

2021 COVID-19 Intergovernmental Funding Update

Date: April 7, 2021

To: City Council

From: City Manager, and Chief Financial Officer and Treasurer

Wards: All

SUMMARY

This report provides an update to City Council on funding received or committed from the Federal and Provincial Governments since the approval of the City's 2021 Operating Budget, providing support towards the City's \$1.596 billion in anticipated added costs and revenue losses in 2021 as a direct result of the COVID-19 pandemic.

As reflected in the 2021 Operating Budget, \$947 million in COVID-19 support funding had been confirmed when including Provincial assurances regarding reimbursement of extraordinary Public Health costs, resulting in a remaining funding gap of \$649 million for COVID-19 related financial impacts as of budget approval on February 18, 2021.

The City has continued to engage with Federal and Provincial counterparts following approval of the 2021 Operating Budget, to obtain funding support to address the remaining 2021 COVID-19 related funding gap.

In March 2021, the Province of Ontario announced a further \$350 million in Safe Restart Agreement (SRA) and Social Services Relief Fund (SSRF) funding for the City of Toronto.

A series of further non-SRA/SSRF related funding has also been committed to the City for both 2020 and 2021 COVID-19 related financial impacts. These announcements coupled with timing adjustments for the use of existing SRA funding, as identified in preliminary 2020 year-end results provide an added \$158 million in funding that is available to offset the remaining funding gap in 2021.

These funding commitments reduce the 2021 COVID-19 funding gap to \$141 million (down 78% since February 18, 2021); significantly reduce potential impacts to the 2021 Capital Budget if further and adequate relief funding were not to be received; and reinforces the City's expectations that continued COVID-19 support funding from the

federal and provincial governments will be received in 2021 and 2022 as required, to fully offset COVID-19 financial impacts.

RECOMMENDATIONS

The City Manager and the Chief Financial Officer and Treasurer recommend that:

1. City Council direct the City Manager and Chief Financial Officer to continue to engage with the Federal and Provincial Governments to obtain funding commitments to fully address remaining COVID-19 related financial impacts anticipated in 2021; to obtain funding commitments for 2021 refugee response costs; and consistent with provincial assurances, to obtain firm commitment for the reimbursement of Public Health COVID-19 response and vaccine roll out costs and 2021 supportive housing costs, and authorize the City Manager to receive funds and to negotiate, enter into and execute any required agreements in respect of any such funding commitments.
2. City Council authorize the Chief Financial Officer and Treasurer to receive funds, and to negotiate, enter into and execute any required Transfer Payment Agreement, including any amendments, thereto, with the Province of Ontario under the Audit and Accountability Fund on terms and conditions satisfactory to the Chief Financial Officer and Treasurer, and in a form acceptable to the City Solicitor.
3. City Council authorize the City Manager, in consultation with the Chief Financial Officer and Treasurer, to receive funds, and to negotiate, enter into and execute any agreements with the Government of Canada and/or Community Foundations of Canada and other applicable partners under the Canada Healthy Communities Initiative, including any amendment thereto, for successful City applications, in a form acceptable to the City Solicitor.

FINANCIAL IMPACT

The City has experienced significant and unprecedented financial impacts, both in the form of added costs and revenue losses as a direct result of the COVID-19 pandemic.

As reflected in the Council approved 2021 Operating Budget, it is anticipated that COVID-19 related financial impacts will total \$1.596 billion in 2021 across all City Programs and Agencies as reflected in Table 1 below:

Table 1: 2021 Anticipated COVID-19 Financial Impacts

Description \$Millions	2021 Funding Requirements
Transit	(796)
Municipal Operations	(460)
Shelters	(281)
Public Health (Excludes Vaccine Roll Out)	(59)
Total 2021 COVID-19 Financial Impacts	(1,596)

In addition to the nearly \$1.6 billion in COVID impacts noted above, the City is also seeking reimbursement in 2021 for preliminary estimates of over \$75 million in added Public Health costs for vaccine roll out; up to \$61 million in refugee response costs; and \$15.4 million in supportive housing costs.

Based on recent announcements, 2021 COVID-19 support funding from the Province of Ontario and Government of Canada are now expected to total \$1.455 billion, reducing the remaining 2021 COVID funding gap to \$141 million, as detailed in Table 2 below:

Table 2: Secured 2021 Federal / Provincial Funding and Remaining 2021 Shortfall

Description	\$Millions
2021 COVID-19 Financial Impacts	(1,596)
Federal / Provincial COVID Support Funding	
Secured 2021 Funding (As of Budget Approval - Feb 18)	947
March 2021 Provincial Announcement (SRA/SSRF)	350
Other New Funding Commitments / Timing Adjustments to Existing Funding	158
Total 2021 Federal / Provincial COVID-19 Support Funding	1,455
Remaining 2021 COVID-19 Funding Shortfall*	(141)

**Assurance provided only, firm commitment for reimbursement of Public Health costs remains outstanding; and based on preliminary 2020 year-end results and subject to change*

March 2021 Provincial Announcements

The Province of Ontario has allocated an additional \$905 million across the Province, of which the City of Toronto has been allocated \$350 million as detailed below:

- Safe Restart Agreement (SRA) Transit Phase 3 –\$91 million (out of \$150 million province wide);
- Safe Restart Agreement (SRA) Municipal Operations (formally called 2021 COVID-19 Recovery Funding for Municipalities) –\$164 million (out of \$500 million province wide); and

- Social Services Relief Fund (SSRF) Phase 3 –\$95 million (out of \$255 million province wide).

Other New Funding Commitments

A further \$34.3 million in funding is available to support 2021 COVID impacts through the following non-SRA funding commitments:

- Long-term Care COVID Prevention and Containment - \$17.1 million;
- Ontario Isolation Centres - \$6.9 million;
- COVID-19 Response for Paramedic Services and Dispatch Centres - \$5.9 million;
- Mental Health Site Programs - \$1.8 million;
- Toronto Central Ambulance Communications Centre – \$1.4 million;
- Enhance Fire Safety Training and Inspections – \$0.7 million; and
- Centralized Incident Management System – \$0.5 million.

Timing Adjustments to Existing Funding Commitments

A further \$124 million in existing funding commitments are now expected to be available to offset 2021 COVID-19 financial impacts as a result of the following:

- Confirmation of various Federal and Provincial 2020 funding commitments to offset COVID and non-COVID related 2020 expenses.
 - Significant examples include reimbursement of 2020 Public Health costs - \$20.4 million in total; 2020 Refugee shelter response - added commitment of \$16 million; and Municipal Transit Enhanced Cleaning - \$7.4 million.
 - Ensures a greater portion of 2020 City-led mitigation strategy savings can be directed to offset 2020 COVID-19 related impacts as opposed to other requirements.
 - Results in added existing SRA funding applied to 2021 COVID-19 impacts versus 2020 COVID-19 impacts.
- Added City-led 2020 offsets or underspending enabling further existing 2020 SRA funding to be applied to 2021 pressures.
 - Includes various adjustments in preliminary 2020 year-end results such as greater Municipal Land Transfer Tax performance and adjustments to overall spending in Shelters, TTC and other City programs and agencies.

Federal Gas Tax Fund (Proposed to be Renamed Canada Community-Building Fund)

In addition to funding noted above the Federal Government informed the City on March 30, 2021 of the intent to rename the federal Gas Tax Fund to the Canada Community-Building Fund and to double the fund across the country on a one-time basis. This will result in an added \$166.6 million in funding to be directed to the City for the purpose of funding municipal infrastructure and capacity building as per the existing Gas Tax Fund

Agreement which was signed in 2014. Funding is contingent on the passing of enabling legislation (Bill C-25).

This additional one-time funding will be leveraged to support eligible capital investments, mitigating the potential impacts to the City's capital program if the remaining COVID funding gap of \$141 million is not provided through COVID support funding.

Vaccination and Non-COVID Intergovernmental Funding Requirements

The City also continues to engage with the Province of Ontario and Government of Canada to secure funding for the following:

- Public Health – Vaccination costs (preliminary estimate of over \$75 million in 2021 costs)
 - ✓ City has received assurance from the province (Memorandum from Ministry of Health received January 13, 2021) that extraordinary costs associated with vaccine roll out will be reimbursed
- Supportive Housing – 2021 costs of \$15.4 million
 - ✓ City has received assurance from the province (Letter from Ministry of Municipal Affairs and Housing received April 7, 2021) stating that the City's supportive housing funding request will be funded by the end of the fiscal year
- Refugee Shelter Response – 2021 costs of up to \$61 million
 - ✓ City has received reimbursement from the federal government for 2020 costs
 - ✓ The City had also received reimbursement of added costs from the federal government in 2019
 - ✓ Commitments for 2021 reimbursement remains outstanding

DECISION HISTORY

At its March 30, 2021 meeting, Executive Committee directed the City Manager and Chief Financial Officer & Treasurer to report directly to the April 7 and 8, 2021 meeting of the City Council outlining the funds received from the Federal and Provincial Governments in response to the City's budget shortfall due to the COVID-19 Pandemic. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX22.1>

COMMENTS

As detailed below, the following federal and provincial announcements and commitments have been made for the City, following approval of the 2021 Operating Budget.

Safe Restart Agreement – Transit Phase 3

\$91 million in added funding for COVID-19 related financial impacts and costs related to transit initiatives, between April 1 and Dec. 31, 2021.

Safe Restart Agreement – Municipal Operations Phase 3

\$164 million in added 2021 COVID-19 Recovery Funding for Municipalities program in order to support COVID-19 operating costs and pressures.

All municipalities in Ontario are eligible for this program and the level of funding is based on the proportion of COVID-19 cases in the Public Health Unit for the respective municipality during the period of January 1, 2021 to February 18, 2021.

Social Services Relief Fund – Phase 3

\$95 million in additional funding to maintain, monitor and improve infection prevention and control measures while there is community transmission and risk of transmission in congregate care settings such as emergency shelters; and to ensure stability in the homelessness sector by continuing current services and supports that address the negative impact of the on-going COVID-19 pandemic on vulnerable households.

Ontario Isolation Centres

\$6.9 million in one-time funding under the Ontario Isolation Centres Initiative to expedite the establishment of new isolation centres to help those from high-priority communities who cannot isolate safely at home. Funding can cover costs incurred for net new rooms for isolation, meals, security, transportation and parking, cleaning, other amenities, COVID-19 case management/other social services, health supports and other site support services.

Mental Health Site Programs

\$1.8 million in one-time mental health and addictions funding to address the pandemic needs of vulnerable people living with mental health and/or addictions issues. Funding can cover a range of mental health and addictions-related services and supports, including recovery supports, harm reduction and substance services, crisis intervention and prevention services, dual diagnosis and fetal alcohol supports, medication assistance and medical care, housing assistance and technology/equipment for virtual supports.

Long-term Care COVID Prevention and Containment

\$17.1 million in one-time funding to help eligible long-term care homes with prevention and containment efforts. The funding covers extraordinary operating expenses as a result of COVID-19 including 24/7 active screening of staff and visitors, staffing

strategies, cleaning supplies, implementing infection control measures, supporting virtual care and COVID-19 testing and vaccine administration.

Centralized Incident Management System

\$0.5 million in one-time funding to support the implementation of a centralized Incident Management System as part of the COVID-19 response in the emergency health services sector. Funding can cover the expenses related to the operation of two dedicated 12/7 ambulances for Incident Management System patient transfers from January 1, 2021 to March 31, 2021.

COVID-19 Response for Paramedic Services and Dispatch Centres

\$5.9 million in one-time funding to support paramedic services and dispatch centres as part of the COVID-19 response in the emergency health services sector. The funding covers extraordinary costs incurred above and beyond regular ongoing emergency health services operating costs related to COVID-19 planning, preparation and response activities for suspected and confirmed cases.

Enhance Fire Safety Training and Inspections

\$0.7 million in one-time funding to help municipal fire services address the impacts of the COVID-19 pandemic. The funding will enhance fire safety training across the province and support safety inspection programs to ensure compliance with the Ontario Fire Code.

Toronto Central Ambulance Communications Centre

\$1.4 million in additional base funding for the 2020 funding year for the Toronto Central Ambulance Communications Centre, which increases total base funding to \$29.0 million.

Non-COVID-19 Related Funding Commitments / Requirements

Federal Gas Tax (Proposed to be Renamed Canada Community-Building Fund)

\$166.6 million in one-time funding in addition to anticipated 2021 Federal Gas Tax Fund (which is proposed to be renamed to the Canada Community-Building Fund) for the purpose of funding municipal infrastructure and capacity building for eligible project categories such as transit, local roads and bridges, water and wastewater, solid waste and community energy infrastructure.

Funding is contingent on the passage of Bill C-25. Bill C-25 was introduced in the House of Commons on March 25, 2021 and is currently at First Reading. Details and updates on the status of Bill C-25 can be found here:

<https://www.parl.ca/LegisInfo/BillDetails.aspx?Language=E&billId=11195880>

Refugee Shelter Response

\$16 million provided under the Interim Housing Assistance Program (IHAP) to reimburse a portion of 2020 shelter costs. The IHAP program is meant to provide financial support to address extraordinary interim housing pressures resulting from increased volumes of asylum claimants entering Canada. In total, \$40.1 million of the \$42 million in costs incurred in 2020 by the City have been offset through federal reimbursements.

The City's 2021 Budget anticipates that up to an additional \$60.7 million will be required to continue to provide this service. The City has also requested that federal and provincial governments engage with Toronto prior to re-opening the border to develop a coordinated regional approach to new refugee claimant arrivals.

Supportive Housing

The 2021 Budget requires \$15.4 million in provincial funding for supportive housing. This funding is required in 2021 and is expected to increase in future years, to ensure that supportive housing units under construction now can begin housing vulnerable individuals from the shelter system.

The City has received assurance from the province (Letter from Ministry of Municipal Affairs and Housing received April 7, 2021) stating that the City's 2021 supportive housing funding request will be funded by the end of the fiscal year.

Canada Healthy Communities Initiative

The Canada Healthy Communities Initiative is a \$31 million investment from the Government of Canada, working in partnership with Community Foundations of Canada, set up to fund small-scale projects that adapt public spaces and services to help communities quickly adapt and respond to the challenges of COVID-19 in three areas: (1) creating safe and vibrant public spaces, (2) improving mobility options and (3) digital solutions. The minimum and maximum funding amounts for each eligible project are \$5,000 and \$250,000 respectively. Municipalities can only submit one application per round of funding of which there are two. The City submitted an application for the first round of funding with results expected by the end of April.

Audit and Accountability Fund

The Ontario government launched the Audit and Accountability Fund in 2019 as a way of helping municipalities improve local service delivery and ensuring taxpayer dollars are used efficiently. Through the first intake of the program, the City of Toronto applied to and was approved for funding to support a line-by-line review of expenditures, culminating in the Value-Based Outcomes Review.

In late 2020, the Ontario government announced a second intake to further support efforts to find efficiencies, while delivering services that residents and businesses rely

on. As part of the intake requirements, the City must retain an independent third-party vendor to undertake a review and provide a final report that provides specific and actionable recommendations for cost savings and efficiencies.

In February 2021, the City was approved for funding of up to \$1.6 million for the following three projects:

- Digitization Modernization of Service Delivery and Revenue Services
- Digitization of Needs-Tested Programs
- Regional Procurement Integration

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