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COVID-19 Pandemic Financial Impact February 2021 Update Information Report to Council

Report Number: INFO-2021-08

Department(s): Financial Services

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In accordance with the Procedure By-law, any member of Council may make a request to the Town Clerk that this Report be placed on an upcoming Committee of the Whole agenda for discussion.

Executive Summary

Since the last report [2021-13](#), Pandemic Financial Impact and Service Delivery Options, there have been the following changes:

1. Projected 2021 COVID-19 costs pressures have increased by \$50,000.
2. The 2020 net financial impact of the pandemic has been increased.
3. The province is providing additional funding to offset COVID-19 costs and pressures.
4. Council has agreed to service levels reductions to offset the projected 2021 deficit.
5. The current forecast does not require substantial drawing on reserves.

No further direction is being sought at this time.

The projections presented in this report continue to be based on the best information prepared at a certain point in time.

Purpose

The purpose of this Information Report is to provide the February 2021 update with respect to the ongoing financial impact of COVID-19.

Background

Projected COVID-19 costs had pressures have increased by \$50,000.

| Projected budget shortfall due to COVID-19 costs and pressures | | | |
|---|-------------------------------|------------------|---------------------------|
| | February 22 projection | Revisions | Revised projection |
| Service delivery | \$ 2,636,000 | \$ 50,000 | \$ 2,686,000 |
| Health and safety | \$ 370,000 | - | \$ 370,000 |
| Financial Relief Program | \$ 289,000 | - | \$ 289,000 |
| Support for local businesses | \$ 100,000 | - | \$ 100,000 |
| By-law enforcement | \$ 115,000 | - | \$ 115,000 |
| COVID-19 costs & pressures | \$ 3,510,000 | \$ 50,000 | \$ 3,560,000 |

Discussion

Service Delivery

No significant changes – minor change to the forecast.

Health and safety

Nothing new to report at this time.

Financial Relief Program

The revised program came into effect on February 1. Early activity indicates that the uptake on these programs will be within the volumes factored into the projections.

Support for local businesses

There is a separate report with details on this.

By-law Enforcement

Nothing new to report at this time.

Community Support

At the end of 2020, \$18,000 of allocated but unspent monies have been transferred to a reserve and will be available for use in 2021.

The 2020 net financial impact the pandemic has been increased.

Initially it was anticipated that the Safe Restart phase 1 funding would result in a year-end surplus for 2020 of \$200,000. The results have been finalized and show a total pandemic cost of \$2,130,000, which is \$315,000 more than the \$1,815,000 received in funding.

The province is providing additional funding to offset COVID-19 costs and pressures

On March 4, the Ontario government announced that it will be providing an additional \$500 million to municipalities to assist with the cost of the pandemic. Newmarket's share, based on the number of COVID-19 cases, is \$2,458,182. There are some reporting requirements and the conditions will not be difficult to meet.

| Provincial funding available for 2021 | | | |
|--|-------------------------------|---------------------|------------------------|
| | February 22 projection | Updates | Updated funding |
| Safe Restart phase 1 | \$ 200,000 | (\$ 515,000) | \$ (315,000) |
| Safe Restart phase 2 | \$ 769,000 | - | \$ 769,000 |
| New funding for COVID-19 | - | \$ 2,458,000 | \$ 2,458,000 |
| Provincial funding for 2021 | \$ 969,000 | \$ 1,943,000 | \$2,912,000 |

Council has agreed to service levels reductions to offset the projected 2021 deficit.

| Service level savings for 2021 | | | |
|---|--|-------------------------|------------------------------|
| | February 22 potential savings | Not accepted | Projected savings |
| Postpone playground rehabilitations | \$275,000 | - | \$ 275,000 |
| Reduce the frequency of grass cutting | \$ 75,000 | - | \$ 75,000 |
| Reduce the number of sports fields being maintained | \$ 50,000 | \$ 50,000 | - |
| Reduce the tree planting program by 50% | \$ 100,000 | - | \$ 100,000 |
| Cancel Summer Camp Programs for 2021 | \$ 10,000 | \$ 10,000 | - |
| Open Ray Twinney Pool in September | \$ 130,000 | \$ 30,000 | \$ 100,000 |
| Do not open Gorman Pool this summer | \$ 60,000 | \$ 60,000 | - |
| Offer no special events until the fall | \$ 100,000 | \$ 100,000 | - |
| Savings | \$ 800,000 | \$ 250,000 | \$ 550,000 |
| Maintaining the garbage bag limit at 5 | (\$ 34,000) | (\$ 34,000) | - |
| Magna Fitness Centre & Ice Considerations | (\$ 60,000) | - | (\$ 60,000) |
| Net service level savings | \$ 706,000 | \$ 216,000 | \$ 490,000 |

Reduce the catch basin cleaning program by 50%

This has potential savings of \$125,000 in the stormwater rate-supported budget.

Reduce the number of sports fields being maintained

Council did not agree to this proposed service level reduction.

Open Ray Twinney Pool in September

Council has not made a final decision on the Pool yet. Staff will report back when there is a better sense of how the recovery is progressing, possibly next month. Savings in the magnitude of \$100,000 appear to be reasonable.

Magna Fitness Centre & Ice Considerations

There will be additional moving expenses related to the Magna Fitness Centre.

The current forecast does not require substantial drawing on reserves.

| Projected budget shortfall due to COVID-19 costs and pressures | | | |
|---|-------------------------------|-----------------------|---------------------------|
| | February 22 projection | Revisions | Revised projection |
| COVID-19 costs & pressures | \$ 3,510,000 | \$ 50,000 | \$ 3,560,000 |
| Provincial funding for 2021 | (\$ 969,000) | (\$ 1,943,000) | (\$2,912,000) |
| | \$ 2,541,000 | (\$ 1,893,000) | \$ 648,000 |
| Net service level savings | (\$ 706,000) | \$ 216,000 | (\$ 490,000) |
| Projected budget shortfall | \$ 1,835,000 | (\$ 1,677,000) | \$ 158,000 |

The 2021 budget includes a \$500,000 Contingency levy. At this time, it appears that only \$158,000 will be required to offset COVID-19 expenses.

Conclusion

No further direction is being sought at this time.

Business Plan and Strategic Plan Linkages

This report supports Council's strategic goal of Long-term Financial Sustainability.

Consultation

Not applicable to this report.

Human Resource Considerations

Not applicable to this report.

Budget Impact

Although consideration could be given to reversing service level adjustments or allocating additional funds to economic recovery programs, caution is recommended at this time for the following reasons:

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1. A draw on reserves, when we need to build them, may still be required.
2. Further lockdowns are possible and have not been factored into the projection.
3. There has been insufficient time to ascertain the accuracy of the underlying assumptions used in the projections.

Attachments

None.

Contact

For more information, contact Mike Mayes at 905-953-5300, ext. 2102 or mmayes@newmarket.ca

Approval

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