



Staff Report FIN2020-007

Title of Report: FIN2020-007 Financial Impact of COVID-19

Department: Finance

Council Date: April 15, 2020

Recommendation:

Be it resolved that Council receive Staff Report FIN2020-007 Financial Impact of COVID-19 as information; and

That Council direct staff bring forth a by-law to amend Section 4 of By-law 2020-002 to extend the penalty free period to July 1, 2020; and

That Council direct staff to not assess penalties or interest on water/wastewater and other outstanding municipal invoices until July 1, 2020; and

That Council reassess relief measures after July 1, 2020 once the impact of this decision on cash flow is known.

Background:

On March 16, 2020, the Township of Southgate issued a press release that proactive measures to limit the transmission of the COVID-19 virus. To maintain social distancing and minimize the spread of the virus, all Township of Southgate facilities, including the Administration office, are closed to the public until further notice. The essential services that the Township provide continues.

On January 15, 2020, Council passed By-law 2020-002, being a by-law to provide for interim tax levies for the 2020 fiscal year. Section 4 stated:

4. There shall be imposed on all taxes a penalty for non-payment or late payment of taxes in default of the installment dates set out below. The penalty shall be one and one quarter percent (1¼%) of the amount in default on the first day of default and on the first day of each calendar month during which the default continues.

Staff Comments:

This purpose of this report is to provide a high-level summary of the financial impact to the Township of Southgate the changes in operations due to COVID-19 will have.

Administration

Higher costs due to the purchase of a system to provide employees information and training.

Clerks

Conferences and mileage costs will be lower due to cancellations of conferences.

Higher costs due to purchase of Go-to-Meeting software.

Planning

The biggest impact will be a loss of growth. With developers not being able to build, no increase in assessment will be realized. Also, agreements for infrastructure and cost sharing are less appealing as it may take a considerable time before the developer can get their money out of it. As an example for Rowes Lane and Hagen Street we are working on a cost sharing agreement for the provisions of services. If the developer can't get a permit they may not be willing to enter into the cost sharing agreement until they are sure they can proceed.

There may be some reduction in applications and therefore fees collected because people are aware that the applications can't be processed yet.

Finance

Staff recommends that Council consider amending By-law 2020-002 to adjust the penalty period on late payments to July 1, 2020. The result will be lower penalty and interest revenues of \$66,000 (\$22,000 per month). Regular interest income will also be lower since the Bank of Canada rate was reduced. Higher IT costs to set-up remote computer connections for staff to work from home. Savings from the delay in hiring the Asset Management & Financial Analyst position.

Fire

More firefighters are showing up to each and every emergency call since a lot of them are laid off from work and at home. Although more people are a good thing, this may impact the wage budget. When the wage budget was developed, it was not anticipated for 16 people to show up to all of the non-medical calls. Savings will be realized as all of the training programs and conferences related to fire are currently cancelled.

Recreation

Revenues:

- Arena revenues \$8,000 lost currently
- Mac / Swinton \$250 per week lost revenue
- Ball Parks \$900 per month lost revenue starting May
- Campground \$2,000 per month lost revenue starting June
- Holstein \$250 per week lost revenue starting June
- Pool \$8,700 per month lost revenue starting July

To July 1st 12 weeks Rec would be short \$15,800 in revenues

Expenses:

- If Pool does not open, will save \$10,000 in staff costs. No pool operations saves \$7,000 per month.

- Cutting staff to 35 hours per week would save approx. \$4,800 or redeployment is also a consideration to assist at the cemetery with spring cleanup and the roads department with spring gravel application and maintenance operations.
- Likely saving on utilities estimated at \$3,000 to July 1

Estimate to July 1 net loss would be \$8,000 (\$12,800 with no staff cut backs)

Library

Revenues will be lower as the library will not be collecting fines or payments for printing and faxing, programs, or rental of the Mill Room.

Expenses will be lower as there will be less use of paper and ink, lower program costs (staffing and material).

Public Works

Unsure as of now, some projects may not proceed this year.

Building

Permit applications are steady for this time of year; issued permit numbers are a little higher than this time last year. The impact of Covid-19 restrictions on Construction is still in its infant stage of 1 week too early to forecast. As the Building department is not funded by general taxation, any variance in operations will impact the Building Department reserve.

Financial Implications:

The overall 2020 financial impact cannot be determined at this time.

The Township of Southgate has some relief provided by the Government of Ontario allowing municipalities the delaying of School Board payments. The June 30, 2020 payments totalling \$461,018.49 is delayed to September 30, 2020, which represent 7.5% of second tax installment payment. The September 30 payment is delayed to December 15, 2020.

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:

The overall financial impact of the COVID-19 pandemic cannot be fully determined at this time. Staff recommends that Council amend By-law 2020-002 to not assess penalties or interest on taxes until July 1, 2020, and to waive interest on water / wastewater or other receivables until July 1, 2020; and that Council reassess relief measures after July 1, 2020 once the impact of this decision is known.

Respectfully Submitted,

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

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

Attachments:
None