

## MEMORANDUM

To: Regional Chair Emmerson and Members of Regional Council

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

Date: February 25, 2021

Re: Financial Impacts of COVID-19

---

This Memorandum summarizes the 2021 financial impacts of COVID-19 on the Region as of January 31, 2021. Key points include:

- Between January 1 and January 31, 2021, total financial impacts of COVID-19 were \$20.6 million, with average weekly impacts of \$5.2 million. These amounts are above the weekly figures reported in previous memoranda due to the approval of purchase orders for goods and services expected to be acquired over the coming months to support pandemic response.
- Preliminary estimates of total impacts in 2021 are \$183.8 million. Details on impacts and proposed mitigation strategies are included in the Proposed 2021 to 2022 Budget, to be tabled on February 25, 2021.
- Financial impacts in 2020 are currently estimated to total \$158 million. Senior government funding of approximately \$91 million helped offset the overall impacts, resulting in a net impact to the Region of \$67 million.

### **Costs to date reflect the ongoing response and expenditures associated with previously announced senior government funding commitments**

Table 1 includes preliminary financial impacts associated with the COVID-19 emergency as of January 31, 2021, including expenditures for pandemic response. Mitigation impacts are excluded, unless noted in the description.

Staff-related costs were \$5.2 million in January. Approximately 65% of this total includes staff-related costs in Public Health, Paramedic Services and Long-Term Care. Overtime costs accounted for \$1 million of the overall staff-related costs in January.

Like the prior Memorandum, the figures reflect gross expenditures and do not include revenue offsets. Attachment 1 illustrates the expected total revenues in 2021.

Non-payroll expenditures reported for December also reflect an increase of approximately \$1 million related to PPE for Paramedic Services and Long-Term Care, costs related to Public Health response, transfers to community agencies for shelter and quarantine support, cleaning, and IT costs.

In January, new purchase orders for goods and services related to pandemic response totaled \$9 million. Commitments related to isolation shelter needs accounted for most of the amount. Actual purchases and associated spending related to these items began in January and are expected to continue over the coming months.

Unspent purchase orders at the end of 2020 totaled approximately \$23.5 million. These were reported in the prior Memorandum and are excluded from the total impacts. They are expected to be delivered in 2021 and will be reflected under non-payroll costs once expenses are incurred.

**Table 1**  
**Estimated 2021 Impacts of COVID-19 as at January 31**

Area	Description	Cost (\$ Millions)	
		Year to Date	Weekly Impact
Payroll costs	Staff-related costs resulting from COVID-19 (e.g., staff time, overtime, wage enhancement payouts for Personal Support Workers and additional staff). Includes YRP staff-related costs. Excludes banked overtime.	5.17	1.29
Non-payroll costs	Includes gross program costs related to the COVID-19 response and other non-staff expenditures (e.g., health-related materials, quarantine and shelter costs).	1.47	0.41
Unspent Purchase Orders	Reflects Regional commitments to spend, with full spending not yet incurred. Includes all purchase orders opened in January 2021	9.03	2.26
<b>Sub-Total Direct Impacts</b>		<b>15.66</b>	<b>3.96</b>
Waste management	Increased processing costs resulting from higher tonnage of residential waste collection and blue box contamination.	0.16	0.04
Transit	Net impact of lower revenues from reduced ridership and advertising revenue, deferred fare increase and service reductions.	2.00	0.48

Area	Description	Cost (\$ Millions)	
		Year to Date	Weekly Impact
Water and Wastewater	Reduced revenues from deferral of the April 1 planned rate increase.	1.93	0.48
Court Services	Estimated reduction in revenues from Provincial Offences fines during Courts closure, net of staff and program-related savings. Amounts to be recovered will be determined once Courts fully re-open.	0.63	0.16
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.	0.17	0.04
<b>Sub-Total Indirect Impacts</b>		<b>4.90</b>	<b>1.21</b>
<b>Total</b>		<b>20.56</b>	<b>5.16</b>

Note: Table 1 reflects transactions in January 2021 that were recorded up to February 10. Figures exclude senior government offsets and other mitigation strategies unless noted in the description.

### **The Region is continuing to monitor other impacts including development charge collections and interest costs of the tax relief program continued into 2021**

In 2020, the Region collected \$279 million in Development Charges (DC). The amount was below the \$362 million 2020 budget projection due, in part, to the effects of COVID-19. While DC collections were below the budgeted amount, the amount exceeded the year's principal and interest payment on DC-related debt by almost \$30 million.

Average DC collections in 2021 and beyond are expected to be above the average annual principal and interest payments. In January 2021, the Region collected \$49 million, representing a strong start to the year. Staff will continue to monitor DC collections through 2021 and provide an updated forecast as part of the 2021 Fiscal Sustainability update.

On April 30, 2020, Council directed that a tax relief program be implemented to support York Region's local municipalities in their efforts to provide tax payment flexibility to residents and businesses. As of the end of December, the Region collected 99% of the first three installments.

The impact of the delayed portion is approximately \$125,000. The Region expects to collect the outstanding amounts by March 31, 2021. On January 28, 2021, Council approved the extension of this program for the 2021 taxation year to support any local municipality continuing to offer payment flexibility to assist residential and business taxpayers.

## **Senior government funding commitments are expected to help address COVID-19 financial impacts in 2021**

The Attachment to this Memorandum shows Federal and Provincial funding commitments to date. In 2021, the Region is expected to receive approximately \$50.2 million in senior government support for COVID-19 response. A further \$76.8 million may be available to fund applicable infrastructure projects, transit and Public Health costs. Confirmation of these amounts has not yet been received.

The letters committing funding for social services support and the High Priorities Communities Strategy noted that funding for operating projects expires on March 31, 2021. Should there be continued need to operate the Voluntary Isolation Centres, Transitional and Self Isolation Shelters for vulnerable residents experiencing homelessness and other supportive services beyond this time, there could be a tax levy pressure in 2021 if no new provincial funding is made available.

Although the Region received commitments for \$50.2 million in total grant revenues in 2021, the actual revenue recorded in January was immaterial. Future updates will include revenues recorded to date as offsets to the gross expenditures reported in Table 1.

### **Continued updates will be provided on the financial impacts of COVID-19**

Financial impacts of the COVID-19 pandemic on the Region will continue to be monitored and reported as required. Information will also be included in the Proposed 2021 to 2022 Budget, to be tabled on February 25, 2021. Financial information related to the COVID-19 emergency is also reviewed and reported to senior management on a regular basis.

*Laura Mirabella*

---

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



---

Bruce Macgregor  
Chief Administrative Officer

edocs# 12577128

Attachments (1)