

Date: 2020-10-09

Subject: Safe Restart Agreement Municipal Operating Funding–Phase 2

Contact: Mark Medeiros, Acting Director of Finance/Treasurer,
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Report Number: Corporate Support Services-2020-265

Recommendations:

1. That the report titled: **Safe Restart Agreement Municipal Operating Funding - Phase 2**, to the Committee of Council Meeting of October 21, 2020, be received; and
2. That the City submit an application for Phase 2 funding under the Province's Safe Restart Program for COVID-19 related financial impacts that exceed the allocation provided to the City in Phase 1 funding.

Overview:

- As part of the Province's Safe Restart Program, the City is set to receive an allocation of \$10.9 million by the end of the year, for Phase 1 to support municipal operating pressures. This is in addition to the \$24.6 million allocation received to support municipal transit systems, for total funding under Phase 1 of \$35.5 million.
- The City's projected 2020 operating budget deficit of \$61.9 million, primarily due to the impacts of COVID-19, is anticipated to be offset by the Phase 1 funding of \$35.5 million, which results in a remaining deficit of \$26.4 million (to be potentially offset by Phase 2 funding).
- To fulfill the Phase 2 funding requirements of the Safe Restart Program, staff are seeking formal approval from Council to submit an application for Phase 2 funding for COVID-19 related financial impacts that exceed the allocation provided to the City in Phase 1 funding.

Background:

On July 27, 2020, as part of the Federal-Provincial Safe Restart Funding, the Ontario government announced that it had secured up to \$4 billion in one-time emergency assistance to provide Ontario's 444 municipalities with the support they need to respond to COVID-19, and deliver the critical services people rely on every day.

Funding for municipalities under the Safe Restart Agreement is being provided through four streams:

1. Social Services Relief Fund – Municipal Affairs and Housing
2. Public Health – Ministry of Health
3. Transit Supports – Ministry of Transportation
4. Municipal Operating Funding - Municipal Affairs and Housing

Under Municipal Operating Funding, up to \$1.39 billion is available to Ontario's municipalities to provide the support needed to respond to COVID-19 impacts and address operating pressures. Funding is being allocated in two phases:

- \$695 million was allocated under Phase 1 to all 444 municipalities in Ontario on a per household basis. Municipalities have the flexibility to use Phase 1 funding to address their unique COVID-19 related operating pressures.
- Up to \$695 million in Phase 2 funding is available to municipalities that can demonstrate COVID-19 related financial impacts exceed the allocation provided in Phase 1.

The City is set to receive an allocation of \$10.9 million by the end of the year for Phase 1 to support municipal operating pressures. This is in addition to the \$24.6 million allocation received to support municipal transit systems (under the Transit Supports stream) for total funding to the City under Phase 1 of \$35.5 million.

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

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-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; and
6. Resolution of Council seeking additional funding under Phase 2.

Current Situation:

On September 23rd 2020, the "2020 Second Quarter Operating Budget and Reserve Report" was presented to Council and based on operating results as at June 30, 2020, the Corporation was forecasting a year-end operating deficit of \$57.7 million. Also on September 23rd 2020, the "Relief Measures for Overdue Property Taxes Report" was presented to Council that highlighted an additional lost revenue impact of approximately \$4.2 million to the City from penalty and interest charges being suspended on tax arrears, thus increasing the forecasted year-end operating deficit to \$61.9 million.

This 2020 projected operating budget deficit of \$61.9 million is primarily due to the impacts of COVID-19 with anticipated revenue losses of \$98.8 million and additional COVID-19 emergency measure costs of \$10.2 million which, are partially offset by \$47.1 million in operational savings and mitigating measures.

The City's projected deficit is anticipated to be offset by the Phase 1 funding of \$35.5 million, which results in a remaining deficit of \$26.4 million (to be potentially offset by Phase 2 funding).

To fulfill the Phase 2 funding requirements as highlighted above, staff are seeking formal approval from Council to submit an application for Phase 2 funding under the Province's Safe Restart Program for COVID-19 related financial impacts that exceed the allocation provided to the City in Phase 1 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.

Corporate Implications:

Financial Implications:

The City's projected 2020 operating budget deficit of \$61.9 million, primarily due to the impacts of COVID-19, is anticipated to be offset by the Phase 1 funding of \$35.5 million, which results in a remaining deficit of \$26.4 million (to be potentially offset by Phase 2 funding).

Other Implications:

There are no other implications resulting from this report.

Strategic Plan:

This report achieves the Term of Council priority of Brampton is a Well-Run City, by practicing proactive management of the City's fiscal situation, adapting service delivery, managing our assets and leveraging partnerships for collaboration.

Term of Council Priorities

This report fulfils the Council Priority of a Well-run City through advocacy, leveraging partnerships for collaboration and effective stewardship of municipal assets.

Conclusion:

This report provides a summary of the Phase 1 funding allocated to the City under the Province's Safe Restart Program and is seeking formal approval from Council for the City to submit an application for Phase 2 funding for COVID-19 related financial impacts that exceed the allocation provided in Phase 1.

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