

2021 Operating & Capital Budget



Algoma Public Health

2021 Public Health Operating & Capital Budget

2021 Operating & Capital Budget

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EXECUTIVE SUMMARY:

Issue:

The Ontario Public Health Standards: Requirements for Programs, Services, and Accountability (OPHS) 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 contributing municipalities of their respective levies as early as possible.

Recommended Action:

“That the Board of Health for the District of Algoma Health Unit approves the 2021 Public Health Operating and Capital budget as presented”.

Budget Summary:

The 2021 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 OPHS, the Public Health Accountability Agreement, and APH’s strategic plan.

The work of local public health, in particular, Algoma Public Health (APH) has been highlighted during the COVID-19 pandemic. Specifically, case, contact and outbreak management activities have been critical in the fight to keep our communities safe. Additionally, APH teams district-wide have been highly active in inspections, risk assessment and risk communication, working with community partners to take proactive, preventive measures, in settings ranging from municipal offices, to industrial workplaces, to long term care homes, to schools and daycares. APH’s response to the COVID-19 pandemic has resulted in significant program and service interruptions and delays with respect to regular public health program and service offerings. APH implemented its Continuity of Operations Plan (COOP) to prioritize program and service offerings to the community in light of finite human resources to deal with the response. This resulted in redeploying resources in order to both manage the pandemic while maintaining critical public health work. The 2021 Operating and Capital budget continues to reflect this reality.

Adding to the budgetary pressures is the impact of divesting some of the non-public health programs and services to other community partners. APH’s budget reflects the reduced overhead contributions these programs typically provide with respect to recoveries.

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The proposed 2021 Budget for mandatory programs and services is \$15,668,394 and as compared to the 2020 Board of Health approved budget, represents a 1.8% overall increase.

The 2020 Operating Budget included \$808,535 in expected provincial one-time mitigation funding to help with the transition of adjusting the cost-sharing formula to 70% provincially funded and 30% municipal funded.

On August 21st, 2020, APH received its 2020-2021 Public Health funding approval letters from the Ministry of Health and Long-Term Care. The letter indicated that APH would receive one-time mitigation funding in the amount \$1,037,800 for both the 2020 and 2021 funding years essentially hitting pause on adjusting the cost-sharing formula. This mitigation funding was designed to ensure that municipalities do not experience any increase as a result of the previously announced cost-sharing changes. APH's 2020 levy increase to contributing municipalities was primarily a result of the previously announced cost-sharing changes the Ministry announced in 2019. As a result, the Board of Health reimbursed Algoma municipalities the incremental increase in the levy that was a direct result of transitioning to a new cost-sharing funding formula. This essentially equated to a 1.1% increase in the Municipal levy for 2020 which was less than the rate of inflation and collectively bargained salary increases.

For 2021, APH will be receiving \$1,037,800 in mitigation funding which has been included in the 2021 Operating budget.

Management, in consultation with the Finance and Audit Committee of the Board of Health, is recommending a 7% or \$249,146 increase in the municipal levy.

2021 Financial Assumptions:

- No change in funding for current services. As the needs of the COVID-19 pandemic evolves, there will be an ongoing expectation from the province that PHUs will prioritize OPHS work based on continuity of operation plans
- \$98,000 in additional 100% provincial base funding for Unorganized Territories/Indigenous Communities
- A full year of 100% provincial base funding for the Ontario Sr. Dental program resulting in an additional \$174,475 in funding
- An overall 0% increase in Provincial funding
- 1.8% increase on APH's overall operating budget compared to 2020
- 7.0% or \$249,146 overall increase in the 2021 municipal levy (operational and capital portion)
- \$1,037,800 in one-time 100% provincial mitigation funding

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- Salary increases from collective bargaining agreements are planned to reflect collective bargaining agreements of other public health units within the Province
- Salary increases for non-union employees and Management are planned to reflect other public health units within the province
- Public Health Full Time Equivalent (FTE) compliment has increased by 2.35 FTE from 2020 budget levels
- Non-salary budgeted costs are based on historical data and where possible, efficiencies introduced; adjustments for inflation have been incorporated where appropriate
- Recoveries reflect the impact of winding-down non-public health programs
- Debt repayment plans will be managed within approved (existing) resources
- Incremental costs associated with APH's response to the COVID-19 pandemic are not included in the 2021 operating budget as it is assumed the province will continue reimbursement for these expenses.

PUBLIC HEALTH BUDGET BACKGROUND:

Provincial Government Context

In April 2019 the provincial government announced fundamental changes in the way local public health will be funded, structured and delivered within Ontario. Specifically, for 2020, the provincial funding share was to be reduced from 75% to 70% while municipalities would contribute 30% from 25%. Additionally, the majority of programs that were previously 100% provincially funded would be cost-shared at the new ratios noted above.

To help provide additional stability as municipalities began to adapt to shifting funding models, the government indicated that they would provide one-time mitigation funding in 2020 to assist all public health units and municipalities to manage this increase. Municipalities would be protected from any cost increases resulting from the new cost-sharing formula by capping the increase at no more than 10% of existing municipal costs (based on 2018 expenditures). As a result, APH budgeted approximately \$808,535 in provincial one-time mitigation funding for 2020.

On August 21st, 2020, APH was notified that APH would be receiving \$1,037,800 in one-time mitigation funding (instead of the budgeted \$808,535) for 2020 and 2021 funding years. This funding is designed to ensure municipalities do not experience any increase as a result of the previously announced cost-sharing changes. As a result, the Board of Health approved a resolution to return any levy increase associated with changes in the cost-shared formula. Essentially, the province has temporarily paused the implementation of its previous decision to change the cost-shared formula.

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Algoma Public Health Context

APH Strategic Planning Process

The Public Health Accountability Framework section of the OPHS 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”.

In 2020, the Board of Health approved APH’s new strategic plan. While the rollout of the plan was paused as a result of COVID-19, APH has pursued its strategic directions of:

1. Advancing the priority public health needs of Algoma’s diverse communities.
2. Improve the impact and effectiveness of APH programs.
3. Grow and celebrate and organizational culture of learning, innovation, and continuous improvement.

The 2021 Operating and Capital budget continues to be aligned with APH’s strategic directions.

APH 2020 Grant Approval:

In August of 2020, APH was notified by the MOHLTC that it would receive \$98,000 in additional base funding related to provision of public health programs and services to Indigenous Communities, including the development and implementation of an Indigenous organizational strategy to build relationships and enhance engagement with Indigenous communities and organizations. This initiative has been budgeted for 2021.

For budgeting purposes, management is assuming 0% growth in provincial funding.

A summary of the 100% provincially funded programs for 2021 is provided below for context:

- | | |
|---------------------------------------------------------------------------------------------------------------------|--------------------|
| ▪ Unorganized Territories / Indigenous Communities | \$98,00 |
| ▪ Unorganized Territories / Northern Fruits and Vegetables | \$117,400 |
| ▪ Unorganized Territories / Mandatory Programs | \$530,400 |
| ▪ Ontario Senior Dental Care Program | \$697,900 |
| ▪ One-time mitigation funding (shifting funding model) | \$1,037,800 |
| ▪ MOH / AMOH Compensation Initiative - Funding will be based on the actual status of current MOH and AMOH positions | |

2021 PUBLIC HEALTH BUDGET ANALYSIS:

As a result of the province’s transition to the cost-sharing funding model of 70% provincially funded and 30% municipal funded for all programs except the ones identified above, APH’s budget is built on a recommended 7.0% increase in the municipal levy.

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Revenues

APH's revenues are funded by the province, and 21 municipalities along with other sources of revenue, such as interest revenue, and user fees (Appendix 2). Additionally, the province 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.

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.*

Over the past number of years, the municipalities within the District of Algoma have contributed more than the required minimum 25% with respect to cost-shared programs.

APH's funding ratio for 2020 was 70% provincial funding and 30% municipal funding. These 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.

2016 census data is used in the 2020 Budget to apportion a per capita levy amongst the 21 Municipalities within the District of Algoma.

Cost-sharing revenues are projected to remain flat-lined compared to 2020. The 2021 budget has incorporated additional 100% provincially funded dollars. This is a result of new funding associated with the Indigenous Communities initiative and a full year of the Ontario Sr. Dental Program.

Revenue pressures are budgeted for Other Recoveries and Fees. APH Management has factored in the loss of recoveries associated with the divestment of some of APH's non-public health programs. Additionally, COVID-19 has impacted fees APH typically generates with some immunization programs such as travel vaccines.

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Action Plan to Mitigate Funding Pressures Changes

- Development of the 2021 Budget to ensure it is aligned with community health needs, APH’s strategic directions and MOHLTC Accountability Agreement and the OPHS.
- Continue to submit one-time funding requests to the MOHLTC through the Annual Service Plan process.
- Identification of process improvements and improved efficiency opportunities.
- Utilization of additional funding opportunities (e.g. through the Northern Ontario Heritage Fund and Health Canada Federal Climate Change funding).
- Continued exploration of cost-sharing opportunities with Northeast health units (Northeastern Public Health Collaboration Project).
- Anticipate there will be an opportunity to request funding to alleviate fiscal pressures as a result of the COVID 19 pandemic

Management is recommending a 7% overall increase in the levy (operating and capital portion) from obligated municipalities. The proposed 7% increase reflects inherent inflationary pressures in addition to incremental costs associated with the COVID-19 pandemic. This equates to a \$249,146 increase in revenues apportioned among the 21 Municipalities within the Algoma District (Appendix 3). For perspective, a 1.0% overall increase in the levy would result in an additional \$35,592 of revenue compared to 2020.

Over the past number of years, the Board of Health has approved municipal levy increases below cost-of-living increases. 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	District of Algoma Municipal Levy (\$)	Levy Increase (%)	Levy Increase (\$)	Per Capita Rate (\$)
2021	3,808,378	7.00%	249,146	36.57
*2020	3,559,232	1.12%	39,542	34.18
2019	3,519,690	0.50%	17,511	33.80
2018	3,502,179	0.50%	17,393	33.63
2017	3,484,786	2.50%		32.81

Note: *Municipal Levy reflects Board of Health decision to reimburse municipalities to ensure no increase as a result of previously announced cost-sharing changes.

Health Units within the province either use the most recent Census or MPAC population figures when calculating the per capita rate. Compared to other northern public health units, as of

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2019, APH's per capita rate ranks lowest using MPAC figures and in the middle using Census data. The municipalities within the District of Algoma are receiving excellent value for local public health programs and services.

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 cost and benefits of increasing user fees, APH has taken a strategic view.

Under Part VIII of the Ontario Building Code, APH is responsible for issuing permits for the construction and use of sewage treatment systems within the District of Algoma. Additionally, APH is required to inspect and approve all sewage system applications within the District of Algoma that have a calculated daily sewage flows under 10,000/day. In June of 2017, the Board of Health approved a nominal price increase related to the Ontario Building Code Fees. This increase applies to the year 2021 and has been built into the 2021 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.

Recoveries, Fees and Other Revenue

This includes fees received for administering vaccines and immunizations as well as recoveries of building costs from community based programs as they share the facilities that APH own and lease. Compared to 2020 it is expected that recoveries, fees and other revenue will be reduced by \$202,484 or 32.6%. This is due to the decreased demand for vaccines as a result of COVID 19 and the divestment of several community based programs currently managed by APH.

Expenses

Expenses are primarily driven through staff salary and benefits, (approximately 77% of all expenses), goods and service contracts, debt financing, and inflation (Appendix 4).

The COVID-19 pandemic has impacted the traditional rate of inflation. The Consumer Price Index percentage change from September 2019 to September 2020 increased as follows:

- Canada: 0.5%
- Ontario: 0.6%

When building an operating budget, the rate of inflation is a factor to consider.

Salary and Wages

Salary and Wages expenses are projected to increase by 2.7% or \$254,727 compared to 2020.

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Both CUPE and ONA collective agreements expire in 2021. Projected collectively bargained salary increases are reflected within the 2021 Budget, however there is some budgetary risk if collectively bargained wages increases are greater than budgeted. Salary increases for Non-Union and Management staff are approximately equivalent to that of negotiated increases with union employees.

For context, a summary of FTE Public Health staffing is noted below:

Year	FTE	
2021	125	<i>budgeted</i>
2020	123	
2019	123	
2018	121	
2017	120	
2016	122	

Compared to budgeted 2020 FTE, the Public Health FTE count has increased by 2.35 FTE for the 2021 Budget year.

Benefits

Benefit expenses are projected to increase by 2.5% or \$56,194 compared to 2020.

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

Travel

Travel expenses are projected to decrease by 17.8% or \$34,091 from 2020.

Due to the COVID-19 pandemic, it is anticipated that staff will travel less as was evidenced by actual travel related expenses incurred in 2020.

Program

Program expenses are projected to increase by 0.2% or \$1,035 compared to 2020.

This is a result of an expected increase in Professional Fees in the Sr. Dental Program (Denturists) offset by the decrease in immunization budgeted expenses to more accurately

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reflect actual expenses incurred in 2020 as well as moving security to be budgeted under Building Maintenance.

Equipment

Equipment expenses are projected to decrease by 36.0% or \$23,670 compared to 2020.

Computers for staff are normally refreshed on a three-year cycle with \$25,000 budgeted annually. This is suspended for 2021 as APH increased the purchase of laptops in 2020 to allow for staff to be more mobile and provide them the ability to work from home due to COVID 19.

Office Expenses

Office expenses are projected to decrease by 15.7% or \$57,040 compared to 2020.

APH entered into a new contract with 2020 for copier services and anticipated cost savings have been budgeted for a full year in 2021. APH's centralized procurement processes continue to generate savings and improve operating efficiencies by allowing APH to capitalize on volume discounts and developing staff procurement expertise. APH is also cancelling its contract and removing the mail machine from the Sault Ste. Marie office resulting in an annual \$5,000 savings.

Computer Services

Computer Services expenses are projected to increase 4.7% or \$36,927 compared to 2020.

APH's Service Level Agreement with MicroAge expires March 31, 2021. For budgeting purposes, APH Management is assuming costs to remain similar to 2020 levels adjusting for inflation. Included in the 2021 budget are staff training software related to identification of phishing emails, upgrades to the audio and visual of various meeting rooms and a contingency for the potential purchase of an accounting system.

Telecommunications

Telecommunications expenses are expected to remain comparable to 2020.

Program Promotion

Program promotion expenses are projected to decrease by 36.5% or \$83,900 compared to 2020.

APH has put on hold the media campaign of smoking prevention and cessation to focus on minimizing the spread of COVID 19. Additionally, professional development expenses are

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budgeted to decrease slightly as travel to attend conferences and course is not expected to occur during 2021 as a result of COVID 19.

Facility Leases

Facility leases expense is projected remain relatively unchanged compared to 2020. The Wawa lease expires on December 31, 2020.

No increases with current leased facilities in Blind River, and Elliot Lake offices are scheduled for 2021.

Building Maintenance

Building Maintenance expenses are projected to increase by 4.9% or \$30,188 compared to 2020.

Security previously budgeted under Programs is now under Building Maintenance.

Fees & Insurance

Fees & Insurance expenses are projected to increase by 14.3% or \$36,420 compared to 2020.

It is anticipated that insurance will increase higher than inflation for 2021 and it is also expected there may be a need for legal advice and support for negotiations with both CUPE and ONA.

Expense Recoveries

Expense Recoveries are projected to decrease by 35.7% or \$29,384 compared to 2020.

2021 Expense Recoveries are budgeted to decrease compared to 2020 projections as a result of the Board of Health's decision to transition community based programs such and Community Mental Health to other community based organizations. Expense Recoveries are administrative allocations from Community Health programs to Public Health programs.

Debt Management

Debt Management expenses are projected to remain unchanged compared to 2020.

The interest portion of the loan is financed through operating dollars. The loan related to 294 Willow Avenue property and leasehold improvements for office space in Elliot Lakes matures September 1st, 2021 with monthly payments applied according to schedule.

The principal portion of the loan payments is financed through the capital portion of the municipal levy.

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Capital Expenses

In accordance with APH's 2018 - 2030 Capital Asset Funding Plan (Appendix 5), the 2021 budget includes the following expenditures:

- Vaccine refrigerators (\$7,400)

Recommended Action:

“That the Board of Health for the District of Algoma Health Unit approves the 2021 Public Health Operating and Capital budget as presented”.

APPENDIX 2

2020 Funding Projections	2020	2021	
Grants, Levies and Recoveries	Annual Approved	Annual	Ch as %
	Budget	Budget	
Public Health Mandatory Programs	\$ 8,785,958	\$ 8,708,100	-0.9%
Ontario Seniors Dental Care (100%)	697,900	697,900	0.0%
Unorganized Territories (100%)	530,400	530,400	0.0%
MOH / AMOH Compensation Initiative (100%)	152,086	152,086	0.0%
Northern Ontario Fruits and Vegetables Program (100%)		117,400	
COVID 19 Reimbursment		100,000	
Indigenious Communities (100%)		98,000	
Mitigation Funding	1,037,800	1,037,800	0.0%
Levies Sault Ste. Marie	2,507,837	2,683,386	7.0%
Levies District	1,051,395	1,124,993	7.0%
Recoveries	195,814	83,330	-57.4%
Land Control Fees	160,000	160,000	0.0%
Program Fees	50,000	50,000	0.0%
Program Fees Immunization	130,000	60,000	-53.8%
Program Fees Influenza, HPV & Menactra	30,000	30,000	0.0%
Interest & Other	55,000	35,000	-36.4%
Total	15,384,190	15,668,394	1.8%
Summary			
Grants	11,204,144	11,441,686	2.1%
Levies	3,559,232	3,808,378	7.0%
Recoveries	620,814	418,330	-32.6%
Total	\$ 15,384,190	\$ 15,668,394	1.8%

APPENDIX 3

2021 Municipal Levy	POP 2016 Census	Proposed 2021 Rate	Proposed 2021 Levy	2020 Approved Rate	2020 Approved Levy	2020 Rate after Refund	2020 Levy after Refund	Net Approved Amount	in Net Approved Amount	Net Amount after	in Net Amount after	Apportionment of Costs
<u>CITIES</u>												
Sault Ste. Marie	73,368	36.57	2,683,386	36.38	2,669,377	34.18	2,507,836	14,010	0.52%	175,550	7.00%	70.46%
Elliot Lake	10,741	36.57	392,852	36.38	390,795	34.18	367,146	2,057	0.52%	25,707	7.00%	10.32%
<u>TOWNS</u>												
Blind River	3,472	36.57	126,986	36.38	126,324	34.18	118,679	662	0.52%	8,307	7.00%	3.33%
Bruce Mines	582	36.57	21,286	36.38	21,175	34.18	19,894	111	0.52%	1,392	7.00%	0.56%
Thessalon	1,286	36.57	47,034	36.38	46,789	34.18	43,958	245	0.52%	3,076	7.00%	1.24%
<u>VILLAGES/MUNICIPALITY</u>												
Hilton Beach	171	36.57	6,254	36.38	6,222	34.18	5,845	33	0.52%	409	7.00%	0.16%
Huron Shores	1,664	36.57	60,859	36.38	60,542	34.18	56,878	317	0.52%	3,981	7.00%	1.60%
<u>TOWNSHIPS</u>												
Dubreuilville	613	36.57	22,420	36.38	22,303	34.18	20,953	117	0.52%	1,466	7.00%	0.59%
Jocelyn	313	36.57	11,448	36.38	11,388	34.18	10,699	60	0.52%	749	7.00%	0.30%
Johnson	751	36.57	27,467	36.38	27,324	34.18	25,670	143	0.52%	1,797	7.00%	0.72%
Hilton	307	36.57	11,228	36.38	11,170	34.18	10,494	58	0.52%	734	7.00%	0.29%
Laird	1,047	36.57	38,293	36.38	38,094	34.18	35,788	199	0.52%	2,505	7.00%	1.01%
MacDonald, Meredith and Aberdeen Add'l	1,609	36.57	58,848	36.38	58,541	34.18	54,998	307	0.52%	3,849	7.00%	1.55%
Wawa (formerly Michipicoten)	2,905	36.57	106,247	36.38	105,694	34.18	99,298	553	0.52%	6,950	7.00%	2.79%
The North Shore	497	36.57	18,177	36.38	18,083	34.18	16,988	95	0.52%	1,189	7.00%	0.48%
Plummer Add'l	660	36.57	24,139	36.38	24,013	34.18	22,560	126	0.52%	1,579	7.00%	0.63%
Prince	1,010	36.57	36,940	36.38	36,747	34.18	34,524	192	0.52%	2,416	7.00%	0.97%
St. Joseph	1,240	36.57	45,352	36.38	45,116	34.18	42,385	236	0.52%	2,966	7.00%	1.19%
Spanish	712	36.57	26,041	36.38	25,905	34.18	24,337	136	0.52%	1,703	7.00%	0.68%
Tarbutt & Tarbutt Add'l	534	36.57	19,531	36.38	19,429	34.18	18,253	102	0.52%	1,277	7.00%	0.51%
White River	645	36.57	23,590	36.38	23,467	34.18	22,047	123	0.52%	1,543	7.00%	0.62%
Total	104,127		3,808,378		3,788,497		3,559,232	19,881	0.52%	249,146	7.00%	100.00%

Note:
Population from 2016 CENSUS per Stats Canada

APPENDIX 4

2021 Annual Operating Budget

	2020 Annual Budget	2021 Annual Budget	
	(Final Approved)		Inc as %
Revenues Summary			
Province Portion of Jointly Funded Programs	\$ 8,785,958	\$ 8,708,100	-0.9%
100% Provincially Funded Programs	1,380,386	1,695,786	22.8%
Province Mitigation Fund	1,037,800	1,037,800	0.0%
Municipal Levies	3,559,232	3,808,378	7.0%
Other Recoveries and Fees	620,814	418,330	-32.6%
Total	15,384,190	15,668,394	1.8%
Expenses:			
Salaries and Wages	9,434,217	9,688,945	2.7%
Benefits	2,252,328	2,308,522	2.5%
Travel	191,000	156,909	-17.8%
Program	669,660	670,695	0.2%
Equipment	65,746	42,076	-36.0%
Office	67,700	57,040	-15.7%
Computer Services	787,400	824,327	4.7%
Telecommunications	279,612	279,501	0.0%
Program Promotion	229,673	145,773	-36.5%
Facilities Leases	164,240	156,000	-5.0%
Building Maintenance	610,177	640,365	4.9%
Fees & Insurance	253,880	290,300	14.3%
Expense Recoveries	(82,343)	(52,959)	-35.7%
Debt Management (I & P)	460,900	460,900	0.0%
Total	15,384,190	15,668,394	1.8%
<hr/>			
Surplus/(Deficit)	\$ -	\$ -	



APPENDIX 5

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 and IT ASSET PLAN**

Item	Actual Expenditure		Forecasted 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	225,000	142,500	97,400	48,900	532,000	75,000	198,100	53,000	175,000	25,000	62,000	225,000	130,000	1,621,400
Contingency (10%)	22,500	14,250	9,740	4,890	53,200	7,500	19,810	5,300	17,500	2,500	6,200	22,500	13,000	162,140
Subtotal Including Contingency	247,500	156,750	107,140	53,790	585,200	82,500	217,910	58,300	192,500	27,500	68,200	247,500	143,000	1,783,540
Escalation Allowance	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-
Escalation Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Estimate Financial Projections	247,500	156,750	107,140	53,790	585,200	82,500	217,910	58,300	192,500	27,500	68,200	247,500	143,000	1,783,540

Total Net Sq. Ft. of Owned Facility	74,000
Year Built	2011
Age (yrs.)	9
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.

Algoma Public Health Levy as a Percentage of Municipality Revenue

Municipality	Source - Audited Financial Statements - Year	Revenue	Levy Corresponding Year	% of Revenue
City of SSM	2019	223,958,181	2,479,977	1.1%
Elliot Lake	2018	28,640,893	361,260	1.3%
Blind River	2019	15,272,946	117,360	0.8%
Bruce Mines	2018	1,850,485	19,575	1.1%
Wawa	2017	13,859,912	95,305	0.7%
Dubreuilville	2018	2,144,895	20,617	1.0%
Thessalon	2019	5,248,570	43,469	0.8%
Huron Shores	2019	5,853,991	56,246	1.0%
Hilton Beach	2018	1,241,653	5,751	0.5%
Johnson	2016	2,554,980	24,005	0.9%
Laird	2019	2,093,295	35,391	1.7%
The North Shore	2018	2,227,792	16,716	0.8%
Plummer Add'l	2019	2,211,538	22,309	1.0%
Prince	2018	2,449,106	33,970	1.4%
St. Joseph	2019	4,559,434	41,914	0.9%
Spanish	2019	7,677,947	24,067	0.3%
Tarbutt & Tarbutt Add'l	2019	1,451,222	17,519	1.2%
Hilton	N/A			
Jocelyn	N/A			
MacDonald, Meredith and Aberdeen Add'l	N/A			
White River	N/A			