



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	September 9, 2020
SUBJECT/REPORT NO:	Federal and Provincial Government Municipal Funding Announcements Update (FCS20071) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Kirk Weaver (905) 546-2424 Ext. 2878
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That the General Manager, Finance and Corporate Services, be authorized and directed to execute and submit the funding acknowledgement letter(s) for the Safe Restart Program, including the letter attached as Appendix "A" to Report FCS20071 and any supporting documentation to support the Hamilton funding allocation under the Safe Restart Program;
- (b) That staff be directed to prepare, execute and submit any required documentation to support the City of Hamilton funding allocation under the Safe Restart Program.

EXECUTIVE SUMMARY

On July 27, 2020, the Ontario Government announced an Historic Agreement to Support Municipalities and Transit. The Ontario government, in partnership with the federal government, is providing up to \$4 B in urgently needed one-time assistance to Ontario's 444 municipalities. This funding is intended to help municipalities continue to effectively deliver critical public services, such as public transit and shelters, as the Province continues down the path of renewal, growth and economic recovery.

**SUBJECT: Federal and Provincial Government Municipal Funding
Announcements Update (FCS20071) (City Wide) – Page 2 of 8**

On August 12, 2020, the Ontario government announced details of the up to \$1.6 B of the first round of emergency funding for municipalities under the Federal - Provincial Safe Restart Agreement.

Through the Safe Restart Agreement with the federal government, \$695 M will help municipalities address operating pressures related to the COVID-19 pandemic through the first round of emergency funding and over \$660 M will support transit systems. The Province is also providing an additional \$212 M through the Social Services Relief Fund (SSRF), bringing the total to \$510 M to help vulnerable people find shelter.

The City of Hamilton's share of the Phase 1 allocation is just over \$44.8 M with \$17.2 M for transit relief and \$27.6 M for municipal relief. When compared to our originally forecasted 2020 budget deficit of \$61.3 M, this leaves a gap of \$16.5 M not covered through the most recent announcements. Staff believes that the announcements, combined with other mitigation measures taken by the City and outstanding funding allocations still to be made, will assist in eliminating our 2020 forecast deficit. Additional details of the implications to the City of Hamilton's financial position resulting from the announcements and other measures taken by the City of Hamilton will be included in reports scheduled to come before the General Issues Committee (GIC) on September 23, 2020.

Appendix "A" to Report FCS20071 provides details on the requirements of the Transit funding. Details of the municipal funding are not yet available. The City of Hamilton's share of SSRF is \$11.3 M. Appendix "B" to Report FCS20071 provides details on the requirements of the SSRF. A separate Report HSC20036, "Ministry of Municipal Affairs and Housing Social Services Relief Fund Phase 2", on the Agenda of the September 10, 2020 Emergency and Community Services Committee, outlines the proposed use of these funds.

These announcements only address pressures to the end of the provincial fiscal year on March 31, 2021. To date, there has been no formal communication with respect to Federal and Provincial funding support beyond March 31, 2021 related to municipal COVID-19 financial pressures. While there will be Phase 2 allocations coming forward, the specific allocations remain unknown. As outlined in Appendices "A" and "B" of Report FCS20071, there will be some specific conditions and criteria associated with receiving Phase 2 funds. Without some level of commitment, the City will be faced with significant financial pressures that will need to be addressed in the 2021 budget.

Since the onset of the COVID-19 pandemic, there have been numerous announcements from the Federal and Provincial governments regarding funding opportunities to address financial pressures for individuals and organizations. As an example, the Investing in Canada Infrastructure Program (ICIP) is being adjusted so that provinces and territories can use federal funding on a wider range of more pandemic-resilient infrastructure projects. This could include retrofitting various types of facilities and public spaces to address health and safety measures in place due to COVID-19. The changes are intended to help get more projects underway faster and support longer-term goals of sustainable, economically healthy, low-carbon and inclusive communities.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The financial implications of the funding announcements are summarized in the Analysis and Rationale for Recommendations section of Report FCS20071 beginning on page four. Additional details of the implications to the City of Hamilton’s financial position resulting from the announcements and other measures taken by the City of Hamilton will be included in reports scheduled to come before the General Issues Committee (GIC) on September 23, 2020.

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

Council, at its meeting of June 24, 2020, approved GIC Report 20-009 containing Appendix “B” to Report FCS20040(a), “Financial Implications of COVID-19 Response”, which provided a summary of the status of various Federal and Provincial funding announcements that had been made at that time. Report FCS20071 provides additional details with respect to the specific allocation amounts for the City of Hamilton of some of the funding streams and provides information about some other possible funding opportunities. Report FCS20071 seeks Council authority to sign the required documentation to release the funding allocations and prepare the necessary supporting documentation.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

The Senior Leadership Team and staff in the affected operating departments were consulted during the development and preparation of Report FCS20071.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

As indicated in Report FCS20040(a), “Financial Implications of COVID-19 Response”, approved by Council at its meeting of June 24, 2020, the City is forecasting an operating deficit of \$61.3 M for 2020 and an additional deficit of \$35.5 M for 2021. Advocacy efforts for financial assistance from senior levels of governments were initiated by the City of Hamilton, GTHA Mayors, City Managers and Treasurers and Federation of Canadian Municipalities and Transit Associations (Canadian Urban Transit Association (CUTA) and Ontario Public Transit Association (OPTA)). On July 27, 2020, the Ontario Government announced an Historic Agreement to Support Municipalities and Transit. The Ontario government, in partnership with the federal government, is providing up to \$4 B in urgently needed one-time assistance to Ontario's 444 municipalities.

Emergency Assistance Funding for Municipalities

On August 12, 2020, the Ontario government, announced details of the up to \$1.6 B of the first round of emergency funding for municipalities under the Federal - Provincial Safe Restart Agreement. This funding is intended to help municipalities continue to effectively deliver critical public services, such as public transit and shelters, as the Province continues down the path of renewal, growth and economic recovery.

Through the Safe Restart Agreement with the federal government, \$695 M will help municipalities address operating pressures related to the COVID-19 pandemic through the first round of emergency funding and over \$666 M will support transit systems.

The City of Hamilton’s share in Phase 1 is over \$44.8 M allocated as follows:

Phase 1 Transit	\$17,211,723
Phase 1 Municipal	<u>\$27,614,200</u>
Phase 1 Total	\$44,825,923

When compared to our originally forecasted 2020 deficit of \$61.6 M, this leaves a gap of \$16.5 M not covered through the most recent announcements. Staff believes that the announcements, combined with other mitigation measures taken by the City and outstanding funding allocations still to be made, will assist in eliminating our forecasted 2020 deficit. Details will be included in the June 30, 2020 Budget Variance and Forecast report planned for the General Issues Committee agenda on September 23, 2020.

The Province is also providing an additional \$212 M through the Social Services Relief Fund to help vulnerable people find shelter.

Transit Service Relief

As part of the Provincial government announcement on July 27, 2020, up to \$2 B in funding is available to municipalities to address transit pressures as a result of COVID-19. On August 12, 2020, Phase 1 of this funding allocated \$666 M to municipalities with transit systems. The City of Hamilton will receive \$17,211,723 as part of this Phase. The estimated COVID-19 related revenue and expenditure pressures for transit for the period being funded (April 1, 2020 to September 30, 2020) is \$19 M.

Phase 1 is intended to provide immediate relief from both revenue and expense pressures related to COVID-19. This Phase applies to pressures incurred between April 1, 2020 and September 30, 2020. The Province will be providing a template for municipalities to report back on these expenditures, as well as, a forecast of eligible expenditures from October 1, 2020 to March 31, 2021.

If the amount of Phase 1 funding exceeds current pressures, the excess funds must be placed in a reserve account to be accessed to support Phase 2 of the program. In order to be eligible for Phase 2, a funding transfer payment agreement will be required. The provincial government has indicated that Phase 2 funding allocations will be structured to achieve ridership growth and transit sustainability. The Ministry of Transportation will consult with municipalities in the Fall. The correspondence received from the Minister of Transportation is attached as Appendix "A" to Report FCS20071. In order for these funds to be released, the City is required to sign an acknowledgement of the conditions of the program.

Recommendations (a) and (b) of Report FCS20071 provide the authority for the General Manager of Finance and Corporate Services to sign this acknowledgement.

Municipal Relief

Staff is seeking clarity as to the timing of details on Municipal Relief and the City of Hamilton allocation of \$27.6 M. Recommendations (a) and (b) of Report FCS20071 provide the authority for the General Manager of Finance and Corporate Services to sign any subsequent acknowledgement letters or required documentation.

Social Services Relief Fund (SSRF)

The City of Hamilton will receive an initial allocation of \$11,323,812 in 2020-21 under Phase 2 of the SSRF Program. The funding will flow through the Community Homelessness Prevention Initiative (CHPI) and be in addition to the initial SSRF Phase 1 funding allocation of \$6,880,000 previously communicated.

**SUBJECT: Federal and Provincial Government Municipal Funding
Announcements Update (FCS20071) (City Wide) – Page 6 of 8**

In order to receive these funds, the City is required to submit a business case outlining how this allocation will be used. A separate Report HSC20036, “Ministry of Municipal Affairs and Housing Social Services Relief Fund Phase 2”, outlines the proposed use of these funds. The Province has provided a template to be used and the business case must be submitted by September 11, 2020. The stated objectives of this funding are to:

- Mitigate ongoing risk for vulnerable people, especially in congregate settings;
- Encourage long-term housing-based solutions to homelessness post COVID-19; and
- Enhance rent assistance provided to households in rent arrears due to COVID-19.

This funding may be used to offset eligible costs incurred after July 2, 2020. The funding will include an operating component and two capital components. Approximately 30% of the funding will be held back subject to the City submitting an interim report on the use of the funds and projected spending. This report is due by December 15, 2020. The correspondence received from the Minister of Municipal Affairs and Housing is attached as Appendix “B” to Report FCS20071.

Ministry of Health Pandemic Funding

On August 17, 2020, at the Association of Municipalities of Ontario (AMO) Conference, the Honourable Ontario Health Minister, Christine Elliot, announced that the Ontario Public Health units will receive a one-time funding boost of \$47 M to cover the costs of the response to COVID-19 pandemic. Details of the allocation to the Public Health units remain outstanding at time of writing Report FCS20071.

Investing in Canada Infrastructure Program – Resilience Funding Stream

On August 5, 2020, the Federal Government of Canada announced that the Investing in Canada Infrastructure Program (ICIP) is being adjusted so that provinces and territories can use federal funding on a wider range of more pandemic-resilient infrastructure projects. This could include retrofitting various types of facilities and public spaces to address health and safety measures in place due to COVID-19. The changes are intended to help get more projects underway faster and support longer-term goals of sustainable, economically healthy, low-carbon and inclusive communities.

Under a new COVID-19 Resilience Funding Stream of up to \$3.3 B, projects will be eligible for a significantly larger federal cost share – up to 80% for provinces, municipalities and not-for-profit organizations. A simplified funding application process is planned to ensure that projects can get underway as soon as possible and accelerated approvals will ensure that provinces and territories can address pressing needs in a timely manner.

At the time of writing Report FCS20071, staff has not received details about how these changes will be implemented. Staff understands that the new ICIP COVID-19 Resilience Funding Stream will require a decision from the Ontario government to reallocate 10% of its original ICIP allocation which may require a renegotiation of its bilateral agreement with the Federal government. It doesn't appear that there will be new funding as the Infrastructure Canada announcement indicates that the Resilience Stream is funded from reallocating funding from the ICIP Public Transit and ICIP Green Streams. Details are not known at this time as to the impact of the reallocation on existing applications under the existing ICIP Public Transit Stream. Several announcements related to ICIP Public Transit projects have been made in other communities in recent weeks. At the time of writing, staff has not received any indication about the status or timing for any announcement of City of Hamilton projects.

Other Funding Opportunities

Since the onset of the COVID-19 pandemic, there have been numerous announcements from the Federal and Provincial governments regarding funding opportunities to address financial pressures for individuals and organizations. A summary of these announcements and their current status is included as Appendix "C" to Report FCS20071. In some cases, the funding streams may not directly involve municipalities as the funding recipient but may result in an indirect benefit through partnership. The section that follows highlights some recently announced examples.

Canada Healthy Communities Initiative

On August 13, 2020, the Federal Government of Canada announced that the Canada Healthy Communities Initiative will provide up to \$31 M in existing federal funding to support communities as they deploy innovative new ways to adapt spaces and services to respond to immediate and ongoing needs arising from COVID-19 over the next two years. The Initiative will support projects under three main themes:

- Creating Safe and Vibrant Public Spaces
- Improving Mobility Options
- Digital Solutions

Funding for the Initiative is being re-purposed from existing funding for a second Smart Cities Challenge competition to support communities in dealing with the immediate and ongoing challenges posed by COVID-19. Funding under the Initiative will be provided to a non-governmental, not-for-profit organization, or group of organizations, selected through an open call-for-applications process. The recipient(s) will then work directly with municipalities, local governments, Indigenous communities and not-for-profit community partners to identify and fund homegrown solutions that can be put into place quickly to improve the lives of Canadians. The details of how such partnerships are expected to work have not yet been released.

Ontario Trillium Foundation Resilient Communities Fund

The Ontario Trillium Foundation has created an \$83 M Resilient Communities fund to support community-based projects that will rebuild the capacity of eligible non-profit organizations impacted by COVID-19. While municipalities are not directly eligible, many of the non-profit organizations that the City works closely with may be interested resulting in potential partnership opportunities.

In addition to the Federal and Provincial Government announcements above, staff is following up on announcements in the summary attached as Appendix “C” to Report FCS20071. In addition, staff is actively seeking out any other service or program specific funding which the City of Hamilton may be eligible for.

ALTERNATIVES FOR CONSIDERATION

Not applicable.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Healthy and Safe Communities

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

Built Environment and Infrastructure

Hamilton is supported by state-of-the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS20071 – Hamilton’s COVID-19 Transit Relief Funding Allocation Letter

Appendix “B” to Report FCS20071 – Hamilton’s Social Services Relief Fund – Phase 2 Allocation Letter

Appendix “C” to Report FCS20071 – COVID-19 Available Funding

KW/dt