

COVID-19 Pandemic Financial Conversation #2

Managing the Financial Impact of COVID-19

April 8th Report to Council

Purpose of Today's Report

- Listening and Responding to local needs
- Establishing Financial Planning Principles
- Our existing approved 2020 budget
- Preliminary financial projections
- Mitigating our Financial Pressures and seeking assistance
- Liquidity
- Next Steps

Listening and Responding to Local Needs

- We are listening carefully through a number of channels
- City actions include:
 - Rear-only boarding public transit
 - 3 month deferral of interim property tax payments, stormwater charges, rent payments from City tenants
- Region actions include:
 - \$1M increase to Community Investment Program
 - 3-month deferral of water and stormwater bills, utility rate increase, Regional interim levy payments

Listening and Responding across Canada

- From the Federal Government:
 - \$105B in new support for workers, businesses and students
- From the Provincial Government:
 - \$17B in new support for health care, people and businesses

Establishing Financial Planning Principles

- Public health is the first priority
- Preserve the long-term strength of the property tax base
- Comply with legislation
- Allow other levels of government time to fulfill their mandates
- Use reserves appropriately to manage financial challenges
- Deviation from our financial plan should not be permanent

2020 Gross Operating Budget by Service

| Service Area | Budget (\$Ms) | Percent |
|----------------------------------|---------------|---------|
| Land Development | 23 | 3% |
| Facilities & Property Management | 26 | 3% |
| Information Technology | 33 | 3% |
| Mississauga Library | 31 | 3% |
| Business Services | 37 | 4% |
| Parks, Forestry & Environment | 43 | 5% |
| Other | 59 | 7% |
| Recreation | 81 | 9% |
| Roads | 83 | 9% |
| Fire & Emergency Services | 126 | 14% |
| Financial Transactions | 171 | 18% |
| MiWay | 203 | 22% |
| Total | 924 | |

Excludes Stormwater \$43.6M

2020 City Operating Funding Sources

| City Operating Funding Sources | Budget (\$Ms) | Percent |
|--|---------------|---------|
| Property Taxes | 537 | 58% |
| User Fees | 189 | 20% |
| Provincial Gas Tax and Revenue Transfers | 76 | 8% |
| Payment in lieu of Taxes | 36 | 4% |
| Investment Income and Dividends | 32 | 3% |
| POA, Fines, Penalties | 30 | 3% |
| Municipal Accommodation Tax | 10 | 1% |
| Other | 14 | 2% |
| Total | 924 | |

Year-End Projections (\$Ms)

| Physical distancing ends: | April 30 | May 31 | June 30 |
|--|--------------|--------------|--------------|
| COVID-RELATED PROJECTIONS | | | |
| Recreation - reduced revenues | -16.7 | -19.4 | -23.3 |
| MiWay - reduced operations, diesel savings, reduced revenues | -14.6 | -19.3 | -25.8 |
| Investment interest loss (lower returns) | -4.5 | -4.6 | -4.7 |
| Parking revenues lost | -3.0 | -3.8 | -5.0 |
| POA - reduced revenues | -1.7 | -2.1 | -2.5 |
| Living Arts Centre - reduced operations, reduced revenues | -1.7 | -1.7 | -1.7 |
| Loss of interest due to property tax deferral | -2.0 | -2.0 | -2.0 |
| Various other impacts | -1.4 | -1.8 | -2.4 |
| Labour - reduced hiring and temp staff lay-offs | 2.3 | 4.9 | 8.2 |
| NET SURPLUS / (DEFICIT) RELATED TO COVID | -43.4 | -49.9 | -59.1 |
| BUSINESS-AS-USUAL (BAU) PROJECTIONS | | | |
| Anticipated gapping savings | 8.3 | 8.3 | 8.3 |
| Insurance Renewal (premium increase) | -1.0 | -1.0 | -1.0 |
| NET SURPLUS / (DEFICIT) RELATED TO BAU | 7.2 | 7.2 | 7.2 |
| NET SURPLUS / (DEFICIT) PROJECTED TO YEAR-END | -36.2 | -42.6 | -51.9 |

Projected Deficit Position (\$Ms)

| Physical Distancing Ends: | April 30 | May 31 | June 30 |
|--|-----------------|---------------|----------------|
| Net Surplus/(Deficit) Related to COVID-19 | -43.40 | -49.90 | -59.10 |
| Net Surplus/(Deficit) Related to Business-as-Usual | 7.20 | 7.20 | 7.20 |
| Net Surplus/(Deficit) Projected to Year End | -36.10 | -42.60 | -51.90 |

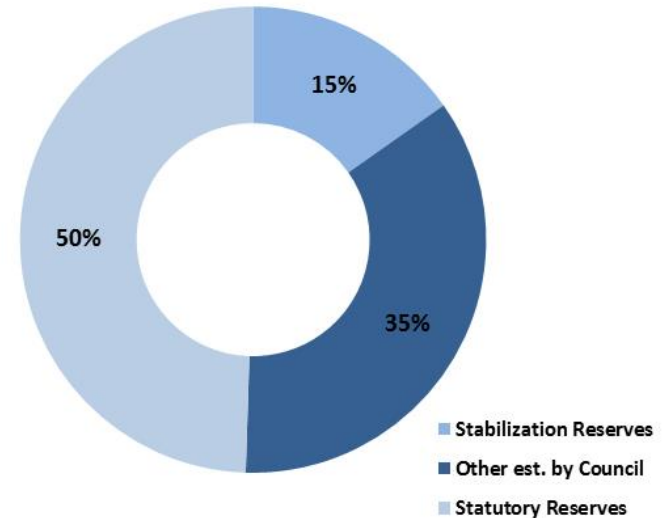
Projection as of April 5, 2020

Mitigating our Financial Pressures

- Prudent financial planning incorporating reserve & reserve funds
- Stabilization reserves provide limited assistance with in-year
- Review of 2020 approved budget
- Reset thinking for 2021 and plan for recovery

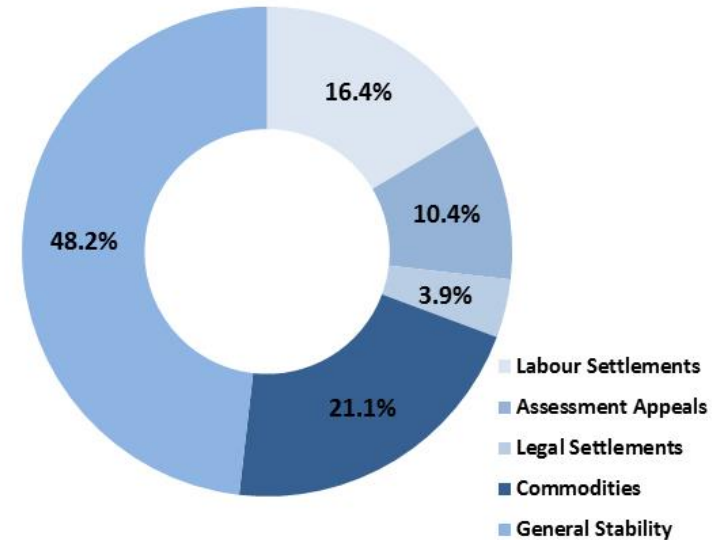
Mississauga's Reserves and Reserve Funds

| Category | Reserves & Reserve Funds | Balance Dec. 31/19 \$000s |
|--|---|---------------------------------|
| Stabilization Reserves | Arts | 1,694 |
| | Building Permit | 18,312 |
| | Elections | 2,381 |
| | Fiscal Stability | 51,253 |
| | Winter Maintenance | 11,257 |
| | Stormwater (accrual management) | 9,517 |
| Other Reserves Established by Council | Tax Reserve Funds | 190,846 |
| | Operating Reserve Funds | 81,486 |
| | Stormwater Reserve Funds | 65,180 |
| Statutory Reserves | DC & Other Development-Related Funds | 262,735 |
| | Gas Tax and Transit Reserve Funds | 156,246 |
| | Stormwater Development Charge Reserve Funds | 33,346 |
| | Other Reserve Funds | 21,128 |



Fiscal Stability Reserve

| Fiscal Stability Reserve | Balance Dec. 31/19 \$000s |
|--------------------------|---------------------------------|
| Labour Settlements | 8,427 |
| Assessment Appeals | 5,322 |
| Legal Settlements | 1,975 |
| Commodities | 10,837 |
| General Stability | 24,690 |



Liquidity

- Mid-term cash flow projections indicate sufficient cash balance
- What's helping our liquidity:
 - 90 day deferrals:
 - Regional levy payments
 - Education tax remittances
 - Potential cancellation or deferral of capital projects
- Access to credit tools if required

Next Steps

- LT identifying cost savings for 2020 to mitigate deficit
- Final property tax bill to Council in late April or early May
- 2021 budget update to Council June 24th, including longer-term impacts
- Stimulus Discussions
 - Accelerated ICIP funding approvals
 - Increased funding through gas tax programs
 - Operating grant to assist with 2020 deficit and recovery

Recommendations (1 of 2)

- That the Federal and Provincial governments be requested to provide municipalities with an operating grant to help municipalities fund current operations and maintain appropriate service levels during the COVID-19 crisis, and further allow for service levels to quickly be re-established during the period of the recovery.
- That the Federal and Provincial governments be requested to establish a new infrastructure building program by increasing the amount of gas tax funding made available to municipalities to stimulate the economy later this year.

Recommendations (2 of 2)

- That the Federal and Provincial governments be requested to accelerate approval of ICIP project applications submitted by the City of Mississauga on October 23, 2019 and November 12, 2019 to facilitate the economic recovery after the period of emergency is over.
- That this report be forwarded to all local MPs and MPPs, FCM, AMO and the Federal Minister of Finance and the Ministers of Municipal Affairs and Housing and the Minister of Finance for the Province of Ontario.

Questions?