

COVID-19 will have a ?significant impact? on 2021 Budget

Losses of revenue on multiple fronts will have a ?significant impact? on Aurora's budgets in 2021 and 2022, Council learned last week.

Should emergency measures put in place in response to the global COVID-19 pandemic be in place until the end of the year, the Town will see a loss of more than \$2.1 million in revenue.

On April 28, Rachel Wainwright-Van Kessel, Treasurer for the Town of Aurora, presented a month-by-month impact of the financial fallout related to COVID-19.

As of the end of April, the Town is facing a loss of approximately \$329,000. There is a bit of give and take, however, as the loss in recreational revenues resulting from cancelled events and facility rentals is expected to be offset through operational savings as most Town buildings are all but shuttered with minimal maintenance staff on site.

?[Lost Development Revenue and Lost Tax Penalties] are driving the greatest impact to the estimated deficits,? said Ms. Wainwright-Van Kessel. ?Lost development revenue?comes from development applications ranging from subdivision and site plans to Committee of Adjustment requests. As restrictions are lifted?and the economy begins to re-open, the revenue for this item may start to rebound, but it may also take some time.?

Penalties collected on taxes are also on the wain. If fees on past-due accounts are waived until the end of the year, the Town will see a loss of just over \$1 million, she noted.

To date, penalties on taxes have been waived until June 30 following orders issued near the start of the pandemic. A further report will be coming to Council later this month on related actions that will shape the rest of 2020.

?Should the Town have an overall deficit relating to COVID-19 and combined with any potential savings we could have through operations, it would be funded through the tax stabilization reserve [which] currently has roughly a \$7 million balance.?

Revenues will also likely be lost when it comes to water, wastewater and stormwater bills.

In response to the pandemic, the Region of York postponed the nine per cent cost increase they planned on the bulk purchase of water. Should the Town decide to forego any rate increases, Ms. Wainwright-Van Kessel said the Town would see a net loss of \$914,000.

?Since the rate-funded budget does not have a separate stabilization reserve, the deficit will result in a lower contribution to asset management for these services,? she said.

To date, Aurora has collected 77 per cent of taxes due April 21 due to tax deferral options previously announced by the Town. 155 of residential pre-authorized payments have been deferred, while 53 commercial property owners took the Town up on its offer for a tax referral, proving to the municipality in the process that they were passing along the benefits of the tax deferral to their tenants.

After the Treasurer confirmed that COVID-19 would indeed impact the 2021 and 2022 Operating Budgets, the portion of the budget with the most direct impact on tax bills, Council began its sweep of the financial forecast.

Lawmakers particularly focused on the retail rates for water, wastewater and storm water.

Council unanimously voted to revert the rates for three items to a break-even rate until the end of June.

?I wish I had a little more time on this to understand it better,? said Councillor John Gallo on the report, adding he would have preferred the financial forecast to come to a General Committee meeting to allow Council an extra week to ask questions and seek answers before making a final decision on rates. ?To come straight to Council, it is pretty big decisions in the impact or potential impact and help not only to the residents but also to the businesses. I just really don't have enough information to make a decision on whether I would want to move to remain at the 2019 rates and have a further discussion on how to mitigate that, because this is going to be a multi-pronged effort in terms of figuring out our finances, not only figuring out where our losses are going to be, how we can help the residents in various areas, but also looking internally and figuring out how or what are we going to do in order to mitigate all of these factors.?

Harkening back to a question asked by Councillor Rachel Gilliland earlier in the meeting, he said he wanted more information on how the Town was looking ?internally? to mitigate these impacts and hoped it would be part of the further report due in May.

Added Councillor Michael Thompson: ?It is tough seeing the numbers and I think we're all concerned with trying to figure out ways to develop some mitigation strategy or blunt the impact.?

This was also the view offered by Councillor Harold Kim, who said he did not anticipate coming out of COVID-19 in a standard manner.

?I don't think this is necessarily going to be a V-shaped recovery and not all the jobs are coming back,? he said. ?There is going to be a new normal. There is going to be a challenge not just for 2020, but also 2021. Anything we hold back on with regards to water,

wastewater and late penalties is going to be exacerbated in 2021. I wouldn't want to make a decision at this point to waive or to maintain the 2019 fees for all of 2020, but let's play it incrementally and see where this next piece of information goes because, in the end, we don't have the deep pockets that other levels of government have. We're no different from Smart Centres or any other landlord because we only have one source of revenue. If you hold off this year and you look at the anticipated increase in 2021, it is going to be a huge increase that people are still going to have to live with. We can't keep deferring.?

By Brock Weir