

EXECUTIVE SUMMARY

This report provides an update on the 2020 deficit and initial funding announced by senior levels of government, the known eligibility and additional information with respect to Phase 2, which is application based.

BACKGROUND

Staff provided the year-end position projections on August 11, 2020. Included in this information was an estimated year-end deficit of \$6.2 million. This amount included the financial implications of COVID-19 and the impact that it has had on the corporation's operations.

The 2020 deficit is due, primarily, to lost revenues accompanied with unanticipated expenditures. There are no major changes in the 2020 deficit from the previous report. Leisure and Transit Services have had the greatest impact with lost revenues totaling of approximately \$8.3 million. The corporation has experienced other negative revenue variances, specifically in the areas of slot revenue, Municipal Accommodation Tax, and interest revenue because of property tax due date changes. Staff will be completing a detailed analysis based on August month end which will be brought back to the Finance and Administration Committee in October 2020.

The organization has also had to adapt service levels, which has resulted in additional expenditures such as personal protective equipment and staffing costs for enhanced service levels (essential services).

FUNDING FROM SENIOR LEVELS OF GOVERNMENT

On July 27, 2020, as part of the federal-provincial Safe Restart Agreement, the Ontario government announced up to \$4 billion in emergency assistance to Ontario's 444 municipalities. This funding is to respond to COVID-19.

This investment will provide support to municipalities and public transit operators to help them address financial pressures as well as maintain critical services and protect vulnerable people as the province safely and gradually opens.

The funding includes up to \$2 billion to support municipal operating pressures and up to \$2 billion to support municipal transit systems.

Included in **Appendix A** is the allocation of both streams by municipality.

MUNICIPAL OPERATING STREAM

Under the municipal operating stream, \$1.39 billion will be available to municipalities. 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 Phase 1 allocation for the City of Greater Sudbury is \$9,152,700 and was calculated on a per household basis.

If the amount of funding exceeds the 2020 COVID-19 operating costs and pressures, it is expected that the municipality will place the excess funding into reserves to be accessed to support COVID-19 operating costs and pressures incurred in 2021.

Phase 2 of the municipal stream will be offered to municipalities that can demonstrate that 2020 COVID-19 operating costs and pressures exceed the Phase 1 per household allocation. Municipalities are required to submit reports outlining their COVID-19 operating costs and pressures by October 30, 2020.

MUNICIPAL TRANSIT STREAM

The municipal transit stream is also 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 Phase 1 allocation for the City of Greater Sudbury is \$3,519,280 for transit pressures incurred from April 1, 2020 to September 30, 2020.

The eligibility of the municipal transit stream include the need to operate with reduced revenue and new expenses resulting from COVID-19. These preliminary criteria is as follows:

- Reduced revenue would include pressures related to the following:
 - Farebox
 - Advertising
 - Parking
 - Contracts
- New expenses incurred in response to the COVID-19 outbreak would include the following:
 - Cleaning costs
 - New contracts
 - Labour costs
 - Driver protection
 - Passenger protection
 - Other capital costs

The corporation is expected to place excess funding into a reserve account to be accessed to support Phase 2 COVID-19 municipal transit pressures that incur up to March 31, 2021.

Phase 2 is available to municipalities that can support the need for additional funding. Phase 2 funding will consider the reported actual impacts to determine the funding allocations. Additional correspondence is expected in the Fall of 2020.

CONCLUSION AND NEXT STEPS

In total, the City of Greater Sudbury received approximately \$12.7 million in emergency assistance in Phase 1 for municipal operating and transit pressures.

Operating departments will be required to provide a year end projection for all accounts based on the August month end. An updated year-end position report will be provided in October 2020.

Staff will continue to analyze and prepare data for Phase 1 reporting. Staff will also prepare the supporting documentation in advance of the Phase 2 application due dates.

REFERENCES

Financial Implications Associated with the Corporation's COVID-19 Response (July):

<https://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&attachment=30681.pdf>