

MEMORANDUM

To: Regional Chair Emmerson and Members of Regional Council

From: Kelly Strueby
Acting Commissioner of Finance and Regional Treasurer

Date: June 16, 2022

Re: Financial Impacts of COVID-19 – April 30, 2022 Year-to-Date

This Memorandum summarizes the 2022 financial impacts of COVID-19 on the Region as of April 30, 2022. Key points include:

- Total year-to-date impacts of COVID-19 were \$51.8 million, or \$3.05 million weekly, consistent with the Region's 2022 Budget.
- On April 7, 2022, the Province announced the Region would receive an additional \$5.3 million through Phase 5 of the Social Services Relief initiative, a portion of which will extend the operation of the Region's transitional shelter into July.
- 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. Potential Regional funding impacts will be updated once program and eligibility details become available.
- A May 2, 2022 letter from the Ministry of Health confirmed funding to cover all extraordinary Public Health costs in 2022, and the remaining amount will be determined based on actual costs incurred by year-end.

Impacts to date are in line with 2022 budget estimates

Table 1 includes financial impacts associated with COVID-19 as of April 30, 2022. Mitigations, including funding from senior governments, are excluded unless noted in the description. Estimated total impacts were \$51.79 million, with an average weekly impact of \$3.05 million, which is consistent with the average cost reflected in the 2022 budget figures.

Staff-related costs up to April 30, 2022 were \$21.61 million. Approximately 81% of total staff-related impacts, or \$17.5 million, reflect costs in Community and Health Services, primarily in Public Health. Overtime costs accounted for \$1.79 million, or 8% of the overall staff-related costs.

Non-payroll expenditures totaled \$20.77 million. Approximately 91% of the total non-payroll impacts reflect costs in Community and Health Services related to the ongoing Public Health response.

Unspent purchase orders opened in 2022 total \$2.64 million. As these purchase orders are fulfilled, they will be reflected in the non-payroll costs.

The figures exclude unspent purchase orders of \$16.64 million opened in 2021 and \$20.66 million in 2020. Any future purchases related to these amounts will be reported as part of the non-payroll cost category in the table.

Table 1
Estimated Impacts of COVID-19 as at April 30, 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.	21.61	1.27
Non-payroll costs	Includes costs related to the COVID-19 response and other non-staff expenditures (e.g., health-related supplies, and administrative costs).	20.77	1.22
Unspent Purchase Orders	Reflects planned and potential commitments since January 2022 to acquire goods and services	2.64	0.16
Sub-Total Direct Impacts		45.01	2.65
Waste management	Increased processing costs resulting from higher tonnage of residential waste collection and blue box contamination.	0.79	0.05
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	4.46	0.26
Court Services	Estimated reduction in revenues from Provincial Offences fines during Courts closure, net of staff and program-related savings.	0.95	0.06

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.	0.58	0.03
Sub-Total Indirect Impacts		6.78	0.40
Total		51.79	3.05

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

Public Health costs represent 40% of total COVID-19 impacts to date

Public Health costs included in the direct impacts shown in Table 1 made up \$20.6 million, or 40 per cent of the total impacts to-date in 2022. Immunization impacts made up \$9.66 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 specialty vaccination clinics across the Region.

As part of development of the 2022 budget, extraordinary costs in Public Health 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, this estimate was revised to \$49.2 million and was reflected in the Region's submission to the Province.

A November 2, 2021 letter from the Province confirmed ongoing support for extraordinary Public Health costs in 2022 and indicated the reimbursement amount will be based on the actual costs incurred by the Region. On May 2, 2022 the Region received confirmation for the initial funding amount of \$27.0 million, equivalent to approximately half of the extraordinary costs expected to be incurred in 2022. Similar to last year, the Province indicated the full year amount will be confirmed once actual spending figures are available at year-end.

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 \$89.1 million in 2022, or 56% 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.

On April 7, 2022 the Province announced Phase 5 of the Social Services Relief Fund. The Region's allocation totals \$5.3 million and is conditional on an approved investment plan. Part of this funding will be used to continue operation of the transitional shelter into July and to provide related 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 as required

The Region lifted the emergency declaration on April 26, 2022. Throughout the emergency, financial information related to the COVID-19 pandemic was reviewed by senior management on a regular basis and updates were provided to Council on a monthly basis. Staff and senior management will continue to monitor COVID-19 impacts, and report to Council as required.



Kelly Strueby
Acting Commissioner of Finance and Regional Treasurer



Bruce Macgregor
Chief Administrative Officer

edocs# 13951721

Attachments (1)