



# REPORT

## CAO's office

**TO:** Mayor and Members of Council  
**FROM:** Marcia Wallace, CAO  
**DATE:** July 21, 2020  
**REPORT:** CA0-07/2020

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**SUBJECT:** CAO Update: Second Quarter (Mid-Year) Report

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### **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 second 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 to the next quarter.

This report is for the second quarter - April to June. As was the case in Q1, COVID-19 has substantively impacted the activities of the County. In the second quarter, there was a shift from emergency response to recovery in terms of the activities of County staff.

Overall the County remains in a neutral to positive financial position. Despite additional expenses and challenges, staff have effectively deferred projects and delayed large procurements to manage cash flow, while maintaining those services that are most required. Pending the possibility of financial support from upper levels of government (recently promised, but without details on implementation) as we move into the latter half of the year we will make decisions about which deferred projects and procurements can continue and those which will need to be revisited in the 2021 Budget discussions.

### **RECOMMENDATION:**

1. **THAT** Council receive report CA0-07/2020 for information.

**ANALYSIS:****Mid-year Fiscal Overview**

As at June 30th, revenue is lower than anticipated but operating expenses are likewise lower than anticipated.<sup>1</sup>

	2020 YTD Budget (6 Months)					
	Unadjusted Actuals As at June 30/2020	2020 Budget	Budget Remaining for 2020	\$ Budget	\$ Remaining	% Spent
Revenues	(8,299,226)	(18,778,996)	(10,479,770)	(9,389,498)	(1,090,272)	88.4%
Expenditures	21,308,565	59,089,716	37,781,151	29,544,858	8,236,293	72.1%
<b>Net to be raised</b>	<b>13,009,339</b>	<b>40,310,720</b>	<b>27,301,381</b>	<b>20,155,360</b>	<b>7,146,021</b>	<b>64.5%</b>

Operating revenues are lower than the budget by \$1,090,300. This shortfall is due primarily to transfers from reserves have not been completed, COVID-19 and measures taken to mitigate impacts to rate payers such as:

- 1 free bag of garbage for curbside pick-up.
- the cancelation of all penalty and interest on outstanding taxes and utilities.
- the closure of community centres and arenas, town halls, and parks.
- deferral of final tax bills to September and November.

The County has also incurred unbudgeted expenditures of \$409,125 related to personal protective equipment, pandemic pay and the creation of safe and physically distanced spaces for staff. These expenditures have been offset by funding received from the province for pandemic pay of \$399,865.

Operating expenditures are under budget by \$8,236,300. This is due primarily to transfers to reserves have not been completed, the seasonal nature of expenditures and a number of departments having positive expenditure variances as a result of the pandemic.

Also impacting the lower expenditure amount are deferrals offered by senior levels of government that have provided relief to strained cash flows some of these are:

- Deferral of WSIB payments
- Deferral of School Board Payments
- Deferral of OPP May payment to September

Final tax bills were deferred by the County and will be issued in July with due dates of September 15<sup>th</sup> and November 16<sup>th</sup>. The deferral of tax bills has impacted cash flows for the County and procurement was looked at closely. For capital costs, only those projects that were of the utmost importance were procured, and projects that could be pushed to the fall and still be completed in 2020 were delayed. Operationally any work that could be moved to a future year without compromising public health and safety was deferred so that the costs will not be incurred in 2020. The County does have an operating line of credit with the bank but has not had to access these funds.

<sup>1</sup> As of June 30, 2020, actual Year to Date (YTD) (unadjusted) operating revenues are lower than YTD Budget and actual YTD (unadjusted) operating expenditures are under YTD Budget



To assist with cash flows staff will be recommending in September that Council allow a construction loan for the major road works. In addition to this staff will also be requesting that the budgeted issuance of debt for the procurement of the large tandems and single axle trucks purchased in 2018/2019 be issued as well as the closed water/wastewater projects from 2018/2019.

As at June 30<sup>th</sup> Water Services has an adjusted operating surplus before capital costs (debt servicing costs) of \$781,000 and \$317,700 after capital costs.

Wastewater Services has an unadjusted operating surplus before capital costs (debt servicing costs) of \$914,600 and \$180,100 after capital costs.

At June 30<sup>th</sup> the County has disbursed \$4.6 million in capital costs.

### **General Community Service Provision**

#### *Emergency Response and Recovery*

The County remains in a municipal emergency, and the focus on immediate health and safety matters, communication of key information continued to be a priority. At the same time, as the province took a regional approach to recovery and Prince Edward County began to see more activities and businesses restart, this required a shift towards emergency recovery in the second quarter.

Councillors got directly involved in recovery through their participation on task teams in the areas of business and the economy, seniors and accessibility, agriculture and farming, and food and food insecurity, and later with the Mayor's Economic Recovery Team (MERT). Some initiatives that County staff engaged in to support both municipal response to the pandemic and businesses restarting as recovery took hold include, but are not limited to:

- Leveraging the Have Your Say website ([haveyoursay.county.ca](http://haveyoursay.county.ca)) to provide a single point of information for businesses and enable collaboration and discussion with different sub-sectors of the economy.
- Adapting existing tourism funding to support communicating new restrictions for the tourist season, holding training workshops for businesses moving to more on-line platforms. The County received more than \$213,000 in funding to support tourism from senior governments for this work.
- Relaxing rules for sidewalk patios, park dining in municipal spaces and facilitating curbside pick-up.
- Addressing parking challenges and crowding concerns as day visits to the County in particular started to increase earlier than usual compared to previous summers.
- In partnership with the County Foundation, released funding for community projects that could easily continue amidst COVID-19 restrictions, and later released funding to support the on-going operation of struggling not-for-profit organizations.

Enforcement of the provincial orders was primarily focused on public education and warnings, as directed by the public health and provincial officials. In the County, by-law enforcement issued 2 tickets during the pandemic implementing provincial emergency orders, all aimed at short-term rentals operating outside of the provincial orders in the early part of the second quarter. As Prince Edward County moves into phase three of the provincial reopening plan and the provincial emergency order ends, enforcement will primarily be focused on parking infractions to address overcrowding as the County experiences higher than normal daytrip volumes, as other tourism and beach communities are experiencing across Ontario this summer. Implementation of the recent bylaw to require masks or face coverings in indoor public places and at outdoor markets and farm stands is receiving strong compliance in the community and is not expected to generate the need for tickets to enforce in the third quarter.

With no new lab-confirmed cases of COVID-19 since May 18, 2020 for the Hastings Prince Edward Public Health region, Prince Edward County began to move through the provincial phases of reopening through the latter half of the second quarter. Similar to many other communities as they reopened, this resulted in two competing and at times contrasting sets of demands from businesses and residents. On the one hand, there has been increased pressure for Council and County staff to take measures to respond to the emergency by providing flexibility and support to struggling business and emphasizing the need for tourists to take extra precautions when visiting. On the other hand, the demand has returned for regular services from the municipality such as road improvements, grass cutting, and waste services). Municipal staff made its best effort to meet these increased expectations; however, we were not always successful due to the pressure on limited staff time and resources.

### *Parks and Municipal Buildings*

Beyond limited in-person service offerings at Shire Hall and the Picton Fire Hall, most municipal buildings have remained closed to the public. The first public facing reopening began with outdoor public washrooms, which were ramped up to cover 14 locations across the County in May, 2020. With an enhanced COVID-19 cleaning protocol, signage, protective equipment and staff training this proved to be an important resource for residents and visitors alike, especially in the early part of the reopening when many businesses were not allowing the public to access their washrooms. Public facing information related to STA licenses, boat launch locations and public washrooms available as we began to reopen facilities was made available on our website and can be found [here](#). The County will begin to reopen a greater number of buildings as of July 31, 2020.

While public access to buildings has been limited in the second quarter, staff have been redirecting their work to a variety of building improvements and outdoor projects. Museums, while they remained closed, the Ameliasburgh Museum received upgrades to its windows and other general repairs. The Ameliasburgh Green Barn project has been restarted and is finally on its way to completion after considerable delays. An outreach program has been developed by the museum team in place of the summer camp series. Take away camp packages will be available for children starting in August. Playground installations were completed at Roblin Lake Park, Westfall Park and Fawcetteville Park. All recreation parks have been cleaned up -

efforts including painting, refreshing fill for playground services, edging walkways and rototilling the playing surface. At the same time, due to a delay in procurement for grass cutting, several parks and public areas were sorely neglected as staff could not keep up with the growing grass. Grass cutting was subsequently addressed with a multi-vendor competitive approach to diversify the number of companies involved across the County and in hopes of ultimately managing program costs and improved service.

Future work is expected to address competing interests among pickleball and tennis users on the municipal courts and improve the overall state of the court surface. The latter work will be completed under warranty from a 2018 contract.

### *Community Supports and Long Term Care*

While the focus of the community may have been on the pandemic and the provincial announcement that the Prince Edward County Memorial Hospital development had reached Stage 3, the second quarter also saw the community welcome three new family doctors.

In partnership with our local McDonalds, the Fire Prevention Team came up with a unique way to get their message out to children during the pandemic-related school closures: they handed out more than 250 bags with fire education information, one with every kids meal.

At H.J. McFarland Memorial (HJM) Home, the most significant accomplishment has been no cases of COVID-19 during both the pandemic lockdown and the phased reopening in the province. Efforts that were undertaken by staff early in the pandemic to minimize community spread risk have continued, including a comprehensive environmental routine focusing on the cleaning and disinfecting activities, and staffing routines to avoid gaps and increase individual accountability. Staff have shown immense resiliency and dedication to the residents and their loved ones as well as their coworkers by complying with the many changes to routine, processes or work activities to ensure the safety of the HJM family.

Provincially mandated testing of all residents and staff in the home was new for Q2. HJM employees, despite the unfavourable process of being tested, had 100% compliance with all results returned with a negative finding. With a focus on client care, staff also implemented new processes to support residents and families with virtual window visits, which evolved into in-person visits as the provincial rules allowed.

The home witnessed a significant outpouring of community support from service groups, agencies, local business, families and individuals during this time. Multiple donations of pizza, coffee, donuts, sweets, cake and other refreshments kept spirits high for the staff that were working on the front lines. Rethinking the engagement of external stakeholders such as Family Council has led to routine virtual meetings and weekly emails to keep them apprised/updated and informed on the home's activities during the pandemic.

Alongside maintaining vigilance in terms of the extra precautions due to COVID-19, the County has re-engaged with the Ministry of Long Term Care (MLTC) and formed a senior staff working group to support and fast track the much-anticipated redevelopment and new build at the HJM site. The next step is to secure licensing for the increased number of residents. A licensing application for the 160-bed home was submitted to the MLTC for review. Public consultation on the expanded licence and a request for proposal for the design and construction of the new facility is expected to be released in Q3.

## **Infrastructure, Roads, Development and Fire Services**

### *Road Improvements and Construction Projects*

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. The workplan consists of single and double surface treatment, micro-surfacing and pavement crack routing and sealing programs. Implementation of the plan continued in Q2 and the work is approximately 60% complete. See Attachment #2 for information related to the status of the surface treatment programs.

Five sections of roads received a single surface treatment application early in the summer, much earlier than has been accomplished in previous years. This will create favourable conditions (heat and time) for these roads to set faster than would normally be seen. Candidate roads for double surface treatment have been pulverized and culvert replacement, ditching, brushing, road widening, and addition of gravel has taken place on most roads. Application of the double surface treatment is scheduled to be completed by the end of August. Given the warm weather, dust suppression continues to be a challenge for some locations.

The micro-surfacing tender has been issued and will be awarded in Q3. A tender for pavement crack routing and sealing was issued in June but closed with no bids being received. The tender was subsequently re-issued and we are hopeful for a more favourable outcome.

Roadside clean up was completed early in the second quarter, with brush trimming in urban areas, parking lots, as well as roadside brushing being undertaken in other areas. Gravel road maintenance has been completed for those roads that will remain gravel, and the annual gravel road stabilization and dust suppressant (calcium chloride) program was completed.

An RFQ was prepared and issued for Bridge Deck Condition Survey of 7 County bridges along with an RFQ for the County's annual bridge inspection program for the years 2020 and 2021. Additionally, staff reviewed documentation and initiated tendering process for the following projects: Black River Bridge reconstruction, County Rd. 3 reconstruction, and Street A and County Rd. 33 construction

The budget commitment to repair damaged sand storage domes is expected to take place. The completion of Talbot Street/Lake Street reconstruction as well as the Hill St./Fairfield Street reconstruction are both forecasted to be completed by September

2020 while the County Road 3 reconstruction project and Black River Bridge are ongoing and expected to be completed late October/early November.

Additional projects included, the interior and exterior coating project of the Bloomfield and Consecon water towers has been completed; the illuminated sidewalk connecting the Picton Heights area to the Picton urban area was completed; the Picton Heights Reservoir WM project reached substantial completion; resurfacing of the entire Millennium Trail with limestone screenings was completed; and the tender for the demolition of the storage dome was put out June 11th and closed July 10th (as of June 24th there were 2 registered contractors).

The curbside pickup tender for waste management is also expected to be awarded in the third quarter. This follows the waste management diversion report that went to Council in June.

### *Water/Wastewater Services*

The second quarter involved few events out of the ordinary for the County's water and wastewater facilities, and afforded time under the emergency to catch up on various compliance activities, including certifications and legislated reporting required by the province. Perhaps most notable was a major electrical event that occurred at the Picton wastewater plant, where a ground fault issue with one of the filter effluent pumps shut down the plant power for a number of hours, which triggered a reportable event for the facility. During this event there was also a complete failure of the facility's standby generator and a rental unit was required. The rental unit is still on site and repairs have been delayed due to replacement parts not be available. Repairs are expected to be completed by the end of August, assuming the parts can be manufactured.

Contractors were brought in to complete the repair and repainting of the Consecon and Bloomfield water towers. This work involved draining the water from the tower and switching the systems to pressure mode to allow for the work to happen. This was followed by a series of disinfection steps and sampling protocols before the tower could be back in service and return the distribution and area fire hydrants to normal operation.

Additional work has been triggered, given the considerable street rehabilitation work occurring in Picton on Hill/Fairfield Streets and Talbot Streets (and issues with the particular contractor) to oversee the contracted work around water mains and services to minimize disruptions to service. The contractor has elicited many reportable events.

With Council approval, staff took forward reports that allowed for the renewal of our contract for the disposal of bio-solids from the Picton and Wellington plants in the second quarter, as well as initiated the tertiary/Ozone project for the Wellington plant as an innovative solution to comply with federal regulations.

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

- Inspection and cleaning of the Wellington water plant intake structure and pipe that runs 1475m out into Lake Ontario
- Proactive inspection of valves at the Picton wastewater plant and Laylor pump station, resulting in replacement of parts for the force main valves that have failed prematurely and were expensive to replace
- Annual spring hydrant flushing for Picton, Bloomfield and Wellington.
- Excavation and repair of water service in Bloomfield (Main Street)
- Emergency water main repairs in Wellington (Main Street) and Picton (King Street, Talbot Street, Hill Street)
- Summer maintenance (June) to take down, clean out and inspect various wastewater process tanks

### *Planning and Development, Asset Management*

The County moved forward on Council approval to implement a LED streetlight replacement program. In early June a pilot to show the two options for light temperature were set up in Picton and Consecon, and a popular consultation took place on the Have Your Say website. In the next quarter, the County will move forward with the installation of 1,384 lights of the warmer style (4000 Kelvin) based on this consultation. Lights will be replaced in all of the County's towns and villages, with the exception of lights found in parks or parking lots, those that are decorative (as opposed to the standard cobra model) or those not owned by the County. This change is anticipated to reduce greenhouse gas emissions by 25 metric tonnes annually, and save \$65,000 annually in reduced energy costs.

Planning and development continued to be active across Prince Edward County. The County issued 189, and 14 planning files were brought to Council. Efforts continue to improve the approvals process, and to this end Council approved the delegation of several routine or technical planning matters at their June 23 meeting. This was recommended by staff given the positive experience with delegated authority for some planning matters under the powers delegated to the CAO during the COVID-19 emergency.

Changes were also made in the second quarter to improve public transparency and consultation with decisions that do come before Council. July 29, 2020 will be the first Planning Committee since the pandemic started and the key changes will be matters heard will be for consideration and public input, rather than final decision. As well, early in the third quarter several high-profile planning applications of wide community interest (IRTH, Quinte Isle, & Picton Terminals) will be taken through a municipally led public meeting to give the public a chance to make their views known directly to municipal staff before the matters come before Council. This will be challenging to implement given the COVID-19 restrictions, but these will be in-person meetings. Background materials and information will be on the planning corner of HaveYourSay and news releases will go out early next week for the meetings.

Consultation is also planned in Q3 on various studies that are underway and projects that were committed to earlier in the year. These consultations will be hosted on the County website Have Your Say ([haveyoursay.county.ca](http://haveyoursay.county.ca)) but in some cases will also have in person engagement. This includes, but is not limited to:

- Transportation and Cycling Master Plans.
- Road Service Levels.
- Sidewalk Improvements.
- Municipal Accommodation Tax (MAT).
- Sir John A. Macdonald statue in Picton.

Behind the scenes, staff worked to improve the data available to inform decision making and recommendations to council with the development of new GIS layers related to unopen road allowances, sanitary sewers, short-term accommodation (STA) licences as well as secondary land use plans for Picton, Wellington and Rossmore.

Looking forward to the third quarter, staff are focusing on asset management work and supporting decisions in anticipation of the 2021 budget. As background information on various asset classes continues to come to Council (similar to the discussions on reports to Council regarding roads, waste, and fleet that have come forward) staff are also documenting the current state of assets using our asset management platform CityWide, which was purchased in 2017. Provincial requirements for enhanced asset management plans are due in 2021, and staff are on track to bring a plan to Council before the mid-year in 2021, informed by the 2021 budget discussions.

### **Administration and Staffing**

In the second quarter there were 11 meetings of Council and Committee of the Whole. While Council began meeting virtually, this gradually evolved to a hybrid model where Council is meeting in a socially distant manner and delegations, staff and members of the public engage electronically via zoom. The work of Council has increased with the return to regular meetings; one metric being the number of By-laws passed - 43 by-laws were passed by Council in Q1 while 56 by-laws were passed by Council in Q2.

#### *Internal Changes to Modernize Service Delivery*

Taking advantage of the reduction in front-counter service delivery during the pandemic-related closure of municipal buildings, the Clerk's Office undertook a comprehensive review of the advisory committees of Council. Involving the interview of existing committee chairs, surveys of the membership and a review of similar committees in other communities, Council has now approved the updated terms of reference of 9 advisory committees, with the final four being completed in Q3. In addition to greater clarity and consistency on the function of each of these committees, these changes will facilitate electronic participation of members and the public, and in some cases has involved changes in membership. The revised committees will also involve a "whole County" approach to how staff support the work of these committees, replacing the single department approach that supported these committees in the past.

In the second quarter, the County also awarded a contract to complete the By-Law/Policy Review that was a commitment in the 2020 budget but faced a delay



because of COVID-19. This review will take place in Q3 and is expected to provide recommendations that will help modernize, update and address out of date rules guiding the work of County council and staff. This review will inform several reports that will be brought before Council for decision in the Fall - "bundles" of policy updates such as updated administrative, infrastructure, or HR policies.

IT staff were challenged with short-term requests due to the changing work environment caused by the COVID-19 pandemic, which put greater pressure on the network. Despite the challenges of broadband service across the County, as in many rural communities in Eastern Ontario, Council has been able to continue with a combined in-person and virtual way. By active monitoring servers and given previous work to support the County's network, we had zero downtime during what became an abrupt shift to a mostly mobile or remote work environment for office staff.

The IT department worked hard to quickly deploy mobile devices to staff across the organization as we adapted to an evolving pandemic environment which put greater pressure on the corporate network and server resources. Despite the challenges of broadband service across the County, as in many rural communities across Eastern Ontario, Council has been able to continue to operate in a combined in-person and virtual way. By actively monitoring The County's IT infrastructure as well as implementing a department wide change freeze, IT was able to achieve zero downtime during what became an abrupt shift to their day-to-day activities and planned projects. Adapting to new IT needs during the pandemic set back some of our regularly scheduled software upgrades, which we will attempt to catch up on in the balance of the year to ensure the department continues to move forward and provide reliable, consistent IT services to the organization.

#### *Risk Assessments, Staffing and Training*

Outside workers had been working with physical distance and additional restrictions on access to work sites by the general public throughout the first quarter, while most office workers had been working remotely. As we move in the third quarter, most office staff are no longer relying on work-from-home strategies as the province has introduced new expanded capacity limits on common areas. In some cases, for inside workers a mix of remote and office work will continue in order to support physical distancing.

With direction from the province on reopening Ontario, in May 2020 the County began to reintegrate our employees into a "new normal" practice. Protocols were built into daily work that could be sustained over several months if needed, and acknowledged the increased contact with the public that would be required to deliver municipal services as the province reopened. Our approach involved the completion of risk assessments on all one hundred and fifty-two (152) municipal facilities, including sheds and other smaller structures. The risk assessments bundled similar work or functions, while also taking into account location-specific challenges to health and safety. These risk assessments were conducted by the management working at those locations, in conjunction with staff input and finalized through the Human Resources Department and Joint Health and Safety Worker Representatives.

This risk-based approach to reopening has allowed staff to feel comfortable doing work that has posed new challenges given COVID-19, and will support the reopening of more County facilities in the third quarter. Some of the new protocols involve

enhanced cleaning and disinfecting, social distance planning for how interior spaces are used and to increase physical space between staff within work areas where possible, scheduling changes to reduce congestion, physical barriers and face coverings when dealing directly with the public<sup>2</sup>, additional signage, employing technology to support communication and staff training. In some areas, personal protective equipment for staff has remained in place as it was in the early stages (for example, at HJ McFarland Memorial Home or the emergency response for the Fire Service) given the level of risk present. The approach is iterative across all departments, and adapts as we learn more or conditions change.

Despite the pandemic, recruitment for internal positions, as required to meet operational requirements has remained strong. Key management vacancies filled in the second quarter included the Fire Chief and Director of Operations, as well as other roles identified for recruitment/backfill were filled across the organization with strong internal and external candidates. This has allowed the County to deliver services without interruption. Volunteer firefighters remains an area where recruitment is a challenge, as is the case in most rural areas with a large volunteer force. Using a program set up by the Canadian Association of Fire Chiefs we have started branding our recruitment program “Answer the Call” and we expect to roll out the program in the third quarter.

Fifteen students were brought on in the second quarter, though significantly less than in past years due to budget constraints (37 students hired in 2019). The federal program for student hiring did not apply to municipal governments, however, the students brought on are working in By-law, which is generating revenue to recover these staffing costs, Recreation & Community Facilities, Operations and H.J. McFarland Home.

Mandatory training to support statutory requirements (e.g. licensing, certifications) and other professional development remained difficult to do in the second quarter because of COVID-19 restrictions and the lack of hands-on training available. Some organizations, however, are beginning to move to online training modules that we expect will help address the gaps in mandatory training we have before the end of the year.

The volunteer firefighters resumed training using an online platform to cover theory and theory testing. Moving into the third quarter in-person training will restart with smaller groups and extra protocols. As well, late in the second quarter on-site training was arranged employing social distance for a range of basic activities including fuel handling safety, load security, daily inspection training, professional driving and fire extinguisher training to support new staff or those taking on new roles.

### **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

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<sup>2</sup> This protocol changed once By-Law 115-2020 came into force on July 10, 2020 as masks or face coverings are now used by all staff when moving through municipal buildings.

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.

The second quarter of 2020 has been challenging in many ways for the municipality. Although cash flows have been managed by the careful review of procurement and the deferral of non-essential works to future years there will still be constraints on the County's cash flows. Although the operating line of credit has not been accessed at June 30<sup>th</sup> it may be required in the last quarter of 2020 should ratepayers not be able to meet the final tax bill due dates of September 15<sup>th</sup> and November 16<sup>th</sup>. As discussed in the Q1 CAO Report a construction loan for the major road works will be undertaken if cash flows are too constrained, this will be brought to Council in September. Additionally, planned debt servicing will be undertaken in September for the 2018/2019 purchases of tandems and single axle trucks as well as the closed water/wastewater projects from 2018/2019. Further debt will be undertaken in November for the contribution to the construction of the new hospital.

#### **RISKS:**

<b>RISK DESCRIPTION</b>	<b>RISK TYPE</b>	<b>PROPOSED MITIGATION</b>
Pressures on ability to make payroll with reduced cashflow	Financial	Tax bills have been issued, and it is expected some residents and businesses will choose to pay early, despite the pushed-out deadlines and the relaxed penalties the County is offering. A construction loan will be sought to bridge remaining cashflow constraints in the fall. The federal/provincial governments have also committed funding for municipalities, although there are not details as to how that will be distributed.
Resource challenges in completing mandatory	Legislative	Audit committee has been delayed to Q3. Staff worked with KPMG to gather necessary materials for the smaller audits Provincial Offences

municipal audits		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	New approaches to in person training with social distance and the use of on-line modules where possible are filling in the gaps in mandatory training requirements.

**COMMUNICATIONS:**

This report is to be tabled at the August 4 Council meeting. This report will also be shared on social media as was done with the first quarter report. A report for Q3 is expected to come before Council in late October, 2020.

**ATTACHMENTS:**

1. Q2 Procurement, 2020
2. Roads 2020 Workplan - Q2 Update

**Authorizing signature:**



Prepared by:

Marcia Wallace  
Chief Administrative Officer

July 25, 2020