



**City of
Peterborough**

To: Members of the General Committee

**From: Sandra Clancy
Chief Administrative Officer**

**Richard Freymond
Commissioner of Corporate and Legislative Services**

Meeting Date: September 14, 2020

**Subject: Report CLSFS20-051
COVID-19 Response and Financial Impact – Update #3 for the
City of Peterborough**

Purpose

A report to provide the third update on the City's response and financial impact of the COVID-19 pandemic.

Recommendations

That Council approve the recommendations outlined in Report CLSFS20-051 dated September 14, 2020, of the Chief Administrative Officer and the Commissioner of Corporate and Legislative Services, as follows:

- a) That the COVID-19 Response and Financial Impact – Update for the City of Peterborough, outlined in Report CLSFS20-051, dated September 14, 2020 of the Chief Administrative Officer and Commissioner of Corporate and Legislative Services, be received for information; and
- b) That the City of Peterborough submit an application for Phase II funding under the Province's Safe Restart Program for both COVID-19 pandemic costs for general Municipal Operational pressures and Municipal Transit costs.

Budget and Financial Implications

As noted in previous Reports, there are substantial impacts to the 2020 Budget in terms of revenues lost and unanticipated costs incurred related to the COVID-19 pandemic. Whereas the update provided through Report CLSFS20-037 provided a net estimate of \$10.4 million (M) for the period up to August 31, 2020, the updated financial estimates for the period up to December 31, 2020, as shown in Appendix A, reflect lost revenues of \$15.3M, direct costs of \$5.7M, cost savings of \$2.5M, and program specific Provincial funding, related to Transit and Social Services funding, in the amount of \$8.2M, for a net financial impact of \$10.3M. The analysis identifies \$7.7M of potential funding sources including \$4.4M of Safe Restart Operational funding received from the Province. As identified in the 2021 Budget Guidelines Report CLSFS20-028, ongoing financial impacts in 2021 are expected.

Chart 1 identifies numerous funding sources including the \$4.4M Safe Restart funds. The analysis demonstrates a clear need to apply for Phase II Safe Restart funding. At this time, no further specific funding recommendations are contained in this report.

Details on the potential sources, include:

1. 2019 Year End - Amounts set aside by Council as part of the December 31, 2019 Year End Financial Update Report - Unaudited (Report CLSFS20-025 dated June 8, 2020);
2. Reserves – Not to be paid back - Various uncommitted reserves for which their purpose is specific and can be related to certain COVID-19 pandemic expenditures being incurred. For the amounts listed, staff would not recommend that the funds be paid back to the reserves and as such would be a permanent reduction in the Reserve balances until such time that the amounts are replenished; and
3. Provincial Grant - Safe restart general Operating Grant, not program specific.

Chart 1**COVID-19 Financial Impact Analysis****Forecasted Estimates for the Period Ending December 31, 2020**

Lost Revenues		\$	15,253,669
Direct Costs		\$	5,670,992
Cost Savings		-\$	2,484,780
Provincial Funding Received to date - Transit and Social Services		-\$	8,158,163
		\$	<u>10,281,717</u>
Potential Funding Sources:			
1. 2019 Year End			
Capital Levy Reserve - contribution from 2019 YE	\$	1,500,000	
75% of Police Surplus - 2019	\$	<u>372,327</u>	
		\$	1,872,327
2. Reserves - Not to be paid back			
Future Assessment Loss Reserve	\$	423,477	
Social Services Reserve	\$	-	
Social Housing Reserve	\$	-	
Sewer Surcharge - WWTP	\$	250,000	
Waste Management Reserve - Recycling	\$	500,000	
EDP Reserve - IT	\$	200,250	
Public Works Equipment Res	\$	<u>78,501</u>	
		\$	1,452,228
3. Grants			
Provincial Grants - Safe Restart Phase 1	\$	<u>4,423,500</u>	
		\$	4,423,500
		\$	<u>7,748,055</u>
		\$	2,533,662

Background

This staff Report is the third in what is becoming a series of COVID-19 Pandemic Response and Financial Update Reports. The first Report was presented to Council on May 11, 2020 through Report CLSFS20-026 COVID-19 Response and Financial Impact – Update for the City of Peterborough. The second was presented on July 13, 2020 through Report CLSFS20-037. This report presents a further financial update with financial forecasts up to December 31, 2020 and provides details on funding received from the Province.

The Report continues the reporting accountability required through Part 8 of the Procurement By-law 18-084.

Provincial Funding - Safe Restart

On July 27, 2020, as part of the federal-provincial Safe Restart Agreement, the Ontario government announced that it had secured up to \$4 billion in emergency assistance to provide Ontario's 444 municipalities with the support they need to respond to COVID-19.

- Up to \$2 billion to support municipal operating pressures; and
- Up to \$2 billion to support municipal transit systems.

Under the municipal operating stream, \$1.39 billion was made available to Ontario's municipalities to address operating pressures and local needs. This funding will be allocated in two phases: 50% allocated in Phase 1 for all municipalities, and 50% allocated in Phase 2 for municipalities that require additional funding. The Safe Restart Agreement also includes a second phase of Social Services Relief Funding (SSRF) totalling \$362M.

Phase 1 funding has been allocated on a per household share. The City of Peterborough will receive a payment of \$4,423,500 to support your COVID-19 operating costs and pressures.

The municipality must use this funding for the purpose of addressing COVID-19 operating costs and pressures. Although not an issue for Peterborough given the financial analysis completed to date, if the amount of the funding exceeds 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 occur in 2021. The City will be expected to report back to the province by March 2021 with details on the 2020 COVID-19 operating costs and pressures, the City's overall 2020 financial position, and the use of the provincial funds.

Phase 2: Funding for Additional Municipal Operating Pressures

For municipalities that have experienced greater financial impacts arising from COVID-19 than others, the Province is offering a second phase of funding to those municipalities that can demonstrate that 2020 COVID-19 operating costs and pressures exceed their Phase 1 per household allocation.

To be considered for Phase 2 funding, municipalities will be required to submit reports outlining their COVID-19 operating costs and pressures by October 30, 2020, or by November 6 if an extension is given.

Municipalities will be required to provide:

1. Information about measures the municipality has undertaken to reduce financial pressures (e.g. use of reserves, cost saving measures);
2. Explanation of how the municipality applied or plans to spend Phase 1 funding towards COVID-19 operating costs and pressures;
3. A year-end forecast of COVID-19 operating costs and pressures;
4. Actual COVID-19 related impacts as of the end of Q3 of the municipal fiscal year (September 30, 2020);
5. Treasurer's statement as to accuracy of reporting;
6. Resolution of Council seeking additional funding.

Municipalities who are eligible and approved to receive funding under Phase 2 will be informed before the end of the calendar year and can expect to receive a payment in early 2021.

Provincial Funding - Transit

Up to \$2 billion will be available to Ontario's municipalities to address transit pressures. Funding will be allocated in two phases: In Phase 1, \$666 million will be allocated to municipalities with transit systems to help provide immediate relief. In Phase 2, the balance will be available for municipalities with transit systems to address the ongoing financial pressures of COVID-19 until the end of the provincial fiscal year, or March 31, 2021. A two-phased approach will provide the flexibility to address actual municipal transit pressures, including any impacts of a potential second wave of COVID-19.

The City will receive \$3,578,682 to support COVID-19 municipal transit pressures for Phase 1, incurred from April 1, 2020 to September 30, 2020.

Financial pressures that are eligible for reimbursement under this program for Transit include both financial pressures associated with the need to continue to operate with reduced revenues and new expenses resulting from COVID-19:

- Reduced revenues include financial pressures related to, at the ministry's sole discretion, the following:
 - Farebox;
 - Advertising;
 - Parking; and
 - Contracts (e.g., Post- secondary school contracts)

- New expenses incurred in response to the COVID-19 outbreak would include, at the ministry's sole discretion, the following:
 - Cleaning costs [costs not claimed as part of MTO's dedicated cleaning funding program];
 - New contracts;
 - Labour costs;
 - Driver protection;
 - Passenger protection; and
 - Other capital costs.

The City is required to report back to the province by October 30, 2020 with details on the use of the Phase 1 funds and a forecast of eligible expenditures to March 31, 2021. If the amount of funding allocated in Phase 1 exceeds the City's municipal transit pressures, the province's expectation is that the excess funding will be placed into a reserve account to be accessed to support Phase 2 COVID-19 municipal transit pressures the City may continue to incur up to March 31, 2021.

If the amount of funding allocated in Phase 1 is less than the City's COVID-19 municipal transit pressures, the City's report back will support the need for additional funding in advance of Phase 2 reporting. The additional funding is expected to be provided by December 31, 2020.

The City will be required to return any unused funds to the province where the funding from Phase 1 is in excess of the eligible expenditures incurred under both Phase 1 and Phase 2.

The Province (MTO) intends to build specific requirements into the Phase 2 agreements to achieve important transit objectives to promote ridership growth and transit sustainability. These include, for example:

- Ensuring and promoting the safety of public transit systems through the coordinated procurement of new safety materials;

- Requiring that the transit systems drive service sustainability through innovation in route planning and technology; and

-
- Requiring that the Greater Toronto Hamilton Area (GTHA) municipalities work with the province to make real progress on fare and service integration to provide rider benefits.

In order to achieve these objectives, municipalities will be required to demonstrate their participation and progress in different areas.

Through the Phase 2 Transfer Payment Agreement, the City of Peterborough will be required to:

- Engage in consolidated procurement opportunities leveraging Metrolinx and other provincial procurement tools;
- Review the lowest performing bus routes and consider whether they may be better serviced by microtransit;
- Work with the Province and Metrolinx where appropriate to determine the feasibility of implementing microtransit options on viable routes;
- Participate in discussions with the Province on advancing fare and service integration (GTHA & select municipalities);
- Participate in discussions with the Province to optimize transit through new possible governance structures (GTHA & select municipalities).

Summary

The COVID-19 pandemic continues to have significant financial impacts on the City of Peterborough in 2020. Certain impacts will carry over into 2021. This report provides the third update report for Council about forecasted estimates and funding received to date. Staff anticipate the next update to Council will be before the end of the calendar year.

Submitted by,

Sandra Clancy
Chief Administrative Officer

Richard Freymond
Commissioner of Corporate and Legislative
Services

Contact Name:

Yvette Peplinskie

Manager of Financial Services

Phone: 705-742-777, Extension 1862

Toll Free: 1-855-738-3755

Fax: 705-876-4607

E-mail: ypeplinskie@peterborough.ca

Attachments:

Appendix A - Financial Analysis

COVID-19 Financial Impact Analysis
Forecasted Estimates For the Period Ending December 31 2020

	Estimated Lost Revenue	Estimated Direct Costs	Estimated Cost Savings	Provincial & Other Funding	Total Estimated Net Deficit (Surplus)
<u>CAO</u>					
Fire	\$ 1,200	\$ 37,500	\$ -	\$ -	\$ 38,700
	\$ 1,200	\$ 37,500	\$ -	\$ -	\$ 38,700
<u>Corporate and Legislative Services</u>					
Penalty on taxes receivable	\$ 460,500	\$ -	\$ -	\$ -	\$ 460,500
Investment Income	\$ 840,000	\$ -	\$ -	\$ -	\$ 840,000
Financial Services Fees	\$ 137,000	\$ -	\$ -	\$ -	\$ 137,000
City Clerk	\$ 112,500	\$ -	\$ -	\$ -	\$ 112,500
Information Technology	\$ -	\$ 200,250	\$ -	\$ -	\$ 200,250
Facilities	\$ -	\$ 73,645	\$ -	\$ -	\$ 73,645
Provincial Offences Act	\$ 550,000	\$ -	\$ -	\$ -	\$ 550,000
	\$ 2,100,000	\$ 273,895	\$ -	\$ -	\$ 2,373,895
<u>Infrastructure & Planning Services</u>					
Public Works	\$ -	\$ 78,501	\$ -	\$ -	\$ 78,501
Transit	\$ 3,223,000	\$ 554,730	\$ 100,000	\$ 3,656,163	\$ 21,567
Parking	\$ 1,230,000	\$ -	\$ -	\$ -	\$ 1,230,000
Traffic	\$ -	\$ 45,350	\$ 150,000	\$ -	\$ 104,650
Airport	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
Waste Diversion (Recycling)	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
Wastewater Treatment Plant	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000
Building Services	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000
Planning	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 5,483,000	\$ 678,581	\$ 250,000	\$ 3,656,163	\$ 2,255,418
<u>Community Services</u>					
Social Housing	\$ -	\$ 1,202,000	\$ -	\$ 1,202,000	\$ -
Children Services	\$ -	\$ 1,400,000	\$ -	\$ 1,400,000	\$ -
Social Services	\$ -	\$ 1,900,000	\$ -	\$ 1,900,000	\$ -
Arenas	\$ 2,178,283	\$ 35,696	\$ 653,323	\$ -	\$ 1,560,656
Marina	\$ 296,969	\$ -	\$ 234,209	\$ -	\$ 62,760
Recreation/Parks	\$ 544,593	\$ -	\$ 375,360	\$ -	\$ 169,233
PSWC	\$ 1,045,204	\$ 8,710	\$ 606,782	\$ -	\$ 447,132
Museum	\$ 127,766	\$ 6,996	\$ -	\$ -	\$ 134,762
Art Gallery of Peterborough	\$ 99,913	\$ 1,646	\$ -	\$ -	\$ 101,559
Library	\$ 238,586	\$ -	\$ 365,107	\$ -	\$ 126,521
	\$ 4,531,313	\$ 4,555,048	\$ 2,234,780	\$ 4,502,000	\$ 2,349,581
<u>Other</u>					
Police	\$ 144,453	\$ 118,551	\$ -	\$ -	\$ 263,004
Casino Revenue	\$ 2,750,000	\$ -	\$ -	\$ -	\$ 2,750,000
Municipal Accomodation Tax	\$ 197,500	\$ -	\$ -	\$ -	\$ 197,500
	\$ 3,138,155	\$ 125,968	\$ -	\$ -	\$ 3,264,124
	\$ 15,253,669	\$ 5,670,992	\$ 2,484,780	\$ 8,158,163	\$ 10,281,717