

General Government Services – Administrative and Financial Services

Service Description

Administrative and Financial Services reflects the combined operations of the Offices of the Chief Administrative Officer, the Director of Financial Services / Treasurer and the Director of Council and Community Services / Clerk.

Financial Services provides corporate governance, policy directives, objectives and services (such as accounting, budget, finance, payroll, IT, GIS, asset management, insurance/risk management and energy management initiatives) that are of benefit both to the Corporation of the County of Essex and to a number of external bodies.

Financial Services also reflect the expenses and recoveries associated with investments and financial activities supporting general corporate operations. Significant Corporate capital initiatives are also captured in this section of the budget.

Staffing Chart

Staffing	2016	2017	2018	2019	2016 Actual (\$000)	2017 Actual (\$000)	2018 Budget (\$000)	2018 Actual (\$000)	2019 Budget (\$000)
Full-Time	22	22	23	23	1,692	1,831	1,803	1,757	2,056
Student/PT	0	1	1	1	0	16	34	15	9
Total	22	22	24	24	1,692	1,847	1,837	1,772	2,065

Prior Year Performance

Additional staffing resources were added in 2018 to mitigate risk and enhance consistency in Corporate purchasing practices, as well as to support Corporate communication and employee engagement initiatives. Delays in recruitment resulted in minor savings against budgeted costs. Corporate WSIB Schedule 2 claim costs are recorded in Administration. These amounts are not budgeted but are funded by the Corporation's WSIB Reserve.

Investment returns remained volatile in 2018. Projected investment income will be \$500,000 less than budgeted, and this is the most significant unfavourable variance that is offsetting unbudgeted net supplemental taxation revenue of \$2.4 million. Unusually high legal fees and increased investments in employee engagement initiatives also reduced the net favourable variance.

Facility Asset Renewal continues as the Corporation follows its long term capital strategy to renew and replace its facility assets. Funding is levied evenly over a long term, and transferred into the Capital Reserve for use as the projects proceed. For 2018, facility renewal focused on completion of the EMS Dougall station, as well as significant interior renovations at the Civic Centre. As approved by Council, Administration orchestrated the purchase of the Civic Centre from the former owners in 2017. Interior renovation work began in 2018 and will continue into

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2019 and 2020. The County of Essex is the owner of eight (8) EMS facilities, and the cost associated with facility renewal for bases and headquarters is recorded in Administration. Rental recoveries are also recorded in this section of the budget.

Proposed Budget – Current Year

The 2019 Budget includes an increase of \$889,420 (27.4%).

Due to unfavourable returns on investments in 2018, management has taken a more conservative approach to budgeting for 2019 returns. \$605,000 of the budgeted increase for 2019 is due to a reduction in expected returns on investment, net of interest contributions to reserves. During the second half of 2018 and planned for 2019, administration will undertake a more concentrated effort to maximize returns on short term operating cash balances. The Corporation will take advantage of rising interest rates and associated increased returns on guaranteed investment certificates. Consideration of expanding the Corporation's portfolio into a broader range of investments encompassed by the opportunities within the expanded prudent investor legislation will also be a focus of the 2019 investment strategy. Salary and benefit increases include the annualized cost of new positions that were added in 2018, as well as anticipated and negotiated rate increases. Additional resources are required to support corporate communication and employee engagement initiatives, therefore the budget provides funding to allow the temporary communications support person to continue on a permanent basis (report to Council to follow in the spring). Training allocations have also been enhanced to align with corporate goals and to encourage professional development and succession planning within the department.

Additional investments are also included for corporate communication and employee engagement. Resources allocated to the communications budget help to support initiatives as identified via the County's 2018 Employee Engagement survey aimed at further developing employee communications, relations and corporate culture. In addition, activities are planned to centralize the County's advertising and marketing processes, to ensure greater support of County projects and greater value and reach for every dollar spent.

The cost of supporting technology used throughout the Corporation and at the local municipalities continues to rise as departments increase their dependence on devices and technology to capture information. Allocating invoices to other departments on a user or usage-based methodology has become administratively difficult. The 2019 budget brings the full cost of corporate Server / Software Maintenance to Administration, with an offsetting annual IT allocation to other departments. This accounting change will increase efficiency in processing while still allocating costs appropriately.

Significant investments in technology are included in the 2019 Budget, with all costs over the \$145,000 base budget being funded by lifecycle funding from the Corporation's Capital Reserve. Highlights include:

- Replacement of corporate network data storage units (\$206,000)
- Server hardware, switch, power supply replacement (\$128,000)
- Enhancements to Employee Intranet site (\$30,000)

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- Communication initiatives (\$52,000)
- Network security initiatives (\$35,000)
- Technology to support corporate performance management (\$30,000)
- Lifecycle replacement of key operating software (Office, Adobe, Windows) (\$52,000)
- Lifecycle replacement of devices for training room (\$16,000)
- Refly of digital aerial photography (\$81,000)

The Corporation has identified a need for an integrated payroll / human resources / scheduling system that will meet the complex needs of our 24/7 operations (EMS and Sun Parlor Home) as well as all other County departments. In addition, the County's payroll system is running on an older platform, and the vendor has advised that support for this platform will be ending soon (no specific date yet). \$250,000 has been included as a capital project (funded by reserve) to complete the system analysis work that began in 2018 and culminate in the implementation of a new integrated system in 2019.

Following the purchase of the Civic Centre in 2017, plans have been established for resource allocation within the building and proposals for interior renovations are under construction / being developed. An estimate of \$1,000,000 has been included in the Administration budget to allow for costs related to the relocation of General Government Services within the building (to include consolidation of Human Resources, Planning, Housing with Supports and Corporate Communications). An additional \$300,000 has been included to relocate and consolidate IT Services, and \$200,000 to upgrade washroom facilities on the Ground Floor. An estimate of \$200,000 has also been included for the completion of EMS headquarters on the main floor, and similar amounts have been included in Infrastructure Services.

In all cases, facility capital renewal projects will be accomplished without the issuance of debt. Funding will be provided by the Facility Asset Renewal funds that was initiated in 2010 for this purpose, as well as net EMS base rental payments that have accumulated in the Corporation's Capital Reserve. Some of the future capital initiatives include:

- Sun Parlor Home (dining room furnishings, structural components (including windows), elevators) \$4 - 5 million
- Library expansion / renewal (furnishings & shelving) \$300,000 / library
- Social Housing facility renewal (see External Commitments for additional information)

Municipal tax write offs and supplementary taxes are not included in the annual budget estimates due to their unpredictable nature. Net municipal tax write-offs and supplementary taxes are reported separately as part of the year end reconciliation process.