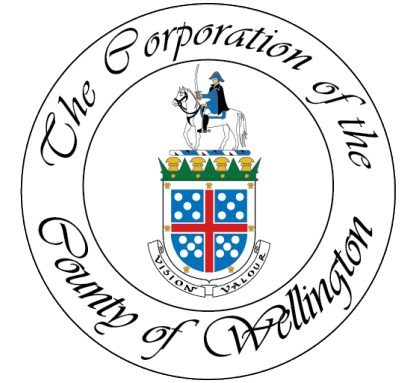


County of Wellington Pre-2022 Budget Overview and Council Discussion



October 15, 2021

Purpose of today's meeting:

- ▶ To provide Council with an update on the County's 2021 year-to-date financial position and projections to year-end
- ▶ To provide Council with high level assumptions and known impacts for the 2022 Budget and 10-year forecast
- ▶ To provide Council with an opportunity to discuss the upcoming 2022 Budget and 10-Year Plan



Budget Timeline

Description	Deadline/Date
Treasury staff update 10 year plan model and salary model	Summer 2021
Departments submit major 10 year operating budget items, draft 10 year capital forecast and proposed 2022 user fees to Treasury	September 10, 2021
Special Meeting of Council – Budget Discussion	October 15, 2021
Staff Advisory Committee review of preliminary 10 year plan	October 25, 2021
Preliminary 10 year plan completed	Late October 2021
Staff develop detailed 2022 operating budgets	October - November 2021
Preliminary 10 year plan and 2022 user fees reviewed by all Standing Committees and Boards	November 2021
AF and HR Committee review of preliminary 10 year plan and 2022 user fees	November 16, 2021
County Council adopts 2022 user fees and receives 10 year plan for information	November 25, 2021
CAO & Department Head review of budgets	December 2021
Special meeting of County Council to review the 10 year plan and 2022 budget	January 10, 2022
Committee and Board review and approval of 2022 budgets and 10 year plan	January 2022
AF&HR review of budget and 10 year plan and recommendation to Council	January 18, 2022
Council review and approval of 2022 budget and final 10 year projection	January 27, 2022



2022 Budget Process

- ▶ Currently early in budget process for 2022
- ▶ Departments have submitted their high-level operating and capital budget impacts
- ▶ Staff Advisory Committee to review the first draft of the budget at the end of this month prior to being presented to committees in November



2021 Forecasted Year-End Position

COUNTY OF WELLINGTON
2021 OPERATING BUDGET VARIANCE ANALYSIS AS OF SEPTEMBER 30, 2021

	2021 Budget	Sept 30/21 net actual	Sept 30/21 actual as a % of budget	Projected variance to Dec. 31/21	
				Scenario 1	Scenario 2
<u>Programmes and Services</u>					
Roads and Bridges	30,240.3	23,095.8	76%	100.0	200.0
Police Services	17,724.7	12,785.9	72%	450.0	460.0
Long-Term Care Home	9,452.0	8,080.6	85%	25.0	30.0
County Library System	8,597.3	5,489.5	64%	70.0	90.0
Solid Waste Services	7,435.0	5,280.7	71%	(100.0)	(80.0)
Ambulance Services	5,305.5	3,816.1	72%	(120.0)	(100.0)
Social Housing	4,679.0	4,047.7	87%	60.0	70.0
Public Health	2,773.6	2,051.0	74%	(700.0)	(650.0)
Planning and Development	2,196.8	1,284.2	58%	150.0	200.0
County Museum and Archives	2,152.4	1,484.5	69%	30.0	40.0
Ontario Works	1,962.4	831.8	42%	200.0	250.0
Economic Development	1,573.6	996.6	63%	320.0	340.0
Children's Early Years	1,308.9	943.7	72%	0.0	20.0
Green Legacy	1,000.0	549.8	55%	25.0	30.0
Emergency Management	874.7	1,186.3	136%	10.0	20.0
Affordable Housing	738.0	180.2	24%	0.0	0.0
Community Grants	458.8	113.5	25%	0.0	10.0
Provincial Offences	(186.4)	209.6	-112%	(130.0)	(100.0)
Subtotal	98,286.6	72,427.6	74%	390.0	830.0



2021 Forecasted Year-End Position

COUNTY OF WELLINGTON
2021 OPERATING BUDGET VARIANCE ANALYSIS AS OF SEPTEMBER 30, 2021

	2021 Budget	Sept 30/21 net actual	Sept 30/21 actual as a % of budget	Projected variance to Dec. 31/21	
				Scenario 1	Scenario 2
<u>General Government</u>					
Office of the CAO and Clerk	4,543.1	2,841.0	63%	200.0	230.0
Treasury	2,115.7	1,413.2	67%	130.0	150.0
County Property	1,271.1	848.5	67%	30.0	50.0
County Council	1,223.5	817.8	67%	120.0	140.0
Human Resources	1,103.5	673.9	61%	130.0	150.0
Subtotal	10,256.9	6,594.3	64%	610.0	720.0
<u>Non-Programme Expenditures and Revenues</u>					
General Expenses/Revenues	2,617.4	167.6	6%	400.0	450.0
Tax Levy Requirement	(108,828.1)	(79,209.6)	73%	0.0	0.0
PIIs and Supplementary Taxes	(2,332.8)	(652.0)	28%	400.0	500.0
Subtotal	(108,543.5)	(79,694.0)	73%	800.0	950.0
Net Total	0.0	(672.1)		1,800.0	2,500.0
Variance % of Tax Levy				1.7%	2.3%
Variance % of Operating Expenditures				1.0%	1.4%



2021 Forecasted Year-End Position

- ▶ Variance projection predicts a year-end surplus of between \$1.8 million and \$2.5 million for 2021 year-end
- ▶ Areas of significant savings
 - ▶ Police Services - \$450K - \$460K
 - ▶ Economic Development - \$320K - \$340K
 - ▶ Ontario Works - \$200K - \$250K
 - ▶ General Government - \$610K - \$720K
 - ▶ General Revenues/Expenses and Supplementary Taxes - \$800K - \$950K



2021 Forecasted Year-End Position

- ▶ Areas with projected deficits:
 - ▶ Public Health - \$650K - \$700K
 - ▶ Provincial Offences Act Revenues - \$100K - \$130K
 - ▶ Ambulance Services - \$100K - \$120K



2022 COVID Impact

- COVID continues to have a significant impact on the operations of the County
- The full impact that the pandemic will have on the 2022 budget is unknown at this time
 - Provincial vaccination programme has been very successful
 - It is anticipated that operations and the economy in general will continue to recover
 - High levels of inflation expected to impact 2022 budget, unknown how long it will last
 - Exceptionally low interest rates impact on debt and investments
 - Impact of new regulations on long-term care
 - Vaccination effort to continue with annual booster requirements?
 - Impact on resource availability in short-term with mandatory vaccination requirements



Key Assumptions/Impacts - 2022 Budget and Forecast

- 2021 Budget and 10-Year Plan forecasted a 4.2% tax impact for 2022
- Since that time, we've had a number of changes to the forecast
- Positive impacts on the budget and forecast include:
 - Allocated portion of 2020 surplus to debt reduction (Riverstown Leachate Collection System and Construction of new Arthur Garage)
 - Reduce debt charges by approx \$525K in 2022
 - O.P.P. contract costs for 2022 are lower than forecasted
 - Assessment growth and supplementary tax revenues continue to be strong and are likely to be higher than projected
 - Successful grant applications to Municipal Modernization Fund for Information System Improvements provides some capital funding relief
 - New HRIS System



Key Assumptions/Impacts

- Challenges that may have negative impacts on the budget and forecast:
 - Inflation figures have been higher than historical trends
 - Consumer Price Index – latest figures (August) are Canada 4.1%, Ontario 4.0%, Toronto 3.3%
 - Impacts the costs of goods/services the County needs to acquire – fuel, food (long-term care), construction prices, staffing – including the implementation of non-union compensation study
- Asset Management Plan Implementation
 - Addressing the infrastructure deficit while construction prices continue to soar
 - Inflate capital expenditures by 3.5% annually over the 10-year forecast (change in process)
 - Based on the five-year average annual increase in the non-residential building CPI
 - Creates a more realistic capital forecast in future years dollars
 - May require delays in construction forecast and/or increase transfers to reserves
 - Development Charge Study update in 2022 – need to ensure growth pays for growth



Key Investments/Initiatives

- Roads and Roads Network 10-year capital investment of \$295M (\$2021)
- Other Major Capital Investments:
 - Arthur Garage and Public Works Facility
 - New Erin Library Branch
 - Rural Broadband Improvements – SWIFT 2.0 Implementation
- Implementation of Climate Change Mitigation and Adaptation Plan:
 - Studies
 - Fleet conversion and EV adoption
 - Community engagement and data management
- Future of Continuum of Care Development at Wellington Place



Concluding Comments

- 2021 year-end position is in good financial shape
 - Currently projecting a \$1.8 million to \$2.5 million surplus
 - Staff recommend this be used for a sustainable impact on the long-term forecast
 - Either to reduce debt, address the infrastructure gap, or make strategic capital investments
- COVID-19 will have an impact on the 2022 budget, but is beginning to stabilize
- 2022 budget (tax) impact will be lower than originally forecasted, but challenges still remain
- Inflation (CPI) of 4.0% will have an impact on the County budget



Questions? and Council Discussion

