

Staff Report



To	City Council
Service Area	Office of the Chief Administrative Officer
Date	Monday, May 11, 2020
Subject	Managing the impacts of COVID-19: Update #2

Recommendation

1. That report "Managing the impacts of COVID-19: Update #2" dated May 11, 2020 be forwarded to the local MP and MPP, FCM, AMO, LUMCO and the Federal Minister of Finance and the Ministers of Municipal Affairs and Housing and Minister of Finance for the Province of Ontario.
2. That Council endorse staff exploration of financial, economic development and culture and tourism considerations raised by the Mayor's Task Force for Economic Recovery and report back through the next COVID-19 update with recommendations.
3. That Council endorse the Grow Back Better: Our Food Future's 10-point COVID-19 Recovery Plan that refocuses \$1.6 million in Federal Smart Cities funding over the next 18 months to support social and economic recovery efforts in Guelph-Wellington.
4. That due to the on-going revenue losses resulting from COVID-19, the limited access to revenue tools to manage through these impacts, concerns with property tax and user rate affordability and the forecasted need to rely upon reserve and reserve funds for a long-term period of uncertainty, the City of Guelph support the call for emergency municipal funding by the Federation of Canadian Municipalities and the Large Urban Mayors' Caucus of Ontario.
5. That Guelph call on other levels of government to arm municipal governments with more diversified revenue streams, inclusive of both income and consumption based taxes, as a way to mitigate municipal financial vulnerability, support the sector's recovery and improve financial independence through longer-term reforms.
6. That Guelph Council endorse the April 28th motion from the Large Urban Mayor's Caucus of Ontario (LUMCO) which states that running deficits as a way to manage municipal financial challenges as a result of the pandemic is not in the public interest.
7. That the revised May to August 2020 City Council Meeting Schedule, included as Attachment-1 to report titled "Managing the impacts of COVID-19: Update #2", dated May 11, 2020, be approved.

Executive Summary

Purpose of Report

This report provides Council with an update on the proactive and responsive work the City has undertaken in response to COVID-19 in the last month. It highlights how the City continues to manage and respond to the impacts of COVID-19 through a set of working tables in collaboration with partnering agencies.

Key Findings

The City is responding to the COVID-19 pandemic while—at the same time—beginning to prepare for the recovery of our community and our organization.

The Executive Team has established a number of working tables comprised of senior staff and subject matter experts to respond and begin to plan for recovery. The work of these tables fall into the categories of economic recovery, social recovery and organizational recovery.

Financial Implications

In total, cost projections of COVID-19 has increased by \$2.8 million, bringing the current total to \$11.8 million. At the same time, the City's mitigation measures have resulted in an additional \$3 to \$5 million in expected savings for a total of \$7.8 to \$9.8 million. This figure continues to be refined by management.

The City's forecasted operating deficit for 2020 is currently expected to be between \$4 and \$8 million.

In response to the significant financial impacts of COVID-19, the City has taken steps to reduce expenditures. These steps include halting all discretionary spending; employee layoffs and placement of full-time employees on declared emergency leave; halting non-critical hiring; and prioritizing capital projects.

Staff are actively advocating with municipal counterparts to higher levels of government for emergency financing to assist with the projected losses rather than depleting the City's reserves in one year.

The City's cash flow is currently healthy with better than expected property taxation collections in April and will continue to be maintained with \$45 million of investment maturities occurring in May and June 2020.

Report

Like most other Canadian cities, the City of Guelph made a dramatic shift in early March 2020 when the realities of COVID-19 forced people into their homes, businesses to close, and services to adapt almost overnight.

Today, eight weeks on, the COVID-19 pandemic continues to present the greatest economic and social challenges our community has faced in generations.

Over the last eight weeks, the City has responded swiftly, decisively, and in collaboration with our community partners, including Wellington Dufferin Guelph Public Health, Guelph Police Services, Guelph General Hospital, and others. The City's guiding principle has been to protect the health and safety of our residents and employees above all else, and we continue to adjust services to respond to and support the changing needs of our community.

On April 16, City Council approved expanded relief measures for businesses and residents as outlined in “Managing the Impacts of COVID-19”. Those measures included relief related to water, wastewater and stormwater user fees; transit fees; the municipal accommodation tax; parking fees, permits and fines; rental and lease revenue; business and other licenses; property taxes; and yard waste pick up.

As a result of the closure of the Public Drop-Off (PDO) at the Waste Resource Innovation Centre (WRIC) to residents in support of Public Health’s direction to stay home, 16,780 residential vehicle trips to the PDO have been avoided from March 24 to April 23, 2020. Commercial drop-off continued in support of essential services as defined by the province.

On April 20, 2020, the City started a Curbside Yard Waste Collection program so that residents would continue to have a way to dispose of their yard waste, despite the closure of the PDO. The City’s regular program provides curbside yard waste collection in the Spring and the Fall, with residents bringing yard waste to the WRIC the rest of the season.

Since April 20, the Curbside Yard Waste program has collected 366,450 kg of yard waste—the equivalent of 5,552 trips to the WRIC. The City also reinstated the Bulky Item Pick-Up program and this has experienced a four-fold increase as a result (from approximately 15 calls per week to approximately 70 calls per week).

Response, relief, and preparing for recovery

In recent weeks, the nature of the City’s work has begun to shift from urgent response to preparation for recovery. Response continues, and the Emergency Operations Control Group (EOCG) continues to meet daily, as it has for the past eight weeks.

But increasingly, the City is planning for the eventual resumption of business—both within the organization and in our community. To that end, the Executive Team has established a series of working tables as a key mechanism for advancing the important work of preparing for economic, social and organizational recovery.

Economic Recovery

There are several working tables advancing important interconnected work in support of helping Guelph’s economy to rebound and recover from the impacts of COVID-19.

Economic Recovery Table

This working table explores and implements initiatives that will contribute to the recovery of Guelph’s economy, through three interconnected work streams: the Mayor’s Task Force for Economic Recovery, economic development activities, and financial considerations.

Mayor’s Task Force on Economic Recovery

The Task Force is a critical engagement tool to listen, understand and raise awareness of the shared and unique challenges faced by Guelph’s business community impacted by COVID-19.

The Economic Recovery Table supports the Mayor’s Office in planning and undertaking Task Force meetings that surface opportunities for a community response to economic recovery. The inaugural meeting was held on April 22, where

a total of 28 business owners and operators, government representatives and support agencies discussed current day realities ranging from devastating revenue loss, widespread layoffs to mental health concerns and immediate and longer-term needs such as clarity in government programs, rent relief and grants for transitioning to digital business models.

The Task Force members' first-hand accounts and experiences have been summarized and distilled into a series of draft actions by City staff. Once endorsed, this will inform a shared plan of action, some of which the City will be in a position to lead and/or support, such as intergovernmental advocacy.

Economic Development Activities

Mobilizing Support—Grow Guelph Partners Reassemble

The City has mobilized the reassembly of Grow Guelph; these dynamic partners have a seven-year track record of successfully working together to support businesses navigate Guelph's constantly evolving business landscape. The COVID-19 pandemic has significantly impacted this landscape and in response, Grow Guelph partners are coming together with regular frequency to:

- coordinate efforts and better understand community needs based on uptake or gaps in programming and support;
- raise awareness of existing programs and avoid duplication; and
- support, where aligned with agency mandates, the implementation of actions raised by the Mayor's Task Force on Economic Recovery.

Raising Awareness and Sharing Resources

New COVID-19 information, resources and programs relevant to the business community are announced daily. Monitoring, tracking, consolidating and disseminating this information is an important operational undertaking of the City's Business Development and Enterprise department.

This staff team has increased the frequency of the City's communications to business stakeholders – now publishing special bulletins weekly to provide time sensitive resources to subscribers, analyzing and sharing data as it becomes available, and responding with one-on-one support.

Buy Local Campaign

City staff are in early planning stages to facilitate a resurgence of buying local through a collaborative promotional campaign intended to rally the community and embrace local spending. The City and its partners will promote opportunities for participation through a variety of channels.

Anticipating Culture and Tourism Patterns

Work is underway with sector partners to understand the current impacts due to COVID-19 through data collection showing broad closures, revenue loss and staffing impacts. The sector has begun to anticipate resident and visitor preferences by trying to understand consumer or patron patterns for post COVID-19.

The sector is exploring alternatives for service and programming delivery for the mid and long term economic recovery. Tourism, as an industry, looks well positioned to take a lead on promoting assets to local residents first, and then to visitors as Ontario reopens. Guelph has a strong foundation through the

DestinationGuelph tourism strategy, but will need to leverage other partners and funding for local impacts.

Financial Considerations for economic recovery

In addition to the relief measures approved by Council last month, staff continue to explore various financial mechanisms and tools to support Guelph's short-, medium- and longer-term economic recovery. Options that are aligned with the City's long-term financial strategy and do not duplicate programs offered by other levels of government, will be implemented and/or recommended for Council consideration. The following are underway:

1. Existing Community Grants and Community Benefit Agreements—Keeping \$2 million in the community where it is needed most.

Staff are working closely with 65 organizational recipients and partners to maintain current funding allocations.

Many organizations received funds through these programs to support operational priorities and mandates, and for a number of these organizations, work is still underway.

In some cases, a funded event or program has had to be cancelled because of COVID-19. City staff are committed to working with these organizations to apply the funding to another initiatives provided there are demonstrable benefits to Guelph residents and contributes to community and City goals.

Staff will report on specifics within each program in the 2020 Annual report, if not before.

2. Reallocating Economic Development Program Funding

The City is pivoting its programming approach to retaining and expanding Guelph businesses in response to the harsh impacts of today's pandemic-influenced economy. The Business Development and Enterprise team is working closely with service agencies that provide critical services to businesses of all sizes to better understand program needs related to reinstating Guelph's economic well-being. As details are finalized, additional information will be shared publicly.

3. Our Energy Guelph's PACE Program—Supporting energy retrofits as an economic recovery tool.

City staff are assessing the request of allocating resources in order to become a billing agent for PACE. Our Energy Guelph would raise the funding to provide loans to property owners for energy efficient retrofits. Full details are forthcoming in a staff report next month.

4. City procurement—Supporting local business.

Although not new, the City, through its procurement practices, will continue to buy from local and Canadian businesses. For context, last year, 40% of purchase orders issued by the City, totaling \$70 million, were to local businesses—either in or within 50 kilometres of Guelph.

The City, through its purchases, remains an important contributor to the local economy.

The City's purchasing practices adhere to the corporation's Purchasing Bylaw and the Canadian Free Trade Agreement, which dictate preferential treatment cannot be extended to local companies, because it would limit fair and open competition and the ability to obtain the best possible value for tax dollars.

5. Grow Back Better: Our Food Future's 10-point COVID Recovery Plan

In January 2020, Our Food Future — Guelph-Wellington's ambitious initiative to create Canada's first circular food economy officially launched. COVID-19 highlighted and exacerbated many of the system-level challenges Our Food Future aims to resolve. In response, a 10-point recovery plan is refocusing about \$1.5 million in Federal Smart Cities funding over the next 18 months to support social and economic recovery efforts within the longer-term goals of the initiative.

A brief overview of the 10-point plan follows.

Priority: Increasing access to affordable, nutritious food

1. Emergency Food Relief — immediate food distribution: The SEED is working with partners to prepare and deliver 100,000 nutritious food boxes between April and October (1200 – 4000 food boxes per week) including fresh foods, frozen meals and shelf-stable goods free of charge to community members in need through contact-free home delivery.

Harve\$t Impact Community Donation Platform: To address direct food and logistical costs for the SEED's Emergency Food Home Delivery Program, the Harve\$t Impact Fund will launch a new online community funding platform in May 2020. Funding: \$90,000, goal of raising \$100,000 or more in matching community donations; Programs underway.

2. Supporting Vulnerable Residents — identifying needs and coordinating action: We're working with community partners to identify the barriers vulnerable residents face in accessing affordable, nutritious food during the pandemic and leverage best practices to provide supports.
3. Get Growing!: To boost local food production, we will support gardening at home starting with children's gardening kits, launch a call for urban agriculture projects, and help new Canadians grow food from their home country. Funding: \$155,000; Launch May/June 2020.

Priority: Supporting new and existing food businesses

1. Seeding Our Food Future — micro-grant project: To support economic recovery, we will provide advice, resources and grants of up to \$5,000 to about 40 new and existing food system businesses and social enterprises. Also, beginning in June 2020, businesses and collaborations, including not-for-profits will be able to apply for \$10,000 at 0% financing. Funding: \$200,000 for micro-grants, \$170,000 for delivery partners and advisory services; \$300,000 leveraged for loans; Launch May – June 2020.
2. Launch Harve\$t Impact Fund: In response to community needs, we will accelerate the launch of the Harve\$t Impact Fund, making financing available sooner for businesses and social enterprises to drive innovation and economic recovery. With the early launch of the fund, there will be an immediate call for private and institutional investment partners, with a

capitalization target of \$2 million. Funding: \$500,000; applications Fall 2020; investments beginning January 2021.

3. Business Tools and Services for the Food Sector to Reduce Waste: Provision Coalition will offer virtual workshops for micro-sized businesses and provide food loss and waste prevention consultation to eight local food businesses to increase their circularity and profitability. Funding: \$250,000; immediately accepting applications.

Priority: Taking action to strengthen regional food system resiliency

1. Connecting Food Producers and Consumers — accessing local markets online: To support local food producers, the Smart City Office will be partnering with the Open Food Network, an open source not-for-profit, to make an e-commerce platform available to help farmers' markets across Guelph and Wellington County create online sales channels. Funding: \$10,000 to allow free access for 2020 for interested Guelph & Wellington markets; May 2020.
2. Enabling Distribution and Delivery Models for Online Food Delivery: Working with partners, we will support the development and testing of new distribution and delivery models that meet the needs of producers, businesses and consumers and align with evolving Public Health guidelines. Funding: \$60,000; Neighbourhood pilot underway.
3. Leveraging Food System Data to Help Our Partners Innovate and Respond to the Changing Market: A key part of Our Food Future is collecting and sharing data. We'll pivot the initial focus of these efforts towards supporting food security and economic recovery in the wake of COVID-19.
4. Community Steering Committee Food Resiliency Table: Through our Community Steering Committee, we will convene a Food Resiliency Table to champion and support this plan.

Capital and Construction Table

While staff worked through the impacts of COVID-19 and Ontario Regulation 82/20 - Closure of Places of Non-Essential Businesses (Provincial Closure Order), the City and its construction partners took an appropriate pause on construction projects to protect workers and prevent the spread of COVID-19. During the pause, staff focused on developing health and safety procedures and prioritizing what work could and should proceed safely in 2020 to support the corporation and community towards economic recovery. At the same time, employees who are able to work from home continued with design, study, and master plan work that will ensure the City is prepared to implement future critical work and projects that align with the Strategic Plan. On Friday, May 1, 2020, the Provincial Closure Order was amended, allowing for all municipal construction projects to qualify as essential services and those City projects that were previously under construction but paused were immediately resumed.

Health and safety protocols were developed to ensure City staff are protected and field work can be conducted safely. This includes work conducted by surveyors and inspectors on job sites. Training was provided to protect city staff, construction workers, and the community while balancing the continuation of essential and critical work. The City is continuously working with its contractors and staff to

ensure projects operate according to the Occupational Health and Safety Act and advice from public health officials on job-site COVID-19 best practices.

Concurrent to the health and safety work done, the Capital and Construction Table carefully prioritized what projects are proceeding to ensure the City continues to provide essential services the community relies upon. Factors initially considered in the prioritization included health and safety, staffing resources/capacity, corporate cash flow and the Provincial Closure Order. On Friday, May 1, 2020, the Provincial Closure Order was amended, allowing for all municipal construction projects to qualify as essential services.

Considering the amendment to the Provincial Order, and the better than forecasted tax collection (improved cash flow as outlined by the Fiscal Recovery Table), there are now fewer pressures affecting timing of delivery of the City's 2020 capital and construction program. These changes don't significantly impact the prioritization work done by the Capital and Construction Table since staff had continued with project scoping, planning, design, and tender preparations in many cases to allow for a smooth transition.

Economic Recovery and Financial Implications of the Work Prioritization

Each capital and construction project has been categorized using the guideline to determine if the project will proceed, pause (postpone spending) until after June 30, 2020, or be deferred for re-consideration through the 2021 budget process. Work proceeding in 2020 provides essential service delivery, aligns with the Strategic Plan, is informed by asset management principles and delivers on the City's 2020 Capital Plan.

Moving forward in a safe, strategic manner with the 2020 Capital Work Program continues towards the City's goals of investment focused on balancing the demands of Infrastructure Renewal, Growth and City Building while providing stimulus spending for the local economy. There are many benefits to moving forward with essential and critical construction and priority capital projects, including:

- Creating local jobs through capital and construction related spending
- Avoiding future material and contractor premiums before the demand on construction trades escalates
- Progressing while the supply chain remains stable locally
- Mitigating potential delay claims

The City's Finance team has summarized the project prioritization work and has applied the results to cash flow modelling. The outcomes indicate that capital budget cash flow can be managed based on the tax collection experience to date and the prioritization work done across the corporation.

It is anticipated that the capital and construction related investment into the local economy, which will support economic recovery, will range between \$5 million to \$15 million a month and a total of \$60 to \$80 million of total capital spending in 2020.

Projects that were identified for reconsideration in the 2021 budget process will be reviewed further as future announcements from the Province regarding lifting of current measures to restrict the spread of COVID-19 are received and as the City gains further clarity around the full fiscal impact of the current closures. Staff are also assessing options to move forward capital projects within the 10-year capital

plan to help with recovery efforts including feasibility of a debenture issuance in 2020 and receipt of higher-level of government stimulus funding.

COVID-19 Scheduling and Staffing Implications for Capital Work

The City is working with contractors, consultants, suppliers, associations, and other partners to move business forward towards economic recovery. Project schedules are being adjusted to the extent possible to limit the overall impacts of COVID-19 related delays. The Capital and Construction Table will continue to work with Managers and Project Managers to minimize schedule delays and find creative solutions for projects where needed. However, it is important to recognize that schedule risks will persist and will depend on future items that are out of the Capital and Construction Teams control such as potential future supply chain disruptions, contractor availability, utility service providers, and competition for skilled workers. Updates related to potential project delays will be captured and reported through future capital variance reports.

The City's long-term capital plan is being assessed given the revenue outlook, COVID-19 related project deferrals, and the implications from temporary staffing reductions. The Capital and Construction Table is collaborating with other tables and the Capital Steering Committee on procedures to implement through the 2021 Capital Budget process that will help manage any sequencing implications to the capital forecast. As part of this work, a review of required staffing levels and capacity to deliver the longer-term capital program will be conducted. In the shorter term, the Capital and Construction Table Point has collaborated with the Human Resource Table Point to provide input into staffing considerations as critical work moves forward in 2020.

The Capital and Construction Table has collaborated closely with the Economic Recovery Table; the Fiscal Recovery Table to explore options for using debt to advance more work to help stimulate the local economy; the Information and Intergovernmental Hub in its advocacy efforts towards additional stimulus funding to support Guelph.

Information and Intergovernmental Hub

The Information and Intergovernmental Hub (formerly the Central Repository Table) continues to gather information from other municipalities and other levels of government to support the Executive Team, the EOCG and the COVID-19 response tables. In addition to information gathering and sharing, the Information and Intergovernmental Hub is working with the Financial Recovery Table, the Economic Recovery Table and the Capital and Construction Table to develop a 'made-in-Guelph' list of principles to share with other levels of government in an effort to guide future economic recovery and stimulus program development. The goal is to inform other levels of government and ensure that future recovery programs and their associated application criteria fit with Guelph's strategic plan and approach to recovery initiatives. These principles will come to Council for endorsement in June.

We continue to liaise with Guelph's MP and MPP regularly and are having productive dialogue about programs and initiatives to support our community. Our focus is on proactively identifying opportunities, and responding to identified challenges in the most timely and agile way.

Through the Financial Recovery Table, we have identified challenges prohibiting municipalities from participating in rent relief programs, where the municipality acts

as the landlord. We are working with AMO and the Ministry of Municipal Affairs and Housing to ensure a fulsome understanding of our challenge and identify solutions that would enable us with the opportunity to participate in rent relief programs, should the Council provide that direction in the future.

Additionally, in support of Mayor Guthrie's role as Chair of the Large Urban Mayors' Caucus of Ontario (LUMCO), this team continues to support Ontario's big cities with coordinated advocacy. The previous report, *Managing the Impacts of COVID-19*, mentioned a coordinated ask from the Association of Municipalities of Ontario (AMO), Mayors and Regional Chairs of Ontario (MARCO) and LUMCO to address challenges with staffing and redeployment as Ontario municipalities battle COVID-19 on the front lines. On behalf of LUMCO, the Mayor spoke with Minister McNaughton's office to advocate on this issue, and in response, the Provincial Government issued an order providing municipalities with flexibility in relation to emergency staffing redeployment on April 17.

Transit revenue losses, ridership declines, enhanced cleaning and other operational impacts continue to be among the highest priority items for Ontario municipalities. Transit systems that serve LUMCO municipalities anticipate losses from April to June totaling more than \$415 million. This is the highest individual revenue impact, accounting for between 20-30% of total financial (expected) COVID- impacts. The Mayor and CAO have spoken with Minister Mulroney about this issue, and staff continue to work with CUTA, OPTA, the provincial government and other Ontario municipalities to achieve financial support to address transit impacts.

On April 28, LUMCO Mayors and CAOs heard directly from Minister Clark and provided information about the impacts of COVID-19 on municipal operations. At that meeting, LUMCO also endorsed the Federation of Canadian Municipalities ask of the federal government to provide emergency support for municipalities. In addition, LUMCO passed a resolution stating that Ontario's big-city mayors are united in their position that running deficits as a way to manage municipal financial challenges as a result of the pandemic is not in the public interest.

On May 8, LUMCO Mayors and CAO's discussed focusing their advocacy efforts to a three phase approach: 1. Immediate Relief, 2. Recovery Support, 3. Long term Reform of the Municipal-Provincial relationship. This strategy is being developed in partnership with Strategy Corp through their current contractual relationship with LUMCO. Also on May 8, LUMCO Mayor's spoke with Minister Clark and Phillips about financial recovery for cities, and with Minister Mulroney to continue the discussion about emergency support to address transit impacts. Additionally, Minister Hussen joined the meeting on behalf of the federal government to speak with LUMCO about the federal response to COVID-19. LUMCO continues to be a strong and united voice for Ontario's big cities, and its productive and collaborative relationship with the Ontario government is resulting in important, ongoing dialogue as we work toward achieving financial supports for municipalities on the frontline of the battle against COVID-19.

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Social Recovery

Social and Community Response Table

Work continues to track and coordinate the work of the City of Guelph with the County of Wellington, social services providers, and other not-for-profit groups who are supporting the community.

A highlight of our collaborative efforts is the preparation and delivery of roughly 1,000 weekly meals to vulnerable seniors, youth and others in our community who are suffering from food shortages. This initiative is a collaboration brought to life by our chefs at Evergreen Seniors Community Centre and Sleeman Centre, with a variety of community agencies including the Community Support Services via Guelph Wellington Seniors Association (GWSA), East Wellington Community Services, United Way, and Wyndham House.

In partnership with Our Food Future, staff continue to find ways to provide affordable and nutritious food by supporting organizations, farmers and markets who provide or sell local farm-fresh food for all levels of need in the community. In addition, Our Food Future has launched Grow Back Better – multiple urban agriculture programs for organizations and residents this month. Another joint initiative this month includes working with Guelph Farmers' Market vendors to access a new selling and information-sharing platform through the Open Food Network platform.

At the beginning of May, the Province of Ontario added Community Gardens to the essential services list. Guelph has a full network of Community Gardens that includes both individual plot based community gardens and communal gardens hosted on public and private land. The City of Guelph hosts eight traditional gardens on City land, however, the broader community gardens network includes another 29 places where approximately 500 people grow food together. Staff continue to work with Public Health to ensure necessary safety protocols are in place and have connected with garden coordinators and volunteers to have the gardens active now for growing season.

This table is not coordinating requests from the community for support whether in kind or for staff resources. Requests from social service or community benefit organizations are being funneled through to the Community Emergency Management Coordinator (CEMC).

Lift our Spirits Table

Through this extraordinarily difficult time, we continue to lift our community's collective spirits by creating opportunities for the community to engage and share their caring stories.

New online content continues through Culture and Tourism social media platforms led by Visit Guelph, and includes engagement through puzzles, challenges to re-enact old photos, photo throwback-stories, virtual highlights from exhibitions, links to virtual tours and more.

We also share and support the work that is still taking place in our community by highlighting the food providers and restaurants that are still open for business through links to purchase online and draw attention to virtual special events. Staff are also shining a light on our community's caring spirit by sharing stories of businesses that have adjusted their businesses to address current needs, such as

making meals, creating hand sanitizer, shields, masks and more. We are proud to highlight others through various hashtags like #visitguelphlater, #guelphcares and #industrypost.

Other creative interactions will continue to be shared via social media, and the City will continue to share our community's heartwarming response.

Organizational Recovery

Fiscal Recovery Table

The Fiscal Recovery Table has a renewed mandate that extends beyond immediate fiscal relief. As we move forward this group is focused on the overall financial impacts of the pandemic to the organization, and our recovery efforts as we work towards business resumption.

The City's fiscal journey has moved beyond the initial "reactionary" phase and into a "resiliency" phase where we will be managing through a great level of uncertainty that could last for years. Staff are focused on developing fiscal recovery strategies that further the goals of the City's Strategic Plan while protecting long-term sustainability. Multi-year budget planning has begun with assessing evolving constraints on revenue, considering the sequencing impacts of shifting capital project plans, reviewing options for increased debt and accessing federal and provincial stimulus programs, and supporting advocacy to other levels of government for emergency financing and influencing recovery stimulus programs.

Fiscal position and relief efforts

Staff are monitoring the fiscal relief and cost mitigation measures approved by Council on March 23, and April 16, 2020 and are currently assessing their impacts through a detailed analysis scheduled to be released to Council through the first quarterly variance report on May 22, 2020. Cash flow has been the highest priority concern given the revenue shortfalls experienced across the City in addition to the property tax, rate, and user fee deferral programs.

In order to bolster cash flow, staff have followed up on grant claims previously submitted to higher levels of government. We have been successful in receiving approximately \$7 million related to the first instalment of the Smart City grant, the Clean Water and Wastewater Fund grant, and the Provincial Transit Infrastructure Fund grant.

The City is also enhancing digital infrastructure for electronic payment receipt, reducing the need for multiple staff processing cheque deposits. The City has successfully now enabled electronic fund transfer (EFT) for all development-related fees, enhancing efficiency. This has helped to keep the development pipeline open for business during this emergency period. The corporation is assessing more options to advance this initiative.

Further, with the approval of the contingency financing by Council in April, staff have successfully actioned the approval of a \$25 million line of credit facility from the City's primary banking institution, TD Bank. This facility was achieved at a favourable borrowing rate of 1.60%, which is variable depending on bank prime rate changes. This will only be used as a contingency mechanism and given stronger than expected taxation collection, may not be required.

The City continues to monitor and adapt to changing higher-level of government relief programs to ensure we are not duplicating efforts and that, wherever possible, that the City can foster access to other government programs. The Fiscal Recovery Table has raised concerns to the Information and Intergovernmental Hub who have advocated for change through AMO and the MMAH to bring attention to a current matter where the City is the landlord. The federal-provincial commercial rent relief program, run through CMHC, operates by way of forgivable loans for 50% of the monthly rent through June 30, 2020. This program however requires that each of the tenant and the landlord pay the other 25%. Given that the City, as landlord, is prohibited by Municipal Act bonusing provisions from reducing rents, this creates an impediment to program participation and risks a loss of 100% of rents if the tenant defaults. Further recommendations to Council may be forthcoming on this topic.

Staff is also considering additional investigation regarding business licensing and permit fee relief for the next reporting period.

Supporting the call for emergency funding

Sustaining the City's financial health over the long-term while balancing the need for fiscal relief and economic recovery is putting significant financial strain on the City's current budget and reserve position. Staff recommend fully supporting the Federation of Canadian Municipalities and the Large Urban Mayors' Caucus of Ontario in their call for emergency municipal funding from the provincial and federal governments. Without this, the City's reserves will likely not be sufficient to support a long-term recovery through an economic recession.

Staff are working to identify funding sources for the anticipated programs and initiatives that will be identified through the Economic Recovery Table.

The City is projecting significant operating deficit positions across both the tax supported and non-tax supported businesses and so there is limited financial capacity beyond the City's reserves or reprioritizing capital budgets for these programs. Base budgets allotted for development incentives, economic development programming and community support and wellbeing grants are also being reviewed.

Looking longer-term, staff have started multi-year budget planning aligned with the Strategic Plan priorities which will be more complex due to COVID-19 impacts. Longer-term impacts that can be triggered with the current recessionary outlook could mean changes to the City's growth-revenue projections and related capital plan. It can also mean tax assessment shifts towards residential properties as the commercial and industrial sector downsizes due to economic realities. This also would mean impacts to operating growth revenues like tax assessment, building and planning application fees and growth rate revenues in water, wastewater and stormwater services. These pressures will compound the challenge of tax levy and user rate affordability and will limit planned service level enhancements.

It is not in the sector's best interest to loosen the regulatory requirements to allow municipalities to budget for deficits as a way to solve this financial distress. Municipalities are looked upon favourably in the credit market because of the very prudent financial restrictions that were implemented in response to the financial fallout post-world wars and the Great Depression. Rather than allowing budgetary deficits, the Province should look to ways to enable municipal autonomy through

more diversified revenue streams like an income tax or consumption tax. Municipalities are innovative, responsible and accountable entities that, when given the right financial tools, can effectively weather these types of storms. Lack of revenue diversification has been an on-going concern in the sector for years, and COVID-19 is shining a light on this vulnerability.

City budget as stimulus

The City's 10-year capital plan of over \$1.8 billion plus an annual \$500 million operating budget should be recognized as stimulus to the local economy as the City looks beyond the immediate emergency period. Essential construction projects will continue to move forward immediately, and may be even more critical now so that the City can help with job creation and spin-off economic benefit. The City's capital plan is being assessed through the Capital and Construction Table given the revenue outlook, COVID-related project deferrals, and implications from temporary staffing reductions.

While these immediate pressures are causing some capital project delays, staff are actively planning with an outlook towards the capital and operating budgets as local stimulus. Projects like Baker District Redevelopment, the Operations Hub, fleet electrification and a number of road and bridge reconstruction projects have significant job creation and economic benefit in the local community. Last year, 40% of purchase orders issued by the City, totaling \$70 million, were to local businesses—either in or within 50 kilometres of Guelph.

Balancing the financial implications of these diverging pressures could mean issuing debt financing earlier than originally planned, a change in project timing due to shifting priorities, and being ready to respond quickly to higher-level of government stimulus programs if they become available. Alignment to the City's Strategic Plan will continue to provide the direction for determining priorities.

Human Resources Table

In response to the expansion of closures and service impacts, the City of Guelph made the difficult decision to temporarily lay off 601 casual part time employees on April 2, 2020. Subsequently, following Council direction on April 16, 2020, 127 full-time employees were notified on April 17, 2020 that they would be transitioned to declared emergency leave effective April 24. This group comprised both union and non-union employees. These actions were taken in collaboration and coordination with the City of Guelph Library, and with regular communication with the corresponding union leaders.

At this time, the Human Resources Table, in conjunction with the Business Resumption Table, has expanded its focus to include a recall and return to work protocol for employees placed on declared emergency leave. This work includes the development of a decision guide that supports staffing decisions. The decisions with respect to which businesses resume and in what order will be guided by provincial orders, public health restrictions, EOCG feedback and Executive Team approval.

The decision guide provides a process that outlines the considerations and responsibilities leaders have with welcoming back employees, and supporting the City's mission of working together to deliver responsible and responsive public services. The process helps us to look after one another, and demonstrate our corporate values as we adapt to a post-COVID-19 workplace. Our current and

future work is being undertaken in close collaboration with the Fiscal Recovery Table, as continued fiscal restraint is paramount as the City moves forward.

Governance Table

Interim City Council Governance Structure

To continue moving City business forward during the COVID-19 pandemic, the Governance Table recommends that a revised City Council meeting schedule (Attachment-1) be approved for the months of May through August. During this period, a governance structure that includes one City Council Planning meeting, one regular City Council meeting and one Special City Council meeting for COVID-19 updates per month is recommended. Committee of the Whole meetings have been temporarily removed from the schedule.

It is also recommended that City Council placeholder dates remain in the schedule to provide flexibility for holding Special City Council meetings as required. All meetings are proposed to maintain their regular start times (6:30 p.m. for regular City Council and for City Council Planning meetings and 6:00 p.m. for Special City Council meetings), with the exception of Special City Council meetings for COVID-19 updates, which are proposed to start at 2 p.m.

While the provincial and municipal states of emergency continue, all meetings will be held electronically in accordance with [report 2020-34 Procedural By-law Update](#), which was approved by City Council on April 16, 2020. Through this report, section 8.3 of the [Procedural By-law](#) was updated to permit delegations at electronic City Council and committee meetings via telephone, videoconferencing software and/or other technology. As a result, and to continue to encourage public participation and community engagement while adhering to physical distancing guidelines, delegations will be permitted for all proposed meetings.

Additional consideration, from an agenda management perspective, will be given to the number and timing of items brought forward to remote City Council meetings, as the process of debate and amendment is slower than in-person. This will ensure that business can continue to move forward as the City works towards economic and organizational recovery, while also managing the length and effectiveness of meetings.

Changes to the meeting schedule for future months of 2020, if necessary, will be brought forward to the Special City Council meetings for COVID-19 updates on an as required.

Land Use Planning Applications

Through Bill 189, the [Coronavirus \(COVID-19\) Support and Protection Act](#), the province has given municipalities increased flexibility in the way land use planning applications are processed and brought forward to City Council. Timelines regarding decisions for land use planning applications are not in effect for the duration of the state of emergency. The effect of this is that no appeals for non-decisions can be made until the provincially declared state of emergency has ended. This gives staff the flexibility to continue moving forward land use planning applications in a way that does not put unnecessary strain on the municipality as it responds to the ongoing COVID-19 pandemic.

Committee of Adjustment

Beginning in May, regularly scheduled Committee of Adjustment meetings will resume electronically to ensure that the statutory/legislated requirements of the committee can continue. Similar to land use planning applications which go before City Council, the province has suspended timelines for Committee of Adjustment applications so that appeals for non-decisions cannot be made during the duration of the provincially declared state of emergency.

Agencies, Boards and Committees

The Governance Table is working with staff in Information Technology to develop systems and processes to allow for remote meetings of Guelph's many City Council appointed agencies, boards and committees. More information regarding remote meeting of agencies, boards and committees will be available in future updates.

Business Resumption Table

The Business Resumption Table is a recently created working group that replaces the former Cleaning Table and the Facility Redeployment Table. The latter were dedicated to the short-term response to organizational and community needs related to COVID-19, and they fulfilled important mandates. The Business Resumption Table reflects our shift from short-term response to preparing for recovery, and addresses how the corporation will transition employees back into their regular workspaces, contemplates what remote working looks like in the coming weeks and months, and how we begin to integrate public access back into City facilities once we are able to reopen our buildings.

We have begun mapping out a plan for our recreation facilities that would involve reopening the West End Recreation Centre first, and then a delayed resumption of use for the Victoria Road facility until after it is no longer required as a screening centre.

Of note with respect to the resumption of City business, where supply chain is concerned, staff do not expect obstacles or impacts to revenues for culture and recreation facilities as a result of a break down or shortfall in supply chains. Nor does staff foresee delays in food, supplies, product or equipment repair, for example, that would impact operations or delivery of service. Staff continue to monitor additional or modified personal protection equipment and product installation that may be required during the business resumption phase.

Corporate Management Team

The Corporate Management Team (CMT) continues to manage the City's regular business and day-to-day operations. CMT is also focused on addressing how we are working differently during the pandemic, and whether some of those changes and innovations are beneficial to maintain over the long-term when we emerge on the other side of this crisis.

Throughout May, CMT members will review the pre-pandemic Strategic Plan Action Plans to refine work plans to adapt and align with new operational realities, including finances and human resources. This work is closely embedded with the development of a multi-year budget forecast. A council workshop on multi-year budgeting and the strategic plan is being scheduled for July.

Union Presidents Table

The COVID-19 pandemic has increased the need for collaboration with union leadership across all of the City's bargaining units. To that effect, the Executive Team has initiated regular meetings with the union presidents, providing updates and seeking input as events unfold. Guelph Public Library management and the bargaining union president has been part of these meetings.

On an operational level, there have been instances of redeployment of employees and repurposing of facilities where the respective union leadership has worked effectively with managers, supervisors, HR advisors and health and safety professionals to ensure our employees are safely taking on and performing in new or modified roles.

Meetings are scheduled weekly for the foreseeable future with additional opportunities for discussion and collaboration on topics such as health and safety measures, and return to work processes through regular touchpoints with the Executive Team.

First Responders Table

This table continues to meet three times a week to discuss common issues. Our Community Emergency Management Coordinator (CEMC) has recently been tasked with maintaining a consolidated inventory of PPE supplies on hand at City Hall, as well as among Fire, Police and Paramedic Services so that on a weekly basis we have a report on quantities of PPE available.

Financial Implications

City staff have been actively analyzing the City's projected financial impacts resulting from COVID-19 and updates have been made since the early estimates in April 2020. These continue to be estimates based on best information at the date of the report. In total, the projected cost of COVID-19 has increased by \$2.8 million—bringing the projected cost to \$11.8 million.

At the same time, the City's mitigation measures have resulted in an additional \$3 to \$5 million of savings expected, for a total of about \$7.8 million to \$9.8 million.

More specifically, the cost of the fiscal relief measures to ease the burden of the COVID-19 pandemic is estimated to be \$5.2 million. In addition to this cost, revenue loss due to facility closures, program cancellations and other impacts from the slowing economy and investment market rate decline is now estimated to be \$6.6 million. This is an increase from early estimates and comes from staff's ongoing analysis of impacts on businesses including Court Services, Planning and Building Services, Engineering and Transportation Services, Police Services and Library Services. Staff expect further impacts to become apparent as we continue to assess changing water use patterns and their impact on water and wastewater revenues.

Projected cost of COVID-19 impacts	As at May 11, 2020	As at April 16, 2020
Fiscal relief measures		
Waiver of interest and penalties for user rates including water, wastewater and stormwater	\$50,000	\$50,000
Waiver of transit fares	\$3,440,000	\$3,400,000
Waiver of parking fees and fares	\$1,230,000	\$1,200,000
Waiver of interest and penalties for property taxes	\$400,000	\$400,000
Increased residential yard waste pick in the spring	\$100,000	\$100,000
Sub-total fiscal relief cost	\$5,220,000	\$5,150,000
Lost revenues from COVID-19		
Parks, Recreation and Culture and Library program cancellation and facility closure	\$2,000,000	\$1,380,000
Parking fines	\$390,000	\$450,000
Other user fees and licences including planning, building, engineering, clerks office, and police services	\$845,000	TBD
Closure of Public Drop Off for residential use and other Solid Waste fees	\$355,000	\$95,000
Court Services closure	\$1,020,000	TBD
Decline in investment portfolio returns	\$500,000	\$500,000
Economy slowing reducing budgeted growth revenues inclusive of property tax supplementary billings, water, wastewater and stormwater rates	\$1,500,000	\$1,500,000
Sub-total lost revenues from COVID-19	\$6,610,000	\$3,925,000
Total projected cost of COVID-19 impacts	\$11,830,000	\$9,075,000

In response to the significant financial impacts of COVID-19, the City has taken steps to reduce expenditures. These include halting all discretionary spending, temporary casual, part-time and full-time staff lay-offs, halting non-critical hiring, and prioritizing capital projects. These efforts have resulted in an updated expenditure reduction estimates in the range of \$7.8 million to \$9.8 million (up from approximately \$4.8 million), however this continues to be refined by management.

Forecasting these financial impacts to year-end, the City will likely experience deficits in both the tax supported and non-tax supported businesses. It is difficult to forecast these deficits at this early stage, however they are expected to be in the range of \$4 to \$8 million in total.

In addition to the figures above, the City is projecting to incur additional expenses specifically related to COVID-19 for cleaning supplies and personal protective equipment, and digital technology costs of \$1.5 million. The City is hopeful for emergency grants to assist with funding these costs, otherwise they will increase the projected losses. These year-end projections also do not include the risks of lost revenues beyond June 30 in some business lines or impacts from our shared service entities.

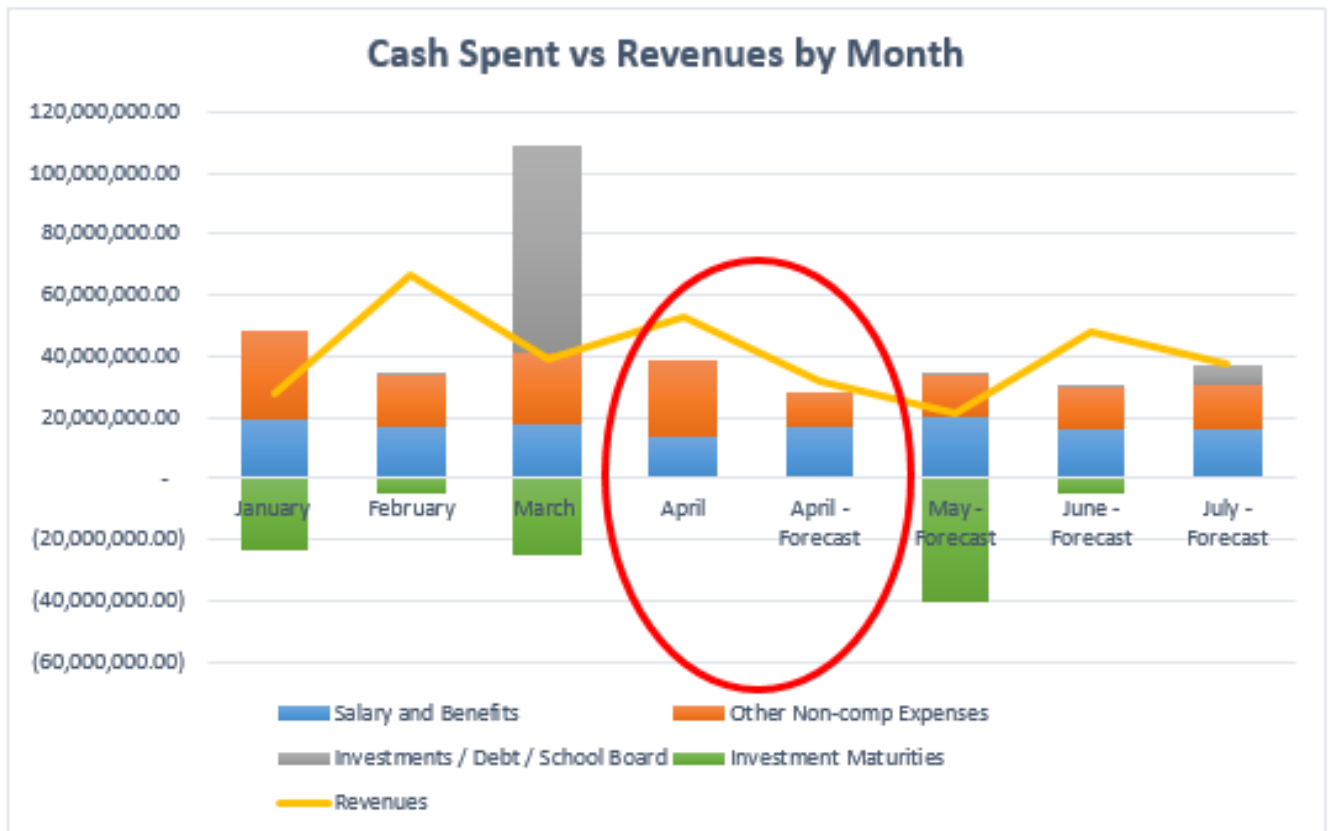
Cash flow

The first property tax due date during the emergency period was on April, 30, 2020 and collection experience was about 75% of a normal year leaving the City with approximately \$12 million of deferred property taxes. This metric is important for adjusting projections with this 25% uptake in deferral programs. This experience was better than what the forecasted cash flow had assumed (30%) which provides a stronger financial base to continue with essential capital projects in the short-term.

The culmination of all the financial impacts projected to July 31 is illustrated in the chart below. Highlighted in the red circle is the difference between April actual and forecasted cash activity. Revenue collection was higher than expected given the taxation collection experience. This is great news and shows that the businesses and the community that needed to access relief have done so while the majority are still financially able to pay. Of the approximately 17,500 properties that are on pre-authorized debit payment plans only 226 requested a deferral.

Also of note, while compensation costs were down from plan as expected with the implementation of temporary staff layoffs, non-compensation expenses were much higher than expected. This is mostly related to capital expenditures that continued in strength during April, when it was expected these would see the normal dip before the on-set of the construction season. From a perspective of economic stimulus, this would be seen as positive to our vendors who rely on these revenues to keep their workforces employed.

The City's cash flow is currently healthy with the better than expected taxation collections in April and will continue to be maintained with \$45 million of investment maturities occurring in May and June 2020. There may be an opportunity for reinvestment of these funds for the short-term which will assist with the long-term health of the investment portfolio.



Consultations

This report was written in consultation with working table leads and the Executive Team.

Strategic Plan Alignment

These recommendations align with the Strategic Plan, Guelph. Future Ready. As a whole, the City's response and ongoing work towards preparing for economic, social and organizational recover are aligned with each of the priority areas of the Strategic Plan. That work is in support of our community and our employees during the pandemic and through recovery, while not losing sight of long-term sustainability.

Attachments

Attachment-1 Revised May to August 2020 City Council Meeting Schedule

Attachment-2 Our Food Future 10-Point Recovery Plan

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