



**The Corporation of the City of Cornwall**  
**Regular Meeting of Council**  
**Report**

Department: Financial Services  
Division: Finance  
Report Number: 2020-345-Financial Services  
Prepared By: Tracey Bailey, General Manager  
Meeting Date: November 9, 2020  
Subject: **Third Quarter Financial Results 2020**

**Purpose**

The purpose of this report is to provide Council with an update on the City's financial activities to the third quarter of 2020 and compare those activities with the 2020 Financial Plan.

**Recommendation**

That Council receive the Third Quarter Financial Results for the period ending September 30, 2020.

**Financial Implications**

Increased costs and loss of service revenues as a result of the COVID-19 pandemic have put significant pressures on the City's fiscal circumstances. Due to the pandemic, it is anticipated that there will be a 2020 operating deficit. This deficit is expected to be mitigated by utilizing several streams of government funding provided to the City in response to these financial challenges.

The net projected savings at year end for the General Taxation budget is \$75,144. Variances known to-date as well as the expected departmental results to the end of the year are included in the departmental commentary and summarized in Schedule I.

The projected savings at year end for Environmental Services Water is \$400,768 and for Environmental Services Wastewater is \$233,429. Variances known to-

date as well as the expected departmental results to the end of the year are included in the departmental commentary and summarized in Schedule II.

Managers have reviewed their respective financial reports for the period ending September 30, 2020 and have estimated variances to the end of the year. The attached reports summarize the operations of the City for the period ending September 30, 2020.

1. Interim financial statements for the period ending September 30, 2020 including comments from Managers in respect to their business unit operations.
2. Capital Reports as at September 30, 2020.
3. Summary of Reserves and Reserve Funds as at September 30, 2020.
4. Summary of Progress Funds as at September 30, 2020.

The COVID-19 crisis is unprecedented, and the length of the economic disruption and recovery remains uncertain at this time. Financial Services will continue to work closely with all City Departments in monitoring the City's financial position.

### **Strategic Priority Implications**

This report addresses Council's accountability and transparency to the ratepayers of the City of Cornwall.

### **Background / Discussion**

The purpose of this report is to provide Council and the public with information on the City's financial activities including the financial implications of the COVID-19 response to year end 2020.

Since the pandemic began the City, like other municipalities, has taken a number of actions to respond to the financial impacts and risks related to this crisis, while considering continued service and safety measures for the residents of our community and employees of the City.

The most significant impact on City finances is related to loss of revenue in Recreation, Transit, Parking, Tourism, and other departments, and the loss of revenue in investment income. This loss in revenue is partially offset by savings in expenditures due to reduced levels of service.

As noted in the Second Quarter Financial Report, to help address the financial implications, the City suspended all non-critical recruitment until such a time as we are able to return to normal operations and services. The City also has

savings in fuel and conferences and courses as most conferences were cancelled or moved to a virtual platform.

As noted in the Second Quarter Financial Report, the Federal Government announced the Safe Restart Agreement (SRA) with Provinces and Territories. The SRA - Phase 1 funding was allocated to municipalities in August 2020, on a per household basis.

It was communicated to municipalities that the allocation of the SRA - Phase 1 funding, together with municipal actions taken to find efficiencies and address shortfalls, should be sufficient to manage 2020 operating pressures arising from COVID-19. Municipalities had the opportunity to apply for additional funding through the SRA - Phase 2 funding if they experienced 2020 operating pressures in excess of their SRA - Phase 1 funding allocation.

Through the SRA - Phase 1 funding allocation, the City received \$2,686,300 and an additional \$687,352 for Transit Services. It is expected that the funding provided to the City through the SRA - Phase 1 funding should offset the related COVID-19 financial implications to the City's 2020 budget.

The SRA - Phase 1 funding was provided to all Ontario municipalities to address COVID-19 operating costs and pressures to the end of 2020. It is to be used to help support critical municipal services, support frontline workers, help communities prepare for a second wave, and to invest in municipal infrastructure and transportation. Any funding remaining at the end of the year is to be contributed to Reserves and used in 2021 to address any additional COVID-19 pressures.

The SRA funding for Transit Services is to offset the loss of revenue and/or new expenses incurred in response to the COVID-19 pandemic.

The City has received other funding to support its response to the COVID-19 pandemic. This includes funding from:

- FedDev Ontario to support continued Tourism initiatives. Through the Regional Relief and Recovery Fund (RRRF), the Tourism Industry Association of Ontario (TIAO) received RRRF funding to provide financial relief to destination marketing organizations (DMOs) that experienced significant revenue shortfalls. The City's Tourism division received \$180,142.
- The Ministry of Transportation (MTO) for enhanced cleaning to support the health and well-being of transit passengers and employees. Transit Services received \$27,440.

- The Ministry of Health and Long-Term Care (MOHLTC). The GSDL received \$75,000 for continued prevention and containment (screening staff, additional staff, PPE, etc.) of COVID-19.
- The MOHLTC for Infection Prevention and Control (IPAC) projects. This funding is intended for infrastructure upgrades that will improve IPAC conditions and practices. Eligible measures will include (but are not limited to) minor renovations to support physical distancing, plumbing or water supply cleaning and repair, HVAC systems upgrades or repairs, and/or replacement of furniture and equipment that cannot be fully cleaned. Through this funding stream, the GSDL received \$83,500.
- The MOHLTC. The GSDL receives \$38,400 per month (since June 2020) in additional baseline funding to support the necessary incremental expenditures of long-term care homes to stop the spread of COVID-19.
- The Ontario Community Support Association. The OutReach program at the GSDL has received \$3,650 of emergency relief funding for the expansion of the meals on wheels program.
- The MOHLTC. Both the GSDL and Paramedic Services received funding to offset COVID-19 Temporary Pandemic Pay one-time costs.

Social Housing and Child Care Services have also received funding from their respective Ministries in order to continue to provide services and supports based on the local community needs of SDG in responding to this emergency situation.

On October 29, 2020, the Province announced that it is providing up to \$1.05 billion in combined federal-provincial funding through the new COVID-19 Resilience Infrastructure stream to build or renovate health and safety related projects in long-term care, education and municipalities.

The COVID-19 Resilience stream will deliver:

- Up to \$700 million for education-related projects to be nominated and administered by the Ministry of Education;
- An allocation-based program that will deliver \$250 million to municipalities to address critical local infrastructure needs, including \$6.5 million that will be directed toward Indigenous and on-reserve education, through the Ministry of Infrastructure in collaboration with the Ministries of Education and Indigenous Affairs; and

- Up to \$100 million for long-term care projects to be identified and administered by the Ministry of Long-Term Care.

The funding is part of the federal government's Investing in Canada Infrastructure Program (ICIP stream). Projects will be approved through an application process. The City's allocation is \$684,733.

The new stream of funding will support the following types of projects:

- Retrofits, repairs and upgrades for municipal, territorial, provincial and Indigenous buildings, health infrastructure and schools;
- COVID-19 response infrastructure, including measures to support physical distancing;
- Active transportation infrastructure, including parks, trails, foot bridges, bike lanes and multi-use paths; and
- Disaster mitigation and adaptation projects, including natural infrastructure, flood and fire mitigation, and tree planting and related infrastructure.

The stream supports near-term, quick-start projects and projects must respect the following timeframes:

- Construction must start no later than September 30, 2021; and,
- Projects must be completed by the end of 2021, or by the end of 2022 in the territories and in remote communities.

Staff are currently reviewing projects that would be eligible through this stream of funding and will submit applications prior to the deadline.

Document Title:	Third Quarter Financial Results 2020 - 2020-345-Financial Services.docx
Attachments:	<ul style="list-style-type: none"><li>- Operating September 30 2020.pdf</li><li>- Capital Report September 30 2020.pdf</li><li>- Reserves September 30 2020.pdf</li><li>- Progress Fund Sept 30 2020.pdf</li></ul>
Final Approval Date:	Nov 4, 2020

This report and all of its attachments were approved and signed as outlined below:

**Tracey Bailey - Nov 4, 2020 - 7:58 PM**

**Maureen Adams - Nov 4, 2020 - 8:51 PM**