



April 30, 2020

Council endorses plans to save costs and avoid a deficit in light of COVID-19

At the April 27 meeting, Council endorsed a range of cost-saving options that will help prevent the City from running a deficit in 2020 and help provide relief for Campbell River taxpayers this year.

“The COVID-19 pandemic is reducing revenue and creating unanticipated costs for the City, so we’ve taken a preliminary look at what we can do to reduce costs and avoid running a deficit this year,” says Mayor Andy Adams. *“In some cases, public health orders require us to suspend services. We’ll be reviewing more options for cost savings and potential community relief measures at the May 11 meeting, mindful of the need to maintain services where possible to help to provide community stability and social connection.”*

For 2020, Council has approved nearly \$2 million in preliminary savings:

- \$611,000 from suspending Spirit Square and CR Live Streets events as well cancelling summer recreation programs and related hiring
- \$560,000 from not filling select vacancies
- \$300,000 from suspending all non-essential travel and continuing to use online training where available
- \$295,000 from suspending a range of programs and projects (listed below)
- \$218,000 from reduction in temporary summer parks employees

Due to requirements for physical distancing and restrictions on group size, the City will not be offering face-to-face summer recreation programming. Services and programs cancelled for 2020:

- Centennial pool
- Summer recreation programs
- CR Live Streets
- Spirit Square events
- Canada Day (plans are in the works for a virtual event)

The pandemic also affects previously-approved capital and operation projects. Some are delayed due to COVID-19, and several will be suspended this year. Projects suspended for 2020 include:

- Façade storefront downtown revitalization
- Public art master plan
- Public art
- Downtown small initiatives
- Downtown signage incentives
- Beautification grants
- Economic development strategic planning (economic development efforts focus on helping local businesses with their continuity plans)
- Wings & Wheels event

“We’re looking at a range of time periods, forecasting the anticipated decrease in revenue for each and carefully considering how best to manage expenses with minimal impact to the community,” adds city manager Deborah Sargent. *“We will continue to monitor the impacts of COVID-19 on both City finances and the community and to report on potential cost-saving measures for Council’s consideration. With the use of the financial stabilization reserve funds and the preliminary cost savings identified, the City has sufficient funds to offset projected revenue loss through to the end of September.”*



The City's 10-year stability and resiliency plan *provides "a solid foundation for us to weather the current COVID-19 pandemic,"* Sargent adds. *"We will continue to apply a thoughtful and deliberate lens to all of the recommendations that we make to Council with respect to ways the City can respond to the current situation while maintaining community services as directed by Council."*

At the April 20 meeting Council approved using up to \$1.35 million from the City's financial stabilization reserve to partially make up the difference in anticipated revenues, leaving a funding shortfall of \$612,334, if the current COVID situation extends to the end of July. If the situation extends to the end of September, the funding shortfall is expected to be approximately \$1.8 million. The identified cost savings of approximately \$2 million address the funding shortfall. The funding shortfall includes loss in revenue from airport landing and passenger fees, recreation programming, field bookings, transit (riders currently ride at no charge) and gaming revenue (from casino activity).

Along with revenue loss, the City has incurred additional costs related to COVID-19.

"For the first month of the crisis significant staff resources were required to manage the City's emergency operations centre and develop a continuity plan for City operations. We are now in maintenance mode, but more staff may be required to continue to assist in flattening the COVID-19 curve or if an outbreak were to occur," Sargent adds.

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