



**SUBJECT: Financial Impacts of Covid 19 on Local Boards**

**TO: Corporate Services, Strategy, Risk & Accountability Cttee.**

**FROM: Finance Department**

Report Number: F-26-20

Wards Affected: not applicable

File Numbers: 400-01

Date to Committee: May 14, 2020

Date to Council: May 25, 2020

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**Recommendation:**

Receive and file report F-26-20 providing information on financial impacts to local boards of Covid 19.

**PURPOSE:**

**Vision to Focus Alignment:**

- Increase economic prosperity and community responsive city growth
- Building more citizen engagement, community health and culture

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**Background and Discussion:**

Since the arrival of the CoVid-19 virus in Canada, the City has been on high alert; making the necessary decisions to amend our operations with the goal to continue to protect the health and safety of the Burlington community and City of Burlington staff and do our part to limit the spread of CoVid-19.

As valued partners, the local boards deliver a wide variety of programs and services to the community that the City does not deliver. The local boards have looked to the City for guidance to protect both the community and their own staff and limit the spread of CoVid-19.

### **Strategy/process**

The local boards for the most part deliver services that are program related. In a period of social distancing to protect the community, staff and service providers, providing programs has become very difficult as the City has determined with its own recreation services programs.

To support the health and safety of the community and respect directives from the province, the local boards have completely closed their respective facilities to the public and have encouraged employees to work from home in line with the City's actions. More specific information on impacts to each specific local board follow.

### **BEDC**

BEDC continues to remain committed to the economic development of the city and is working with Team Burlington to support businesses in the community. As they are not reliant on revenues for their operation, they have responded by refocusing efforts and resources in support of the business community and looking forward to recovery. The efforts on One Brand, the Burlington branding initiative has been put on hold as this is not a priority at this time. Financial adjustments are primarily focused on the projects that were budgeted in the original 2020 budget. As initiatives and resources become refocused the projects budget has been reduced from \$566,768 to \$177,768. Losses are expected in the TechPlace operations as the facilities are closed. Loss of rental income from start up companies and loss of sponsorship is expected to reduce income for TechPlace by \$26,293 while expenses stay constant.

Financial Impacts from COVID-19 Closure (Until June 30, 2020)	
Lost Revenue	\$326,175
Savings & Other Mitigation Measures	\$408,940
Reserve funding available for mitigation	
Total impact without drawing from reserve fund	\$82,765

### **Tourism Burlington**

The Visitor Information Centre is closed to walk-in visitors and inquiries are being handled via e-mail, phone, social media and website. Full time staff are working remotely. Summer student positions have been put on hold. Like the City, Tourism Burlington is mitigating impacts through an expenditure restraint program. The following table provides information on financial impacts for Tourism Burlington:

Financial Impacts from COVID-19 Closure (Until June 30, 2020)	
Lost Revenue	\$35,500
Savings & Other Mitigation Measures	\$26,100
Reserve funding available for mitigation	\$(9,400)
Total impact without drawing from reserve fund	\$(9,400)

### Art Gallery of Burlington

The Art Gallery is highly program dependent for its revenues. Any mitigation of year end projections is highly dependent on receiving federal government relief for payroll. In addition, the Ontario Association of Art Galleries is advocating for Art Galleries to receive a subsidy equal to 30% of 2019 revenue. Mitigation strategies include receiving a portion of membership renewals and donations as well as implementing executive and leadership pay cuts.

The table below outlines impacts to June 30, 2020

Financial Impacts from COVID-19 Closure (Until June 30, 2020)	
Lost Revenue	\$409,689
Savings & Other Mitigation Measures	\$172,403
Federal funding available for mitigation	\$(236,581)
Total impact	\$(705)

Federal funding includes Canada Employee Wage Subsidy (CEWS) of \$166,596, an amount of CEWS of \$41,649 if the subsidy continues beyond June. Confirmed increased grant amounts from Ontario Arts Federation, Ontario Arts Council and Incite of \$28,336.

### Burlington Public Library

BPL's operations focus on community borrowing of materials, use of facilities, services and programming. With the closure of all locations effective at 6pm on Friday March 13, 2020 mitigation strategies for the library have included a shift to digital service offerings, providing community resources in dealing with CoVid-19, reallocating the collection budget to be focused on digital resources. Almost half of the approved 2020 capital budget related to time-sensitive (lifecycle) IT and Facility infrastructure projects that BPL

staff continue to work on during the closure. The goal is to complete some projects prior to re-opening to minimize disruption to customers (when it is safe to do so).

Library projections identify expenses of \$11,128 k against revenues of (\$11,429k) for net revenues of (\$301k).

Financial Impacts from COVID-19 Closure (Until June 30, 2020)	
Lost Revenue	\$155,000
Savings & Other Mitigation Measures	\$456,000
Reserve funding available for mitigation	
Total impact	\$301,000

### **Museums of Burlington**

As a local board highly dependent on program revenues, the Museums have been highly impacted by the shut down imposed by the pandemic. The closure of the facilities has resulted in projected revenue losses of \$54 k from loss of programs, special events, camps and souvenir sales. This represents a 20% loss in revenue. Mitigation measures include reducing staff hours, implementing an expense restraint program and deferring capital expenditures.

Financial Impacts from COVID-19 Closure (Until June 30, 2020)	
Lost Revenue	\$53,502
Savings & Other Mitigation Measures	\$128,048
Reserve funding available for mitigation	
Total impact	\$74,546

### **Burlington Performing Arts Centre**

As an entertainment facility BPAC was closed under provincial mandate and performances were cancelled and the facility remains closed. Mitigation measures have included laying off part time staff, reducing contracted services in the building and reduction in expenditures related to performances. Revenues for BPAC have been severely impacted as 34 rentals have been cancelled resulting in lost revenue of \$284,177. Also 6 BPAC presents shows have been cancelled resulting in further revenue loss of \$75,035 in ticket sales. The remaining revenue losses are in donations, memberships, sponsorships and advertising revenue. The table below shows projected impacts to June 30, 2020.

Financial Impacts from COVID-19 Closure (Until June 30, 2020)	
Lost Revenue	\$560,737
Savings & Other Mitigation Measures	\$282,471
Reserve funding available for mitigation	\$(278,266)
Total impact without drawing from reserve fund	\$(278,266)

### Financial Matters:

The City maintains several reserve funds on behalf of the boards. These reserve funds may provide some mitigation to losses incurred by the boards as a result of the Covid-19 pandemic. Reserve funds are as follows:

Reserve Fund	Purpose	Restricted	Amount as at December 31, 2019
BEDC Operations	Funded by surplus of operations or draw to fund deficit	No	394,073
BEDC Strategic Initiatives	Funded by surplus of projects and funds deficit in projects	Yes	280,414
Innovation Reserve Fund (BEDC)	Capital purposes for TechPlace	No	133,341
<b>Total BEDC Reserve Funds</b>			<b>807,828</b>
Library Capital Project	Fund Library Capital	Yes	2,266,080
<b>Total Library Reserve Funds</b>			<b>2,266,080</b>
Museums – Ireland House- General	Funded by surplus of operations or draw to fund deficit	No	191,218

Museums – Ireland House – Project	Fund Museum capital	Yes	89,799
Museums – Joseph Brant – General	Funded by surplus of operations or draw to fund deficit	No	203,991
Museums – Joseph Brant – Project	Fund Museum capital	Yes	159,785
<b>Total Museum Reserve Funds</b>			<b>671,793</b>
Tourism Burlington Reserve Fund	Funded by surplus of operations or draw to fund deficit	No	89,841
<b>Total Tourism Reserve Funds</b>			<b>89,841</b>
BPAC Reserve	Funded by surplus of operations or draw to fund deficit	No	1,005,576
CPRF-BPAC	Fund BPAC capital	Yes	797,273
BPAC-Donations	Donations received by BPAC	Yes	13,802
<b>Total BPAC Reserve Funds</b>			<b>1,816,651</b>
<b>Total Board Reserve Funds</b>			<b>5,652,193</b>

It should be noted that the boards reserve funds form part of the City's investments. Interest earned is allocated to the reserve funds annually. The Burlington Art Gallery does not currently maintain a reserve fund at the City.

### **Total Financial Impact**

The extent of the impact on the operating budget and capital programs of the local boards are currently being analyzed based on known conditions and stated

assumptions. Among the assumptions is that the City's operating grants to the local boards will remain whole. The City's 2020 approved operating budget to local boards totals \$15.7 million.

### **Engagement Matters:**

The city has engaged with the local agencies, boards and commissions and Team Burlington to maintain open lines of communication and share information about decisions and on-going actions. Local boards continue to look to the City for information and leadership in this situation.

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### **Conclusion:**

Local Boards continue to assess their financial health and seek ways to minimize a year-end unfavourable financial position. They continue to look to the City for guidance in mitigating impacts of this situation.

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Respectfully submitted,

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Controller and Manager of Financial Services

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### **Report Approval:**

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Council. Final approval is by the City Manager.