



TO: Mayor Caul & Members of Council
FROM: Dawn Galusha, Treasurer
DATE: October 21, 2020
SUBJECT: Safe Restart Agreement Phase 2 Funding - Financial Projections for 2020

BACKGROUND

As the COVID-19 pandemic has greatly impacted the world, Town Council and Administration have made good choices in mitigating the effect on our Community and our financial situation. Knowing that there would be less revenue in certain areas, the senior management team has tried to ensure the corporation does not spend where it is not necessary.

On August 12, 2020 we received a letter from Steve Clark, Minister of Municipal Affairs and Housing providing the Town with immediate funding for Municipal Pressures in the amount of \$463,100. This is otherwise known as the Safe Restart Agreement. This was for Phase 1 Funding whereby municipalities have the flexibility to address the priorities of their communities based on their unique operating pressures. In addition, we can allocate any excess funds to a Reserve to carry forward to address 2021 pressures. Although the Ministry feels that Phase 1 funding will be sufficient to address COVID-19 costs and pressures for most municipalities, they recognize that some municipalities have experienced greater impacts for which Phase 2 funding can be applied for. Phase 2 funding requests are due October 30. As it is Council's role to set a budget for the Town, there is a resolution required from Council if we wish to seek additional funding.

INFORMATION

Attached you will find the Summary Year to Date information with a Forecast to December 31, 2020. Doug, Travis, Aaron, and I went through the entire financials line by line to determine the forecast to December 31, 2020 and further to determine if the variance from the forecast to the budget is COVID-19 related or not. In projecting revenues, we went with a status quo scenario where the current MSC operation would take place to the end of the year. If this changes for the last two months of 2020, the effect would be a maximum reduction of \$55,000 in revenue, which may end up offset by reduction in staffing if the arena ice surfaces, gym, squash courts and pool are not available to the general public.

In summary the following comes from the bottom of the attached sheets:

	Projection to December 31, 2020 (Surplus)/Deficit	Non-COVID-19 In-Year Change (Surplus)/Deficit	Impact of COVID-19 (Surplus)/Deficit
General Fund	(258,045)	(94,476)	(163,569)
Sewer Fund	162,182	(1,852)	164,034
Water Fund	184,244	61,417	122,827
Total	88,381	(34,911)	123,293

This is made up of many variances within the 2020 actuals such as, a significant drop in revenue at the Memorial Sports Centre, a drop in interest rates and therefore interest revenue and a reduction in other revenues such as POA fines and rent, and Airport Fuel and Landing Fees. There is also a large savings in Wages, benefits, and travel and training throughout the entire organization.

From these projections our COVID-19 financial impact is less than the \$463,100 that was provided by the provincial government. I would advise that upon completion of our year end we place the remaining funds into a dedicated reserve fund. Further, the Town of Fort Frances is not in a position to apply for Phase 2 funding as our forecasted financial pressure is outside the established criteria.

Recommendation

It is my recommendation that Council does not apply for Phase 2 Safe Restart Agreement Funding as we will have remaining Phase 1 Funding.

That Council agree to the recommendation of the Treasurer to not apply for Phase 2 Safe Restart Agreement Funding.