

Canada's COVID-19 Economic Response Plan

The federal and provincial governments have announced many programs to assist citizens who are being financially impacted during the COVID-19 pandemic and throughout the remainder of 2020. Some of the programs that will have direct impacts are detailed in this report.

Federal

Support for Individuals and Families

The Canada Emergency Response Benefit (CERB) is a taxable benefit of \$2,000 a month for up to four months for eligible workers who have lost income due to COVID-19. This program is available to Canadians who are at least 15 years old, and who have recently run out of EI, have had reduced hours, are seasonal workers, or were required to stop working due to COVID-19.

A temporary joint program with the provinces and territories will provide salary top-up for essential workers who earn less than \$2,500 per month on a full time basis. The full details of this program were not announced as of the writing of this report.

The Canada Child Benefit (CCB) has been increased to provide parents with an extra \$300 per child for 2019-20. This will be delivered as part of the regular CCB payment.

Individuals and families who normally receive the GST/HST credit will receive a one-time special GST/HST credit payment. Payments were issued starting April 9, 2020. The one-time payment will be calculated based on information from your 2018 tax return, but the average amount will be close to \$400 for single individuals and close to \$600 for couples.

Homeowners with a mortgage may be eligible for a mortgage payment deferral of up to six months. Canadian banks and mortgage insurers have committed to working with homeowners who have been financially impacted by COVID-19 on a case-by-case basis, which will provide help to those who need it most.

A six-month interest-free moratorium has been placed on the repayment of Canada Student Loans for all student loan borrowers.

The required minimum withdrawals from a Registered Retirement Income Fund (RRIF) have been reduced by 25 per cent for 2020.

The filing due date for 2019 tax returns of individuals (other than trusts) has been deferred until June 1, 2020. Any income tax balances due, including instalments, are deferred until August 31, without interest or penalty.

Appendix A

Support for Businesses

The Canada Emergency Business Account (CEBA) will provide interest-free loans of up to \$40,000 to eligible small businesses and not-for-profits to assist with operating costs when their revenues have been temporarily reduced due to COVID-19.

The Canada Emergency Wage Subsidy will provide a wage subsidy of 75 per cent of an employee's wages to a maximum weekly amount of \$847, for up to 3 months, retroactive to March 15, 2020. This subsidy is available to eligible businesses to support employers that were most negatively impacted by the pandemic and protect the jobs which they provide. In addition to this, the Temporary 10% Wage Subsidy is a three-month measure that will allow eligible employers to reduce the amount of payroll deduction required to be remitted to the Canada Revenue Agency.

All businesses, including self-employed individuals, can defer payment of any income tax amounts that become owing on or after March 18 and before September 2020. These amounts are due after August 31, 2020.

Provincial

COVID-19 Emergency Assistance is available for eligible individuals and families who are unable to pay for essentials like food and housing during the pandemic and need temporary financial assistance.

Families with children will receive one-time payments to help with additional costs due to school and daycare closures in the amount of \$200 per child.

A temporary top-up to payments made through the Ontario Guaranteed Annual Income System (GAINS) will provide low-income seniors with double their usual GAINS payment for a period of six months beginning in April 2020.

Ontario Student Assistance Program (OSAP) loan and interest relief has been provided for six months.

Electricity cost relief has been provided by setting rates to the lowest rate, off-peak price, 24 hours a day to support ratepayers who will be home and using more electricity during the daytime. The Low-income Energy Assistance Program (LEAP) eligibility has expanded to ensure that electricity and natural gas services are not disconnected for non-payment during the pandemic.

To support Ontario businesses with cashflow during this time of closures and reduced revenues, a five-month interest and penalty-free period has been implemented for the majority of provincially administered taxes, such as employer health tax, fuel tax, and retail sales tax. Workplace Safety and Insurance Board (WSIB) payments for eligible employers have also been deferred for up to six months.

Appendix A

The quarterly remittance of education property taxes to school board has been deferred for 90 days, which will provide municipalities with additional cash flow to provide flexibility for ratepayers in their property taxes payments.

Appendix B

Financial Analysis COVID-19 Financial Impacts Analysis For Period of March through June 2020

	Estimated Lost Revenue	Estimated Direct Costs	Estimated Cost Savings	Provincial & Other Funding	Total Estimated Net Deficit (Surplus)
<u>CAO</u>					
Fire	\$ 1,200	\$ 84,500	\$ -	\$ -	\$ 85,700
	\$ 1,200	\$ 84,500	\$ -	\$ -	\$ 85,700
<u>Corporate and Legislative Services</u>					
Penalty on taxes receivable	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
Investment Income	\$ 133,000	\$ -	\$ -	\$ -	\$ 133,000
Financial Services Fees	\$ 134,533	\$ -	\$ -	\$ -	\$ 134,533
City Clerk	\$ 108,627	\$ -	\$ -	\$ -	\$ 108,627
Information Technology	\$ -	\$ 141,287	\$ -	\$ -	\$ 141,287
Provincial Offences Act	\$ 283,572	\$ -	\$ -	\$ -	\$ 283,572
	\$ 859,732	\$ 141,287	\$ -	\$ -	\$ 1,001,018
<u>Infrastructure & Planning Services</u>					
Public Works	\$ 93,223	\$ 8,237	\$ -	\$ -	\$ 101,460
Transit	\$ 1,500,000	\$ 181,631	\$ 78,000	\$ -	\$ 1,603,631
Parking	\$ 759,400	\$ -	\$ -	\$ -	\$ 759,400
Traffic	\$ -	\$ -	\$ 97,000	\$ -	\$ -97,000
Airport	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Waste Diversion (Recycling)	\$ 600,000	\$ -	\$ -	\$ -	\$ 600,000
Wastewater Treatment Plant	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000
Building Services	\$ -	\$ -	\$ -	\$ -	\$ -
Planning	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 3,252,623	\$ 189,869	\$ 175,000	\$ -	\$ 3,267,492
<u>Community Services</u>					
Social Housing	\$ 70,000	\$ 635,560	\$ -	\$ 447,810	\$ 257,750
Children Services	\$ 249,065	\$ 752,250	\$ -	\$ 747,765	\$ 253,550
Social Services	\$ -	\$ 208,600	\$ -	\$ 208,600	\$ -
Arenas	\$ 746,071	\$ 12,526	\$ 186,671	\$ -	\$ 571,927
Marina	\$ 130,159	\$ 71,031	\$ -	\$ -	\$ 201,190
Recreation/Parks	\$ 25,678	\$ 32,786	\$ -	\$ -	\$ 58,464
PSWC	\$ 281,457	\$ -	\$ 159,488	\$ -	\$ 121,969
Culture & Heritage Div Mgmt	\$ -	\$ -	\$ -	\$ -	\$ -
Museum	\$ 28,980	\$ 393	\$ -	\$ -	\$ 29,373
Art Gallery of Peterborough	\$ 7,912	\$ 1,460	\$ -	\$ -	\$ 9,372
Library	\$ 30,561	\$ 21,063	\$ 326,061	\$ -	\$ 274,437
	\$ 1,569,883	\$ 1,735,670	\$ 672,220	\$ 1,404,175	\$ 1,229,158
<u>Other</u>					
Police	\$ 91,662	\$ 89,483	\$ -	\$ -	\$ 181,145
Casino Revenue	\$ 960,235	\$ -	\$ -	\$ -	\$ 960,235
Municipal Accommodation Tax	\$ 87,500	\$ -	\$ -	\$ -	\$ 87,500
	\$ 1,185,599	\$ 96,900	\$ -	\$ -	\$ 1,282,500
	\$ 6,869,037	\$ 2,248,225	\$ 847,220	\$ 1,404,175	\$ 6,865,868



April 24

Richard Freymond
Financial Services
City of Peterborough

URGENT

Re: COVID 19 Impact and Arts, Culture and Heritage Financial Impact

Dear Richard,

We are all going through such wild and demanding times and I know things are particularly challenging at City Hall. The EC3 Board and staff are thinking of our colleagues at City Hall and cheering you on.

We understand that you will soon be making a report to City Council on the financial impact of the epidemic on the City of Peterborough and we anxiously await detailed announcements of federal and provincial response and recovery aid, as I am sure you all do as well.

The arts, culture and heritage sector has been hit very hard by the COVID 19 state of emergency which has meant the closure of theatres, art galleries, music and other venues. Festivals, screenings, readings and other events are cancelled or postponed. Organizations are facing massive losses in box office revenue, merchandise sales, refund and cancellation fees, workshop, course and camp fees. Donations and sponsorships are down, fundraisers postponed, endowment funds declining, BINGO revenue lost. The community is missing all kinds of artistic as well as professional development and educational programming, particularly for the elderly, youth at risk and those struggling with trauma and mental illness. Longer term concerns include cash flow problems, talent retention, the attrition of staff, volunteers, patrons, donors, sponsors and audiences. Staff have been laid off, so planning for recovery is challenging. The anticipated loss of revenue in the sector in Ontario until the end of June

Appendix C

alone, according to the Ontario Arts Council, is \$128,000,000. Uncertainty as to when the shutdown will end makes planning extremely difficult for not-for-profit businesses such as Market Hall, SHOWPLACE, Musicfest and others. Many fixed overhead costs remain.

Individual artists in Peterborough are already among the most marginalized of our citizens, with very precarious living conditions and vulnerable income streams. Tours have been cancelled, exhibitions and art fairs cancelled or postponed, publications and record launches delayed, royalties and commissions have evaporated. “Day jobs”, particularly in the service industry have been cut dramatically. That means fees and sales are gone, yet studio and rehearsal space is still needed to develop works in progress.

EC3 has been closely working with the approximately 70 ACH organizations we represent to track impacts and develop response and recovery initiatives. These groups and the artists they work with generate approximately \$100 million dollars in economic spin-offs in our city, employ over one thousand people, and serve thousands of audience members. Their exhibitions and presentations are critical to the health and vitality of the downtown in particular.

We are tracking impacts, providing management and governance support locally and working provincially and nationally with other service organizations, advocating for programs of support that “fit” the ACH sector. We have seen some success here, but the overall landscape is still very grim. EC3 is also working closely with TeamPTBO, to ensure this sector is integrated into overall business and economic recovery planning.

EC3 has worked with City staff on securing rent deferrals for ACH groups that rent municipal facilities and our hope is that those 2-month deferrals will be extended, or better yet, replaced by rent waivers. If deferrals are the only option, we would ask that repayment of deferred rent be phased in over 24 months.

In addition, EC3 has produced an aggressive information and resource sharing outreach program on COVID 19 for our sector, with regular bulletins and a dedicated page on our web site. In addition, we have launched **PETERBOROUGH ARTS ALIVE** a four-part suite of response and recovery programs and services including:

Arts Alive Micro Grants: (Emergency Subsistence Grants for Individual Artists)

Arts Alive Round Tables: (Three on-line events to gather local artists and arts organization together to share and explore new ways of doing things, assess the current challenges and plan for a robust recovery)

Arts Alive Strategic Resilience Grants: (Establishment of a fund to provide response and recovery support to professional arts organizations and the artists they work with in this exceptional time. Funding will support the costs of enforced shut downs, adaptation, new platforms, scenario planning, specialized expertise, and “come back” and recovery initiatives. Collective recovery initiatives will also be supported by this fund including marketing, discount and other sector wide revitalization campaigns.

Arts Alive Advisory Council: Local experts have volunteered to mentor and coach arts managers and leaders on issues related to HR, governance, organizational change and crisis management, legal matters and financial planning.

Arts Alive On Line: TBA

Arts Alive Strategic Resilience Grants

EC3 has provided funding from our existing 2020/2021 programming budget to pay for the Micro Grants and the Roundtables for now. Private donors, EC3 and the Community Foundation of Greater Peterborough have come together to build a \$100,000 fund to support this grants program, administered jointly by EC3 and CFGP. Both organizations are waiving all administrative costs for this program.

We respectfully ask that the City make a commitment of **\$50,000** to this fund as its contribution to ameliorating the massive negative impact of COVID 19 on the ACH sector and ensuring that this community bounces back, hard, strong and fast.

The Board and staff of EC3 believe that this is the most effective and efficient way the City can provide recovery assistance to the sector.

Many thanks for your consideration.

Please feel free to call me if you have any questions or require any further information.

Please take care and stay well.

Yours Sincerely

Appendix C



Su Ditta

Executive Director

Electric City Culture Council (EC3)

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Appendix D

Peterborough Business Needs Immediate Financial Help To Survive!

According to PKED's numbers from a 2016 JP Morgan Chase study, 25% of businesses have less than 2 weeks cash on hand and 75% have 60 days. **Government discussions of staggered openings starting in May and extending into June means that business has been closed for 90 to 120 days. Our fear is that even those firms that survive the closure, will die during recovery without immediate and significant financial help.**

Business Overhead Expenses – (How would you trim costs?)

- 1- Property Taxes
- 2- Property Insurance /Tenant insurance (liability and contents)
- 3- Electricity/gas/oil
- 4- Telecommunications (phone, cable, internet)
- 5- Advertising contracts (yellow pages, web-hosting fees, printing agreements, radio/TV)
- 6- Accounting/bookkeeping fees (payroll, government reporting)
- 7- Vehicle Lease's, insurance, maintenance, fuel
- 8- Technology licenses and support
- 9- Legal/HR
- 10- Property Maintenance
- 11- Inventory/operating loans/Credit Card fees
- 12- Duties, brokerage, fee's, levies
- 13- Rent/Mortgage
- 14- Payroll/Benefits/Commissions
- 15- Office Expenses
- 16- Membership Fee's
- 17- Travel/Meals/Lodging (cost of sales)

Revenue Impact of COVID – USA -Bank of America (March 27th to April 10th)

The most common jobs in Canada are in Retail/Service/Hospitality. All forecasts show a slow ramp up in sales by sector as restrictions are lifted and consumers start to re-merge. Business needs money to survive until they become profitable again and that is expected to take many months.

Table 1: Aggregated daily spending by major category (% year-over-year growth)

	4/10	4/9	4/8	4/7	4/6	4/5	4/4	4/3	4/2	4/1	3/31	3/30	3/29	3/28	3/27
Airlines	-104%	-105%	-100%	-102%	-102%	-93%	-112%	-105%	-102%	-101%	-97%	-99%	-90%	-98%	-97%
Lodging	-103%	-104%	-102%	-104%	-103%	-90%	-103%	-95%	-101%	-101%	-103%	-100%	-88%	-102%	-101%
Entertainment	-97%	-95%	-96%	-92%	-91%	-94%	-99%	-95%	-74%	-81%	-93%	-88%	-93%	-97%	-94%
Restaurants	-53%	-53%	-52%	-51%	-56%	-66%	-63%	-56%	-56%	-53%	-53%	-58%	-67%	-66%	-59%
Transit	-77%	-69%	-72%	-70%	-71%	-76%	-61%	-66%	-64%	-65%	-63%	-70%	-65%	-64%	-60%
Gas	-51%	-52%	-51%	-49%	-50%	-56%	-51%	-47%	-46%	-45%	-46%	-47%	-54%	-51%	-46%
Clothing	-66%	-60%	-58%	-58%	-59%	-75%	-78%	-66%	-63%	-60%	-60%	-65%	-78%	-83%	-72%
Furniture	-39%	-37%	-37%	-36%	-36%	-64%	-66%	-39%	-34%	-34%	-36%	-41%	-69%	-70%	-45%
Department store	-68%	-62%	-58%	-56%	-49%	-74%	-81%	-71%	-66%	-63%	-55%	-49%	-75%	-80%	-69%
Online electronics	48%	56%	53%	52%	49%	53%	75%	62%	70%	77%	48%	22%	35%	66%	66%
Grocery	38%	33%	25%	29%	14%	-6%	16%	31%	40%	27%	25%	1%	-16%	2%	17%
General Merchandise	-2%	0%	-5%	1%	-3%	-31%	-27%	-2%	-1%	-2%	-4%	-12%	-37%	-33%	-18%
Health, personal & beauty store	-14%	-15%	-14%	-13%	-17%	-27%	-26%	-16%	-10%	-9%	-12%	-31%	-34%	-32%	-22%
Home improvement	1%	-1%	-8%	-4%	-7%	-15%	-15%	-2%	-3%	-1%	5%	-7%	-18%	-18%	-8%
Retail ex auto	-12%	-12%	-13%	-11%	-15%	-32%	-28%	-14%	-9%	-9%	-12%	-22%	-36%	-35%	-22%
Total online retail	53%	48%	44%	42%	37%	61%	64%	46%	44%	43%	31%	12%	39%	43%	33%
Total card spending	-24%	-27%	-29%	-25%	-27%	-34%	-33%	-23%	-19%	-9%	-26%	-43%	-41%	-40%	-32%

Source: BAC internal data; Note: > 100% decline reflects refunds. We advise taking a moving average to decipher the underlying trend

Note: April 1st was likely boosted by the timing of paycheck disbursements

A collapse of small business will mean a spike in the need for social services. It will mean huge swaths of, empty stores, collapsed commercial property values and bankruptcies of both business operators and commercial landlords. **The cheapest way to minimize this is to make sure stores open.** To do this, the

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owners of business's need to feel the risks associated with continuing to operate are worth it and their ability to borrow is not impeded.

As a reminder, one of the questions lending institutions often ask when a business borrows is, "do you have any unpaid taxes? If this is yes, it is a huge red flag and indicates legal or cash flow issues that banks will not lend into.

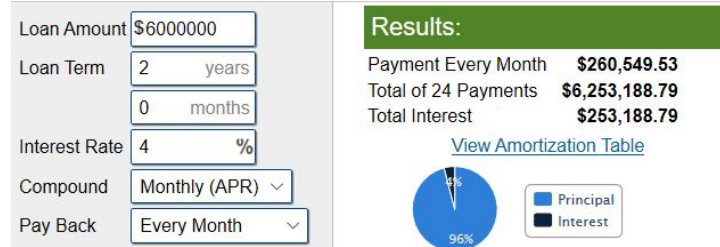
The city of Peterborough must minimize unemployment and can only do that by helping local business in two ways: reducing expenses (taxes, fee's) and growing sales.

1-Reducing Business Expenses (taxes, fee's)

Taxes

1- Like other 90-day federal COVID-19 programs, take 3 months of commercial taxes and:

- **Cancel** -While 90 cancellation is preferred, business recognizes that the city also faces impaired revenue streams and asking for outright cancellation of taxes may not be financially or politically possible at this time.
- **Defer/Finance** This solution see's the City term 90days of commercial taxes out over 2 years resulting in a monthly increase of 4.17 % in tax payments ($4.17 \times 24\text{months} = 100\%$). **THIS MUST NOT RESULT IN PARTICIPANTS DEEMED TO BE IN ARREARS!**
 - Assuming 4% interest- The cost to the city is only **\$125K per year!** (\$253K total)



- Should the administrative burden not be too heavy, the city could allow firms to opt out of this model.
- Penalties and interest for this would be waved and born by the city.
- This approach helps improve cashflow! (otherwise we have a huge bill to pay when the deferral is ended!)
- **Finance combined with Partial Cancellation** – Clearly, any business expense that can be reduced is desirable in the face of the unprecedented financial hardship faced by the local business community. The present wage federal wage subsidy requires the business to pay 25%. Something similar could be considered for commercial taxes. This would mean a cost of about 4.5Million dollars to the City (assume total commercial taxes are \$24Million...3 months are \$6M... 75% is \$4.5M)
- **Fee's/Licenses**
 - **Encourage Business to do Business.**
 - Every Dollar that the City can encourage business to invest in programs/projects/activities must be supported. It is recommended that the City eliminate them for 90days after the state of emergency is lifted to allow businesses to plan and try to recover. This stimulus activity will help speed recovery and support economic development.

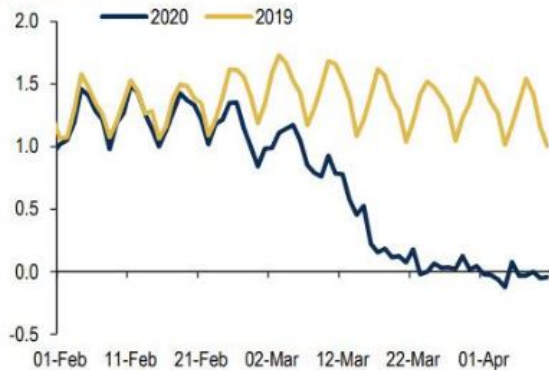
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2-Help them re-grow sales (shop local campaigns)

The Economic Recovery and Development Plan being presented April/May will address some of these opportunities

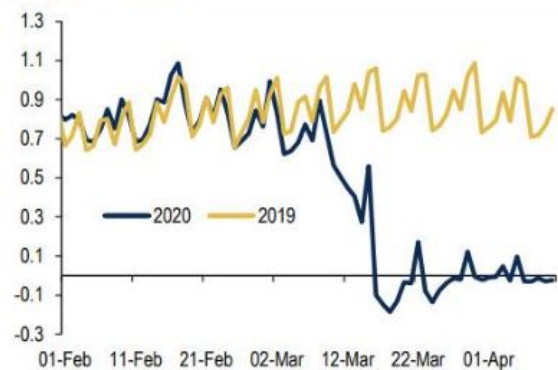
The Collapse in Business Sales

Chart 12: Daily spending on airlines, based on BAC aggregated card data (index, Jan 1st 2020 =1)



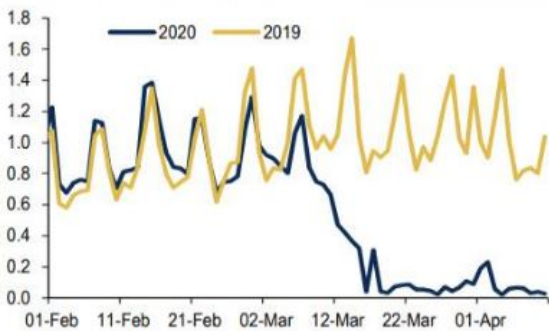
Source: BAC internal data

Chart 13: Daily spending on lodging, based on BAC aggregated card data (index, Jan 1st 2020 =1)



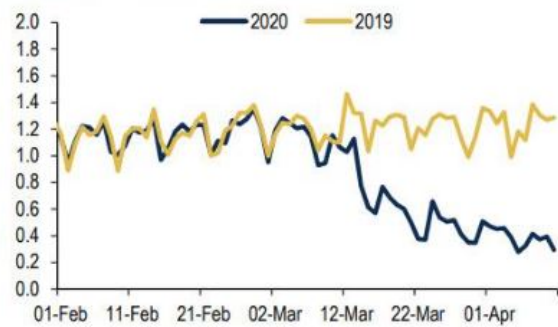
Source: BAC internal data

Chart 14: Daily spending on entertainment services, based on BAC aggregated card data (index, Jan 1st 2020 =1)



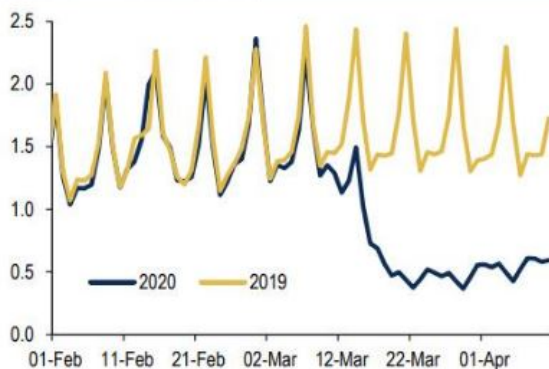
Source: BAC internal data. Note: Entertainment services include amusement parks, motion picture theaters and other tourist attractions.

Chart 16: Daily spending on transit, based on BAC aggregated card data (index, Jan 1st 2020 =1)



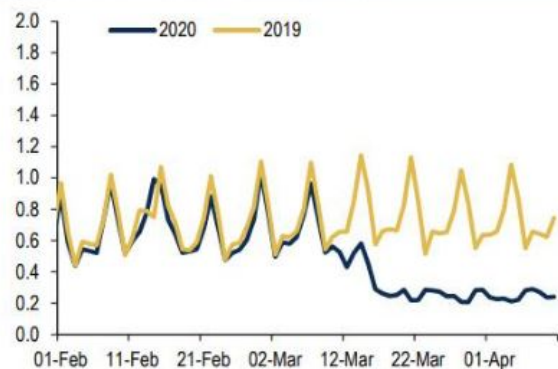
Source: BAC internal data. Transit includes services such as bus lines, subways and passenger railways

Chart 17: Daily spending at clothing stores, based on BAC aggregated card data (index, Jan 1st 2020 =1)



Source: BAC internal data

Chart 18: Daily spending at department stores, based on BAC aggregated card data (index, Jan 1st 2020 =1)



Source: BAC internal data

Appendix E

Tuesday, April 21, 2020

Attention: Richard Freymond, Commissioner of Corporate and Legislative Services
Mayor Therrien and Council

RE: Report to Council in May on Measures of Relief because of COVID-19

As City staff develop a long-term COVID-19 plan to bring forward to councillors, we emphasize the importance of a plan that recognizes that each ward is home to more than 550 businesses.

A Taskforce consisting of a group of business owners and organizations encourages councillors to consider several principles:

1. Immediate Business Relief Measures
2. Addressing Budgetary Issues
3. Applying an Economic Lens

Immediate Business Relief Measures

Property tax measures that were put in place during the March 30 council meeting, for payments March 31 and May 31, were appreciated and will provide some relief in conjunction with measures in place and anticipated from the provincial and federal governments.

Noise by-law relaxation, in accordance with the provincial order, and transit measures to ensure employees are able to get to work at essential businesses are also appreciated.

There are a few more areas where the City could provide some immediate relief.

1. Waiving parking permits – many employees are not using their permits for city-owned lots and waiving this fee would help
2. Waiving any costs associated with the licensing, development or building permits would encourage developers to work on projects for the future even while their cash flow may be limited right now
3. Continue to accept and process development and planning applications in accordance with provincial orders so that when the recovery is given the green light, construction on projects can begin immediately. This would also help staff manage a potential backlog in the future when developers will want to be building.

Addressing Budgetary Issues

The Task Force openly recognizes that the budget approved in January of 2020 is a document pre-COVID. While we are aware there will be challenges, there will also be an opportunity for expenditures to focus on a strong comeback.

As the long-term financial plan is developed, we encourage staff and councillors to understand that the burden is one that is borne by all in recovery.

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1. The City of Peterborough requires a strong social, environmental, cultural and economic response. If recovery expectations are not balanced and equal, the City will struggle.
2. We understand there will be a budgetary impact because of unpaid commercial taxes as a result of the policy to waive late fees; we ask that these amounts be interest-free and applied over a 24-month time frame. This would avoid a larger lump sum being applied as a business starts to recover.
3. Consider a program for rent required on city-owned properties that is reflective of the situation of the tenant. For example: Stagger back the payments as not everyone will be back in business at the same time.

Applying an Economic Lens

We are aware that there is a great partnership and reliance between the public and private sectors.

1. When considering projects and priorities, consult with the business community through PKED, the Chamber, the DBIA and others to assess the impact of decisions on business before they are implemented
2. Ask where the private sector, not-for-profit can help and be a partner in building the road of recovery
3. Approve the creation of the Mayor and Warden's Task Force for Economic Recovery and the PKED Economic Recovery Plan so that this plan to support economic recovery can be implemented.

The business community operates in all wards of the City of Peterborough. Building the road of recovery will take all hands on deck approach as businesses search for stability in a time of instability. During this time, we've seen a lot of collaboration between businesses and with government to get the word out about programs and assistance. The Task Force appreciates that the City communications team has helped foster the pathway for businesses looking for help by adding a TeamPTBO link on their COVID-19 page on the peterborough.ca website.

The business community, many of which are small businesses, thanks council for consideration of the measures proposed above.

Thank you.

Please note these recommendations were developed and are being submitted by:

Greater Peterborough Chamber of Commerce

Peterborough DBIA

Peterborough & the Kawarthas Economic Development

Community Futures Peterborough

Innovation Cluster Peterborough and Kawarthas

Sam McKnight, McKnight's Flowers on behalf of a number of business owners who have been meeting regularly.