



Corporate Report

DEPARTMENT/ DIVISION	Corporate Services & Long Term Care	REPORT NO.	R 40/2020
DATE PREPARED	03/26/2020	FILE NO.	
MEETING DATE	03/30/2020 (mm/dd/yyyy)		
SUBJECT	COVID-19 Pandemic – Financial Relief		

RECOMMENDATION

With respect to Report No. R 40/2020 (Corporate Services and Long Term Care), regarding COVID-19 Pandemic – Financial Relief we recommend that the May 6, 2020 interim tax levy installment be deferred to July 8, 2020;

AND THAT the water penalty be waived for water bills that are due April 14, 2020, May 15, 2020 and June 15, 2020;

AND THAT the fee for non-sufficient funds (NSF) related to tax and water payments be waived for 90 days;

AND THAT the deadline to apply for the tax and water credit program for low-income seniors and low-income persons with disabilities and the tax and water credit program for low-income persons be extended to September 1, 2020;

AND THAT the payment terms for general accounts receivable invoices generated in April, May, and June 2020 be extended from 30 days to 90 days;

AND THAT all collection work outside of legislative requirements cease until September 30, 2020;

AND THAT business related permit and license fees for 2020 be waived for a 3 month period, and sign permit fees be reduced by 25% for a period of one year;

AND THAT an emergency fund of \$235,000 for Community, Youth & Cultural Funding Program recipients be established, and Administration be authorized to allocate these funds, and that Administration report back to Council on funding allocations, and that the source of funding be the Stabilization Reserve Fund;

AND THAT fees associated with the re-issuing of marriage licenses and commissioning services be waived for a 3 month period;

AND THAT any necessary by-laws be presented to City Council for ratification.

EXECUTIVE SUMMARY

As a result of the widespread closure of businesses and declaration of a state of emergency by the Province of Ontario due to the COVID-19 pandemic, many City of Thunder Bay businesses are closed and residents are being financially impacted.

At the March 23, 2020 Committee of the Whole, Council directed Administration to report back on options that will provide financial relief to businesses and residents.

Options for providing financial relief have been identified including an increase to the Community Youth and Cultural Funding Program to support local not for profit organizations.

The Province of Ontario approved \$200 million in social services funding to municipalities to respond to the COVID-19 outbreak. Funds are intended to help municipalities and social service providers deliver critical services, hire additional staff, and find ways to promote social distancing and self-isolation to keep clients safe. Funding will be distributed to Ontario's 47 municipalities with local service managers responsible for dictating how it will be spent. The District of Thunder Bay Social Services Administration Board (TBDSSAB) is the service manager for Thunder Bay. The allocation for Thunder Bay is currently unknown, Administration will continue to work with the TBDSSAB and advise Council when information is received relative to the funding allocation and the process of distribution.

DISCUSSION

Defer Property Tax Installment Due Dates

Taxes are billed twice a year, Interim and Final taxes. Interim taxes are billed in January and equal 50% of prior year taxes. Final taxes are billed in June and represent the balance of taxes owing for the current year.

The City has approximately 43,100 tax accounts; 40,500 residential and 2,600 non-residential (commercial, industrial and multi-residential). In total, the City bills about \$231 million in municipal and education taxes each year. The City has billed approximately \$109.7 million in taxes so far this year, due as follows:

	March	May
Residential	34.8 M	34.8 M
Non-Residential	20.0 M	20.1 M

Taxpayers have a number of ways to remit payment including by mail, cash or cheque at Cashiers; at financial institutions, both in person and electronically; and through mortgage companies. Additionally, for properties enrolled in a Pre-authorized Payment Plan, monies are withdrawn from the taxpayer's bank account either monthly or on the installment due date. The distribution of how monies are received is as follows:

Payment Method	% of Taxes
By Mail	15%
At Cashiers	6%
Financial Institutions – in person & e-banking	35%
Mortgage Company	13%
Pre-authorized Monthly Plan	18%
Pre-authorized Due Date Plan	13%

We have collected approximately \$61 million in property taxes in 2020 to date.

With the exception of making payment at Cashiers due to the closure, all payment avenues continue to be available to residents and businesses.

Administration recommends the May 6, 2020 interim tax installment due date be postponed to July 8, 2020. No change will be made for taxpayers currently signed up for the pre-authorized monthly plan. Monthly pre-authorized payments will continue to be withdrawn. Customers may contact the Revenue Division by email at taxandwater@thunderbay.ca to request changes to their plan.

There may be an increase in returned payments due to non-sufficient funds (NSF) related to customers that submitted post-dated cheques, or are signed up on pre-authorized payment plans. Administration recommends that NSF fees be waived for 90 days.

The Province of Ontario has deferred the June 30, 2020 quarterly remittance of education property tax to school boards for 90 days. Education property tax remittances will be made by the City in September with two payments required in December. The City has good liquidity balances with forecasted cash flows to accommodate deferring the May installment to July. The impact is lost interest revenue of approximately \$200,000.

Penalty revenue of \$65,000 would be deferred by 60 days and penalty revenue of approximately \$69,000 would be lost.

All taxes must be billed within the calendar year. In addition to deferral of the May 6 interim instalment to July 8, Administration will bring forward recommended revised final tax installment due dates through the Tax Policy Report in June, 2020. It is intended that landlords will pass the tax deferral on to their tenants.

Water/Waste Water Bills - Waive Penalty

Water bills are issued quarterly to residents with one-third of the city receiving a bill each month. There are approximately 37,000 water accounts; 32,900 residential accounts and 4,100 commercial accounts.

If a water bill is not paid, a 5% penalty is applied on the current portion of the bill that remains unpaid.

The distribution of how monies are received is as follows:

Payment Method	% of Water Payments
By Mail	15%
At Cashiers	5%
Financial Institutions – in person & e-banking	54%
Pre-authorized Monthly Plan	2%
Pre-authorized Due Date Plan	24%

With the exception of making payment at Cashiers due to the closure, all payment avenues continue to be available to residents and businesses.

Administration recommends that the penalty for water bills due April 14, May 15, and June 15 be waived. Waiving the penalty would provide customers that are unable to pay their water bills with an additional 90 days to pay without penalty.

Customers on the pre-authorized monthly plan or pre-authorized due date plan would not be impacted, as their payment amounts would continue to come out of their bank accounts as scheduled. Customers may contact the Revenue Division by email at taxandwater@thunderbay.ca to request changes to their plan.

The City's projected cash flow can accommodate the deferral of payments of water bills for up to 90 days. The impact is lost interest revenue of approximately \$22,000. Penalty revenue of approximately \$80,000 will be waived.

Property Tax and Water Credit Programs – Extend Application Deadline

The property tax and water credit programs have application deadlines of July 31, 2020. Applicants are required to include their 2019 Notice of Assessment from Canada Revenue Agency (CRA). The CRA has announced a change in the filing deadline of personal income tax returns from April 30 to June 1. As a result, the issuance of 2019 Notice of Assessments will be delayed.

Administration recommends that the application deadline for the tax and water credit programs be extended to September 1, 2020.

General Accounts Receivables - Extend Payment Terms

The City invoices for services such as child care, leasing city property, renting city facilities, and landfill fees. Invoices are also issued for other charges including for the recovery of damages to city property.

Invoices are due within 30 days and outstanding balances are subject to interest of 1.25% compounded monthly.

Administration recommends that payment terms for general accounts receivable invoices generated between April, May, and June 2020 be extended from 30 days to 90 days.

Balances outstanding prior to March 31, 2020 will continue to be subject to interest charges. Waiving interest would provide an unintended benefit to customers that were in arrears prior to the COVID-19 pandemic.

Extending payment terms will result in a cash flow deferral of approximately \$200,000 monthly and total lost interest revenue of approximately \$1,000.

Cease Collection Work

Collection activities as identified in the Credit & Collection Policy are applicable for Property Taxes, Water Billings, General Accounts Receivables, Provincial Offences Fines, and Child Care Receivables.

Collection work includes issuing arrears letters, making phone calls, transferring accounts to collection agencies, discontinuing services due to arrears and transferring arrears balances to property tax accounts.

Some of the collection activities related to the sale of land for tax arrears is legislated and must continue.

Administration recommends that all active collection work within legislated authority, cease until September 30, 2020.

Business licenses, Vehicle for Hire and Sign permit fees

The City issues licenses and permits to various businesses (restaurants, hair salons, etc.) primarily for reasons relating to health and safety and consumer protection. The City is currently not renewing any business licenses, rather extensions are being allowed with no charge. Sign permits as well as applications for Ride-for-Hire / Taxi business and their drivers and vehicles continue to be processed electronically to ensure public safety and to support needs of community by maintaining these essential functions.

To assist the business community, Administration recommends that fees be waived for a three month period. All 2020 business license renewals, including Ride-for-Hire/Taxi licenses will not be charged for 3 months regardless of the month of renewal. Any permanent sign or mobile sign will have a 25% fee reduction for the period of one year. Businesses will also be provided an additional 3 months to pay for the renewal.

Community Youth and Cultural Funding Program (CYCFP)

CYCFP provides sustaining and operating funding to 19 local non-profit organizations. Some organizations are continuing to provide essential service at this time, while others have temporarily ceased or reduced operations in alignment with closure and social distancing

directives. These organizations are anticipated to experience a mix of increased expenses and loss of revenue that may have significant impact on their immediate operations as well as ongoing stability and sustainability.

Administration recommends that an emergency fund of \$235,000 be established to support these organizations, and that Administration be authorized to allocate these funds through a simplified CYCFP process.

Allocations will be prioritized first to organizations that are experiencing increased expenses due to providing emergency/essential service. Up to \$150,000 will be allocated for this purpose. After assisting these organizations, remaining funds, up to the \$235,000 fund limit, will be allocated to assist organizations that are experiencing financial hardship due to revenue loss.

All allocations will take into consideration the demonstrated need of organizations as well as other public sources of emergency funding available such as the \$200 million in social services funding approved by the Ontario government to respond to the COVID-19 outbreak. Administration will provide a report to Council with allocation details.

Office of the City Clerk

The Office of the City Clerk is the sole provider of Commissioner of Oaths services in the City. Many documents require that the person signing the document do so under oath before a Commissioner. Government or international offices may also require people to provide certified copies of original documents. The cost of commissioning a document is \$20. It is recommended that during the state of emergency this fee be waived.

Marriage licenses are issued by the Office of the City Clerk. Marriage licenses are valid for 90 days from the date of issue. Due to the Province of Ontario limiting events of more than 50 people, some weddings may not take place and will be postponed. The cost of a marriage license is \$125 +HST. It is recommended that any marriage license due to expire during the state of emergency, where a ceremony cannot be held, be re-issued at no cost.

The Office of the City Clerk is managing commissioning services and marriage licenses by appointment only during the state of emergency.

Financial Relief Measures Already In Place

Transit fares waived

Effective March 21, 2020, Thunder Bay stopped collection of fares until further notice. This change was meant to distance passengers from bus operators, promote social distancing and help keep the community safe from the spread of COVID-19.

Financial impact - estimated \$420,000 lost revenue per month.

On Street parking meters

As announced on March 20, 2020, to facilitate easy and timely pick-up and drop off at local businesses, on street parking at metered spaces is free for a maximum of two hours until April 30. All other parking rules continue to apply.

Further, the City has suspended the aging process for City parking tickets received as of March 1, 2020, until April 30, 2020. At this time the ‘freeze’ on aging tickets will be reviewed. This suspension on aging means citizens can delay payments on parking tickets without fear of escalating fines or license plate numbers being sent to the Ministry of Transportation for plate denial.

Financial Implications - estimated \$80,000 lost revenue per month

Tbaytel and Synergy North

Tbaytel and Synergy North provided examples of implemented financial relief measures. Tbaytel is not charging interest or late payment fees through April 30 at this point. A 40% discount for fixed broadband internet overages is available and they will work with customers requiring extended payment terms.

Synergy North is implementing the change to all off peak electricity pricing for the next 45 days as mandated by the Government. Synergy North will not disconnect any residential or small business customers for non-payment. The disconnection ban currently runs to July 31 at this point.

FINANCIAL IMPLICATION

The estimated costs and/or lost revenue related to the financial relief options presented for Council consideration are noted below.

	\$(000)
Property Tax Installment Deferral	269.0
Water bill - late penalty waived	102.0
Non sufficient funds (NSF) - fees waived	3.7
Extend General Accounts Receivable payment terms	1.0
Business permits/licenses - fee reduction	61.0
Community Youth & Cultural Funding Program	235.0
Clerks office - waive fees	1.0
Total	672.7

Administration has taken steps to ensure that costs and lost revenues associated with the COVID-19 pandemic are tracked for future reporting including through quarterly variance reports.

CONCLUSION

It is concluded that Council approve the financial relief measures recommended in this report.

BACKGROUND

On March 17, 2020, the Province of Ontario declared an Emergency related to the COVID-19 outbreak. As a result of the widespread closure of businesses and declaration of a state of emergency by the Province of Ontario due to the COVID-19 pandemic, many City of Thunder Bay businesses are closed and residents are being financially impacted.

REFERENCE MATERIAL ATTACHED:

None.

PREPARED BY: *Linda Evans, Lead Finance and Admin Emergency Response Team and Kathleen Cannon, Director - Revenue*

THIS REPORT SIGNED AND VERIFIED BY:	DATE:
Linda Evans, GM Corporate Services & Long Term Care, Treasurer	March 26, 2020