Rise and Report (Items Released from Closed Meeting)

On May 20, 2020, the COVID-19 Response Task Force authorized the following information to be released to the public following completion of any conditions:

1. Correspondence included in the report dated May 12, 2020, titled “Direct Support for Local Governments – Public Release”.

Released: May 22, 2020
Dear Minister Robinson,

Direct Support for Local Governments

On behalf of the Board of Directors, I would like to start by thanking the provincial government for moving quickly to respond to the COVID-19 pandemic. The actions of your government have shown a measurable difference in slowing the spread of the virus and protecting the health of our citizens.

I also want to share my appreciation to you and your ministry for your calls with local governments, for listening to the concerns from communities across the province, and for being open to hearing our suggestions.

Metro Vancouver’s COVID-19 Response Task Force, representing all 23 member jurisdictions, continues to meet regularly to ensure there is strong support for our frontline and supply-line workers and confirm that essential and critical services for the region’s residents continues to be provided. The Task Force is focused on assessing the needs and resources necessary for our local governments to function during the COVID-19 emergency period and ensuing months. This letter builds on the correspondence sent by Mayors of the region on March 23, 2020 and summarizes our immediate concerns for the financial position of our members.

The measures announced on April 16, 2020 were an important first step, but local governments need further actions to address severe funding shortfalls.Outlined below are the significant financial issues facing Metro Vancouver local governments and the additional measures required from the Province to support our communities during this crisis.

Non-Recoverable Revenue Losses
Local governments across the Metro Vancouver region are losing an estimated $43 million every month due to the closure of non-essential services. With no
clear end in sight to the physical distancing orders, there is considerable uncertainty and risk to our cash flows.

Borrowing against capital reserves is not a viable solution to address this potentially ongoing revenue loss. This is also not a tool that is available to all local governments. Those local governments that have carefully built their capital reserves over time, did so as a prudent financial decision to renew aging infrastructure. Directing these resources to the COVID-19 crisis pushes back decades of collective efforts of all levels of government on sustainable service delivery.

While all levels of government are going to be challenged to derive additional revenue to offset losses and needed COVID expenditures, local government taxpayers should not be relied on exclusively to replenish drained reserves they have already paid for during a time when they are trying to recover from losses.

**Delinquency Risk**

As municipalities are required to submit payments to other taxing authorities, we are concerned that we will need to cover the increased risk of delinquency. While some short-term cash flow relief is provided due to the change in the deadline for school taxes, the rate of property tax collection will vary by local government and that risk could be significant. Depending on the magnitude of delinquency, local governments will have to borrow from reserves to fund, not just the municipal portion, but also the portion for the other taxing authorities, placing further financial hardship on local governments.

**Municipal Budget Mitigation Actions**

Municipalities in Metro Vancouver have had to make some extremely difficult decisions in order to reduce operating costs, including making service cuts and laying off thousands of staff across the region. Additionally, Councils are now considering how to reduce the property tax burden on their communities through reductions in operating budgets and the deferral of capital projects and new hires where possible.

**Request to the Provincial Government**

In order to address these concerns, we request the following from the Provincial Government:

1. **Provide grants directly to municipalities to assist in covering COVID-19 related revenue losses**
   Covering municipal funding losses through future property tax increases is not a viable alternative to senior level government grants given the significant impact it would have on households, businesses and non-profit partners trying to weather the economic downturn and recover in coming years.

2. **Lower interest rates on the Property Tax Deferment Program for seniors and for families with children**
In support of mitigating COVID-19 impacts, the Province should follow the lead of the Bank of Canada and make the legislative change to lower interest rates on the Property Tax Deferment Program.

3. **Expand the existing Property Tax Deferral Program to cover all residential, farming, commercial and non-profit taxpayers who need support**
   While a substantial number of residents may already be eligible for the existing Provincial Property Tax Deferral Program, there are residents and businesses that are not eligible and need support. Expansion of the program will provide residents, farms and businesses with a safety net and will avoid municipal property tax system disruptions as local economies recover. We note that a similar Financial Hardship Program was introduced for a limited time following the 2008 economic recession.

4. **Work with TransLink and the Mayor’s council to ensure TransLink is financially sustainable and able to provide viable transit service in the Metro Vancouver region**
   TransLink is facing a severe financial crisis. Revenues are down over 50%, while service needs to be maintained to allow more than 75,000 residents to safely access essential services and their place of employment. Emergency funding is necessary to ensure appropriate levels of this service can be maintained, while also respecting safe physical distancing requirements.

Supporting municipal essential services directly supports residents and businesses. This is not simply a cash flow issue; we are facing a crisis of non-recoverable losses. Without additional senior government support, local governments are facing severe cuts, beyond what has already occurred, and will not have the funds to continue municipal operations and, most importantly, to deliver essential services. As our province moves towards reopening, local governments want the ability to be key partners in the economic recovery of our Nation.

Thank you for your leadership. We look forward to continuing to work collaboratively with your ministry to successfully navigate these challenges.

Yours sincerely,

Sav Dhaliwal
Chair, Metro Vancouver Board

SD/IWD/mg

cc: The Honourable John Horgan, M.L.A., Premier of British Columbia
    Maja Tait, President, Union of British Columbia Municipalities
    Board Chairs, British Columbia Regional Districts

COVID-19 Response Task Force - Closed
The Honourable Chrystia Freeland, P.C., M.P.
Deputy Prime Minister and Minister of Intergovernmental Affairs
House of Commons
Ottawa, ON K1A 0A6
VIA EMAIL: Chrystia.Freeland@parl.gc.ca

Dear Minister Freeland:

Direct Support for Local Governments

On behalf of the Metro Vancouver Board of Directors, I would like to start by sharing my sincere appreciation for Canada’s leadership in responding quickly and thoughtfully to ensure the safety of Canadians during the COVID-19 pandemic.

Metro Vancouver is a federation of 21 municipalities, one Electoral Area and one Treaty First Nation working collaboratively to plan for and deliver vital utility and local government services to more than 2.5 million people. Essential services include drinking water, liquid waste treatment and solid waste management, along with regional services like air quality regulation and monitoring, regional planning, parks and affordable housing.

Metro Vancouver recently established a COVID-19 Response Task Force, representing all 23 member jurisdictions. The Task Force meets regularly to assess the needs and resources necessary for our local governments to function during the COVID-19 emergency period and ensuing months. This letter summarizes the immediate concerns of our members regarding the impacts of the COVID-19 pandemic on our most vulnerable populations followed by our request for emergency funding.

Protecting our Most Vulnerable Residents

Metro Vancouver is very appreciative of the increased funding provided to the Reaching Home program and the additional flexibility is particularly appreciated. At the same time, municipalities are facing multiple challenges with the increasing number of people experiencing homelessness in our communities and the added risk presented by the COVID-19 pandemic.

The faith and non-profit sectors, who provide much needed community support, are struggling to be financially viable. This places an additional burden on municipalities. As well, increased calls for bylaw officers are straining our already tight resources.
In addition to these impacts, municipalities are undertaking a variety of unprecedented actions to support our vulnerable populations, such as repurposing municipal facilities to serve as shelters sufficiently large for physical distancing and providing portable hygiene stations. Having redeployed staff and resources to combat COVID-19, this situation is not financially or operationally sustainable over the longer-term.

Our Request for Emergency Funding
The COVID-19 health crisis, in addition to the homelessness crisis, has placed immense strain on municipalities who are already challenged with reduced revenue due to the closure of non-essential services. Local governments across the Metro Vancouver region alone are losing an estimated $43 million every month due to the closure of non-essential services. Municipalities across Canada are at imminent risk of having to cut essential services to Canadians in order to remain financially viable.

On April 23, The Federation of Canadian Municipalities issued a concise report titled 'Protecting Vital Municipal Services' that outlines the need for support for local governments. We are in complete support of their recommendations. On behalf of the 23 member jurisdictions, we urge the Federal Government to give immediate and serious consideration to the FCM’s request for emergency operating funding amounting to a near-term gap of at least $10 billion for municipalities nationwide.

Thank you again for the dedication and leadership your government has shown in responding to this crisis.

Yours sincerely,

Sav Dhaliwal
Chair, Metro Vancouver Board

SD/JWD/mg

cc: The Right Honourable Justin Trudeau, P.C., M.P., Prime Minister
   The Honourable Catherine McKenna, P.C., M.P., Minister of Infrastructure and Communities
   The Honourable Bill Morneau, P.C., M.P., Minister of Finance
   Members of Parliament, Metro Vancouver Region
   Board Chairs, BC Regional Districts
   Bill Karsten, President, Federation of Canadian Municipalities
   Maja Tait, President, Union of British Columbia Municipalities