

## **2022 COVID-19 Intergovernmental Funding Update**

**Date:** May 4, 2022

**To:** City Council

**From:** City Manager and Chief Financial Officer and Treasurer

**Wards:** All

### **SUMMARY**

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The City continues to experience 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 2022 Operating Budget, it is anticipated that COVID-19 related financial impacts will total \$1.4 billion in 2022 across all City Programs and Agencies.

At its meeting of April 6 and 7, 2022, City Council considered Item MM42.33 which directed the City Manager and Chief Financial Officer and Treasurer 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 2022; to obtain funding commitments for 2022 refugee response costs; and to obtain a firm commitment for the reimbursement of Public Health COVID-19 response and vaccine roll out costs and 2022 supportive housing costs.

In the staff report dated April 5, 2022, the City Manager and the Chief Financial Officer and Treasurer committed to report back in May 2022 with further actions that may be required to ensure the City maintains a balanced 2022 Operating Budget while preserving service levels across the City, in the absence of full funding commitments from other orders of government.

A supplementary report will be presented to City Council in advance of its meeting on May 11, 2022, with further information to reflect the latest funding announcements and implications to the City's 2022 Budget including any impacts to the Capital Plan. Staff are finalizing the analysis based on continued dialogue with other orders of government and within the organization.

### **RECOMMENDATIONS**

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

1. City Council receive this report for information.

## FINANCIAL IMPACT

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The City continues to experience 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 2022 Operating Budget, it is anticipated that COVID-19 related financial impacts will total \$1.4 billion in 2022 across all City Programs and Agencies.

A supplementary report will be provided to City Council with the latest intergovernmental funding updates and associated impacts to the City's Operating and Capital Budgets.

## DECISION HISTORY

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At its meeting of April 6 and 7, 2022, City Council directed the City Manager and the Chief Financial Officer and Treasurer 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 2022; to obtain funding commitments for 2022 refugee response costs; and to obtain a firm commitment for the reimbursement of Public Health COVID-19 response and vaccine roll out costs and 2022 supportive housing costs. In addition, City Council requested the Government of Canada and Government of Ontario to allocate the 2022 COVID-19-related operating support for Transit (Federal allocation and Provincial matching amounts) to Ontario municipalities on a needs-basis. Item MM42.33:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.MM42.33>

At its meeting of February 17, 2022, City Council approved the 2022 Operating Budget, which included \$1.4 billion COVID-19 impacts and the expectation of continued COVID-19 support funding from the government of Canada and province of Ontario.

Item EX30.2: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.EX30.2>

At its meeting of February 17, 2022, during consideration of Item EX30.2, City Council considered the report from the City Manager and Chief Financial Officer and Treasurer dated February 11, 2022, on Intergovernmental Infrastructure Funding in the 2022-2031 Recommended Capital Budget and Plan.

<http://www.toronto.ca/legdocs/mmis/2022/ex/bgrd/backgroundfile-221824.pdf>

At its meeting of February 11, 2022, Executive Committee was provided with Budget Briefing Note #26 entitled, Continued COVID-19 Support Funding from Federal/ Provincial Governments – Capital Funding Risk.

<https://www.toronto.ca/legdocs/mmis/2022/ex/bgrd/backgroundfile-221883.pdf>

At its meeting of January 28, 2022, Budget Committee was provided with Budget Briefing Note #18 entitled, Continued COVID-19 Support Funding from Federal/ Provincial Governments – Potential Impacts of Inadequate 2022 Funding Support.

<https://www.toronto.ca/legdocs/mmis/2022/bu/bgrd/backgroundfile-175687.pdf>

## COMMENTS

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In April 2022, the City Manager and the Chief Financial Officer and Treasurer provided an update to City Council regarding funding received or committed from the Federal and Provincial Governments.

At the time of City Council approval of the 2022 Operating Budget on February 17, 2022, the City of Toronto faced an anticipated \$1.4 billion in financial pressures as a result of added costs and revenues losses due to the COVID-19 pandemic. The 2022 Operating Budget was balanced based on the expectation of continued COVID-19 support funding from the government of Canada and Province of Ontario, however, at the time of the budget approval, the City had received minimal financial commitments.

The City has continued to actively engage with Federal and Provincial counterparts at all levels following approval of the 2022 Operating Budget, to obtain funding support to address the remaining 2022 COVID-19 related funding gap. Since February, there have been significant COVID-19 funding announcements by both the Federal and Provincial Governments which has since reduced the City's COVID-19 budget shortfall.

In the update to City Council dated April 5, 2022, staff identified an estimated \$478 million in COVID-19 support funding secured to date, resulting in an adjusted remaining funding shortfall of \$922 million. Funding secured included estimated funding allocations to Toronto for transit and shelter based funding.

The City Manager and the Chief Financial Officer and Treasurer committed to report back in May 2022 with further actions that may be required to ensure the City maintains a balanced 2022 Operating Budget while preserving service levels across the City, in the absence of full funding commitments from other orders of government.

A supplementary report will be presented to City Council in advance of its meeting on May 11, 2022, with further information to reflect the latest funding announcements and implications to the City's 2022 Budget including any impacts to the Capital Plan. Staff are finalizing the analysis based on continued dialogue within the organization and with intergovernmental partners.

## **CONTACT**

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## **SIGNATURE**

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Heather Taylor  
Chief Financial Officer and Treasurer

Chris Murray  
City Manager