Finance Administration Committee



Type of Decision									
Meeting Date	July 7 th , 2020			Report Date	July 3 rd , 2020				
Decision Requested		Yes	х	No	Priority		High		Low
	Direction Only			Type of Meeting	Х	Open		Closed	

Report Title

Financial Implications Associated with the Corporation's COVID-19 Response

For Information Only.	Relationship to the Strategic Plan/Health Impact Assessment				
	his report refers to operational matters lating to the COVID-19 virus.				
Resolution Continued	Background Attached				

Report Summary	Financial Implications
This report provides information regarding the financial implications associated with the Corporation's response to COVID-19 developments to the end of July.	The potential net impact of lost revenues and costs related to operations during the COVID-19 crisis is \$5.1 million to the end of July 2020 and depending on response requirements, could rise to approximately \$10.1 million by year end.

Report Prepared By	Division Review
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Recommended by the Department	Financial Implications

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Recomm	nended by the C.A.O.	
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Ed Archer Chief Adminis	strative Officer	

Executive Summary

This is the third report presenting the financial implications of the COVID-19 crisis to the Finance and Administration Committee. This report provides the most current details about the financial implications associated with the corporation's response to COVID-19, and includes forecast information to the end of July. Although this report provides current financial implications, it is important to recognize that our operating environment remains subject to rapid changes due to updates in provincial guidance/directions, choices about service availability and the service levels that will be provided all in an effort to minimize the impact of the COVID-19 virus on our community. The City of Greater Sudbury continues to be in a state of emergency and this will be in place for the duration of the provincial state of emergency. The provincial state of emergency has recently been extended to July 15, 2020. Information in this report will change based on the evolving situation, including local circumstances, and announcements made by provincial and federal levels of government.

On June 2nd, Council was presented the estimated financial impact of COVID-19. That report highlighted net financial impact of \$5.1 million to the end of June. The net financial impact to the end of July remains at \$5.1 million. The 2020 deficit is primarily a result of revenue losses. The City has been able to make a number of operational changes to reduce the potential deficit, such as:

- Opening landfills which helps mitigate lost tipping fee revenue.
- Layoffs of part-time, casual, and seasonal employees affected by facility closures.
- Increasing the salary gapping target from \$1 million (as presented in the 2020 Budget) to \$2.5 million. These savings will be realized by the end of 2020.
- Suspending summer programming, including waterfront life guarding and other service level changes in Parks and Leisure Services, resulting in the cancelation of summer student hiring.
- Resuming Transit fare collection as of June 15th, 2020 as well as reducing service levels to offset lost revenues.
- Opening campgrounds and pools remaining closed as a result of decisions made June 23rd.
- Limiting spending on travel, training and professional development as plans have been rendered difficult by pandemic orders.

The previous report to Council included information specific to capital projects that are complete, can be canceled and projects in which the budget can be reduced. Once cancelled, the available funds would be returned to the Capital Holding Account. Council approved funding the potential deficit up \$5.2 million

from the Capital Holding Account, if required.

Staff have implemented a number of mitigation measures, and are reviewing others such as:

- Tracking and forecasting of COVID-19 related operating savings, such as energy and fuel consumption changes.
- Re-evaluating service levels and recommending modifications based on non-essential service areas, in line with provincial emergency response announcements and local circumstances.
- Ongoing analysis of staffing vacancies in non-essential service areas, to identify additional opportunities to temporarily reduce the CGS workforce. This monitoring will continue throughout 2020.
- Continued engagement with senior levels of government through Municipal associations (FCM, AMO) to identify funding opportunities.

Background

Staff continue to analyze the impact of COVID-19, both operationally and financially. Provided are projections to the end of July, as well as projections to the end of the year assuming the situation remains in its current form. The yearend projection is largely for illustrative purposes, as the province has begun a process of "reopening" aspects of the province's economy by suspending some of the controls over individual and business activities it established over the last number of weeks. Nonetheless, the projection provides important context. With the potential for a "second wave" of infections and the gradual removal of some of the controls introduced over the last number of weeks, new and higher costs may continue to be incurred beyond the end of July. Similarly, revenues may not immediately return to planned levels.

As described in previous reports to Council, municipal operations have changed considerably where some services have been suspended or modified, and some have been enhanced beyond what was contemplated when the 2020 Budget was established. At the same time, some services remain ongoing in substantially the same form and at the same level they were anticipated to be delivered, subject to resource constraints associated with staff absences or resource limitations. In all services, work environments have been modified and schedules have been adjusted to account for the physical requirements associated with the corporation's COVID-19 response.

Staff developed financial impact estimates after considering all measures taken by the corporation to respond to the virus. Since the declaration of a provincial emergency, staff have been tracking COVID-19 related costs and staff time required to respond using special account codes set up for this purpose. Regular reports will be provided to the Finance and Administration Committee throughout this crisis.

Analysis

General Economic Conditions

Global Impact

As previously mentioned, the world is experiencing one of the largest contractions in global economic activities in modern times. If the virus is not contained, there is potential for further global economic contraction.

National Impact

The Conference Board of Canada issued its quarterly economic forecast on June 22nd, which presents the short-term national outlook. The forecast points out the following:

- The effects of the COVID-19 pandemic have been severe. Mandated business closures and a collapse in both business and consumer confidence will result in an 8.2% contraction for the Canadian economy this year—the worst annual contraction on record.
- At its peak, roughly three million Canadians had lost their jobs due to the pandemic. The worst does appear to have passed, however, as nearly 300,000 jobs were regained in May. Nevertheless, the road to recovery will be long and employment will still be nearly 1.1 million lower for 2020 as a whole than it was in 2019.
- The devastation in labour markets is weighing heavily on spending this year. Household consumption dipped by 11.3% in the first quarter, and a staggering 57.5% drop in the second quarter is expected. And while a recovery is inevitable in the second half of the year, spending is not forecast to return to its pre-pandemic level until the second half of 2021.
- Equally, the business sector is experiencing significant challenges. With global demand drying up, exports are forecast to contract by 14.3% in 2020. Due to this economic uncertainty, firms are reluctant to invest in new capacity, which is expected to result in an 11.3% drop in private sector investment this year.
- With the worst of the recession likely over, the outlook for 2021 is brighter. The economy is forecast to rebound by 6.7% in 2021 and 4.8% in 2022. As the threat of the pandemic eases, how well the reopening of the

economy and the withdrawal of government support is managed will be a crucial determinant of the economy's trajectory over the next several years.

(Source: Conference Board of Canada, Canadian Overview, June 22, 2020)

Provincial Impact

The Provincial Outlook for Ontario released by the Conference Board of Canada on June 17th, includes the following highlights:

- Real GDP is set to shrink 3.6% in 2020 but then rise 5.9% in 2021.
- COVID-19 has devastated the labour market. Employment will fall by 439,000 in the second quarter of this year.
- Government programs will be a significant help to household finances.
- Residential investment will struggle through the first half of 2020 but strengthen in the second half. Non-residential investment will remain weak for the entire year.
- The province will suffer a large decline in revenues in the current fiscal year, which will make balancing the budget more difficult over the long term.

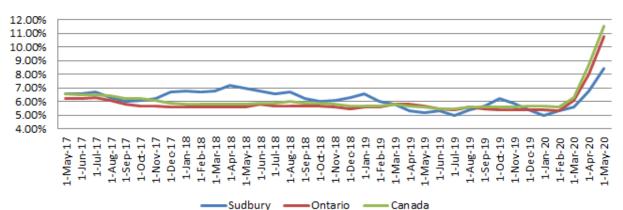
(Source: Conference Board of Canada, Provincial Outlook - Ontario, June 17, 2020)

Local Impact

As previously mentioned, Economic Development staff have been conducting extensive outreach to businesses throughout Greater Sudbury to assess the impact of the pandemic on their business and share helpful information on the various federal and provincial government programs that have been announced.

On a more encouraging note, the outreach efforts revealed that most companies in the mining and mining supply and services sector managed to continue operating without laying off any staff. The continued operation of the mining sector and the 300-plus firms that constitute Greater Sudbury's mining supply and services sector may help Greater Sudbury weather the economic storm, as we are not experiencing business closures and job losses on the same scale as other parts of the country. This appears to be supported by the May Labour Force Survey conducted by StatsCan which showed Sudbury's unemployment rate had increased to 8.4% (an increase of 3.2% compared to May 2019). The employment rate for Ontario climbed to 10.8% (an increase of

5.1%), while the national rate increased to 11.5% (an increase of 6%)



Unemployment Rate

May 2017 - May 2020

The Conference Board of Canada has released Metropolitan Housing Starts. According to their findings, nearly 60 per cent of Canadian metropolitan areas have negative short-term and long-term expectations. There are only six municipalities out of twenty eight with positive trend expectations for both the short and long terms, and Greater Sudbury is one of them, showing positive prospects for both short- and long-term growth. For example, year-over-year analysis shows a 23% increase in Housing Starts in Greater Sudbury in April 2020.

As the economy began to reopen in June, Economic Development changed its outreach efforts to focus on recovery and reopening. Since beginning this new phase of outreach, staff have been in touch with 54 businesses (as of June 26, 2020). Of the businesses spoken to:

- 54.9% indicate that they never closed their doors; 13.7% have reopened; 17.6% have reopened partially; while 13.7% have not been able to reopen at this time.
- 15.1% have recalled their staff; 22.6 have recalled some of their staff, but not all; 24.5% indicate that they never laid anyone off, while 24.5% have not been able to at this time.
- 50% were able to access support from the various government assistance programs; 35.4% were not; while 14.6% indicated their businesses did not qualify.
- Some of the biggest challenges being faced by businesses as they reopen include financing; access to PPE; lack of clarity of rules/regulations; and, recalling their workforces.

Revenue Changes

As previously reported, the COVID-19 virus has significantly and negatively affected municipal revenues. The current forecast to the end of July estimates lost revenue of \$6.4 million. **Appendix A** provides a summary. The following identifies specific changes:

Leisure Services

From March 17 to the end of July, the forecast revenue loss is estimated to be \$2.7 million. This reflects lost revenue relating to the closure of facilities such as pools, arenas, ski hills, and community halls as well as the potential cancellation of summer programming. With the winter season now closed, lost arena rental revenue are one-time revenue losses that will not recur unless the current crisis extends into the fall. The reopening of facilities and the impact of the reopening will be provided in subsequent reports. Since the last Financial Impact of COVID-19 Report, the following decisions have been made:

- Open campgrounds for the remainder of the 2020 season.
- Opening designated play fields at James Jerome Sports Complex (soccer) and Terry Fox Sports Complex for training and instructional sessions.
- Potential reopening of pools, fitness centres and arenas in September, depending on the state of the COVID-19 and future reports and directions regarding reopening of facilities.

Staff are also anticipating the potential reopening of facilities in September 2020. The lost revenues for Leisure Services are partially offset by the following cost savings:

- Not hiring summer students (discussed later in this report).
- Adapting service levels, such as grass cutting, to mitigate the potential deficit.

Transit Services

Collection for bus fares was discontinued from March 20, 2020 with the introduction of rear door passenger entrance in order to provide proper protection to our Transit drivers. Reduced ridership coupled with no fare box revenue resulting in a monthly impact averaging \$615,000. The estimated impact to the end of July is an estimated revenue loss of \$2.3 million compared to planned levels. The corporation resumed fare collection June 15th. As a result, revenue loss projections have decreased but reduced ridership may inhibit the

corporation to meet monthly budgeted revenue targets going forward. Community Development staff are reducing the impact of these lost revenues by providing a modified service.

Pioneer Manor

Pioneer Manor has received additional COVID prevention and containment funding from the Ministry of Long-Term Care. The total allocation for May was \$184,400. The estimate for June was reduced to \$93,200 as Pioneer Manor was no longer in a declared outbreak. Altogether, additional funding provided to Pioneer Manor since March totals \$353,000. As described later in this report, this helps offset total net cost increases of \$260,000. There has not been an announcement with respect to Emergency Funding continuing into July.

The anticipated lost revenues from March 17, 2020 to July 31, 2020 are expected to amount to \$23,000. Of this, \$21,000 is related to lost revenues from empty private beds. Pioneer Manor is currently holding 8 private rooms empty in the event that a resident must be isolated due to COVID-19. There is an additional \$2,000 of lost hairdresser rent that cannot be collected due to the social distancing practices in place and the inability for the resident hairdresser to provide these services.

Environmental Services

Due restrictions to landfills from March 26 to May 15, tipping fee revenue loss to the end of July are projected to total \$175,000. Physical distancing continues to be enforced and access limitations are in place. Staff continue to analyze data and the number of visitations. The year-end result of tipping fee revenues may be closer to budget than described above, but this is dependent on landfill activity throughout the remainder of the year. To date, the year-over-year analysis represents a negative variance of \$160,000 when comparing to 2019.

Water / Wastewater Services

Consumption data is measured periodically. Prior updates contained estimates of actual consumption data. Residential water consumption is comparable to the same period last year. There are some instances where the daily average consumption has increased marginally for residential customers, which may be attributable to more people working at home, more hand washing and toilet flushing etc. As for the commercial and industrial sector, there is evidence that consumption has decreased by between 5 and 10% from last year. Staff will continue to monitor the consumption data and assess the potential for a deficit at year-end.

Planning and Development

Planning and Development user fees are forecasting a 15% loss in revenues associated with development approvals and committee of adjustment fees. This amounts to \$34,000 from April to July.

Community Safety

To end of July 2020, the Lionel E. Lalonde Centre is experiencing rental revenue losses \$44,000 due to the closure of facility to the public.

Legal and Clerks Services

The Provincial Offences Court adjourned all court attendance matters until July 6th and it is reasonable to anticipate that the judiciary may choose to extend this date further. Revenues are a function of charges issued by numerous law enforcement entities for alleged breaches of provincial statutes and municipal bylaws and a substantial decrease in charges issued should be expected as a result of the COVID-19 pandemic. Revenue associated with the Provincial Offences Act correlates to the number of fines issued. As this can be quite volatile, the estimated impact is between \$150,000 and \$200,000 per month. If courts do not resume in July, the revenue loss is estimated to be \$821,000 to the end of the month.

Security, By-law and Parking

Parking revenues are also negatively affected by COVID-19. At the end of May, revenue was under budget by approximately \$380,000. The estimated impact is still being analyzed. On June 23rd, Council approved the reinstatement of downtown metered parking fees effective July 2, 2020. Reduced parking revenue accompanied with continued maintenance and capital costs has reduced the Parking Reserve Fund substantially. The 2019 year-end represented a balance of \$535,000 prior to 2020 budget commitments. The year-end reserve balance was reduced by the approved 2020 budget commitments:

- TDS Courtyard Project
- Underground Lighting
- Parking Improvements

This reserve fund is currently in a deficit position. Additional lost parking revenues will add to the COVID-19 deficit. Staff will continue to provide updates in subsequent reports.

Slot Revenues

The Province's decision to close down casinos and racetrack slots has impacted the municipality's revenues by approximately \$180,000 per month, which totals \$790,000 to July 31st. The corporation's annual budget for slot revenue is \$2.175 million.

Municipal Accommodation Tax

The crisis has had a severe impact on the hospitality industry. Occupancy rates have dropped to an estimated 10%, well below the average rate of 48% for 2019 on all available properties. The lost net revenue to the corporation is approximately \$70,000 per month with an equivalent loss for investment in tourism initiatives. The estimated municipal impact to the end of July totals \$320,000. The Municipal Accommodation Tax has been waived, in some cases, to encourage community initiatives to increase hospitality occupancy rates.

Interest Loss on Overdue Tax Accounts

With the corporation's decision to suspend penalties and interest on all overdue tax accounts for an additional month, the lost revenue for June was approximately \$285,000. This represented an accumulated total of \$915,000 to June 30th. This total will not increase as penalties and interest will be applied to overdue tax accounts after July 2, 2020.

Investment Income

As a result of providing an extended timeline for the interim second due date and taxpayers opting out of the Pre-Authorized Payment Plan, cash flow has been reduced. The decrease in cash flow has resulted in lost investment income of approximately \$40,000 for April and May. The lost investment income for June totals \$125,000 resulting from further extension of the tax due dates. In addition, due dates for final tax billing will be delayed resulting in lost investment income of \$170,000 for July. The total foregone investment income to July 31st is projected to be approximately \$375,000.

Expenditure Changes

As previously mentioned, staff created a cost centre to track costs related to COVID-19 in the areas of salaries, materials and contract services. Current estimates are provided in **Appendix B**, broken down into costs that were included in the 2020 Budget but have been redirected to the corporation's COVID-19 response, and new, unplanned costs ("incremental costs") incurred

as a direct result of the COVID-19 response. The incremental costs are most challenging, as they represent cash outlays that were not anticipated when the 2020 Budget was approved. To the end of July 2020, it is anticipated that there would be approximately \$6.3 million of expenditures related to the COVID-19 response. Approximately \$7.6 million of expenditures are funded from existing budget allocations, resulting in \$1.3 million available to fund the COVID-19 deficit.

Casual and Seasonal Part-Time Layoffs

There will be a decrease in expenses for the corporation relating to the layoff of casual and seasonal part-time employees. The savings would be approximately \$120,000 bi-weekly, or \$260,000 per month. The estimate of these savings to the end of July total \$900,000.

Pandemic Pay

In mid-June, the City of Greater Sudbury received letters from the Ministry of Health, Ministry of Long-Term Care and Ministry of Municipal Affairs & Housing which outlined support and approval for the temporary pandemic pay to non-management front-line workers in Pioneer Manor, Paramedics and certain eligible employees within Social Services.

There has been further clarification received and in accordance with the Emergency Order passed on May 29, 2020, the provincial government prohibits all employers from expanding eligibility for Temporary Pandemic Pay and consequently, funding provided by the government to employers for Temporary Pandemic Pay must be disbursed in accordance with the government's eligibility framework for Temporary Pandemic Pay.

Based on the implementation guidelines provided by the Province, the temporary pandemic pay will be paid to those employees eligible under the provincial order for the time period from April 24, 2020 to August 13, 2020 and includes the following.

- 1) A temporary top-up of \$4/hr for all regular hours worked
- 2) A temporary top-up of 6/hr for all overtime hours worked ($4 \times 1.5 = 6/hr$)

3) A temporary lump-sum payment of \$250 per month conditional on the employee working 100 hours or more in each of the following designated four-week periods.

Processing of the retroactive payments are already underway and anticipate having these payments completed as soon as possible.

Pandemic Pay should not have an effect on the municipal budget as the funds are received from the province through transfer payment agreements and then the funding is then provided to eligible employees. The amounts that the corporation is receiving for Pandemic Pay is consistent with estimates that the corporation will be paying. Agreements, such as the one received for Paramedic Services, states that the corporation will be made whole and the Ministry will provide or recover the balance owing, as applicable.

Energy Savings

The Province implemented Off-Peak prices for all hours on existing Time-of-use (TOU) accounts and suspended On-Peak and Mid-Peak pricing from March 25 to May 8. As a consequence, there will be cost savings of approximately \$23,000 to the end of June. Effective June 1, the Government of Ontario introduced a new fixed electricity price for TOU customers for all hours of the day, 7 days a week. Staff continue to analyze this impact.

Operating Expenses & Purchased / Contract Services

The operating expenses include critical safety supplies (such as masks, face shields, and other PPE), changes to operations and health and safety measures. The amounts related to purchased services include additional security costs, disinfection of touch points and cleaning of buses. These expenses are expected to total \$637,000 by the end of July based on what is currently encumbered.

Salary Gapping

The 2020 Budget included a plan to avoid \$1M in salary and benefit costs by delaying the hiring process for positions that become vacant, where it is appropriate to do so. Known as "salary gapping", by the end of April, approximately \$950,000 of this planned target has been realized. To offset some of the net costs created by the corporation's COVID-19 response, planned salary gapping was revised to \$2.5 million. Vacant positions will be kept open longer, creating a resource gap that saves money but increases the potential for service levels to be lower than expected. The projected impact of this to the end of July is approximately \$550,000 of the additional \$1.5 million target.

Summer Students

Student hiring has been suspended for summer 2020. The Federal government announced details of its support for post-secondary students on Friday, May 15th. The following programs have been announced for students:

- Canada Emergency Student Benefit (CESB) provides financial support to post-secondary students, and recent post-secondary and high school graduates who are unable to find work due to COVID-19.
- Canada Student Service Grant presents an opportunity for students and youth to mobilize and take part in national service activities that can provide valuable labour market and skills development experiences, while giving back to their local communities.

The projected savings from this initiative is \$1.7 million. The impact to the end of July is approximately \$1.3 million.

Professional Development

The corporation is anticipating a positive variance in the area of Professional Development. With staff not travelling for training and conferences, a surplus will be realized in those line accounts. Staff accreditation and professional dues continue to be paid and reimbursed. Staff are continue to analyze the potential savings and will provide an amount in the following report. The organization's overall Professional Development budget is approximately \$1.5 million. To date, actual expenditures are approximately \$500,000. It is difficult to predict the yearend impact, however, under expenditures in these categories may result in a positive variance at year end. Staff will continue to provide updates in subsequent reports.

Corporate Services

The Information Technology Division is anticipating approximately \$674,000 of expenditures as a result of salaries and benefits being dedicated to COVID response and the purchase of equipment to support employees that are working remotely. The purchase of equipment totals approximately \$137,000 which is the incremental portion to the corporation. In total, the Corporate Services Department will have approximately \$2.0 million of COVID related expenditures to the end of July. The incremental portion is approximately \$196,000 which is primarily the purchase of additional laptops.

Community Development

For Community Development, the major expenditures related to COVID-19 impact Housing Operations, Pioneer Manor, Transit Services, Social Services and Transit Services.

• Housing Operations will have COVID-19 expenditures of \$201,000 by the end of July, of which \$90,000 are incremental.

- Related salaries and benefits, materials, and purchased services for Pioneer Manor to the end of July is expected to be \$1.2 million, of which, \$260,000 are incremental.
- Transit Services will experience a reduction primarily due to service reductions and fuel savings of approximately \$1 million. These reductions will partially offset the revenue losses.
- Expenditures for Social Services relating to Homelessness will total \$845,000. Of this, \$445,000 are incremental. These expenses are offset by additional provincial funds for this initiative.
 - The Ontario Works program is also being impacted by COVID-19. Due to the introduction of the Canada Emergency Response Benefit (CERB), Social Services is experiencing less of an uptake in the Ontario Works program. The CERB program has been extended to October, 2020 which may result in additional savings for Social Services. These savings are not incorporated into the year-end deficit as staff are still analyzing the financial impact.
- Leisure services are estimating \$1.2 million of COVID-19 specific salaries and benefits relating to preparations at arenas, aiding the Samaritan Centre, park closures, sign installations as well as aiding Social Services.

Child care centres were permitted to reopen as of June 12th provided that they follow strict health and safety operational requirements. In order to prepare to reopen, most child care centres are not planning to be operational until mid-July. The province has released guidance documents to assist with the reopening period until the end of August. The funding guidance document has indicated that provincial funding will be provided to cover the following:

- vacancies in centres with reduced capacity
- increased staffing costs (for screening, etc)
- costs required for PPE
- costs for enhanced cleaning

Provincial funding is contingent on child care operators not increasing parent fees.

The province has indicated that cash flow will continue to Child Care Managers at the original 2020 allocation levels. Final funding reconciliations will be required by the province at a later date. At this time, any impact on the municipal budget is unknown.

Growth and Infrastructure

Environmental Services is adapting service levels in order to combat COVID-19.

These service level changes include additional expenses incurred towards safety supplies/controls, public awareness as well as additional personnel and contractor costs for waste collection. The projected financial impact is approximately \$500,000 to the end of July, of which \$310,000 is incremental.

Community Safety

Additional expenditures for Community Safety total approximately \$2.2 million as a result of increased salary costs as well as materials. Of the \$2.2 million, \$1.7 million is incremental. EMS is currently providing a higher level of service with the Point of Care team performing at home COVID testing to the highest risk residents as per the Assessment Centre.

The Community Paramedics doing Point of Care COVID testing qualify for funding from Ontario Health.

EMS is facing additional salary costs due to increased logistics to address cleaning and disinfecting of medical equipment and ambulances as well as implementation of designated Safety Officers to monitor and support Paramedics with infection control practices.

Fire Services is experiencing overtime costs associated with staff retirements and long-term absences. Career recruitment has been placed on hold due to the physical distancing requirement and is impacting hiring and subsequent training.

Fuel Savings

Fuel prices for diesel and unleaded have seen a reduction since March, 2020. Prices have started to increase in early and mid-June. The estimated fuel savings to the end of July is \$420,000 excluding savings realized by Transit as it is included within Transit Services.

Additional Savings and Revenue Generation

The corporation will also experience a positive budget variance with respect to debt repayment of \$1 million for 2020. This is due to the unprecedented low interest rate secured on the corporation's bond issuance, which occurred in the first quarter.

The corporation estimates additional interest earnings based on cash flow requirements and investment timing for the debt secured for large projects. The estimated additional earnings total \$1.3 million to the end of July.

Cash Flow Implications

Finance staff have been monitoring cash flow during this crisis and will continue to analyze the corporation's position to ensure there is sufficient liquidity to provide for the ongoing operations.

The corporation's decision to waive penalty and interest, as well as extend due dates, shifted the priorities with respect to investments. The municipality's investments continue to remain short-term to ensure sufficient liquidity is available.

Final tax due dates have been delayed by three months from historical dates. The corporation has sufficient cash flow to provide for this period.

In addition, staff have been in contact with Greater Sudbury Utilities regarding payments on water/wastewater bills. Staff have been receiving updates from GSU regarding suspension of PAP's. To date, there have been minimal cancellations of preauthorized payments. Non-payment of water bills has not shown a major increase.

Cost Containment

The corporation has adapted service levels in order to contain the 2020 deficit as much as possible. Containment measures and service level changes (to date) are as follows:

- Implementing casual and seasonal part-time layoffs.
- Increasing the salary gapping target from \$1 million to \$2.5 million.
- Suspending summer student hiring.
- Reinstatement downtown metered parking fees.
- Adapting Transit service levels to reflect the current demand.
- Closing City operated pools until September 7, 2020.

Staff continue to analyze the overall impact that the pandemic is having on the City's finances. Savings from areas such as Professional Development and Fuel continue to improve as more data is received.

Year End Position & Mitigation

The incremental impact to the City of Greater Sudbury may be as high as \$10.1 million if this situation continues to December 2020. The previous report projected a potential year end deficit of \$14 million. Projections included in this report assume that Leisure Services will reopen and begin to recoup user fee

revenues in September 2020 based on the current status of the pandemic. While the final impact will depend on senior government regulations, recommendations by Public Health officials, operating decisions and local community health conditions, staff will continue to attempt to mitigate the impact.

Mitigation measures taken so far include:

- Layoffs of casual and seasonal part-time employees.
- Redeploying available staff to critical and essential service areas.
- Reviewing the productivity of employees working from home to determine if there is an ability to redeploy or layoff staff that are not at full capacity.
- Increasing the salary gapping target from \$1 million to \$2.5 million to the end of 2020
- Eliminating the summer student program and associated services.
- The Special Capital Levy allocation report was deferred to December 2020 requesting recommendations to address aging infrastructure needs and to include the potential for applying the amount (\$4.1 million) towards the 2020 operational deficit.

If the pandemic continues past July 2020, further mitigation efforts will need to be implemented. Staff are currently working on the following mitigation efforts:

- Continued engagement with senior levels of government through Municipal associations (FCM, AMO etc.).
- Tracking and forecasting COVID related savings (ie. fuel consumption, hiring delays, staffing impact due to cancellation or delaying of services).
- Re-evaluating service levels and recommending modifications.
- Further review of Capital Projects that can be cancelled.
- Review and analyze vacancies throughout the municipality for noncritical services.
- Continue to review productivity with the potential to redeploy personnel or reduce the workforce by layoffs or leaves.

The next report to the Committee will include further detail on the above items along with additional mitigation efforts. An updated year-end position will also be included for the Committee's information.

Financial Relief from Senior Levels of Government

The Federal and Provincial governments have created multiple programs to assist citizens and businesses in Ontario with lost revenue and wages and increased expenditures during the COVID-19 response. Several programs for citizens are designed to fulfill policy objectives relating to vulnerable citizens like seniors, those in Long Term Care, children taking classes and examinations at home for the first time, and the homeless. Additionally, The Ministry of Health has committed funding to paramedic services across the Province to mitigate the impact of COVID-19 related costs. Assistance for modest income employees, employees who do not normally qualify for income supports like employment insurance and employees of small businesses are the focus of programs for working people.

Similarly, the policy focus for businesses is on small and medium sized entities, those impacted directly by orders under the Emergency Measures and Civil Protection Act, business that traditionally rely on small business incentives and flexibilities for Hospitals and Long Term Care.

The programs available to municipalities are few and their impacts to date are relatively modest. They involve the delay of remittances without penalty (e.g. WSIB premiums, Employer Health Tax, GST) or payments (e.g. municipal payment of educational taxes collected). The benefit of these delays is associated with the interest that can be earned by holding these remittances and payments and earning interest on them.

Organizations such as AMO, FCM, MARCO and LUMCO are advocating for direct financial support for municipalities from both senior levels of government. Finance staff continue to monitor Federal and Provincial announcements and to collect the direct and indirect costs and lost revenues of our COVID-19 response.

Conclusion

Current estimates indicate the total incremental impact of the corporation's COVID-19 response to the end of July is approximately \$5.1 million. Staff will continue to monitor these costs and provide monthly updates to the Committee.

Appendix A - COVID Revenue Changes						
	March	April	May	June	July	Total
Additional Revenues						
Investment Earnings						
Additional Interest on \$200,000,000 Debenture	(151,000)	(294,000)	(294,000)	(294,000)	(294,000)	(1,327,000)
Pioneer Manor						
Emergency Funding	(37,500)	(37,500)	(184,400)	(93,200)	-	(352,600)
Social Services						
Homelessness Partnering Strategy (HPS)	-	(26,714)	(26,714)	(26,714)	(26,714)	(106,856)
Community Homelessness Prevention Initiative						
(CHPI)	-	(83 <i>,</i> 950)	(83,950)	(83,950)	(83,950)	(335,800)
	(188,500)	(442,164)	(589,064)	(497,864)	(404,664)	(2,122,256)
Lost Revenues						
Leisure Services	527,345	672,600	433,470	357,566	730,699	2,721,680
Transit Services	150,000	623,000	605,000	515,000	411,000	2,304,000
Pioneer Manor	375	2,346	6,982	6,769	6,982	23,454
Environmental Services	-	108,104	67,244	-	-	175,348
Building Services	-	-	-	-	-	-
Water / Wastewater Services	-	-	-	-	-	-
Planning and Development	-	8,209	10,007	6,628	9,004	33,848
Community Safety	476	20,215	12,201	5,368	5,368	43,629
Legal and Clerks Services	125,582	170,000	175,000	175,000	175,000	820,582
Security, By-law and Parking	-	-	-	-	-	-
OLG Slot Revenue	70,000	180,000	180,000	180,000	180,000	790,000
City's Share of MAT Revenue	40,000	70,000	70,000	70,000	70,000	320,000
Investment Earnings						-
Lost Interest on Overdue Accounts	-	315,000	315,000	285,000	-	915,000
Investment Income Lost	-	40,000	40,000	125,000	170,000	375,000
	-	355,000	355,000	410,000	170,000	1,290,000
						-
Lost Revenues Subtotal	913,778	2,209,474	1,914,904	1,726,331	1,758,053	8,522,540
						-
Total Revenue Change	725,278	1,767,310	1,325,840	1,228,467	1,353,389	6,400,284

Appendix B - COVID Expenses

Appendix B - COVID Expenses							Incremental
	March	April	May	June	July	Total	Costs
General							
Salary Savings Pandemic Pay	-	(120,000) -	(260,000)	(260,000) -	(260,000)	(900,000) -	(900,000) -
Energy Savings	(2,325)	(6,976)	(7,209)	(6,976)	-	(23,486)	(23,486)
Operating Expenses	18,279	23,051	170,937	170,937	53,536	436,740	436,740
Purchased / Contract Services	4,583	12,778	73,846	73,846	35,652	200,705	200,705
Salary Gapping	-	-	(150,000)	(200,000)	(200,000)	(550,000)	(550,000)
Summer Students	-	-	(400,000)	(400,000)	(450,000)	(1,250,000)	(1,250,000)
	20,537	(91,147)	(572,426)	(622,194)	(820,812)	(2,086,041)	(2,086,041)
Executive and Legislative							
Strategic Initiatives	5,958	16,894	15,862	16,378	16,378	71,469	-
Office of the CAO	17,884	34,328	34,572	34,450	34,450	155,685	-
Citizen Services	58,800	148,773	190,937	169,855	169,855	738,220	-
Office of the Mayor	-	37,454	16,061	26,758	26,758	107,030	-
Communications	37,267	121,770	139,911	130,841	130,841	560,629	-
	119,909	359,219	397,343	378,281	378,281	1,633,034	-
Corporate Services							
GM's Office	3,862	38,978	20,927	29,953	29,953	123,672	-
Legal and Clerks Services	9,794	8,339	24,600	16,470	16,470	75,672	-
Security, By-law and Parking	5,667	6,425	53,310	29,868	29,868	125,137	-
Information Technology	236,053	148,566	70,282	109,424	109,424	673,748	137,168
Human Resources	19,388	140,889	91,986	116,437	116,437	485,138	10,000
Financial Services	37,156	39,046	60,847	49,947	49,947	236,943	-
Asset Services	13,210	11,889	9,610	10,750	10,750	56,209	3,009
Fleet Services	18,399	96,956	61,289	46,449	45,900	268,993	45,660
	343,528	491,088	392,852	409,297	408,748	2,045,512	195,837
Economic Development	9,340	77,941	66,039	71,990	71,990	297,302	-
Community Development							
GM's Office	15,330	29,688	20,148	24,918	24,918	115,001	-
Cemetery Services	7,899	10,353	1,391	5,872	5,872	31,386	-
Housing Operations	15,106	27,880	47,847	44,821	36,200	171,854	91,138
Housing Services	12,402	3,694	4,769	4,231	4,231	29,327	-
Children Services	10,435	1,443	-	-	-	11,878	-
Pioneer Manor	80,544	181,074	359,946	333,050	256,446	1,211,060	259,856
Transit Services	(99,700)	(277,326)	(212,351)	(230,470)	(216,950)	(1,036,797)	(741,394)
Social Services	78,174	206,869	175,762	191,315	191,315	843,436	442,656
Leisure Services	126,863	262,417	276,143	269,280	269,280	1,203,982	-
	247,052	446,091	673,654	643,017	571,312	2,581,126	52,256
Growth and Infrastructure	,	-,	,	,-	- ,-	,, -	- ,
GM's Office	11,079	19,378	19,378	19,378	-	69,214	-
Linear Infrastructure Services	63,876	88,503	59,169	59,833	59,833	331,214	-
Engineering Services	114	_	_	-	-	114	-
Environmental Services	5,114	174,331	182,518	111,150	29,711	502,823	310,632
Infrastructure Capital Planning	83	3,114	4,142	4,050	4,050	15,439	
Treatment and Compliance	3,522	33,557	19,862	26,709	26,709	110,359	-
Building Services	21,340	1,203	-	-	-	22,543	_
Water/Wastewater	28,372	26,147	8,681	17,414	17,414	98,027	_
	133,500	346,234	293,749	238,534	137,717	1,149,734	310,632
Community Safety	100,000	5-0,25-	233,743	200,004	137,717	1,17,7,7,7,7	510,052
GM's Office	24,078	45,578	14,794	14,794	7,397.13	106,641	1,342
EMS	24,078 76,874	281,093	639,032	430,567	370,567	1,798,132	1,534,796
Emergency Management	5,802	281,093 8,060	4,969	430,307 4,969	2,484.28	26,283	1,534,790 3,451
Fire Services	27,095	53,131	4,909	25,000	2,484.28	219,885	142,520
	133,849	387,861	763,454	475,330	390,448	2,150,941	1,682,108
	133,049	307,001	703,434	473,330	550,440	2,130,341	1,002,100

Appendix B - COVID Expenses

							Incremental
	March	April	May	June	July	Total	Costs
Fuel Savings (excluding Transit)	(70,000)	(145,000)	(90,000)	(77,000)	(38,500)	(420,500)	(420,500)
Debt Repayment Budget						(1,040,000)	(1,040,000)
Total Expenses	937,715	1,872,287	1,924,666	1,517,256	1,099,184	6,311,108	(1,305,708)
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