



REPORT

CAO's office

TO: Mayor and Members of Council

FROM: Marcia Wallace, CAO

DATE: May 12, 2020

REPORT: CA0-03/2020

SUBJECT: CAO Update: First Quarter Report

EXECUTIVE SUMMARY:

The purpose of this report is to provide Council with information on the key activities and challenges faced by the County in the first quarter of 2020. Quarterly reports were a commitment made during the 2020 Budget discussions. They are not reflective of a comprehensive and exhaustive review of all the work done by municipal staff - rather they offer context on the implementation of Council decisions, particularly budget decisions, and provide a look ahead into what the next quarter.

This report is later than anticipated, due to the unprecedented COVID-19 pandemic and the impact it has had on the municipality and our community at large. Given the delay, the report covers the entire Q1, and the early part of Q2 as appropriate to give the most up to date view. While not the focus of this report, where COVID-19 has substantively impacted the activities of the County, this is highlighted.

The report reveals that while off to a slower start than anticipated due to the impact of COVID-19, work has proceeded in a number of key areas that comprised 2020 budget discussions. Progress made in Q2 and Q3 will largely determine if the full scope of work expected to be completed this year can be realized. Despite constraints due to COVID-19, we are optimistic that with the use of construction loans and careful procurement that the County's capital program will move forward and that the County will be able to meet all of its financial obligations.

RECOMMENDATION:

1. **THAT** Council receive report CA0-03/2020 for information.

ANALYSIS:

From a fiscal perspective, there are many factors impacting our financial position. The deferral of final tax bills and the cancelation of all penalties and interest has placed considerable strain on the County's cash flows. In addition, the County will experience reduced revenues as a result of COVID-19 from the closing of all recreation facilities and municipal offices. These decreases in revenue represent a funding gap issue for many municipal governments, 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. We are optimistic, however, that with the use of construction loans and careful procurement that the County's capital program will move forward and that the County will be able to meet all of its financial obligations.

Modernization of Services

On January 22, 2020, Council directed staff to transfer \$91,000 from the Reserve for Modernization to support the implementation of three IT investments to modernize internal and external service delivery. All have been implemented and are on track:

- a) **Recreation/Facilities on-line Booking System** - \$40,000 was budgeted for this system, and this went out as an RFP in March and received 4 bids. Demonstrations were part of the bidding process, and is expected to conclude mid-May within budget. The implementation of the software, including staff training, is planned for completion late July.
- b) **On-line Public Consultation Tool** - \$16,000 was budgeted for this system, as an annual fee. After a review of multiple platforms through an expression of interest, Bang the Table was selected as the best fit for the County's needs, and came in on budget. Earlier this month this software was launched under the County brand, "Have Your Say". The first uses of the consultation tool are for three initiatives: (1) to support a road service level consultation, (2) to augment public consultation for planning applications under municipal review, which became an urgent priority given the social distancing limitations due to COVID-19, and (3) a single source of information and discussion among local businesses in the County to access resources and find information aimed at both immediate response and longer-term recovery.
- c) **Payroll Human Resources IT System** - \$35,000 was budgeted for this system, to cover the shortfall from the existing budget as part of the Capital Sustainability Reserve for this project. The system, which was purchased from Star Garden, will allow for electronic timekeeping through automation of collective agreement and non-union payment language - moving the municipality away from spreadsheet and manual processes. Work to date has been led by a cross-department implementation team to customize the software with County-specific information for all departments and training sessions, as well as a needs assessment to drive the build of the new system. A fully automated, integrated Payroll/IT system is expected to be launched internally in late fall 2020, to start the 2021 fiscal year with the new framework.

On January 22, 2020, Council also directed staff to transfer \$98,675 from the Reserve for Modernization to support two effectiveness and efficiency studies:

a) **Service Delivery Review** - \$63,675 was budgeted for this review. In February 2020 the Minister of Municipal Affairs and Housing announced \$125M of funding for similar reviews in municipalities across Ontario, with a particular focus on two-tier municipalities where the review would align upper and lower tier municipal functions to improve service delivery. It was decided that delaying the launch of our own RFP until those reviews were expected to be completed (May/June 2020) would improve our chances of a quality bid, and allow us to benefit from the lessons learned by others. The service delivery RFP is expected to be released in the second quarter of 2020.

b) **Administrative and Governance Process Review** - \$35,000 was budgeted for this review. The study will provide recommendations and identify opportunities to improve the quality of decision making, minimize risk for the municipality, and help staff, residents, and businesses better understand and navigate municipal services and operational functions. After a delay due to staffing challenges and the uncertainty of COVID-19, the launch of an RFP was issued in April. Bids are due May 27, 2020, and the RFP has already generated interest. The County will benefit from some third-party expertise to improve our by-laws/policies and processes for the latter half of 2020.

Additional research has gone into other possible modernization efforts, but given the strain on the municipal budget at this time (discussed in more detail later in this report) no further spending of this fund is under consideration. The modernization funding was provided by the province and at Council's direction in July 25, 2019 \$700,000 was put in a separate Reserve for Modernization. That reserve, however, sits in the municipality's general bank account and therefore any spending impacts overall cash flow. At the earliest, we recommend no spending of the Reserve for Modernization until possibly the fourth quarter of 2020, but more likely as part of the 2021 budget.

General Community Service Provision

Service delivery remained a primary focus in the first quarter, albeit with a shift in focus after the COVID-19 pandemic.

In support of youth engagement, the Clerk's office hosted several civic engagement events, one with the Prince Edward Learning Centre and another with 851 Air Cadets Squadron. The sessions included learning about municipal services, ways to make a difference in local government and how decisions are made at Shire Hall.

In anticipation of high water levels and potential flooding this year, the municipality hosted a successful Flooding Prevention Open House at the Wellington and District Community Centre. This included information from a variety of County departments along with our partners and a presentation by Sarah Delicate of United Shoreline Ontario. The meeting was live streamed on Facebook and the video has received more than 4,600 views. This also launched the Flood Viewer, that is now publicly available for anyone to explore the flood risk near specific properties based on predictive modelling.

Early in the year the municipality held two popular public community events:

- Family Day (February 17), where 1500 people participated in a free day of activities organized by the County with our community partners and sponsors at the Wellington and District Community Centre. Highlights included public skating, games, activities, bird feeder making, scavenger hunt, free soup lunch and hot chocolate, a magic show, reading program and handprint art with the OPP.
- Spring Sports and Summer Camp Activity Fair (March 8) which highlighted 12 youth organizations and wide range of activities for kids to take advantage of in the summer. Despite the success of this event, many of those showcased have now been cancelled due to COVID-19, however there are a few sporting organizations hoping for a late start to save at least a partial season.

Municipal buildings were active with a range of community events up until March 15 when the County closed access to all buildings. Since then, custodial and physical property maintenance has been redirected for enhanced cleaning and safety protocols in buildings municipal staff continue to work in. This had a substantive impact on community programming as well as municipal revenue typically gained through ice hockey playoffs and other rentals. At this point municipal buildings are closed until July 31, but this is expected to be revisited as the province begins to implement a loosening of restrictions as part the staged recovery plan.

Outdoor recreation facilities and park areas were in winter maintenance mode. As we moved into spring, staff focused on removing playground equipment from Westfall Park, Roblin Lake and Fawcettville Park to prepare for the new installations committed to in the 2019 budget. Efforts are being made to have installation scheduled so completion will coincide with the lifting of the provincial ban on playgrounds as much as possible. General spring clean-up in parks and Wellington Beach. After COVID-19, we also shifted to posting signs and managing closures all across the County.

Transit contracts for fixed and specialized programs went to market and the Municipality is getting ready to launch its transit program in partnership with Quinte Access and support by the Ontario Ministry of Transportation. Due to COVID-19, Quinte Access decided to temporarily hold off on implementing the new program. Preparations are underway to launch the new transit options when appropriate, as provincial restrictions begin to lift.

Late in the second quarter, an Expression of Interest was released, seeking private sector interest in taking over the operations of Picton and Wellington Marinas that are currently not realizing their profit and service potential.

At H.J. McFarland Memorial Home, staff successfully managed an enteric outbreak that affected both residents and staff in the first part of the quarter. This proved to be useful preparation for what later became the COVID-19 pandemic, which had a considerable impact on the operations of long-term care facilities.

Infrastructure, Roads, Development and Fire Services

January was a very wet month and as a result both wastewater facilities were experienced increased flows that exceeded the facilities' rated capacities. However, staff handled the situations so as not to create any major compliance issues.

To protect the Picton Water Treatment Plant from high water levels observed in 2017 and 2019, a project to install rock on the Northeast shoreline was completed in early March.

Staff also completed regular preventative maintenance and other required projects to support effective water/wastewater operations and compliance including but not limited to:

- Required upgrades and repairs to the piping train at the Ameilasburgh Water Treatment Plant
- Emergency repair to the sedimentation basin at the Picton Water Treatment Plant
- Electrical control work and battery replacements at various plants and pumping stations
- Emergency water main repairs in Wellington (Main Street) and Picton (King Street, Talbot Street, Hill Street)
- Monitoring changes/additions to the SCADA control systems at our Water and Waste water facilities
- Pump Station repairs and sewer blockage removal work was completed at the Wharf Street pump station in Wellington, and in Picton on Elk and Phillip Street
- Repair of mechanical failures at both Waste water facilities, and also sanitary system repairs in Picton on Ross and Main Street

Given a milder than normal winter, snow plowing and salt needs were less than previous years. With an early spring, staff have also been able to address some much-needed cold patching, and grading gravel roads. Gravel and pulverizing contracts going out to support roads where the plan will be to return to gravel, or refresh gravel.

Other activities that got extra attention in the latter part of the quarter due to the early start of spring, resulting in more roadside hand brushing, sign repairs and street sweeping. Early in the second quarter sidewalk minimum maintenance inspections and culvert and ditching inspections have occurred to support future surface treatment on roads this summer.

A detailed rural roads workplan has been developed to implement the Road Needs Study that was presented to the Committee of the Whole in March 2020, a key commitment from the 2020 Budget discussions. Double surface treatment projects can be completed with County staff, and as a result will begin in May. For those road projects listed in the Road Needs Study for further design, work is on track to be completed this year. Those roads that were identified in the Road Needs Study for crack sealing, micro-surfacing and single surface treatment work, will see those projects delayed slightly until late July, with tendering for those contracts going out in May. The timing of these projects was adjusted to delay spending until Q3 in response to cash flow constraints in the very near term as a result of COVID-19 impacts on the municipality. Single surface treatment projects on Prinyers Cove Crescent, Prinyers Drive and Cressy Bayside Road have been cancelled due to multiple culvert replacement needs that must be done first.

As was described in a January report to Council, analysis has taken place to identify process improvement to better deliver planning and development services. A number of significant changes were identified, and will be brought forward to Council in Q2. This primarily internal work was augmented by the unusual circumstances of COVID-19 and the slightly reduced number of planning applications coming forward, has allowed staff to focus on files. With the delegated authority provided to the CAO during the emergency, combined with files coming forward to Council now that meetings are continuing, planning and development is a priority for the municipality to support the eventual economic recovery that will be required for the County. Work has also been continuing on the Official Plan update, and is tracking for public consultation later in Q3.

The County issued 131 building permits in the first quarter, despite the issuance tempering in the last part of the quarter due to the COVID-19 restrictions on construction. We also received 941 applications for Short Term Accommodation licenses to date, and while inspections had started the majority of these were put on hold after COVID-19. Accommodators were issued conditional licenses to those qualified prior to inspection given the restrictions. While County Council voted to defer the implementation of the Municipal Accommodation Tax due to the impact of COVID-19 on the accommodation sector and short-term accommodators in particular, the many accommodators have asked for licensing fee relief, which has not been granted.

The fire department completed 14 various types of occupancy inspections in the first part of the quarter, but after COVID-19 these were suspended. This work will resume as provincial restrictions lift. The total number of fire service calls were 146 in the first quarter, down slightly from the 2019 first quarter of 167 calls. In the same time frame we saw a reduction of medical first response calls by roughly 50 percent; this reduction can be attributed to less general medical incidents as many self-isolated given COVID-19 restrictions.

Administration and Staffing

In the first quarter there were 21 meetings of Council and Committee (including budget) and numerous meetings of the various committees/boards reporting to Council.

Several agreements were signed in the first quarter, including but not limited to the renewal of the OPP contract that had expired earlier in 2019 and the lease renewal for the Prince Edward Agricultural Society.

The 2020 interim tax bills (approximately 16,000 bills) were placed in the mail on time for the March 16 due date. In the same time period, the municipality issued approximately 8,100 utility bills. After COVID-19, the municipality chose to delay all penalties for late taxes or utility bills for the balance of the year, and delayed the 2020 final tax bills for residents to September and November (what normally would have been June and September).

At the H.J. McFarland Memorial Home, a Quality Improvement Plan was to be developed for submission to Health Quality Ontario, but given COVID-19 pressures the deadlines have been pushed into late Q2 by the Ministry of Health. Once

created, this plan will be shared with the Family and Resident Councils and will be posted in the home and on the website. The activity of Management by Walkabout was introduced to the home leadership teams and increases the leadership presence on the Resident Home Areas with specific criteria for them to look at, observe and record. This initiative improves communication and also provides mentorship and coaching opportunities for staff. While we are minimizing travel around the home and between units as a result of COVID-19, this increased management presence has continued, to support staff as they deal with unprecedented stress and workload in the COVID-19 pandemic. To date, H.J. McFarland has seen great success to the combined efforts of all staff and management.

Staff training in areas that are legislated, including health and safety, fire services and water/wastewater continued early in the first quarter with some notable accomplishments including, but not limited to:

- 14 new firefighters attended the Ontario Fire College Legislation 101 Course that teaches our new team members about applicable fire service legislation
- 23 staff members completed a 4-hour training session on school bus extrication
- All required staff in the Water and Wastewater department took SCBA/Respirator Fit Testing and also took part in winter maintenance/snow plow training
- SWISH floor system and best practices cleaning training for arena staff
- Provincially required health and safety training for staff in the Operations department

Mandatory training (e.g. regular fire department training, waste water training to support licensing) and professional development in other areas (e.g. "Road School" training to support municipal certification) has been largely cancelled until COVID-19 restrictions are reduced. Departments are considering different options for distance learning where possible.

The Fire Department was planning to hold a Long Service Award Ceremony in early April, which was unfortunately cancelled due to COVID-19 restrictions. The award ceremony recognizes our fire department members for their many years serving our community. This year we have more than 60 members receiving provincial, federal & municipal years of service recognition ranging from 10 to 50 years of service.

Beyond the software purchases as part of the municipality's modernization efforts, additional technology improvements were also achieved in Q1. The launch of the ConnectingOntario Clinical Viewer at the H.J. McFarland Memorial Home has been partially realized. This secure, web-based portal provides real-time access to digital health records including dispensed medications, pharmacy services, laboratory and pathology results, and hospital visits. Clinical Viewer provides a comprehensive view of a patient's journey through the healthcare system, enabling staff at H.J. McFarland Memorial Home to make faster, more informed care decisions. More work is required to make this viewer accessible at all nursing stations.

The County also built and launched an online Burn Permit portal to allow for purchase and payment without contact. Originally initiated due to the COVID-19 restrictions on municipal counter services, this is expected to be a popular addition

and a model for other on-line options. IT and new online resources were implemented in short order as we moved to more electronic means of communication and work from home situations for many staff in response to the COVID-19 pandemic.

At the end of the first quarter, we introduced an organizational redesign aimed at improving communication and dialogue across departments, at all levels, maximizing service delivery by co-locating similar functions and adjusting management span of control to optimize success, and ensuring effective succession planning opportunities to adequately prepare our future leaders in the organization.

The focus on student hiring, filling vacancies, preparing for collective bargaining in March and supporting this organizational redesign at the start of Q1 has shifted after the onset of the COVID-19 pandemic. Staff have worked to support an ever-changing landscape of provincial orders and significant regulations. The municipality has implemented never before tried changes to where and how municipal staff work to support health and safety concerns. By maintaining transparent and effective communications with our Unions, the Municipality was well positioned to implement best practices and “never before tried” changes to where and how municipal staff work across the municipality to support health and safety before receiving provincial support to work outside collective agreements. We continue to focus significant effort in the labour relations area to remain nimble in the face of significant and ongoing legislative and regulatory change. While it was agreed between the parties to hold any grievances in abeyance during the period of the pandemic, to date, none have been received.

FINANCIAL CONSIDERATIONS:

The 2020 budget set a \$40,310,720 levy. The primary pressure on the current budget has been the impact of COVID-19. The municipality will experience cash flow constraints in the coming months as a result of giving people the option to defer their final tax bills until September 15 and November 16 and not charging interest or penalties on any unpaid taxes or utility bills. The municipality is also forgoing revenue (estimated at approximately \$616,000) with most municipal customer counter services temporarily suspended, and all recreation facilities, arenas, and parks closed as well as facing higher costs associated with responding to the crisis.

To mitigate this pressure, some procurements have been intentionally delayed to support a positive cash flow situation into Q2 and Q3, and most procurements have come at or below budgeted estimates (see Attachment 1). A construction loan is also being considered for July/August to address cash flow constraints and support keeping the various construction projects (particularly roads/bridges) on track for this year's construction season.

RISKS:

RISK DESCRIPTION	RISK TYPE	PROPOSED MITIGATION
Changing context of provincial orders	Operational	In addition to centralized decisions at the Emergency Control Group,

responding to the COVID-19		departments are adjusting to a "new normal" with social distance and short- term redeployment of staff where the need is greatest. Continued monitoring and cross-departmental communication will ensure we have the flexibility and capacity to respond
Potential flooding emergency	Operational	This risk seems less likely, however we continue to centralize decisions at the Emergency Control Group. Approximately \$80,000 has been spent on flood mitigation prep (sandbags/sand stations, water bags to protect roads that provide single access to communities).
Pressures on ability to make payroll with reduced cashflow	Financial	Detailed department analysis of potential savings by deferring spending and/or cancelling spending to address pressures has been completed. Constant monitoring and construction debt financing are expected to facilitate the necessary cashflow to avoid layoffs/emergency leaves.
Resource challenges in completing mandatory municipal audits	Legislative	Audit committee has been delayed to Q3. Staff worked with KPMG to gather necessary materials for the smaller audits Provincial Offences Administration, Museums Municipal Statements, Prince Edward County Cultivation Corporation Financial Statements to keep us on track in advance of the larger general municipal audit.
Mandatory training not completed due to course cancellations	Legislative/ Health and Safety	Fire fighters require training, some of which we are delaying. Water and waste water staff were similarly impacted, unable to take training required on a three-year cycle as part of our provincial licensing requirements. If the courses are not rescheduled in the Fall, we will rely on internal staff to deliver the training at the expense of other work. This

		training will need to be scheduled and budgeted in 2021 to catch up.
Uncertainty in municipal programs and community access to municipal facilities	Financial/ Stakeholder	With ice allocation and major events typically underway in May/June for summer and fall, clear decisions about whether or not the June 15 municipal closure will be continued will be required by the Emergency Control Group.

COMMUNICATIONS:

This report is to be tabled at the May 12 Council meeting. A report for Q2 is expected to come before Council in June.

ATTACHMENTS:

1. Q1 Procurement, 2020

Authorizing signature:



Prepared by:

Marcia Wallace
Chief Administrative Officer

May 7, 2020