



Town of Newmarket
395 Mulock Drive P.O. Box 328,
Newmarket, Ontario, L3Y 4X7

Email: info@newmarket.ca | Website: newmarket.ca | Phone: 905-895-5193

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

Report Number: INFO-2021-24

Department(s): Financial Services

Author(s): Mike Mayes, Director, Financial Services/Treasurer

Distribution Date: July 30, 2021

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 COVID-19 Pandemic Financial Impact March 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.
5. The Roadmap to Recovery entered Step 1 on June 11, Step 2 on June 30, and Step 3 on July 16.

The province will remain in Step 3 for at least 21 days and until 80% of the eligible population aged 12 and over has received one dose of a COVID-19 vaccine, and 75% have received their second, with no public health unit having less than 70% of their eligible population aged 12 and over fully vaccinated.

The net impact of \$411,000 can be funded from the Contingency Levy (\$311,000) and the Economic Development Reserve (\$100,000).

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 June 2021 update with respect to the ongoing financial impact of COVID-19.

Background

Projected COVID-19 costs pressures have decreased by \$97,000.

	Projected budget shortfall due to COVID-19 costs and pressures			
	Original projection	March update	Revisions	May update
Service delivery	\$ 2,636,000	\$ 3,351,000	(\$ 107,000)	\$ 3,244,000
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
Support for the Community	-	-	\$ 10,000	\$ 10,000
By-law enforcement	\$ 115,000	\$ 115,000	-	\$ 115,000
COVID-19 costs & pressures	\$ 3,510,000	\$ 4,225,000	(\$ 97,000)	\$ 4,128,000

Discussion

Service Delivery

Costs have been updated to account for additional weeks of lockdown. As we move forward, forecasts continue to be reviewed and refined to reflect our experience.

It is extremely difficult to project service delivery at this point in time, as there is no clear indication as to what the fall season will look like. Things will be more “normal” than they are now, but certainly not back to pre-pandemic service levels.

Financial Relief Program

Participation in the senior’s tax rebate has increased by approximately 30% over 2020. This will be offset by the cost for the waiving of tax penalties and interest being slightly less than expected. A part-time staff resource was hired in May to administer the programs, the cost had included in projections.

Support for local businesses

Temporary staffing resources will come on board in August to assist with the various programs, such as the Business Assistance Concierge Program (BAC). Funding has been provided to support the patio and Shop Local programs, and will be available for other identified opportunities to support local businesses.

By-law Enforcement

Enforcement efforts have been enhanced.

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 carry-over 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	\$ 3,227,000

There has been no change since the last report.

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

There has been no change since the last report.

In addition, there are 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	March update	Revisions	May update
COVID-19 costs & pressures	\$ 3,510,000	\$ 4,225,000	(\$ 97,000)	\$ 4,128,000
Provincial funding for 2021	(\$ 969,000)	(\$ 3,227,000)	-	(\$ 3,227,000)
	\$ 2,541,000	\$ 998,000	(\$ 97,000)	\$ 901,000
Net service level savings	(\$ 706,000)	(\$ 490,000)	-	(\$ 490,000)
Projected budget shortfall	\$ 1,835,000	\$ 508,000	(\$ 97,000)	\$ 411,000

The 2021 budget includes a \$500,000 Contingency levy. At this time, it appears that the majority of this will be expended in 2021 to offset COVID-19 expenses. A further \$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 \$411,000 can be funded from the Contingency Levy (\$311,000) and the Economic Development Reserve (\$100,000).

Attachments

None.

Contact

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

Approval

Mike Mayes
Director, Financial Services/Treasurer

Esther Armchuk, LL.B
Commissioner, Corporate Services