



## FINANCE DEPARTMENT MEMORANDUM

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**TO: MAYOR J. LEHMAN AND MEMBERS OF COUNCIL**

**FROM: C. MILLAR, DIRECTOR OF FINANCE AND TREASURER, Ext. 5130**

**NOTED:**

**D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES**

**A. MILLER, GENERAL MANAGER OF INFRASTRUCTURE & GROWTH MANAGMENT**

**M. PROWSE, CHIEF ADMINISTRATIVE OFFICER**

**RE: FINANCIAL IMPACT OF COVID-19 AND COSTS OF REOPENING**

**DATE: MAY 25, 2020**

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The purpose of this Memorandum is to provide members of Council with an update on the potential financial impacts of COVID-19 and estimated costs of ramping up service levels.

City staff continue to monitor and forecast the financial effects of the COVID-19 crisis. While the environment is constantly changing, the true impact will not be fully understood until much later in the year.

However, staff have been prudently investing time in understanding the financial impacts of actions taken to date, including forecasting over the remainder of the year under various scenarios. In relation to the 2020 approved budget, while we have experienced significant decreases in service fee revenues, particularly related to recreation, transit, Provincial Offences Act (POA), licenses, permits, and late fees. Our current forecasting is showing the lost fee revenues have been equally offset by reducing costs related to staffing, lower fuel and utility costs, and where possible reductions in contracting and material costs.

As we begin to slowly reopen and ramp up to new normal service levels, we anticipate these additional costs will have a negative impact and possibly result in a year end deficit relative to the 2020 budget. Any such deficits will be funded first from stabilization reserves.

For example, with the opening of parks in the coming days (i.e. soccer fields, baseball diamonds, basketball courts etc.), staffing levels will be increased immediately to provide appropriate service levels. The same is true for addressing litter pick up and increased garbage at the waterfront. The costs to bring back these staff over the remainder of the year are estimated at approximately \$300,000. As these positions do not generate direct fee revenues, it is expected the costs could contribute to a year end deficit.

Staff are continuing to understand the financial impacts of the COVID-19 crisis and will be reporting back to Council with an update in June.