

DATE OF MEETING NOVEMBER 18, 2020

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SUBJECT COVID-19 SAFE RESTART GRANT FOR LOCAL GOVERNMENTS

OVERVIEW

Purpose of Report:

To provide the Finance and Audit Committee with information about the COVID-19 Safe Restart Grant for Local Governments.

BACKGROUND

On 2020-MAR-17, the Province of BC declared a Provincial Health Emergency due to the COVID-19 Pandemic. The Pandemic has had a significant impact on the City of Nanaimo. The key impacts are:

- Increased costs for personal protective equipment (PPE) and additional safety measures
- Significant reduction in parking revenues due to travel restrictions and facility closures
- Provincial Revenue sharing losses due to the closure of casinos
- Revenue losses from the closure of Parks, Recreation and Culture Facilities
- Revenue shortfalls at the Vancouver Island Conference Centre

To date, both the Federal and Provincial governments have provided relief to the following local governments:

- 2020-APR-16, Province of BC announced new COVID-19 supports for businesses and local governments (recap):
 - Authorizing local governments to borrow, interest-free, from their existing capital reserves to help pay for operating expenses, such as employee salaries.
 - Delaying provincial school tax remittances until the end of the year. This will provide significant relief to local governments facing cash flow issues.
 - Providing local government's greater flexibility to carry debt for an additional year.
 - These measures will provide local governments with the resources to meet their operational costs and required remittances to regional districts, regional hospital districts, TransLink and transit authorities, BC Assessment, the Municipal Finance Authority and other taxing authorities. This will ensure that other minor taxing authorities can count on receiving the full amount they bill to municipalities and the Province's surveyor of taxes before 2020-AUG-01.

- 2020-AUG-05 – Investing in Canada Infrastructure Program (ICIP) – COVID-19 Community Resilience Stream was announced. A new temporary COVID-19 Resilience stream, with over \$3 billion available in existing funding, has been created to provide provinces and territories with added flexibility to fund quick-start, short-term projects that might not otherwise be eligible under the existing funding streams. The Federal government is currently working on developing grant criteria that should be announced in the coming months.
- September 2020 - Community Economic Recovery Infrastructure Grant Program was announced – 100% funding up to \$1 million to support economic resilience, tourism, heritage and urban and rural economic development projects in communities impacted by COVID-19. The City applied for funding for the following projects:
 - Long Lake Rowing and Paddling Centre
 - Rotary Bowl Track Resurfacing

DISCUSSION

On 2020-NOV-02, a letter from the Ministry of Municipal Affairs and Housing was received stating that Nanaimo would be awarded \$6,693,000 under the joint federal/provincial funded COVID-19 Safe Restart Grant for Local Government program. The grant program provides up to \$425 million for local governments impacted by COVID-19. The funding is designed to support local governments experiencing increased operating costs and lower revenues as a result of the Pandemic.

Eligible costs include:

- addressing revenue shortfalls;
- facility reopening and operating costs;
- emergency planning and response costs;
- bylaw enforcement and protective services like fire protection and police;
- computer and other electronic technology costs (to improve interconnectivity and virtual communications);
- services for vulnerable persons (e.g. persons living with disabilities, mental illness or addictions, persons experiencing homelessness or other vulnerabilities); and
- other related costs.

A condition of the grant is that local governments will be required to report, on an annual basis, on how the grant funding was spent. This information will be included in the City's annual audited financial statements. The City would be required to report annually until all of the funding was used.

Draft Framework Suggested by Staff

1. Funding Must Meet Eligibility Criteria
 - Draw down \$6.693 million fully in 2020 against eligible criteria
 - Budget variance for 2020 to be transferred to the Special Initiatives Reserve to address shortfalls and financial uncertainty.

2. Eligible 2020 Costs*

Based on the projected revenue shortfalls and increased expenditures due to the COVID-19 Pandemic, the following 2020 costs have been identified:

a. 2020 Revenue Shortfalls

i. Parking Revenues

- Eliminate revenue loss in 2020 \$ 588,270
- This will generate a transfer to parking reserve for future project funding (approx. \$469,430)

ii. Casino Revenues

\$ 1,985,250

- Eliminate deficit funding in 2020
 - 33% shortfall in General Revenue \$ 655,130
 - 67% shortfall in Strategic Infrastructure Reserve \$ 1,330,120

iii. PRC Revenues

- Aquatics \$ 1,788,450
- Arenas \$ 592,970
- Recreation \$ 1,578,420

b. 2020 Expenditure Overages

- i. Pandemic Internal Order \$ 500,000
- ii. Park Ambassadors Internal Order \$ 106,100
- iii. Water Safety Team \$ 26,400
- iv. Increased operating costs for NAC
 - Additional wages \$ 100,000
- v. Facility Ambassadors tbd
- vi. Increased custodial tbd
- vii. Sanitation
 - Increased tipping fees and wages for increased volume \$ 453,820

** Note – All amounts are estimates, as final values will not be known until 2020-DEC-31.*

As a result of allocating the \$6.693 million in 2020, a budget carryforward will likely be generated. It is suggested that this budget carryforward for 2020 be allocated to the Special Initiatives Reserve.

Special Initiatives Reserve

Currently the Special Initiatives Reserve has a balance of \$2.8 million from the 2019 surplus to be allocated to address pandemic related issues. Any budget variance for 2020 could be added to this reserve as well.

The following is a list of potential funding allocations from the Special Initiatives Reserve (which will be topped up as indicated with 2019 & 2020 budget carryforwards):

- \$1.4 million to reduce 2021 Property Taxation (in place of General Financial Stability Reserve)
- 2021 Pandemic Internal Order
- Reinstate 3 new positions to 2021-JAN-01
- Extension of Clean Team to 2021-DEC-31
- Downtown Public Safety

- Contingency for 2021 revenue shortfalls, unanticipated pandemic costs that exceed internal order
- Reinstatement of 2021 projects delayed or cancelled on a case by case basis. |

CONCLUSION

The purpose of this report is to introduce the COVID-19 Restart Grant for Local Governments. Further discussion relating to the allocation of the COVID-19 Restart Grant for Local Governments will occur on 2020-NOV-30. |

SUMMARY POINTS

- On 2020-NOV-02, the COVID-19 Safe Restart Grant for Local Government was announced.
- City of Nanaimo will receive \$6,693,000 in grant funding
- Reporting on how the funding is spent is a requirement of the grant.
- The grant funding will be reported in the annual financial statements until all of the funds are used.
- Fully allocate the \$6.693 million grant to offset losses in 2020.
- Any budget variance for 2020 could be transferred to the Special Initiatives Reserve.

ATTACHMENTS

Attachment A: November 2, 2020 Letter from the Ministry of Municipal Affairs and Housing |

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