

**Township of Southgate  
Administration Office**

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## **Staff Report FIN2020-026**

**Title of Report:** **FIN2020-026 Safe Restart Agreement - Municipal Operating Funding**

**Department:** **Finance**

**Council Date:** October 21, 2020

**Recommendation:**

**Be it resolved that** Council receive Staff Report FIN2020-026 Safe Restart Agreement - Municipal Operating Funding as information; and

**That** Council directs that the Safe Restart Agreement - Municipal Operating Funding under Phase 1 that exceeds the municipality's 2020 needs be contributed to a reserve and accessed to support COVID-19 operating costs and pressures that may continue into 2021.

**Background:**

On September 2, 2020, Council received correspondence from the Ministry of Municipal Affairs and Housing (MMAH), dated August 12, 2020, notifying the municipality of the federal-provincial Safe Restart Agreement - Municipal Operating Funding which would provide up to \$2 billion to support COVID-19 operating pressures, and that it would be distributed in two phases.

Phase 1 of the funding, allocated on a per household basis, meant that the Township of Southgate would receive \$195,300 to support COVID-19 operating cost and pressures. If the funding exceeds the municipalities 2020 needs, the province's expectation is that the excess will be placed in reserves to be accessed to support COVID-19 operating costs and pressures that may continue into 2021. The municipality is expected to report back to the province in March 2021 with details on the 2020 COVID-19 operating costs and pressures, the overall 2020 financial position, and the use of the provincial funds in a template to be provided by the ministry. MMAH requested that the municipal treasurer sign and return an acknowledgement of the funding by September 11, 2020 for the funds to be released.

Phase 2 of the funding is available for those municipalities that can demonstrate that 2020 COVID-19 operating costs and pressures exceed their Phase 1 per household allocation. To be considered for Phase 2 funding, municipalities are required to submit reports outlining their COVID-19 operating costs and pressures by October 30, 2020. Municipalities that require more time may request an extension to November 6, 2020. Requests submitted after November 6, 2020 will not be considered.

**Staff Comments:**

On August 12, 2020, the Treasurer signed and returned the acknowledgement for Phase 1 funding. On October 14, 2020, the Phase 1 funding was received.

On October 9, 2020, the Treasurer attended an information session on the Safe Restart Agreement Municipal Operating Funding Phase 2 Reporting. The session noted that Phase 1 funding provided \$695 million to all 444 municipalities in Ontario, and up to \$695 million is available under Phase 2 and provided a demonstration of the reporting template. 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 shortly thereafter. MMAH is not going to issue any guidance on what operating cost would be considered eligible, they are leaving that determination up to the municipality. MMAH staff clarified that capital expenditures are not eligible. The staff member provided the example that the installation of plexiglass barriers would be eligible since the cost likely would be below the capitalization threshold of the municipality, but an expenditure for additional laptops to facilitate working from home would be a capital expenditure and not an eligible for this funding.

Municipalities that wish to be considered for Phase 2 funding are to submit a request that must include the following:

- Resolution of Council seeking additional funding under Phase 2
- Financial Report including Treasurer's statement as to accuracy and information about the Municipalities 2020 operating budget, Q3 actuals and year end forecast
- Supporting documentation

Staff has prepared a projection of 2020 COVID-19 related expenditures, expenditure savings, and lost revenues which totals a net saving of \$83,442. As the projected 2020 COVID-19 financial impacts is below Phase 1 funds received staff recommends that Council direct that the excess be contributed to a reserve, in accordance with the province's expectation.

If the projected 2020 COVID-19 financial impacts had exceeded Phase 1 funds, Council would have needed to pass a resolution to seek additional funding under Phase 2 prior to October 30 ,2020. However, as the 2020 projection is less than Phase 1 funding, such a resolution is not needed.

### **Financial Implications:**

Under the Safe Restart Agreement - Municipal Operating Funding Phase 1, the municipality received \$195,300 based on a per household allocation to support COVID-19 operating cost and pressures.

The projected 2020 COVID-19 financial impacts is a net saving of \$83,442, which means all of the Phase 1 funds received are not required and is recommended to be contributed to a reserve in accordance with the province's expectation.

If the projected 2020 COVID-19 financial impacts had exceeded Phase 1 funds, the municipality has the option to seek additional funding under Phase 2.

**Communications & Community Action Plan Impact:**

This report has been written and presented to Council in accordance with the Southgate Community Action Plan:

Mission Statement Pillars

- Trusted Government
- Economic Prosperity.

Themes:

- Municipal Services
- Public Communications

Core Values:

- Integrity
- Stewardship

**Concluding Comments:**

Under the Safe Restart Agreement - Municipal Operating Funding Phase 1, the municipality received \$195,300 based on a per household allocation to support COVID-19 operating cost and pressures.

Staff has prepared a projection of 2020 COVID-19 related expenditures, expenditure savings, and lost revenues which totals a net saving of \$83,442. As the projected 2020 COVID-19 financial impacts results in a savings, staff recommends that unexpended Phase 1 funds received be contributed to a reserve, in accordance with the province’s expectation.

If the projected 2020 COVID-19 financial impacts had exceeded Phase 1 funds, Council would have needed to pass a resolution to seek additional funding under Phase 2 prior to October 30 ,2020. However, as the 2020 projection is less than Phase 1 funding, such a resolution is not needed.

Respectfully Submitted,

**Dept. Head:** *Original Signed By*  
William Gott, CPA, CA, Treasurer

**CAO Approval:** *Original Signed By*  
Dave Milliner, CAO

**Attachment:**

1 2020 Projected Financial Impact of COVID-19