

**Municipality Of Chatham-Kent**

**Finance, Budget & Information Technology Services**

**Administration**

**To:** Mayor and Members of Council  
**From:** Gord Quinton, MBA, CPA, CGA  
Chief Financial Officer / Treasurer  
**Date:** June 10, 2020  
**Subject:** Chatham-Kent Economic Task Force Recommendation #6

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**Recommendations**

It is recommended that:

1. A \$250,000 **Covid-19 Chatham-Kent Small Business Recovery Grant Program** be developed by Community Development and Financial Services staff, to begin achieving the goal of Recommendation #6 as found in the Chatham-Kent Economic Recovery Task Force (CKERTF) report, by redirecting funds and reducing service levels from the following approved programs:
  - a. \$200,000 from the Together CK: CK Plan 2035 Community Projects budget
  - b. \$50,000 from the Together CK: Events budget
2. Administration report to Council the list of grant recipients at the end of the program.
3. Council direct administration on service level reductions for consideration during the 2021 budget process to achieve “up to” \$2 million in savings from base budget.

**Background**

At the May 25<sup>th</sup>, 2020 Council meeting the CKERTF presented its final report. Council approved a motion to receive the report and approved six recommendations. Recommendation #6 is copied below:

*“6. That staff consult with the Economic Recovery Task Force and report back to council with program criteria and recommendations, and options for 2020 service level adjustments for funding sources, for the up to 2 million dollars requested for immediate relief strategies outlined by the task force.”*

This report is to provide immediate funds to deliver a program in a very short time frame for small business to be able to adapt to the Covid-19 business environment.

This report also recognizes that the Task Force is seeking long-term sustainable changes to keep tax increases at a minimum in the future.

### **Comments**

Administration recognizes the intense and severe financial hardship that has crippled Canadian businesses due to the need for Public Health restrictions to slow the spread of Covid-19. The Federal and Provincial governments have released multiple programs to assist businesses with grant and loan programs. The money from upper levels is now flowing into programs and is beginning to reach local Chatham-Kent businesses. Significant help is not available from municipal governments as we have no mechanism to pay for such grants other than by lowering current service levels or taxing all property owners to pay for the business grants.

Economic Development have been making and fielding hundreds of calls to business owners across Chatham-Kent and are responding to urgent requests for help. Staff have set up a special section on our website [www.investck.ca](http://www.investck.ca) with COVID-19 Business Resources to provide timely and accurate information. It's a significant tool that is helping businesses find resources they need to react to the quickly evolving landscape and receive guidance when reopening to customers.

One area that Chatham-Kent may assist small business owners is in their immediate needs to prepare their small business, store or restaurant to be able to protect employees and staff as they reopen to customers. Community Development and Financial Services staff will work together to administer a program to assist small business as they reopen.

### **Covid-19 Chatham-Kent Small Business Recovery Grant Program Criteria**

The main program criteria are the following:

- Small privately held businesses, stores or restaurants
- Not publically traded or corporately owned chain stores / franchises
- Principal owner(s) are residents of Chatham-Kent
- Annual sales up to \$5M
- "Needs" based assessment of losses
- Intent to re-open the business or the business is already open
- Limit of \$1,000 per applicant

Larger businesses and factories are able to access the programs of the Federal and Provincial governments. Chatham-Kent taxpayers are not able to afford new taxation to assist any further, and municipalities are not allowed to deficit finance to provide grants.

The Together CK – CK Plan 2035 is a new program that is not yet fully developed nor has accepted any applications for 2020. However the Together CK Committee has put a significant amount of work developing the plan to date. \$200,000 could be redirected to this program without any immediate effect on service levels provided to Chatham-Kent residents, but would result in a delay to after the 2021 budget approval prior to the approval of any projects. The Together CK – Events program now has a surplus of over \$50,000 due to the cancellation of most events through the spring and summer of 2020 due to Covid-19 restrictions. The Together CK Committee had recommended keeping the excess funds in reserve for future needs. Both of these funds would have had their balances placed into the Together CK Reserve at year end.

Council approved recommendation #6 which included an “up to” \$2M figure. The CKERTF recommended at least \$2M in business assistance. Further reductions in 2020 service levels would be needed to provide a larger recovery grant fund. Rather than focusing on short term reductions while already addressing a potential 2020 operating deficit of \$2M to \$5M, Administration is requesting that Council provide direction on permanent operating savings that will lower the financial burden to all taxpayers. Administration has consistently recommended service level reductions in over serviced areas and infrastructure rationalization as approved in Council’s Term of Priorities 2018-2022. We need direction on whether to bring the items again in the upcoming budget. Currently many services that could be reduced or eliminated may be in contradiction of Council direction to maintain service levels.

As per the Task Force comments, this economic crisis presents an opportunity to make changes. Administration agrees that we do not need to return to normal pre-Covid-19 operations. It is suggested that Council weigh whether short term cuts are desired or whether it may be more advantageous of looking for permanent savings lowering the need for a 2021 budget increase. Work on the 2021 Budget has begun and guidance on permanent service reductions would be helpful in advance.

### **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 co-chairs of the CKERTF were consulted and have provided input into the program criteria and have reaffirmed their recommendation of at least \$2M of assistance to businesses.

The Together CK Committee members were notified of the report and are in opposition to the recommendations to divert Together CK funding.

The GM Community Development, the Director, Economic Development Services, the Director of Financial Services and the Manager, Corporate Initiatives were consulted.

### **Financial Implications**

There are no financial implications resulting from the recommendations of this report. The \$250,000 required to introduce the Covid-19 Chatham-Kent Small Business Recovery Grant Program is recommended to be diverted from the existing Together CK budget.

Prepared by:

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Chief Financial Officer

Consulted and confirmed the content of the consultation section of the report by:

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Attachments: none

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