost transfer, increase from City to County
 - Social Services \$44,000
 - Social Housing \$59,000
 - EMS \$70,000
 - \$173,000

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Infrastructure Expansion

- Expansion requirements identified through the Essex Windsor Regional Transportation Study.
- Current costs estimate - \$440 million.
- Timeframe 2009 - 2038.
- Funding model predicated on no senior government funding.
- County requirement - \$440 million, through 1.5% Levy increase through 2018.
- Current Infrastructure Reserve balance @ 12/31/15 - \$42 million.
- 2016 capital levy dedicated to expansion - \$12.3 million (inclusive of 2016 1.5% increment).

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Social Services

- Ontario Works Upload (from 91.4% to 94.2%)
- Caseload data remains outstanding, issues with Prov. automated system (SAMS)
- Ontario Works Benefit increase
- Modest inflationary increases in service delivery costs

Provincial Upload - OW

Ontario Works	Provincial Cost Share
Pre-upload	80.0%
2010	80.6%
2011	81.2%
2012	82.8%
2013	85.8%
2014	88.6%
2015	91.4%
2016	94.2%
2017	97.2%
2018	100.0%

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Wages, Health and Statutory Deductions

- 5 of 6 collective agreements outstanding
- ~30% of increase related to benefits
 - Significant increases in benefit rates for CUPE 860, CUPE 2974.1, 2974.2
- Staff enhancements
 - Sun Parlor Home - add'l hrs. for training /orientation, financial analyst position and restructuring of Life Enrichment Dept.
 - EMS – Vulnerable Patient Navigator Program
 - Transportation Services reorganization
 - Library Services – reorganization of supervisory positions
 - HR – Admin Ass't., support at SPH & EMS

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Construction Rehabilitation

- Expansion requirements identified through Corporate Asset Management Plan – Linear Assets (Nov. 2013)
- Current costs estimate - \$290 million.
- Timeframe – 25 year plan.
- Targeted annual funding level \$11.2M
- Current funding level proposed for 2016 \$10M

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C.W.A.T.S.

- Active Transportation requirements identified through a joint County / local municipal study.
- Current costs estimate - \$71 million / County share \$39 million
- Timeframe 2012 - 2032.
- County funding level proposed for 2016 at \$1.5 million, an increase of \$100K from prior year
- Contribution will need to grow to ~ \$2.5 million per year to build and maintain within 20 yr. timeframe

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New Windsor-Essex Hospital System

Municipal contribution \$200 million

Commitment to occur in approx. 10 years (2027)

Potential Funding Scenario

County contribution, \$90 million (population split)

Approximately \$5.9 million annually will need to be raised to satisfy the commitment over the life of the indebtedness

Retired and unused “Bricks & Mortar” commitment allocations to be used to mitigate tax rate increases

2016 allocation = \$760,000, Levy increase of a minimum of \$450,000 for 9 years will be required to finance this commitment (2017-2025)

Unfunded commitment balance to be paid over 10 years subsequent to payment to the Hospital (debt repayment)

Financial debt instrument @ 4.5% - \$40 million

New Windsor-Essex Hospital System

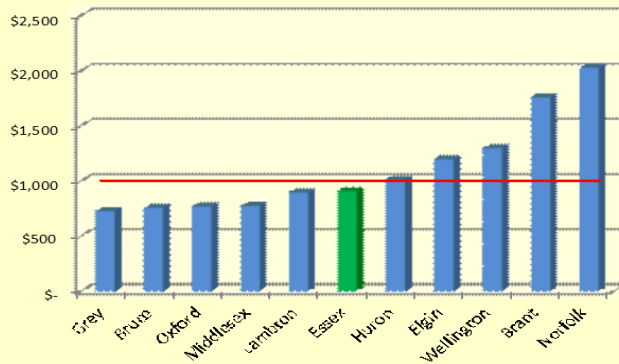
Year	Annual Allocation (0.5% Levy for 10 yrs. + Commitment Transfers)	Commitment Transfer	Reserve Transfer	Debt Payment	Interest Income @ 1.5%	Reserve Balance
2015	340,000	1,400,000	1,000,000	-	-	2,740,000
2016	1,500,000	-	-	-	52,350	4,292,350
2017	1,950,000	-	-	-	79,010	6,321,360
2018	2,400,000	-	-	-	112,820	8,834,181
2019	2,850,000	-	-	-	153,888	11,838,068
2020	3,300,000	100,000	-	-	203,071	15,441,139
2021	3,850,000	-	-	-	260,492	19,551,631
2022	4,300,000	-	-	-	325,524	24,177,156
2023	4,750,000	-	-	-	398,282	29,325,438
2024	5,200,000	-	-	-	478,882	35,004,320
2025	5,650,000	200,000	-	-	568,940	41,423,260
2026	5,850,000	-	-	-	665,224	47,938,484
2027	5,850,000	-	(50,000,000)	(5,800,000)	344,452	(1,667,064)
2028	5,850,000	-	-	(5,615,561)	(23,248)	(1,455,873)
2029	5,850,000	-	-	(5,440,000)	(18,763)	(1,064,636)
2030	5,850,000	-	-	(5,260,000)	(11,545)	(486,180)
2031	5,850,000	-	-	(5,080,000)	(1,518)	282,302
2032	5,500,000	-	-	(4,907,397)	8,679	883,584
2033	5,000,000	-	-	(4,718,027)	15,369	1,180,925
2034	4,500,000	-	-	(4,538,521)	17,425	1,159,829
2035	4,000,000	-	-	(4,360,000)	14,697	814,527
2036	3,500,000	-	-	(4,180,493)	7,114	141,148
Totals	93,690,000	1,700,000	(49,000,000)	(49,899,999)	3,651,147	-

Budget Risk Factors

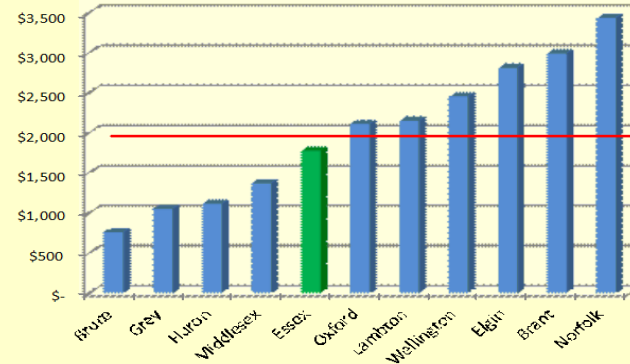
- EMS – offload delays (code 7s)
- EMS – call volume concerns – demographics / response time
- SPH – increasingly frail / higher level of care requirements
- SPH – relative decline in CMI (subsidy impact)
- Social Services – caseload increases
- Winter Control maintenance costs
- Supply costs – fuel, medical supplies, U.S. \$ impact...
- OMERS, WSIB, health/dental/LTD, Group Life premiums
- Outstanding collective agreements

County Tax Rate Comparisons

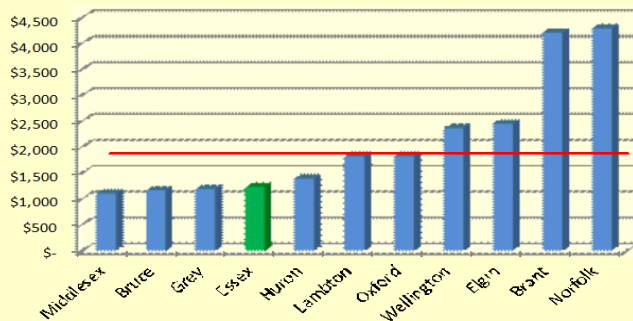
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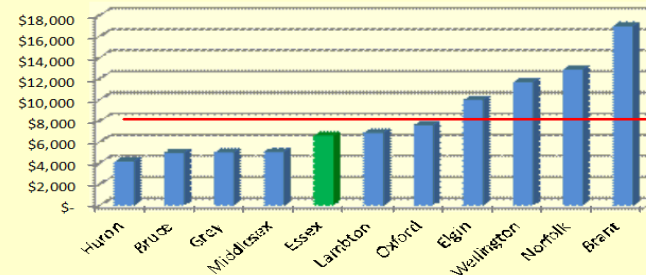
2015 Multi-Residential Tax Comparison



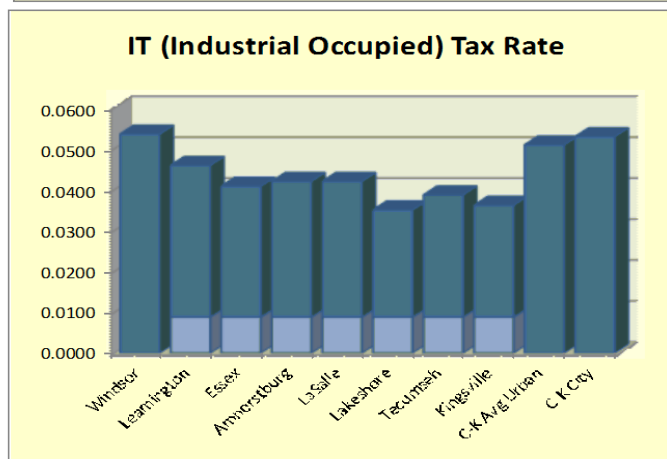
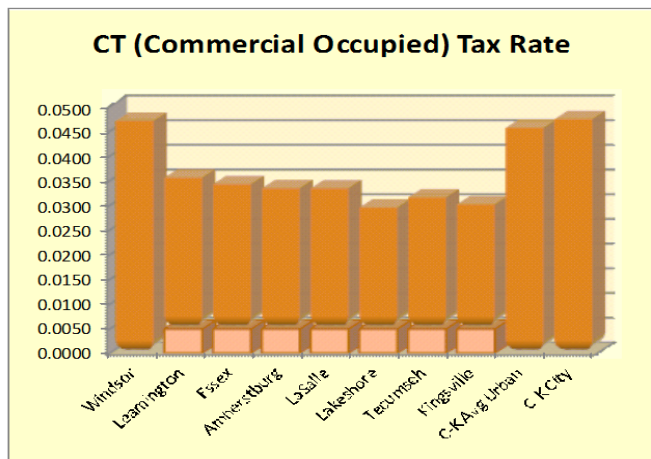
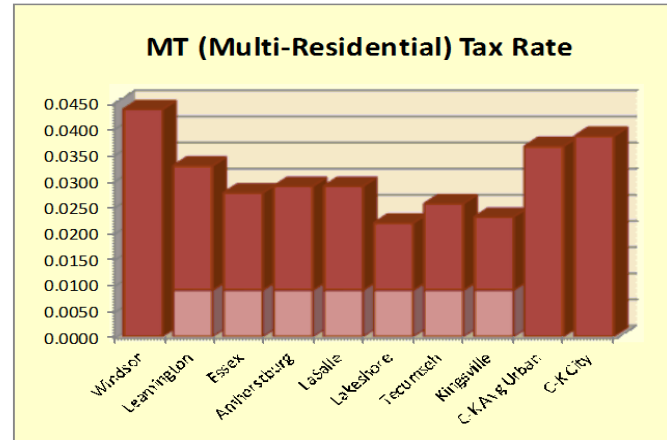
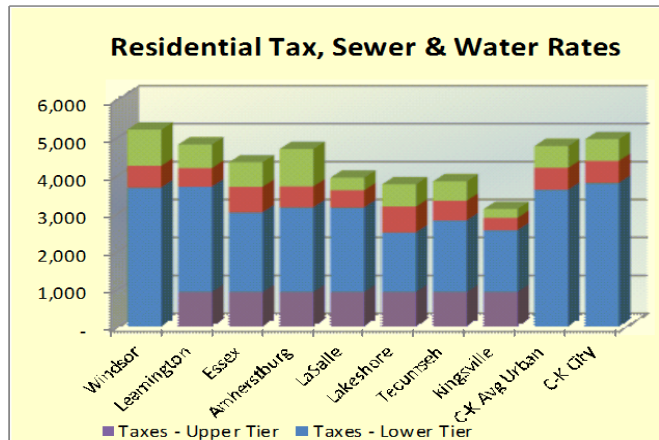
2015 Commercial Tax Comparison



2015 Industrial Tax Comparison



Regional Tax Rate Comparisons



Tax Rate Impact

YEAR	Assessed Value	Res. Tax Rate	Taxes	Tax Change	%
2015	\$200,000	.00453725	\$907.45	n/a	n/a
2016	\$200,000	.00462235	\$924.47	\$17.02	1.88%



Questions?

