

MEMORANDUM

To: Regional Chair Emmerson and Members of Regional Council

From: Kelly Strueby
Acting Commissioner of Finance and Regional Treasurer

Date: April 26, 2022

Re: Financial Impacts of COVID-19 – March 31, 2022 Year-to-Date

This Memorandum summarizes the 2022 financial impacts of COVID-19 on the Region as of March 31, 2022. Key points include:

- Between January 1 and March 31, 2022, total impacts of COVID-19 were \$42.3 million, with average weekly impacts of \$3.25 million.
- The impacts are above the average reflected in the 2022 Budget of approximately \$3.05 million per week primarily due to the timing of expenditures, as overall costs and impacts are generally within the budget expectations.
- April 7, 2022, the Province announced the Region would be eligible to receive an additional \$5.3 million through Phase 5 of the Social Services Relief initiative. A portion of this funding is expected to be used to extend the operation of the Region's transitional shelter into July.
- April 7, 2022, the 2022 Federal budget confirmed an earlier commitment to provide up to \$750 million in one-time funding to help address municipal transit shortfalls resulting from the pandemic. Program and eligibility details are not yet available.

Impacts to date are higher than budget estimates primarily due to the timing of expenditures

Table 1 includes financial impacts associated with COVID-19 as of March 31, 2022. Mitigations, including funding from senior governments, are excluded unless noted in the description. Estimated total impacts were \$42.29 million, with an average weekly impact of \$3.25 million. These amounts are above the average cost reflected in the 2022 budget figures of \$3.05 million. The majority of the variance is related to the timing of expenditures. While overall costs and impacts are generally within budget expectations, information on financial impacts in the coming months will help provide a better indication of whether the impacts are on track with the budget.

Staff-related costs up to March 31, 2022 were \$16.80 million. Approximately 82% of total staff-related impacts, or \$13.82 million, reflect costs in Community and Health Services, primarily in

Public Health. Overtime costs accounted for \$1.50 million, or 9% of the overall staff-related costs.

Non-payroll expenditures totaled \$18.39 million. Approximately 91% of the total non-payroll impacts reflect costs in Community and Health Services related to the ongoing Public Health response, including costs related to immunization and Housing Services. Other non-payroll expenditures include costs related to cleaning, technology, training and health-related materials.

Unspent purchase orders opened in 2022 total \$1.74 million. As these purchase orders are fulfilled, they will be reflected in the non-payroll costs.

The 2022 figures in Table 1 exclude unspent purchase orders of \$17.36 million opened in 2021 and \$18.53 million in 2020. Any future purchases related to these amounts will be reported as part of the non-payroll cost 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 taken into account as part of the new approved rates beginning in April 2022.

Table 1
Estimated Impacts of COVID-19 as at March 31, 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.	16.80	1.29
Non-payroll costs	Includes costs related to the COVID-19 response and other non-staff expenditures (e.g., health-related supplies, and administrative costs).	18.39	1.41
Unspent Purchase Orders	Reflects planned and potential commitments since January 2022 to acquire goods and services	1.74	0.13
Sub-Total Direct Impacts		36.93	2.84
Waste management	Increased processing costs resulting from higher tonnage of residential waste collection and blue box contamination.	0.57	0.04
Transit	Impact of lower revenues from reduced ridership, lower advertising revenue and deferred 2020 & 2021 fare increase, net of decreased spending from reduced service requirements	3.69	0.28

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.	0.95	0.07
York Regional Police	Estimated reduction in revenues at Customer Resource Center, net of reduced spending on training and other savings.	0.16	0.01
Sub-Total Indirect Impacts		5.37	0.41
Total		42.29	3.25

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

Public Health costs represent 39% of total COVID-19 impacts to date

Public Health costs included in the direct impacts shown in Table 1 made up \$16.7 million, or 39 per cent of the total impacts to-date in 2022. Immunization impacts made up \$7.71 million, or approximately half of the total Public Health costs. Immunization costs to-date in 2022 reflect the closure of mass immunization clinics and the transition at the end of March to smaller community-based clinics within five York Region offices in the Towns of Georgina and Newmarket, and the Cities of Markham, Richmond Hill, and Vaughan. Public Health also continues to work with partners to promote, support access and administer COVID-19 vaccines through mobile, pop-up and speciality vaccination clinics across the Region.

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 and include costs related to staffing, immunization, and non-staff supports costs for cleaning, technology and other health related materials. In March 2022, the Region submitted a revised projection for the 2022 costs of \$49.2 million to the Province, representing a \$3.2 million increase compared to the amount budgeted in 2022.

Recent initiatives by senior governments may increase funding for temporary shelters and transit systems

To-date, commitments from senior governments suggest the Region will receive funding totaling \$86.1 million in 2022, or 54% 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 was \$172 million, or approximately 60% of the overall \$286 million impact of COVID-19 on the Region.

In addition, the Region is proceeding with five capital infrastructure projects approved as part of a \$12.3 million commitment from the Canada Infrastructure Plan (ICIP) in 2021 to support COVID-19 recovery. Implementation is in early stages, with approximately \$1 million in costs incurred to date. Projects underway include upgrades to health infrastructure including paramedic station renovation, upgrades and improvements to transportation infrastructure including bus terminals and garages and improvements to emergency housing facilities. 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. The Region requested the Province authorize the use of \$2 million from the Social Services Relief Fund Phase 4 commitment towards the extension. While the request was not approved, on April 7, 2022 the Province announced Phase 5 of the Social Services Relief Fund. The Region's allocation totals \$5.3 million subject to an approved investment plan. Part of this funding will be used to continue operation of the transitional shelter into July and to provide other supports.

The 2022 Federal budget confirmed a commitment made in February 2022 to provide up to \$750 million in one-time funding to help address municipal transit shortfalls resulting from the pandemic. The Region experienced a significant drop in transit ridership and resulting additional impacts due to the pandemic. Recovering to pre-pandemic levels is expected to be gradual over the next few years. Staff will review the program details once they are available and will plan to apply for funding if the Region meets the eligibility criteria.

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

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Attachments (1)