

Municipality Of Chatham-Kent

Finance, Budget, Information Technology & Transformation

Administration

To: Mayor and Members of Council

From: Gord Quinton, MBA, CPA, CGA
Chief Financial Officer / Treasurer

Date: July 14, 2020

Subject: Update – Financial Resiliency & Covid-19

Recommendation

If, as a result of the provincial government's reopening strategies in Stage 3 of the pandemic, it is the will of Council to restore certain services previously decided upon to be closed for the entirety of the spring/summer seasons, then it is recommended that Council approve the following, understanding this reduces the \$140,000 savings that were attached to these closures:

1. Opening of Library curbside pick-up on August 4th at Blenheim and Dresden branches.
2. Opening of splash pads and playground equipment ASAP with physical distancing as outlined in Chart 1.
3. Opening of recreation halls and meeting rooms with physical distancing and limited to 50 people as outlined in Chart 1.
4. Opening of Blenheim arena by mid-August with physical distancing as outlined in Chart 1.
5. Opening of John D. Bradley Convention Centre to groups of 50 people while following provincial regulations for physical distancing as described in Chart 1.

Background

At the May 11th, 2020 meeting, Council approved motions related to the report on Financial Resiliency and Covid-19. Recommendation #2 is copied below:

Council approve the following actions to recover \$2 million of tax dollars to responsibly respond to the financial pressures on municipal operations not directly impacted by Covid-19:

Close or adjust the following services for the duration as recommended by Dr. David Colby MOH of Chatham-Kent and Dr. David Williams CMOH for the province of Ontario where it is feasible:

- a. *Arenas for ice and non-ice activities*
- b. *Outdoor pools*
- c. *Reduced service level of grass cutting for all sports fields and parklands*
- d. *Reduced service levels of grass trimming*
- e. *Elimination of horticultural flower planting and maintenance*
- f. *Recreation programming – except virtual recreation programming for all ages*
- g. *Summer Camp Programs*
- h. *Cancellation of hiring summer students across the organization with the exception of Public Health, Riverview Gardens and Engineering*
- i. *Cancellation of computer desktop replacement program for 2020*
- j. *Capture of travel and conference training savings due to cancellations*
- k. *Capture of employee benefit savings related to closure of non-essential service providers*
- l. *Capture of utility savings of closed facilities and changes to electricity costing*
- m. *Indoor Pools*
- n. *Outdoor Soccer fields and baseball facilities*
- o. *Splash pads, tennis courts, skateboard parks and playground equipment*
- p. *Marinas and campgrounds*
- q. *Special events on municipal property*
- r. *Banner hanging in downtowns*
- s. *Museums, theatres and cultural facilities*
- t. *Libraries*
- u. *John D. Bradley Convention Centre (except for temporary shelter)*
- v. *Recreation halls / meeting room rentals*

At the June 15th Council meeting after the Province announced Stage 2, Council approved the following:

Council approved the following recommendations regarding Financial Resiliency and Covid-19 understanding it reduces the \$450,000 of savings that were attached to these closures:

1. *Opening of Library curbside pick-up at Chatham followed by Wallaceburg, Tilbury then Ridgetown.*
2. *Increased level of service at marinas and campgrounds*
3. *Increased level of service at beach parks*
4. *Increased level of service at sports fields, tennis and skateboard parks*
5. *Opened the John D. Bradley Centre while following provincial regulations for social distancing*

This report is seeking the direction from Council on previous decisions regarding the reduction of services and/or closing of services now that we are entering Stage 3 of the pandemic which permits some openings under the Ministry of Health (MOH) and our local Medical Officer of Health (MOH) guidelines.

Comments

Under updated provincial orders and reviewed by Dr. Colby, Chatham-Kent's MOH, some municipal operations may come back into services as indicated in Chart 1 below:

Chart 1: Items for Council to Consider

Items presented to Council on May 11, 2020 as cost saving measures	Ontario Opening Guidelines Stage 3	EMT Recommendations for Council to Consider	Cost
Libraries	Curb-side pick-up is allowed. Library facilities can be open but patrons are not allowed to handle any books or materials on shelves; strict guidelines and limitations are in place regarding physical distancing, sanitizing spaces, environmental barriers to ensure safety of staff and patrons.	Curb-side pick-up to begin on August 4 th following council approval at the Blenheim and Dresden branches. Reassessment will take place once curb-side is running smoothly. Library facilities to remain closed at this time until we are able to ensure the safety of staff and patrons and assess the environmental modifications required in the branches to open.	\$40,000
Splash pads and playground equipment	Open with guidelines requiring physical distancing to ensure safety of staff and patrons.	Recommend opening with the public maintaining physical distancing requirement with no staff supervision. Mitchell's Bay facility to remain closed until current water demand in the community is reduced.	\$50,000
Recreation halls and meeting rooms	Open with guidelines requiring physical distancing to ensure safety of patrons. Social circles (the amount of people you can have close contact with) remain at a maximum of 10 people. Gathering limits also apply to halls and meeting rooms. In addition to the physical distancing requirement, there is a limit of 50 people permitted in these indoor spaces.	Recommend opening with the public maintaining physical distancing requirement with no staff supervision	Potential rental revenue
Arenas	Open with guidelines requiring physical distancing to ensure safety of staff and patrons. Dressing rooms and canteens are closed until team play is approved. Additional Covid-19 cleaning procedures will be implemented. .	Recommend opening the Blenheim arena only in mid-August. Opening of remaining areas to be considered based on demand which is currently at historic low levels.	\$50,000
John D Bradley Convention Centre (except for temporary shelter)	Allowed to be open for events / meetings with 50 people or less. Food and alcohol permitted while seated and no buffet style serving of food. Social circles (the amount of people you can have close contact with) remain at a maximum of 10 people.	Recommended to open as there may be minimal revenue opportunities in the small meeting rooms and have no impact on temporary shelter operations.	Potential rental revenue

Other services were analyzed and no changes are currently recommended.

This report is written through a financial lens and therefore focuses on the cost implications of re-opening services and facilities. Through just a financial lens, administration would not be recommending the openings as outlined above in the recommendation section. That said, the executive management team also recognizes the social and economic recovery needs of the community and therefore recommended certain openings. These openings require the re-implementation of \$140,000 of budgeted costs which reduces the savings Council otherwise could have used to offset pandemic costs.

The executive management team will continue to monitor the re-openings associated with Stage 3 and will adjust services after September 1st where practical.

Areas of Strategic Focus and Critical Success Factors

The recommendation in this report supports the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

Consultation

The Executive Management team and applicable Directors were consulted.

Financial Implications

The potential 2020 operating deficit was estimated at \$3.3M in the May 11th, 2020 report on Financial Resiliency which was to be offset with \$2M of savings by closing facilities and operations. There have been no further substantial announcements from upper levels of government to assist with the deficit.

Reopening of services and the corresponding maintenance, staffing, vehicle, garbage and signage requirements will cancel out an estimated \$140,000 of the savings approved at the May 11th meeting, in addition to the \$450,000 cancelled at the June 15th meeting. During this emergency, administration has been required to move quickly and implement the decisions of Council while we all wait to receive information from upper levels of government with respect to where the funding will come from. As the emergency evolves we will be coming back to Council with sources of in year variance and reserve funding. The next expected financial status report is the June Variance Report which presented to Council at the August 10th Council meeting.

Prepared by:

Gord Quinton, MBA, CPA, CGA
Chief Financial Officer

Attachments: none

P:\RTC\FBIS - Finance, Budget & Info Technology Services\2020\RTC009 Update - Financial Resiliency and Covid-19.docx