



REPORT

Report Date: April 6, 2020
Contact: Colin Knight/Julia Aspinall
Contact No.: 604.873.7569/6281
RTS No.: 13793
VanRIMS No.: 08-2000-20
Meeting Date: April 14, 2020
[Submit comments to Council](#)

TO: Vancouver City Council
FROM: Director of Finance
SUBJECT: COVID-19 Pandemic Impacts: Financial Update and Short-Term Actions

RECOMMENDATION

- A. THAT Council receive the COVID-19 pandemic Financial Update for Information, and request that the Director of Finance share this information with the Park Board, Library Board and Police Board.
- B. THAT, in response to the unique circumstances created by the COVID-19 pandemic, Council approve, in principle, the amendment to Tax Penalty By-law No. 9284, generally as outlined in Appendix "A", to adjust the remittance due date for the July main property tax notices from July 3, 2020 to September 2, 2020.
- C. THAT, subject to Recommendation B being approved, Council request the Province to delay the remittance due date for other taxing authorities' requisitions to after September 2, 2020, including the Provincial School Taxes, Translink, Metro Vancouver, BC Assessment, and Municipal Finance Authority BC, such that the City does not have to prioritize the use of City working capital, reserves and/or borrowing to pay senior and regional government and agencies before actual tax collection.
- D. THAT Council endorse the following requests submitted by Metro Vancouver and Union of BC Municipalities to the Province to support local governments during the COVID-19 crisis:
 - i. Expand the existing Provincial Property Tax Deferral program to support property owners who are experiencing financial difficulties, including residents, businesses and non-profit agencies, thereby lowering the delinquency rate for municipalities;

- ii. Provide financial backstop to provincial and regional taxing authorities for delinquent payments on property taxes and utility fees, as the City does not have the financial capacity to keep them whole should delinquency rate increase; and
 - iii. Provide direct operating grants to cover the City's significant revenue losses such that the City can continue to provide public safety and other essential services while being prepared for the recovery of the economy.
- E. That the Director of Legal Services bring forward for enactment a by-law generally in accordance with Recommendation "B".

REPORT SUMMARY

The purpose of this report is to provide Council and the public with preliminary information on the financial implications of the COVID-19 pandemic to the City, and recommendations on the upcoming property tax notices and related actions the City can take to support businesses and residents.

The COVID-19 crisis is unprecedented, and the City has an important leadership role to play, in partnership with other levels of government, in supporting the immediate response, as well as in looking to the future recovery. In addition to the severe health impacts to Vancouverites and their families and friends, many residents, businesses, and not for profit organizations are experiencing unprecedented financial hardship. Over 15,000 businesses in Vancouver have closed temporarily due to COVID-19, in order to follow the provincial recommendations. Vancouver will be a crucial driver of economic recovery for the region, the province, and the nation. However, the financial impacts to the City resulting from the pandemic are severe, and like all municipalities, the funding capacity to deal with unprecedented events such as this is limited and the support of senior governments is needed.

As the length of the economic disruption and recovery is uncertain at this time, staff have outlined scenarios to understand the potential impact on the City's financial health and the 2020 budget. The City has taken action to close many community serving facilities to comply with physical distancing restrictions, including libraries, recreation centres, and civic theatres. Approximately 1,500 staff have been issued temporary layoff notice to date. The decrease in revenue resulting from these closures, combined with potentially higher delinquency in payments for property tax and utility fees, creates a significant financial and cash flow challenge. Substantial loss in 2020 budgeted revenue is forecast in all scenarios presented in this report, with estimated funding shortfalls ranging from \$60-\$190 million without additional cost mitigation actions or funding support from the Province or Federal governments. The revenue loss the city is experiencing related to COVID-19 is approximately \$4-5 million per week.

In response to the unprecedented economic disruption caused by the COVID-19 pandemic, to support both residents and businesses who may be experiencing immediate cash flow issues, staff recommend:

- Delaying the remittance due date for the July main property tax notices by two months (from July to September) to give taxpayers more time to pay the required taxes.
- Continuing to request support from the Province and Federal governments to municipalities to address the significant financial impacts.

As work on the organization's financial position continues, staff will be establishing a financial plan to balance the 2020 operating budget utilizing further cost reductions and the financial stabilization reserve as necessary. Provincial support will likely be critical in order to continue providing essential city services. In addition to the ongoing provision of essential services, staff aim to continue to provide services such as permitting and business licensing that will be critical to the economic recovery in Vancouver. We will likely not be able to continue to provide these services without partnership and support of the Province.

The City will continue to monitor the evolving situation and take appropriate actions to respond to the financial situation.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The Tax Penalty By-law, enacted by Council on May 6, 2006, includes the current due date, which is the second business day in July.

The 2019-2022 Capital Plan was approved by Council in July 2018, and the required borrowing authority components were approved by voters in October 2018.

The 2020 Budget, which includes both operating and capital, was approved by Council in December 2019.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

Similar to other BC municipalities, the City's operating budget is largely funded from property tax and utility fees (~75%), augmented with other revenues such as parking, permits, and community/recreation programs (~25%). As other revenues have fallen significantly (over 80%) due to closure of non-essential services and the province-wide physical distancing requirements, the City could face a funding gap of \$60 to \$190 million, depending on the length of closure and pace of recovery from now through 2021.

While the City continues to work rigorously to sustain essential public services while limiting the financial impact through reducing the burn rate (e.g. redeployment of staff to support essential services, temporary layoff of ~1,500 staff), it is critical for local governments and the Province to work together to alleviate the financial hardship on our residents, businesses and non-profit agencies. As well, we look to the Province to help secure the City's key funding sources – property tax and utility fees – so that the City can continue to deliver the much needed services to the public during this unprecedented crisis.

Staff have been working with Metro Vancouver Intergovernmental Working Group and Union of BC Municipalities since early March to identify the following priority actions from the Province that would provide the most impactful support for municipalities, and residents, businesses and non-profit agencies that experience financial hardship:

- Expand the existing Property Tax Deferral Program (see Appendix D) on a time-limited basis to support residents, businesses and non-profit agencies who need help, thereby lowering the tax delinquency rate for municipalities;
- Delay the tax remittance date for other taxing authorities, such that municipalities are not forced to use their working capital and/or borrow in order to pay the Province and regional governments/agencies before tax collection should they decide to delay the municipal tax remittance date from July to later in the year;

- Provide financial backstop to regional governments/agencies to address potentially significant property tax delinquency, as municipalities do not have the financial capacity to keep them whole should delinquency rate goes up; and
- Provide direct operating grants to cover significant revenue losses, such that the City can continue to provide public safety and other essential services while being prepared for the recovery of the economy.

REPORT

Background/Context

Key dates in the COVID-19 pandemic:

December 2019	First cases of COVID-19 in China.
January 27, 2020	First case of COVID-19 in Canada (in Ontario).
January 28	First case of COVID-19 in British Columbia.
January 30	The World Health Organization (WHO) declared COVID-19 a Public Health Emergency of International Concern.
February 18	City of Vancouver Emergency Operations Centre activated.
March 9	32 confirmed cases in B.C. with 1 death.
March 11	The WHO declared COVID-19 a pandemic.
March 12	The City began closing some of its facilities and stopped providing some of its services.
March 16	First provincial health order issued limiting mass gatherings
March 19	City of Vancouver declared State of Emergency
March 31	8,591 confirmed cases in Canada, with 1,013 cases in B.C.

Economic impact:

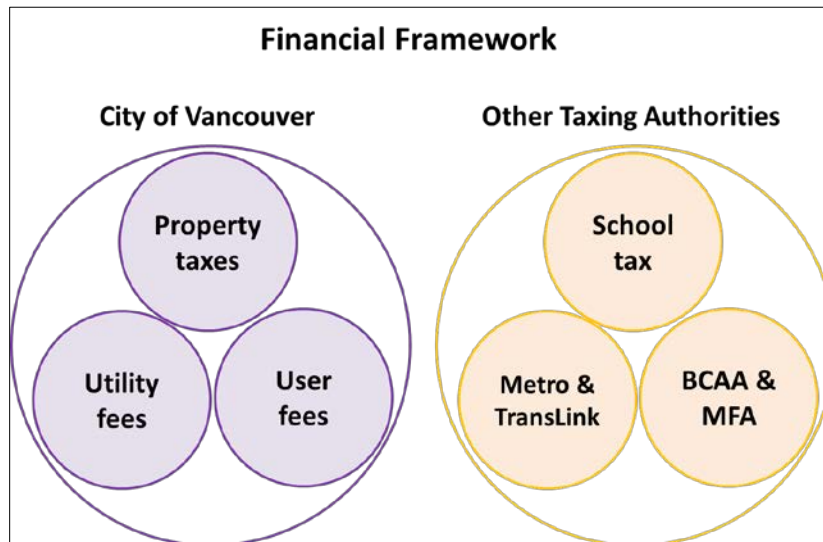
The pandemic spread of COVID-19 has caused unprecedented economic turmoil. Over 15,000 businesses in Vancouver have closed temporarily due to COVID-19, in order to follow the Provincial recommendations. Many taxpayers are facing economic uncertainty, and are struggling to pay their bills. The City has closed many of its public facilities, including over 50 libraries, community and recreation centres, and Civic theatres. These closures and other reductions in revenue have a significant impact on the City's financial situation.

City's financial framework:

Across Canada, local governments are facing significant financial challenges. Unlike the provincial and federal governments, local governments cannot run deficits or borrow to balance operating budgets. In BC, local government operating budgets are largely funded by property tax and utility fees (generally 75-85%), augmented with other revenues such as parking, permits, community/rec programs, etc. (15-25%) which help support the delivery of key city services. Many of these other (non-property tax, non-utility) revenues have already declined

significantly as a result of closure of non-essential services and the province-wide physical distancing order. These decreases in revenue represent a funding gap issue for local government, not simply a cash flow issue, because the revenues that are lost during the time of the COVID-19 pandemic in most cases will not be recovered in the future.

Local governments collect taxes on behalf of Other Taxing Authorities (Provincial school tax, Translink, Metro Vancouver, BC Assessment, Municipal Finance Authority BC, Regional Districts, etc.).



The table below outlines the tax levy apportioned to the City and other taxing authorities in 2019.

2019 distribution of tax levy	\$ in '000s	%
City of Vancouver- General Purpose Tax	791,437	46.2%
Other Tax Authorities:		
Provincial School Tax	731,545	42.7%
TransLink	147,027	8.6%
BC Assessment Authority	22,553	1.3%
Greater Vancouver Regional District	21,934	1.3%
Municipal Finance Authority	110	0.0%
Total property tax assesment	1,714,608	100.0%

The City keeps less than half of the overall property tax bill in order to pay for City services and is required to remit funds to the other taxing authorities. Based on the 2019 tax levy, should the City experience an increase of tax payment delinquency, the City would have to prioritize the use of working capital, reserves and/or borrowing to pay the Provincial government and regional agencies their share of the tax levies before actual collection from property owners. In particular, the Provincial School Tax portion will become a heavy financial burden for the City. The School Tax Remitting Regulation, enacted under the School Act, and updated in 2019 as part of the introduction of the Additional School Tax on luxury homes, requires Vancouver to transfer School Taxes to the Province by July 8 and 23, even if the City adopts a due date later than July 3. Other local governments are not subject to the same rule.

Strategic Analysis

Short-term actions:

The City is taking a number of short term actions to respond to the immediate and potential future impacts and risks related to this crisis.

- 1) In order to allow property owners and business operators more time to raise their share of taxes, and to better plan their finances, staff is recommending that the remittance due date for the July main property tax notices be delayed by two months from July 3, 2020 to September 2, 2020. To avoid the situation of the City being in the position of financing provincial organizations, staff urge the Province to also adjust the remittance dates for the other taxing authorities.
- 2) To mitigate some of the initial financial impacts to the City's operating budget, the City has issued temporary layoff notices to 1,500 staff impacted by the facility closures. Restrictions have been placed on new hiring and travel. Staff are reviewing discretionary costs for opportunities to further reduce costs. Should the severity and length of the crisis continue through the year, such that the City's fiscal position deteriorates and support is not received by senior government, the City will need to consider further reductions including grants, discretionary spending and additional reductions in services to the public resulting in additional layoffs.
- 3) The 2020 capital budget is currently under review to determine impacts of COVID-19 on specific capital projects. While some projects may be slowed or stopped, other projects will need to continue for essential capital work required in 2020 for regulatory requirements, safety, or asset preservation. Projects that are currently underway and have contractual requirements are expected to continue if funding is secure, work can be performed safely, and where work is considered an essential service (e.g. construction). Projects that support the economy such as those projects required for 3rd party development that is underway (eg. utility connections) will continue. Historically, municipalities have also played an important role in economic recovery by delivering infrastructure as part of federal government infrastructure programs. Where appropriate, work that can continue to prepare key projects for the recovery will be considered (e.g. design work to enable future construction). Should the crisis continue through the year, the 2019 – 2022 capital plan would be revisited with a lens to reduce the City's contribution from the operating budget and operating impacts of new capital, by prioritizing critical projects and those that are key to a speedy economic recovery.
- 4) Senior government advocacy for municipal financial support:
 - a. As municipalities are unable to run operating deficits and do not have the financial capacity to fund a significant budget gap and continue to provide essential services, the City is looking to the Provincial government to provide support during this unprecedented event. Options have been brought to the attention of the Province in concert with Metro Vancouver Mayors and UBCM (see Appendix C). These include:
 - i. Expand the Provincial Property Tax Deferral Program (PPTDP) to include all property owners who are experiencing financial difficulty, including residential, business and non-profits
 - ii. Align the remittance date for other taxing authorities with the City's revised due date

- iii. Backstop provincial/regional taxing authorities for delinquent payments so the City does not need to prioritize our limited reserve funds to finance provincial agencies
- iv. Provide direct, unconditional grants to cover revenue losses so the City can continue to provide essential public services such as police and fire and be prepared to support the recovery of the economy
- b. Staff will continue to work with the Mayors in the Metro Vancouver Region and the Union of BC Municipalities to advocate for support from the Province.

Financial impacts of COVID-19 to the City of Vancouver:

In assessing the financial impact to the City’s 2020 budget and 5-year financial plan, several scenarios were developed to assess potential impacts on revenues and expenditures. The key variables in the scenario models are summarized below.

Response Phase		Recovery Phase	
Length of restrictions	Extent of restrictions / non-essential service closures	Rate of recovery after restrictions are lifted	Shape and ultimate end point of the recovery curve (driven by the level of regional, national, and global economic recovery)

While the immediate impacts to the City’s revenues as a result of the provincial physical distancing order are substantial, the time and shape of the recovery are also important factors in the assessing the overall financial impact. Staff will continue to follow available data on the number of BC cases and available models of COVID-19 spread to inform financial scenarios.

For the financial impacts presented in this report, the scenarios below were used. These scenarios are used to illustrate potential financial impacts, but are just a few of many possible outcomes which will continue to be revised as new information becomes available. The key scenario assumptions are noted in Table 1 below. The length of time until physical distancing restrictions are lifted and services are able to reopen will depend on many factors, including when the curve of new infections flattens, when the provincial health officer determines it is safe to resume activity, and recurrence of new outbreaks. The recovery time also varies in the three scenarios presented, based on the assumption that the longer the physical distancing restrictions continue, the longer the period of economic recovery.

Table 1: COVID-19 Financial Impact Scenario summary

Assumption	Scenario 1	Scenario 2	Scenario 3
Physical distancing restrictions lifted and services reopen	May 31	Aug 30	Dec 31
Extent of restrictions / non-essential service closures	Physical distancing restrictions as per current provincial health order		

Recovery time from date that physical distancing restrictions are lifted	3 months	6 months	12 months
Recovery curve	Slower growth for first 2 months due to expected continued travel restrictions and time for business and the economy to ramp up after restrictions are lifted		

Financial impacts during COVID-19 response stage:

The City’s operating budget is impacted by COVID-19 in a number of revenue and expenditure categories. The decrease in revenues experienced in March as a result of physical distancing restrictions, city facility closures, business closures, and travel restrictions have been used as a guide in formulating the scenario forecasts.

From March to May 2020, the average weekly loss of other (non-property tax, non-utility revenue) is estimated to be \$4-5 million, a decrease of nearly 50% from budgeted levels of \$8 million per week. Some categories of revenue have decreased by 75-100% due to COVID-19, as shown in Table 2.

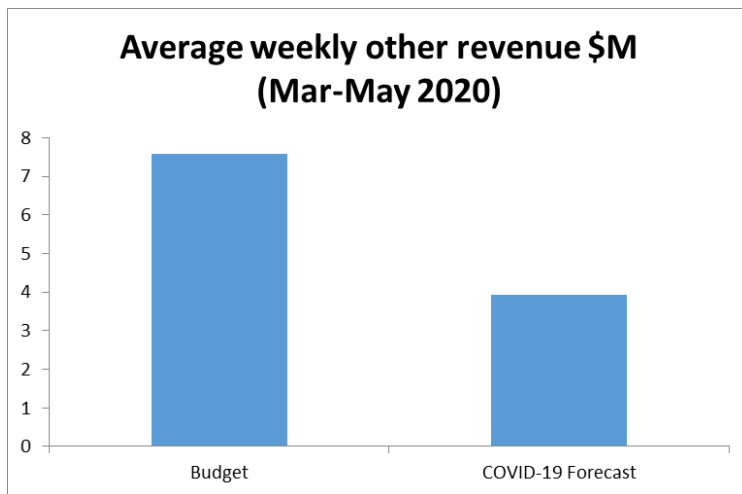


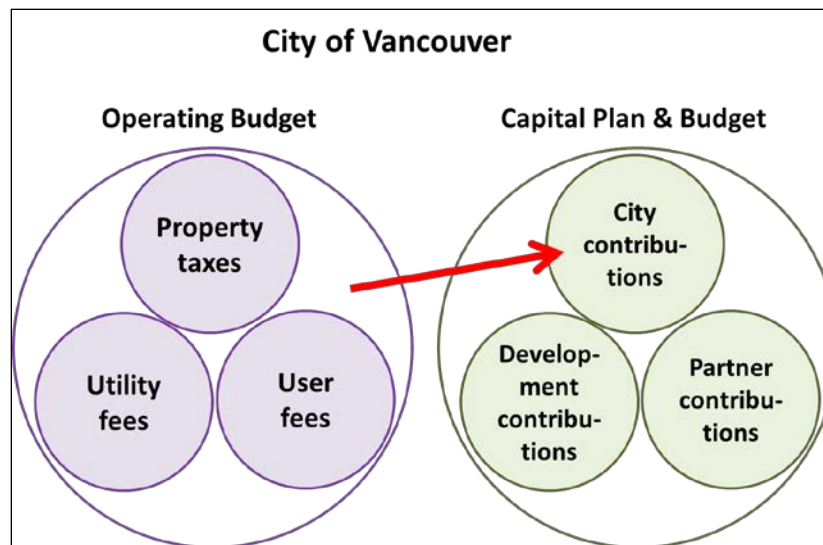
Table 2: COVID-19 Revenue Impact

Revenue category	Percentage of revenue decline during physical distancing restrictions
Parking revenue	75% decrease
Permit and licence revenue	20% decrease
By-law fines	95% decrease
Park Board recreation centre revenue	100% decrease
Gaming revenue	100% decrease
Library fines	100% decrease

Operating budget expenditures are also impacted as a result of COVID-19. Expenditures related to supplies, cleaning, and personal protective equipment have increased due to the need to ensure safety of the public and city staff for essential services that need to continue. Expenditures related to the DTES have increased in order to support the health and safety of vulnerable populations that face constraints on ability to physical distance and self-isolate. In essential service areas such as policing and fire there is risk of cost increases due to overtime, sickness, and other costs related to operational pressures on first responders as the number of COVID-19 cases increase.

Certain expenditures are forecast to decrease a result of facility closures and service changes, including staffing cost decreases from temporary staffing reductions, energy savings, and cost of sales reductions. Savings are also expected to result from restrictions on new hiring and travel. Staff are reviewing discretionary costs for opportunities to further reduce costs.

The Capital Plan and Budget are funded through City contributions, development contributions, and partner contributions. For all capital budget projects currently underway, development and partner funding has already been received and is not at risk. City contributions to the Capital plan and budget are funded from the Operating Budget with Property taxes, utility fees and user fees.



Financial impacts during COVID-19 recovery stage:

After physical distancing restrictions are lifted, revenues will take time to recover to pre-COVID levels. In the scenarios presented in this report, it is assumed that travel restrictions will continue after physical distancing restrictions are limited, impacting revenues that are linked to summer-season tourism. Reopening City facilities, restoring staffing, and scheduling programs and events will take time before usage can return to pre-COVID levels. Property tax and utility revenue payment defaults encountered during the response phase may continue to remain outstanding during the recovery phase, though as owners' financial positions improve or the City is able to recover unpaid amounts through legal processes, the outstanding amount will decrease. Recovery of a number of City user fee revenues will be linked to the overall economic recovery of the region and the speed at which businesses and non-profits that have closed are able to reopen and residents impacted by financial hardship are able to recover.

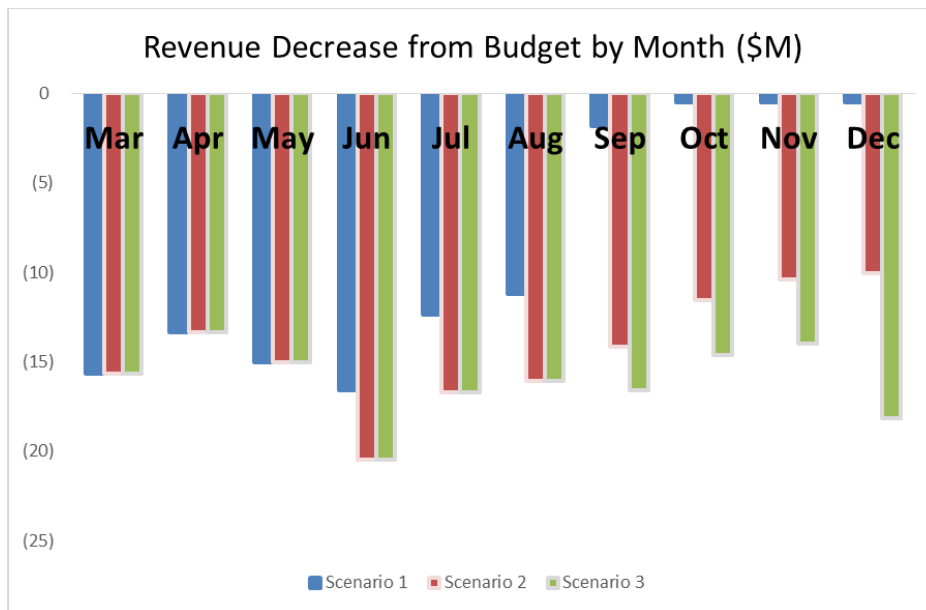
Financial

Based on the three scenarios outlined above, staff have modelled the financial impact on the City's operating budget in each of those scenarios. These scenarios will service as a base to plan and evaluate the City's actions to address those financial impacts. Table 3 outlines the revenue, expenditure and overall impact.

Table 3: COVID-19 Financial Impact (based on scenarios defined in Table 1)

Overall 2020 Budget Impact- \$ millions			
	Scenario 1 Restrictions lifted end of May 3 month recovery period	Scenario 2 Restrictions lifted end of Aug 6 month recovery period	Scenario 3 Restrictions lifted end of Dec Recovery period extends into 2021
Revenue Impacts	(92)	(152)	(168)
Expense Impacts and mitigations	26	40	36
Provincial funding support for emergency response costs and DTES	5	11	17
Other Provincial funding support	TBD	TBD	TBD
Net 2020 budget deficit	(61)	(101)	(116)
2021 Budget Impacts as part of recovery phase	-	(10)	(73)
Total Budget Impact in 2020 and 2021	(61)	(111)	(189)

The budget impacts are based on the total revenue decline in both the response and recovery phases. Revenue declines in each month are shown below, and vary depending on the budget seasonality and the specific assumptions regarding the length of social distancing and the recovery time noted for each scenario.



The budget impact noted above is a significant funding gap for the City. To address this gap resulting from lost revenue, the City is mitigating as much as possible through actions such as staff layoffs, cost containment, holds on hiring and utilizing working capital and reserves. However this will not be sufficient if the timeline progresses, and the City is calling upon senior levels of government to provide funding through operating grants to cover the City’s significant revenue losses such that the City can continue to provide public safety and other essential services while being prepared for the recovery of the economy.

As work on the organization’s financial position continues, staff will be establishing a financial plan to balance the 2020 operating budget utilizing further cost reductions and the financial stabilization reserve as necessary. Provincial support will likely be critical in order to continue providing essential city services. In addition to the ongoing provision of essential services, staff aim to continue to provide services such as permitting and business licensing that will be critical to the economic recovery in Vancouver. The City will likely not be able to continue to provide these services without partnership and support of the province.

ADDITIONAL CASH FLOW RISK	
Cash flow risk for each additional 10% of property tax and utility bill delinquency (all scenarios)	\$130 million (all scenarios)

There is an additional risk to the City’s cash flow if property tax and utility delinquencies increase as a result of the financial hardship experienced by many residents, businesses, and community organizations. At this early time, it is not yet possible to quantify this risk, but every 10% increase in delinquencies results in a \$130 million decrease in property tax and utility payments received. The City has legal mechanisms to recover unpaid property taxes from the sale of property, but this process can take multiple years, and in the interim, the City must fund operations. The City would need to finance this over the period and has limited capacity to do so. The City is requesting that the Province expand the Provincial Property Tax Deferment Program (PPTDP) to support struggling households as well as business and non-profits and to protect municipalities’ financial health. In order to avoid financing provincial and regional

agencies over this period, the City is requesting that the Province align the remittance dates for other taxing authorities, and backstop these agencies for delinquent payments on property taxes & utility fees.

The City maintains a number of reserves, many of which are legally restricted for specific purposes, including the sinking fund and the Empty Homes Tax, and cannot be redirected to fund budget deficits. The City maintains a general revenue stabilization reserve, which under the City's reserve policy may be accessed to support the City's operations due to unanticipated revenue decreases and emergency events. Over the past several years, the City has built up this reserve to \$130 million, or 11% of annual non-utility revenues, within the 8-16% range recommended for municipalities under best practice. Reducing the reserve balance to the minimum recommended level would provide \$35 million in funding. However, given the uncertainty around the length of time the crisis will continue and the magnitude of potential deficits, the ability to fund ongoing operations through reserves is limited and there will be a need to maintain a minimum level of reserves should the economy take longer to recover, and to maintain adequate contingency for further unplanned events. Given that the economic impacts of the epidemic could last 3-4 years, staff would not recommend using more than 1/4 to 1/3 of the financial stabilization reserve in 2020. Staff do not recommend depleting this reserve as it is also utilized for large snow fights, major storm response, and other unplanned for emergencies, such as the Beachwood aquifer.

The delay in tax remittances proposed in this report would leave the City without anticipated funds for 2 months, however, the City has sufficient working capital to fund city services and payments through that period. The City would forego the expected interest on the funds received over the 2 month period, estimated as approximately \$0.5 million to \$1.0 million, and has sufficient revenue stabilization reserves to cover that cost.

Legal

The Council is authorized to determine, by by-law, a tax due date under section 416(2) of the Vancouver Charter.

The Vancouver Charter requires that the City balance its annual budget, and that expenditures do not exceed revenue estimates without approval of the Province.

Other provincial legislation, including the School Act, establishes the timing of payments to the other taxing authorities.

CONCLUSION

Staff have provided Council with a summary of the impacts of the COVID-19 crisis on the City's finances under different scenarios. While actions have been taken to mitigate the revenue impacts, much uncertainty remains and it is important to consider the potential for prolonged budget impacts. Staff are reviewing other options should the recovery be delayed to mitigate the impacts through review of service levels and capital projects. Staff will continue to work with other BC and Canadian municipalities and the provincial and federal governments on options for supporting municipalities during this extreme event, and this support will be critical in enabling municipalities to continue service delivery and support the regional, provincial, and national

recovery. As an immediate option to support residents and businesses during this time, staff recommend amending the Tax Penalty By-law to delay the remittance due date for the July main property tax notices by two months, in order to allow taxpayers more time to pay the required taxes. In order to facilitate this change, the Province should adjust the due date for remittance to other taxing authorities to avoid the City having to utilize its working capital to fund the provincial agencies.

* * * * *

BY-LAW NO.

A By-law to amend the Tax Penalty By-law No. 9284

The Council of the City of Vancouver, in public meeting, enacts as follows:

1. This By-law amends the indicated provisions of the Tax Penalty By-law No. 9284.
2. Council strikes the word “July” from section 2.1(b) of the by-law and replaces it with the word “September”.
3. A decision by a court that any part of this By-law is illegal, void, or unenforceable severs that part from this By-law, and is not to affect the balance of this By-law.
4. This By-law is to come into force and take upon enactment.

ENACTED by Council this 14th day of April, 2020

Mayor

City Clerk

APPENDIX B – Financial Impacts Revenue and expenditure detail

2020 Revenue Impacts - \$ millions			
	Scenario 1 Restrictions lifted end of May 3 month recovery period	Scenario 2 Restrictions lifted end of Aug 6 month recovery period	Scenario 3 Restrictions lifted end of Dec Recovery period extends into 2021
Parking	(29)	(48)	(51)
Park Board	(21)	(36)	(38)
By-law Fines	(10)	(17)	(17)
Permit and licence fees	(6)	(11)	(14)
Civic Theatres	(6)	(11)	(12)
Investment income	(4)	(4)	(4)
Provincial revenue sharing	(5)	(8)	(10)
Impacts from consolidated entity revenue decreases	(6)	(8)	(10)
Rent and lease revenue	(2)	(5)	(7)
Other	(2)	(4)	(5)
Total Revenue impacts	(92)	(152)	(168)

2020 Expense Impacts and mitigations - \$ millions			
	Scenario 1	Scenario 2	Scenario 3
Reduced Salary expense due to closures	24	40	42
Non-salary and variable cost savings due to closures	6	10	11
Incremental COVID 19 response costs	(5)	(11)	(17)
Total Expense impacts and mitigations	26	40	36

Overall 2020 Budget Impact- \$ millions			
	Scenario 1 Restrictions lifted end of May 3 month recovery period	Scenario 2 Restrictions lifted end of Aug 6 month recovery period	Scenario 3 Restrictions lifted end of Dec Recovery period extends into 2021
Revenue Impacts	(92)	(152)	(168)
Expense Impacts and mitigations	26	40	36
Provincial funding support for emergency response costs and DTES	5	11	17
Other Provincial funding support	TBD	TBD	TBD
Net 2020 budget deficit	(61)	(101)	(116)

2021 Budget Impacts as part of recovery phase	-	(10)	(73)
Total Budget Impact in 2020 and 2021	(61)	(111)	(189)

March 23, 2020

Hon. Premier John Horgan
West Annex Parliament Buildings
501 Belleville St.
Victoria, BC V8V 1X4

Hon. Minister Selina Robinson
Room 310 Parliament Buildings
501 Belleville St.
Victoria, BC V8V 1X4

RE: Local Government Collaboration and Support with Provincial Government

Dear Premier Horgan and Minister Robinson:

As Metro Vancouver Mayors' we would like to start by thanking the provincial government for their demonstrated leadership in moving quickly to respond to the current COVID-19 pandemic in protecting the health of our citizens and the whole of British Columbia.

As Local Mayors the health of our residents is a top priority and we are committed to working collaboratively within our individual municipalities, and with one another to enforce the directives by Dr. Bonnie Henry under the Public Health Emergency and by Minister Farnworth under the Provincial State of Emergency. Over the last several weeks our communities have been putting business continuity plans in place, standing up our Emergency Management Organizations (EMOs) and coordinating multiple sectors.

We know things will be ever evolving and our way of business and life in our communities has changed and will continue. We are committed to working with senior levels of government with other top priorities that are emerging due to COVID-19, one being the economic impact that will be very real for many people, including local government.

Over the past week through both the Federation of Canadian Municipalities (FCM) and the local Inter-governmental Finance Working Group, staff and elected officials, have been discussing the projected financial shortfalls local governments will experience directly related to the municipal response to COVID-19.

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This discussion included the impact this pandemic is having and will continue to have on our residents and businesses. To successfully navigate the impacts for local government, residents and businesses, provincial and federal support targeted specifically for municipal issues is required.

To date, the federal government has announced key financial supports to citizens, workers and businesses and we would like to see a similar response from the provincial government.

In particular, we urge the Province to:

1. Expand the Provincial Property Tax Deferment Program (PPTDP) to include all property owners, including residential, business and non-profits
2. Standardize and extend the due date for other tax authority levies
3. Provide support to all renters and landlords, and
4. Provide direct, unconditional grants to cover revenue losses

We know the province is working on these issues but we need to move as quickly as possible to address the extreme financial pressures citizens and businesses in our communities are facing and will continue to have. Solid supports are needed to reduce the anxiety and stress and ensure we have a strong foundation for a full recovery once this crisis has passed.

Each of the requests are discussed in detail below:

1. Expand the Provincial Property Tax Deferment Program (PPTDP) to include all property owners, including residential, business and non-profits

Many of us have already started to hear from residents, small business owners and non-profit organizations that are unable to pay their rent or tax payments.

They need measures now to survive this crisis. Expanding the existing PPTDP to cover all residents, businesses and non-profits would provide some piece of mind and could save many businesses from closing permanently. This action is needed without delay. Some of these businesses and non-profits provide important services that must remain available during this crisis.

This makes sound economic sense because these fully secured loans pose minimal risk to the Province, and can be extended over a period of time to ease the liquidity crunch, help stimulate consumption, will rebuild local economies, provide a social safety net, and avoid municipal property tax system disruptions.

For business properties it is important that the Province implement measures to ensure that the benefits provided by this program are passed on to tenants.

2. Standardize and extend the due date for other tax authority levies

Local governments collect taxes according to set dates on behalf of other taxing authorities such as the Province, TransLink, Metro Vancouver and other regional bodies.

Under current rules and legislation, if a local government was to delay municipal tax and OTA levies collection it would still be responsible for the payment of millions of dollars in OTA levies, which most local government are unable to absorb. Provincial action to extend these dates would enable local governments to extend payment due dates to all property owners.

3. Provide support to all renters and landlords

Many individuals will lose income and be unable to work during the COVID-19 pandemic. Evictions should be prohibited. Rather, to ease the burden of paying rent, the Province should augment Federal Government support to those in financial difficulty to help pay rent, particularly in Metro Vancouver where rental fees are high. Ensuring rent payments ensures that small landlords with mortgage helpers are able to maintain their homes.

4. Provide direct, unconditional grants to cover revenue losses

The coordination of local emergency responses, the closure of civic facilities and the cancellation of events and programs have had an immediate impact on municipal revenues. By law, local governments cannot run a deficit or borrow to balance operating budgets. At the same time, the majority of local government operating budgets are funded from property tax and utility fees.

Direct financial support to cities in the form of unconditional grants will help ensure cities can continue to offer the essential services residents and businesses need for their health, safety and well-being during this trying time.

Cities have quickly instituted the orders and direction of public health authorities necessary to keep residents safe and contain the spread of coronavirus. With support from the province, local governments are prepared to immediately extend payment deadlines for property taxes and OTA levies for residents and businesses.

Finally, as a regional body of Mayors we would like to suggest that together we establish a system of communication moving forward. As noted, information, orders and changes are occurring at rapid speed. We are receiving much of this information through the daily press conferences held by Dr. Henry.

It would be most helpful to have this information in practical terms then forwarded onto our EMO, with the specific tactics that local government must implement, and under whose authority they fall. We are currently looking at setting up weekly conference calls amongst the Metro mayors to coordinate actions and maintain clear communications. We would welcome discussing this further with you.

To conclude, as Mayors' in the Metro Vancouver region we want to assure to both of you that we want to work collaboratively with your government for the betterment of our residents and business community.

This is a stressful and trying time for us all. It is truly our moment to stand together. We know that by working together, along with the federal government, we can ensure that we give British Columbia residents the best chance of limiting the impact of this pandemic.

Yours Truly,

Gary Ander
Mayor of Bowen Island

Bill Dingwall
Mayor of Pitt Meadows

Mike Morden
Mayor of Maple Ridge

Neil Belenkie
Mayor of Belcarra

Jack Froese
Mayor of Township of
Langley

Kennedy Stewart
Mayor of Vancouver

Mary-Ann Booth
Mayor of West Vancouver

George Harvie
Mayor of Delta

Richard Stewart
Mayor of Coquitlam

Malcolm Brodie
Mayor of Richmond

Mike Hurley
Mayor of Burnaby

Darryl Walker
Mayor of White Rock

Linda Buchanan
Mayor of City of North
Vancouver

Mike Little
Mayor of District of North
Vancouver

Brad West
Mayor of Port
Coquitlam

Jonathan Cote
Mayor of New Westminster

John McEwen
Mayor of Anmore

Rob Vagramov
Mayor of Port Moody

Ron McLaughlin
Mayor of Lions Bay

Valaria Van den Broek
Mayor of City of Langley

APPENDIX D – Property Tax Deferment Program

This page summarized the current tax deferment program

<https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/defer-taxes>

How the existing property tax deferment program works...

- Program currently available to Canadian citizens/permanent residents for principal residents only.
- Predominantly those aged 55+ and families w/ children ≤18 (also surviving spouse, & persons w/ disabilities).
- Program requires a minimum equity level and no taxes in arrears to enter.
- Nominal interest is charged (slightly lower for 55+ than families w/ children).
- Province vets applicants. If approved, Province pays taxes to the City and registers debt as a lien against the owners' title.
- Once in the program, owner reaffirms participation annually and Province pays on due date, or when the owner submits application/renewal (up till Dec 31).
- Exiting the program happens prior to a sale, upon the death of the owner, or whenever the owner pays out the accumulating balance to the Province.

What property owners need to do?

- Province announced intention to make the application/renewal process online for 2020. They may also allow phone submissions via Service-BC.
- Owner must submit their application by visiting eTaxBC after ~May 15th. They must correctly answer all qualifying questions. All owners on title must make a submission/consent.

What the Province needs to do?

- Province reviews application including equity level & any other supporting information. Province communicates w/ applicant on pending items, submission status, and acceptance/denial.
- Province requests balance information from municipality and info on the presence/absence of arrears, which is a disqualifier.

What munis need to do?

- City must confirm no arrears balances/penalties to the Province via eTaxBC portal & ultimately provide the deferrable balance for the current year (i.e. once the taxes are struck, which is normally mid-May).

When munis get \$\$?

- For all successful new and renewal applicant, the earliest possible date of funds receipt is the your city's due date.
- After the due date, smaller deferment disbursements from the Province are received on an intermittence basis till Dec 21.

When the Province gets paid?

- Province is the ultimate lender, only gets paid when the owner decides to voluntarily pay down the balance, prepares to sell, or from estate when deceased.