

**In-camera**  
**AGENDA ITEM SHEET (AIS)**

Attachment: **Yes**      No

**Complete ALL Sections**

**NAME OF COMMITTEE:    Committee of the Whole In-camera**  
**(no longer Sub-committee In-camera meetings)**

- HIGHLIGHT ONE:**
- DELEGATION COMING TO MEETING;
    - Estimated time for the delegation/presentation:
    - Name of person making presentation:
    - Have you confirmed the meeting date and time with the delegation?  
Yes      or      No
  - **REQUIRES DIRECTION OF COMMITTEE;**
- or,
- FOR THE INFORMATION OF COMMITTEE;

**REASON / REASONS FOR IN-CAMERA:**    Highlight all applicable reasons:

- Security of municipal property of the municipality or local board (section 239.(2)(a));
- Personal matters about an identifiable individual(s) including municipal employees or local board employees (section 239.(2)(b));
- Proposed or pending acquisition or disposal of land by the municipality or local board (section 239.(2)(c)) (includes municipal property leased for more than 21 years;
- Labour relations or employee negotiations (section 239.(2)(d));
- Litigation or potential litigation, including matters before administrative tribunals affecting the municipality or local board (section 239.(2)(e));
- Advice that is subject to solicitor-client privilege including communications necessary for that purpose (section 239.(2)(f));
- A matter in respect of which a council, board, committee or other body may hold a closed meeting under another Act (section 239.(2)(g));
- Information explicitly supplied in confidence to the municipality or local board by Canada, a province or territory or a Crown agency of any of them (section 239.(2)(h));
- A trade secret or scientific, technical, commercial, financial or labour relations information, supplied in confidence to the municipality or local board, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons or organization (section 239.(2)(i));
- A trade secret or scientific, technical, commercial or financial information that belongs to the municipality or local board and has monetary value or potential monetary value (section 239.(2)(j));or

- A position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board (section 239.(2)(k));
- A subject matter that relates to the consideration of:
  - a request under the *Municipal Freedom of Information and Protection of Privacy Act* if the council, board, commission or other body is the head of an institution for the purposes of that Act; or
  - an ongoing investigation respecting the municipality, a local board or a municipally-controlled corporation by the Ombudsman appointed under the *Ombudsman Act*, an Ombudsman referred to in subsection 223.13(1) of the *Municipal Act*, or the investigator referred to in subsection 239.2(1) (section 239.(3));
- For educating or training Council members, provided that no Council member discusses or otherwise deals with any matter in a way that materially advances the business or decision-making of the Council, local board or committee (section 239.(3.1)).

#### COMPLETE ALL SECTIONS BELOW

**Title:** COVID-19 Financial Position of the City – Update 14<sup>th</sup> April 2020

**Objective:** To review the financial position of the City.

**Background:** At the in-camera Council meeting of 30<sup>th</sup> March 2020, the Treasurer identified several areas of financial risk to the City as a result of the Covid-19 response plan. With two weeks of time elapsed, it is now possible to review whether these projections are being borne out in reality and whether any update to projections is warranted.

Since staff were directed to use primarily one-time sources of funding to offset ongoing operational revenue deficiencies, we will also present the list of capital projects that have been selected for deferral until 2021, to be used successively as monthly revenue shortfalls require.

**Analysis:** Specific recommendations and direction given to staff were the following:

1. “Waiver of penalty and interest related to the 9<sup>th</sup> April property tax instalment due date and stop all progressive collection activities until 30<sup>th</sup> August 2020”

With no history of such an event to draw upon staff suggested that 10% - 20% of the instalment amount could be at risk of default (\$1.9million to \$3.7million)

On 10<sup>th</sup> April, the actual amount of default was approximately \$4million (usually around \$1million). So the additional \$3m can be loosely attributed to Covid-19.

The penalty waived was on 10<sup>th</sup> April was approximately \$50,000 (compared to \$46,000 projected in our estimated impact)

2. "Waive penalties, interest, late payment charges and other fees related to water and sewer billing and suspend all progressive collection activities until August 30, 2020"  
This direction is now in place for the April 30<sup>th</sup> billing cycle
3. "Provide free parking until May 31, 2020 or the commencement of the Festival Theatre season"

<b>Paid Parking</b>	<b>Mar-20</b>	<b>Apr-20</b>	<b>May-20</b>
Original Projection	52,000	205,000	205,000
Revised Actual	<b>75,000</b>		
Revised Projection		205,000	205,000

4. "Waive interest on any general invoices from the City until 31<sup>st</sup> May 2020"  
1<sup>st</sup> April interest waived was \$250
5. "Suspend the non-sufficient fund administration fee for returned payments until 31 May 2020"

Eight NSF fees waived to date @\$40

6. "Provide credits or refunds for cancelled city-run community programs and services"  
\$1,995 refunded in Daycare and \$3,375 hall rental refunds in Community Services.  
It is still early days and we expect to see number of requests for refunds increasing in April and May.

7. "Provide free transit until August 30, 2020"

<b>Free Transit</b>	<b>Mar-20</b>	<b>Apr-20</b>	<b>May-20</b>
Original Projection	40,000	76,000	76,000
Revised Actual	<b>47,000</b>		
Revised Projection		76,000	76,000

**Revenue Streams That Received No Council Direction But Are Impacted By Facility Closure**

8. Closure of Landfill to the Public

The debit machines at the Landfill Office have been fully tested and are working as intended. Understand that the Landfill Site will be opening to the public Tuesday 14<sup>th</sup> April 2020 and now accepting chip and PIN / contactless payments.

Finance will be ordering two wireless units that may be more convenient to use than the current corded hardware.

The forecasts for April and May have been duly revised.

<b>Landfill Closure to the Public</b>	<b>Mar-20</b>	<b>Apr-20</b>	<b>May-20</b>
Original Projection	15,000	40,000	40,000
Revised Actual	<b>14,300</b>		
Revised Projection		25,000	-

#### 9. Closed Community Centres

<b>Recreation Facilities Rental</b>	<b>Mar-20</b>	<b>Apr-20</b>	<b>May-20</b>
Original Projection	90,000	180,000	180,000
Revised Actual	<b>151,950</b>		
Revised Projection		180,000	180,000

#### 10. Closed Anne Hathaway Day Care

<b>Anne Hathaway Day Care</b>	<b>Mar-20</b>	<b>Apr-20</b>	<b>May-20</b>
Original Projection	40,000	54,000	54,000
Revised Actual	<b>45,504</b>		
Revised Projection		54,000	54,000

The re-opening of Anne Hathaway to service the children of essential service workers would be provincially funded if approved, but the loss of budgeted public childcare fees would still be a loss to the City.

There are many other smaller sources of revenue which are declining due to facility closures and the general economic slowdown. Many are still currently small in dollar terms, but will progressively grow as the situation continues.

For example:

Description	GL Line	2020 YTD	2019 YTD	Difference
Service Charges	1360	2,250	11,698	- 9,448
Tax Certificates	1380	3,805	6,205	- 2,400
Zoning Applications	1420	4,432	10,696	- 6,264
Rentals & Leases	1470	318,110	333,925	- 15,815

## **Summary of Revenue Projections vs Actuals YTD March 2020**

Our projected loss from identified revenue streams for March 2020 was \$237,000

Our actual revenue loss from those identified revenue streams for March 2020 was \$333,750

Projections for future loss of revenue have not changed significantly from original estimates, remaining in the \$500,000 to \$600,000 range per month for April and May.

Removal of the non-union COLA 1.5%, not hiring temporary seasonal positions and reducing the use of part time transit staff have not had time to represent in current YTD expenses, and should have a savings of approx. \$190,000 per month for April and May.

Operating revenue shortfalls are most appropriately addressed by reductions in operating expenditures, and since payroll expenses are 37% of total operating expenses, this is typically an area to consider reducing costs in a meaningful and significant way.

Gapping vacant positions has been mentioned as one method of addressing revenue shortfalls, but

- YTD 2020 payroll costs are 2.83% higher than 2019 levels
- YTD 2020 payroll costs are right on budget at 25.04% after three months to end of March 2020

Suggesting positions may have been backfilled by contract or part time staff

In place of meaningful expenditure reductions, staff have been asked to consider one-time sources of funding to offset monthly operating shortfalls.

1. There is \$641,362.02 surplus from the 2019 fiscal year that can be used to offset revenue reductions for as long as that sum lasts.
2. Staff have been asked to review and recommend deferral of approved 2020 capital projects and use the allocated funding to offset revenue shortfalls. Note, this is DEFERRAL of a project which will certainly reappear in the 2021 fiscal year. It is not addressing CURRENT revenue shortfalls with CURRENT real expenditure reductions.

Staff have identified the following approved capital projects that could be deferred until 2021. The funding (reserve transfers) would then be freed up in 2020 to offset current revenue shortfalls.

They have been sorted into Group One, Two and Three.

We would start with deferring group one projects. Once the one-time funding is used up on recurring shortfalls, we would move on to defer projects in Group Two and Group Three, as needed.

Once all capital funding is exhausted in this manner, and if the revenue situation still continues, then another strategic approach would be required.

<b>Capital Project Deferrals To Offset Revenue Losses</b>					
	Budget			City Reserve	
	Approved	Revised	Deferral		
<b>Group One Capital Deferrals</b>					
<b>Linear Infrastructure</b>					
Queen Street Storm Trunk Sewer	\$ 14,470,000	\$ -	\$ 1,580,000	\$ (1,580,000)	R-R11-STRM
			\$ 220,000	\$ (220,000)	R-R11-PWCA
<b>Parking</b>					
Mobile Parking Payment System	\$ 20,000	\$ -	\$ 20,000	\$ (20,000)	R-R11-PRKG
Pay by Plate Enhancements	\$ 57,000	\$ -	\$ 57,000	\$ (57,000)	R-R11-PRKG
Smart Parking Project	\$ 150,000	\$ -	\$ 150,000	\$ (150,000)	R-R11-PRKG
<b>Fire</b>					
Aerial Apparatus Replacement	\$ 400,000	\$ -	\$ 400,000	\$ (400,000)	R-R11-FIRE
		<b>TOTAL</b>	<b>\$ 2,427,000</b>		
<b>Group Two Capital Deferrals</b>					
<b>Fleet</b>					
Sidewalk Tractor	\$ 150,000	\$ -	\$ 150,000	\$ (150,000)	R-R11-FLET
Supervisor Truck	\$ 60,000	\$ -	\$ 60,000	\$ (60,000)	R-R11-FLET
Wheel Loader	\$ 200,000	\$ -	\$ 200,000	\$ (200,000)	R-R11-FLET
4" Pump Trailer	\$ 50,000	\$ -	\$ 50,000	\$ (50,000)	R-R11-FLET
Shop Hoist	\$ 50,000	\$ -	\$ 50,000	\$ (50,000)	R-R11-FLET
Engineering Vans (2)	\$ 90,000	\$ -	\$ 90,000	\$ (90,000)	R-R11-FLET
Fuel Tanks	\$ 30,000	\$ -	\$ 30,000	\$ (30,000)	R-R11-FLET
<b>City Buildings</b>					
City Hall - Front Stair Maintenance	\$ 25,000	\$ 15,000	\$ 10,000	\$ (25,000)	R-R11-FACI
City Hall - Painting	\$ 20,000	\$ -	\$ 20,000	\$ (20,000)	R-R11-FACI
Justice Building - Ventilation for Drug Room	\$ 10,000	\$ -	\$ 10,000	\$ (10,000)	R-R11-FACI
Justice Building - Flooring Replacement	\$ 10,000	\$ -	\$ 10,000	\$ (10,000)	R-R11-FACI
Justice Building - Accessible Ramp Study & Design	\$ 30,000	\$ -	\$ 30,000	\$ (30,000)	R-R11-FACI
Library - Second Floor Washroom	\$ 10,000	\$ 5,000	\$ 5,000	\$ (10,000)	R-R11-FACI
Library - Basement Washroom	\$ 15,000	\$ -	\$ 15,000	\$ (15,000)	R-R11-FACI
47 Downie Building - Masonry Repairs	\$ 65,000	\$ -	\$ 65,000	\$ (65,000)	R-R11-FACI
Annex - Masonry Repairs	\$ 15,000	\$ -	\$ 15,000	\$ (15,000)	R-R11-FACI
Normal School - HVAC Unit Replacement	\$ 25,000	\$ 40,000	\$ (15,000)	\$ (25,000)	R-R11-FACI
<b>Perth &amp; Stratford Housing Corporation</b>					
Card Lock Systems	\$ 300,000	\$ -	\$ 300,000	\$ (300,000)	R-R11-SSCA
Fire Alarm System Equipment	\$ 268,000	\$ -	\$ 268,000	\$ (268,000)	R-R11-SSCA
		<b>TOTAL</b>	<b>\$ 1,363,000</b>		
<b>Group Three Capital Deferrals</b>					
<b>Community Services Facilities</b>					
Water Fountains at SERC, Upper Queens, Pool	\$ 24,000	\$ -	\$ 24,000	\$ (24,000)	R-R11-RECR
Rotary Lot Patch Work	\$ 30,000	\$ -	\$ 30,000	\$ (30,000)	R-R11-RECR
Lions Pool Condition Assessment	\$ 30,000	\$ -	\$ 30,000	\$ (30,000)	R-R11-RECR
Scissor Lift	\$ 40,000	\$ -	\$ 40,000	\$ (40,000)	R-R11-RECR
Ice Resurfacers at Dufferin	\$ 95,000	\$ -	\$ 95,000	\$ (95,000)	R-R11-RECR
		<b>TOTAL</b>	<b>\$ 219,000</b>		

## **Financial Assistance From Outside Boards**

The financial challenges facing the City also has an impact on our ability to fully fund the approved budgets of our outside Boards.

In the spirit that all funded budgets need to be reviewed in light of changed circumstances all have been asked to update Council on revised budget requirements and any financial strategies that may be implemented to reduce costs in the short to medium term.

Responses from the Stratford Police Services Board and Stratford Public Library Board are attached as Appendix One and Two for Council's consideration.

Responses from InvestStratford or Stratford Tourism Alliance have not been received at time of writing, but are considered critical to demonstrate a shared response to our financial challenges.

**Financial impact:** As noted

**Alignment with Strategic Priorities:** Strengthening our Plans, Strategies and Partnerships

**Staff Recommendation: THAT the report of the Director of Corporate Services dated 14<sup>th</sup> April 2020 regarding a financial update of the City be received,**

**AND THAT further response actions to reduce the financial impact to the City be considered by Council,**

**AND THAT responses be sent to the Stratford Police Services Board and Stratford Public Library Board,**

**AND THAT InvestStratford and Stratford Tourism Alliance be requested to submit budget reviews by 17<sup>th</sup> April 2020 for Council consideration,**

**AND THAT a reassessment be undertaken by 31<sup>st</sup> May 2020 to evaluate the effectiveness and ongoing need for temporary response measures that have been implemented.**

Run the Accessibility Checker on your completed AIS but only from Title to the last line of your staff recommendation.

Is there a departmental report or supporting material to accompany this AIS item?

(Highlight one)

No or **Yes** If YES, **forward one (1) copy of the report** or material to Joan Thomson, Clerk's Office, for distribution with the In-camera agenda. The exception is if there is a spiral-bound, report such as a consultant's report etc. Then forward 20 copies to Joan Thomson

Date: 9<sup>th</sup> April 2020 ⇐ (insert date this AIS was completed)

Author: Michael Humble CPA,CGA, Director of Corporate Services ⇐ (Author to insert his/her name and title)

Director: ⇐ (Director to insert his/her initials to indicate his/her approval of this AIS)

CAO: ⇐ (CAO to insert his initials once he has approved this AIS)

After you complete this AIS and it has been reviewed by your Director, if applicable, email it to the CAO or Acting CAO with a cc to Joan Thomson prior to the agenda deadline.