To: Warden and Members of County Council
From: Director of Corporate Services

COVID-19 Financial Relief Measures

RECOMMENDATIONS


2. And further, that County Council authorizes staff to collaborate with Community Futures Oxford to develop a draft Oxford COVID-19 Economic Stimulus Plan as described in Report No. CS 2020-13 and report back to Council.

REPORT HIGHLIGHTS

▪ Active collaboration with area municipal and community partners to best manage cash flow constraints with emphasis on taxpayers while ensuring the supply chain of municipal and community support services are not compromised

▪ Proposed Oxford COVID-19 Economic Stimulus Plan to complement Federal and Provincial government programs to ensure local small businesses can meet their immediate operating costs to better position Oxford County’s economic recovery and create employment

Implementation Points

The County Treasurer will continue to collaborate with the Area Municipal Finance Group and our water/wastewater billing providers to ensure taxpayers experiencing financial hardship are supported through this crisis. Staff will also consult with Community Futures Oxford to design a draft economic stimulus plan for Council’s consideration that will assist small businesses in regaining their vitality and expedite the recovery of our community’s overall wellbeing.

Financial Impact

There are no financial impacts that will result from adopting the recommendations contained in this report beyond what has already been approved in the current year’s budget, however there will be financial commitments involved in a proposed economic stimulus plan if it were to be adopted by Council.

The Treasurer has prepared this report in consultation with the Area Municipal Treasurers and our water/wastewater billing partners.
Risks/Implications

Supporting our local community both economically and socially through the coronavirus (COVID-19) pandemic will, to the extent possible, mitigate long-term unrepairable recovery. Nonetheless, the level of support must be carefully planned and managed in order to maintain the necessary cashflow for the County, its area municipalities and community partners to continue with business operations and capital works that are also determinants to our community’s economic viability.

Strategic Plan (2015-2018)

County Council adopted the County of Oxford Strategic Plan (2015-2018) at its regular meeting held May 27, 2015. The initiative contained within this report supports the Values and Strategic Directions as set out in the Strategic Plan as it pertains to the following Strategic Directions:

3. ii. A County that Thinks Ahead and Wisely Shapes the Future – Implement development policies, land uses and community planning guidelines that:
   - Strategically grow our economy and our community
   - Provides a policy framework which supports community sustainability, health and well-being
   - Supports healthy communities within the built environment

3. iii. A County that Thinks Ahead and Wisely Shapes the Future - Demonstrated commitment to sustainability by:
   - Ensuring that all significant decisions are informed by assessing all options with regard to the community, economic and environmental implications including:
     - Potential impacts to the vulnerable population in our community
     - Life cycle costs and benefit/costs, including debt, tax and reserve levels and implications

DISCUSSION

Background

On March 17, 2020, Ontario’s Premier declared a provincial emergency through the authority granted under the Emergency Management and Civil Protection Act (EMCPA). Since this declaration, several emergency orders have been made under the Act to contain the spread of COVID-19, to ensure that essential services continue to be provided and support Ontarians. These Emergency Orders made by the government in response to COVID-19, are found on the ministry’s Emergency Information webpage at [ontario.ca/alert](http://ontario.ca/alert) and briefly described below.

Due to drastic measures that must be taken to mitigate the impact of this pandemic on our health and financial well-being, all levels of government, nationally and internationally are stepping up to provide assistance. The following are some measures that have been announced as of March 30, 2020 and are in the process of being implemented. It is important to recognize that this crisis is evolving by the day, therefore this report will likely not be complete with more recent announcements when it is to be considered by Council.
Federal Government

The Government of Canada is committing additional funding to support Canadian businesses from the economic impacts of COVID-19. These new investments provide support to financial institutions and allow them to quickly provide credit and liquidity options for a range of businesses.

These measures are part of the Government of Canada’s COVID-19 Economic Response Plan, which provides direct support and tax deferrals to Canadian workers and businesses to help them in these difficult times.

- **Deferral of Sales Tax Remittance and Customs Duty Payments**
  
  These remittances and payments have been deferred to June 30, 2020.

- **Deferral of Customs Duty and Sales Tax for Importers**
  
  Payment deadlines for March, April, and May are being deferred to June 30, 2020.

- **New Loan Programs for Businesses**
  
  The Canada Emergency Business Account will provide interest-free loans of up to $40,000 to small businesses and not-for-profits, to help cover their operating costs during a period where their revenues have been temporarily reduced, due to the economic impacts of the COVID-19 virus.

- **Canada Revenue Agency’s Additional Measures for Individuals and Businesses**
  
  Income tax filing and payment deadline extensions for amounts due after March 18, 2020 can be deferred to June 1, 2020. Taxpayers who are unable to file a return or make a payment by the tax-filing and payment deadlines because of COVID-19 can request the cancellation of penalty and interest charged to their account. Penalties and interest will not be charged if the new deadlines that the government has announced are met.

- **Avoiding Layoffs**
  
  Extending the Work-Sharing program from 38 weeks to 76 weeks for workers who agree to reduce their normal working hours because of developments beyond the control of their employers.

  Providing small business with up to 75% wage subsidy for qualifying businesses for up to three months, retroactive to March 15, 2020 to help businesses keep and return workers to the payroll.
On March 25, 2020, Ontario’s Minister of Finance released Ontario’s Action Plan: Responding to COVID-19 (March 2020 Economic and Fiscal Update). The province’s action plan includes $7 billion in additional resources for the health care system and direct support for people and jobs. It also will make available $10 billion in support for people and businesses through tax and other deferrals to improve their cash flow, protecting jobs and household budgets.

Key initiatives in the government’s plan to strengthen its response to the COVID-19 outbreak and support people, families, workers and employers include:

- Helping families pay for extra costs associated with school and daycare closures
- Proposing to double the Guaranteed Annual Income System payment for low-income seniors for six months
- Supporting more affordable electricity bills for eligible residential, farm and small business consumers, by providing electricity cost relief programs in 2020-21
- Supporting more affordable electricity bills by setting electricity prices for residential, farm and small business time-of-use customers at the lowest rate, known as the off-peak price, 24 hours a day for 45 days to support ratepayers in their increased daytime electricity usage as they respond to the COVID-19 outbreak
- Cutting taxes by $355 million for about 57,000 employers through a proposed temporary increase to the Employer Health Tax (EHT) exemption
- Expanding eligibility for the Low-income Energy Assistance Program (LEAP) and ensuring that their electricity and natural gas services are not disconnected for nonpayment during the COVID-19 outbreak
- Providing emergency child care options to support parents working on the front lines, such as health care workers, police officers, firefighters and correctional officers
- Expanding access to the emergency assistance program administered by Ontario Works to provide financial support to people facing economic hardship and help more people meet basic needs such as food and rent during this public health emergency
- Enhancing funding by $148 million for charitable and non-profit social services organizations such as food banks, homeless shelters, churches and emergency services to improve their ability to respond to COVID-19, by providing funding directly to Consolidated Municipal Service Managers and District Social Service Administration Boards who would allocate this funding based on local needs
- Providing six months of Ontario Student Assistance Program (OSAP) loan and interest accrual relief for students
- Helping to support regions lagging in employment growth with a proposed new Corporate Income Tax Credit, the Regional Opportunities Investment Tax Credit
- Providing additional supports of $26 million to Indigenous peoples and communities, including emergency assistance for urban Indigenous people in financial need, and costs for health care professionals and critical supplies to reach remote First Nations

Other measures to support people and businesses through tax and other deferrals to improve their cash flows over the coming months, include:

- Providing five months of interest and penalty relief for businesses to file and make payments for the majority of provincially administered taxes
- Deferring the upcoming June 30 quarterly municipal remittance of education property tax to
school boards by 90 days, which will provide municipalities the flexibility to, in turn, provide property tax deferrals to residents and businesses, while ensuring school boards continue to receive their funding

- Allowing employers to defer WSIB premiums and EHT payments for up to six months
- Property Assessment update postponed to allow 2021 property taxes to be based on same valuation as 2020

Ontario Southwest Counties

A poll was conducted the week of March 23rd that included twelve counties in southwestern Ontario for financial relief measures they have put in place, or are contemplating. Considering the two-tier structure, any deferral or special payment arrangement measures employed by the respective lower tier municipalities have an impact on their ability to cash flow instalment obligations to the counties. The following describes the range of approaches:

- Remit an amount for the March instalment that the area municipality deems appropriate, depending on cash flow, waive penalty until the June instalment deadline
- Deferral of March instalment by 30 days
- Remit March instalment as it was collected in February - June instalment pay only what is received with penalty and interest to be incurred on outstanding balance
- Remit March instalment as it was collected in February - June instalment pay a percentage of what is collected and interest to be incurred on outstanding balance
- June instalment obligations to be considered closer to the deadline, based on current conditions at that time
- Possible extension on penalty and interest payments

Oxford County Area Municipalities

The Oxford County Area Municipal Finance Group participated in a virtual meeting on March 26th to discuss tax billing and collection among other COVID-19 related matters. The following is a summary of the various measures that have either been approved or are being considered:

- Waiving penalty and interest in April and May
- Deferring preauthorized payment plans for two months upon request
- Addressing concerns on an as need basis

Comments

In addition to property taxes, the County collects user fees related to water and wastewater utilities, and waste management. Although the County has additional user fees and charges, those specifically identified represent the most predominant, are considered essential services, and have regular payment requirements which pose challenges during times of financial hardship.

The following sections address potential financial relief measures that could be employed by Oxford County in cooperation and collaboration with our area municipal and community partners.
Property Taxes

The County is responsible for setting tax policy in each year that governs how the County and its area municipalities will administer the tax billing and collection program. As a component of tax policy, municipalities are required to provide a tax relief program of deferrals or cancellation or other relief to relieve financial hardship relative to the residential property class for property owners who are low-income seniors or low-income persons with disabilities. Amounts deferred under this program are permitted to accrue as long as the person remains eligible until such time as the property is sold, otherwise transferred, or taxes paid. The County’s Financial Hardship Program By-law No. 5912-2017 was reviewed and reaffirmed by Council at their March 11, 2020 meeting, therefore is available for those who are eligible at this time.

In addition to the financial hardship program, the County also established a tax rebate program for the purposes of providing relief from taxes or amounts paid on taxes on eligible property owned by eligible charities and similar organizations. This tax rebate program, established by By-law No. 5913-2017, was also reviewed and reaffirmed by Council at their March 11, 2020 meeting, so it too is available for those who are eligible at this time.

The County’s Interim Tax By-law No. 6193-2020 was passed by County Council at their regular meeting held January 8, 2020. In accordance with Section 311(13) of the Municipal Act, 2001, a lower-tier municipality in a county shall pay amounts to the upper-tier municipality in the following instalments:

1. 25 per cent of the amount required to be raised by the lower-tier municipality for upper-tier purposes in the previous year, on or before March 31.
2. 50 per cent of the amount required to be raised by the lower-tier municipality for upper-tier purposes in the current year, less the amount of the instalment paid under paragraph 1, on or before June 30.
3. 25 per cent of such current amount, on or before September 30.
4. The balance of the entitlement for the year, on or before December 15.

Annual final tax instalments due dates and amounts are passed at the time tax policy is approved by County Council, forming part of the tax ratios and tax rates annual by-law, which is typically passed in April. Both the interim tax by-law and the final tax by-law contain provisions for the County to impose interest on any amount past due at a rate of 15% per annum, or 1.25% per month until paid.

The area municipal tax instalment due dates are either the last business day or the last Friday of February, May, August and October. This allows collection of the tax instalments with an additional month for late payments to be received before having to pay the County’s instalment, with the exception of the final instalment in which there is a month and a half between the area municipalities’ and the County’s instalment due date.

The following table sets out the interim tax instalment amounts and recommendations based on the discussion held with the Area Municipal Finance Group.
**2020 Interim Tax Instalments**

<table>
<thead>
<tr>
<th>Due Date</th>
<th>Amount</th>
<th>Recommendations¹</th>
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</thead>
<tbody>
<tr>
<td>March 31, 2020</td>
<td>$15,847,631</td>
<td>Due March 31, 2020</td>
</tr>
<tr>
<td>June 30, 2020</td>
<td>15,847,631</td>
<td>Reassess closer to the deadline to reflect current conditions</td>
</tr>
<tr>
<td></td>
<td>$31,695,262</td>
<td></td>
</tr>
</tbody>
</table>

Note 1 – recommendations of the Area Municipal Finance Group

In the event that the Council opted to defer payment of one of the instalment payments, the area municipalities would be required to pay approximately $200,000 per month until paid, unless Council were to amend the interim and/or final by-laws to remove the interest provision.

In light of cancellation of the regular meeting of Council that was scheduled for March 25, 2020 due to the COVID-19 outbreak, the final tax ratios and rates by-law will not be presented to Council until their meeting scheduled for May 13, 2020. It is intended that the Area Municipal Finance Group will continue to meet regularly during the ongoing COVID-19 crisis in order to monitor and assess the situation and report to Council(s) if any further action needs to be taken. As such, we will have a much better indication if any or what modifications to the final tax ratios and rates by-law will be necessary at that time. In the meantime, we will continue to support the area municipalities to ensure no additional financial burden is imposed on their tax instalment obligations and will inform Council accordingly.

**Water/Wastewater User Fees**

Water and wastewater user fees are billed monthly for all properties connected to municipal water and/or wastewater systems. The billing and collection procedures are set out in the County’s Receivable Management Policy No. 6.03. The following are excerpts from the Receivable Management Policy.

Section 3.2 - In his/her capacity as Treasurer, the Director of Corporate Services (County Treasurer) is responsible under section 286 (1) (a) of the Municipal Act to collect money payable to the municipality, in the manner directed by the Council. Therefore, the County Treasurer or their designate, the Manager of Finance, shall provide direction to staff in the management of receivables. The following procedures form part of the overall strategy for accounts receivable management.

Subsection 3.2.5 - Interest shall be charged on overdue accounts when it remains unpaid after 30 days from the date of the invoice. Interest at the rate of one and a quarter percent (1.25%) will be charged on outstanding balances from the date of service.

Subsection 3.2.9 - 3.2.9. The County Treasurer is authorized to, on an as required basis:
  a) adjust collection procedures
  b) adjust late payment charges
  c) negotiate payment plans
  d) waive or adjust NSF fees
Subsection 3.2.10 - The County Treasurer is authorized to write-off accounts deemed to be uncollectible, only after all required steps set out in this policy have been followed and all collection efforts have been exhausted.

In addition to these collections procedures, in the case of delinquent water accounts, the Policy contains the provision to shut off water services. This collection procedure was suspended when COVID-19 was declared an emergency by Ontario’s Premier to ensure no property owner in Oxford County on a municipal water system would not have access to clean water to maintain the hygiene protocol as prescribed by the Medical Officer of Health Canada.

In consultation with our water/wastewater billing and collection service providers, since many of our customers are billed on multi-service bills containing hydro accounts from the Town of Tillsonburg and ERTH (exceptions being Woodstock and Blandford-Blenheim), it would be preferred to follow the same procedure for water/wastewater as are to be applied to hydro accounts. At the time of this report, the billing providers are not adjusting billing and collection procedures for hydro with the exception of ceasing to disconnect hydro service. Instead, they will be offering relief on an as need basis - demonstrated hardship related to COVID-19. This method of relief is preferred as it would allow for sufficient cash flow to meet the billing providers’ operational billing requirements as well as the County and area municipal operational requirements to maintain the water and wastewater systems during this time of crisis. To assist in managing the cash flow of all parties involved, instead of the billing providers paying the County for monthly water/wastewater fees as billed, they will pay the water/wastewater fees as paid by users in accordance with their customized payment arrangements. As the appropriate authorities are provided within the Receivables Management Policy, no further requirements are necessary to proceed with the proposed financial relief measures.

**Bag Tag User Fees**

The County has a bag tag user fee designed to encourage recycling materials that can be repurposed for other uses and to incent waste reduction directed to landfills. The revenues generated support only a portion of the County and area municipal waste management programs. Regardless, those revenues fund a significant portion of the County’s waste management program, amounting to approximately $270,000 per month.

Nonetheless, in response to residents who are required to be isolated in their homes and unable to go to a local business to purchase their bag tags, the County has implemented a procedure that allows residents to call in a limited order to cover at least two weeks of waste collection.

**Economic Stimulus**

Small business represents a significant portion of Oxford County’s economy and, if not sufficiently supported, there will be a devastating impact on the local economic vitality, health and wellbeing of our community. In addition to the economic stimulus measures committed by the upper levels of government, Council may wish to consider Oxford County’s own economic stimulus plan that, in addition to the relief measures aforementioned in this report, would enhance economic stimulus efforts of the Federal and Provincial Plans.

The County has a well-established community sustainability fund (Future Oxford Legacy Fund) that could be replicated for the purpose of investing in the revitalization of our community’s
sustainability in the aftermath of COVID-19, supporting small business through financial recovery.

The Future Oxford Legacy Fund is a community partnership supported by the County, Future Oxford Partnership and Community Futures Oxford. The Fund is seeded by County investment that is allocated in the form of grants and loans to small business in accordance with the business model governing federally funded Community Futures Development Corporations (CFDCs), and in keeping with the principles of the Future Oxford Sustainability Plan. In addition to providing professional business loan and funding consultation, CFDCs also provide expertise in business planning, counselling services and skills training – value added services to ensure the success of each beneficiary.

Unlike, the Future Oxford Legacy Fund, a County economic stimulus fund could be designed to provide limited operational funding to assist in meeting immediate financial needs that have resulted from the effects of COVID-19, allowing a more expeditious economic recovery by complementing the Federal government’s loan programs for small business and not-for-profits. The program would be designed in collaboration with Community Futures Oxford as the administrators, and would include accountabilities to the County through regular reports of the program’s outcomes. Attached is the Future Oxford Legacy Fund information sheet as an example of what the County’s economic stimulus plan could look like.

Conclusions

Staff will continue to monitor the financial relief measures to support our community and will report back to Council as deemed appropriate and in response to direction from Council.

In regard to matters related to shared services with our area municipal partners and water/wastewater billing providers, staff will maintain regular contact to ensure our community is well supported during this difficult time.

SIGNATURES

Departmental Approval:
Original signed by
Lynn S. Buchner, CPA, CGA
Director of Corporate Services

Approved for submission:
Original signed by
Peter M. Crockett, P.Eng.
Chief Administrative Officer

ATTACHMENT

Attachment 1 – Future Oxford Legacy Fund Information Sheet
Future Oxford Legacy Fund

A fund to promote the goals of the Future Oxford Community Sustainability Plan, which aims to improve quality of life for Oxford’s current and future generations and to balance Oxford’s collective economic, community, and environmental interests.

FUNDING PRINCIPLES AND CRITERIA

The following principles and criteria will be applied to the selection of projects. Projects must:

- Assist Oxford in becoming a leading, resilient, sustainable and thriving County (preferred)
- Address the goals and objectives in the Future Oxford Community Sustainability Plan (preferred)
- Provide an assessment under Future Oxford’s multi-criteria assessment tool: http://futureoxford.ca/general/sustainabilityplan/index.htm#sustainability
- Consider community, economic and environmental impacts as part of decision making
- Leverage other federal, provincial, municipal and/or private sector investments
- Complement, and not duplicate, funding from other programs
- Confirm location, and project execution, is in Oxford County

1. ACCESS TO CAPITAL

The goal of this component will be to cultivate entrepreneurship throughout Oxford, thereby building a vibrant and sustainable economy. Priority sectors include youth entrepreneurship and employment, arts, culture, tourism, high-tech manufacturing, green technology, and locally grown and processed agriculture products. Access to capital provides flexible repayment terms, negotiated to encourage the long-term viability of the borrower.

WHO CAN APPLY

- Community organizations
- Not-for-profit organizations
- Co-operatives
- Social service institutions
- Business organizations
- Municipalities
- Private enterprise

TERMS

Successful applicants will receive business financing up to $100,000 through a repayable loan from the Oxford Small Business Support Centre Inc. The loan will consist of up to a 5-year term and will be amortized over 5 to 10 years. Interest rates and monthly payments will be decided on a case-by-case basis and may include such conditions as one year of no payments or interest only payments for a defined period. Credit applications will be evaluated according to the business plan, cash flow forecasts, security available, sustainability of the project and projected outcomes.

FUNDING

Successful applicants will receive a grant from the Oxford Small Business Support Centre Inc. The maximum level of total government funding (federal, provincial, and municipal funding) for projects must not exceed 85% of total project costs. The minimum 15% non-government contribution to your project can be cash, in-kind support from your organization or from other sources of funding, or a combination of both. In-kind support means contributions other than monetary which defray a portion of the project’s eligible costs.

The following activities will not be funded: Projects designed specifically to advance a religious affiliation or political agenda; activities that promote discriminatory actions as defined by the Canadian Human Rights Code; projects designed for debt or deficit reduction; projects that submit costs incurred or completed prior to project approval.

OXFORD SMALL BUSINESS SUPPORT CENTRE INC.

Visit www.osbsc.on.ca for more information on the Future Oxford Legacy Fund, including project eligibility

FUTURE OXFORD

Visit www.futureoxford.ca for information on Future Oxford, including the Future Oxford Sustainability Plan