

COVID-19 Funding Requests 2021

Recommendation

1. That the 2021 and 2022 operating budgets be adjusted on a one-time basis to reflect the adjustments to individual branch expenditure budgets as outlined in Attachment 2 of the April 19, 2021, Financial and Corporate Services report FCS00546, as a result of the COVID-19 recovery, with offsetting funding from the COVID-19 funds within the appropriated Financial Stabilization Reserve.
2. That capital profile 21-61-3411 Active Air and Surface Purification Technology, as set out in Attachment 3 of the April 19, 2021, Financial and Corporate Services report FCS00546, be approved with funding from the COVID-19 funds within the appropriated Financial Stabilization Reserve.

Executive Summary

The City continues to manage the impacts and plan for recovery from COVID-19.

This report recommends an allocation of \$10.3 million from the balance of the appropriated Financial Stabilization Reserve (FSR) set aside for COVID-19 recovery for a number of emerging priority items.

The report also discusses a staged reopening of all recreation facilities in 2021 as appropriate under public health guidance. No additional funding is required for this staged reopening plan as Council previously approved \$7.5 million from the COVID-19 funds within the appropriated FSR in December 2020.

Report

COVID-19 2021 Funding and Approach

Early in the pandemic, Administration developed a set of principles for the City's approach to financial decisions during the pandemic. These principles are still relevant and guide COVID-19 funding decisions.

- *Safety* - safety is a main priority and will not be sacrificed while managing the COVID-19 related financial impacts.
- *Long Range Focus* - funding choices and strategies will be mindful of the impact on the City's long-term financial sustainability.
- *Local Economy* - continue to support the stabilization of the local economy.

- *Honour Relationships* - strategies implemented will be fair and respectful to City employees and partners.
- *City Building* - taking a more long-range review, the planned City building must be considered and evaluated for 2021 and beyond, in terms of initiatives and projects that should advance, be adjusted or paused.
- *Demonstrate Empathy* - support should be provided to Edmontonians, from limiting financial burdens on Edmontonians (including property and business owners) to supporting vulnerable populations.
- *Combination of Tools* - increases in expenditures attributable to COVID will be addressed with a combination of one-time funding strategies as well as strategic decisions on spending and service reductions.

Administration's actions and recommendations are intended to balance economic and social needs with public health needs during the pandemic's unpredictable course. The City's response is iterative and aligns with all public health directives from the provincial government.

To date the effects of the pandemic on the City's operating budget have been addressed through one-time budget strategies with no impact to the tax-levy. Longer term effects are currently being evaluated.

As of April 9, 2021 a total of \$170.5 million has been approved from the available COVID-19 funds for COVID purposes. Prior to the recommendations in this report, \$15.7 million in COVID-19 funding remained unallocated in the appropriated FSR. After considering the recommendations in this report totalling \$10.3 million, the remaining balance will be \$5.4 million. A detailed schedule of the COVID-19 funding within the appropriated FSR is provided in Attachment 1.

COVID-19 Funding Requests - 2021

Additional one-time funding needs as a result of the pandemic have arisen for 2021, with additional costs in 2022 in certain cases. These include costs for enhanced public safety, support for businesses, and costs related to City of Edmonton occupational health and safety needs.

The City's COVID-19 Recovery Advisory Group has assessed all known requests on the basis of the aforementioned principles ensuring decisions were evidence-based and strategically informed. Administration is recommending that \$10.3 million of the COVID-19 funds in the appropriated FSR be used to fund priority items in 2021. Details on each request are included in Attachment 2. The balance left in the appropriated FSR for COVID-19 purposes, if the recommendations in this report are approved, would be \$5.4 million.

	Amount
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	(\$millions)	
COVID-19 Funds Available - before funding requests (appropriated FSR)		15.7
One-Time Funding Requests (Details in Attachment 2):		
Enhanced public safety	(8.9)	
Business support <i>(Includes \$0.8 million for BIA support and \$0.1 million for temporary patio supports. Total BIA support is \$1.7 million, based on funding of 50% of the 2021 BIA levy, with \$0.9M funded through existing Edmonton Economic Recovery Grant and \$0.8 million through COVID funds as reflected in the table).</i>	(0.9)	
Occupational health and safety - City of Edmonton	(0.5)	
Total Funding Requests		(10.3)
COVID-19 Funds Available - after funding requests (appropriated FSR)		5.4

Active Air and Surface Purification Technology on Transit

The enhanced public safety category includes recommended funding for implementation of active air and surface purification technology on the City's Edmonton Transit Service (ETS) bus fleet and Disabled Adult Transit Service (DATS) for a total capital cost of \$5.9 million (\$2.0 million in 2021 and \$3.9 million in 2022). The emerging technology helps to combat airborne and surface viruses. Its implementation may increase public confidence through improved safety, helping ridership recovery as vaccine rollout continues.

Initial studies indicate this technology helps to manage and prevent COVID transmission and improve overall air quality. Early trials in the Capital District Transportation Authority (Albany, New York) show very encouraging results in combating the COVID virus.

The effectiveness of this technology in reducing COVID transmission is being reviewed and will be validated by Administration. Council's support for this is being requested today to proceed with expediency if the technology is proven. That being said, Administration will only proceed with implementation if it proves to be effective in combating the virus. If the technology is not assessed to be effective, the funds will be returned to the appropriated FSR to be used for other COVID related purposes.

Attachment 3 includes the recommended capital profile for implementation of this technology (Recommendation 2).

This project does not require any additional net FTEs, however the estimated operating impacts of capital related to annual maintenance are \$0.2 million starting in 2022 and \$0.5 million in 2023 and onward, before considering any reduction in existing operating costs. Administration is reviewing the net operating impact of this technology and will bring forward a funded service package, if required, for operating requirements in the Fall 2021 Supplemental Operating Budget Adjustment. It is expected that a portion of the operating costs will be absorbed within existing budgets or offset with reductions in existing operating budgets.

Business Improvement Area Levy Options

Included within the business support category is recommended funding for Business Improvement Areas for 2021.

The City of Edmonton originally developed the Edmonton Economic Recovery Grant (EERG) Program with a total funding envelope of \$5.3 million as per the Council approved policy from June 8, 2020 in CR_8331 Edmonton Economic Recovery Grant Policy. Subsequent to the development of this program, on December 7, 2020, as part of report UFCSD00060 Update on the Edmonton Economic Recovery Grant, the City developed the Business Improvement Area (BIA) Levy Rebate Program under the EERG to refund up to one-quarter of the 2020 BIA Levy for qualifying businesses. A total of \$930,000 in funding under the EERG program was allocated to this new stream in 2020. This budget was set at a level to provide sufficient funding for all businesses in BIAs to receive a rebate (approximately 4,800 accounts). The City of Edmonton received approximately 100 applications for this program and rebated approximately \$22,000 in BIA levies. The remaining funding of \$908,000 was carried forward into the 2021 operating budget as a part of the overall EERG Program. The existing BIA program closed at the end of February 2021.

The City of Edmonton has received requests from individual businesses and through the Edmonton BIA Council (representing Edmonton's 13 BIAs) to provide continued support throughout 2021, including the City funding a portion, or all of the 2021 BIA levy.

Administration considered three funding options to subsidize the 2021 BIA levy. The total BIA levy for 2021 is \$3.4 million.

- Option one - Fund 100 percent of the 2021 BIA levy at a total cost of \$3.4 million, funded through \$0.9 million in BIA support funds carried forward into the 2021 operating budget, and the remaining \$2.5 million through the COVID-19 funds within the appropriated FSR.
- Option two (Recommended) - Fund 50 percent of the 2021 BIA levy at a total cost of \$1.7 million, funded through \$0.9 million in BIA support funds carried

forward into the 2021 operating budget, and the remaining \$0.8 million through the COVID-19 funds within the appropriated FSR.

- Option three - Fund 25 percent of the 2021 BIA levy at a total cost of \$0.8 million, funded through \$0.8 million in BIA support funds carried forward into the 2021 operating budget. This option would require no funding through the COVID-19 amounts in the appropriated FSR.

Administration is recommending option two, with continued support offered to the BIAs in 2021 through the City funding of 50 percent of the 2021 BIA levy. This would require \$0.8 million in funding from the COVID-19 funds set aside in the reserve and is reflected as the recommended funding in Attachment 2. The BIAs would continue to receive funding of \$3.4 million in 2021, administered by the City as a flow through program (the City collects BIA levies and redistributes them to businesses within the association). Funding 50 percent of the 2021 BIA levy would supplement other available financial support available to BIAs through the City and Business Association Streams of the EERG fund.

Reopening of Recreation Facilities

On December 7, 2020, City Council approved \$7.5 million from the COVID-19 funds within the appropriated FSR to support the phased reopening of recreation facilities in 2021, which included reopening three additional recreation facilities and opening aquatic amenities at three community recreation facilities throughout the city.

Recognizing the importance of recreation opportunities for both physical and mental wellbeing, Administration is now planning a staged reopening of all recreation facilities over the course of 2021, which differs from the previous phased reopening plan discussed on December 7, 2020. However, no additional funds are required. The staged reopening can be completed with the \$7.5 million previously approved. A portion of the funds (\$200,000) will be used towards a program to support festivals and events in 2021 as they respond to COVID-19 with modified event plans to follow provincial health orders. This support will ensure Edmonton remains a vibrant city throughout 2021 as events and festivals continue to bring people together in safe ways.

Depending upon provincial health measures, the staged reopening and introduction of programs and services will continue throughout spring and summer with all facilities planned to be operational by September/October, including the wider range of facilities contemplated in the COVID-19 2021 Financial Impacts and Funding Strategy report presented to City Council on December 7, 2020. Reduced service levels will continue throughout the year in some areas. Reopenings and services will only launch when it is safe to do so in a responsible manner.

COVID-19 Funding - Longer-Term Considerations

The long-term effect of the pandemic on residents' needs and preferences, including how they use City services, is unclear. To this point, the budget impacts of COVID-19 have been addressed through one-time strategies. Administration is considering the longer term impacts of the pandemic on services levels, namely on transit ridership and recreation facility usage patterns, two of the largest revenue streams affected by the pandemic. Administration is assessing these impacts in conjunction with other municipalities to determine comparable losses and patterns, and strategies to address revenue shortfalls and additional costs. At this time, support from other levels of government is not known and may be limited.

Administration will return to Council in fall 2021, or earlier if possible, with forecasted revenue and cost impacts of the pandemic on the 2022 operating budget, potentially including an assessment of the permanent impacts that will need to be addressed through ongoing funding strategies.

Corporate Outcomes and Performance Management

Corporate Outcome(s): The City of Edmonton has a resilient financial position			
Outcome(s)	Measure(s)	Result(s)	Target(s)
The City of Edmonton has a resilient financial position	Adjustments to the approved Operating Budget results in the same or lower approved tax increases.	No tax increase required to fund COVID-19 financial impacts from 2020-2022. (2022 impacts not assessed in this report)	1.3% (2020) (0.3)% (2021) 1.6% (2022)

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
If the recommendation is not approved:						

Health and Safety	The City would not be able to properly support public health and safety initiatives, supporting vaccination rollout, enhanced cleaning on transit, and safety protocol for public facilities and locations.	3 - possible	3 - major	9 - medium	Provincial government largely responsible for direct health costs Enhanced existing cleaning procedures Existing security efforts at City facilities and locations	Recommended enhanced public safety measures in Attachment 2.
Economic	Pandemic impacts to local businesses are exacerbated with less support from local government	3 - possible	2 - moderate	6 - low	Various business supports, including waiving of license fees, delay of property tax deadline in 2020, and business support grants.	Recommended business support measures in Attachment 2. Support from other orders of government
If the recommendation is approved:						
Financial	Limited COVID-19 funding available in the appropriated Financial Stabilization Reserve to address future COVID recovery needs.	3 - possible	3 - major	9 - medium	Ongoing assessment and prioritization of risks and possible COVID-19 recovery initiatives	Support from other orders of government Opportunities to use one-time budget savings to fund COVID-19 needs.

Attachments

1. COVID-19 Funding - Appropriated FSR - Schedule
2. COVID-19 2021 - Funding Requests
3. Active Air & Surface Purification Technology - Proposed Capital Profile

Others Reviewing this Report

- C. Owen, Deputy City Manager, Communications and Engagement
- G. Cebryk, Deputy City Manager, City Operations
- K. Armstrong, Deputy City Manager, Employee Services
- R. Smyth, Deputy City Manager, Citizen Services
- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development
- K. Fallis-Howell, Acting City Solicitor