

Date: June 17, 2020

To: Chair and Members of Budget Committee

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

Originator's files:

Meeting date:  
June 24, 2020

## **Subject**

**COVID-19: Financial Recovery Pillar**

## **Recommendation**

That the report of the Commissioner of Corporate Service and Chief Financial Officer dated June 17, 2020 and titled "COVID-19: Financial Recovery Pillar" be received for information.

## **Background**

On May 13<sup>th</sup> 2020, Council received a report from the Commissioner of Community Services titled "COVID 19 Recovery Framework" which provides a framework for recovery operations in the City of Mississauga. Today's report is one of four complementary reports providing more detailed measures in the areas of Community, Economic, Financial and Corporate.

## **Comments**

The attached report identifies a number of financial recovery actions that staff are pursuing and will be brought forward to Budget Committee on October 7, 2020 for consideration. These actions will assist in eliminating the 2020 deficit and reducing the "echo" effect of COVID-19 on the 2021 and subsequent year's budgets.

These actions include:

1. Return to normal fee schedule and collection as soon as feasible
2. No material financial investment in master plan advancement in 2021
3. No new material service level changes in 2021
4. Reduce discretionary spending
5. Critical assessment of capital expenditures
6. Use of reserves

7. Continued collaboration with other municipalities to seek assistance from higher levels of Government
8. Increase taxes and user fees
9. Aggressive, timely monitoring of financial position
10. Explore and recommend options to fund the deficit years

## Financial Impact

As a municipality, service levels must be maintained and cannot be easily adjusted to match revenues. A deficit of approximately \$60 million by year end is expected as a result of revenue losses and new costs due to COVID-19. A further impact is expected in 2021 as service usage is expected to slowly return to 2019 levels. In 2022 an \$18 million reduction in GTAA PILT is anticipated as a result of reduced air travel in 2020. The attached report identifies actions that Council may consider when staff report back on October 7, 2020 with a plan to eliminate the 2020 deficit and reduce the impact on the 2021 and subsequent year's budgets.

## Conclusion

The attached report expands upon the Recovery Framework adopted by Council in May by establishing seven financial principles which can be used to assess measures that can be taken to eliminate the 2020 deficit and reduce the echo effect in 2021 and to offset the impact of the reduction in PILT revenue in 2022 and beyond. A number of funding and cost cutting options presented in this report will be analyzed by staff over the summer and discussed with Budget Committee on October 7.

## Attachments

Appendix 1: Financial Recovery Plan



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

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