



Regular Council Meeting

To:	Mayor and Council
Date:	September 8, 2020
From:	Kimberley Pope, Finance Department
Report Number:	Finance 2020-18
Subject:	COVID-19 Update No.3, Waiving of Penalty/Interest Charges and loss of Revenues (April 1 to August 31, 2020)

Recommendation:

That Council receive Finance Report 2020-18 for information purposes.

Overview:

The CAO & Director of Finance continue to support the waiving of late payment penalties (current year billings) during the COVID-19 municipal closure and, in support of the stages of the province's reopening plan. The waiving of late payment penalties will be extended until the final annual tax installment due date of October 31, 2020.

The Municipality will reactivate interest charges (on previous year arrears) effective September 1, 2020 as these interest charges are applied to outstanding taxes and/or billings prior to the COVID-19 pandemic. Local municipalities within the Peterborough County independently recommenced penalty and/or interest charges between July 14 and September 1, 2020.

On August 12, 2020 the Ontario government announced \$4 billion in emergency assistance to provide Ontario's 444 municipalities with the support they need to respond to COVID-19 as part of the federal-provincial Safe Restart Agreement. "Municipalities play a key role in delivering critical services that Ontarians rely on and are at the frontlines of a safe reopening of the economy. This investment will provide support to municipalities ... to help them address financial pressures related to COVID-19, maintain critical services and protect vulnerable people as the province safely and gradually opens." The funding will be released under two phases; Immediate Funding for Municipal Pressures (Phase 1, funding allocated on a per household basis) and Additional Municipal Pressures (Phase 2, applications due by October 30, for municipalities who can demonstrate operating costs and pressures exceeding Phase 1 allocation due to greater financial impacts arising from COVID-19).

As Premier Ford has indicated, "by working together, we have united the country in the face of the immense challenges brought on by COVID-19 and secured a historic deal with the federal government to ensure a strong recovery for Ontario and for Canada".

The Township of Cavan Monaghan was allocated \$217,000 under Phase 1, Immediate Funding for Municipal Pressures as part of the federal-provincial Safe Restart Agreement as per the letter received from the Minister of Municipal Affairs and Housing. Phase 1 payments are expected to be released to municipalities in September.

As outlined in previous COVID-19 Finance Reports, 2020-05 and 2020-14, in March 2020 the Township of Cavan Monaghan activated the Emergency Response Plan, delegated authority to waive user fees and charges and declared a State of Emergency to reinforce the need for residents to take necessary precautions to reduce the impacts of the present COVID-19 pandemic. The Province also released the 2020 Provincial Economic and Fiscal Update and Ontario's Action Plan and provided a 90-day deferral of the quarterly education property tax remittance to school boards.

Financial Impact:

The Municipality has experienced operating costs and pressures of \$302,875 due to the COVID-19 pandemic. This total consists of \$188,760 in revenue losses, for the waiving the late payment penalties and loss of rental revenues, plus operating costs of \$114,115 from additional expenditures between April and August of 2020;

- \$103,257 Penalty & Interest on Property Taxes
- \$ 17,756 Water and Wastewater Penalty Fees
- \$ 67,747 Parks & Facilities Rental Revenue Losses
- \$114,115 Operating Costs (Emergency Fund "77")

The Safe Restart Phase 1 funding, of \$217,000, will be utilized to support the COVID-19 operating costs, loss of revenues and pressures as outlined above. The Municipality will submit Phase 2 reports, by October 30, outlining the greater financial impacts that demonstrate costs and pressures that exceeded our Phase 1 household allocation of \$217,000.

Although the Gaming & Casino Revenues (OLG) are not utilized to offset operating costs for the Municipality, these funds are added into reserves to supplement capital projects for the Municipality. In 2020, as per the last OLG update, the Municipality has received 60% less in OLG revenues as a comparison to last year at this time. This results in a Gaming & Casino Revenue loss of approximately \$127,400 to date.

Historically, over the past three years, the average penalty/interest payment penalties were \$14,000/month (property taxes) and \$2,000/month (water & wastewater). The Parks & Facilities department have estimated the loss in rental revenues based on cancelled hours/bookings due to the closures at the CMCC, Old Millbrook Arena, Old Millbrook School, Maple Leaf Park and the Municipal Office.

The late payment penalty revenues are part of the annual Operating Budget which offset the following expenses, such as; allocated wages for tax collections and arrears, bailiff and tax sale administration, notices, postage/courier fees, and tax rebates (vacancy, charity, senior/low income, disabled and credit supplementals). The rental revenues are included in the annual Operating Budget to offset the operating costs of the municipal parks & facilities.

Any excess penalty, interest and revenues at year end are carried forward as an operating surplus to mitigate the future municipal tax rate or transferred to the water and wastewater reserves to mitigate future utility rates, where applicable.

Respectfully Submitted by,

Reviewed by,

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Director of Finance/Treasurer

Yvette Hurley
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