A. Recommendations


B. Overview

This report outlines the lost revenues for January to April 2020, as well as a forecast of lost revenues to June 30, 2020 due to the COVID-19 pandemic. Additional information is given around increased expenses due to the pandemic and cost savings to April 30, 2020 that the Town has seen.

C. Background

On March 17, 2020 the Province of Ontario declared a state of emergency due to the COVID-19 pandemic, which has since been extended to May 12, 2020. In effect this state of emergency shut down the Ontario economy which has affected individuals, businesses and municipalities. Staff have looked at department revenues that have been affected by the pandemic and have provided details in this report which includes a forecast out to June 30, 2020.

On the expense side, staff have been tracking specific expenses to the pandemic that the Town would not normally incur. Cost savings have been identified through the corporation in a bid to offset the lost revenues and increased expenses to ensure that the Town does not end 2020 with an insurmountable deficit.

Staff are looking to bring this report back bi-monthly so that the Water and Wastewater billings can also be included in this report to ensure those departments do not end the year with large deficits either.
D. Analysis

Taxation

Revenues

<table>
<thead>
<tr>
<th>Division</th>
<th>Potential Jan to Apr 2020 Revenue</th>
<th>Forecast to June 2020 Revenue</th>
<th>Total Revenue to June 2020</th>
<th>2020 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beaver Valley Community Centre</td>
<td>$21,000</td>
<td>$10,000</td>
<td>$31,000</td>
<td>$216,800</td>
</tr>
<tr>
<td>Landfill</td>
<td>$34,500</td>
<td>$0</td>
<td>$34,500</td>
<td>$743,400</td>
</tr>
<tr>
<td>Investment Income</td>
<td>$24,500</td>
<td>$29,000</td>
<td>$53,500</td>
<td>$261,250</td>
</tr>
<tr>
<td>Penalty and Interest</td>
<td>$37,500</td>
<td>$65,500</td>
<td>$103,000</td>
<td>$355,000</td>
</tr>
<tr>
<td>Total</td>
<td>$117,500</td>
<td>$104,500</td>
<td>$222,500</td>
<td>$1,576,450</td>
</tr>
</tbody>
</table>

Beaver Valley Community Centre – for the months of March and April the BVCC lost both hall rental and ice rental revenues. Staff are forecasting an additional $10,000 to be lost in hall rentals for May and June. These values were calculating using the booking calendar. Additional last-minute booking could have occurred which would have increased this amount. However staff believe that this could be offset by people re-booking later in the year, if possible.

Landfill – using the tonnage reports staff built the lost revenues comparing 2019 to 2020. For the last two weeks of March and the first three weeks of April the Landfill was closed to the general public and was only available for contractors (bin companies). This lead to a decrease in revenues by over 50%. With the Landfill reopening staff are not forecasting any lost revenues for May and June; however, the revenues will continue to be reviewed.

It should be noted that the amount of lost revenue calculated by staff could be overstated as a number of patrons may have held onto their items and waiting for the Landfill to reopen rather than trying to find another way of disposal. There may be a spike with the Landfill reopening but again staff will be monitoring and reporting back to Council.

Investment Income – markets took a massive hit when the pandemic hit the world. The Town’s general bank account was earning 2.10% at the beginning of 2020 that rate has come down to 0.60% as of April 30th. Included in the annual budget is the investment income earned from the general bank account which helps lower the required taxation each year. Staff are expecting the interest to continue to be low for at least the remainder of 2020.

The difficult part to forecast with investment income is the balance of the account. The Town is continuing to pay invoices, both operating and capital while delaying the collection of the number one source of revenue - property taxes. If things stabilize later in 2020 and the Town resumes collecting taxes on a normal basis this will have a positive impact on the account balance, but if the Town does not resume, this will have a negative impact and may lead to the Town having to cash investments.
The Obligatory and Discretionary Reserve Fund investments have lost $75,000 in investment income as of April 2020. Staff are forecasting that these investments will lose an additional $110,000 by the end of June 2020 for a total of $185,000. This does not impact the 2020 bottom line for the Town but rather impacts the Town’s ability to fund capital projects in the future.

**Penalty and Interest** – at the March 30, 2020 Council meeting the Town waived all penalty and interest on unpaid property taxes and utility bills until June 30, 2020. Similar to Investment Income, the Town budgets for Penalty and Interest which offsets required taxation. This is another difficult amount to budget as it is based on the unpaid taxation which fluctuates. Staff were reluctant to use outstanding taxation for 2020 as it will be inflated as property owners will take advantage of the extended deadlines and 0% interest charge. Rather staff used the past few years’ monthly revenues and forecasted using that data.

**Tomahawk** – staff have not included Tomahawk in this report as minimal revenues are generated until May due to the seasonality of the golf course. At the date of this report the State of Emergency was still in place; however, staff are expecting the Province to open green spaces, including golf courses, in the coming weeks. Similar to the Landfill, Tomahawk’s revenues are trending below budget and staff will include Tomahawk in this bi-monthly report moving forward.

**Planning, Development Engineering, and Building** – staff have not included these divisions in this report for a few reasons. The first reason is these divisions do not have even flows of revenues, but rather large up and down swings as agreements are signed and developments start. Another reason is the new fees and structure does not start until May 1, 2020. With the change of fees, the Town will see additional revenues with these agreements and developments. All three divisions are forecasting below budget; however, that is normal for the beginning of the year. Staff will be monitoring these revenue streams as well and will keep Council informed.

**Expenses**

Staff have looked at expenses from two perspectives; increased expenses due to the pandemic and costs savings. First the report looks at the increased expenses that the Town would normally not have incurred without this pandemic.

<table>
<thead>
<tr>
<th>Expense Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Recovery Task Force</td>
<td>$34,900</td>
</tr>
<tr>
<td>Other</td>
<td>$1,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$35,900</strong></td>
</tr>
<tr>
<td>Staff time associated with the Task Force</td>
<td>$15,500</td>
</tr>
</tbody>
</table>

Staff have been tracking their time that is associated with the Community Recovery Task Force, please note these staff costs would still have been incurred; however, they would have been working on other Town priorities, and therefore is not included in the summary chart below.
Committee of the Whole

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Item | Amount
--- | ---
Lost Revenues Total (up to April 2020) | $117,500
Additional Expenses (up to April 2020) | $35,900
Total | $153,400

Next, staff have been analysing expenses to find cost savings to help offset the lost revenues and additional expenses. The first stream of cost savings comes from unfilled staff additions to the budgets that were added in 2020. These positions were all budgeted to start on April 1\textsuperscript{st}, with these positions being unfilled, that budget for the month of April can be reallocated. The second stream comes from salary and benefit gapping due to position vacancies. For the month of April the Town had a few vacancies and therefore cost savings for those salaries and benefits. The last stream comes from delayed start times for seasonal/contract positions; with these positions delayed till after the end of April, the Town realized cost savings in the salaries and benefits.

| Potential Cost Savings | Amount |
--- | ---
Additional Positions in the 2020 Budget | $27,300
Staff Vacancies | $89,000
Delayed Start to Seasonal staff | $23,500
Total Cost Savings | $139,800

These savings will continue until the positions are filled or the postponement is cancelled. With a significant reduction in hiring and the requirement that each additional staff position be confirmed by Council, these unfilled positions should extend to at least the end of June.

Staff are still working through other expense types; however, the majority of the Town’s costs are fixed in nature. One major expense that staff are working through is Hydro. With some facilities closed staff are expecting to see a decrease in hydro costs; however, the Town is still waiting for all of its March bills. As an example the Beaver Valley Community Centre saw a decrease in hydro consumption of 35% for March 2020 over March 2019, which will lead to roughly $2,500 in savings. Staff will provide a more comprehensive look at all utilities as the Town receives more bills.

Another expense that has seen a significant decrease in is the cost of fuel. The Town has seen a decrease of 45% since the beginning of the year. As staff get more data a forecasted savings will be calculated.

A soft cost savings (unbudgeted) that the Town has seen is the small odd jobs that would never have been done, or added to a major capital program or would have required the facility to be closed are being completed during this pandemic.

Comparing the Lost Revenues and Additional Expenses to the Cost Savings the Town ended April 2020 in a deficit position of $13,600. Staff will continue to look for cost savings and will continue to bring this report forward on a bi-monthly bases.
Water and Wastewater

Similar to taxation, an analysis of water and wastewater revenues and expenses was done; however, Water and Wastewater revenues are hard to forecast especially this early in the year. When this report was written only one bi-monthly bill had been set out, January and February for 2020. This bill happened before the COVID-19 pandemic really hit but was starting to effect the economy.

Comparing the first bill of the year between 2019 and 2020 there was a decrease in cubic meters billed for Water of 12% and Wastewater 9%. This decrease was also seen in the revenues as Water revenues year over year had decreased by 8% and Wastewater by 5%. Looking back to 2018 the cubic meters billed for both Water and Wastewater was similar.

At the end of February, both Water and Wastewater were sitting in deficit positions; however, at this time it is too early to forecast if Water and Wastewater will see a year-end deficit due to the COVID-19 pandemic. As each bi-monthly bill is processed and staff have additional data to work with more information will be provided to Council.

Looking to the expense side the departments are operating as expected. The majority of expenses are fixed in nature and do not see fluctuation even as flows vary. Both departments are sitting at 17% of budget which is a normal position after two months of operations.

Like taxation these divisions should start to see savings with hydro and fuel and staff will be monitoring these expense lines and reporting back as more data becomes available.

E. The Blue Mountains Strategic Plan

The Blue Mountains Strategic Plan

Goal #4: Promote a Culture of Organizational and Operational Excellence
Objective #4: To Be a Financially Responsible Organization

F. Environmental Impacts

None

G. Financial Impact

The financial impact is contained within the Analysis section.

H. In consultation with

Ruth Prince, Director of Finance and IT Services
Brenna Agnew, Financial Analyst
Katherine Dabrowa, Budget Analyst
I. Public Engagement

The topic of this Staff Report has not been subject to a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. Comments regarding this report should be submitted to Sam Dinsmore, Deputy Treasurer/Manager of Accounting and Budgets at finance@thebluemountains.ca.

J. Attached

None.

Respectfully Submitted,

Sam Dinsmore
Deputy Treasurer/Manager of Accounting and Budgets

Ruth Prince
Director of Finance and IT Services

For more information, please contact:
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519-599-3131 extension 274