



Algoma Public Health
2019 Public Health Operating & Capital Budget

2019 Operating & Capital Budget

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2019 Operating & Capital Budget

EXECUTIVE SUMMARY:

Issue:

The *Ontario Public Health Standards: Requirements for Programs, Services, and Accountability* (the Standards) requires boards of health to ensure administration develops a budget forecast for the fiscal year that does not project a deficit. To support municipal budget planning, Algoma Public Health (APH) attempts to advise them of their respective levies as early as possible. The Board of Health Finance & Audit Committee has reviewed the 2019 Public Health Operating and Capital Budget and recommends the Board of Health approve the enclosed budget.

Recommended Action:

“That the Board of Health for the District of Algoma Health Unit approves the 2019 Public Health Operating and Capital budget as presented”.

Budget Summary:

The 2019 APH Operating & Capital Budget (the Budget) is designed to position the Board of Health for the District of Algoma Health Unit in fulfilling its mandate as per the requirements set out in the *Health Protection and Promotion Act (HPPA)*, the Standards, *the Public Health Accountability Agreement*, and APH’s strategic plan. The 2019 budget reflects changes in programming consistent with the new 2018 Standards. This includes implementation of the Vision Screening Program; greater focus on using data in developing program plans; reducing involvement in services that are provided elsewhere in the community; additional enforcement activities with respect to *Smoke Free Ontario Act*, enforcing new health protection regulations, and additional disclosure requirements.

The proposed 2019 Budget for mandatory programs and services is \$14,735,055 and as compared to the 2018 Board of Health approved budget, represents a 0.1% overall increase.

The recommended 0.50% increase in the municipal levy will help to offset the projected 0% increase in the provincial grant for cost-shared programs, inherent inflationary pressures and general salary increases. Cost savings measures are also reflected in the budget which is helping to manage the projected flat-lined provincial funding.

2019 Financial Assumptions:

- Cost associated with changes in service offerings are projected
- 0% increase in the 2019 provincial cost-shared portion of funding
- 0.50% (\$17,511) overall increase in the 2019 municipal levy

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- 0.16% overall increase in mandatory cost-shared programs budget
- Salary increases of 1.5% for both ONA and CUPE employees as of April 1st 2019, as per collective bargaining agreements
- Salary increases of 1.5% for Non-Union and Management employees as of April 1st, 2019; equivalent to that of negotiated increases with ONA and CUPE employees
- Non-salary costs are based on historical data and where possible, efficiencies introduced; adjustments for inflation have been incorporated where appropriate
- Debt repayment plans will be managed within approved (existing) resources
- Capital Asset Funding Plan developed

PUBLIC HEALTH BUDGET BACKGROUND:

Provincial Government Context

2018 marked the formation of a new Provincial government which campaigned on reducing provincial spending. With respect to this commitment, the Provincial Government obtained the services of Ernst & Young to conduct a review of Ontario Government Spending for the fifteen years ending fiscal year 2017/2018. Noted in the review was that “the Government has indicated an objective of efficiency gains in the order of four cents on the dollar”¹. At this time, there has been no indication by the provincial government with respect to funding of the public health system.

Ministry of Health and Long-Term Care Context:

The HPPA and Accountability Agreements

Under the *HPPA*, a Board of Health has legal responsibilities for ensuring the delivery of health services and programs in accordance with the *Act* and Regulations. The Public Health Accountability Agreement, between the Ministry of Health and Long-Term Care (MOHLTC) and Boards of Health, commits Boards of Health to achieving mandatory performance and monitoring indicators.

The Standards

2018 marked the first year operating under the modernized public health Standards.

The Standards are published by the MOHLTC under the authority of section 7 of the *HPPA* to specify the mandatory health programs and services provided by boards of health. These Standards provide a framework for public health programs, services, and accountability.

¹ Managing Transformation – A Modernization Action Plan for Ontario; Line-by-line Review of Ontario Government Expenditures 2002/203-2017/2018, September 21, 2018.

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Annual Service Plans

The 2018 Annual Service Plan was the first time that the MOHLTC required boards of health to demonstrate that programs align with community priorities (as identified in their population health assessment), demonstrate accountability for planning, and demonstrate the use of funding per program and service.

The Ministry has advised all public health units to plan for no growth funding with regards to cost-shared programs. The 2019 Budget reflects the Ministry's advisement.

Algoma Public Health Context

APH's Community Health Profile

In 2018 APH released its Community Health Profile which provides a snapshot of health across the District of Algoma. The Community Health Profile will serve as a guidance document in APH's Program Planning process and aid the Board of Health with the development of its strategic priorities.

APH Strategic Planning Process

The Public Health Accountability Framework section of the Standards specify that "the board of health shall have a strategic plan that establishes strategic priorities over 3 to 5 years, includes input from staff, clients and community partners, and is reviewed at least every other year". APH's current strategic plan is set to expire in 2020. The 2019 Budget includes dollars allocated for the development of a new Strategic Plan that that would be in place by 2020.

APH 2018 Grant Approval:

In May of 2018, just prior to the election, APH was notified by the Ministry that it would receive up to 3% (\$214,000) in base funding and up to \$227,000 in one-time funding². This funding announcement was unexpected given the Ministry's recommendation to plan for no growth funding for 2018.

For context, the Board of Health for the District of Algoma Health Unit has experienced the following historical growth in provincial MOHLTC funding for mandatory cost-shared programs:

² \$141,700 of the one-time funding total was in relation to the Northeastern Collaboration/Shared Service Project which is being shared by the five north eastern public health units.

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Year	Growth (%)	
2019	0.00%	<i>projected</i>
2018	3.00%	
2017	0.00%	
2016	0.00%	
2015	0.00%	
2014	2.00%	
2013	1.50%	
2012	2.00%	
2011	2.52%	

2019 PUBLIC HEALTH BUDGET ANALYSIS:

As a result of the Ministry advising Public Health Units to plan for no growth funding for mandatory cost-shared programs, APH's budget is built on a 0% increase in growth funding for mandatory cost-shared programs from the MOHLTC and a recommended a 0.50% increase in the municipal levy.

Revenue Generating & Cost Savings Initiatives:

Identification of revenue generating and cost savings opportunities is necessary in order to attain a balanced budget for 2019 and in anticipation of ongoing funding pressures. Management and the Finance and Audit Committee have worked towards identifying opportunities to generate revenue and control costs. Noted below is a summary of key initiatives built into the 2019 Budget that will result in cost savings or incremental revenue generation for APH.

#	Cost Savings/Revenue Generating Initiative	Amount
1	Janitorial Services	\$ 20,000
2	Security Services	\$ 6,000
3	HVAC Annual Maintenance Contract	\$ 8,455
4	Print Services (Xerox Contract)	\$ 48,000
5	Phone Hardware Warranty (CISCO)	\$ 35,000
6	Increase in Ontario Building Code Fees (Approved in 2017)	\$ 6,400
TOTAL		\$ 123,855

Action Plan to Manage Projected Flat Line Provincial Funding:

- Development of the 2019 Budget to ensure it is aligned with APH's strategic directions and MOHLTC Accountability Agreement and the Standards.
- Continue to submit one-time funding requests to the MOHLTC through the Annual Service Plan process.

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- Control spending by ensuring APH is receiving “value for dollars” spent.
- Identification of process improvements and improved efficiency opportunities.
- Utilization of additional funding opportunities (i.e. through the Northern Ontario Heritage Fund).
- Continued exploration of cost-sharing opportunities with Northeast health units (Northeastern Public Health Collaboration Project).

Revenues

Cost-shared programs and services are funded by the province, municipalities and other sources of revenue, such as interest revenue, and user fees (Appendix 1).

The province also contributes funding for services to Unorganized Territories (a geographic region that is not part of a municipality or First Nation reserve).

Provincial

Pursuant to section 76 of the Health Protection & Promotion Act, the Minister may make grants for the purposes of this Act on such conditions as he or she considers appropriate.

In 2015, the Ministry of Health & Long Term Care introduced a new public health funding model for mandatory programs. The adopted public health funding model identifies an “appropriate” share for each Board of Health that reflects the needs in relation to other Boards of Health. While the model attempts to lessen the impact of a region’s population to account for equity and needs of a region, the weight given to a region’s population still drives the formula. The Ministry did not apply the funding model in 2018 with respect to the increase in base funding that was realized by health units across the province. The importance of the funding model will be minimal in 2019 as the Ministry has communicated to public health units to plan for no growth funding.

Municipal

Pursuant to section 72 of the Health Protection & Promotion Act, obligated municipalities in a health unit shall pay,

- (a) the expenses incurred by or on behalf of the board of health of the health unit in the performance of its functions and duties under the HPPA or any other act; and*
- (b) the expenses incurred by or on behalf of the MOH of the board of health in the performance of his or her functions and duties under the HPPPA or any other Act.*

With respect to the cost-shared programs, APH’s funding ratio for 2018 was 70% provincial funding and 30% municipal funding.

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The municipal share is slightly reduced compared to 2017. This is a result of the 2018 provincial increase in base funding for mandatory costs shared programs of 3% on approximately \$7.3 million. In 2018, the board approved a 0.5% levy increase on approximately \$3.5 million.

Other historical factors impacting the funding ratio include:

- The Ministry’s decision in 2016 to fund the Healthy Smiles program at 100% provincially funded thus removing these dollars from the Municipal portion of the cost-shared formula.
- From 2015 to 2017, APH has received 0% growth with respect to Ministry cost-shared funding while receiving growth funding from the respective Municipalities within the District of Algoma in the form of levy increases.

Municipal dollars through the form of the levy have allowed the Board of Health to make contribution decisions with respect to the Board’s Reserve Fund. This is within the context of the Board’s risk management strategy.

APH has historically used Census data as the mechanism to apportion costs amongst the municipalities within the District of Algoma. 2016 census data is used in the 2019 Budget to apportion the levy amongst the 21 Municipalities within the District of Algoma.

Management is recommending a 0.50% overall increase in the levy from obligated municipalities. This equates to a \$17,511 increase in revenues apportioned among the 21 Municipalities within the Algoma District (Appendix 2). For perspective, a 1.0% overall increase in the levy would result in an additional \$35,022 of revenue compared to 2018.

For context, the Board of Health for the District of Algoma Health Unit has experienced the following historical growth with respect to the municipal levy.

Year	Levy Increase	
2019	0.50%	<i>proposed</i>
2018	0.50%	
2017	2.50%	
2016	4.50%	
2015	4.16%	
2014	2.00%	
2013	1.00%	
2012	2.00%	

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User Fees

APH is very mindful that a strong public health system ensures access to public health programs and services for those groups of people within our population that most need them. As such, when assessing the costs and benefits of increasing user fees, APH has taken a strategic view.

In June of 2017, the Board of Health approved a nominal price increase related to the Ontario Building Code Fees. This increase has been built into the 2019 Budget. It should be noted that the Land Control program is funded only through the fees generated. As such APH must ensure that it is at least covering the cost incurred to administer the program.

Expenses

Expenses are primarily driven through staff salary and benefits, (approximately 76% of all expenses), goods and service contracts, debt financing, and inflation (Appendix 3).

Inflationary pressures will continue to place upward pressures on APH's operating costs. The Consumer Price Index percentage change from August 2017 to August 2018 increased as follows:

- Canada: 2.8%
- Ontario: 3.1%

The recommended levy increase of 0.5% is less than the increase in inflation over the past year. When assessing any potential levy increase, the rate of inflation is a factor to consider.

Salary and Wages

Salary and Wages expenses are projected to increase by 0.9% compared to 2018.

Both CUPE and ONA collective agreements were ratified in 2018 and both agreements expire in 2021. Collectively bargained salary increases are reflected within the 2019 Budget. Salary increases for Non-Union and Management staff are equivalent to that of negotiated increases with ONA and CUPE employees.

For context, a summary of Public Health Full Time Equivalent (FTE) is noted below:

Year	FTE	
2019	123	<i>budgeted</i>
2018	121	
2017	120	
2016	122	

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Compared to budgeted 2018 FTE, the Public Health FTE count has increased by two (2) FTE in the 2019 Budget. This is a result of the Ministry announcing a 3% increase in base funding in May 2018. The 2018 increase in base funding has allowed Management to increase the FTE complement to align resources to help meet requirements set out in the new Standards.

Benefits

Benefit expenses are projected to increase by 2.7% compared to 2018.

This is a result of increased salary and wages expense as noted above as well as increasing costs associated with non-statutory benefits that the health unit is committed to.

Travel

Travel expenses are projected to decrease by 2.4% compared to 2018.

This is a result of revising the travel budget to more accurately reflect actual travel expenses incurred in 2018.

Program

Program expenses are projected to decrease by 4.0% compared to 2018.

This is a result of revising the Immunization budgeted expenses to more accurately reflect actual expenses incurred in 2018. Also, Healthy Living and Food Safety budgeted expenses have been reduced to reflect actual spending. Offsetting the reduction in spending is the inclusion of purchased services for updating the agency's strategic plan.

Equipment

Equipment expenses are projected to remain unchanged compared to 2018.

Computers typically are refreshed on a three year cycle with \$25,000 budgeted annually.

Office Expenses

Office expenses are projected to decrease by 19.7% compared to 2018.

APH's Xerox lease commitments expired in 2018. Cost savings are anticipated and factored into the 2019 Budget. Co-operative Purchasing program pricing, such as the Public Sector Vendor of Record (VOR) program and the Ontario Education Collaborative Marketplace (OECM), are being explored at the time of drafting the 2019 budget. APH's centralized procurement processes continues to generate savings and improve operating efficiencies by allowing APH to capitalize on volume discounts and developing staff procurement expertise.

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Computer Services

Computer Services expenses are projected to increase by 3.2% compared to 2018.

APH's Service Level Agreement with MicroAge allows APH to flex resources. In 2018, APH increased the FTE complement up to the original contract commitment of five (5) resources from four (4). As a result of this added FTE complement, APH decided not to pursue obtaining access to MicroAge's corporate resources to help with IT requests. The net impact is \$27k to APH's 2019 Operating budget.

Telecommunications

Telecommunications expenses are projected to decrease by 11.7% compared to 2018.

APH's contract for warranty of telephone hardware expired in 2018. Savings of approximately \$36,000 are projected for 2019 compared to 2018. Savings will be realized by moving the software component of the warranty to APH servers. This is an example of APH leveraging its investment in quality servers to support further efficiencies and generate cost savings.

Program Promotion

Program promotion expenses are projected to decrease by 4.5% compared to 2018.

Promotional activities continue to be in line with program plans. The reduction in promotional expenses is to better reflect actual spending.

Facility Leases

Facility Leases expense is projected remain unchanged in 2018.

No increases with current leased facilities in Blind River, Elliot Lake, and Wawa offices are scheduled for 2019.

Building Maintenance

Building Maintenance expenses are projected to decrease by 9.1% compared to 2018.

Since APH is projecting a surplus for 2018 with regards to mandatory cost-shared programs, Building Maintenance expenses that would have been budgeted in 2019 has been pulled forward to 2018 thus reducing budgeted Building Maintenance expenses for 2019. Furthermore, savings will be generated through the new janitorial contract that was implemented in August 2018.

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Fees & Insurance

Fees & Insurance expenses are projected to increase by 6.0% as compared to 2018.

In 2018, the Board of Health made a commitment to purchase cyber insurance. This expense is factored into the 2019 Operating Budget.

Expense Recoveries

Expense Recoveries are projected to increase by 0.4% compared to 2018.

Expense Recoveries are administrative allocations from Community Health programs to Public Health programs. An example would be Public Health charging a Community Health program for administrative services related to clerical or financial reporting support. In order to more accurately reflect the work Public Health is supporting with respect to Community Health programs, Management is ensuring adequate administrative charges for non-public health programs. This is in line with the Boards strategy to ensure it is accountable for the dollars it receives and spends by not subsidizing non-public health programs. 2019 Expense Recoveries are similar to 2018 projections.

Debt Management

Debt Management expenses are projected to remain constant compared to 2017.

APH debt servicing costs will be financed through operations. The loan related to 294 Willow Avenue property continues for three (3) more years with monthly payments applied according to schedule.

Capital Expenses

In 2018 APH received a building conditions assessment that was funded through the Ministry of Community and Social Services. This document helped to facilitate a formal Building Capital Plan referred to as, Algoma Public Health 2018-2030 Capital Asset Funding Plan (Appendix 4).

Recommended Action:

“That the Board of Health for the District of Algoma Health Unit approves the 2019 Public Health Operating and Capital budget as presented”.

APPENDIX 1

2019 Funding Projections	2018	2019	
Grants, Levies and Recoveries	Annual Budget	Annual Budget	Ch as %
Public Health Mandatory Programs	\$ 7,344,900	\$ 7,344,900	0.00%
Vector-Bourne Diseases Program (75%)	108,700	108,700	0.00%
Small Drinking Water Systems (75%)	69,600	69,600	0.00%
Healthy Smiles Ontario Program (100%)	769,900	769,900	0.00%
Unorganized Territories (100%)	530,400	530,400	0.00%
Smoke-Free Ontario Strategy (100%)	433,600	433,600	0.00%
Infectious Diseases Control Initiative (100%)	222,300	222,300	0.00%
Social Determinants of Health Nurses Initiative (100%)	180,500	180,500	0.00%
Diabetes Prevention Programming (100%)	150,000	150,000	0.00%
Harm Reduction Program Enhancement (100%)	150,000	150,000	0.00%
Chief Nursing Officer Initiative (100%)	121,500	121,500	0.00%
Northern Fruit and Vegetable Program (100%)	117,400	117,400	0.00%
MOH / AMOH Compensation Initiative (100%)	126,451	126,451	0.00%
Infection Prevention and Control Nurses Initiative (100%)	90,100	90,100	0.00%
Needle Exchange Program Initiative (100%)	64,700	64,700	0.00%
Enhanced Food Safety - Haines Initiative (100%)	24,600	24,600	0.00%
Enhanced Safe Water Initiative (100%)	15,500	15,500	0.00%
Levies Sault Ste. Marie	2,425,763	2,438,101	0.51%
Levies District	1,016,983	1,022,156	0.51%
Levies VBD/Safe Water/One Time	59,433	59,433	0.00%
Recoveries	220,213	238,214	8.17%
Land Control Fees	160,000	160,000	0.00%
Program Fees	65,000	65,000	0.00%
Program Fees Immunization	185,000	160,000	-13.51%
Program Fees Influenza, HPV & Menactra	55,000	40,000	-27.27%
Interest & Other	14,000	32,000	128.57%
Total	14,721,543	14,735,055	0.09%
Summary			
Grants	10,520,151	10,520,151	0.00%
Levies	3,502,179	3,519,690	0.50%
Recoveries	699,213	695,214	-0.57%
Total	\$ 14,721,543	\$ 14,735,055	0.09%
Ont Time Funding per Accountability Agreement	\$ 227,700		

APPENDIX 2

2019 Municipal Levy	POP 2016 Census	Proposed 2019 Rate	Proposed 2019 Levy	2018 Rate	2018 Levy	Change in Net Amount	% Change in Net Amount	Apportionment of Costs
<u>CITIES</u>								
Sault Ste. Marie	73,368	33.80	2,479,977	33.63	2,467,639	12,338	0.50%	70.46%
Elliot Lake	10,741	33.80	363,066	33.63	361,260	1,806	0.50%	10.32%
<u>TOWNS</u>								
Blind River	3,472	33.80	117,360	33.63	116,776	584	0.50%	3.33%
Bruce Mines	582	33.80	19,673	33.63	19,575	98	0.50%	0.56%
Thessalon	1,286	33.80	43,469	33.63	43,253	216	0.50%	1.24%
<u>VILLAGES/MUNICIPALITY</u>								
Hilton Beach	171	33.80	5,780	33.63	5,751	29	0.50%	0.16%
Huron Shores	1,664	33.80	56,246	33.63	55,967	280	0.50%	1.60%
<u>TOWNSHIPS</u>								
Dubreuilville	613	33.80	20,721	33.63	20,617	103	0.50%	0.59%
Jocelyn	313	33.80	10,580	33.63	10,527	53	0.50%	0.30%
Johnson	751	33.80	25,385	33.63	25,259	126	0.50%	0.72%
Hilton	307	33.80	10,377	33.63	10,326	52	0.50%	0.29%
Laird	1,047	33.80	35,391	33.63	35,215	176	0.50%	1.01%
MacDonald, Meredith and Aberdeen Add'l	1,609	33.80	54,387	33.63	54,117	271	0.50%	1.55%
Wawa (formerly Michipicoten)	2,905	33.80	98,195	33.63	97,706	489	0.50%	2.79%
The North Shore	497	33.80	16,800	33.63	16,716	84	0.50%	0.48%
Plummer Add'l	660	33.80	22,309	33.63	22,198	111	0.50%	0.63%
Prince	1,010	33.80	34,140	33.63	33,970	170	0.50%	0.97%
St. Joseph	1,240	33.80	41,914	33.63	41,706	209	0.50%	1.19%
Spanish	712	33.80	24,067	33.63	23,947	120	0.50%	0.68%
Tarbutt & Tarbutt Add'l	534	33.80	18,050	33.63	17,960	90	0.50%	0.51%
White River	645	33.80	21,802	33.63	21,694	108	0.50%	0.62%
Total	104,127		3,519,690		3,502,179	17,511	0.50%	100.00%

Note:

Population from 2016 CENSUS per Stats Canada

APPENDIX 3

2019 Annual Operating Budget

	2018 Annual Budget	2019 Annual Budget	
	(Final Approved)		Inc as %
Revenues Summary			
Province Portion of Jointly Funded Programs	\$ 7,523,200	\$ 7,523,200	0.0%
100% Provincially Funded Programs	2,996,951	2,996,951	0.0%
Municipal Levies	3,502,179	3,519,690	0.5%
Other Recoveries and Fees	699,213	695,214	-0.6%
Total	14,721,543	14,735,055	0.1%
Expenses:			
Salaries and Wages	8,953,731	9,031,429	0.9%
Benefits	2,126,952	2,185,087	2.7%
Travel	195,775	191,069	-2.4%
Program	657,715	631,433	-4.0%
Equipment	25,000	25,000	0.0%
Office	128,909	103,544	-19.7%
Computer Services	757,881	781,927	3.2%
Telecommunications	303,304	267,685	-11.7%
Program Promotion	167,223	159,632	-4.5%
Facilities Leases	160,000	160,000	0.0%
Building Maintenance	660,000	600,000	-9.1%
Fees & Insurance	228,450	242,080	6.0%
Expense Recoveries	(104,296)	(104,730)	0.4%
Debt Management (I & P)	460,900	460,900	0.0%
Total	14,721,543	14,735,055	0.1%
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Surplus/(Deficit)	\$ -	\$ -	



APPENDIX 4

Algoma Public Health
2018 - 2030 Capital Asset Funding Plan

2018 - 2030 Capital Asset Funding Plan

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2018 - 2030 Capital Asset Funding Plan

Purpose:

The Board of Health for the District of Algoma (the Board) has undertaken the development of a Capital Asset Funding Plan (the Plan). The purpose of the Plan is to provide visibility to the Board with respect to capital asset needs. The Capital Asset Plan, in conjunction with APH's Reserve Fund Policy, will allow the Board of Health to set long-term financial goals.

As part of the Ontario Public Health Standards, "the board of health shall maintain a capital funding plan, which includes policies and procedures to ensure that funding for capital projects is appropriately managed and reported". As APH owns and operates a facility in Sault Ste. Marie, there is a need to plan for and appropriately fund the cost of major ongoing repairs and maintenance associated with the facility. In addition, APH leases several facilities which may require leasehold improvements. By maintaining adequate Reserves, APH will be able to offset the need to obtain alternate sources of financing.

Operating Budget versus Capital Asset Plan:

The Operating Budget captures the projected incoming revenues and outgoing expenses that will be incurred on a daily basis for the operating year.

The Capital Asset Plan is a blueprint to identify potential capital expenditures and to develop a method in which to finance the associated expenditure. Capital expenditures are cost incurred for physical goods that will be used for more than one year.

The development of the Capital Asset Funding Plan serves as a risk management tool as it minimizes having large unforeseen budget increases in the future as a result of capital needs.

In addition, the Capital Asset Funding Plan will help the Board with contribution and withdrawal decisions to the Reserve Fund. Reserves can only be generated through unrestricted operating surpluses. As any unspent provincial dollars must be returned to the Ministry, the only mechanism to generate surplus dollars is through the Municipal levy. Maintaining adequate Reserves reduces the need for the Board of Health to further levy obligated municipalities within the district to cover unexpected expenses incurred by the board of health.

The Capital Asset Funding Plan was developed around the Building Conditions Assessment (the Assessment) that was completed on behalf of the Ministry of

2018 - 2030 Capital Asset Funding Plan

Community and Social Services (the Ministry). The Assessment was conducted on November 20, 2015 with a final report received on February 20th, 2018. This Assessment report, specifically the Capital Reserve Expenditure schedule serves as the foundation of APH's Capital Asset Funding Plan over a 20 year period. In addition, the Assessment will help with Reserve Fund contribution decisions.

The Capital Asset Plan is a fluid document. The timing of planned expenditures may be moved up or pushed back depending on the situation.

Types of Capital Assets:

In addition to the specific capital building needs, APH management included items related to Computer Equipment; Furniture and Equipment; Vehicles; and Leasehold Improvements (as APH leases office space within the District). These categories mirror those referenced in APH's Financial Statements which are amortized over a period of time.

Computer Equipment/Furniture/Vehicles

Investing in Computer Equipment, Furniture, and Vehicles is required to allow APH employees to provide services within the District of Algoma. Keeping staff well-equipped improves efficiencies while improving program outcomes.

Facilities – Maintenance, Repair and Replacement

APH owns and leases space. As a result, it is necessary to make improvements to the property (capital or leasehold improvements). As the owner of the facility located at 294 Willow Avenue in Sault Ste. Marie, APH is responsible for repairs and maintenance of the facility. Anticipating what repairs or improvements may be necessary, researching and estimating the related costs, determining the target amount needed and the approximate timing of the expenditure are all part of the capital budgeting process, along with developing funding strategies.

Types of Financing Options Available to the Board of Health:

Depending of the nature and the associated cost of the expenditure, there are different financing options available to the Board of Health. Three examples include:

2018 - 2030 Capital Asset Funding Plan

Operating Dollar Financing – can be used if APH is operating in a surplus position in any given year and the associated cost of the expenditure will still allow the Board to remain on target with respect to their annual operating budget. The nature of the expenditure would have to be admissible under the terms of the Ministry Accountability Agreement. Use of operating dollars for capital expenditures helps to minimize the amount of dollars that may have to be returned to the Ministry within any given year.

Reserve Financing – can be used if APH determines that the use of operating dollars is not feasible (i.e. cost of the expenditure would negatively impact the annual Operating Budget or the type of expenditure is inadmissible under the terms of the Ministry Accountability Agreement). The advantages of Reserve Financing are it minimizes the amount of debt the Board would otherwise incur and/or reduces the Levy that municipalities would have to contribute.

Debt Financing – can be used when the expenditure is large in scale such that operating dollars and Reserves would not support it.

Regardless of whether the expenditure is capital or operating in nature, APH's Procurement Policy 02-04-030 and Reserve Fund Policy 02-05-065 must be adhered to. As such, management may make capital expenditures with operating or reserve dollars provided the expenditure is within the Board approved spending limits as noted within each of the respective policies. Any debt financing would typically require Board approval.

**ALGOMA PUBLIC HEALTH
CAPITAL ASSET PLAN**

Item	Anticipated Expenditure													
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Domestic water distribution														-
Sanitary waster														-
Rainwater drainage														-
Water Fountain														-
Electric														-
Primary Feed and Main Switchgear														-
Main Transformers														-
Step-down Transformers														-
Emergency Power Source or Generator														-
Distribution Systems and Panels														-
Interior Lighting														-
Exterior Lighting (Building-Mounted)														-
Automated Lighting Control System														-
Other Electrical														-
Fire Protection and Life Safety Systems														-
Water Reservoir, if any														-
Sprinkler and/or Standpipe System, if any														-
Fire Extinguishers														-
Fire Pumps, if any														-
Fire Alarm System and Voice Communication Systems, if any														-
Smoke and Heat Detectors and Carbon Monoxide Detectors, as applicable														-
Emergency Lighting and Exit Signage														-
Security System														-
Fire/Emergency Plans														-
Fire Separations (visual inspection and inclusion of info that is readily available)														-
Automatic door closers														-
Other Fire Protection and Life Safety Systems														-
Hazardous Materials														-
Asbestos														-
PCB's														-
Other Hazardous Materials														-
Subtotal	180,000	30,000	195,000	25,000	457,000	75,000	198,100	53,000	175,000	25,000	62,000	225,000	130,000	1,830,100
Contingency (10%)	18,000	3,000	19,500	2,500	45,700	7,500	19,810	5,300	17,500	2,500	6,200	22,500	13,000	183,010
Subtotal Including Contingency	198,000	33,000	214,500	27,500	502,700	82,500	217,910	58,300	192,500	27,500	68,200	247,500	143,000	2,013,110
Escalation Allowance	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-
Escalation Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Estimate Financial Projections	198,000	33,000	214,500	27,500	502,700	82,500	217,910	58,300	192,500	27,500	68,200	247,500	143,000	2,013,110

Total Net Sq. Ft. of Owned Facility	74,000
Year Built	2011
Age (yrs.)	8
Reserve Term (yrs.)	20

NOTES:
1) Contingency of 10% has been carried to cover unforeseen items & cost increases.
2) Cost in 2017 dollars with no provision for escalation.
3) HST is excluded.