

Pandemic continues to have ?significant? impact on Town?s finances

The continued uncertainty swirling around the global pandemic continues to have a ?significant? impact on the Town's finances and it will be a challenge to rise to the occasion.

In a report due for further discussion at Council this week, the short-term ? and potential long-term ? impacts of COVID-19 on the municipality's finances are beginning to come into focus.

Lost revenues from Town programs, water revenues, and other factors related to the pandemic are estimated to clock in at \$5,011,200, according to a report by Tracy Evans, Financial Management Advisor for the Town of Aurora.

?The magnitude of the impact of COVID-19 on the Town of Aurora remains unclear, but the existing physical distancing measures and economic shut-down impacts have already been significant,? says Evans.

?To date, the Town has already initiated several measures in an effort to mitigate its COVID-19 financial impacts, such as the temporary release of over 280 part-time and contract staff, the pulling of all ice pads and the draining of all recreation facility pools.?

Mitigation measures such as the release of part-time and contract staff, saving from the closure of municipal facilities, salary savings from delaying recruitment of new staff, and lower levels of maintenance in the parks department, have resulted in a savings of \$5,141,000.

?COVID-19 has had the most profound impact on the Town's facility and community program functions,? says Evans. ?The financial performance of these functions will hinge on the timing of the Province's relaxation of the present pandemic measures. To date, overall the Town has found sufficient mitigating savings to offset the significant COVID-19-driven deficits that it has been subject to.

?There is little opportunity for the mitigation of COVID-19 financial impacts within the Town's user rate-funded operations budget other than through direct wholesale cost savings as a majority of its costs are driven by clean drinking water legislation or a requirement to maintain the Town's underground infrastructure at the Town's desired level of service.

?However, with this in mind, staff have examined its operations for possible financial mitigation opportunities.?

Such possibilities include the reduction of administrative expenses and refocusing any resources on operations and maintenance.

Council reviewed the forecast at the Committee level last week.

While they thanked staff for their work, they questioned how Federal funding in response to the COVID-19 pandemic will help ease any shortfalls and help smooth out any tax implications going forward.

Councillor Harold Kim, for instance, raised the issue of the nearly \$1.3 million cash infusion and wondered how that money might be split amongst areas where there are financial shortfalls versus other areas that still have healthy reserves.

?If one bucket was negatively impacted by COVID but because of surpluses at an operating level in other buckets and it smooths out, does that mean we cannot use the COVID funding for that one particular bucket?? he asked. ?Is the COVID funding for the overall net deficit of the corporation, or can it be used from a tactical perspective??

Town Treasurer Rachel Wainwright-Van Kessel said the \$1,298,500 grant was calculated on a per-household basis rather than specific needs or specific applications.

“From this type of funding, we're allowed to use it to offset some of the impacts of COVID, whether it be revenue losses or whether it be additional costs that we need to accommodate our workspace for COVID as well,” she said. “We can use it in either operating or capital. The other way we can also use it is we can contribute some of that money to reserve and use it next year. One of the things we would see in the budget that comes forward next week is we are planning to contribute some of that funding to reserve to offset some of those COVID pressures we're expecting for 2021. We will be preserving some of that while also using it against some of the costs we have had so far.

“Luckily, a lot of the COVID expenses we were able to save during the complete shutdown through reducing staffing, removing ice, removing water from the pools, but now as we move into this modified Stage 2, it is a little bit of a different situation so we will see how things go. This forecast reflects the stage we were at before we moved to modified Stage 2 so there could be some potential for further deficits from the situation we're in now. We will be very strategic in how we use it [so we can conserve] some of the money for next year to deal with some of those pressures that continue into 2021.”

Aurora's share of the COVID recovery funding could be used to “right size” community services, she added, but the Town needs to be a “little bit more strategic” going into 2021 looking at how additional funds can be used to manage ongoing impacts of the pandemic and make sure Aurora is prepared for the future.

“As we move into 2021, we do not know what the funding requirements or how it will be allocated out based on what happens next year,” she said. “I am just thinking for the Town we should be prudent and make sure that we protect ourselves for what we know we may have as impacts next year while at the same time ensuring that we do not end up in a deficit situation this year.”

A further update on the financial implications of York Region heading back into Stage 2 could come as early as December, she said.

“As we have seen in the report, the reduction of revenue to the tune of \$5 million is significant and the fact they were able to work collectively to try and mitigate the impact of this loss in revenue and end up with a small surplus, I think that is better than we could have thought of three months ago,” said Councillor Michael Thompson on the work of staff. “Certainly, while I don't know how the other municipalities in York Region are faring, I have to think we have weathered the storm better than most and so I just want to express my appreciation and acknowledge their efforts.”

Added Mayor Tom Mrakas: “I think they did an incredible job throughout the first seven months of the pandemic and they put us in a position to make us well-established as we moved forward.”

By Brock Weir Editor Local Journalism Initiative Reporter