



# COVID-19: Financial Impacts



April 28, 2020

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## Projected Financial Impacts

- Projections represent preliminary estimates based on currently available information and are subject to potentially significant variability
  - Intended to provide an order of magnitude of the financial impact as of the writing of this report
- Does not incorporate due to uncertainty at this time:
  - Property tax write-offs – extended period could increase likelihood
  - Planning & development application fees, building permit revenues and development charges revenues assumed delayed, as opposed to lost, but could change
- Financial impacts are characterized into 3 main categories

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# Projected Financial Impacts of COVID-19 (Appendix A)

Category	Impact through June (\$M)	Impact through August (\$M)	Examples
Lost Revenues	\$30.2	\$47.3	<ul style="list-style-type: none"> <li>- Transit fare revenue due to rear door boarding</li> <li>- Water &amp; wastewater revenues due to reduced water consumption</li> <li>- Investment income due to Bank of Canada interest rate cuts (1.5%)</li> <li>- OLG revenues due to closure of gaming at Western Fair</li> <li>- Parking revenues and parking fines</li> <li>- Municipal Accommodation Tax revenues due to reduced hotel stays</li> <li>- RBC Place event revenues due to cancellation of events</li> <li>- Provincial Offences Act revenues</li> </ul>
Additional Costs	\$9.1	\$10.1	<ul style="list-style-type: none"> <li>- Additional costs to provide isolation, monitoring &amp; physical distancing spaces for vulnerable individuals &amp; families</li> <li>- Personal protective equipment (PPE)</li> <li>- Additional materials &amp; supplies and cleaning costs – LTC, LMCH, Dearness Home, etc.</li> <li>- Technology to support remote work</li> </ul>
Less: Cost Savings & Additional Revenues	(\$16.3)	(\$24.6)	<ul style="list-style-type: none"> <li>- Reduced/delayed casual and temporary staffing requirements</li> <li>- Fleet services – reduced fuel consumption &amp; repairs/maintenance</li> <li>- Reduced electricity and natural gas usage in City facilities</li> <li>- Additional federal/provincial funding to support vulnerable populations</li> </ul>
<b>Net Estimated Impact</b>	<b>\$23.0</b>	<b>\$32.8</b>	



## Financial Measures to Address Pressures

- Remain mindful of Key Financial Principles
- Duration and extent of economic impact is uncertain
- *Municipal Act 2001:*
  - Deficits must be funded at year end or recovered in the next budget
  - Significant deficits could impact future service levels
- Will continue to monitor and update our financial projections for COVID-19 over the coming weeks



## Financial Measures to Address Pressures

Item	Description
Spending Restraint	<ul style="list-style-type: none"><li>- Direction has been provided to all civic service areas and agencies, boards &amp; commissions to limit discretionary spending wherever possible</li><li>- Minimize spending in all areas where possible.</li></ul>
2019 Budget Surplus	<ul style="list-style-type: none"><li>- Civic Administration will be recommending that the 2019 budget surplus of approximately \$3.2 million be contributed to the Operating Budget Contingency Reserve to be utilized as a funding source to offset the financial impacts of COVID-19</li></ul>
Assessment Growth Allocations	<ul style="list-style-type: none"><li>- Civic Administration is recommending that only <u>urgent</u> essential growth requests be funded this year, with the balance of available assessment growth funding used to mitigate the financial impacts of COVID-19 on a one-time basis in 2020</li><li>- Funding will then be carried forward and available to allocate to permanent funding requests that were deferred in 2021</li></ul>
Review of Capital Projects & Reserve Fund Contributions	<ul style="list-style-type: none"><li>- Civic Administration is reviewing approved 2020 capital projects to determine which projects can be deferred beyond this year with minimal adverse community impacts</li><li>- Civic Administration is reviewing all reserve funds with tax supported contributions to identify those with the ability to absorb a one-year reduction to the contribution</li></ul>



## Financial Measures to Address Pressures

- Multi-Year Budget process has a robust annual review process
  - Flexible to allow for adjustments to address emerging issues
- Annual Budget Update process is opportunity to adjust 2021 and future budgets as required
- Preliminary timeline was late October/early November tabling with December approval
- Timelines may be adjusted depending on duration of pandemic and extent of adjustments to future years' budgets