

City of Mississauga

Corporate Report



Date: March 5, 2021

To: Mayor and Members of Council

From: Gary Kent, CPA, CGA, ICD.D, Commissioner of
Corporate Services and Chief Financial Officer

Originator's files:

Meeting date:
March 10, 2021

Subject

Safe Restart Agreements & 2021 COVID-19 Recovery Funding for Municipalities Program

Recommendation

1. That the report dated March 5, 2021 entitled "Safe Restart Agreements & 2021 COVID-19 Recovery Funding for Municipalities Program" from the Commissioner of Corporate Services and Chief Financial Officer be received.
2. That the Mayor and Commissioner of Transportation and Works be authorized to execute on behalf of The Corporation of the City of Mississauga, any Transfer Payment Agreements, including amendments, with Her Majesty the Queen in right of the Province of Ontario as represented by the Ministry of Transportation (MTO) for funding under the Safe Restart Agreement, Transit Relief Stream, in a form satisfactory to Legal Services.
3. That the Commissioner of Transportation and Works and the Commissioner of Corporate Services be delegated authority to execute on behalf of The Corporation of the City of Mississauga, any and all required documentation, including extension or ancillary document, as well as any documents required to administer and fulfill all requirements of the Safe Restart Agreement, Transit Relief Stream, in a form satisfactory to Legal Services.
4. That a new reserve fund (30151) be created entitled "Safe Restart Transit Reserve Fund"
5. That the "Safe Restart Funding Reserve" (30150) be renamed "Safe Restart Municipal Reserve"
6. That a new reserve fund (30152) be created entitled "COVID-19 Recovery Funding for Municipalities Program Reserve Fund"
7. That by-law 0198-2014 be amended to include delegated authority to the Mayor and City Clerk to execute agreements for the receipt of funding by The Corporation of the City of Mississauga.
8. That all necessary by-law(s) be enacted.

Executive Summary

- Through the Safe Restart Agreement (SRA), the Government of Canada and the Government of Ontario are delivering up to \$4 billion to help Ontario municipalities to relieve financial pressures created by COVID-19 and to keep transit systems running.
- Under Phase 1 and Phase 2 of the SRA, the City of Mississauga was allocated \$35,965,100 in Municipal Relief Stream funding, and \$69,972,386 in Transit Relief Stream funding. All funding under the SRA – Municipal Relief Stream has been received.
- A Transfer Payment Agreement is required to access Phase 2 Transit Relief Stream funding, which amounts to \$38,886,274. The Transfer Payment Agreement, received March 2, 2021 is due to the Province on March 12, 2021, along with an authorizing by-law.
- On March 2, 2021, the Government of Ontario announced an additional \$150 million through the SRA – Transit Relief Stream, now known as Phase 3 SRA. The City of Mississauga was allocated \$30,393,091. This funding will be accessed through a sign-back letter and is intended for use in 2021, with possibility for extension into 2022.
- On March 4, 2021, the Government of Ontario invested an additional \$500 million under a new 2021 COVID-19 Recovery Funding for Municipalities Program to help municipalities respond to the ongoing COVID-19 operating pressures. The City of Mississauga was allocated \$20,260,017 under this new program. This funding will be accessed through a sign-back letter and is intended for use in 2021, but is permitted for use in 2022.
- In order to support quick turnaround times required to access funding from our federal and provincial partners, By-law 0198-2014 should be amended to include delegated authority to the Mayor and City Clerk to execute agreements.

Background

In July 2020, the Government of Canada and the Government of Ontario entered into the Safe Restart Agreement (SRA) to safely restart the economy and make Ontario and Canada more resilient to future waves of COVID-19. Under the SRA, the Government of Canada and the Government of Ontario allocated \$4 billion to help Ontario municipalities relieve financial operating pressures created by COVID-19 and keep their transit systems running. The City of Mississauga are appreciative of this welcome relief of funding from both the Federal and Provincial Governments.

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Funding through the SRA has been allocated under four relief Streams:

1. Transit Relief Stream - \$2 billion + \$150 million in newly announced funding.
2. Municipal Relief Stream - \$1.39 billion
3. Social Services Relief Fund - \$510 million
4. Public Health - \$100 million

In order to address the anticipated ongoing need for financial support beyond the end of the SRA program on March 31, 2021, the Province updated the SRA program on March 2, 2021 and approved an additional \$150 million of provincial funding to support COVID-19 impacts on transit. This brings the total SRA Transit Relief Stream funding envelope to \$2.15 billion, and it now consists of three Transit Relief Stream phases:

- **Phase 1:** \$700 million, including needs-based top-ups, for COVID-19 related financial impacts between April 1, 2020 and September 30, 2020;
- **Phase 2:** \$800 million for COVID-19 related financial impacts between October 1, 2020 and March 31, 2021; and
- **Phase 3:** \$650 million for COVID-19 related financial impacts and costs related to transit initiatives, including fare and service integration, on-demand micro-transit, and governance, between April 1, 2021 and December 31, 2021. The Province may, at its sole discretion and on a case-by-case basis, grant extensions to the Phase 3 eligibility period for costs incurred up to December 31, 2022 as requested.

The SRA Municipal Relief Stream consists of two Phases and one additional funding allocation:

- **Phase 1:** \$695 million for COVID-19 operating costs and pressures between January 1, 2020 – December 31, 2020
- **Phase 2:** \$395.7 million for COVID-19 operating costs and pressures between October 1, 2020 – December 31, 2020
- **Additional Funding:** \$299.27 million for COVID-19 operating costs and pressures between January 1, 2021 – December 31, 2021.

Additionally, on March 4, 2021, the Province, through the Ministry of Municipal Affairs and Housing announced \$500 million through the new 2021 COVID-19 Recovery Funding for Municipalities Program. This investment builds on the federal-provincial SRA and will help provide financial relief for municipalities; and help ensure they do not carry operating deficits into 2022. This funding is in addition to the funding being provided to municipalities to help with local transit pressures.

Comments

Transit Relief Stream Update – Phase 1 and Phase 2

The City of Mississauga was allocated and received \$31,086,100 under Phase 1 of the SRA. In December 2020, the City of Mississauga was allocated \$38,886,274 under Phase 2 of the SRA, Transit Relief Stream. In order to access this Phase 2 funding, the City is required to enter into a

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Transfer Payment Agreement (TPA) with the Province of Ontario for which an authorizing by-law is required. The signed TPA and authorizing by-law received from the Province March 2, 2021 is required to be returned to the Province by March 12, 2021.

Phase 2 funding will be recovered through a one-time claims based reporting process due May 31, 2021; and will cover eligible expenditures between October 1, 2020 and March 31, 2021. Funding is expected to flow late spring/early summer 2021. In addition, as part of the Phase 2 reporting, municipalities are asked to attest to conditions related to transit initiatives including procurement, fare and service integration, on-demand micro-transit and governance, and indicate any progress or outcomes achieved. The City has already commenced work in several of these areas.

At this time, there is no opportunity for Phase 2 funding to extend beyond March 31, 2021.

Transit Relief Stream Update – Phase 3

In December 2020, the City of Mississauga was allocated \$23,379,301 of additional funding through the SRA Transit Relief Stream. Subsequently, a funding announcement on March 2, 2021 revised this allocation to \$30,393,091 under what is now called Phase 3 of the SRA.

This funding will be provided up-front through a sign-back letter from the City Treasurer, due March 12, 2021, and is to be applied to COVID-19 transit related financial impacts and costs incurred between April 1, 2021 and December 31, 2021.

Once funding is received, which is anticipated to be no later than March 31, 2021, funding must be placed in an interest-bearing account. Any interest earned must be used towards eligible expenditures. Any unspent funding; including interest on the funding will be required to be returned to the funder at the end of the eligibility period. A separate SRA-Transit Reserve Fund is being established for this purpose.

For Phase 3 only, in addition to the existing eligible expenditures covered under Phase 1 and Phase 2, eligible expenditures will also include up to 50% of costs incurred by the municipality, related to the following:

1. Initiatives (including short-term foundational actions) that support a long-term vision for regional fare and service integration;
2. On-Demand Micro-transit (ODMT) studies and pilot initiatives, including capital expenses incurred; and
3. Expenses to support the transformation of transit structures/governance between neighboring municipal governments, where the Province has been engaged in discussions.

At the Province's sole discretion, and on a case-by-case basis, the eligibility period may be extended to include costs incurred after December 31, 2021 but prior to January 1, 2023.

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Municipalities interested in receiving an extension are required to submit an extension request by October 26, 2021.

Under Phase 3, a minimum of two reports are required to be submitted to the Province. The first report is due October 26, 2021. This report is intended to provide the Ministry with an interim estimate of financial impacts and aligns with the date by which extension for use of Phase 3 funding into 2022 will need to be requested.

The second report must be submitted to the Ministry by January 31, 2022, and will consist of actual impacts between April 1, 2021 and December 31, 2021. This report will confirm the actual amount of eligible expenditures incurred during the eligibility period.

Should the City request an extension to the Phase 3 eligibility period, a third report must be submitted by January 31, 2023 to confirm the actual amount of eligible expenditures incurred during the extended eligibility period.

Municipal Relief Stream Update – Phase 1 and Phase 2

Under Phase 1 and Phase 2 of the SRA, the City of Mississauga was allocated \$35,965,100 in Municipal Relief Stream funding. All funding under the Municipal Relief Stream has been received and additional funding is not anticipated.

2021 COVID-19 Recovery Funding for Municipalities Program

Through this new funding program, the City of Mississauga has been allocated \$20,260,017. Funding is based on the proportion of provincial COVID-19 cases in the Public Health Unit for the respective municipality during the period of January 1, 2021 to February 18, 2021. Funding will flow through a sign-back letter due March 24, 2021 and will be paid in two equal installments – one on or before May 1, 2021 and the other on or before November 1, 2021.

Funding under this program is to be used to address priority COVID-19 operating costs and pressures in 2021. Should the funding received exceed the City's 2021 COVID-19 operating costs and pressures, the province's expectation is that the City will place the excess funding into a reserve fund to be accessed to support any future 2022 COVID-19 operating costs and pressures. A separate "COVID-19 Recovery Funding for Municipalities Program" Reserve Fund is being established for this purpose.

Under this new funding program, the City will be required to submit two reports to the Province. An interim report, due in June 2021, will include details on the use of funds provided last year under the SRA – Municipal Relief Stream, and 2021 estimated COVID-19 operating impacts and how the City plans to use the funding under this new 2021 program. A final report back will be due in spring 2022.

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Delegated Authority

By-law 0198-2014 currently provides delegated authority to Commissioners and/or their designate to approve and execute applications and agreements for the receipt of funding. Recently, recurring quick deadlines from our federal and provincial partners have required authorizing by-laws under the Mayor and City Clerks signature in order to access funding. Given the existing by-law does not include the Mayor and City Clerk, an update to the by-law is recommended.

This update would ensure that the City is able to meet the quick deadlines imposed by the federal or provincial governments to enter into funding agreements; and alleviate the need for recurrent Special Council meetings, unless absolutely necessary.

Staff would continue to update Mayor and Council on major funding developments, however this updated by-law would permit these updates to take place through regularly scheduled General Committee and Council meetings.

Financial Impact

The City was able to manage its projected deficit of \$56.5M through Safe Restart funding. Preliminary forecasts for 2021 are currently being prepared. It is anticipated the funding outlined in this report will provide much-needed relief in 2021.

Table 1 summarizes the transit streams of funding. A total of \$100.4M in Safe Restart funding has been announced. \$35.1M is being applied to address the 2020 year-end shortfall, and the remaining \$65.3M will assist in managing 2021 transit shortfalls.

Table 1. Summary of the Transit Portion of Safe Restart Funding (\$000s)

TRANSIT PORTION	Announced	Funding Allocation	2020 Year-End Position	Unused Funding
Year-End Position before Safe Restart - Surplus / (Deficit)			(35,060.7)	
Safe Restart Transit, Phase 1	Sep-20	31,086.1	31,086.1	Fully utilized
Safe Restart Transit, Phase 2	Dec-20	38,886.3	3,974.6	34,911.7
Safe Restart Transit, Phase 3, announced in 2020 **	Dec-20 / Jan-21	23,379.3	0.0	23,379.3
Safe Restart Transit, Phase 3, announced in 2021 **	Feb-21	<u>7,013.8</u>	<u>0.0</u>	<u>7,013.8</u>
Total Safe Restart Transit funding		100,365.5	35,060.7	65,304.8
Year-End Position after Safe Restart - Surplus / (Deficit)			0.0	

**total Phase 3 funding is \$30.4M

Table 2 summarizes the general municipal (non-transit) streams of funding. A total of \$56.2M in Safe Restart funding and 2021 COVID-19 Recovery funding has been announced, of which \$20.4M is being applied to address the 2020 year-end shortfall, and the remaining \$35.8M will assist in managing 2021 non-transit shortfalls.

Table 2. Summary of the Non-Transit Portion of Safe Restart / 2021 Recovery Funding (\$000s)

NON-TRANSIT PORTION		Funding Allocation	2020 Year-End Position	Unused Funding
Year-End Position before Safe Restart / 2021 Recovery Funding - Surplus / (Deficit)			(20,444.2)	
Safe Restart Municipal, Phase 1	Sep-20	14,997.1	14,997.1	Fully utilized
Safe Restart Municipal, Phase 2	Dec-20	9,676.0	5,447.1	4,228.9
Safe Restart Municipal, additional funding, announced in 2020	Dec-20	11,292.0	0.0	11,292.0
2021 COVID-19 Recovery Funding for Municipalities ^	Mar-21	<u>20,260.0</u>	<u>0.0</u>	<u>20,260.0</u>
Total Safe Restart / 2021 Recovery Funding		56,225.1	20,444.2	35,780.9
Year-End Position after Safe Restart / 2021 Recovery Funding - Surplus / (Deficit)			0.0	

^ letter provided March 4, 2021; subject to confirmation that this is net-new money in addition to additional funding announced in 2020

Conclusion

Funding received under the Safe Restart Agreement and the new 2021 COVID-19 Recovery Funding for Municipalities Program will help to further address the City's financial pressures related to COVID-19 and ensure the City can continue to deliver important services to the community.

The province realizes that municipalities are facing financial impacts due to the COVID-19 pandemic and that in some instances, provincial funding will not be sufficient to cover all municipal operating impacts due to COVID-19. The province expects municipalities to do their part by continuing to find efficiencies in their operating services and using existing reserves and reserve funds that have been specifically put aside for such unforeseen circumstances.

Staff will continue to monitor the City's financial position and provide updates to Council members through future reports.

Attachments

N/A



Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Carolyn Paton, Manager Strategic Financial Initiatives