



**Board of Health Budget Meeting**

Monday, February 9, 2009  
Board Room, Brockville Office  
458 Laurier Boulevard  
9:05 a.m. – 11:51 a.m.

Present: J. Butt, Chair  
M. Campbell  
J. Earle  
D. Gordon  
K. Graham  
F. Kinsella  
A. Warren  
A. Carter, Medical Officer of Health  
J. Pearce, Treasurer  
H. Bruce, Recording Secretary

Absent: B. Fletcher

Regrets: S. Dodge  
R. Haley  
A. Van Schie

B. Dagleish, Director of Health Promotion  
J. Futch, Director of Clinical Services  
S. Gates, Director of Quality Improvement  
J. Hess, Director of Family Health  
J. Lyster, Director of Health Protection

R. Zajac, Recorder and Times

J. Butt called the budget meeting to order at 9:05 a.m. J. Butt circulated an update from ALPHA to all board members. (Appendix #1) He stated that unfortunately our formal meeting with the Assistant Deputy Minister was rescheduled however, we were assured that they weren't ducking us but more importantly that they were working on our various requests that we have put in. In addition to that based on our meeting a week or so ago when we talked about thinking outside the box, and would they loan us money, J. Butt advised that he has created an idea list starting with the loan, stating that 88% of our budget is salaries and if at all possible there will be no layoffs and we will try to control our fixed and variable costs. He told them about our meeting up north and the discussion we had about the Almonte facility. He asked if there were grants for these types of things. The ministry really does understand what we are talking about.

During his discussion with other board chairs, J. Butt made a list of various boards. There are boards with a lot of money so they have no budget issues. They sit down and look at the mandatory programs and protocols and as a group including all of the municipal appointees they pay whatever comes. There are certainly boards in high growth areas where funding is a big issue. There is a commitment from the ministry to look at these issues.

J. Butt stated that we have hard wired inequities and the ministry response would be that those are due to our decisions. J. Butt advised that we talked about the public health report and allegedly Tuesday we are supposed to get our data with provincial averages. They are trying to develop a series of indicators. The ministry has defined and categorized health units into 6 classifications.

J. Butt stated that about a year ago the staff gave us a capacity review committee report and these indicators come from the capacity review he advised. The ministry is trying to create a model so that we can look at the indicators to advise whether this is a good health unit or not. J. Butt stated that to get low unit cost numbers you need a critical mass of people. He thought this was good information to start the meeting with. We should continue with our process. He advised that on February 27 all the finance people are going for training. He asked them when they could tell him whether we are going to get 5% and they said probably after March 31.

Dr. Carter stated that the ministry has learned from the hospital sector that they now have a contract with the LHINS for deliverables and this is coming for health units and will be based on the indicators. This Board will be looking at signing a contract with the MOHLTC probably within 2 or 3 years.

J. Butt turned the meeting over to J. Pearce. J. Pearce made the revisions that the Board asked for at the previous meeting. She reviewed the package with board members. (Appendix #2) Last years base was \$8,555,714. After making the requested revisions the budget has been changed to \$8,719,044. (cost shared status quo budget) J. Pearce reviewed the possible 2009 ministry funding increases.

J. Earle joined the meeting at 9:21 a.m.

J. Pearce reviewed the levy options as well with board members. In 2008 the levy was \$13.72 annual per capita. A status quo budget with 3% from the province would mean \$15.80. A status quo budget with 5% from the province would mean \$15.00. With the full budget with 3% from the province the annual per capita levy would be \$17.78. These figures are based on using the \$180,000 in reserves. However, she did add a page using no reserves which she reviewed with board members. J. Pearce advised that with the changes, there will be more reserves left than originally thought.

M. Campbell asked what is the total amount of reserves now? J. Pearce advised it was just over \$300,000 in 2007 and it will be around the \$200,000 mark. M. Campbell asked when are we going to get the commitment from the province?

J. Butt stated that they have committed to 3%. Sometime after March 31<sup>st</sup> they will make some announcement as to whether or not we will get 4% or 5%. Everybody else around the province has the same issue. M. Campbell asked when does the Board have to submit the budget to the province?

J. Pearce advised that our deadline to submit the budget is the end of March. M. Campbell suggested including 50% of the budget until the province responds. J. Butt stated that we approve a budget for the ministry and the Board says that notwithstanding here is what we know for sure is what we are going to implement. D. Gordon commented that we are in the worst recession since the 1930's and this is a have not province, if we are thinking 5% we are delusional.

J. Butt stated that some health units will get their 5%; he knows that it depends on where you are at and if you have a big rural area and are impoverished. The Assistant Deputy Minister alluded to this. The Premier did say it is cheaper to pay for primary prevention than chronic care down the road.

A. Warren commented that the way the budget comes out it is very difficult for municipalities so we have to put a number cap here that needs to be translated to the ministry. J. Earle stated that industry is being asked how much can we reduce? He would like to think we are not operating in a vacuum here. He doesn't think we are in tune with what is going on around us. If we want to do some of the programs, we need to look at how to do them more efficiently. He thinks it should be 0% and bring someone in to do a service delivery review.

F. Kinsella stated that he likes the form that lists the mandatory programs and if we can stay with the ratio 75/25, this is the cost of doing business. We are committed to paying 25%, if it is over, that becomes the discretionary topic. It may become too costly to do business with the province. Why get into programs that are 100% funded and then the province downloads portions of it. Keep your stimulation grants.

J. Pearce commented that she understands the value of those forms, because the cost of a program is important to you. We however need to create a department process. The ministry at the February 27 meeting will give us the forms for 2009 for that format. F. Kinsella asked can we reverse the process? J. Pearce stated that it would mean doing it 3 times then. S. Gates advised that the forms this year will be different because they are aligned to the OPHS.

F. Kinsella stated that the ministry form allows him to understand what we are getting in grants. When he goes back and looks at the actual vs. the budget, there is quite a variance. The question he has is that you budgeted and came in about \$200,000 under? F. Kinsella went through lines 1-8. What is there in our budget that causes us to go up \$1 million? J. Pearce advised that would be the new positions. It is our obligation to tell you how much it would cost for the full budget and it is your obligation to decide whether that can be done. If we don't send it to the ministry they will never have the opportunity to approve the new budget. J. Pearce stated keep in mind last years budget was approved with \$300,000 not funded by anyone. We did not dig into the reserve as much as we had approval to do. The way to get out of this hole is to increase that levy. We ought to have left the levy at the rate it was when the rate was changed.

J. Butt stated that the staff have to deliver to us a budget that in their estimation allows them to meet the new protocols and standards, which is a full budget. We do know that there is the pressure that comes to the municipal appointee from their council to keep it as low as possible. That notwithstanding, to advance the public health agenda it is like an increase of \$1.00 or \$2.00 for status quo. We need to decide today, is there more information that you require and are we going to be supportive of submitting the full cost budget to the ministry and what other direction are you going to give to staff? Sometime later he would like to have a debate with J. Earle on the value of public health.

K. Graham stated that in his time on the Board he has never come to the Board with instructions from council. He is here to do the best for the health unit. The tougher the times the more demand for public health services there will be because there will be people who cannot afford the alternative. He favours not using the reserves. We are only compounding the problem for next year. Keep the reserves for when we need them. Next year the crunch will be even tighter if we use them. Dr. Carter stated that the actual status quo increase in the budget is less than 2% when we have union contracts with 3% increases this year. It is not anybody's fault here that \$300,000 was not covered last year. This has nothing to do with the functioning of the health unit.

Dr. Carter referred to the cost shared public health program budgets sheet and stated that by 2008 the ministry were only covering 67% of the budget. In the new OPHS it states that the ministry funds 75%. Dr. Carter handed the ministry this sheet and made it clear the total part of our unfunded budget. We only took about \$100,000 out of reserves and we had \$300,000 that was deficit funding. If budget lines are not spent they go straight into saving reserves Dr. Carter advised. The ministry acknowledges that there are inequities in the funding, but they can't fix it fast. We have to give them credit for that.

F. Kinsella stated that he appreciates this sheet. He referred to 2009 (3), and stated that our percentages of the levy should be 25% not 23%. We should pay our fair share. Dr. Carter advised that the reason that is 23% is that 2% is coming from reserves. It has been made clear to us that we are not going to get the \$6,759,656 from the ministry. We will get somewhere in between.

Dr. Carter advised that the HPPA states that the Boards are responsible to fund the health units adequately and the municipalities are required to make up the difference between what the province gives and what the health unit needs. F. Kinsella stated that the message needs to get out that it is too costly to do business with the government. They are assuming that the residential tax payer will pick it up.

J. Butt commented that is where the rubber hits the road. Someone has said figure out what it costs to deliver these mandatory programs, here is what we are giving, if you are still short, send the bill to the municipalities. That may have worked in 1920, but there has to be another way to do business.

J. Butt asked is there any disagreement that we ought to submit the full budget to the minister. K. Graham advised that he has always been on that page and recommends not spending the reserves. J. Butt stated that next Thursday it is our intention to have the budget approved.

K. Graham stated that your funding will always fall short if you don't ask. Down the road when there are changes, they will say that we didn't ask. All of the funding will be based on that benchmark.

J. Butt stated that we don't vote until next week, is there a consensus in terms of the position that the Board will take? M. Campbell stated that it is the ministries obligation to provide the right amount of money; it should be on an entitlement basis. He has a concern. Is there any provision in the union contracts right now for a cost of living variance? J. Pearce advised no, the final year of the CUPE collective agreement starts April 1 and the increase is 3.25%. We also have obligations with ONA and we do have a pay equity clause which we will honour.

J. Butt stated that he did not hear anyone say don't present the full budget next week, he did hear lets not draw on the reserve. The next question is, in terms of guidance to the staff F. Kinsella suggested a model that says there may be 2 or 3 ranges, work that out and let us know what our 25% obligation is of those today. J. Pearce plugged in the numbers and discussion ensued.

J. Pearce advised that the municipal share at 5% is \$2,102,225, at 4% it is \$2,082,323 and at 3% it is \$2,062,421. J. Butt stated that municipalities are committed to the 25% based on the 75/25 cost shared ratio. J. Pearce advised that none of those figures will fund our budget. We are back in that unfunded situation again. J. Butt stated that at 5% we would be dipping into reserve by \$150,000.

For status quo and no layoffs we need \$8,719,044. J. Pearce advised that is without any new staff. We are still looking for another \$300,000 to fund the budget. \$300,000 makes the levy \$15.73 per capita for the status quo budget with a 5% increase from the province. J. Butt stated that is \$2.00 per person. F. Kinsella asked if we added \$300,000 what does that mean? He would like to look at the 3% (from the province) with no new staff. Even a status quo budget with contractual obligations is going to add money to our budget. F. Kinsella asked are we at a point where we should be laying off people? J. Earle stated nobody likes it, but other people are.

J. Butt stated that maybe it would be a fair decision to fund the contractual obligations from reserve; that is one approach. The other thinking is when the Board adopted the position of retaining staff there was recognition that our services are delivered through people. Balance the budget on the basis of layoff but recognize we compound the situation by delivering less services than we currently are. J. Earle stated that is not necessarily the reality, if we can find some efficiencies. J. Butt stated that you don't grasp that we are not 100% compliant in delivery of the mandatory programs and services so we will be furthering that compliance gap by entering into the layoff position. That is why he thinks that the Board says this is a last resort. J. Earle commented that we are in a depression; we are in the last resort.

Dr. Carter commented that at a time when the population needs our services most, at a cost of \$2.00 per person that is not a lot. D. Gordon asked is that actually \$2.00, how many people actually work? M. Campbell stated there is only 1 taxpayer. Dr. Carter stated unfortunately, the way the province is funding us right now is an issue and they are trying to rectify it. She doesn't think we want to cut back services until this is rectified. J. Pearce did some number crunching.

J. Earle stated that you have got staff doing pandemic planning, it is not business as usual.

J. Butt asked in terms of looking at funding those increased obligations from the reserve do you need time to do that? J. Pearce stated that \$16.40 per capita is the cost for a status quo budget with 5% from the province. The budget stays constant but it is where the money comes from.

J. Butt stated that staff are looking at getting some indication to give the municipalities advice regarding the levy. Staff would like to walk away today with some direction. J. Pearce advised that the status quo budget is the 1.91% budget. If the Board gives us direction to implement a status quo budget it will continue to be 1.91% budget. Dr. Carter stated that the levy was protected last year by having \$300,000 unfunded and 12% funded by reserves.

M. Campbell asked about PHI's and the expected downturn in housing starts and less inspections. Is this not an area that we could save on? J. Lyster stated that we are taking that under consideration for the land control program which is self funded, not funded from this budget.

J. Butt asked does someone want to take a shot at identifying what we would be suggesting for levy. In terms of where we are at, status quo, which we know still means we are not complying. Less than a 2% increase in an overall budget is pretty good given we have contractual obligations and given that 88% of our budget is salaries. As a Board person I have to agree that you have done a good job. We have got our 3 scenarios, in terms of provincial contribution, so we know what the gaps are and we also know we ought not to spend the \$200,000 out of reserves, but we might have to eat \$100,000 of it. Using those principles does that put us close to determining the levy?

J. Pearce stated with a 5% increase from the province and with a 75/25 ratio if we use \$100,000 in reserves then the levy would be \$2,312,225 which would be a 13.3% increase. That is a \$1.82 per person increase. The levy is established under the population figures in MPAC. It is the Board's decision how it is established. F. Kinsella stated that the figure should be what should be paid per household.

M. Campbell asked has there been any thought in going back to those contractual agreements and asking staff to forego their increase to secure their positions. At the end of the day we are all in it together. F. Kinsella stated that no one can predict the downturn; you are going to ask me to modify my stance on a presumption without any history, what is the benefit? No union wants to put their company out of business, they will always modify but they need to have a history to indicate that. M. Campbell stated when the economy comes around; we need to adjust it the other way.

The Board took a 10 minute break at 10:35 a.m.

The meeting resumed at 10:45 a.m.

J. Pearce brought forward some new figures for the Board to review.

2 scenarios - With a 3% increase from the province with the status quo budget using no reserves the municipal levy would be \$2,531,780. If we use \$100,000 of reserves the municipal levy would be \$2,431,780.

J. Butt stated as an example D. Gordon is saying that your budget is \$8,180,000 and he would like to see a calculation that says find me another \$180,000 not from reserves but through efficiencies in the operation. It would mean the revised budget would be \$8,000,000.

J. Pearce advised that our cost shared budget is \$163,000 over last year's base. D. Gordon would like the increase to not be 1.91% but 0. He does not want \$180,000 coming out of reserves but out of efficiencies. J. Pearce stated that means layoffs. D. Gordon stated that there has to be different scenarios and he would like to see them.

Dr. Carter advised that we did decide to close the Almonte office and that is how we got the increase down to \$163,000. 88% of our budget is salaries. We have a 3.25% obligated increase in those salaries. The only way to save any more money out of that budget is to cut staff.

M. Campbell asked do we have any people near retirement age? J. Butt stated that according to provincial law there is no such thing as mandatory retirement. A. Warren commented that when someone leaves the job is still there to be done, and you still have all of the exit costs and termination payments. M. Campbell stated that we either have to do a little bit more with less or we don't have a job. D. Gordon suggested suspending the training budget for a year. It is \$66,000. Dr. Carter advised that we do as much as we possibly can by teleconference. We have contractual obligations to some of our unions to provide our staff with a number of training days a year.

J. Butt stated that he is hearing D. Gordon say is that our rock bottom number? Are there economies for 2009 that we are not going to do? J. Pearce commented that we have had that discussion at senior management – the importance of staff training. Staff need to be as knowledgeable as they can to provide service. That is not saying that on a one time basis we could not do this, but it might be hard to get that money back once it is gone. SMC knows we are using reserves, so we use as much discretion as possible.

F. Kinsella asked about telephones and advised that the county reopened their contract with Telus and ended up saving half of the cost. J. Pearce stated that we need to upgrade our system in the Brockville office otherwise there are no parts available. We went through that analysis about 4 years ago.

M. Campbell stated that there is an opportunity to join into some of these contracts with the province. He suggested reexamining lease costs.

J. Butt asked regarding your telephone are you doing a bulk purchase with the province? F. Kinsella stated that public works can get the same rates as the government and the township can get the same rates as the county. Those are things that we are looking at to increase efficiencies. Sometimes now it is cheaper to pay out the lease and reopen it. Often times the provider is willing to renegotiate.

J. Butt stated that I hear folks saying, when you take another look are there unique opportunities out there, can we join with public works? Can J. Butt put these questions to A. Stuart? K. Graham stated that he has all the confidence in staff to beat every bush that is out there but that is not going to help us today.

J. Butt stated that there is a lot of pressure being placed on staff to get an estimate on the levy out there, are we supportive of anything? K. Graham has already indicated putting forward the full cost of the budget to meet mandatory programs. J. Butt stated that we are having trouble coming to a consensus and J. Pearce wants direction from us so that the municipal levy can be approved. J. Butt asked is anyone prepared to move and second a motion for the municipal levy? Discussion ensued.

F. Kinsella asked can you afford the graphic artist position in this economy? For us to have employees internally to do this kind of work it puts a bur under the saddles for those people that say we need to look for efficiencies. Regarding the IT department, these services can be contracted out. This would give you the monies. We are coming to a stage when you have to ask what can you afford. F. Kinsella commented that when it comes to mandatory services he has never heard anyone say that we should not do them. A. Warren commented that she thinks it is healthy to have this conversation, but most of the contracts we have with staff prevent contracting out.

J. Earle advised that we should not be talking about individual jobs. The \$400,000 that we are looking at, you are talking 1.8 hours per employee of extra efficiencies. If you don't want to look at layoffs, you are talking 1.8 hours per employee per week. No employer wants to look at layoffs. A. Warren advised that we did determine at the last meeting that we would not be looking at layoffs in this budget process. We have to move from there.

S. Gates stated that since the talk of individual positions did come up and I manage some of those people there could be damage done if this is read in the paper. She defended the production artist's position stating that she prepares 3 newsletters and supports the mandatory programs. She would be prepared to bring information to the Board to defend this position. F. Kinsella apologized for bringing an individual position forward. Some things need a hard look at however.

Dr. Carter stated that we are doing a service review this year and have a whole new range of programs and requirements. Deciding on substituting contracts for employees would be extremely premature in light of having not done any review of our services. She would like to point out that laying off people is expensive. J. Butt stated that there is a general consensus around the Board that the new protocols and standards are not cost neutral.

J. Butt asked the Board if there was any direction? D. Gordon stated that he would like to look at the efficiencies and he wants scenarios. J. Earle stated that everyone is looking at the final numbers and they are choking on them. Efficiencies have been given, such as a shortened work week, telephones etc., and if we actually tell you what to do you will say we are interfering.

F. Kinsella stated that he is having difficulty understanding the concept. If we go ahead with this, we are still in a \$300,000 or \$400,000 hole? J. Pearce referred board members to the document. She referred to the \$291,128 deficit last year. If we don't get the levy up it will grow along with the planned use of the reserve money.

F. Kinsella stated that you need \$9,012,928. He has no problem giving you 3% but he does not want to give you new employees. J. Pearce advised that today she would not expect approval of the budget, and her recommendation is to approve the full budget with a caveat that it will only be implemented if the ministry pays their share. She needs today, for someone to motion that the levy will be x and get on with that. The levy is a big piece of the budget. At the next meeting then we would be able to approve the budget.

Dr. Carter stated that there are no efficiencies that we can find in that budget; we have only increased the budget by 1.9%. The problem is not the 1.9% increase it is the levy increase. It is large because there was \$300,000 not funded in the levy last year. It has nothing to do with our budget. It is the levy issue; the levy has to go up this year to fund us.

J. Butt advised that last February we approved a budget of \$8,555,714 and in reality we operated last year with \$8,222,684 not \$8,555,714. It would appear that we are going to eat up \$88,000 of reserves. The question then is when we build a status quo budget how come we are not using \$8,222,684 plus \$88,000, how come we are not using as our base \$8,300,000 plus the grant to calculate the levy? J. Pearce stated that in 2008 we actually generated more revenue than we expected, and these are not ongoing opportunities. Dr. Carter stated that some of the staff left and there were some gaps, but we have to budget for the full complement of staff.

J. Pearce asked is there a motion to establish a levy? D. Gordon stated that the \$291,000 deficit, it would be 2.4% not 1.91%. J. Pearce advised that the funding for last years budget wasn't all in place, it is from budget to budget. J. Butt commented that there is no appetite to set a preliminary levy today.

F. Kinsella suggested \$2,240,000 as the levy and the differences need to be found in efficiencies in the departments. J. Hess stated that is layoffs. J. Pearce advised that gives me a \$290,000 deficit without using reserves.

J. Earle stated that you are looking to find 3% in efficiencies that is the direction for the next meeting. The private sector looks at efficiencies first so that they don't have to have layoffs.

J. Futcher commented say we have 100 staff, by making them have 1 less meeting a month, you still have to pay them the same salary. She doesn't understand what you mean by this? J. Earle stated that you would be asked to get more work out of each one of your people. J. Earle suggested closing at 2:00 p.m. on Fridays if that is what has to be done. J. Futcher stated that if we have a full complement of staff by having them do more doesn't increase our budget. J. Earle commented that it will mean you need less people.

J. Butt stated that the direction is that \$291,000 is a deficit and we are asking staff to find that number from within all of the budgets. So the solutions are open. The caveat we had before was no layoffs, I don't hear anyone saying that is on the table. Dr. Carter stated that there is not \$300,000 in this budget that does not involve staff layoffs. J. Butt advised that it should not be surprising to the Board next week that there may be some number of layoffs on the list. D. Gordon stated that he wants to see a scenario. J. Earle commented that if that is the only solution that staff can come up with so be it, but he would like them to be more creative.

Dr. Carter stated that we have already cut large amounts out of the budget to come in with a 1.9% increase. You can't cut anymore from the budget without cutting people.

It is a regular board meeting next week.

Jack asked about the incamera meeting. F. Kinsella stated that it will be discussed next week. A Warren asked is it possible to start the meeting at 3:00 p.m. next week?

The next meeting will be held on February 19th at 3:00 p.m.

The meeting was adjourned at 11:51 a.m.

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J. Butt, Chair

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Date

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H. Bruce, Recording Secretary

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Date