

# **Covid-19 Pandemic Financial Conversation #1**

## **Impact to the City & Update on Business Support Services**

**March 19<sup>th</sup> report to Council**



# Agenda

- Context
- Federal and Provincial Announcements
- City's Financial Position
  - Liquidity
  - Potential impacts
- What we heard from business (so far)
- Options to consider
  - Property tax
  - Other

# Financial Conversation #1

- Ever shifting situation
- Incident Command Centre Established
- Publicly facing physical touchpoints closed
- Online channels remain open
- Transformation to Digital has been critical
- Public Health emergency
- What options can the City assist with?

# Federal Announcements include

- CDA/US Border closed (except trade & essential travel); Supply chains will not be affected
- \$82B financial aid package
- Emergency Care Benefit – available to those not able to work, isolated, caregivers
- Enhanced GST credit (\$400 pp & \$600/couple)
- \$300 child benefit top up
- Seniors – temporarily reducing minimum Retirement Income Fund (RIF) withdrawal requirement by 25%. Old Age Security (OAS) and GIS payments not at risk
- \$200m for shelters
- Up to 10% wage subsidy for small businesses over 3 months
- Banks will work with individuals and businesses on a case by case basis to assist - up to 6 months relief on mortgage and other credit products
- Tax filing deadline June 1, 2020, interest free until August 2020

## Provincial Announcements include

- Premier declares State of Emergency
- First phase of COVID funding - \$304 M
  - \$100 M for increased capacity in hospitals to assist with critical care beds
  - \$50 M for more testing and screening
  - \$50 M to further protect frontline workers, first responders and patients
  - \$25 M to support frontline workers
  - \$50 M for long-term care homes
  - \$20 M for residential facilities in developmental services, gender-based services and protective care for children and youth to support
  - \$5 M to protect seniors in retirement homes
  - \$4 M for Indigenous communities
- No announcements related to municipal services, transfer payments, grants, or gas tax

## Financial Implications (initial)

- Strong balance sheet and cash position, but
- Significant reduction in transit fares \$14 million
- Loss in recreation revenue \$7 million
- Administrative penalties \$2.5 million
- Interest loss (prime rate) \$3 – 5 million
- Offset by:
  - Diesel \$1.5 million
  - Utilities \$1 million

# Economic Development Advisory Board Update

- Mayor hosted an Economic Advisory Board Meeting on March 18<sup>th</sup>
- EDO Staff put together an online resource centre of all of the Federal/Provincial and related business programs such as:
  - Small Business Temp Wage Subsidy
  - Tax Deferral [thefutureisunlimited.ca/covid-19](https://thefutureisunlimited.ca/covid-19)
  - Business Credit Availability
- EDO Client Account Advisory services are completely virtual and will continue to offer our business community advisory services and training programs through conferencing and digital services
- Reviewing MBOT's request for tax payment deferral program for businesses

# Economic Development Advisory Board Update

## Further City Actions

- Ensure our vendors continue to get paid
- Ensure existing procurements are successfully completed and preparing for future ones
- Working with contractors to continue work if Public Health conditions can be met
- Committed to pay part-time staff through school closure period
- Financial modelling



# What we Have Heard From Businesses

- Consider using Municipal Accommodation Tax to help with recovery
- MBOT has asked for:
  - 50% tax bill forgiveness from the Province and
  - 50 % tax bill forgiveness from the City
- Eliminate parking fees for 6 months upon recovery
- Provide free transit for 6 months after recovery started
- Port Credit BIA requests parking fees reinvested
- Festival grants – what do they do to plan ?

# Options

- MAT reserve use
- Free parking April – November: \$1.9 Million
- Free transit June – November: \$44 Million

# Property Tax

- City collects taxes for Region, School boards and City purposes
- Different municipalities set different dates
- Multiple payment options to taxpayers
- Next due date April 2<sup>nd</sup>
- Opportunity to intervene now and defer for 3 months
- City has liquidity to make this happen
- All taxes still need to be billed in 2020
- Strong communication to tax payers is recommended

# Financial Implications

- 90 day tax deferral – \$2.4 Million
- Ability to manage a 90 day tax deferral
- Can pay March 31 school board remittance \$133 million
- Deferral of June 30 school board remittance \$138 million would be helpful
- Matching Region remittance to City collection schedule recommended

# Property Tax Recommendation

1. That the 2020 interim tax levy instalments for the months of April, May and June for properties enrolled in the City's pre-authorized payment plan be deferred to their chosen withdrawal date in the months of July, August and September, 2020, respectively.
2. That the 2020 interim tax levy instalment dates of April 2 and May 7 be deferred to July 2 and August 6, 2020, respectively.
3. That the Region of Peel be requested to defer their payments requirement by 90 days to align with the change in instalment dates.
4. That the Province of Ontario be requested to defer the June and September school board payment requirements by 90 days.
5. And that the necessary by-laws be enacted.

# What Other Municipalities are Doing

- Provincial and Federal CFOs in touch
- Assessing deferral programs subject to local circumstances
- Identifying operating impacts
- Identifying provincial and federal assistance required
- Looking ahead to the recovery phase