



Administrative Report

Office of the Director of Financial Services/Treasurer

To: Warden Gary McNamara and Members of County Council

From: Sandra Zwiers
Director of Financial Services/Treasurer

Date: December 19, 2018

Subject: County of Essex – 2019 Budget Overview

Report #: 2018-1219-FIN-R008-SZ

Purpose

The purpose of the report is to provide Council with a corporate overview of the issues affecting the operations for 2019 and their corresponding impact on the County Levy and municipal tax rates.

Background

The preparation of annual estimates for the upper tier is prescribed by Section 289 of the *Municipal Act 2001, S.O. 2001, c.25*.

An upper-tier municipality shall in each year prepare and adopt a budget including estimates of all sums required during the year for the purposes of the upper-tier municipality...

In preparing the budget, the upper-tier municipality shall treat any operating surplus of any previous year as revenue that will be available during the current year; shall provide for any operating deficit of any previous year... and may provide for such reserves as the upper-tier municipality considers necessary.

Budget Process

The annual budget process commences each year in October with Administration meeting periodically to discuss a variety of budget planning issues, including:

- Development of critical budgeting assumptions
- Review of departmental work plans
- Establishment of a timetable for budget presentation
- Improvements in the form and content

The timetable established for the 2019 Budget is summarized as follows:

- October 2018 – review budget assumptions, prior year budget document and projected year end balances. Financial Services provides departments with detailed wage and benefit schedules, working documents and current year projections.
- November 2018 – departmental preparation of preliminary estimates and detailed internal review by department heads with CAO, Director of Financial Services and Manager of Budget and Administration
- December 2018 – final revisions to draft budget and filing of budget document with County Council
- January (February if needed) 2019 – County Council review of departmental submissions and Final Budget Adoption

The Budget Report is segregated into the following operating departments:

- Community Services
- Long Term Care
- Emergency Medical Services and Emergency Coordination
- Infrastructure Services
- Library Services
- General Government Services
- External Commitments

The departmental sections are comprised of two specific components, a line item presentation of the operating requirements supplemented by a qualitative analysis of the more relevant operational variables, including:

- A description of the function, division, program or activity;
- A staffing chart with associated costs;
- A review of prior year's performance and

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- A description of the current year's planned activities with identification of key operating variables.

The departmental estimates identify expenditure and recovery classifications. With few exceptions, expenditure and recovery classifications are consistent throughout the Budget Report. In limited cases, exceptions to the uniformity principle are necessary to facilitate the unique operating circumstances or reporting requirements of the program, division or department.

The presentation of the estimates for each departmental program begins with a delineation of expenditures by classification, followed by a quantification of recoveries and/or contributions to (from) reserves, if applicable, concluding with an identification of the amount that the County will contribute toward the operation or program – referred to as the County Responsibility.

Totals are determined for each classification of expenditure and recovery for all classes in combination. All totals and the measurement of the County Responsibility are shaded for ease of identification. Totals are established for each program, summarized by function or department at the beginning of each of the department sections and then summarized corporately on the Budget Summary Comparison Schedule.

The operating estimates for the Corporation address the following two principal functions:

- Services provided / delivered directly by the County
- Funding provided to agencies external to the County

Costs of providing services delivered by the County can be further delineated between operational or capital in nature. External commitments funded by the County can be classified as mandatory (i.e. required by legislation or regulation) or discretionary (i.e. nature and extent determined by County Council).

Budget estimates have been prepared under the premise that existing service levels are acceptable, all one-time expenditures, to the extent possible, have been drawn from the Corporation's Rate Stabilization Reserve and proposed enhancements have only been advanced in circumstances where current service levels expose the Corporation to undue risk or are judged to fall short of mandated or endorsed standards.

The estimates are prepared using a combination of incremental budgeting and modified zero-based budgeting. Estimates for routine, ongoing operational expenditures are prepared by analyzing current expenditures and projecting costs for the upcoming year. Discretionary expenditures are reviewed and must be fully rationalized annually.

Inherent in the development of the budget is the recognition of risk. Estimates are prepared based on an evaluation of the best information available, in light of current operating conditions and circumstances. As budget estimates are developed, care is exercised in assessing the risk of the likelihood of different outcomes materializing and the effect such outcomes may have on service delivery levels and financial results.

The work plans and associated expenditures contained in the Budget are intended to position Essex County as a vibrant, sustainable and healthy community that fosters opportunity and promotes an enriched quality of life by:

- Delivering regional and/or broad-based services that meet the evolving needs of the community;
- Operating efficiently and effectively in a fiscally responsible manner;
- Being a leader in community building initiatives;
- Managing the impacts of growth to provide a livable, energetic and thriving community, making Essex County a preeminent location to live, learn, work, play, invest and visit.

The Budget reflects the vision of Council, focusing upon its core values as they relate to service delivery while simultaneously looking forward, preparing to meet the challenges of the future.

Discussion

The development of the 2019 County of Essex Budget builds upon Council's commitment to accountability, transparency, and excellence in financial management. Provided below are high level discussions on various matters having corporate significance in terms of risks, financial impacts, challenges, opportunities and external influences on County of Essex operations for 2019 and beyond.

Fiscally Responsible Government

As Council is aware, Essex County continues to be faced with financial pressures from inflation, service demand growth, major operational cost

increases, own capital requirements (growth and asset replacement related), facility and roadway infrastructure (replacement and expansion), modest change in assessment growth, reduction and/or stagnant provincial funding, competing demands for new County-wide initiatives, in addition to regional capital requests. These pressures will continue to impact Council decisions related to program delivery, priorities and service levels in 2019 and beyond.

The County has established standards of service delivery that effectively manage the demands and the needs of residents while minimizing the effect of increased costs upon the property tax base of its community.

During the 2019 Budget development, Administration has been guided by fundamental principles previously endorsed by Council, namely:

- **The current levels of service being delivered to the community are appropriate. Enhancements to operations are proposed in 2019 to maintain service levels.**
- **The Corporation is prepared to maintain its commitment to the community as represented by current discretionary funding levels (i.e. external commitments).**
- **In making decisions with respect to the 2019 Budget, consideration has been given to the consequences of such decisions upon the Corporation's future financial stability.**

Standard and Poor's, a leading provider of financial market intelligence and the Corporation's financial rating agency, recognized the County of Essex's sound financial practices in the Corporation's most recent credit rating (November 2018). Standard and Poor's highlighted the following performance strengths in affirming the County's credit rating at **AA+** with a **stable** outlook:

- Efficient cost management generating superior budgetary performance
- Asset management plan ensuring cost effectiveness and validation of the pay-as-you-go strategy and use of existing reserves to support continued robust operating and moderate after-capital surpluses
- Increased efforts to diversify the County's economy into service-based sectors including tourism, agri-business, health care and social assistance and education

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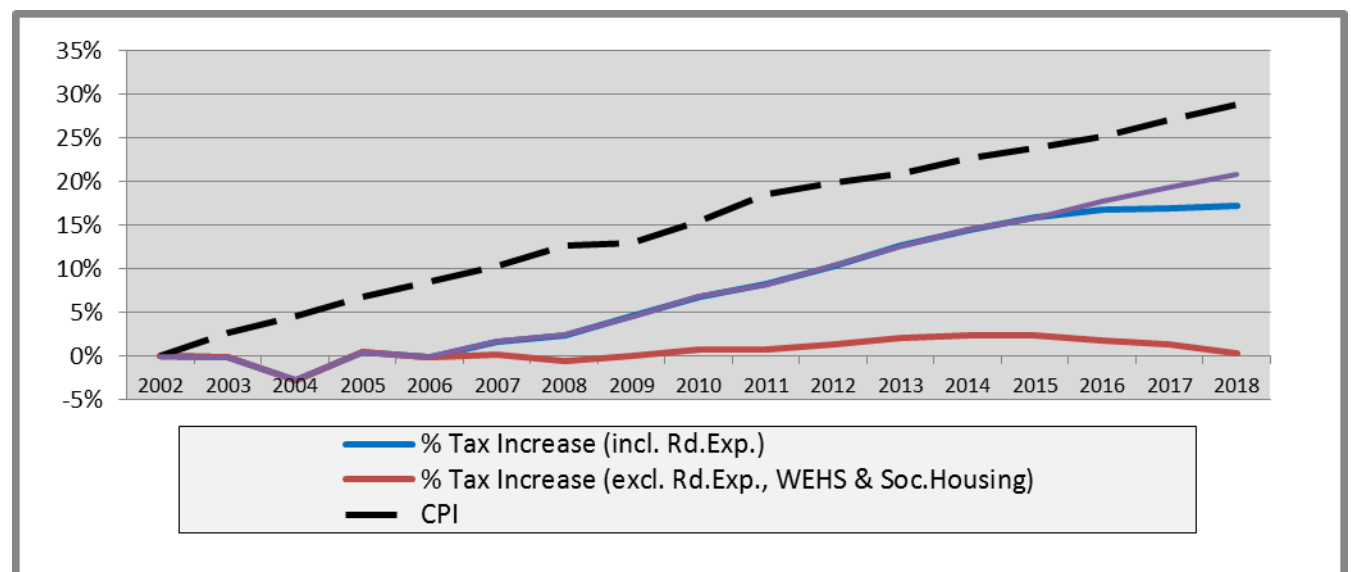
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- Improved local economy with a lower unemployment rate and higher property values combined with competitive tax rates
- Strong financial management practices guided by a council that demonstrates generally broad political consensus on fiscal policies
- Prudent debt and liquidity management

It is these principles of sound financial stewardship that have positioned the County ahead of its peers and provided Council with the ability to effectively manage changes to tax rates year over year.

Provided in the [Chart 1](#) below is a cumulative comparison of the change in Consumer Price Index (CPI) and change in County Tax Rates (with and without Infrastructure Expansion and hospital funding) since 2002. As is evident from the chart, the County's tax rate increase, exclusive of the 1.5% annual increase associated with Infrastructure Expansion and new funding for the New Windsor-Essex Hospital System (NWEHS) has been basically flat. The total increase in tax rate, inclusive of Infrastructure Expansion and NWEHS, has increased by approximately 22% over 17 years, or approximately 1.3% per year. In contrast, over this same time period, annual inflation has increased by over 30% or 1.81% per year.

Chart 1: CPI & Tax Rate Comparison, 2002-2018



2019 Budget

Provided in [Chart 2](#) is a condensed summary of the proposed operations for 2019, compared to 2018 Budget and Projected Actual (see [Appendix A](#) for full Budget Summary Comparison). Gross Operations for 2019 are budgeted at \$168.2 million with \$63.7 million in recoveries (provincial and third party contributions, user fees, investment income etc.) and a net contribution from reserve of \$1.6 million, resulting in a Levy requirement of \$102.9 million, a \$7.2 million increase from prior year with a corresponding **tax rate increase of 1.43%** (equivalent to a \$13.63 increase, or \$966.54 on a house assessed at \$200,000 – see tax rate comparison in Chart 4).

Chart 2: Budget Summary (excerpt from [Appendix A](#))

Budget Summary	2018 Budget	2018 Projection	2019 Budget
Total Gross Expenditures	159,800,720	150,032,960	168,162,390
Departmental Recoveries	(64,123,630)	(68,038,850)	(63,668,720)
Net Expenditures	95,677,090	81,994,110	104,493,670
Net Contribution to(from) Reserves	(31,610)	13,651,370	(1,625,680)
Total County Requirement	95,645,480	95,645,480	102,867,990

For 2019, the County of Essex is challenged by a number of key operating conditions and capital expenditures imposing a significant year-over-year increase in net levy requirements, on a stand-alone basis. Offsetting these expenditures, in part, are savings achieved through: anticipated marginal increases in subsidy for Emergency Medical Services and at Sun Parlor Home; a net positive change in Current Value Assessment / assessment growth, and various departmental cost reductions / containment initiatives proposed throughout the departmental budgets. Highlighted in [Chart 3](#) and discussed in the proceeding pages are various external influences or County of Essex specific conditions giving rise to a projected **net tax increase of approximately 1.43%**.

Chart 3: Summary of Levy Impacts

Budget 2019 - Summary of Levy Impacts	Levy Impact \$	Tax Impact %
County Levy 2018	95,645,480	-5.69%
Wages & Benefits (inflationary & adj., excl. Library & EMS)	1,208,200	1.19%
Community Services		
Social Housing – inflationary & capital funding (net)	806,990	0.80%
Emergency Medical Services		
EMS enhancements & technology implementation	130,000	0.13%
Infrastructure Services		
Infrastructure expansion (1.5% of Levy)	1,434,700	1.41%
Construction Rehabilitation Program & Other Road Mtce	441,430	0.44%
County-Wide Active Transportation Infrastructure	100,000	0.10%
Transportation Maintenance – Winter Control	150,000	0.15%
Asset amortization (Civic Centre 100% ownership, equip.)	972,670	0.96%
Library Services		
Library Services (resumption of 100% & inflationary)	100,000	0.10%
General Government Services		
Investment income reduction (for conservatism)	500,000	0.49%
External Commitments		
Windsor Essex County Health Unit	102,680	0.10%
New Windsor Essex Hospitals System	1,200,000	1.18%
Corporate Wide		
Net expenditures/recoveries (utilities/contracts/supplies)	75,840	0.07%
County Levy 2019	102,867,990	1.43%

Wages and Benefits

With an employee base in excess of 850 staff, greater than 40% of the Corporation's gross expenditures are accounted for in salaries, wages and benefits. Collective agreements that either remain outstanding or are coming due in 2019 include: CUPE 860 - SPH (expires March 2019), CUPE 2974.2 – EMS (expires March 2019), ONA – SPH (expired March 2018) and the Non-Union group. Wage allocations consistent with negotiated settlements have been accrued and budgeted for these groups through 2019. Potentially compounding negotiated settlements, the Corporation is legislated to maintain compliance with pay equity and is currently undertaking a comprehensive job evaluation review. In addition to anticipated adjustments in salaries/wages, the Corporation will also experience an increase in various

statutory deductions and pension costs, either directly through rate increases or indirectly as a result of the increase to the yearly maximum pensionable earning limits.

As the County grows in population, the demand for services also grows, which sometimes results in the need to augment our human resources in order to maintain existing service levels. The 2019 Budget proposes additional staff: in Human Resources, to address health and safety issues; in Long Term Care, to address social worker services required by an increasing number of complex care residents and a staff educator to improve training levels; in EWEMS to annualize the cost of paramedic enhancements approved in 2018 and improve support to staff at the District Chief and logistics levels; and in Communication Services, to assist with the continued implementation of the County's Corporate Communications Strategy, Strategic Plan and staff engagement.

As part of the County's 2018 Engagement Survey, opportunities were identified in areas of team building, leadership and training. Given the County's 24hour/7day operations in some service departments, the 2019 Budget also reflects staff costs related to back-filling positions to allow for 100% participation by staff from all sectors of the organization at various training events planned during the year.

Community Services

In conjunction with our service delivery partner, the City of Windsor, the County continues to address the needs of the less fortunate in our communities through the region's homelessness prevention strategy. In the spring of 2018, both municipal councils approved a per diem increase for the Housing with Supports Providers within Windsor-Essex County from \$53.09 per resident per day to \$55.00. Due to increased demand for Emergency Shelter services, the City of Windsor diverted CHPI funding (also used to fund the County's Housing with Supports Providers) requiring the County to implement a subsidized bed reduction plan in the latter half of 2018. The program pressures experienced by the City of Windsor are expected to continue and the 2019 Budget anticipates a per diem funding shortfall of \$87,630 in order to maintain service levels for 226 subsidized individuals at the new per diem rate of \$55.00.

The existing inventory of social housing facilities requires significant capital rehabilitation, repairs and maintenance. Based on estimates obtained from the City of Windsor, a 5 year capital program has been drafted to address the approximate \$10 million of infrastructure requirements needed for

existing facilities. Included in the 2019 Budget is an allocation to capital reserves of \$450,000 to begin to address the County's share of the 5 year funding requirement. Not yet considered in the County's Budget is the need to expand the social housing inventory to address the growing demand for affordable housing. Work with the City of Windsor will be ongoing and administration will provide updates to Council as new information and plans become available.

Emergency Medical Services

During 2018, the EWEMS undertook a 10 Year Master Plan review with the objective to analyze the current state of operations and strategically plan for the future. A formal report and presentation will be made to Council in early 2019 however the budget includes a modest contingency to provide resources to facilitate implementation of the Plan's recommendations.

While benefits of economies of scale continue to be realized in many operational areas, a number of uncontrollable costs have contributed to an increase in the County responsibility. These factors include inflationary increases to supplies and services, shift in regional cost sharing proportions, training costs for mental wellness education and peer support training and increased fuel costs. Increased call volumes and off load delays, outside of the control of EWEMS, continue to create challenges for the effective and efficient management of paramedic services.

The 2019 Budget also includes funding to introduce electronic tracking technology to auto locate departmental equipment contained in emergency response vehicles. Not only will the tracking technology improve asset safeguarding but the logging of assets both in and out of service will allow staff to better optimize the use of resources.

Infrastructure Services

Council has adopted a financial forecasting model to address the roadway expansion requirements as identified in the Essex Windsor Regional Transportation Study, updated for inflationary considerations, along with estimates, based on recent reports, for the expansion cost of County Roads 17, 19, 22, 42 and 46. The model was premised on 1.5% Levy increases through 2018 to accommodate the approximate \$400 million of infrastructure. **In 2012, the financial model was amended to identify and prioritize expansion requirements exclusive of senior government funding and grade separations.** In order to accommodate 100% municipal funding, the schedule has been elongated to manage the

financial burden within reasonable limits of the County Levy. The current plan amounts to approximately \$400 million (excludes grade separations on County Roads 19 & 22) with a time-line extending through 2037. Assuming no change to the current plan of incorporating a 1.5% increase in the annual levy, the annual base funding level will continue to grow from \$14.9 million in 2018 to \$16.4 million in 2019, adjusted for inflation thereafter, providing sufficient financial resources for the management of both the volume of expansion and the timing for financing, without the requirement of debt issuance, and then ultimately position the County to maintain this infrastructure on a go forward basis. **Adherence to a structured plan of self-funding minimizes long-term costs on the local tax base; affirming the Corporation's pay-as-you-go philosophy of funding infrastructure expansion.**

It is important to note that the current analysis assumes: limited receipt of funding from provincial/federal sources (Administration will continue to pressure upper levels of government on the merits of funding expansion projects, and has identified projects that could be quickly advanced if infrastructure funding should become available); the continued cost share of Federal Gas Tax revenue at 80% local municipal / 20% County, and a modest allowance for inflationary considerations on project cost. **If it is Council's desire to narrow the time-frame of expansion, without the receipt of senior government funding, the County would need to either substantially increase the annual tax levy allocation to support transportation infrastructure expansion, continue the 1.5% levy allocation beyond 2019 or issue debt;** in all cases, the result is a greater tax burden on the residents and businesses of Essex County both at present and in the long-term.

Incorporated into the funding model, as approved by County Council (Report #R017-R001-TSD-0118-TRB), is the utilization of Infrastructure Expansion Reserve to support the acceleration of the CWATS Program for those structures that align with the County's rehabilitation program, but may not coincide with current priorities and limited annual CWATS resources, made available through the CWATS Committee process. These segments are planned to have paved shoulders, as provided under the CWATS Master Plan, and the timing of the construction is being advanced to take advantage of economies of scale and coincide with the timing of the road rehabilitation program. Annual transfers from the reserve to the CWATS program budget will be made and contributions to the reserve will be facilitated through the annual budget process. The impacts on the reserve will not require changes to the Infrastructure Expansion Program scope, however timing of projects

will need to be coordinated with availability of funds and may extend outward the time horizon for completion of expansion projects and/or result in deferral of some CWATS Paved Shoulder Program projects, should competing demands and availability of reserve dollars necessitate.

In 2018, a significant number of small winter control events occurred throughout the winter period putting upward pressure on the 2018 Budget. Due to the continued fluctuation in winter control costs and their correlation with climate change, the 2019 Budget reflects an adjusted rolling 5 year average which increases the total estimated cost by \$150,000.

As part of the County's Asset Management Plan, an annual review is undertaken to update asset inventories, assess asset conditions and analyze asset useful lives to ensure contributions to reserve adequately plan for future replacement of County resources. Allocations to reserve based on amortization provide for some measure of future replacement but in a rising cost environment, reserving based on historical costs is often insufficient to ensure full funding is available when assets need to be replaced in the future. The 2019 Budget recognizes this perpetual shortfall and works to increase amortization contributions to reserve to better close the infrastructure funding gap going forward.

General Government

As reported during 2018 (Report #2018-0516-FIN-R004-SZ), the County's investment portfolio is comprised of a diversified mix of instruments designed to maximize returns over a range of maturity lengths. Throughout 2018, the Bank of Canada interest rate increased a series of three times. Volatility in government relations in the United States both globally and with Canada and the uncertainty surrounding free trade and commodity tariffs resulted in weaker returns in the County's longer term equity and bond portfolios. In the latter half of 2018, investment decisions focused on taking advantage of rising interest rates and a number of short term guaranteed investment certificates were purchased. While short term investment returns were solid, they were not sufficient to overcome the budget deficit by year end. The 2019 Budget reflects a more conservative outlook based on the expectation that the Bank of Canada interest rate will continue to increase marginally during the year and longer term equity and bond instruments may still experience volatility.

Administration continues to monitor the opportunities related to the Prudent Investor legislative changes that will take effect in 2019. Through the CAO's representation on the Peer Advisory Committee and the Warden and Director

of Financial Services representation on the ONE Investment Board, the County of Essex will be well informed of new developments and products as they become available.

External Commitments – Windsor–Essex Hospitals System

Proposed for the Windsor-Essex region is the construction of a portfolio of projects termed as the “New Windsor-Essex Hospitals System (NWEHS)”. A project that includes:

- Construction of a new 1.6 million sq. ft., 10-storey, Single-Site Acute Care Hospital located at the corner of County Rd. 42 and Ninth Concession Rd.
- Construction of a new 80,000 sq. ft., 4-storey, Urgent Care and Satellite Facility at the former Grace Hospital Site.
- Redevelopment of the Ouellette Campus at 1030 Ouellette Ave. to support outpatient mental health services.
- Construction and redevelopment at the existing HDGH Tayfour Campus on Prince Rd, including a 60-bed acute mental health wing, expansion of diagnostic imaging and addition of dialysis services; and
- Demolition of the existing Met Campus and transfer of a clean site to the City of Windsor.

The capital cost of the proposed NWEHS is estimated at \$2 billion, with a local cost share component of 10% or approximately \$200 million. The timing of the remittance of local cost share commitments and determination of County contribution remains outstanding. However, as reviewed by County Council in the annual Corporate Reserve Strategy Update, one means of funding this commitment is to build up a reserve and an annual provision in excess of \$5 million by 2027 to satisfy the County’s obligation. Included within the 2019 estimates is an increase in the annual levy of \$1,200,000 as part of this implementation plan. Further analysis and reporting will be forthcoming once greater certainty is established with respect to the total amount of the County’s contribution and timing of funds required.

Budget Risk Factors

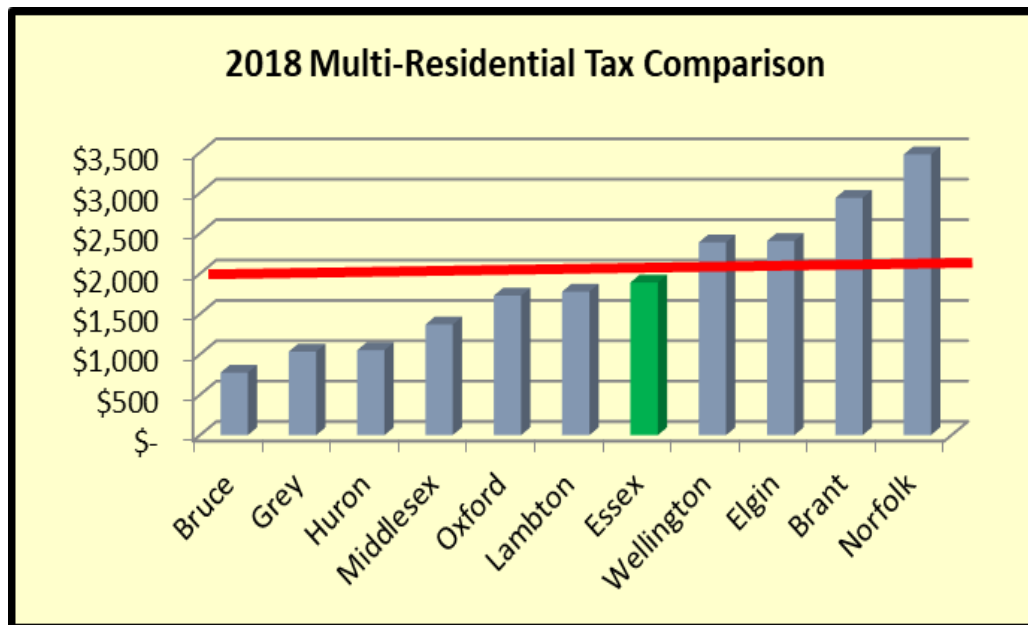
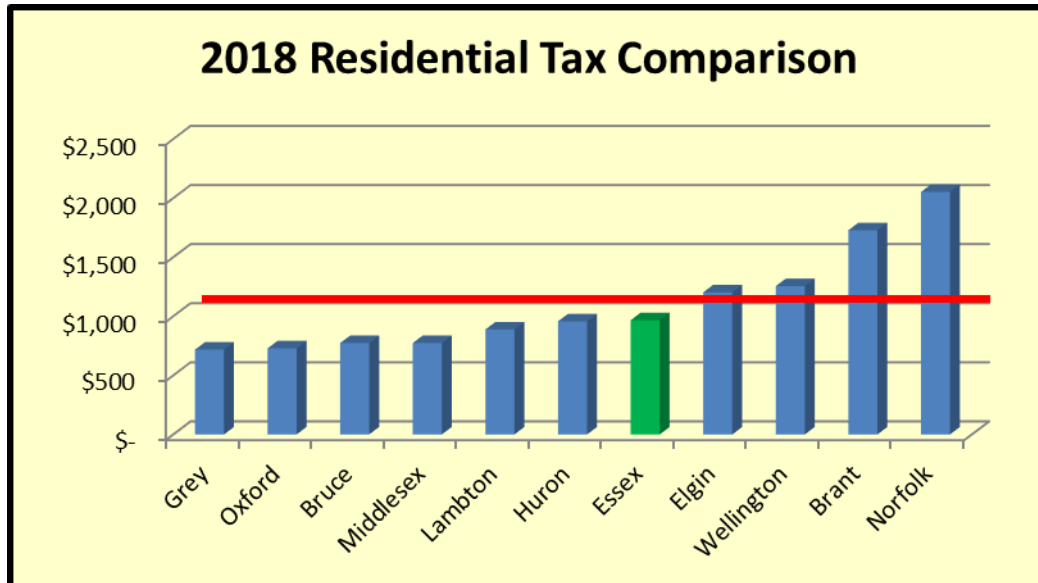
It is important to highlight for Council that there are risk factors inherent with any budget, in most cases beyond the control or discretion of Administration or Council. Economic realities potentially impacting operations include, but are not limited to:

- EMS delivery issues related to hospital emergency off-load delays
- EMS call volume – demographics & response time framework
- Service requirements to care for an increasingly frail and higher level of acuity resident complement at Sun Parlor Home
- Increase in social service caseloads
- Winter control maintenance costs
- Province-wide municipal insurance issues
- Cost of fuel, medical and other supplies necessary across a diverse set of operating programs, specifically in EMS, Sun Parlor Home and Transportation Services
- Operational impact of US Exchange rate
- Decline in Sun Parlor Home Nursing subsidy if the CMI continues to decline in relation to other service providers in the Province
- Interest earned on investments
- Job evaluation for CUPE 2974.0, 2974.1 and 2974.2 – potential wage rate impacts (pay equity / job equity)
- Continued premium increases for WSIB, WSIB NEER and other statutory deductions
- Health & welfare premiums (usage & escalation in service costs)
- Outstanding collective bargaining / arbitration results
- Social Housing – advanced timelines for capital renewal requirements and/or addressing of need to increase housing inventory

Taxation Comparison with Other Municipalities

[Chart 4](#) provides a comparison of residential, multi-residential, commercial and industrial tax rates among Southwestern Ontario Counties from the prior year. As is evident from the graphs, the County's tax rates remain below average and among the lowest of its comparison peer group. It is important to highlight that these low tax rates are achieved despite the fact that Essex County is the only upper tier municipality that redistributes 60% of its Federal Gas Tax revenue to its local municipalities (>\$3 million annually). In addition, included within the County's base levy is \$3.89 million dedicated towards the New Windsor Essex Hospitals System.

Chart 4: 2018 Tax Rate Comparisons, Southwestern Ontario Counties

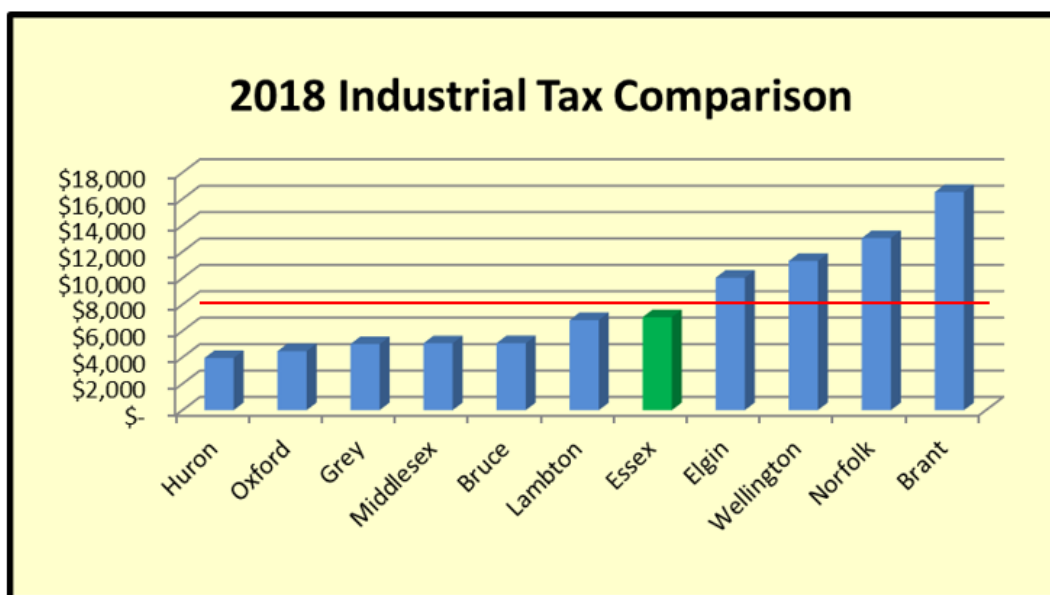
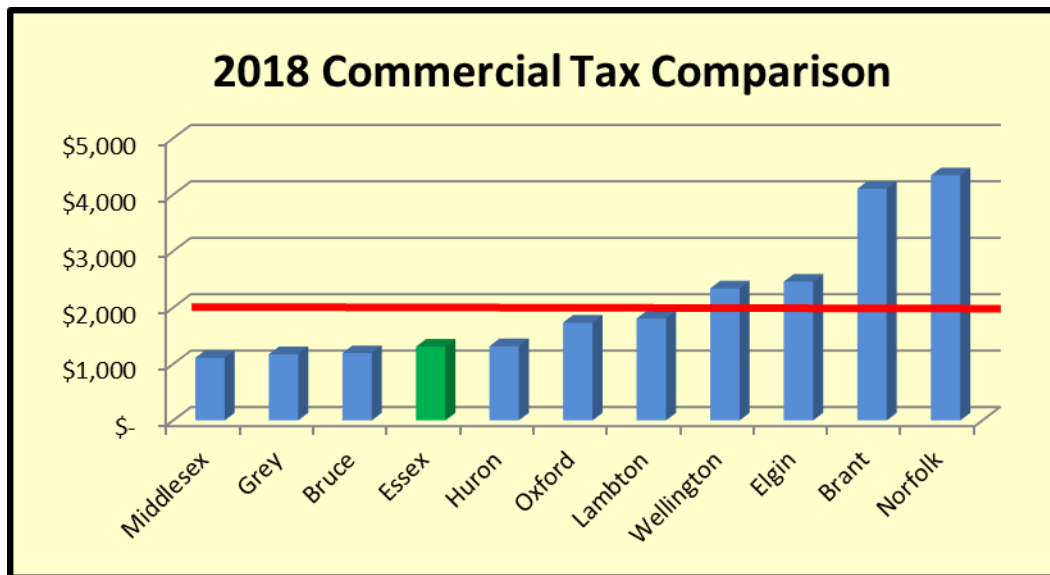


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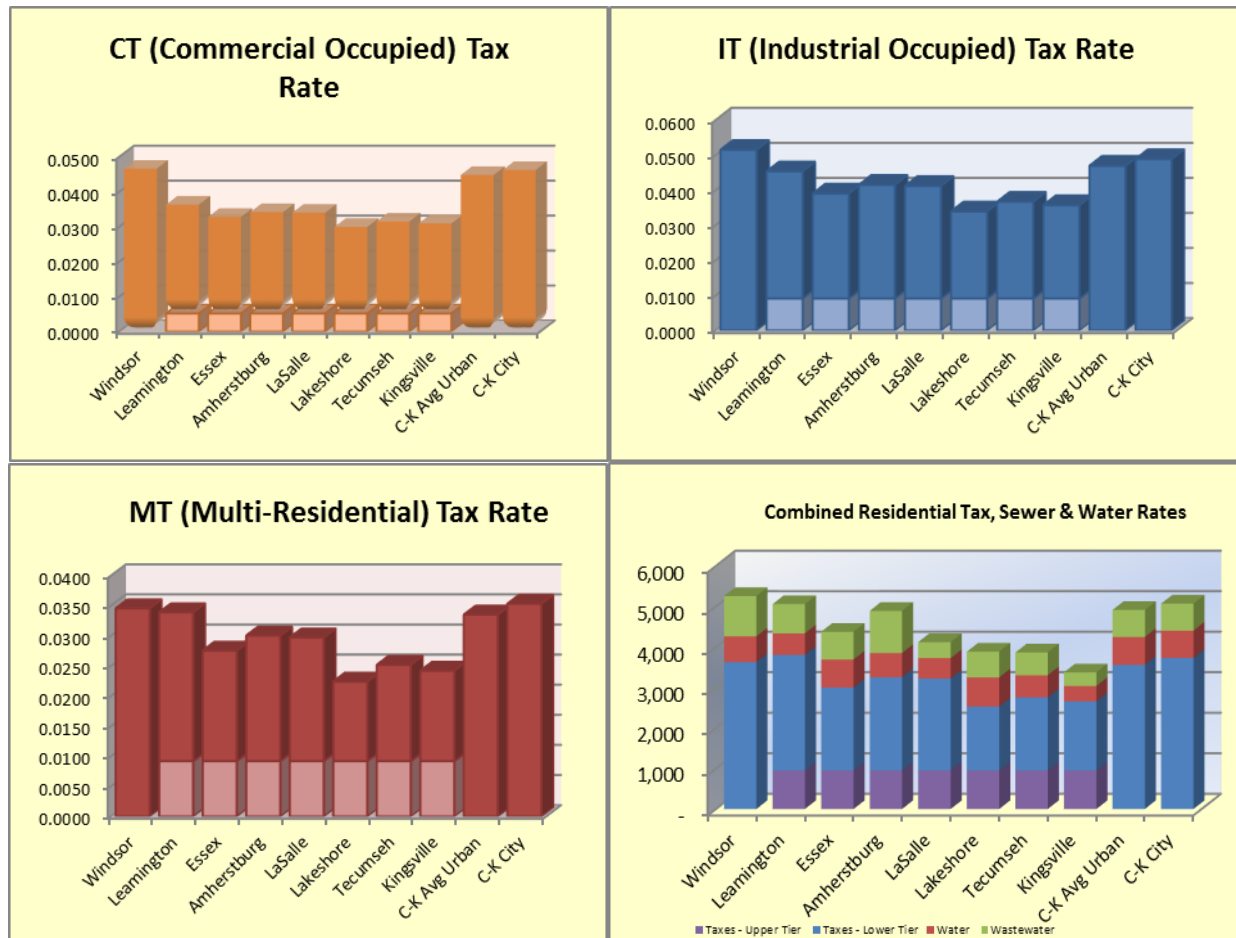
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[Chart 5](#) provides 2018 tax comparisons for residential (including water and wastewater), multi-residential, commercial and industrial rates of local municipalities (including County allocation) in relation to our immediate neighbours to the west and east. The favourable rates provide an economic advantage for residing and doing business in Essex County.

Chart 5: 2018 Tax Rate Comparisons – Essex County / Windsor / Chatham-Kent



County Levy & Tax Rates

Over the past decade the County Levy has increased, due in large part, to address expansion requirements of the County roadway and active transportation infrastructure and more recently, service enhancements to address growth, demographics and systemic health related issues/services. Most recently, additional funds (\$1.2 million per annum) have been raised and will continue for the next six years to address the County's commitment towards the New Windsor Essex Hospital System. Further, as the County assessment increases relative to the City, a greater shift of costs are transferred from the City to the County for shared programs including: Social Services, Social Housing, Child Care and Emergency Medical Services.

Although the County Levy has steadily grown over the past six years, tax rates remained fairly constant, due in large part, to prudent financial management decisions and moderate but stable growth in assessment in the County of Essex over this same period.

The consolidation of the departmental budget estimates produces a residential tax rate for County purposes for 2019, assuming no significant change in tax policy, of **.00483271**, representing a **1.43%** increase from prior year.

[Chart 6](#) illustrates the change in County tax rates on a typical residence valued at \$200,000.

Chart 6: Residential Tax Rate Comparison, 2018-2019

Year	Assessed Value	Res. Tax Rate	Taxes	Tax Change	%
2018	\$200,000	.00476455	\$952.91	nil	nil
2019	\$200,000	.00483271	\$966.54	\$13.63	1.43%

Financial Implications

Administration respectfully submits that it has, in consultation with all departments, provided Council with a sound business plan for 2019 in the form of a budget that:

- Addresses the competing demands for service for the coming year;
- Positions the County to manage future capital expansion/remediation;
- Continues to address the County's future commitment related to the New Windsor Essex Hospitals System;
- Is cognizant of the economic realities of our region and the impact these service demands have on the tax rates and ratepayers of Essex County;
- Does not compromise the Corporation's strong financial foundation for future operations and continued maintenance of stable tax rates for the future.

A significant portion of the County-level expenditures are either mandated services or legislated obligations. **Experience has demonstrated that excessive utilization of reserves, reductions in level of service and/or substantial deferral of capital initiatives will expose the Corporation to undue risk and liability while creating significant financial burdens in the future when service reduction impacts and operating/infrastructure gaps will eventually need to be addressed.**

Despite the uncontrollable external factors, inflationary pressures and operational considerations discussed above, Administration remains confident that a tax rate increase of 1.43% (inclusive of the 1.5% levy increase for infrastructure expansion and an approximate 1.2% levy increase towards hospital funding) is manageable. This business plan focuses on current operating realities and provides the necessary capital allocation for the County's current requirements. The plan also positions the Corporation favourably to address future capital needs, all without adversely impacting /compromising future operations and/or creating significant future tax rate adjustments.

Recommendation

That the 2019 Budget package be received for the information and public deliberation of Council.

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Respectfully Submitted

Sandra Zwiers

Originally Signed by

Sandra Zwiers, Director of Financial Services/Treasurer

Concurred With,

Robert Maisonville

Originally Signed by

Robert Maisonville, Chief Administrative Officer

Appendix No.	Title of Appendix
A	2019 Budget Summary Comparison