



## **Administrative Report**

**To:** Warden MacDonald and Members of Essex County Council

**From:** Melissa Ryan, CPA, Director, Financial Services/Treasurer

**Date:** Wednesday, August 6, 2025

**Subject:** Proposed Funding Model for Essex Windsor EMS Master Plan Implementation

**Report #:** 2025-0806-FIN-R23-MR

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### **Purpose**

To provide Council with a high-level overview of the proposed financing strategy for capital infrastructure projects identified in the Essex-Windsor EMS Master Plan, specifically related to the implementation of a Hub and Spoke station model. This report is for information purposes and intended to support early financial planning prior to the 2026 Budget.

### **Background**

On February 5, 2025, Essex County Council received an updated Essex-Windsor EMS (EWEMS) Master Plan prepared by ORH. The plan includes a number of recommendations to address projected service demands over the next five to six years, driven by regional population growth and increasing call volumes.

Among the key infrastructure recommendations is the implementation of a Hub and Spoke station model, including:

- Construction of a central EMS hub in Windsor
- Development or relocation of satellite (spoke) stations throughout the Region

These projects are intended to improve EMS response times, optimize system efficiency, and align service delivery with community growth. While the Master Plan contains both operational and capital components, this

report focuses exclusively on the anticipated capital costs associated with land acquisition, design, and construction of the proposed new EMS facilities.

## **Discussion**

As the County prepares to implement the recommendations outlined in the Essex-Windsor EMS Master Plan, early planning for capital funding is essential. While operational enhancements will be addressed through the annual budget process, the future infrastructure needs, specifically, the development of a centralized EMS hub and multiple satellite (spoke) stations, require a longer-term, multi-faceted financing strategy. This section outlines anticipated capital costs and proposes preliminary funding options to support these major investments over the coming years.

### **Anticipated Capital Requirements**

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The capital projects envisioned through the hub and spoke model will require investment in:

- Land acquisition and site servicing
- Design, engineering, and permitting
- Construction of new facilities or renovations of existing stations
- Supporting infrastructure (e.g., driveways, garages, staff amenities)

Note: The purchase of additional ambulances identified in the Master Plan is not included in the funding strategy outlined in this report. The County maintains a dedicated EMS Fleet Reserve specifically for these vehicle acquisitions.

The estimated total cost for EMS station infrastructure, based on preliminary analysis from the County's Development Charges study, is projected to be approximately \$55.6 million. To maintain consistency across financial planning documents, this figure is being used in the funding model (Appendix A) for the purposes of this report. Detailed site-specific cost estimates will be developed as further planning occurs.

### **Preliminary Capital Funding Options**

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County administration is evaluating a range of funding tools to support these investments. The following options are proposed for consideration:

## **1. Capital Reserve Contributions**

The County maintains a number of capital reserves, including EMS and general capital reserves. These funds could be used to:

- Offset design and pre-construction costs
- Partially fund construction of new facilities

A drawback of this approach is that drawing from reserves reduces investment balances and potential interest earnings. Additionally, in a straight reserve funded approach, capital spending must be deferred until enough funds have been raised to cover the full cost of the project. However, this may be appropriate if it avoids debt and supports project timelines. Currently, there is just over \$13 million in the EMS Capital account that can be used for capital works identified in the EWEMS master plan.

## **2. Debt Financing**

Debt financing is a common tool for cash flowing large capital projects with long-term benefit. Annual repayment obligations would be phased in over time and included in future budgets. Debt is often the preferred approach for high-cost, long-lifespan infrastructure.

There is a cost to debt financing though, as interest will be charged for the funds borrowed. However, unlike a straight reserve-funded approach where projects must be deferred until enough funds are accumulated, debt allows the County to move forward with capital projects sooner. In the current interest rate environment, if investment earnings exceed borrowing costs, leveraging debt can be financially advantageous by preserving investment holdings and offsetting some debt expenses through incremental returns.

## **3. Internal Borrowing from Other County Capital Reserves**

Another option is to borrow from other County Capital reserves and repay those reserves over time.

This approach offers greater flexibility in structuring repayment terms and avoids the need to issue new debt. However, borrowing from reserves reduces the funds available for other capital priorities and results in lost investment income from those reserves during the repayment period. Additionally, the borrowed amount still needs to be repaid.

This may be an appropriate short- to mid-term funding option depending on liquidity levels, the demand for the intended use of the other reserve funds and project timing.

#### **4. Development Charges (DCs)**

The County's Development Charges Background Study is currently underway. If Council chooses to implement a DC by-law, the anticipated EMS capital projects could be included as eligible growth-related costs. Approximately \$4.114 million of the projected EMS capital program is attributed to growth and could be covered through DC.

A DC by-law would allow the County to collect funds from new development, helping to offset the cost of expanding EMS infrastructure to support growth. This would reduce the financial burden on existing taxpayers and reserve funds.

Should a DC by-law be adopted, it could serve as an important revenue source to help fund the construction of new EMS facilities, especially as these investments are directly tied to population growth and service expansion.

#### **5. Intergovernmental Grants**

County administration will continue to monitor for federal or provincial grant programs that could support emergency service infrastructure. While such funding is not guaranteed, grant opportunities may arise that help defray a portion of project costs.

#### **Phasing and Budget Smoothing Strategy**

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To assist Council in understanding the long-term financial implications of the proposed EMS infrastructure investments, Appendix A outlines a simplified funding model. This approach assumes the full use of the EMS Capital Reserve (currently estimated at \$13 million), followed by internal borrowing from other County reserves to address the remaining funding gap. In tandem, the model includes an annual increase to the levy-funded portion to gradually pay back the borrowing from the other capital reserves.

Based on this preliminary approach, once capital costs exceed the available EMS Capital Reserve, the County would transition to internal borrowing or external debt financing. To help smooth the financial impact, Council can

expect to see a phased-in budget allocation starting with the 2026 Budget—estimated at approximately \$1 million annually. This annual provision would be used to:

- Repay internal borrowings to other County reserves, or
- Cover debt servicing costs associated with external financing.

This structured funding strategy helps mitigate future budget pressures by spreading costs over time. Once the internal borrowings are fully repaid, or debt obligations fulfilled, the annual provision would be redirected to the general capital reserves.

### **Next Steps**

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- Administration will begin refining cost estimates as sites are selected and design progresses.
- Specific financing options will be evaluated in more detail as part of the multi-year capital planning process.
- Recommendations on the inclusion of EMS capital in the County's Development Charges by-law will be brought forward as part of that draft by-law.
- Any funding commitments will be subject to future Council approval and annual budget deliberations.

### **Financial Implications**

There are no immediate financial impacts resulting from this report. However, significant capital investment is anticipated in the coming years to support implementation of the Essex-Windsor EMS Master Plan.

The proposed infrastructure—new EMS stations and a central hub—will require upfront County investment in land acquisition, design, and construction. The County owns all of its EMS bases and would also own the new central hub and any additional spoke bases. These capital costs are the full responsibility of the County and are not eligible for cost-sharing with the Province or the City of Windsor.

Once the facilities are operational, ongoing costs such as rent or lease allocations can be included in the shared EWEMS operating budget, which is cost-shared as follows (approximates):

- Province of Ontario – 50%
- City of Windsor – 23.98%
- Township of Pelee – 0.142%
- County of Essex – 25.878%

To manage these capital investments, a phased funding strategy is proposed. This may include use of existing EMS reserves, internal borrowing from other County capital reserves, or external debt financing. To help smooth the long-term financial impact, a phased-in operating budget contribution—starting at approximately \$1 million annually—is anticipated beginning in the 2026 Budget. This contribution would support either repayment of internal borrowing or future debt servicing.

If Council adopts a Development Charges (DC) by-law, EMS-related capital infrastructure could be included as a growth-related cost, providing an additional funding source of approximately \$4.1 million to reduce the reliance on tax-supported financing.

A more detailed and refined financing plan will be developed once EMS station locations are confirmed and site-specific project costs are determined.

## **Consultations**

- Justin Lammers, Chief, Essex-Windsor Emergency Medical Services

## Strategic Plan Alignment

Working as Team Essex County	Growing as Leaders in Public Service Excellence	Building a Regional Powerhouse
<input type="checkbox"/> Scaling Sustainable Services through Innovation  <input type="checkbox"/> Focusing “Team Essex County” for Results  <input type="checkbox"/> Advocating for Essex County’s Fair Share	<input type="checkbox"/> Being an Employer with Impact  <input type="checkbox"/> A Government Working for the People  <input checked="" type="checkbox"/> Promoting Transparency and Awareness	<input checked="" type="checkbox"/> Providing Reliable Infrastructure for Partners  <input checked="" type="checkbox"/> Supporting Dynamic and Thriving Communities Across the County  <input checked="" type="checkbox"/> Harmonizing Action for Growth  <input type="checkbox"/> Advancing Truth and Reconciliation

## Recommendation

That Essex County Council receive report number 2025-0806-FIN-R23-MR, Proposed Funding Model for Essex Windsor EMS Master Plan Implementation as information.

## Approvals

Respectfully Submitted,

*Melissa Ryan*

Melissa Ryan, CPA, Director, Financial Services/Treasurer

Concurred With,

*Sandra Zwiers*

Sandra Zwiers, MAcc, CPA, CA, Chief Administrative Officer

Appendix	Title
A	EWEMS Funding Model-Capital Items