

DATE: April 28, 2020

TO: MAYOR AND COUNCIL

NAME AND TITLE: Standing Committee on Finance and Audit

SUBJECT: Response to COVID-19 Pandemic Impacts

ATTACHMENT(S): Staff Report to Standing Committee on Finance and Audit from the Director of Finance, dated April 16, 2020, titled “Financial Update and Response to COVID-19 Pandemic Impacts”

RECOMMENDATIONS:

1. That Council APPROVES the capital project deferrals shown on Appendix “A” attached to the report from the Director of Finance to the Standing Committee on Finance and Audit dated April 16, 2020, titled “Financial Update and Response to COVID-19 Pandemic Impacts”, and that the 2020 – 2024 Capital Plan be AMENDED accordingly.
2. That Council APPROVES the proposed funding source changes for certain capital projects as set out in Appendix “B” attached to the report from the Director of Finance to the Standing Committee on Finance and Audit dated April 16, 2020, titled “Financial Update and Response to COVID-19 Pandemic Impacts”, and that the applicable Capital Plans be AMENDED accordingly.
3. That Council APPROVES the discontinuation of the Mayor and Council’s 2020 cost of living increase, effective May 1, 2020.
4. That Council GIVES FIRST THREE READINGS to “Alternative Municipal Tax Collection Scheme Bylaw No. 7280, 2001, Amendment Bylaw No. 9125, 2020”.
5. That Council GRANTS FINAL READING AND ADOPTION to “Alternative Municipal Tax Collection Scheme Bylaw No. 7280, 2001, Amendment Bylaw No. 9125, 2020”.
6. That Council GIVES FIRST THREE READINGS to “City of Prince George Comprehensive Fees and Charges Bylaw No. 7557, 2004, Amendment Bylaw No. 9126, 2020”.
7. That Council GRANTS FINAL READING AND ADOPTION to “City of Prince George Comprehensive Fees and Charges Bylaw No. 7557, 2004, Amendment Bylaw No. 9126, 2020”.

PURPOSE:

The purpose of this report is to seek Council’s approval of various measures to mitigate the financial impacts of COVID-19 on both the City of Prince George organization and community.

BACKGROUND:

The *Community Charter* sets July 2nd as the property tax deadline for municipalities with a mandatory 10% penalty to be applied to payments that are outstanding past the deadline. However, municipalities have the ability to set a different deadline and penalty system through a bylaw process. While legislatively the penalty must add up to 10% in the calendar year, municipalities can alter how the 10% is distributed.

Administration has also taken the opportunity to do some housekeeping on this bylaw. The *Local Government Act* language has been updated to refer to the *Community Charter* legislation that currently governs the bylaw. The forms listed in the Appendices have also been updated to the City's current forms.

Council has the ability to set deadlines, penalties and/or applicable interest on utility payments through the City's Comprehensive Fees and Charges Bylaw. The general guidance is that user fees for services (including interest and penalties) must be related to the cost of providing the services.

The financial plan bylaw must be adopted prior to the adoption of the annual property tax bylaw and both bylaws must be passed before May 15th of each year. Recently, given the pandemic challenges, the Province provided a ministerial order that enables municipalities to give first three and final readings of bylaws in one meeting, rather than having to complete that process over two meetings. Administration requests that Council approves the recommendations in this report related to the financial plan, and grants first three and final readings to the financial plan and tax rate bylaws during the May 11th Open Council meeting. Administration further requests that Council grants first three and final readings to the Alternative Municipal Tax Collection Scheme Bylaw and the Comprehensive Fees and Charges Bylaw during this (April 30th) Special Open Council meeting.

STRATEGIC PRIORITIES:

This report aligns with the myPG Goal of "Sustainable Fiscal Management".

FINANCIAL CONSIDERATIONS:

The 2020 Capital Plan was previously approved with a total value of \$74.4 million of capital projects. The City has also carried forward capital projects from previous years worth \$48.6 million. Deferring \$24.8 million of projects will leave the 2020 capital plan with a total value of \$98.2 million. Capital projects are funded entirely by the City's reserves or MFA debt.

Council received a 1.23% cost of living increase for 2020. Eliminating that increase as of May 1, 2020 will result in a \$6,111 savings in the 2020 budget year.

The Province announced that tax classes 4 through 8 will not be subject to property tax penalty until October 1, 2020. The recommendation in this report is to delay the second 5% penalty date (the second Friday in September) for the remaining tax classes to align with the October 1, 2020 deadline set by the Province. The financial cost to defer this penalty date by approximately 20 days for the applicable tax classes is negligible.

2019 penalties on late utility payments amounted to just under \$392,778. As the proposed change is only for the final six months of the year, it is estimated that the financial cost associated with eliminating the 10% penalty is half of last year's annual figure, or \$196,389.

SUMMARY AND CONCLUSION:

The Standing Committee on Finance and Audit has endorsed the recommendations in this report. The Committee is recommending that Council approve these initial steps to provide financial relief during the COVID-19 pandemic event.

RESPECTFULLY SUBMITTED:

Councillor Garth Frizzell, Chair
Standing Committee on Finance and Audit

APPROVED:

Kathleen Soltis, City Manager

Meeting Date: 2020/04/30