

Town of Hinton  
STANDING COMMITTEE MEETING

Agenda

December 8, 2020 - 4:00 PM

Committee Room, Hinton Government Centre



**TOWN COUNCIL MISSION**

*Council serves the interests of our citizens  
to enable our community to reach full  
potential.*

All Council meetings are scent free.  
Please refrain from  
wearing scented products

Page

**ORDER**

1. Call to Order

**ADOPTION OF AGENDA**

1. Standing Committee Agenda - December 8, 2020

**CITIZENS "MINUTE WITH COUNCIL"**

**ACTION ITEMS**

2 - 10

1. Municipal Operating Support Transfer (MOST) Program Funding Update & COVID-19 Preparedness

**REPORTING**

1. Council
  - Reporting
  - Urgent Matters
2. Chief Administrative Officer
  - Reporting
  - Status Report
3. Legislative Services Update
4. Executive Assistant Logistics Information

**IN CAMERA**

1. Personnel - Verbal Update (Section 24 of FOIP)

**ADJOURNMENT**

1. Adjournment



# TOWN OF HINTON Administrative Report

DIRECTION REQUEST     REQUEST FOR DECISION     INFORMATION ITEM

**DATE:** Standing Committee Meeting of December 8, 2020

**PRESENTED BY:** Emily Olsen, Chief Administrative Officer

**RE:** **Municipal Operating Support Transfer (MOST) Program Funding & COVID-19 Preparedness**

## Recommended Action

*That Committee direct Administration to bring forward, in Draft 2 of the Budget December 15<sup>th</sup> direction to place excess funds from the 2020 Operating Budget due to the Municipal Operating Support Transfer (MOST) Program Funding into the Emergency Response Reserve,*

*That Committee direct Administration to bring forward, in Draft 2 of the Budget December 15<sup>th</sup> the use of \$300,000 of the Emergency Response Reserve to offset future year operational cost increases, of which \$200,000 to be used in 2021 and \$100,000 to be used in 2022 with the intention of minimizing taxation impacts on business and residents.*

*That Committee direct Administration to bring forward, in Draft 2 of the Budget December 15<sup>th</sup>, a \$400,000 Council Operating Project, it's use to be determined by Council at a future meeting, and funded from the Emergency Response Reserve.*

*That Committee direct Administration to bring further options for the use of the Emergency Response Reserve to a future Standing Committee Meeting no later than March 1, 2021.*

## Background

### EXECUTIVE SUMMARY

In November 2020, the Town received \$1,005,641 from the Province of Alberta in recognition of the COVID operational impacts on the Town of Hinton. The funding is referred to as the Municipal Operating Support Transfer (MOST) Program. A Safe Restart Agreement has been signed to secure these funds for the Town of Hinton and under the Terms and Conditions set forth by the provincial government. During weekly Administrative updates to Council, the Chief Administrative Officer Informed Council of the receipt of these funds and on November 20 and 21, formally brought this information forward to Council during the budget deliberation process. Council directed Administration to bring a report on this matter to the Standing Committee Meeting of December 8, 2020.

### HISTORY - ADMINISTRATION

In early March 2020, Administration began discussing potential impacts of COVID-19 as the virus escalated quickly throughout Canada and the world, into a global pandemic. The Town of Hinton swiftly closed municipal buildings ahead of Provincial orders, which came only a few days later. The Town's Emergency Operation Centre (EOC) was activated to manage public safety and support Provincial

Written by: Emily Olsen, CAO and Carla Fox, Director of Corporate Services

restrictions. On April 2, 2020, a State of Local Emergency (SOLE) was declared to impose further restrictions on the use of indoor spaces and to customer limits for local stores that were permitted to remain open as essential businesses.

The closures of municipal facilities, infrastructure, and programs included:

- Recreation Centre (pool, arenas, courts, meeting spaces, and childcare programs)
- West Fraser Guild (offices, childcare through HKFS, Discovery Camp and Youth Centre)
- Hinton Municipal Library
- Protective Services Building (RCMP Detachment)
- Emergency Services Building (Fire Hall)
- Infrastructure Services Building
- Government Centre (Town Hall)
- Municipal parks, playgrounds, and adjacent parking lots.
- Hinton Golf Course
- Hinton Centre

Through the EOC and municipal operations, task forces were created to support increased cleaning protocols and alternative workspaces or work from home procedures.

As the Province implemented the first stages of their relaunch plan, Hinton ended the SOLE, and both municipal and provincial restrictions began to be lifted. Please visit <https://www.hinton.ca/reopened> for the *Hinton, Reopened* document that outlines Hinton and Alberta's relaunch stages.

Business Continuity Plans were developed to coordinate further reductions to core services, if required to manage financial, staffing, and safety requirements through the Pandemic. As well, the purpose of the Pandemic Business Continuity Plan included:

- Ensuring that the Town of Hinton can maintain critical and high priority service levels with a reduction of staff;
- Educating employees regarding precautionary measures to take to reduce the transmission of the virus among employees;
- Minimizing illness among employees;
- Defining the parameters of services levels;
- Identifying protocols for the Town of Hinton to follow during reduced staffing levels; and
- Cooperating with the Alberta Health Services and the local public health authority to promote public health efforts to slow and reduce the level of virus transmission and spread in the community.

On June 9, 2020 a COVID-19 Financial, Staffing and Service Level Impacts report was brought to Standing Committee for information on the response and financial status of the Town due to the COVID-19 Pandemic impacts. Administration offset over \$1 million dollars of lost revenue and other cost impacts by implementing immediate cost saving measures supported by Town Council early into the pandemic response.

## **HISTORY - COUNCIL DECISIONS**

On March 17, 2020, Council provided direction to Administration to manage the financial impacts of COVID-19 through the following motion:

*That Council direct Administration to implement cost mitigation strategies within the 2020 Operating Budget to offset the ongoing financial impacts of COVID-19. Administration to provide Council with ongoing regular reports related to these mitigation strategies.*

On March 25, 2020, Yellowhead County indicated that their ability to meet some financial obligations may be challenged related to cost-sharing agreements through impacts of COVID-19. More will be known by both the Town and the County in coming months, as no dollar figure has been shared at this time.

On April 7, 2020, Council approved the deferment of municipal taxes and utilities through the following motions:

*That Council approve to extend the deadline for payment of 2020 Property Taxes from June 30, 2020 to August 31, 2020 in order to provide residents and businesses payment deferral because of the COVID-19 pandemic.*

*That Council approve deferring payment of Town Utilities for a period of 120 days covering the billings for April, May, June and July 2020 including the cancellation of any associated penalties in order to provide residents and businesses payment deferral as a result of the COVID-19 pandemic.*

On April 7, 2020, Council directed Administration to create a temporary Emergency Reserve Fund to be accessed through Council approval if financial impacts due to loss of revenue and increased COVID-19 related expenditures or issues with cashflow. This was achieved with the following two motions:

*That Council direct Administration to create a temporary Emergency Response Reserve.*

*That Council direct Administration to transfer \$240,000 from the Recreation Expansion Reserve to the Temporary Emergency Response Reserve with any requests to access funding from the Emergency Response Reserve to be approved by Council.*

## Analysis

To date, Administration has not needed to request access to additional funding from the Emergency Response Reserve (which would receive a transfer from the Recreational Facility Upgrade Reserve only if required and approved by Council). Administration has offset over \$1 million in lost revenues and increased costs due to the COVID-19 pandemic at this time.

### CHART 1

<b>Hinton Allocation</b>	<b>\$ 1,005,641</b>
<b>Recommended Allocation Breakdown</b>	
2020 Actual Increased Operational Costs Due to COVID-19	\$ 200,000
2020/21 Utility Service Lost Revenue Estimated	\$ 150,000
2020 Revenue Loss Contributions	
Fire & Bylaw Services - Service and Fine Revenue Loss	\$ 118,000
Parks, Recreation and Culture - Service Revenue Loss	\$ 200,000
Family Community Support Services - Service Revenue Loss	\$ 232,000
Othere Revenue loss coverage taxation penalties	\$ 100,000
<b>Total Amounts Estimated to be Covered</b>	<b>\$ 1,000,000</b>
<i>Losses are estimated based on current financial results.</i>	

The MOST Program funding has been provided to all Municipalities across the Province and Hinton's share totals just over \$1 million. This money will be recognized in 2020 as 'Other Grant Revenue 'and will offset the losses incurred by the Municipality in 2020. The estimation of total losses at this time are shown above.

Further anticipated losses from Phase 2 are not yet known at this time, however we believe that losses may increase slightly beyond what Administration had been able to offset with cost reduction strategies.

## **Phase 2 November - Current**

### **CASHFLOW CONSIDERATIONS**

Tax and utility deferrals did not pose cashflow constraints through the summer months, and there was only an approximate 8% increase in additional outstanding taxation and utilities owing by September 1, 2020. However, as the pandemic prolongs, we may start to see further revenue losses and cost increases. Based on the current status of this Pandemic, Administration recommends placing any surplus from the 2020 Municipal Budget into the Emergency Response Reserve. This would allow Council the option to offset future revenue losses and increased costs without negatively impacting programs and services for the community.

To reduce cashflow concerns, Administration performed a thorough review and removed (deferred) capital projects from the Council-approved 2020 Capital Plan. Other alternatives to support serious cashflow impacts due to the utility and taxation deferrals include: creating a deferral program using 2020 surplus funds, offering a business grant program similar to the Town of Edson to assist businesses with COVID-19 impacts, increasing the Town's line of credit, and/or access an interest-free loan offered through the Province. These options would require approval from Council and would be brought forward through a report if deemed necessary.

### **STAFFING AND SERVICE LEVELS**

Currently, Administration is uncertain what Phase 3 of the COVID-19 impacts will look like, however, we can anticipate that if facilities are impacted in the same manner as they were at the beginning of the Pandemic, at the outside, a further loss could reach between \$800,000 to \$1,000,000 depending on the length of time shutdowns take place.

The proposed 2021 budget reflects a reduction in anticipated revenues of approximately \$126,000 due to the current state and impacts of COVID-19. In addition, attempts were made by Administration to offset these losses by reducing Parks seasonal staff and some re-prioritizing of required work as presented by the Community Services Department during budget deliberations. Administration recommends that Council consider using some of the surplus funds to offset these losses if they would like levels of service to remain stable.

To recap the 2020 impacts so far, toward the end of Phase 1, there were five employees who left the Town due to reasons that were not COVID-19 related. During this time, two employees joined the Town through grant-funded opportunities. Therefore, the Town had 150 employees at the start of Phase 2.

The Town continues to support employees with alternate work plans, including encouraging them to work from home where feasible or in alternate workspaces. This reduces contact exposure, lessens the need for additional cleaning of workspaces in Town offices, reduces absenteeism due to illness, and maximizes stability for program and services delivery to the community.

All Arena Parks Operators were back to their original positions by June 8, 2020. The parks season ran with 5 Seasonal Parks Labours, the majority of who started on June 8. By mid-June, 5 Union-member employees who were on temporary lay-off filled the Parks Labourer positions until such time as they could return to their normal duties.

In July, Community Services was able to recall employees from the Library and Hinton Kids for Success program as operations were relaunched with a phased approach and with limited capacity.

Once the Provincial restrictions for recreation centres, community centres and indoor occupancy limits were lifted, most of the temporary staff layoffs ended, and our workforce resumed operations.

## **REOPENING PLAN FOR MUNICIPAL BUILDINGS**

The Town has reopened most municipal buildings such as the Government Centre, West Fraser Guild, Infrastructure Services, Protective Services, Emergency Services Buildings, as well as the Recreation Centre and Library under restrictions to recreation and community centres. However, due to the latest release of new protocols from the Alberta Government, some of the facilities have re-instated reductions and closures at this time. The total financial impact is not fully known at this time; due to this uncertainty, ensuring Emergency Response Reserve funds are available to deal with these outcomes, is imperative.

## **MOST Grant – Restrictions and Plan for Funds**

The Town presented two charts to Council during the budget presentations held on November 20 and 21, 2020. Updated information from those two charts is provided on the next page. Administration is presenting a strategy that suggests allocating these funds in 2020, as well as offers ideas for use of the consequential surplus from 2020 towards 2021 relief.

Firstly, the parameters from the Alberta Government under this Safe Restart Agreement are clear; the funds provided are to offset 2020 losses due to COVID. The Town cannot repurpose these dollars and place them into a reserve fund or use them for an unrelated purpose.

Administration has currently recognized the \$1,005,641 as revenue in 2020 so that it may offset the losses defined above in Chart 1. This chart reflects the actual losses incurred up to November 1, 2020 and the additional forecasted losses to yearend 2020. The impact of already recognizing the MOST funding in 2020, and because the expenditure reductions have already been made between March and November 2020 to offset revenue losses, the Town of Hinton will recognize a surplus for the year ending December 31, 2020. This surplus is estimated to be \$700,000, which if supported by a direction of Council, could be utilized and placed in the Emergency Response Reserve to be used in 2021 to offset continued Pandemic impacts, including tax rate relief to support the community as Hinton recovers.

Council could leave the use of these funds open until a plan can be developed to allocate as Council desires. Council could include in their direction to Administration the terms around the use of the funds which would require approval of Council. Currently a placeholder of \$200,000 has been included in the 2021 Draft 2 Operating Budget to support any Council desired project or program from the surplus funds recommended to be placed in the Emergency Operations Reserve. Budget is coming forward to Council on December 15, 2020.

**CHART 2**

<b>Total Amount to Transfer to Reserve in 2020</b>	<b>\$ 700,000</b>
<b>COVID IMPACT RESPONSE - IDEAS</b>	
2021 Chamber of Commerce Additional Funding Request	\$ 30,800
2021 Flower Basket Program Support	\$ 29,000
2021 Operational Support - Reserve used to offset tax rate increase	\$ 200,000
2022 Operational Support - Reserve used to offset tax rate increase	\$ 200,000
2023 Operational Support - Reserve used to offset tax rate increase	\$ 100,000
2021 Additional Emergency Response Reserve Contribution	\$ 140,200
<b>Total Surplus Amounts Estimated to Allocate</b>	<b>\$ 700,000</b>

Chart 2 above is a brainstorm of ideas Council could consider in 2021 utilizing the funds placed in the Emergency Response Reserve. The Town understands the difficulties on our ability to continue to deliver consistent services and programs with the new restrictions, as well as the huge impact to our local business community and increased financial burden on residents. Administration has included options above that take this into consideration and have offered a subsidy program to help offset the operational increase over the three years working to provide a reasonable tax burden but still ensuring appropriate resources to deliver the services and programs required.

It is important to acknowledge that the Municipality is not through the pandemic and Administration does not recommend reducing the emergency reserve funds to zero at this point in order to ensure appropriate contingency available for future unknown impacts.

Administration will be seeking further direction from Council on any programs or services they would like to consider which will guide Administration when bringing a report forward early in the new year that would allow for further direction in this regard. Administration will need time to research and assess any suggestions brought forward ideas to ensure that any program put forward will not add additional burdens that have not considered. It will also be important to ensure that all short and long-term implications are considered. Any program put in place must follow the parameters set for Municipalities under the Municipal Government Act.

**EMERGENCY RESPONSE RESERVE OPTIONS**

As shown in the charts above, Administration has suggested programs for Council consideration. Some of these options require further research and understanding in order to assess long-term impacts and complexity factors. Some options for consideration are:

- 2021 Operating increase reduction/reserve subsidy (tax rate reduction) = \$200,000
- 2022 Operating cost reduction/reserve subsidy (tax rate reduction) = \$200,000
- 2022 Operating cost reduction/reserve subsidy (tax rate reduction) = \$100,000
- Chamber of Commerce additional grant coverage = \$30,800
- Community Services – Parks Service Branch, adding back in the Flower Basket Program = \$29,000 (Direction from Council was to fund with grants)
- Emergency Response Reserve – Leave Funds Within this Account for future COVID-19 Impacts = \$ Unknown
- Offset 2021 further revenue losses = \$ Unknown
- Increase Community Grant funding opportunities for 2021 = \$ Unknown

The chart below looks at some of the options provided for Council's consideration in context of the 2021 – 2023 Budget. This is meant to support the understanding of the impact that the use of MOST funds would create in adjusting the tax rate, supporting the Chamber additional funding request, as well as the inclusion of the flower baskets.

Estimated Changes (Taxes Required & Rate Estimates)	\$ 518,492	2021	2022	2023
<b>Emergency Reserve Subsidy</b>		\$ 200,000	\$ 200,000	\$ 100,000
Draft 1 Budget Tax Rate		4.0%	4.1%	4.1%
Subsidy Applied	- 200,000	-1.5%	-1.5%	-0.7%
<b>Adjusted Taxation Increase and Tax Rate</b>	<b>\$ 318,492</b>	<b>2.4%</b>	<b>2.6%</b>	<b>3.4%</b>
Draft 2 Changes Required*			2.0%	2.0%
Provide Civic Agency Funding to Disc Golf (Civic Agency +\$3000 and Rec Transfer to Reserve +\$5,000)	8,000	0.1%	0.1%	0.1%
Provide Additional Grant Funding to Chamber of Commerce \$30,800 (Covered by Emergency Response Reserve)	-	0.0%	0.0%	0.0%
Add Flower Baskets back into the Operating Budget to be grant Funded \$29,000	-	0.0%	0.0%	0.0%
Remove One Bylaw Services Position from the Protective Services Department	- 57,498	-0.4%	-0.4%	-0.4%
Correct Historical Society Funding Allocation	- 10,000	-0.1%	-0.1%	-0.1%
<b>Adjusted Taxation Increase and Tax Rate</b>	<b>\$ 258,994</b>	<b>2.0%</b>	<b>4.1%</b>	<b>4.9%</b>

## Implications of Decision

Financial Implications	
Items	Comments
Operating Cost/Implications	2021 Council Project for COVID Impacts \$200,000 2021 Reduction in Operating Impacts \$200,000 2022 Reduction in Operating Impacts \$200,000 2023 Reduction in Operating Impacts \$100,000
Capital Cost	\$0
Budget Available	\$700,000 Estimated to be placed in Emergency Response Reserve and included in the 2021 budget.
Source of Funds	\$700,000 Emergency Response Reserve
o Budgeted Amount	<i>Funds anticipated from the 2020 surplus.</i>
o Grants (successful/unsuccessful)	
Unbudgeted Costs	\$0

### Level of Service Implications

- o Reduction to service levels occurred during 2020 and development of the 2021 budget due to impacts of COVID-19 and closures mandated by the Province.
- o Further reductions may be required to the Operating Budget to offset anticipated revenue losses due to COVID-19 Phase 2.
- o Further required expense reductions to offset additional or unanticipated revenue losses may result in further required service level reductions through Council approval.

### Public Engagement

- o Permanent or long-lasting impacts that affect service levels for the 2021 Operating Budget are placed in public reports and can be found on the Town's website. Council may choose to engage the public further on the allocation of the surplus funds from 2020.

### Communications

- o Media relations, and information-sharing with the community, internal organization, and Council, have been managed to communicate impacts to budget and staffing levels.
- o Purposeful, scheduled updates to the community have included information from the EOC, operations, and Council to ensure residents had up-to-date communication on



impacts of COVID-19. Early on, other communities used Hinton's communication templates to manage their own correspondence through the Pandemic.

### Risk / Liability

- The second wave of COVID-19 in Hinton, the West Yellowhead region, and the Province is occurring at this time. There is now further increased risk that additional revenue losses and increased expenditures, or undetermined impacts may arise throughout this Pandemic.
- Additional facility closures and revenue losses not already included in the 2021 Operating Budget may result in the need for additional reductions through measures such as service level decreases, re-assigning of personnel, and/or a re-instatement of temporary layoffs.
- Strategic objectives, operational targets, and capital project plans may not be achievable due to limited resources, funding, and time available as the Pandemic continues.
- Subsidizing operational costs with reserve funds does impact future years with a required taxation increase when the subsidy no longer is there for use.

Legislative Implications		
Conforms with:	Yes/No/Partial	Comments
<b>Council's Strategic Plan</b>	Yes	Supports Vision and Mission Priorities: Infrastructure Maintenance and Safety Goal 1: Responsibly grow, develop, and diversify the town of Hinton. Goal 3: Foster innovative, efficient, and exceptional service delivery. KS 3.1.2: Create an environment and culture of excellence. KS 3.1.4: Build relationships with community. Goal 4: Maintain safe and reliable infrastructure able to meet the needs of the growing community.
<b>Community Sustainability Plan</b>	Yes	No comments
<b>Municipal Policies or Bylaws</b>	Yes	Supports Town Corporate Values by supporting a Safe work environment
<b>Provincial Laws or MGA</b>	Yes	Alberta Government – Safe Restart Agreement Provincial Health Orders due to COVID-19
<b>Other plans or policies</b>	Yes	Supports Town Corporate Values by being a leader, supporting a safe work environment, that is respectful of others and accountable.

### Options / Alternatives

1. *That Committee direct Administration to bring forward, in Draft 2 of the Budget December 15<sup>th</sup> direction to place excess funds from the 2020 Operating Budget due to the Municipal Operating Support Transfer (MOST) Program Funding into the Emergency Response Reserve.*

*That Committee direct Administration to bring forward, in Draft 2 of the Budget December 15<sup>th</sup> the use of \$300,000 of the Emergency Response Reserve to offset future year operational cost increases, of which \$200,000 to be used in 2021 and \$100,000 to be used in 2022 with the intention of minimizing taxation impacts on business and residents.*

*That Committee direct Administration to bring forward, in Draft 2 of the Budget December 15<sup>th</sup>, a \$400,000 Council Operating Project, it's use to be determined by Council at a future meeting, and funded from the Emergency Response Reserve.*

*That Committee direct Administration to bring further options for the use of the Emergency Response Reserve to a future Standing Committee Meeting no later than March 1, 2021.*

- 2. Committee direct Administration to bring back further information regarding the Municipal Operating Support Transfer (MOST) Program funding for discussion at a future Standing Committee Meeting.*

**Attachment(s)**