



Office of the Commissioner
Finance Department

MEMORANDUM

To: Members of Committee of the Whole

From: Laura Mirabella, FCPA, FCA
Commissioner of Finance and Regional Treasurer

Date: May 12, 2020

Re: Financial Impacts of COVID-19

This Memorandum provides an update to the [April 14, 2020](#) Memorandum to Committee of the Whole summarizing financial impacts of COVID-19 on the Region. The information includes a summary of operating expenditures and revenues up to April 30, and a summary of impacts associated with the COVID-19 emergency.

As of April 30, net expenditures were 96.8% of the budgeted amount for the period. Unexpected costs and reduced revenues associated with COVID-19 totalled \$25.77 million, or approximately \$3.90 million per week, on average. If the current emergency lasts for three months until the end of June and the recovery period continues for another six months until the end of the year, current cost trends suggest the impacts could exceed \$100 million in 2020.

Key financial information related to the COVID-19 emergency is reviewed and reported to senior management on a weekly basis. The information will also help inform projections for full-year impacts and the development of strategies to help manage impacts.

In addition, the information is helping to support engagement with other municipalities and other orders of government. The Region and all area municipalities recently participated in an exercise with other Greater Toronto and Hamilton Area (GTHA) municipalities to collect information on COVID-19 financial impacts. The exercise resulted from a recent meeting of GTHA Mayors and Chairs to discuss working together on economic recovery efforts.

Table 1

Estimated Impacts of COVID-19 as at April 30

Area	Description	Cost (\$ Millions)	
		Year to Date	Weekly Impact
Payroll costs	Staff-related costs resulting from COVID-19 (e.g., staff time, overtime, and additional staff). Excludes banked time and YRP staff-related costs.	10.70	1.34
Non-payroll costs	Includes non-staff expenditures and unspent purchase orders (e.g., health-related materials, IT costs)	7.50	0.94
Social Services	Funding received to date from the April 2020 provincial commitment to provide \$4.98 million for social service costs	(2.49)	-
Sub-Total Direct Costs		15.71	2.28
Waste management	Increased processing costs resulting from higher tonnage of residential waste collection and blue box contamination	0.40	0.06
Transit	Net impact of lower revenues from reduced ridership and service reductions as of April 5 (excludes additional facility and bus cleaning costs)	5.15	0.52
Water and Wastewater	Reduced revenues from deferral of the April 1 planned rate increase	2.52	0.63
Court Services	Estimated reduction in revenues from Provincial Offences fines during Courts closure, net of staff-related savings. Amounts to be recovered will be determined once Courts re-open.	1.26	0.32
York Regional Police	Fee revenue loss from closure of Customer Resource Center, net of reduced spending on training, fleet fuel and maintenance, and other savings	0.63	0.1
Other	Includes information technology capital costs and program savings identified to date	0.11	-
Sub-Total Indirect Costs		10.07	1.63
Total		25.77	3.90

Updated figures include impacts identified by York Regional Police and the receipt of new provincial funds

Recent information prepared for the Police Services Board identified lower revenues, increases in selected costs and partially offsetting savings experienced by York Regional Police during the COVID-19 emergency. The impacts are driven primarily by the loss of revenue due to the closure of the Community Resource Center's Customer Service Unit, which provides background checks and other fee-based services.

The updated figures also include \$2.49 million received to date as part of the \$4.98 million recent provincial commitment to support social services. Weekly impacts of this funding will be reflected in future updates as spending plans are finalized.

In addition, updated figures include \$128,000 in additional capital costs to purchase computer software and hardware to ensure reliable remote access to the Regional network. These costs were partially offset by savings reported in other areas.

Updates to other figures in the table reflect the longer reporting period since the April 14 Memorandum.

Year-to-date figures exclude initiatives where cost and revenue impacts have not yet started

Year-to-date and weekly figures will continue to be updated as initiatives are implemented and cost and revenue impacts are recorded. Examples include the property tax relief program approved by Council on April 30 with costs of up to \$2.69 million in 2020, the remaining provincial funding associated with the \$4.98 million commitment to support social service programs, potential funding through the Province's recent commitment to assist with extraordinary costs in public health, and the cancellation of a transit fare increase originally planned for July 1 with an estimated reduction in revenues of approximately \$1.1 million in 2020.

Additional cost and revenue changes not yet quantified could affect the Region's financial impacts

A number of other cost and revenue impacts associated with COVID-19 may be identified as additional information becomes available. Examples include potential program savings due to the temporary wind down of non-essential activities and further relief measures by federal and provincial governments. In addition, the recent decline in economic activity may contribute to reduced development charge and assessment growth revenues. Potential delays to capital projects could also impact the Region's capital plan.

The Region is continuing to track costs and revenues across Regional departments

Figures 1 to 3 below compare actual to budgeted gross expenditures, revenues and net expenditures by department. Results are as of April 30, based on data available as of May 7, 2020.

Figure 1
April 30 YTD Gross Operating Expenditures vs Budget

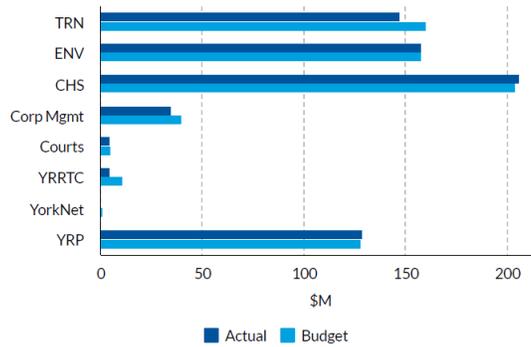


Figure 2
April 30 YTD Revenues vs Budget

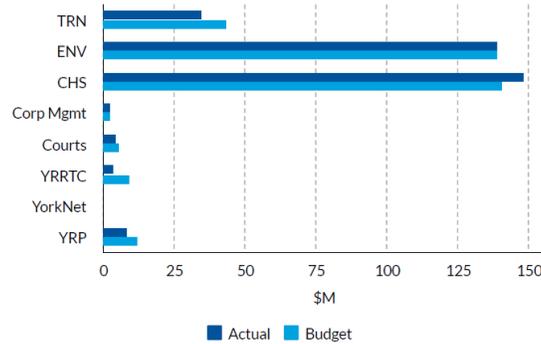
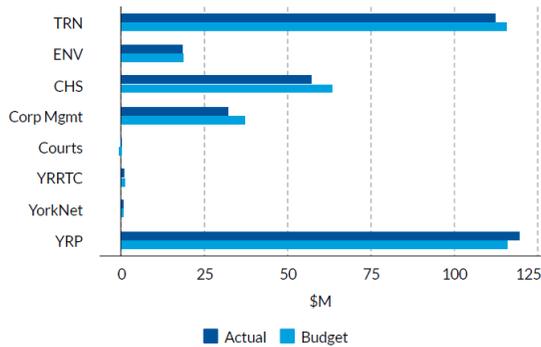


Figure 3
April 30 YTD Net Expenditures vs Budget



As of April 30, 2020, net expenditures were 96.8% for Regional departments. Department variances include changes due to COVID-19, such as cost and revenue changes related to transit services and reduced fee revenues for York Regional Police. Community and Health Services results reflect higher than budget expenditures related to social assistance supports and funding received to date, as part of the recent provincial commitment to provide \$4.98 million for social service programs.

Financial impacts of the COVID-19 Pandemic on the Region will continue to be monitored and updates will be provided as information is available.

Laura Mirabella, FCPA, FCA
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