

Update

Financial Impacts of COVID-19

Budget Committee

April 28, 2021

Financial Principles

Ensure Public Health is the City's first priority

Preserve the long-term strength of the balance sheet

Coordinate efforts with other levels of Government

Continually assess business plans, budget requests and in-year spending

Comply with legislation

Federal / Provincial Funding – Transit Stream

Funding Stream	Total Allocation Per Stream	City Allocation	Eligibility Period	Eligible Expenditures	Mechanism / Agreement	Receipt of Payment	Report Deadlines
Phase 1	\$ 700,000,000	\$ 31,086,112	April 1, 2020 - September 30, 2020	No change	Sign-back letter (issued August 2020)	Received. No additional funding anticipated	Completed.
Phase 2	\$ 800,000,000	\$ 38,886,274	October 1, 2020 - March 31, 2021	No change	Transfer Payment Agreement Must be fully executed by March 31, 2021 Ministry requesting City sign TPA by March 12, along with accompanying authorizing municipal by-law.	One-time claim. Funding is expected to flow in spring/early summer 2021.	May 31, 2021
Phase 3	\$500M - original SRA funding (additional funding)	\$ 23,379,301	April 1, 2021 - December 31, 2021	Original eligible expenses plus up to 50% provincial contribution towards certain policy initiatives (i.e., microtransit, FSI, structure/governance changes).	Sign-back letter Must be returned by March 12, 2021	Up front funding to be received by March 31, 2021. Once received, must be placed in interest-bearing account. Any interest earned must be held in reserve by municipality to be used towards eligible expenditures. Any unused funding must be returned.	Report One - Oct. 26 2021 Report Two - Jan. 31, 2022
	\$150M - new provincial funding	\$ 7,013,790	Extension available to December 31, 2022. Request must be made by October 26, 2021.				If extension was requested: Report Three - Jan. 31, 2023

* Phase 3 Funding received

Federal / Provincial Funding – Municipal Stream

Funding Stream	Total Allocation Per Stream	City Allocation	Eligibility Period	Eligible Expenditures	Mechanism / Agreement	Receipt of Payment	Report Deadlines
Phase 1	\$ 695,000,100	\$ 14,997,100	January 1, 2020 - December 31, 2020	No change	Sign-back letter (issued August 2020)	Received. No additional funding anticipated	Completed.
Phase 2	\$ 395,731,000	\$ 9,676,000	October 1, 2020 - December 31, 2020	No change	Sign-back letter (issued December 2020)	Received. No additional funding anticipated	Interim Report: June 2021 Use of funds provided last year under Safe Restart municipal stream and 2021 estimated COVID-19 operating impacts and plan for use of funds in 2021*. Final Report: spring 2022
Additional Funding	\$ 299,269,000	\$ 11,292,000	January 1, 2021 - December 31, 2021	2021 COVID-19 operating costs and pressures	Sign-back letter (issued December 2020)	Received. No additional funding anticipated	
2021 COVID-19 Recovery Funding for Municipalities Program	\$ 500,000,000	\$ 20,260,017	January 1, 2021 - December 31, 2021	2021 COVID-19 operating costs and pressures	Sign-back letter Must be returned by March 24, 2021	Two equal installments on or before: May 1, 2021 November 1, 2021 Excess funding to be placed into a reserve fund to be accessed to support future COVID-19 operating costs and pressures in 2022.	

*Report template anticipated in the coming months along with further details.

2020 Year-End Position

TOTAL FUNDING	Funding Allocation	2020 Position	Remaining Funding
TRANSIT Year-End Position before Funding - Surplus / (Deficit)		(35,060.2)	
NON-TRANSIT Year-End Position before Funding - Surplus / (Deficit)		(20,473.1)	
Year-End Position before Funding - Surplus / (Deficit)		(55,533.3)	
Safe Restart Transit, Phase 1	31,086.1	31,086.1	0.0
Safe Restart Transit, Phase 2	38,886.3	3,974.1	34,912.2
Safe Restart Transit, Phase 3, announced in 2020	<u>30,393.1</u>	<u>0.0</u>	<u>30,393.1</u>
Total Safe Restart Transit funding	100,365.5	35,060.2	65,305.3
Safe Restart Municipal, Phase 1	14,997.1	14,997.1	0.0
Safe Restart Municipal, Phase 2	9,676.0	5,476.0	4,200.0
Safe Restart Municipal, additional funding, announced in 2020	11,292.0	0.0	11,292.0
2021 COVID-19 Recovery Funding for Municipalities	<u>20,260.0</u>	<u>0.0</u>	<u>20,260.0</u>
Total Safe Restart / 2021 Recovery Funding	56,225.1	20,473.1	35,752.0
Year-End Position after Funding - Surplus / (Deficit)		0.0	

2021 – Direct COVID Impact (\$Ms)

Major Expenditure / Revenue Category	Best Case	Anticipated	Worst Case
1 MiWay - net impact on revenues and costs	(37.1)	(41.0)	(44.6)
2 Recreation - revenue loss	(27.1)	(28.5)	(29.9)
3 Other service-specific revenue losses	(10.6)	(10.9)	(11.4)
4 Parking, Admin Penalty (APS) Fees, Licensing Revenue Losses	(7.1)	(7.9)	(8.6)
5 PPE, Cleaning, Social Distancing costs	(3.9)	(4.1)	(4.7)
6 MAT - loss of revenues	(3.3)	(5.3)	(7.8)
7 POA-related revenues	(4.2)	(4.2)	(4.2)
8 Other various impacts	(0.2)	(0.4)	(0.5)
DIRECT COVID IMPACT	(93.4)	(102.3)	(111.7)

2021 – Deficit Position (\$Ms)

Major Expenditure / Revenue Category	Best Case	Anticipated	Worst Case
DIRECT COVID IMPACT	(93.4)	(102.3)	(111.7)
9 Staffing savings (permanent and temporary staff)	16.5	16.1	16.2
10 MAT - reduced contribution to RF	3.3	5.3	7.8
11 Recreation - reduced operations	4.7	4.9	5.0
12 Other service-specific expenditure savings	5.4	5.7	6.0
13 Utility savings (closed facilities)	4.8	4.5	4.2
14 Discretionary savings to help mitigate costs	0.4	0.4	0.4
MITIGATING ACTIONS TAKEN BY CITY	35.1	36.9	39.7
15 Base gapping (BAU) / minor salary variances	6.4	6.4	6.5
16 Various other expenditure / revenue impacts	1.3	(1.0)	(4.1)
BUSINESS AS USUAL VARIANCES	7.7	5.4	2.4
NET SURPLUS / (DEFICIT)	(50.6)	(59.9)	(69.6)

2022-2024 Pressures (\$Ms)

	2022 Outlook	2023 Outlook	2024 Outlook
Transit shortfalls	(27,800.0)	(11,000.0)	normal operations
Recreation shortfalls	(1,200.0)	normal operations	normal operations
GTAA Payment In Lieu of Taxes - revenue loss (assuming 5% cap)	(22,183.8)	(21,755.5)	(21,305.8)
Currently identified pressure:	(51,183.8)	(32,755.5)	(21,305.8)

Actions Taken to Mitigate COVID-19 Pandemic Impact

- Temporary layoffs of staff where possible
- Continued review of all hiring to minimize costs
- Aggressive review of all non-salary program expenditures to minimize costs
- Discretionary spending review
- Initiatives to reduce costs include:
 - reducing space leased at 201 City Centre
 - closure of Cashier's Hall

Advocacy Efforts Required

- Phase 2 Transit Safe Restart funding
 - Currently anticipating unused and ineligible \$19.9 million after March 31, 2021
 - These funds could be used to offset 2022 pressures
- GTAA PILTs
 - Removal of 5% cap would greatly assist long-term outlook
- 2022 / 2023 support
 - COVID-19 Pandemic impact continues; current funding may be insufficient

Next Steps

- June 9th BC:
 - Asset Management Plan and service area AM presentations
- June 21st BC:
 - 2021 updated projections
 - 2022-2025 budget update, including plan to manage COVID-19 impacts
 - 2022-2031 Capital Budget and Plan
 - New Revenue Tools

Questions / Discussion