

MEMORANDUM

To: Regional Chair Emmerson and Members of Regional Council

From: Kelly Strueby
Acting Commissioner of Finance and Regional Treasurer

Date: February 10, 2022

Re: Financial Impacts of COVID-19 – December 31, 2021 Year-to-Date

This Memorandum summarizes the preliminary financial impacts of COVID-19 for the Region in 2021. Key points include:

- Total preliminary financial impacts of COVID-19 in 2021 were \$238 million, with an average weekly impact of \$4.6 million.
- The 2021 year-end figures are higher than the estimated impacts included in the 2021 budget of \$210 million, primarily due to higher than expected costs for the Public Health response, including the mass immunization program.
- The 2021 year-end figure is below the estimate included in the [November 25 memorandum](#) as it excludes unspent purchase orders.
- Funding from senior governments offset approximately three-quarters, or \$180 million of the impacts in 2021. Senior governments committed a further \$53.4 million for capital projects in support of the COVID-19 response and recovery.

Financial impacts to-date in 2022 will be reported in the March memorandum. The Region's 2022 budget includes \$159 million to accommodate projected operating impacts of COVID-19. Funding offsets from senior governments are expected to be lower in 2022, with \$50 million included in the budget, primarily for Public Health. In addition to budgeted amounts, an additional \$12.1 million commitment was announced through the Social Services Relief fund, with details of the funding still to be confirmed.

Total 2021 financial impacts of COVID-19 were \$238 million by December 31, or an average of \$4.6 million per week

Table 1 includes preliminary financial impacts associated with COVID-19 as of December 31, 2021, including expenditures for pandemic response. Mitigations, including funding from senior governments, are excluded unless noted in the description. Estimated total financial impacts of COVID-19 in 2021 were \$238 million, with an average weekly impact of \$4.6 million. The average weekly impact decreased from the amount of \$5.4 million reported in the November 25 memorandum, as unspent purchase orders were removed from the figures.

Total 2021 staff-related costs were \$88.0 million. Approximately 84% of total staff-related impacts, or \$74 million, incurred in 2021 reflect costs in Public Health, Paramedic Services, Long-Term Care and other branches in Community and Health Services. Overtime costs accounted for \$11.3 million, or 13% of the overall staff-related costs.

Non-payroll expenditures totaled \$77 million in 2021. Approximately 91% of the total non-payroll impacts reflect costs in Community and Health Services related to the ongoing Public Health response including immunization and response in Long-Term Care Homes. Other non-payroll expenditures include costs related to cleaning, technology, training and health-related materials.

Unspent purchase orders of \$34.2 million opened in 2021 and \$21.6 million in unspent purchase orders opened in 2020 are excluded from the total impacts. These potential costs may be incurred in 2022 and will be reported as part of future updates.

Table 1
Estimated Impacts of COVID-19 as at December 31, 2021

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.	88.02	1.69
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).	77.08	1.48
Sub-Total Direct Impacts		165.10	3.17
Waste management	Increased processing costs resulting from higher tonnage of residential waste collection and blue box contamination.	2.10	0.04
Transit	Impact of lower revenues from reduced ridership, lower advertising revenue and deferred 2020 & 2021 fare increase, net of reduced spending from reduced service requirements	19.80	0.38
Water and Wastewater	Reduced revenues from deferral of the April 1, 2020 and April 1, 2021 planned rate increases.	43.77	0.84
Court Services	Estimated reduction in revenues from Provincial Offences fines during Courts closure, net of staff and program-related savings.	5.88	0.11

Area	Description	Cost (\$ Millions)	
		Year to Date	Weekly Impact
York Regional Police	Estimated reduction in revenues at Customer Resource Center, net of reduced spending on training and other savings.	1.06	0.02
Sub-Total Indirect Impacts		72.61	1.40
Total		237.71	4.57

Note: Figures reflect gross expenditures and do not include grant revenue offsets and unspent purchase orders. Attachment 1 includes expected total revenues and actual revenues in 2021.

Public Health impacts include higher than budgeted costs for immunization

Preliminary financial impacts of COVID-19 in Public Health were \$107 million in 2021, or approximately 45 per cent of the \$238 million total impacts of COVID-19 incurred by the Region. The figures include supports from corporate areas. Immunization impacts made up \$36 million, or approximately one-third of the total Public Health costs, as summarized in Table 2.

Unspent purchase orders of \$18.6 million are excluded from the total immunization impacts. These potential costs may be incurred in 2022 and will be reported as part of future updates.

Table 2
Estimated Impacts of COVID-19 as at December 31, 2021 – Immunization Program

Area	Description	Cost (\$ Millions)	
		Year to Date	Weekly Impact
Payroll costs	Staff-related costs related to the immunization response including overtime and redeployed York Region staff. Excludes banked overtime.	16.27	0.31
Non-payroll costs	Includes agency staffing, medical supplies, occupancy costs, technology, general and administrative expenses	20.1	0.39
Total		36.40	0.70

Note: Figures are included in costs shown in Table 1.

Based on eligible costs recorded by year-end, Provincial support for extraordinary Public Health costs is expected to total \$71 million, \$5.9 million higher than expectations based on the experience at mid-year. This is in addition to provincial support provided as part of the existing cost-shared Public Health budget. Approximately \$36 million in impacts is expected to be managed within the cost-shared budget.

A November 2, 2021 letter from the Province confirmed ongoing support for extraordinary Public Health costs in 2022.

Senior government funding commitments helped address three quarters of COVID-19 financial impacts in 2021

The Attachment to this Memorandum shows Federal and Provincial funding commitments to help the Region address COVID-19 financial impacts. Funding commitments indicate the Region should receive \$180 million in operating-related funding in 2021, including \$71 million in total expected funding for the extraordinary costs related to the Public Health response. Actual funding expected to be recorded for operating impacts totals \$176 million. The difference is mainly made up of the timing of revenue recorded.

The funding from senior governments is expected to offset approximately three quarters of total impacts in 2021 of \$238 million. The remainder, or approximately \$58 million, was offset through the Region's mitigation efforts, including repurposing existing resources, managing reduced revenue streams within existing budgets and other cost savings and efficiencies.

In addition to the operating funding commitments, \$53.4 million was committed for capital projects in support of the COVID-19 response and recovery. This includes \$7.3 million through the Social Services Relief Fund Phase 2 that is funding the construction of 26 new transitional modular housing units, expected to be available for use in the second quarter of 2022. An additional \$12.3 million was committed towards the Region's application to the Investing in Canada Infrastructure Plan to fund five projects that are expected to be implemented by the end of 2023.

The Region also received an allocation of \$33.8 million in a one-time increase in the Canada Community-Building Fund (formerly referred to as Federal Gas Tax funding). This funding will be used to address infrastructure priorities in Transportation Services, York Region Rapid Transit Corporation and YorkNet.

Recent commitments will provide additional funding for social services in 2022

The 2022 budget includes \$46 million in expected support from the Provincial government for costs of the ongoing Public Health COVID-19 response that cannot be managed within the cost-shared budget. Final funding amounts will be determined following Provincial review of 2022 year-end costs. In addition, the 2022 budget reflects \$0.5 million in funding for infection prevention and control and outbreak management costs in Long-Term Care homes, reflecting the experience in 2020 and 2021. This funding has not yet been confirmed.

Additional funding confirmed for 2022 includes \$12.1 million through the Social Services Relief Fund Phase 4 and \$2.9 million in additional funding for the School Focused Nursing Initiative. The School Focused Nursing Initiative reflects operating funding only and is included in the 2022 budget, while the Social Services Relief Fund Phase 4 grant is expected to be allocated to operating and capital expenditures and is unbudgeted. Details of this funding are still being confirmed.

As part of the response to the COVID-19 pandemic, the Region has been operating the transitional shelter at Kingbridge and the self-isolation shelter for people experiencing homelessness. Both opened in 2020 and are fully funded through the Social Services Relief Fund and Reaching Home funding through United Way. Provincial funding is committed until March 31, 2022. Based on current occupancy rates, the shelters may need to be kept in operation past March. Staff is following up with provincial officials to seek an extension to the funding and is awaiting further details.

Ongoing monitoring and updates will be provided on the financial impacts of COVID-19

Financial information related to the COVID-19 emergency is reviewed by senior management on a regular basis and will continue to be reported to Council as required.



Kelly Strueby
Acting Commissioner of Finance and Regional Treasurer



Bruce Macgregor
Chief Administrative Officer

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Attachments (1)