

City of Mississauga

Corporate Report



<p>Date: November 2, 2020</p> <p>To: Mayor and Members of Council</p> <p>From: Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer</p>	<p>Originator's files:</p> <hr/> <p>Meeting date: November 4, 2020</p>
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Subject

Safe Restart Funding Agreement – Municipal and Transit Relief Streams

Recommendation

1. That the report of the Commissioner of Corporate Services and Chief Financial Officer dated November 2, 2020 entitled "Safe Restart Funding Agreement – Municipal and Transit Relief Streams" be received.
2. That a new reserve be created entitled "Safe Restart Funding Reserve."
3. That the Commissioner of Corporate Services or his delegate be authorized to request Phase 2 Municipal Operating Funding in the amount of \$6,671,800 through the submission of reporting documentation to the Province of Ontario, as a result of insufficient funding provided under Phase 1 of the municipal relief stream.
4. That the Commissioner of Corporate Services or his delegate be authorized to submit the necessary documentation as a result of projected transit operating shortfalls when eligibility opens for Phase 2 funding under the Transit Relief Stream.

Report Highlights

- Through the Safe Restart Agreement, the Government of Canada and the Government of Ontario are delivering up to \$4 billion to help Ontario municipalities relieve financial pressures created by COVID-19 and to keep transit systems running.
- The City of Mississauga received \$46.1 million in Phase 1 Safe Restart Agreement funding: \$15 million through the municipal relief stream and \$31.1 million through the transit relief stream.
- The municipal relief stream is intended to cover non-transit-related net operating budget variances for the January 1 – December 31, 2020 fiscal year. Phase 1 municipal relief stream funding of \$15 million has been received, but is insufficient to cover 2020 COVID-19 operating costs and pressures. Phase 2 municipal relief funding in the amount of

\$6,671,800 will be requested by the November 6, 2020 deadline.

- Phase 1 transit relief stream funding of \$31.1 million has been received. This full amount is anticipated to be required to cover costs in 2020. As per Phase 1 transit relief rules, \$26,750,600 has been applied to cover deficits generated between April 1, 2020 and September 30, 2020. The remaining \$4,335,500 will be transferred to a Reserve established for this purpose, and used to offset deficits generated from October 1, 2020 to December 31, 2020.
- Phase 1 transit relief reporting is due November 13, 2020. Phase 2 application funding details are not available at this time but are anticipated to cover any costs between October 1, 2020 and March 31, 2021 not covered by Phase 1 transit funding. This report recommends the Commissioner of Corporate Services or his delegate be authorized to submit the claim for Phase 2 transit funding when the application process opens.

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 are delivering up to \$4 billion to help Ontario municipalities relieve financial operating pressures created by COVID-19 and keep their transit systems running.

Funding through the SRA is allocated under four relief streams:

1. Municipal Relief Stream - \$1.39 billion
2. Social Services Relief Fund - \$510 million
3. Public Health - \$100 million
4. Transit Relief Stream - \$2 billion

Municipal Relief Stream

As part of the municipal relief stream, up to \$1.39 billion is being made available to Ontario's municipalities to provide the support needed to respond to COVID-19 impacts and address operating pressures. Funding is being distributed in two phases. Funding under Phase 1 and Phase 2 is to be used to cover net operating budget variances as a result of COVID-19 in fiscal year 2020 (January 1, 2020 – December 31, 2020).

Phase 1

In fall 2020, \$695 million in funding was allocated to Ontario's 444 municipalities. This funding was allocated on a per household basis using 2016 census data and shared 50/50 between upper-tier and lower-tier municipalities. If Phase 1 funding allocations exceed the municipality's 2020 COVID-19 operating costs and pressures, the Province's expectation is that the

municipality will place the excess funding into reserves to be accessed to support COVID-19 operating costs and pressures that may continue to be incurred in 2021.

Phase 2

An additional \$695 million in funding will be made available to municipalities that can demonstrate COVID-19 related financial impacts exceeded the allocation provided in Phase 1. In order to access Phase 2 funding, municipalities are required to submit financial reports outlining COVID-19 costs and pressures to the Province no later than November 6, 2020. Municipalities are expected to report back to the Province on the use of Phase 1 and Phase 2 funding, if awarded, in March 2021.

Transit Relief Stream

Under the transit relief stream, up to \$2 billion is being made available to municipalities, with \$1 billion being provided by each of the Federal and Provincial governments. Funding is being distributed in two Phases:

Phase 1

In fall 2020, \$666 million in funding was allocated to 110 Ontario municipalities with transit systems. This funding was allocated with a base of \$40,000 and an additional allocation based on 2018 ridership. Phase 1 funding is to provide immediate relief from transit pressures, such as lower ridership, and covers costs incurred from April 1, 2020 – September 30, 2020. Any funds not used for Phase 1 must be placed in a reserve to support potential COVID-19 transit pressures incurred up to March 31, 2021.

Municipalities with transit systems are required to report back to the Province on the use of Phase 1 funding, and provide a forecast of eligible expenditures to March 31, 2021. Phase 1 reporting is due no later than November 13, 2020.

Should the Phase 1 report highlight that funding was insufficient to cover April – September pressures, an additional top-up amount will be provided. This additional top-up would be received prior to December 31, 2020, and deducted from any future Phase 2 funding awarded.

Phase 2

The Province is currently working on the development of Phase 2 details. Funding awarded would be provided through a Transfer Payment Agreement and municipalities would be required to work with the Province to achieve shared transit objectives. Phase 2 funding would cover costs between October 1, 2020 and March 31, 2021 and reporting would be required to be completed in spring 2021.

Information regarding Phase 2 transit relief funding will be provided to Mayor and Council as it becomes available.

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Comments

The City of Mississauga was allocated and has received a total of \$46.1 million in Safe Restart Agreement Phase 1 funding:

- Municipal Funding Phase 1 \$14,997,100
- Transit Funding Phase 1 \$31,086,112
- Total Phase 1 Funding \$46,083,212

City of Mississauga Operating Budget Projections

The City of Mississauga is currently projecting a deficit of \$54.8 million: \$21.7 million for non-transit services, and \$33.1 million for transit-related services.

	<u>Budget</u> <u>(\$000s)</u>	<u>Q3 Actuals</u> <u>(\$000s)</u>	<u>Year-End Forecast</u> <u>(to Q4)</u> <u>(\$000s)</u>	<u>Year-End Variance</u> <u>Surplus / (Deficit)</u> <u>(\$000s)</u>
Non-Transit Services	\$446,019.1	\$393,694.5	\$467,688.0	(\$21,668.9)
MiWay	\$91,520.8	\$107,923.1	\$124,650.3	(\$33,129.5)
TOTAL	\$537,539.9	\$501,617.5	\$592,338.3	(\$54,798.4)

Municipal Relief Stream

The Municipal Relief Stream is intended to provide relief for non-transit-related pressures on the 2020 operating budget. The City is currently projecting a deficit of \$21.7 million in non-transit-related services.

This corporate report confirms that our Phase 1 allocation of \$15.0 million is insufficient to cover 2020 COVID-19 projected operating costs. The City is requesting Phase 2 funding in the amount of \$6.7 million. Staff will be submitting Phase 2 reporting documents to the Province by the required due date of November 6, 2020.

Transit Relief Stream

The Transit Relief stream is intended to provide relief for transit-related pressures on the 2020 operating budget. \$26.8 million of the total \$31.1 million received will be applied against April to September 2020 pressures. The remaining \$4.3 million will be placed in Reserve as required by the Program, to be used to offset pressures for the remainder of the year.

Staff have prepared Phase 1 reporting documents for submission to the Province by November 13, 2020. City staff will be providing a forecast of transit-related COVID-19 pressures for the Phase 2 eligibility period of October 1 2020 – March 31 2021. Forecasting information provided in the Phase 1 report is intended to provide the Province with an estimate of Phase 2 impacts.

Financial Impact

The City is projecting a deficit of \$54.8 million. Phase 1 municipal relief funding in the amount of \$15.0 million and Phase 1 transit relief funding in the amount of \$31.1 million will be used to offset this deficit. The remaining shortfall is currently estimated at \$8.7 million. \$6.7 million of this shortfall is anticipated to be addressed through Phase 2 Municipal Safe Restart funding. The remaining \$2.0 million is currently assumed to be covered through Phase 2 Transit funding.

Conclusion

Municipalities play a vital role in the delivery of critical services that residents rely on, and are on the frontline of safely reopening the economy. Through the Phase 1 Safe Restart Agreement funding allocations, the City has been provided with \$46.1 million in much-needed funding from senior levels of government. The Phase 2 municipal relief stream funding request in the amount of \$6.7 million will be submitted by November 6, 2020. Phase 1 transit relief stream reporting documents will be submitted by November 13, 2020. Any additional funding awarded through Phase 2 will help to further address the City's financial pressures related to COVID-19, reduce or eliminate the projected 2020 deficit, and ensure the City can continue to deliver important services to the community. Staff will continue to monitor the City's financial position and provide updates to Council members through future reports.



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

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