CITY OF VAUGHAN
EXTRACT FROM SPECIAL COUNCIL (2) MEETING MINUTES OF MARCH 30, 2020

Item 1, Report No. 15, of the Special Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on March 30, 2020.

1. CITY OF VAUGHAN WATER PROGRAM DEFERRALS IN RESPONSE TO THE GLOBAL NOVEL CORONA VIRUS (COVID-19) PANDEMIC

The Special Committee of the Whole recommends:

1) That the recommendation contained in the following report of the Acting City Manager and the Deputy City Manager, Corporate Services and Chief Financial Officer, Deputy Treasurer, dated March 30, 2020, be approved; and

2) That this report be circulated to all municipalities in York Region.

Recommendations

1. That initiation of the Stormwater Charge billing be deferred for 60 days.
2. That wastewater By-law 87-2016, as amended by By-law 196-2019, be amended to replace the *Wastewater Discharge Rate* and the *Minimum Invoice Charge per Month* in Schedule 'A' with the Wastewater Discharge Rate and the Minimum Invoice Charge per Month that were in effect for 2019.
3. That the water By-law 177-2016, as amended by By-law 195-2019, be amended to replace the *Water Consumption Rate* and the *Minimum Invoice Charge per Month* from Schedule 'A' with the Water Consumption Rate and the Minimum Invoice Charge per Month that were in effect for 2019.
4. That Council request York Region to help support City of Vaughan residents by cancelling or deferring the 2020 planned regional 9% wholesale water and wastewater rate increases.
5. That staff be authorized to bring effect to the recommendations in this report, and related operational and administrative matters presented in this report.

Special Committee of the Whole (2) Report

DATE: Monday, March 30, 2020 **WARD(S):** ALL

TITLE: CITY OF VAUGHAN WATER PROGRAM DEFERRALS IN RESPONSE TO THE GLOBAL NOVEL CORONA VIRUS (COVID-19) PANDEMIC

FROM:
Mary Reali, Acting City Manager
Michael Coroneos, Deputy City Manager, Corporate Services and Chief Financial Officer, Deputy Treasurer

ACTION: DECISION

Purpose

The following recommendations are meant to provide support to the local economy while easing strain for local citizens as they manage the repercussions from the global COVID-19 pandemic.

Enacting these recommendations will provide relief to businesses and citizens and demonstrate to the local business community and consumers that the City of Vaughan is committed to ensuring the well-being of citizens and the economy.

Report Highlights

- The global COVID-19 pandemic is causing significant disruption to residents
- The City of Vaughan has an opportunity to support its businesses and citizens by deferring Stormwater Charges and canceling the planned 2020 water and wastewater rate increases

Recommendations

1. That initiation of the Stormwater Charge billing be deferred for 60 days.
2. That wastewater By-law 87-2016, as amended by By-law 196-2019, be amended to replace the *Wastewater Discharge Rate* and the *Minimum Invoice Charge per*

Month in Schedule 'A' with the Wastewater Discharge Rate and the Minimum Invoice Charge per Month that were in effect for 2019.

3. That the water By-law 177-2016, as amended by By-law 195-2019, be amended to replace the *Water Consumption Rate* and the *Minimum Invoice Charge per Month* from Schedule 'A' with the Water Consumption Rate and the Minimum Invoice Charge per Month that were in effect for 2019.
4. That Council request York Region to help support City of Vaughan residents by cancelling or deferring the 2020 planned regional 9% wholesale water and wastewater rate increases.
5. That staff be authorized to bring effect to the recommendations in this report, and related operational and administrative matters presented in this report.

Background

Residents are reaching out to all levels of government for support, including local governments such as the City of Vaughan as a result of the global COVID-19 pandemic.

Declarations of states of emergency and provincially mandated closures of non-essential businesses in Ontario, to help flatten the COVID-19 curve, have created economic uncertainty for Vaughan residents. Deferring the Stormwater Charge for 60 days and cancelling the City's planned 2020 rate increases for water and wastewater are actions Council could take to support Vaughan residents in this time of uncertainty.

On March 17, 2020, Council approved to waive the late penalty charge on the interim tax bills, providing immediate relief to the City's residents and businesses.

Payments for the Thursday, March 26, Monday, April 27 and Wednesday, May 27 due dates will not be subject to any late payment fee or interest until Monday, June 1. Further extensions may be granted thereafter.

On March 17, 2020, the City's Economic Development Department introduced its Vaughan Business Action Plan with a series of temporary measures to safeguard and support small businesses throughout the City.

These measures include:

1. Support the restocking of store shelves **-** suspending noise by-laws and weight restrictions on roads to assist with ensuring stores have items people need.
2. Enhance the movement of goods – suspending by-laws restricting the loading and unloading of commercial vehicles, transport trucks, and other vehicles between the hours of 7 p.m. and 7 a.m. This will allow for 24-hour delivery.

3. Improve business ground-transportation **-** suspending the weight and size of vehicles that can travel on certain roads throughout Vaughan. To ensure the sufficient safe supply of goods to stores**.**
4. Suspend the Municipal Accommodation Tax (MAT) **-** to support the travel and tourism industry by not requiring accommodation providers to charge the MAT at Vaughan properties.
5. Maintain small business services - by ensuring, where possible, Small Business and Entrepreneurship frontline services are continued (either online or by phone).
6. A grace period of 90 days for business license renewals - deferral of license renewals for existing business by up to 90 days past the expiry date of the license. New businesses are still required to be licensed.

Previous Reports/Authority

By-law 87-2016 (Sanitary system)

By-law 177-2016 (Water system)

By-law 196-2019 (Amendment to By-law 87-2016)

By-law 195-2019 (Amendment to By-law 177-2016)

Analysis and Options

Several Water, Wastewater and Stormwater relief options have been considered based on three key principles: Feasibility, Speed and Fiscal Impact

With the COVID-19 situation changing on a daily, if not hourly, basis, Staff had to not only consider what relief could be provided and its impact on the City's fiscal situation and reserves but the speed at which it could be implemented.

Since the City relies on Alectra to bill for water, wastewater and stormwater services, consideration had to be made with respect to the billing systems that are in place and integrated with electricity charges. Some options could not be considered further due to the technical limitations of the billing system.

Of the options considered, deferral of the Stormwater Charge and foregoing the Water and Wastewater rate increase for 2020, were the most expeditious, technically feasible while providing relief for our residents and businesses.

Foregoing Water and Wastewater rate increase for 2020 provides quick relief to the City's residents and businesses

City water and wastewater rates are to rise on April 1, 2020 by 9%. By cancelling the City's 2020 rate increases, the City will forego approximately $12.0 million in combined water and wastewater reserve contributions through December 31, 2020. Regional costs for water and wastewater treatment account for approximately 75% of the City's annual costs for water and wastewater services. If attained, a cancellation of York Region's April 1, 2020 increase would further mitigate financial impacts to the City.

Deferral of the Stormwater Charge will provide relief to property owners affected by COVID-19, while providing the City's share of funding to fully avail itself of a grant under the Federal Disaster Mitigation and Adaptation Fund ***The Stormwater Charge for 2020 remains at the same rate as the 2019 charge, a 0% increase year-over-year.***

Approximately $10 million is raised from the annual Stormwater Charge each year. These funds are critical to cover ongoing annual maintenance and capital improvements to the City's stormwater infrastructure including ponds, stormwater mains, ditches and culverts. Further, the City of Vaughan successfully secured grant funds under the Disaster Mitigation Adaptation Fund (DMAF). DMAF provides 40% for each dollar spent which equates to approximately $17 million with the City funding the remaining 60% or approximately $24 million over ten years. To ensure the City supports our residents during this time of uncertainty and continues to benefit from DMAF funding, the Stormwater Charge could be deferred for 60 days, from May 11 to on or about July 11, 2020.

Financial Impact

Deferral of the Stormwater Charge will have minimal impact to the City's fiscal position and Stormwater Reserves

The Stormwater Charge for 2020 remains at the same rate as the 2019 charge, a 0% increase year-over-year. Deferring the Stormwater Charge billing for 60 days will have minimal impact on the Stormwater program.

Foregoing the 2020 Water and Wastewater Rate increase will reduce reserve contributions by $12 million

Cancelling the City's 2020 rate increases for water and wastewater consumption will have a financial impact, specifically on the planned contribution to reserves. Eliminating the 2020 rate increases will have the following impact in 2020:

Assuming no rate increase for 2020	
$M	Combined
Budgeted 2020 Reserve Contribution	$ 22.0
Reduction to 2020 Reserves	$ (12.0)
Adjusted Reserve Contribution (City Only)	$ 10.0

Impact to Water and Wastewater Reserves contributions can be mitigated if York Region foregoes their planned Wholesale Rate Increase

Approximately 75% of the City's costs for water and wastewater are directly related to water purchases and wastewater collection from York Region. If the Region eliminates their combined 2020 increase of 9%, the impact upon the City's reserves will be reduced, approximately, as follows:

$M	Combined
Adjusted Reserve Contribution (City Only)	$ 10.0
Elimination of 2020 Region Increase	$ 10.5
Adjusted Reserve Contribution (City & Region)	$ 20.5

Broader Regional Impacts/Considerations

Approximately 75% of the City's costs for water and wastewater are directly related to water purchases and wastewater collection from York Region. York Region budgeted a 9% increase to their wholesale water and wastewater rates for 2020 which are planned to be applied on April 1. City residents would directly benefit from planned Regional rate deferral or decreases for water and wastewater.

Conclusion

COVID-19 has presented international, national, provincial, regional and local governments with unprecedented challenges. The City of Vaughan has contributed to 'Team Canada' with measures to support Vaughan residents.

Deferring the Stormwater Charge billing by 60 days will help residents in the short term. Cancelling the City's planned 2020 rate increases for water and wastewater will help residents and businesses in the longer term.

Deferral or cancellation of York Region's planned 2020 water and wastewater wholesale rates would provide further support for City residents.

Both the City and the Region have the ability to recoup the forgone 2020 revenue via future rate increases after the pandemic ends.

There will be no changes to the safety or security for residents as a result of the deferral to the Stormwater Charge and the cancellation of the 2020 water and wastewater rate increases.

For more information, please contact: Dean Ferraro, Director of Financial Services / Deputy City Treasurer (dean.ferraro@vaughan.ca ext. 8272); Sean Skinkle, Finance Manager, Water/Wastewater/Stormwater(sean.skinkle@vaughan.ca ext. 8486)

Attachments

None

Prepared by

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