

COVID-19 Pandemic: 2020 Financial Forecast & 2021 Operating Budget Update

Presentation to Budget Committee
October 7, 2020

Presentation Outline

COVID-19 Pandemic

- 2020 Financial Projections
- Update on Tax Payments
- Offsetting the 2020 Operating Deficit
- Grants & ICIP Update

2021 Budget Forecast

- Forecasted Operating Budget Update
- 2021 Fees and Charges
- 2020 Budget Engagement & Budget Timelines

COVID-19: Financial Recovery Pillar

Financial Conversation #4

COVID-19 Pandemic

COVID-19 Recovery Framework

Fundamental Principles

Protect the Health and Safety of the Public and Employees

Phased Approach

Mental Wellness & Psychosocial Support

Building Back Better

Whole Community Approach

Pillars of Recovery

Community

Economic

Financial

Corporate

COVID-19 Pandemic

Financial Recovery Principles

- 1 Public health is the first priority
- 2 Preserve long-term strength of property tax base
- 3 Comply with legislation
- 4 Allow other levels of government time to fulfill their mandates
- 5 Use reserves appropriately
- 6 Deviation from financial plan should not be permanent
- 7 Assess approved and future budgets and business plans

COVID-19 Pandemic

Council Actions Taken to Support Residents and Businesses

- Strong multi-sector engagements
- Strong advocacy with other levels of government for multi year assistance
- Deferred tax and stormwater payment due dates by 90 days
- Deferred the water and wastewater rate increase by 90 days
- Suspended parking enforcement
- Deferred/forgiven rent payments for tenants in City-owned facilities
- Deferred collection of the Municipal Accommodation Tax
- Temporarily suspended fines, penalties and late fees
- Temporarily suspended payment on MiWay buses (reinstated July 2nd)
- Confirmed retention of Culture and Community grant funding for 2020
- Created a COVID-19 Business Relief Portal
- Multiple property tax deferrals

Update on Tax Payments

- Council deferred property tax payments and suspended application of penalties and interest to December 31st to provide assistance to taxpayers during the COVID-19 pandemic.
- Payments continue to trend at a similar rate to before the pandemic.

Percentage of Outstanding Billed and Due Taxes as at August 31, 2020			
2020	2019	2018	2017
3.89%	3.81%	3.94%	3.57%

- Collection activities suspended during the COVID-19 pandemic, to resume in 2021.
- School board and Regional payments due by end of year.

Direct COVID-19 Pressures on 2020

		Best Case	Anticipated	Worst Case
	By Major Expenditure / Revenue Category (\$Ms)	Surplus / (Shortfall)	Surplus / (Shortfall)	Surplus / (Shortfall)
1	MiWay (loss of revenue / reduced costs)	(35.9)	(41.7)	(47.7)
2	Recreation - loss of revenues	(24.4)	(26.7)	(36.3)
3	Various other COVID-related revenue impacts	(10.7)	(12.1)	(13.4)
4	POA - loss of revenue due to reduced operations	(5.3)	(5.6)	(5.8)
5	Parking enforcement / APS losses	(4.1)	(4.5)	(5.0)
6	Loss of tax penalty and interest	(4.5)	(4.5)	(4.5)
7	COVID-related expenditures (PPE, cleaning, communications, etc)	(4.3)	(4.5)	(5.0)
8	Lower returns on investments (lower cash / lower interest)	0.0	(0.3)	(0.5)
	DIRECT COVID PRESSURES	(89.1)	(99.8)	(118.1)

Mitigating Actions and BAU Impacts on 2020

	Best Case	Anticipated	Worst Case
By Major Expenditure / Revenue Category (\$Ms)	Surplus / (Shortfall)	Surplus / (Shortfall)	Surplus / (Shortfall)
DIRECT COVID PRESSURES	(89.1)	(99.8)	(118.1)
9 Savings related to temporary staffing reductions	11.9	13.0	18.4
10 Discretionary expenditure review, including EAB	5.7	6.7	7.7
11 Hiring freeze	6.6	5.9	5.2
12 Recreation - program expenditure savings	3.9	4.4	5.9
13 Various other program expenditure impacts	3.4	4.0	4.5
14 Utility savings (closed facilities)	2.7	2.7	2.7
15 Changes to Reserve contributions	2.3	2.3	2.3
MITIGATING ACTIONS	36.5	39.0	46.8
NET SURPLUS / (DEFICIT) RELATED TO COVID	(52.7)	(60.8)	(71.3)
16 Baseline gapping savings	8.3	8.3	8.3
17 Other expenditure / revenue variances	(2.2)	(2.8)	(3.0)
NET SURPLUS / (DEFICIT) BAU	6.1	5.5	5.3
NET SURPLUS / (DEFICIT) - 2020 BUDGET	(46.6)	(55.4)	(66.0)

Federal / Provincial COVID-19 Funding

- Municipal Transit Enhanced Cleaning (MTEC) – \$743K (included in projections)
- COVID-19 Safe Restart Program:

	Transit Funding			Municipal (General Operating)		
	Amount	Details	Reporting Deadlines **	Amount	Details	Reporting Deadlines **
Phase I *	\$31.1M (combination of population and transit ridership)	- to cover reduced revenues and new expenses for April 1/20-Sept 30/20	- reports required by October 30/20	\$15M (per-household allocation)	- to address operating pressures	- reports required by March 31/21
Phase II	TBD	- requirement to work with province on specific shared transit objectives - will require TPA	TBD	TBD (anticipate similar \$15M allocation; eligibility to be decided by end of 2020)	TBD	- initial report outlining costs and pressures by Oct 30/20

* if Phase I funding exceeds 2020 pressures, municipality is to set aside in Reserves to help with 2021 pressures

** No reporting templates available at this time

TPA = Transfer Payment Agreement

How The 2020 Deficit Will Be Funded

	Anticipated
POSSIBLE MITIGATING STRATEGIES (\$Ms)	Surplus / (Shortfall)
NET SURPLUS / (DEFICIT), 2020 BUDGET	(55.4)
Safe Restart Agreement funding, Phase 1	46.1
Safe Restart Agreement funding, Phase 2, or or reliance on Fiscal Stability Reserve	9.3
YEAR-END POSITION - SURPLUS / (DEFICIT)	(0.0)

COVID-19 Echo Impact on 2021-2023

	2021 Pressures	2022 Pressures	2023 Pressures
By Major Expenditure / Revenue Category (\$Ms)	Surplus / (Shortfall)	Surplus / (Shortfall)	Surplus / (Shortfall)
Gapping due to hiring freeze and other COVID-related actions	6.9	0.0	0.0
Transit revenues - net impact of slow ramping back to normal	(24.6)	(10.5)	0.0
Recreation - net impact of slow ramping back to normal	(2.6)	(1.1)	0.0
Utility impact	(1.4)	0.0	0.0
Investment income - assumes markets continue at pre-COVID levels	0.0	0.0	0.0
Impact on GTAA PILT revenue (assumes 5% cap remains in place)	0.0	(22.0)	(21.6)
Enersource dividend	(1.0)	0.0	0.0
Anticipated Pressure From COVID	(22.7)	(33.7)	(21.6)
Impact on GTAA PILT revenue included in budget	0.0	22.0	21.6
Enersource dividend impact included in budget	1.0	0.0	0.0
Unbudgeted Pressure From COVID on Annual Budget	(21.7)	(11.6)	0.0

2021 COVID-19 Echo Strategy

- Potential relief through the Safe Restart Program – Phase 2
- Aggressive management of costs, revenue forecasts and service levels
- Reliance on reserves
- Enhanced reporting to Council throughout the year
- Continued advocacy to other levels of government

Grants Update

- Approved COVID-19 related funding:
 - Safe Restart Agreement – Transit Stream Phase 1 (\$31.1M)
 - Safe Restart Agreement – Municipal Operating Stream Phase 1 (\$15.0M)
 - Municipal Transit Enhanced Cleaning Program (\$743k)
 - Museums Assistance Program COVID-19 Emergency Support Fund (\$100k)
- Monitoring various grant funding programs for additional details and application intake, including:
 - ICIP Green Stream
 - New ICIP Resilience Stream
 - Canada Healthy Communities Initiative
 - Safe Restart Agreement – Municipal and Transit Streams Phase 2

ICIP Update

Public Transit Stream

- 18 applications submitted in Oct. 2019; two withdrawn at request of MTO due to eligibility concerns
- If remaining 16 projects are approved, City would receive:
 - \$334.8M in federal funding
 - \$278.7M in provincial funding
- City cost share is \$223M
- Decision on all projects is anticipated Fall/Winter 2020

Community, Culture and Recreation Stream

- Two applications submitted in Nov. 2019 not approved
 - South Common Community Centre and Library (\$61.59M)
 - Public Marina and Waterfront Park (\$71.27M)

2021 Operating Budget Preliminary Update Budgeting for Challenging Times

COVID-19 Pandemic

Financial Recovery Actions for 2021

- Return to normal fee schedule and collection as soon as feasible
- No new material increases to service level in 2021
- Reduce discretionary spending
- Critical assessment of capital expenditures
- Use of reserves
- Continued collaboration with other municipalities to seek assistance from higher levels of Government
- Aggressive, timely monitoring of financial position

4 Year Operating Budget Impact – Forecast

	2021	2022	2023	2024
Total Budget Impact	2.7%	8.1%	6.4%	4.2%
Total Residential Tax Bill Impact	1.0%	2.9%	2.3%	1.5%
Total Commercial Tax Bill Impact	0.6%	1.7%	1.3%	0.9%

- All years include a 2% infrastructure levy
- 2022 includes a 4% increase due to GTAA PILT pressure
- Assumes 2021 COVID-19 echo strategy
- Does not include Region of Peel impacts

2021 Fees & Charges Summary

- Additional revenues of \$1.9 million or (0.3%) budget impact
 - \$0.9 million Recreation (Programs and Rental rates)
 - \$0.7 million Works, Operations, & Maintenance
 - \$0.2 million General Fees & Charges
 - \$0.1 million Other (Parks, Fire, Culture, Library)
- No recommended increases to MiWay cash or Presto fares
- Average rate increases range from 1.5% to 3%

2021 Budget Timelines

Sept 14 – Oct 23 Budget Engagement

- Sept 14 Budget Allocator tool opens
- eBlasts, Social Media ads

Budget Engagement Sessions

- Oct 8 Citywide 7pm 90 min
- Oct 13 Wards 1 & 2 60 min
- Oct 22 Wards 3 & 6 60 min

Budget Committee

- Oct 7 Fees and Charges
- Nov 23, 24, 30, Dec 1, 2 Overview and Presentations
- Dec 9 Council Approval

How would you invest our 2021 budget?

Try the budget allocator tool

MISSISSAUGA

2021 budget

mississauga.ca/budgetallocator

#SaugaBudget



Decrease Proposed Increase



- Oct 26-30 Printing Budget Book
- Nov 9 Distribute book to Council

Thank you