



Administrative Report

Office of the Director of Financial Services/Treasurer

To: Warden McNamara and Members of County Council

From: Sandra Zwiers, MAcc, CPA, CA
Director of Financial Services/Treasurer

Date: Wednesday, August 12, 2020

Subject: Projected Results of Operations 2020

Report #: 2020-0812-FIN-R013-SZ

Purpose

To report the projected results of operations for the fiscal period ending December 31, 2020.

Background

In accordance with established practice, a projection of results of operations for the current fiscal period is prepared on the basis of results of operations to various interim dates.

Discussion

Based on June year-to-date activity and discussions with the senior administration team, corporate operations are projected to be in a deficit position of approximately \$1,238,000.

It is important to highlight that projections are predicated on a number of significant assumptions, namely:

- Favourable resolution to various outstanding wage related matters within collective bargaining groups;
- Winter Control activities remaining within the five-year average;

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- Social Services caseloads and Social Housing costs remaining favourable;
- No significant tax write-offs;
- Stable returns on investments within the County's investment portfolio; and
- The impacts of COVID-19 remain at projected levels for the remainder of the year.

Recent announcements suggest funds will flow to Ontario municipalities to help offset COVID-19 related deficits. It is unclear at this time what amount, if any, the Corporation will receive from these programs. The projections contained in this report do not account for potential recoveries from the provincial and/or federal government.

Factors contributing to the projected year-end position are highlighted below by department:

Community Services

NIL

Contract services were discontinued with one Housing with Supports service provider. Legal fees to execute the cancellation of this contract amounted to approximately \$44,000. Discussions with our municipal partner, the City of Windsor, have not yet confirmed the funding of these unbudgeted legal costs. Offsetting the departmental deficit are savings in wages and benefits due to a vacant staff position and the reduction of travel and training costs due to the impacts of COVID-19. CHPI Subsidy Funding from the City of Windsor remains an area of financial risk for the Corporation. In prior years, and reported again in 2020 by the City of Windsor, emergency shelter costs exceed the City's budget target. There is a risk that CHPI funds will be reallocated within the community services envelope to address high demands for emergency shelter services.

Sun Parlor Home

(\$307,000)

Annually, the Ministry of Long-Term Care reviews its funding methodologies. In 2019, the Corporation was alerted to a potential change in the model and amount for payment of per bed funds. The 2020 per bed funding amount increased and SPH received an additional \$154,000 in Global Increase payments. These funds are used to offset costs in a number of operational areas.

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The COVID-19 pandemic has presented unique challenges for SPH. Due to provincially legislated lockdown procedures, long term care homes were unable to fill room vacancies in the usual manner. In order to maintain funding, SPH is normally required to maintain a 97% occupancy level. The restriction to admissions has resulted in a drop below 97% occupancy however the Ministry has guaranteed funding levels will remain unaffected despite this drop. Pandemic Prevention & Containment funding, in the amount of \$304,400 was also awarded to help offset the cost of implementing numerous provincial orders directing the provision of long-term care in a pandemic environment. Departmentally, minor surpluses are projected in the areas of food and food supplements (primarily due to reduced occupancy levels), utilities and wage recoveries. Offsetting these surpluses are the unbudgeted costs of pandemic/outbreak supplies, including personal protective equipment, totaling approximately \$419,000. The most significant impact to SPH operations has been the impact of managing staff during the pandemic. Wages and benefits are projected to be \$492,000 over budget due to increased costs of sick leave, backfilling and cohorting staff members to maintain resident care and the safety of all SPH staff. The projection does not include potential future COVID-19 expense recovery from the provincial or federal governments.

Emergency Medical Services (\$776,000)

Positive competitive procurement results relating to the purchase of stretchers and door access improvements are projected to generate approximately \$375,000 in budget savings. Fuel prices, which fell earlier this year in response to a global decline in demand, generated \$100,000 in departmental savings as well. The methodology to allocate Community Paramedicine funding within our region (Windsor-Essex, Chatham-Kent and Lambton) was updated in 2020 to address previous inequities. The result of this realignment provided an additional \$159,440 in base funding for the VPN Program.

Offsetting these surpluses are a number of operational deficits that are directly related to COVID-19. Pandemic supplies and personal protective equipment are projected to exceed budget by approximately \$966,000. Routine medical supplies and equipment have been impacted by global demand and as a result, per unit pricing has increased. Pricing and volumetric increases are therefore projected to generate a deficit of \$175,000 for these supplies. The need to increase cleaning and sanitation of clothing and equipment due to COVID-19 will increase laundry and cleaning budgets by \$182,000. Similar to SPH operations, the largest financial impact

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for EMS relates to wages and benefits. EMS is projected to exceed wage and benefit targets by approximately \$958,000 by year end. The need to hire staff to assist in donning and doffing duties, backfilling sick leaves and managing overtime have all contributed to the projected deficit.

The projected departmental deficit of \$776,000 represents the Corporation's share of the EMS deficit. The projection includes service partner recoveries from the City of Windsor and Pelee Island in the amount of approximately \$765,000. The projection does not include potential future COVID-19 expense recovery from the provincial or federal governments.

Infrastructure Services **\$250,000**

Budgets for bridge and drainage projects are typically designed to include various contingency amounts. Projects completed to date have not required the payment of some of these contingencies. Additionally, upon commencement of work in the field, scope changes have resulted in a reduction in the amount of work required to be completed in some cases. On a consolidated basis, the program is projected to generate surpluses of approximately \$205,000. Recoveries from various road user agreements are generating approximately \$70,000 of unbudgeted revenues and the balance of the capital program is projected to come in at or below budget.

Offsetting departmental surpluses are unbudgeted costs for pavement rehabilitation on County Road 2 resulting from a project carryover from 2018 in the amount of approximately \$356,000.

In terms of COVID-19 impacts on the department, increased costs are projected for vehicle cleaning, cleaning supplies and plexiglass barrier installations in the amount of \$30,000 and increased wages and benefits for additional staff hours in the Building Maintenance division totaling \$50,000.

Library Services **NIL**

In response to closed library facilities during the pandemic, student desk clerks and janitorial staff hours were reduced and programming hours were cancelled. These wage and benefit savings afforded the department the ability to absorb revenue losses from the cessation of overdue material charges and increased costs of pandemic supplies and personal protective equipment. The electronic cataloguing of supplies (RFID Project) was advanced in the capital work plan and library staff have been able to continue to work in closed library facilities throughout the pandemic to complete this time intensive project. The projection to year end plans for a

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partial reopening of library services with departmental surpluses being redirected to cover upfitting costs to meet new COVID-19 related public health standards. In accordance with established practice, any surplus or deficit within Library Services is adjusted through ECL Reserves.

General Government **\$125,000**

The inability to conduct in person council meetings and attend conferences or off-site training is projected to result in approximately \$142,000 in savings for council members and administrative staff. Student and new position hiring deferrals contribute approximately \$55,000 in budget savings as well.

Offsetting departmental surpluses are increased costs due to COVID-19 related expenses totaling approximately \$50,000 for virtual meeting software, computer hardware and employee wellness program initiatives.

External Commitments **(\$530,000)**

The consolidation of budget variance information received from the Windsor Essex County Health Unit (WECHU) since the pandemic started suggests an additional \$635,000 contribution from the County will be required. Approximately \$390,000 of the deficit relates to the hiring of additional WECHU staff beginning in September to address the increased staffing demands of pandemic response. The projection does not include potential future COVID-19 expense recovery from the provincial or federal governments.

The Corporation's 2020 Budget estimate in support of the Windsor Essex Economic Development Corporation (WEEDC) was established in accordance with draft information received from WEEDC. Deliberations with the City of Windsor resulted in a revised WEEDC approved budget and a reduction in the contribution required from the County. The change in support results in a surplus of approximately \$102,000 which offsets part of the deficit in External Commitments.

There are no other significant variances to report at this time.

The Corporation's projected financial position is based on six months of activity with significant uncertainty regarding budget performance for Social Services, Social Housing, Emergency Medical Services, Sun Parlor Home, Infrastructure Services and outstanding contract/wage settlements and pay/internal equity adjustments. Variance from projection in any one of

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these operations could have a significant impact on the Corporation's financial position for 2020. Additionally, COVID-19 levels in our region will continue to influence our operations and it is unknown how long these impacts will last.

Financial Services, with the assistance of departments, continue to look for opportunities for reductions/cost savings and will carefully monitor operations and report accordingly.

Financial Implications

In accordance with the Corporation's Reserve Strategy, operational surpluses not identified for specific application are to be transferred to the Rate Stabilization Reserve at year end. Conversely, operational deficits will be mitigated through recommended withdraws from appropriate reserves including the Rate Stabilization Reserve at year end.

Recommendation

That County Council receives the Projected Results of Operations 2020 for information.

Respectfully Submitted

Sandra Zwiers

Originally Signed by

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Concurred With,

Robert Maisonville

Originally Signed by

Robert Maisonville, Chief Administrative Officer