

COVID-19 Financial Impacts and Funding Adjustment - 2022					
(\$000's)					
	2022 COVID-19 One-Time Proposed Budget Adjustment				
	Revenue		Expenditures		Total Net Impact
	Revenue Reduction	Additional Revenues	Additional Costs	Reduced Costs	
1. Impacts of COVID-19 on Branch Budgets:					
Citizen Services					
Community & Recreation Facilities	(12,965)		-		12,965
Revenue Reduction - (\$12,965)					
Reduced facility and attraction admission and membership revenue due to an expected decrease in demand in 2022. Information from consumer surveys indicate that in 2022 Admission and Membership revenue for recreation and attraction facilities will be lower for the year by 30%. In addition a 30% reduction in Dryland Programs during 2022 is also expected. The total estimated impact to the 2022 revenue budget is a decrease of 19% or (\$12,965).					
Fire Rescue Services	-		1,000		1,000
Additional Costs - \$1,000					
Increase in overtime due to backfilling firefighters in emergency response roles due to illness or isolation requirements, and also to address a backlog of essential training that was delayed in 2020 and 2021 due to the pandemic.					
Social Development	-		1,400		1,400
Additional Costs - \$1,400					
The COVID-19 pandemic has significantly limited the ability of homeless-serving agencies to provide overnight and daytime drop-in services to meet the basic needs (food, hygiene, etc.) of Edmontonians experiencing homelessness. On April 6, 2021, City Council approved \$7.5 million from the COVID funds to support people experiencing homelessness as a result of the economic disruption associated with COVID-19, by providing City buildings and support to shelter operations until October 31, 2021. At the time of writing this report, \$1.9 million is unspent and will be requested for carry-forward as part of the year-end process. An additional funding of \$1.4 million is required to carry on this support to April 30, 2022 with the option to extend the term by mutual agreement for up to 1 additional month.					
Administration would distribute the \$3.3 million in funds by way of single source procurement and/or subsidy agreements with external organizations to support day services for Edmonton's vulnerable populations, as follows:					
- Up to \$1.7 million to the Bissell Centre in respect of day services at the Bissell Centre Community Space located at 10530 - 96 Street, Edmonton, Alberta, in respect of the time period of January 1 - April 30, 2022 with the option to extend the term by mutual agreement for up to 1 additional month;					
- Up to \$1.22 million to The Mustard Seed Society in respect of day services at The Mustard Seed Street Church located at 10635 - 96 Street, Edmonton, Alberta, in respect of the time period of January 1 - April 30, 2022 with the option to extend the term by mutual agreement for up to 1 additional month;					
- Any amounts remaining would be distributed by way of one or more agreements, within Administration's delegated authority limits, with one or more external organizations to support day services for vulnerable populations in Edmonton, Alberta, in respect of the time period of January 1 - April 30, 2022 with the option to extend the term by mutual agreement for up to 1 additional month;					
The agreements shall be in a form acceptable to Legal Services, and in a content acceptable to the City Manager. The approval of agreements includes the approval of such corrective, conformance, and incidental amendments to the general terms and conditions above, and to the form and content, as necessary or desirable to give effect to implement the transactions, all as may be subsequently approved by the City Manager.					

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City Operations					
Edmonton Transit Service	(53,716)		6,090		59,806
<u>Revenue Reduction - (\$53,716)</u> (\$50,616) Fare revenue - lower ridership is expected in 2022 as the 4th wave of the pandemic suppressed the ridership recovery that was originally anticipated to gain momentum starting in the fall of 2021. This impact will continue through the winter of 2022. It is anticipated that sustained ridership recovery will not occur until fall of 2022. Overall, fare revenue is expected to recover to less than 65% of pre-pandemic revenue in 2022. The ultimate level of ridership and revenue recovery realized in 2022 is dependent on a sustained return of secondary and post-secondary students to in-class learning, and a sustained return to workplaces in the fall of 2022. (\$3,100) Non-fare revenue - lower vehicle, stations and shelters advertising revenue as further minimum annual guarantee relief for advertising license holders is anticipated, resulting in an overall reduction of 40% of anticipated advertising revenue. The level of relief is expected to reduce steadily during 2022 as economic conditions stabilize, but some level of relief will be required into 2023.					
<u>Additional Costs - \$6,090</u> Increased costs for enhanced cleaning of buses, LRV's, transit centres & shelters, DATS vehicles, and transit garages, as well as additional costs for security at transit centres.					
Fleet & Facility Services	-		500		500
<u>Additional Costs - \$500</u> Delay in implementing Fleet Optimization strategy until 2022 as health restrictions will continue to be followed not allowing for vehicle sharing.					
Parks & Roads Services	(11,264)		3,635		14,899
<u>Revenue Reduction - (\$11,264)</u> (\$8,026) Parking revenue - decrease due to an expected decline in demand of approximately 50% in 2022. Initial estimates indicate lower monthly parking renewals and less revenue as a result of lower traffic volumes and events. (\$2,660) Traffic Safety and Automated Enforcement revenue - decrease due estimated reduction in traffic volumes of 20% and an approximately 5% reduction in repayment rates compared to pre-pandemic levels. This will be reflected as a decrease in traffic safety and automated enforcement revenues and the related transfer to the Traffic Safety and Automated Enforcement Reserve within Corporate Programs, with a reduced transfer from the reserve to to fund Office of Traffic Safety costs within the Parks and Road Service branch. (\$578) Detour revenue - Decrease due to external parties utilizing other providers to accommodate traffic detour requests as the branch was unable to hire additional staff to support the work during the pandemic. External parties have looked elsewhere for this service at potentially more cost effective options.					
<u>Additional Costs - \$3,635</u> \$1,898 Fewer detour recoveries - Decrease mainly due to less recoverable costs as areas are utilizing other external provides to accommodate traffic detour requests. As mentioned above, the branch was unable to hire staff to support the work during the pandemic. Resources are currently being deployed to complete other Council initiatives (i.e. outdoor temporary patio set up). \$1,291 Homelessness Response/Washroom Strategy - scope of washroom and homelessness response continues to increase during the pandemic, and likely post-COVID. The magnitude of post-COVID recovery efforts are unknown at this time. \$446 in additional costs related to temporary patio support and utility charges for extended season for spray parks operations.					

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Financial & Corporate Services					
Corporate Procurement & Supply Services	-		1,500		1,500
Additional Costs - \$1,500					
Additional COVID personal protective equipment (PPE) costs including masks, gloves, overalls, boot covers, cleaning supplies, hand sanitizers, and wipes.					
Open City & Technology	-		1,939		1,939
Additional Costs - \$1,939					
Costs required for accommodation of temporary work from home program, including VMWare Horizon licensing costs, teleworker VPN solution, accomodating for flexible work spaces, and Rapid Solutions artificial intelligence (AI) tool for vaccine passport scanning.					
Corporate Expenditures & Revenues					
Corporate Revenues	(2,400)				2,400
Revenue Reduction - (\$2,400)					
Reduced tags and fines revenue due to lower traffic and parking volume trends continuing as a result of the pandemic.					
Taxation Expenditures	(300)				300
Revenue Reduction - (\$300)					
Lower than budgeted supplementary taxes due to a decrease in housing starts. Supplementary tax is municipal tax revenue resulting from improvements completed and/or occupied during the taxation year, that were not previously assessed or taxed.					
Total COVID-19 Impact	(80,645)	-	16,064	-	96,709

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2. Funding Strategy:					
City Operations					
Edmonton Transit Service				125	(125)
Reduced Costs - \$125					
Lower commissions paid to retailers and finance charges as a result of lower transit fare product sales.					
Citizen Services					
Community & Recreation Facilities				1,527	(1,527)
Reduced Costs - \$1,527					
Largely due to estimated reduction in personnel costs at facilities and attractions and in some dryland programs due to the expected reduction in attendance in 2022.					
Corporate Expenditures & Revenues					
Corporate Expenditures	-			27,258	(27,258)
Reallocation of Financial Strategies - \$22,914					
Financial Strategies is an emergent items operating budget intended to manage cost impacts of unforeseen operational items, such as sudden, sharp increases in fuel and utility costs. Based on a current assessment of budget risks, Administration is proposing that \$22,194 be used from Financial Strategies on a one-time basis in 2022 to help offset the impacts of COVID-19.					
Corporate Expense Management Strategies (to be reallocated to branches) - \$4,344					
Administration is proposing targeted one-time reductions to consulting, contractor, hosting, travel, training, and employee recognition budgets across all branches (as appropriate) to help manage the COVID-19 impacts on the City's 2022 operating budget. Its estimated that \$4,344 in budget savings can be produced through this strategy in 2022.					

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Corporate Revenues		67,799			(67,799)
Transfer from Appropriated FSR (COVID Funds) - \$31,000					
These are funds that were set aside in the appropriated FSR and reserved to offset the financial impacts of the COVID-19 pandemic. The COVID-19 2022 funding strategy recommends using \$31,000 from the COVID funds within the appropriated FSR to offset the impacts of the pandemic in 2022. Of note, approximately \$22,000 in COVID-19 funds were returned to the reserve in the fall of 2021 based on revised financial impacts of the pandemic on City's 2021 budget. If approved by City Council, this strategy would use the remaining COVID-19 funds within the appropriated FSR and no funds would remain in the reserve.					
Annuity Plan Settlement - \$13,700					
The multi-employer Annuity Fund provided lifetime benefits to retired members and beneficiaries of the plan. As of December 4, 2014 there are no longer any beneficiaries of this plan and the fund is closed to new members. The plan is being wound up and distribution of the surplus funds attributable to the City are being finalized. The City's portion is expected to be \$13,700 and is being proposed to be used to offset a portion of the financial impacts from the COVID-19 pandemic.					
Ed Tel Endowment Fund (Special Dividend) - \$10,800					
At June 30, 2021, the Ed Tel Endowment fund market value was greater than 15% of the inflation adjusted principal. In this situation, according to section 5.2 of Bylaw 11713 Ed Tel Endowment Fund, City Council may authorize a payment of a special dividend calculated as 25% of the regular dividend paid in the preceding year. The special dividend available for 2022 would be \$10,800 and is being proposed to offset a portion of the financial impacts from the COVID-19 pandemic.					
Land Enterprise Dividend - \$3,273					
City Policy C516B Land Enterprise Dividend approves an annual dividend to tax-supported operations based on 25 percent of actual net income of the prior year of the land development activity of Land Enterprise. The estimated 2022 land dividend provided to tax-supported operations is expected to be increased by \$3,273 million on a one-time basis based on the 2021 projected year-end net income and is being proposed to be used to offset a portion of the financial impacts from the COVID-19 pandemic. This additional dividend will not have long-term impacts on the Land Enterprise dividend and financial sustainability or operations of the enterprise and is in accordance with the dividend policy.					
Tax Penalty Revenues - \$2,626					
Increased tax penalty revenue due to higher outstanding tax levy balances. The increased outstanding balances are from reduced payments due to the COVID-19 pandemic and other economic factors.					
Transfer from Unappropriated FSR (Year-End Surplus) - \$6,400					
Similar to the strategy used in 2021, Administration is proposing to reallocate a portion of the previous year's tax-supported surplus to offset the financial impacts of COVID-19. Based on the total estimated financial impact of COVID-19 in 2022 and the total of all other funding strategies proposed above, the recommendation is to reallocate at least \$6,400 of the 2021 year-end tax-supported surplus to the COVID funds within the appropriated FSR to help offset the financial impacts of COVID-19 on the City's 2022 operating budget. In accordance with City Policy C217D Reserve and Equity Accounts, the annual year-end tax-supported surplus is transferred to the unappropriated FSR. This surplus is transferred to the unappropriated FSR through the 2021 preliminary year-end financial results report which will be presented to Council in March of 2022					
Total COVID-19 Funding Strategy	-	67,799	-	28,910	(96,709)
Net Impact	(80,645)	67,799	16,064	28,910	-