



INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	March 24, 2021
SUBJECT/REPORT NO:	Update on City of Hamilton Impact of COVID-19 Pandemic Response (HUR21001/FCS21026) (City Wide)
WARD(S) AFFECTED:	City Wide
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COUNCIL DIRECTION

To provide Council with an update on the finance and human resources related impacts of COVID-19 on the City of Hamilton.

INFORMATION

Historical Background

On March 11, 2020, the City of Hamilton activated its Emergency Operations Centre (EOC) in response to the COVID-19 pandemic. As a result, the City has taken a number of steps to protect the health and safety of residents and employees, including through the closure or limited access of several City facilities, cancelling of in-person events, the move to alternative formats of service delivery and the opening of new emergency shelters.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

Many of the City's changes were introduced in the early days of the pandemic when less was known about the virus or the projected duration of the health crisis. During that time, the impacts of necessary public health measures on the City's workforce and budgets were unknown as was the status of emergency funding from senior orders of government to aid the City of Hamilton in addressing a significant projected deficit.

To ensure it was well-positioned to keep people safe while continuing to deliver City services, meet its financial obligations and protect its workforce, the City took a number of key steps. Many facilities designed to accommodate large numbers of people were closed or had entries significantly reduced.

Staff who were able to perform their duties remotely were asked to work from home. Significant numbers of part-time and casual staff unable to perform their duties were placed on a Declared Emergency Leave (DEL) and hundreds of City staff members were redeployed to aid with the City's pandemic response.

In addition to measurable impacts on staff well-being, the City experienced significant impacts on its operating budget and its ability to make accurate financial forecasts given the uncertainty around the nature and duration of the pandemic.

The City was fortunate enough to receive emergency support from the federal and Ontario governments which greatly assisted the municipality to date in the pandemic.

The ongoing impacts of COVID-19 combined with uncertainty around further government supports means that the City could again be facing a financial deficit depending on the duration of the pandemic.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS FOR HUMAN RESOURCES AND FINANCIAL MATTERS

Relevant legislative and policy-related implications include the *Employment Standards Act, 2000* and related amendments arising from COVID-19 such as the declared emergency and infectious disease emergency leave, the Canada Emergency Response Benefit (CERB) and the Canada Response Benefit (CRB).

Section 290(4) of The *Municipal Act*, states that the municipality shall provide for any deficit of the previous year in preparing their annual budget. As such, any projected deficit in 2020 would have been funded by significant tax increases or water, wastewater / storm rate increases.

COVID-19 Human Resources Related Issues

Redeployment of Staff

In addition to a significant number of City staff who were asked to modify their work and others who were asked to work from home, the City redeployed many of its staff to pandemic support positions.

In 2020, the EOC Personnel Unit redeployed a total of 287 employees from their regular duties to various areas within the City to assist with the response to the pandemic. Approximately, 60% of staff were redeployed within the Healthy and Safe Communities department (i.e. Long-Term Care, Ontario Works and Recreation).

In 2021, the City redeployed approximately 75 additional staff from their regular duties within the City to assist with the response to the pandemic.

In addition, the City is partnering with Hamilton Health Sciences and St. Joseph's Hospital for the distribution of vaccines within our community. To this end, approximately 325 positions will be filled in 2021 through either redeployment or new hires to assist with the City's vaccination efforts.

As of March 3, 2021, 104 employees have been recruited and are ready for hire for Screener / Floater positions and 94 employees have been recruited and are ready for hire for Registration/Check-Out positions.

Appendix "A" to Report HUR21001/FCS21026 provides for a breakdown of the number of COVID-related staff redeployed and hired for both 2020 and 2021.

Staffing Levels

Like most cities across Canada, the City of Hamilton continues to employ all full-time staff to ensure it can continue to deliver services during the pandemic, often through alternative delivery. These employees also ensure the City is positioned to return to conventional service delivery for all 70-plus City services as public health conditions allow.

Staff Placed on Leave

To reduce expenditures to address the pandemic's fiscal challenges, the City ceased scheduling approximately 1,334 part-time and casual employees within 35 job classifications in May 2020 whose citizen-facing duties were not possible to perform due to health conditions. These employees were placed on Declared Emergency Leave by the City, which allowed them to be eligible for the Canada Emergency Response Benefit (CERB), which later transitioned to the Canada Response Benefit (CRB).

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In 2021, the City has continued to cease the scheduling of part-time and casual employees and currently, approximately 944 part-time and casual employees remain affected, which primarily included staff from Planning and Economic Development and Healthy and Safe Communities Departments.

The City also hired approximately 576 new full-time staff in 2020 (which included staff to assist with the pandemic response) and these new hires were primarily within the Healthy and Safe Communities Department (i.e. 43%). In addition, the City hired approximately 320 summer students in 2020, which included general labour, co-op students and high school co-op students. The City hired approximately 60% fewer students in 2020 as compared to 2019.

The following chart summarizes COVID-related staff hires and redeployment as of March 1, 2021.

	2020	2021
COVID Redeployment	287	75
COVID Recruitment	142	260

Retirements and Working Staff of Retirement Age

There were approximately 186 employee retirements in 2020, which was approximately 4% lower than number of employee retirements in 2019. As well, in response to the Province's Chief Medical Officer of Health's strong recommendation that all individuals over 70 years of age self-isolate, the City continues to accommodate such employees by having them work from home, wherever possible.

Approximately 19 City employees over 70 years of age who cannot work from home continue to receive income protection. These employees are primarily Building Attendants within CityHousing Hamilton. These employees will be transitioned back into the workforce once they have received their vaccines and a safe return to work is possible.

Changes to Work Environment

To ensure the City would be well positioned to continue service delivery in a way that protected the health of staff and members of the public, the City of Hamilton asked a record number of its employees to work from home during the pandemic.

According to the City's Virtual Private Network (VPN) records, the City saw 20% of its workforce (1,652) work remotely in March 2020. That number grew to 22.6% (1,810) employees by December 2020.

Some staff have been asked to work from home, some have been redeployed and many others have had their duties modified. In all cases, City Leaders continue to engage with all staff ensuring that performance expectations are successfully met, with regular check-in with staff, including completion of PADs process at regular intervals.

City Leaders have continued to have regular check-ins with staff and indicate that productivity levels remain good and consistent with Leaders being able to continue to effectively monitor quality and quantity of work in the remote environment.

Staff Overtime Requirements

The pandemic has seen a moderate increase in overtime requirements for City staff, particularly, in the area of Public Health and Long-Term Care, as well as, some targeted impacts in Corporate Communications. All overtime has had to receive approval from line managers and directors in accordance with City policies. As part of their relief effort, the Federal and Ontario governments have funded municipal operations which includes overtime.

In 2020, the City saw a 2.7% increase in overtime compared to 2019 with \$580 K being paid in COVID-19 related overtime compensation, 100% of which is recoverable from government funding programs.

Staff Mental Health and Wellbeing

The City continues to provide a number of supports for staff and EFAP assists employees with access assistance such as counselling. In addition to EFAP benefits, the City provides online training in the areas of stress and anxiety and mental health resilience.

Since the beginning of the pandemic, the City has seen a dramatic increase in mental health training, physical conditions, stress management and parenting. In 2020, access to these services saw dramatic increases over 2019, including:

- 530% increase in staff accessing mental health training supports (2,805 in 2020)
- 244% increase in staff accessing Stress Management and Resilience (1,214 in 2020).

Pandemic's Impacts on Staff Vacation Allotments

The pandemic has made it difficult for a number of staff members to take regular vacation allotments. The City has seen an 37% increase in vacation carryovers in 2020 compared with 2019.

For 2020, a total of 826 vacation carryover requests were received and 377 vacation pay-out requests were received.

Vacation Carryover and Pay-out

Given the workload demands and job pressures arising from COVID, there has been an increase in the number of employees having worked overtime, as well as, not being able to take allocated vacation time during 2020. As a result, the following is a breakdown of the number of employees with 2020 vacation balances, as compared to 2019, along with corresponding requests for carryover and / or pay-out of vacation balances.

	Vacation Pay-outs	
	2020	2019
COVID Related	178	
Non COVID Related	199	215
Total	377	215
Total Cost	\$893,798	\$498,473

	Vacation Carryovers	
	2020	2019
COVID Related	412	
Non COVID Related	414	622
Total	826	622
Total Cost	\$1.83 M	\$1.15 M

The volume of COVID-related work impacted staff's ability to perform non-COVID related work on a timely basis and thereby, adversely impacted their ability to take vacation time off during 2020.

Initial Impact Forecasts of the Pandemic on City Finances

In the early weeks and months of the pandemic, the City was forced to review its budget projections, assumptions and forecast in light of the pandemic's unprecedented impacts. These impacts included the temporary closures to facilities, reductions in transit ridership and the cancelling of City events and in-person programs.

The City also saw additional costs related to cleaning, special chemicals for buses, personal protective equipment (PPE), bio-shields for bus operators, signage for park closures, facility closures, distancing signage and stickers and technology requirements for adjusted working conditions.

City finance staff consistently had to review public health orders, review the impacts of health measures on operations and to identify and forecast a significant budget deficit should staff and Council not find a way to make up for increased expenditures and declining revenues.

In June 2020), the City identified several possible scenarios to predict possible financial implications. They included:

- Scenario One: Three-month lockdown and six-month recovery = \$61.6 M deficit
- Scenario Two: Nine-month lockdown and 12-month recovery = \$122 M combined deficit (\$86.5 M in 2020 and \$35.5 M in 2021)

The projected pressures were in addition to the normal operating budget pressures and variances that might be expected in a typical year.

Initial Cost Containment Measures Employed

With the feasibility of federal and provincial financial supports still unknown, the City of Hamilton engaged in several cost-containment measures to limit, where possible, the impacts of the pandemic on City revenues and expenditures.

With many City revenue streams seeing steep declines, including in Transit and Recreation, the City took a number of measures in an attempt to mitigate the pandemic's financial impacts, including:

- Review of the Capital Program to delay projects with total funds available \$29 M
- Allocation of available capital funding of \$1.1 M to reserve for future capital needs post-pandemic
- Placing more than 1,300 part-time and casual staff on Declared Emergency Leave in May 2020
- Advocating that the federal government offer flexible funding solutions through the Gas Tax program
- Assessing the impact of further cost-containment measures on service delivery to mitigate the estimated shortfall
- Working with higher levels of government to advocate for emergency funding

Financial Supports from the Federal and Provincial Governments – COVID-19 Funding Including Safe Restart and Social Services Relief Funds

Between March and August 2020, the Ontario Government announced emergency funding to support the province's most vulnerable through the Social Services Relief Fund (SSRF).

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In July 2020, the Ontario Government announced a partnership with the federal government to provide up to \$4 B to municipalities in Ontario through a Safe Restart Agreement.

In August 2020, the first phase of \$1.6 B was provided with \$695 M for municipal operations, \$666 M for transit and \$200 M for SSFR.

In December 2020, additional funding was announced for municipal deficits of \$695 M and for transit of \$1.3 B. In early March 2021, the Ontario Government announced additional funding for transit and municipal operations.

Throughout 2020, the Ontario government also announced a partnership with the federal government to provide over \$230 M for child care plus additional funding for public health, paramedics and long-term care.

The Safe Restart Agreement provides funding to help municipalities protect the health and well-being of the people of Ontario, while continuing to deliver critical public services, such as public transit and shelters, as the Province continues down the path of renewal, growth and economic recovery. It is intended to cover lost revenues from services such as transit, parking and recreation and additional costs for things such as technology, PPE and additional cleaning requirements.

In total, in 2020 and early 2021, the provincial and federal governments committed just over \$168 M to the City of Hamilton as part of its COVID-19 relief funding including:

- \$27.6 M for Safe Restart Funding Municipal Operations, Phase 1
- \$11.6 M for Safe Restart Funding Municipal Operations, Phase 2
- \$18.7 M for 2021 COVID-19 Recovery Funding for Municipalities
- \$17.2 M for Safe Restart Funding Transit, Phase 1
- \$21.5 M for Safe Restart Funding for Transit, Phase 2
- \$16.8 M for Safe Restart Funding for Transit, Phase 3
- \$6.88 M for Social Services Relief Fund, Phase 1
- \$11.3 M for Social Services Relief Fund 2
- \$36.3 M for Public Health Services, Long Term Care, Paramedics, Housing and Children's Services

Assumptions for 2021

The City's assumptions for the approved 2021 Tax Supported Capital Budget and approved 2021 Rate Supported Operating and Capital Budgets were that the City would have to assume very little financial risk for the pandemic's continued impacts.

Assumptions in the 2021 Tax Supported Operating Budget include:

- Revenues lost during 2020 will recover and return to normal levels or be funded by higher levels of government
- Additional costs related to COVID-19 will be funded by higher levels of government
- Avoided costs from City staff efforts and some contractual savings will not materialize

Senior Leadership Team will continue to provide strong financial management and will advise Council on changes in COVID-19 conditions and related financial implications.

Conclusion

As every other municipality in Canada and the world, the City of Hamilton's operations will continue to be impacted by the pandemic and when in-person operations and services can be fully reopened is still currently unknown.

Like many cities across Canada, the City of Hamilton has seen a variety of impacts from COVID-19 to its workforce, revenues and expenditures and has required the City to both provide modified services and ensure that it maintains its capacity to deliver services more conventionally when public health conditions allow. These two elements of service delivery have been further impacted by the City's ongoing commitment to fighting the COVID-19 pandemic.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report HUR21001/FCS21026 - COVID-19 Related Recruitments and Redeployments