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

Report Number: INFO-2021-13

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 2021-08 COVID-19 Pandemic Financial Impact February 2021 Update, there have been the following changes:

1. The province announced an Emergency Brake Shut Down Order for 4 weeks starting April 3.
2. This was extended an additional 2 weeks on April 16
3. [Report 2021-14, Economic Development Financial Update and Future Strategic Direction](#), recommends funding from the Economic Development Reserve.
4. The 2020 surplus has been revised and is sufficient to offset the net COVID expenses in 2020.

The net impact of \$508,000 can be funded from the Contingency Levy (\$408,000) and the Economic Development Reserve (\$100,000). No other draws on reserves is required at this time.

As no new funding is required, no 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 March 2021 update with respect to the ongoing financial impact of COVID-19.

Background

Projected COVID-19 costs had pressures have increased by \$500,000.

Projected budget shortfall due to COVID-19 costs and pressures				
	Original projection	February update	Revisions	March update
Service delivery	\$ 2,636,000	\$ 2,686,000	\$ 665,000	\$ 3,351,000
Health and safety	\$ 370,000	\$ 370,000	-	\$ 370,000
Financial Relief Program	\$ 289,000	\$ 289,000	-	\$ 289,000
Support for local businesses	\$ 100,000	\$ 100,000	-	\$ 100,000
By-law enforcement	\$ 115,000	\$ 115,000	-	\$ 115,000
COVID-19 costs & pressures	\$ 3,510,000	\$ 3,560,000	\$ 665,000	\$ 4,225,000

Discussion

Service Delivery

Costs have been updated and an additional 6 weeks of lockdown has been added. The new measures are being reviewed and may add more expenses but not in a significant amount.

By-law Enforcement

There may be a requirement to enhance our enforcement efforts. The forecast has not been updated to reflect this yet.

The 2020 surplus has been revised.

Although the total cost of the pandemic in 2020 exceeded the Safe Restart phase 1 funding by \$315,000, there was a sufficient surplus to absorb this loss. Consequently, there is no loss carryover as had been anticipated in the last update.

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

Safe Restart phase 2	\$ 769,000
New funding for COVID-19	\$ 2,458,000
Provincial funding for 2021	\$2,912,000

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

Postpone playground rehabilitations	\$ 275,000
Reduce the frequency of grass cutting	\$ 75,000
Reduce the tree planting program by 50%	\$ 100,000
Open Ray Twinney Pool in September	\$ 100,000
Savings	\$ 550,000
Magna Fitness Centre & Ice Considerations	(\$ 60,000)
Net service level savings	\$ 490,000

In additional, there is potential savings of \$125,000 in the stormwater rate-supported budget from reducing the catch basin cleaning program by 50%.

The current forecast does not require substantial drawing on reserves.

Projected budget shortfall due to COVID-19 costs and pressures				
	Original projection	February update	Revisions	March update
COVID-19 costs & pressures	\$ 3,510,000	\$ 3,560,000	\$ 665,000	\$ 4,225,000
Provincial funding for 2021	(\$ 969,000)	(\$ 2,912,000)	(\$ 315,000)	(\$ 3,227,000)

	\$ 2,541,000	\$ 648,000	\$ 350,000	\$ 998,000
Net service level savings	(\$ 706,000)	(\$ 490,000)	-	(\$ 490,000)
Projected budget shortfall	\$ 1,835,000	\$ 158,000	\$ 350,000	\$ 508,000

The 2021 budget includes a \$500,000 Contingency levy. At this time, it appears that only \$408,000 will be required to offset COVID-19 expenses. The other \$100,000 will come from the Economic Development Reserve to fund support for local businesses.

Conclusion

As no new funding is required, no 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

Information was provided by the various operational departments.

Human Resource Considerations

Not applicable to this report.

Budget Impact

The net impact of \$508,000 can be funded from the Contingency Levy (\$408,000) and the Economic Development Reserve (\$100,000). No other draws on reserves is required at this time.

Attachments

None.

Contact

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Approval

Mike Mayes
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Esther Armchuk, LL.B
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