



2019 Budget Overview

COUNTYOFESSEX.ON.CA

Fundamental Principles



- Appropriate levels of service are being delivered to the community.
- 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
 - Long standing life-cycle capital program
 - Pay-as-we-go infrastructure
- Consistent tax rates – at or below inflation

Budget Process



- Budget Assumptions / Format / Timetable
- Preparation of Preliminary Departmental Estimates
- Administrative Review
- Council Review (January 16, 2019)

2019 Budget Overview



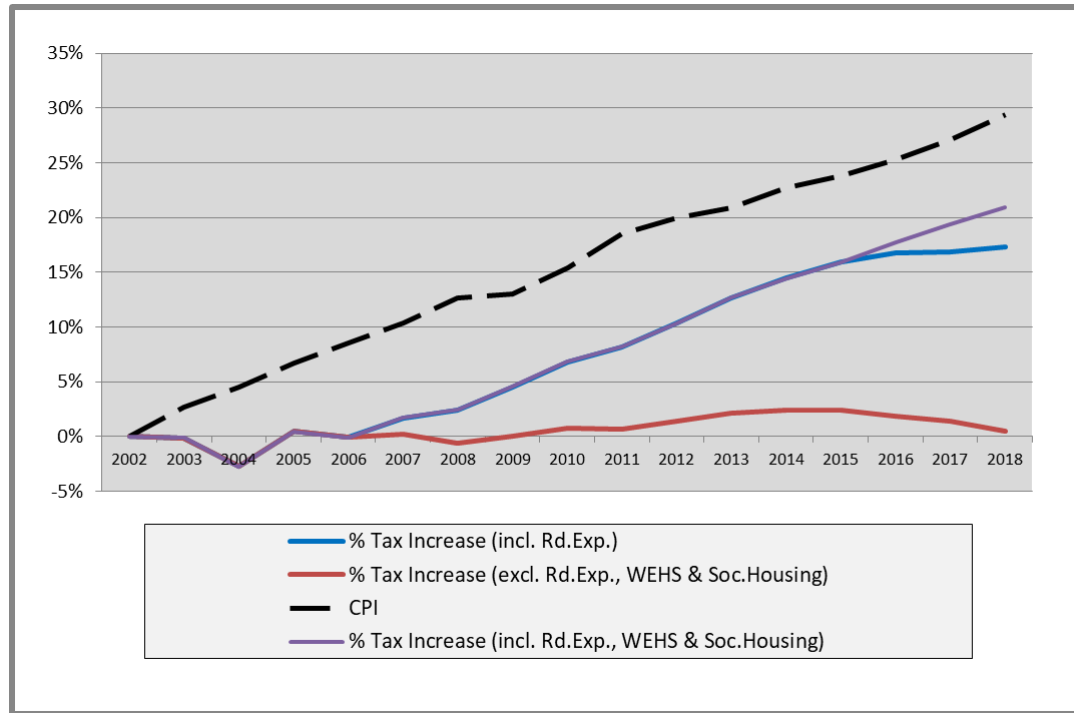
- Budget Summary
 - Impact Variables
 - Risk & Future Obligations
 - County Comparators
 - 2019 Tax Rate / Residential Impact
- Departmental Reviews

Inflation & County Tax Rates



- Inflation Index
 - CPI annual average increase, 2002-2018 = **1.8%**
- County Tax Rates
 - Annual average tax rate increase, 2002-2019
 - **Excluding Infrastructure Exp. & NWEHS = 0.03%**
 - **Including Infrastructure Exp. & NWEHS = 1.3%**

CPI & Tax Rate Comparison



2019 Proposed County Tax Rate



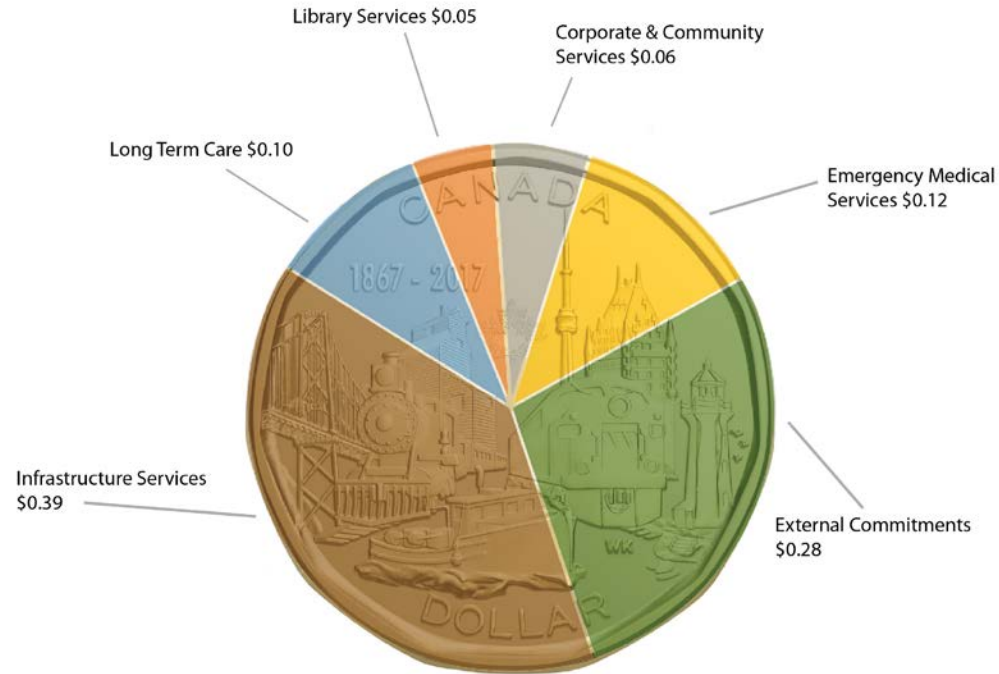
Budgetary Pressure	Target	Proposed
2019 Base Operations	0.00%	-1.16%
Infrastructure Expansion	1.50%	1.41%
New Windsor-Essex Hospital Systems	0.50%	1.18%
2019 – Total Target Tax Rate	2.00%	1.43%

Budget Summary



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
Contributions to (from) Reserves	(31,610)	13,651,370	(1,625,680)
Total County Requirement	95,645,480	95,645,480	102,867,990

Your 2019 Tax Dollar



2019 Budget Impact Variables



Budget 2019 - Summary of Levy Impact Variables	Levy Impact	Tax Impact
County Levy 2018	95,645,480	-5.69%
Community Services – Social Housing – inflationary & capital funding (net)	806,990	0.80%
EMS – enhancements & technology implementation	130,000	0.13%
Infrastructure Services – Expansion (1.5% of Levy)	1,434,700	1.41%
Infrastructure Services – Construction Rehabilitation & Other Road Mtce	441,430	0.44%
Infrastructure Services – County Wide Active Transportation Infrastructure (CWATS)	100,000	0.10%
Infrastructure Services – Winter Control	150,000	0.15%
Infrastructure Services – Asset Amortization (Civic Centre 100% ownership, equipment)	972,670	0.96%
Library Services – resumption of 100% services and inflationary	100,000	0.10%
General Government Services – Investment Income Reduction	500,000	0.49%
External Commitments – Windsor-Essex County Health Unit	102,680	0.10%
External Commitments – New Windsor-Essex Hospital System	1,200,000	1.18%
Corporate Wide – net expenditures/recoveries (utilities/contracts/supplies)	75,840	0.07%
Wages & Benefits (inflationary adjs, excl. Library & EMS)	1,208,200	1.19%
County Levy 2019	102,867,990	1.43%

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Social Housing



- Operational Increases \$356,990
 - Per diem increases in 2018 and again in 2019
 - Shortfall in CHPI funding from the City of Windsor
 - Cost sharing 60/40 (weighted assessment/actual)
 - Discretionary funds to support transportation needs

Social Housing

- Capital Increases - \$450,000
 - Increase to address anticipated capital renewal costs over the next 5 years
 - Total estimated cost of \$10 million to be shared
 - Doesn't address expansion of service or inventory of beds

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Emergency Medical Services



- Continued increase demand for service
- Ability to consider implementation of 10 Year Master Plan recommendations
- Training and education enhancements
- Technology implementation to improve operational efficiencies and maximize deployment of departmental assets
- Fleet Upgrades (hybrid technology)

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Infrastructure Expansion



- Expansion requirements identified through the Essex Windsor Regional Transportation Study
- Current costs estimate - \$400 million
- Timeframe 2009 - 2037
- Funding model predicated on no senior government funding
- County requirement - \$400 million, through 1.5% Levy increase
- Infrastructure Expansion Reserve balance @ 12/31/18 - \$66.2M
- 2019 capital levy dedicated to expansion - \$16.4 million (inclusive of 2019 1.5% increment)
- Road Rationalization Study continues

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Infrastructure Rehabilitation



- Comprehensive Asset Management Plan
 - Funding gap exists combined with annual asset deterioration and renewal requirements
- 2019 Rehab program \$11.8 million presented in December 2018 for pre-approval
- 100% ownership of Civic Centre requires increased annual allocation of amortization

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Active Transportation (CWATS)



- Continuation of Master Plan (2012)
 - County portion \$45 million out of total \$85 million to full build out
- 2019 Budget includes \$6.1 million
 - Partially funded by \$2.8 million from Roadway Expansion reserve

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Winter Control

- Climate change realities
 - Frost / thaw impact affecting estimated useful life of road network
- Rolling 5 year average for winter control events used
 - 2019 budget includes increase of \$150,000

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Library Services



- Previous surplus from 2016-2017 strike
- Annual allocation from surplus to offset operating costs in 2017 and 2018
- Reduction of reliance on reserve surplus in 2019 by \$100,000
- 2019 Budget includes impacts of inflationary increases for staffing, collection inventories, technology, Leamington Library renovation, secondary vehicle replacement

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Investments

- Policy update in 2019 to reflect changes in legislation
- Prudent Investor Opportunity
 - Warden, CAO, Director of Financial Services actively participating in evaluation of both opportunities and risks
- Conservative approach to 2019 estimate based on 2018 performance
- Laddered approach to take advantage of rising interest rates being mindful of short and long term cash flow needs

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- Operational pressures
- Addition of 1 FTE to support visual health initiatives
- Risk associated with 2019 Budget
 - MOHLTC advised health units to plan for nil growth which may result in funding shortfall

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New Windsor-Essex Hospital System



- Municipal contribution \$200 million
- Commitment to occur in approx. 10 years (2027)
- Funding Model approved by Council in 2016 as part of the annual Reserve Strategy Report
 - Incremental annual contributions for 10 years
 - Annual reinvestment of contributions to realize investment returns
 - Debt financing approximately 50% of commitment with repayment funded by established levy base from first 10 year period

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% to 2%	Reserve Balance
2015	340,000		1,000,000			1,340,000
2016	1,500,000	1,400,000			29,000	4,269,000
2017	2,090,000				82,000	6,441,000
2018	2,690,000				129,000	9,260,000
2019	3,890,000				195,000	13,345,000
2020	4,000,000	100,000			266,900	17,711,900
2021	4,140,000				354,238	22,206,138
2022	4,590,000				444,123	27,240,261
2023	5,040,000				544,805	32,825,066
2024	5,490,000	200,000			656,501	39,171,567
2025	6,140,000				783,431	46,094,999
2026	6,140,000				921,900	53,156,899
2027	6,140,000		-50,000,000	-5,800,000	52,453	3,549,352
2028	6,140,000			-5,615,561	53,240	4,127,031
2029	6,140,000			-5,440,000	61,905	4,888,937
2030	6,140,000			-5,260,000	73,334	5,842,271
2031	6,140,000			-5,080,000	87,634	6,989,905
2032	5,790,000			-4,907,397	104,849	7,977,357
2033	5,290,000			-4,718,027	119,660	8,668,990
2034	4,790,000			-4,538,521	130,035	9,050,504
2035	4,290,000			-4,360,000	135,758	9,116,261
2036	3,790,000			-4,180,493	136,744	8,862,512
Totals	100,700,000	1,700,000	-49,000,000	-49,899,999	5,362,511	-

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Wages & Benefits



- Employee base of 850 staff with greater than 40% of gross expenditures relates to salaries, wages and benefits
- Investing in human resources is key to our success in a market of high turnover
- Collective agreements outstanding or coming due:
 - CUPE 860 – SPH
 - CUPE 2974.2 – EMS
 - ONA – SPH
 - Non-union group

Budget Risk Factors

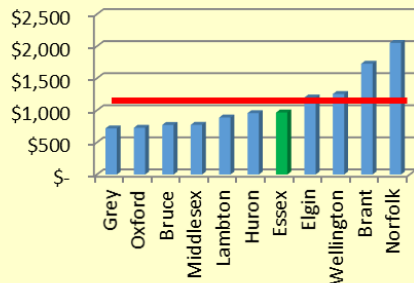


- EMS – offload delays (code 7s)
- EMS – call volume concerns – demographics / response time
- SPH – increasingly frail / higher level of care requirements / mental health
- Social Services – caseload increases (budget assumes no increase)
- Social Housing – facility renewal for housing stock (\$10+ million)
- Winter Control maintenance costs
- Supply costs – fuel, medical supplies, U.S. \$ impact...
- Outstanding collective agreements, cost of employee benefits
- Job evaluation (pay / job equity)
- Investment returns
- Provincial and federal government changes

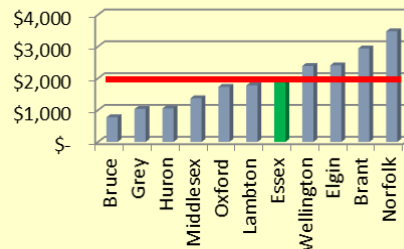
County Tax Rate Comparisons



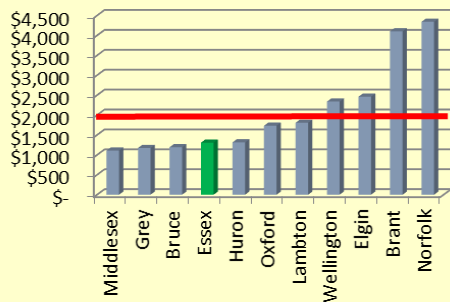
2018 Residential Tax Comparison



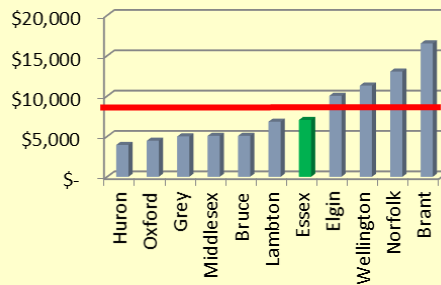
2018 Multi-Residential Tax Comparison



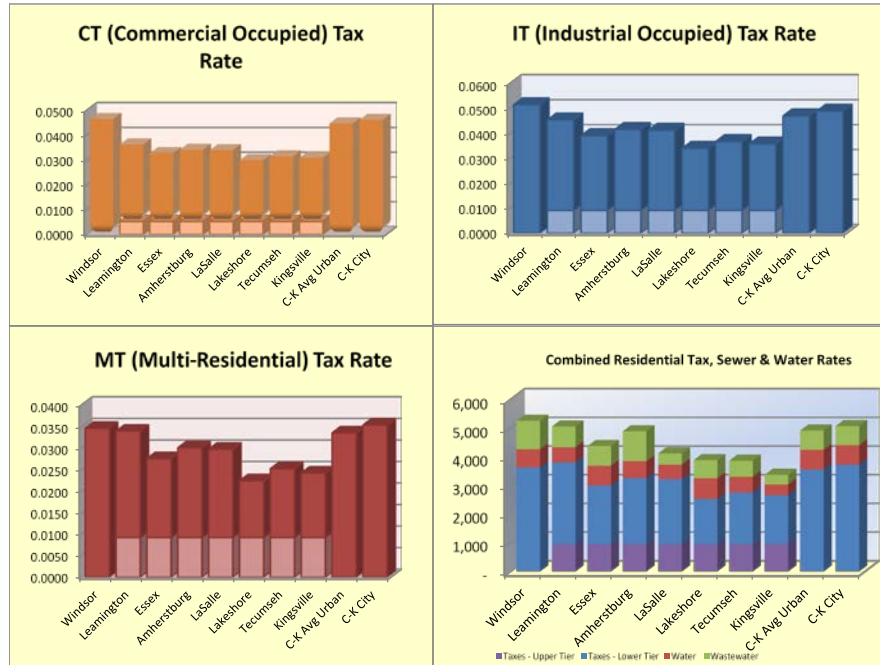
2018 Commercial Tax Comparison



2018 Industrial Tax Comparison



Regional Tax Rate Comparisons



Tax Rate Impact



YEAR	Assessed Value	Residential Tax Rate	Taxes	Tax Change	%
2018	\$200,000	.00476455	\$952.91	n/a	n/a
2019	\$200,000	.00483271	\$966.54	\$13.63	1.43%



Questions?

C O U N T Y O F E S S E X . O N . C A
