

City of Winnipeg

Update on COVID-19 financial implications

As of August 18, 2021

Financial Stabilization Reserve Fund

Financial (Budget) Projections

- 2021 Budget Update approved by Council Includes a budgeted drawdown of \$20.3 million
- 2021 Budgeted impacts of COVID-19 - \$61.2 million
 - Decreased Transit ridership - \$40.8 million
 - 45% through summer; 35% starting in fall
 - Decreased parking revenues - \$7.0 million
 - 50% reduced through Q2, 10% thereafter
 - Decreased recreation programming revenue - \$4.8 million
 - Decreased permit (PPD) fees - \$3.6 million
 - Decreased other revenues - \$1.0 million
 - Increased expenses (PPE, overtime, cleaning/sanitizing, other) - \$4.0 million
- Accommodation tax revenue – \$5.0 million budgeted decrease

- Actions taken to reduce the financial impact of the pandemic include:
 - Utilization of Transit unallocated retained earnings
 - Reduced discretionary spending (including non-discretionary travel)
 - Review and approval of all vacancies ahead of position postings, delaying hiring when possible
 - Voluntary furlough program
 - Additional transfer from Financial Stabilization Reserve
 - Delaying issuance of debt
 - Reduced operating costs from Transit service reduction
 - One-time transfers from the Southwest Rapid Transit Corridor Reserve and Transit Bus Replacement Reserve
 - Reduction of services and supplies expenditures in Winnipeg Parking Authority

- The Financial Status and Forecast Report as at June 30, 2021 (SPC Finance, September 17, 2021) forecasts a \$14.3 million deficit for the tax-support budget (General Revenue Fund.)
 - This is driven by forecasted shortfalls in:
 - Unrealized corporate efficiencies and Council approval of round two of the Economic Recovery Grant program (total - \$9.7 million)
 - Police services - net traffic enforcement revenues, increased pension contribution rate and meeting expenditure management targets (total - \$9.6 million)
 - partially offset with net savings (mainly salaries) from reduced recreational programming and library services (total - \$7.0 million).
 - This forecast also anticipates remaining Corporate efficiencies target of \$22.5 million will be achieved.
- Transit forecasting a deficit of \$12.4 million primarily the result of less than budgeted fare revenues, due to lower than budgeted ridership. This shortfall can be covered by Transit Retained Earnings.
- Nothing significant is noted to the date of this report resulting in changes to those amounts forecasted in the Financial Status and Forecast Report as at June 30, 2021.

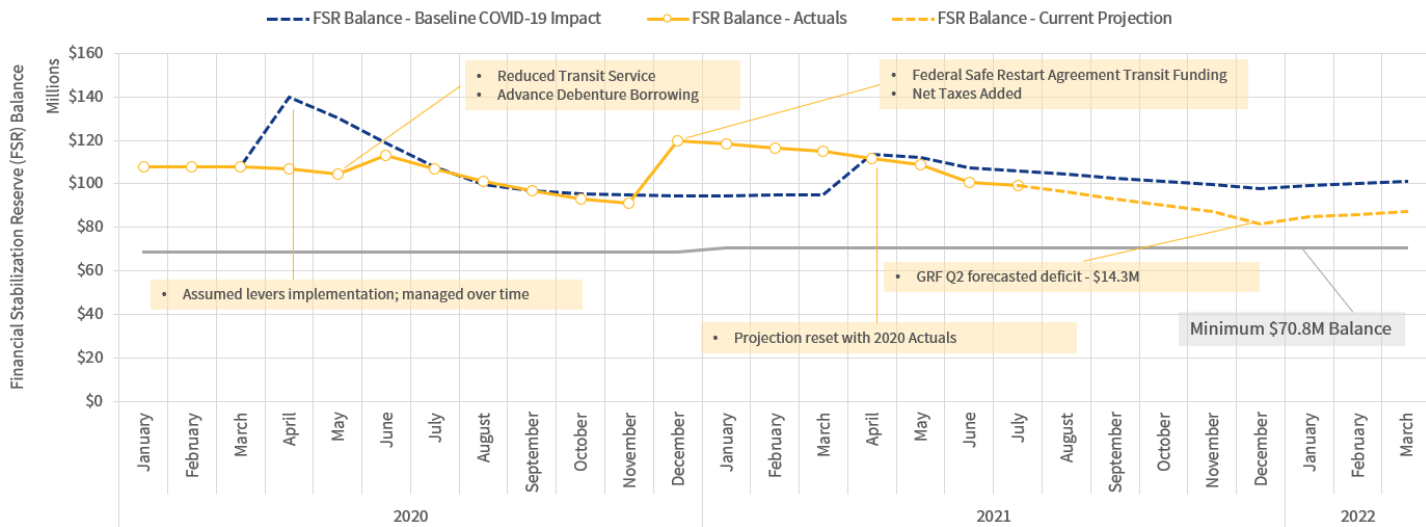
- Financial Stabilization Reserve Fund
 - Balance at December 31, 2020 - \$119.9 million

COVID-19 Financial Implications (cont'd)

- The Council mandated minimum balance (2021) is \$70.8 million (6% of the tax-supported budgeted expenditures).
- Considering the additional draw on the Financial Stabilization Reserve Fund for the budgeted 2021 deficit in the General Revenue Fund, the budgeted balance for the Financial Stabilization Reserve Fund at year end is \$95.0 million.
- Quarterly forecast at June 30, 2021
 - Projected deficit in the General Revenue Fund (before transfer) of \$14.3 million
 - Additional deficit of \$12.4 million in Transit to be covered by Retained Earnings
 - Updated forecast balance for Financial Stabilization Reserve Fund at December 31, 2021 is now \$81.4 million

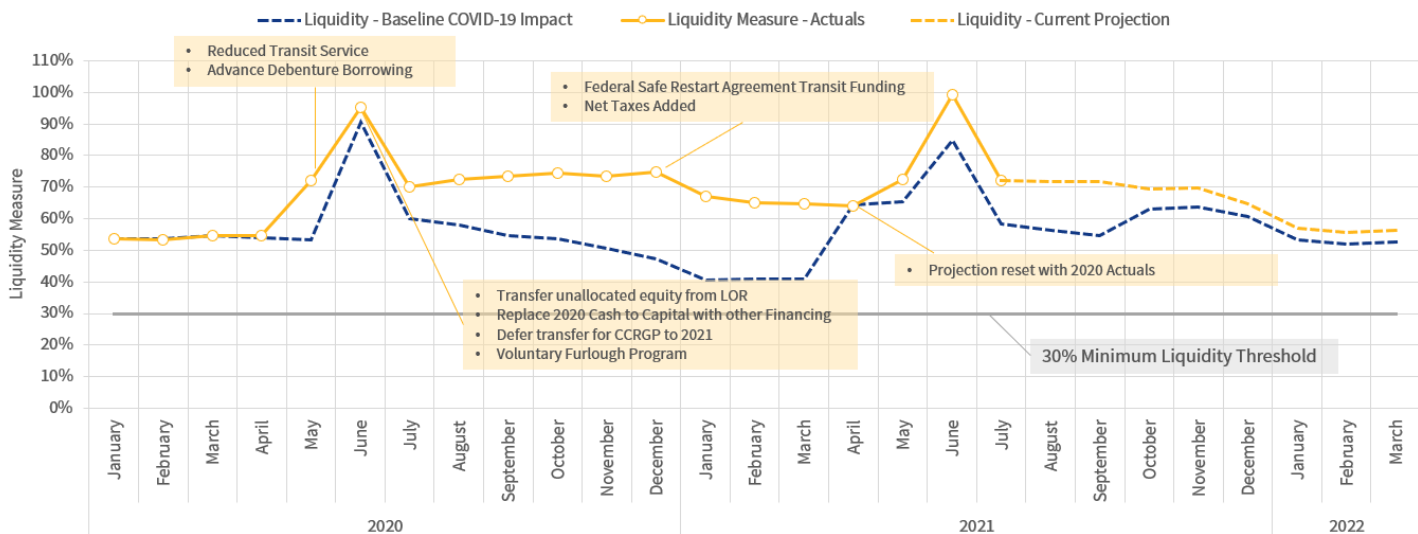
City of Winnipeg Financial Stabilization Reserve

Actual vs. Projection



City of Winnipeg Liquidity Measure

Actual vs. Projection



* Excludes restricted cash.

COVID-19 Financial Implications (cont'd)

City Liquidity

Liquidity ratio at July 31: 72% (2020: 75%)

Liquidity ratio at August 17: 76%

Revenue and Collections

Property and Business taxes

- Included in Council's approval of the 2021 Budget, penalties on 2021 property and business taxes that remain unpaid for up to three months (property – September 30; business – August 31) are waived

Property taxes owing	2021		2020	
	August 9/21	Last update (June 25/21)	August 9/21	Last update (June 25/21)
Current year	\$375,005,294	NA	\$412,608,763	NA
Prior year	16,852,075	\$20,041,525	20,461,832	\$22,140,678
Previous to prior year	17,796,593	20,721,966	16,168,053	17,514,585
Supplemental/other	9,800,386	7,140,183	8,557,842	6,837,995
TOTAL	\$419,454,348	\$47,903,674	\$457,796,490	\$46,493,258

- Includes current year business taxes which were due June 30, 2021
- Property taxes receivable are \$38.3 million lower than same time last year
 - Property tax arrears have decreased \$2.0 million over 2020
- Number of non-TIPP property tax accounts with balance owing – 20,600 (of ~ 230,000 accounts)

Percentage of Current Taxes Collected - Property Taxes
as at July 31, 2021

Month ended	2019		2020		2021		2021 v 2020 Difference		2021 v 2019 Difference	
	Current Taxes Outstanding	Percentage of Current Taxes Collected	Current Taxes Outstanding	Percentage of Current Taxes Collected	Current Taxes Outstanding	Percentage of Current Taxes Collected	Current Taxes Outstanding	Percentage of Current Taxes Collected	Current Taxes Outstanding	Percentage of Current Taxes Collected
April	\$ 1,028,077,431	25.18%	\$ 1,056,653,338	25.29%	\$ 1,103,724,981	22.96%	\$ (47,071,643)	-2.33%	\$ (75,647,550)	-2.22%
May	\$ 900,243,611	34.53%	\$ 945,466,179	33.12%	\$ 1,008,818,499	29.59%	\$ (63,352,320)	-3.53%	\$ (108,574,888)	-4.94%
June	\$ 379,960,168	72.39%	\$ 555,486,865	60.82%	\$ 537,967,638	62.56%	\$ 17,519,227	1.74%	\$ (158,007,470)	-9.83%
July	\$ 310,500,315	77.50%	\$ 469,331,655	66.95%	\$ 441,776,623	69.31%	\$ 27,555,032	2.36%	\$ (131,276,308)	-8.19%
August	\$ 250,999,650	81.84%	\$ 392,412,138	72.39%						
September	\$ 198,340,418	85.70%	\$ 284,020,671	80.01%						
October	\$ 142,005,315	89.79%	\$ 216,021,751	84.81%						
November	\$ 85,200,780	93.88%	\$ 95,351,161	93.30%						
December	\$ 32,460,483	97.68%	\$ 29,874,277	97.91%						

- Collections of current property taxes are 2 percentage points ahead of 2020 collection rate and 8 percentage points lower than 2019.

COVID-19 Financial Implications (cont'd)

Business taxes owing	2021		2020	
	August 9/21	Last update (June 25/21)	August 9/21	Last update (June 25/21)
Current year	\$10,524,842	\$16,109,356	\$18,795,932	\$25,668,282
Prior year	1,015,541	1,208,315	322,129	334,599
Previous to prior year	288,823	485,232	184,080	211,653
Supplemental/other	407,598	453,526	727,455	525,449
TOTAL	\$12,236,804	\$18,256,429	\$20,029,596	\$28,142,001

- Includes current year business taxes which were due May 31, 2021
- Business taxes receivable are \$7.8 million lower than same time last year
 - Business taxes in arrears receivable – increased \$0.8 million over 2020
 - Number of non-TIPP accounts with balance owing – 1,300 (of ~ 12,000 accounts)

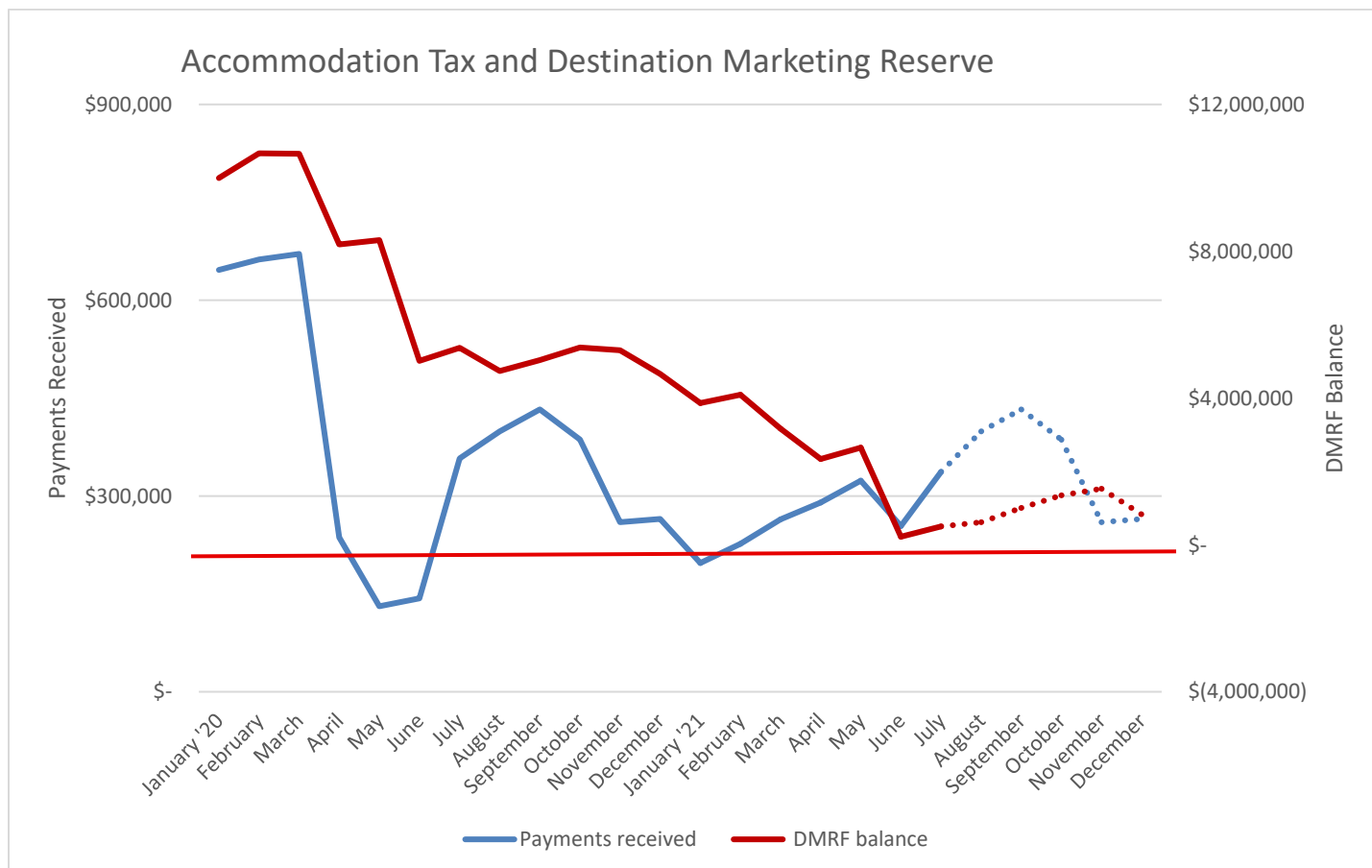
Percentage of Current Taxes Collected - Business Taxes
as at July 31, 2021

Month ended	2019		2020		2021		2021 v 2020 Difference		2021 v 2019 Difference	
	Current Taxes Outstanding	Percentage of Current Taxes Collected	Current Taxes Outstanding	Percentage of Current Taxes Collected	Current Taxes Outstanding	Percentage of Current Taxes Collected	Current Taxes Outstanding	Percentage of Current Taxes Collected	Current Taxes Outstanding	Percentage of Current Taxes Collected
April	\$ 57,174,421	12.05%	\$ 60,343,538	9.11%	\$ 56,752,504	11.70%	\$ 3,591,034	2.59%	\$ 421,918	-0.35%
May	\$ 13,733,975	78.82%	\$ 30,439,211	53.95%	\$ 20,373,292	68.28%	\$ 10,065,919	14.33%	\$ (6,639,317)	-10.54%
June	\$ 9,928,893	84.71%	\$ 25,148,451	62.09%	\$ 15,203,953	76.36%	\$ 9,944,497	14.27%	\$ (5,275,060)	-8.35%
July	\$ 7,944,623	87.77%	\$ 20,837,695	68.47%	\$ 11,660,354	81.78%	\$ 9,177,341	13.31%	\$ (3,715,732)	-5.99%
August	\$ 5,593,552	91.40%	\$ 10,690,229	83.76%						
September	\$ 4,376,650	93.28%	\$ 8,712,088	86.77%						
October	\$ 3,262,869	94.99%	\$ 7,644,559	88.42%						
November	\$ 1,857,454	97.15%	\$ 5,448,063	91.75%						
December	\$ 878,568	98.65%	\$ 3,748,962	94.35%						

- Collections of current business taxes are 13 percentage points ahead of 2020 collection rate and 6% lower than 2019's experience.

COVID-19 Financial Implications (cont'd)

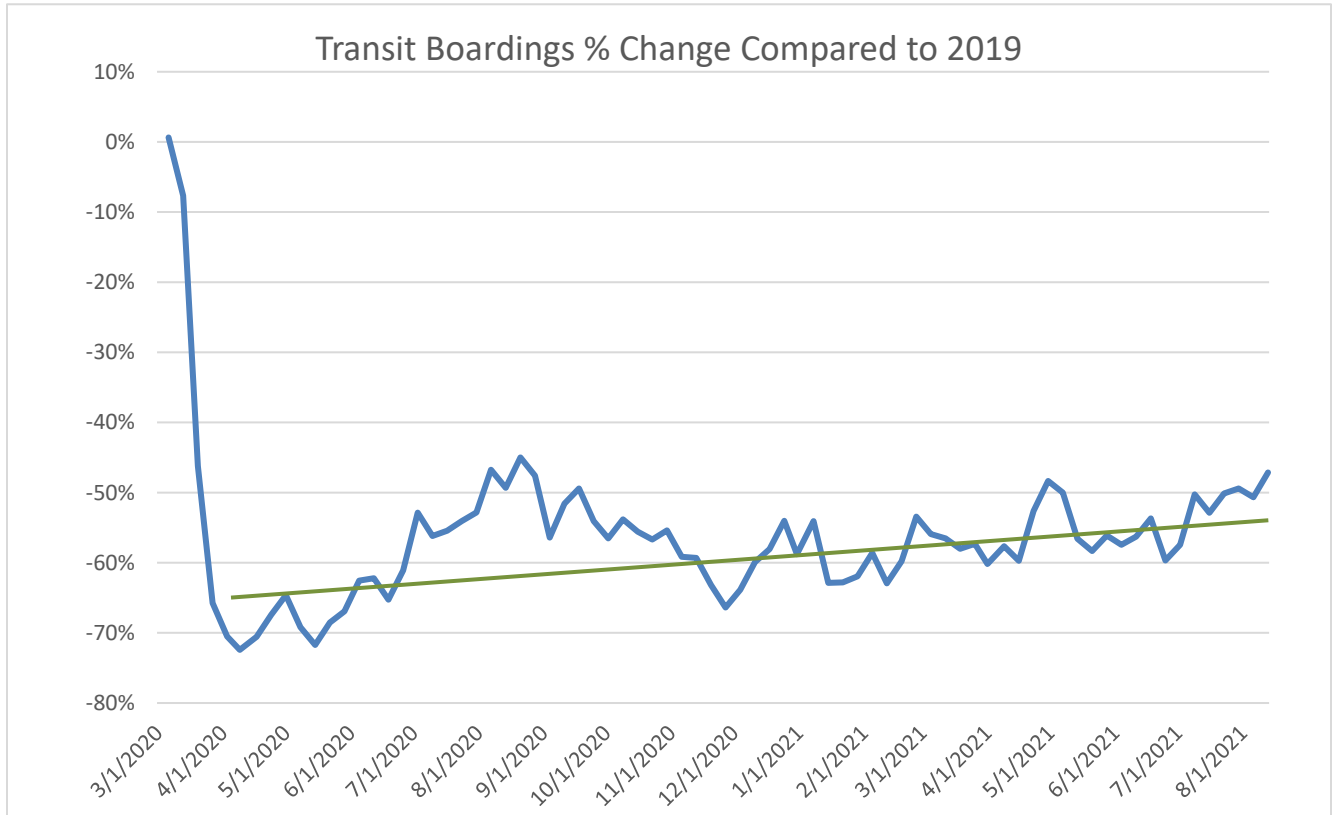
Accommodation Taxes



- Projected balance for the Destination Marketing Reserve Fund as at December 31, 2021 is \$0.8 million
 - Assumes 2021 accommodation tax revenue collections of \$3.7 million and the deferral of the grant to RBC Convention Centre for expansion demand loan as per the agreement
 - the \$1 million payment is made annually starting in 2019 “to the extent there is a balance remaining in the WCCC portion of the DMR” (Destination Marketing Reserve).
 - This is only a risk at this time and is being closely monitored. This grant payment is dependent on accommodation tax collections for the remainder of 2021.
 - Forecasted accommodation tax revenue collections for 2021 has increased \$0.5 million from the last report. The Tourism Rebate Incentive Program (TRIP) of the Manitoba Chambers has been successful in attracting room bookings.
- 63 businesses remitted \$253,959 in June.

COVID-19 Financial Implications (cont'd)

Transit Ridership



Transit Boardings

- Average weekday boardings for week ending August 13, 2021 – 96,063
- Average weekday boarding decreases since Thanksgiving have ranged between 48% and 64% (outlier data excluded)
 - Average decrease in boardings for past six weeks – 50%
- Service levels adjusted by 6% since Fall 2020 service change.

COVID-19 Financial Implications (cont'd)

City Enforcement of Public Health Orders

For the period November 6 to August 13

- Inspections – 16,519 (14,770 at end of June)
- Tickets issued to individuals – 17 (14 at the end of June)
- Tickets issued to businesses – 9 (unchanged)
- Total fines issued - \$59,048
 - Province has paid \$44,380
- Claims to Province to end of March have also been paid for by-law enforcement officer hours (claims now made quarterly).
 - To March 31 – 8,368 hours (\$292,880)
 - March to August 13 accrued owing - \$190,120 (full recovery; subject to maximums)
- Under the Program's guidelines, funding support is provided for enforcement personnel who dedicate time to the enforcement of public health orders related to COVID-19.
- Related tax-support funding accordingly compensates for estimated lost regular by-law enforcement revenue and unplanned Community Services Department PPE and cleaning/sanitizing expenses.

Economic Support Grant Program

- Round 1 - \$3 million program – 2,000 grants of \$1,500 funded by Federal Safe Restart
- Intake closed February 28, 2021 and all applications under this round have now been assessed
 - Applications received – 2,510
 - Approved and paid – 2,000
 - Ineligible – 510
 - Since last report, as a result of additional information obtained, ten more grants were made for Round 1 making it fully subscribed.
- On May 27, 2021, Council approved round two of the Economic Support Grant Program for another \$3 million.
 - Aimed at responding to most recent public health orders
 - Application intake closed July 31, 2021
 - As of August 16, 2021:
 - Applications received – 2,240
 - Approved and paid – 267
 - Ineligible – 119
 - Under assessment – 1,854
 - To accelerate adjudication, additional temporary staff augmentation has occurred.