

King reviewing costs and savings of pandemic

By Mark Pavilons

King Township staff are still evaluating the financial impacts of the COVID-10 pandemic. But it will definitely have a bearing on the 2021 budget. Councillors received staff forecasts on the costs, and savings the pandemic has created. Treasurer Peggy Tollett noted the closures and cancellations carried out in March will have a 'significant impact on the 2020 operating budget variance.' She pointed out the loss of facility and program revenues, as well as increased costs of adjusting to working from home, will impact the bottom line. To help offset the costs, administration quickly took steps to mitigate expenditures and redeployed staff and delayed hiring. Core service delivery was 'paramount.' Staff was asked to prepare some financial updates, through to the end of the year. Some forecasts, however, are difficult to peg accurately, as things change weekly. Limited facility reopenings to the public are occurring. Hopes are ice surfaces will open up again this fall. The Township is projecting an overall budget deficit of roughly \$700,000. This will be reduced through federal and provincial restart funding, estimated at \$575,000, leaving a \$125,000 deficit by Dec. 31. Despite some substantial losses, the Township did see slight savings in some facilities (\$100,000), administrative fees and charges (\$200,000) and other administrative savings (\$130,000). Tollett explained the Township incurred 'unique and necessary costs' to adapt to the new realities that included mobilizing staff to work from home; closing facilities and keeping staff and residents safe. King CAO Dan Kostopoulos said much more robust discussions will come as council and staff go through the upcoming budget discussions. Mayor Steve Pellegrini said pegging the costs is a bit of a 'moving target' since things change frequently. There are some unknowns but he's pleased staff is staying on top of it. The additional costs relate mostly to preparing facilities for a safe reopening such as sanitizing stations, barriers, additional cleaning and making them ready for ice. These costs haven't been included in the staff projections. While there have been some operational cost savings, these will return to full when programs and staff return. There will be additional staffing costs to monitor and manage health regulations. Revenue will continue to slow as occupancy limitations remain in place by the Province. 'As such it is expected that running these limited service programs will actually cost the corporation additional subsidy than normal,' Tollett reported. Staff are projecting these community centre and program losses at \$560,000. The closure of the municipal offices has resulted in savings. The money comes from lower maintenance, staffing and utility costs. When the pandemic hit, all departments were asked to hold back expenses where possible and delay some things for next year. All hiring was considered on a case-by-case basis. Much of the savings were in reduced salaries and this trend will likely continue as many municipal buildings will remain closed through to the end of the year. The Township is also relying on promised funding from other levels of government. In August, Queen's Park announced a multi-phase relief program for municipalities. King is in line for roughly \$574,000, which will be earmarked to COVID-19 costs, such as maintaining critical services, protecting vulnerable citizens and ensuring community safety. This fund, staff pointed out, must be used to offset the financial impacts of the pandemic and address funding shortfalls. Tollett noted if the funding exceeds qualified costs, the difference must be placed into Township reserves. The King Township Public Library hopes to reopen soon, depending on health guidelines. At this time, the Library sees a surplus of almost \$50,000 due to personnel savings. Setting the 2021 budget will present some challenges. Recently, council directed staff to come in with a zero tax increase for next year. If there's a surplus at the end of the year, it would be placed into the tax stabilization reserves. Currently, department heads are looking at options to adjust service levels to achieve this tax goal, while ensuring core services are delivered. While the Township did experience some significant costs for the pandemic, the quick response and all measures imposed by King officials helped lessen the blow. Moving forward, staff will continue to cut back on expenses while maintaining service levels. With increased government funding in the wings, King may end up with a surplus by year end. While the outlook is somewhat positive, Tollett warned that the 'recovery to the 'new' or 'next normal' may take years.' Staff continues to look for ways to constrain spending and generate additional savings to minimize this impact.