

MEMORANDUM

To: Regional Chair Emmerson and Members of Regional Council

From: Kelly Strueby
Acting Commissioner of Finance and Regional Treasurer

Date: March 22, 2022

Re: Financial Impacts of COVID-19 – February 28, 2022 Year-to-Date

This Memorandum summarizes the 2022 financial impacts of COVID-19 on the Region as of February 28, 2022. Key points include:

- Between January 1 and February 28, 2022, total impacts of COVID-19 were \$22.9 million, with average weekly impacts of \$2.87 million.
- The impacts to-date are within the estimated total impacts included in the 2022 Budget of \$159M, or approximately \$3.05 million per week, on average.
- Provincial officials recently confirmed the Region could apply for an extension to funding expiring on March 31, 2022 for transitional and self-isolation shelters. These and other eligible operating expenses will be allocated from the Social Services Relief Fund Phase 4 that was committed to the Region in August 2021.
- A funding announcement by the Federal government in February 2022 indicated the Region may be eligible to receive new one-time funding to help offset transit-related impacts of the pandemic. Details on the amount and timing are not yet available.

Costs to date in 2022 are \$22.9 million by February 28, 2022, or an average of \$2.87 million per week

Table 1 includes financial impacts associated with COVID-19 as of February 28, 2022, 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 to date in 2022 are \$22.9 million, with an average weekly impact of \$2.87 million.

Total 2022 staff-related costs are \$12.2 million. Approximately 81% of total staff-related impacts, or \$9.9 million, to date in 2022 reflect costs in Community and Health Services, primarily in Public Health and Long-Term Care. Overtime costs accounted for \$1.3 million, or 11% of the overall staff-related costs.

Non-payroll expenditures totaled \$6.89 million to date in 2022. Approximately 90% 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 opened in 2022 total \$0.21 million. As these purchase orders are fulfilled, they will be reflected in the non-payroll expenditures described above.

Unspent purchase orders of \$18.9 million opened in 2021 and \$19.8 million in unspent purchase orders opened in 2020 are excluded from the total impacts. Any purchases related to these amounts in 2022 will be reported as part of the non-payroll costs category in the table. In addition, the impact of water and wastewater rate freezes in 2020 and 2021 are excluded from the figures, as these were considered as part of the new approved rates scheduled to begin in April, 2022.

Table 1
Estimated Impacts of COVID-19 as at February 28, 2022

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 overtime.	12.15	1.52
Non-payroll costs	Includes costs related to the COVID-19 response and other non-staff expenditures (e.g., health-related supplies, and administrative costs).	6.89	0.86
Unspent Purchase Order	Reflects planned and potential commitments since January, 2022 to acquire goods and services	0.21	0.03
Sub-Total Direct Impacts		19.25	2.41
Waste management	Increased processing costs resulting from higher tonnage of residential waste collection and blue box contamination.	0.37	0.05
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	2.59	0.32

Area	Description	Cost (\$ Millions)	
		Year to Date	Weekly Impact
Court Services	Estimated reduction in revenues from Provincial Offences fines during Courts closure, net of staff and program-related savings.	0.61	0.08
York Regional Police	Estimated reduction in revenues at Customer Resource Center, net of reduced spending on training and other savings.	0.10	0.01
Sub-Total Indirect Impacts		3.67	0.46
Total		22.92	2.87

Note: Figures reflect gross expenditures and do not include grant revenue offsets. Attachment 1 includes expected total revenues in 2022.

Immunization costs represent approximately half of the Public Health impacts to date

Public Health costs included in the direct impacts shown in Table 1 made up \$11 million, or almost half of the \$22.92 million total impacts to-date in 2022. Immunization impacts made up \$5.46 million, or approximately half of the total Public Health costs, as summarized in Table 2. Lower immunization costs to-date in 2022 compared to 2021 figures reflect the closure of mass immunization clinics and the transition to smaller community-based clinics. Public Health continues to work with partners to promote, support access and administer COVID-19 vaccines through community and mobile clinics across the Region in 2022. Further updates will be provided to Council and the Board of Health as more information becomes available.

A November 2, 2021 letter from the Province confirmed ongoing support for extraordinary Public Health costs in 2022. The Provincial reimbursement amount will be based on the actual costs incurred by the Region. As part of development of the 2022 budget these costs were estimated to be \$46 million as part of the 2022 budget and include costs related to staffing, immunization, and non-staff supports costs for cleaning, technology and other health related materials.

Table 2
Estimated Impacts of COVID-19 as at February 28, 2022 – 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.	3.06	0.38

Area	Description	Cost (\$ Millions)	
		Year to Date	Weekly Impact
Non-payroll costs	Includes agency staffing, medical supplies, occupancy costs, technology, general and administrative expenses	2.40	0.30
Total		5.46	0.68

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

Funding from senior governments may increase as a result of a recent Federal commitment to provide assistance for transit systems

To-date, commitments from senior governments suggest the Region will receive funding totaling \$65.3 million in 2022, or 41 per cent of the estimated operating impacts of \$159 million for COVID-19 identified in the Region's 2022 budget. The funding will help address costs in Public Health, support for the school-focused nursing initiative and social services. Details of senior government funding commitments are included in the Attachment to this Memorandum. In 2021, senior government funding represented approximately 67 per cent of the overall \$257 million impact of COVID-19 on the Region.

In addition, the Region is proceeding with five COVID-19 response infrastructure projects approved as part of a \$12.3 million commitment from the Canada Infrastructure Plan (ICIP) in 2021. Implementation is in early stages, with approximately \$1 million in costs incurred to date. The projects are expected to be completed by December 2023.

Senior government funding to help support the operation of transitional and self-isolation shelters was scheduled to expire on March 31, 2022. Based on current occupancy rates, the shelters will need to continue to operate beyond this date. Provincial officials recently confirmed the Region could apply to use the Social Service Relief Fund Phase 4 funding committed in August 2021 towards the continued operation of the shelters. Staff will be submitting an application to continue to fund the shelters and other eligible expenditures for up to an additional three months, from March 31 to June 30, 2022, and will continue to monitor and assess potential future needs.

On February 17, 2022, the Federal government announced a plan to introduce legislation to invest up to \$750 million to support municipalities facing transit operating shortfalls. This would be a one-time payment to help transit systems maintain service levels despite decreased ridership as a result of the pandemic. Municipal funding allocations have not yet been confirmed. This funding would help offset the impacts of COVID-19 on the Region's transit operations.

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

Financial information related to the COVID-19 pandemic 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

edocs# 13737677

Attachments (1)