

COUNTY OF RENFREW

ADMINISTRATION DEPARTMENT REPORT ADDENDUM

TO: Finance and Administration Committee
FROM: Craig Kelley, Chief Administrative Officer/Clerk
DATE: January 18, 2024
SUBJECT: Addendum to Administration Report

INFORMATION

3. Health Committee - Renovation Project – Bonnechere Manor Serveries

The cabinet replacement project for the Bonnechere Manor serveries was scheduled to start December 2023; however due to supply backorders, this project was delayed. At the January 17, 2024 Health Committee meeting the following resolution was presented, and is being provided as information to Finance and Administration Committee:

“THAT Health Committee recommend that County Council approve \$25,000 carry forward from the Bonnechere Manor 2023 Capital Budget to the Bonnechere Manor 2024 Capital Budget to accommodate the cabinet renovation project; AND FURTHER THAT the Finance and Administration Committee be so advised.”

4. ROMA Annual Conference

The County has been confirmed for the following delegation meetings during the ROMA Annual Conference to be held from January 21 to 23, 2024:

- January 22, 2024 Minister of Health: Seeking the Government of Ontario’s policy and financial support to better engage people in our communities struggling with life-threatening mental health, addictions and homelessness circumstances. We are respectfully requesting funding support of \$2.1 million annually for the creation and operation of “The Community Well-Being Program” serving 17 municipalities within the County of Renfrew, the City of Pembroke and the Algonquins of Pikwakangan. This recommendation and request for Provincial assistance comes from extensive research into crisis response services provincially, nationally, and internationally and we require immediate provincial support to ensure sustainability and increased health and social services integration.

- January 22, 2024, Minister of Municipal Affairs and Housing: Requesting that the Province fund and launch a new round of funding of the Municipal Modernization Fund that would enable municipalities of all sizes to build on the progress and efforts made during previous iterations.
- January 23, 2024, Ministry of Tourism, Culture and Sport: Regarding our region being full of innovative, resilient and dedicated professionals that, if offered greater support, would produce higher incremental gains than any other region in the province. The County of Renfrew would like to discuss increasing funding to Ontario’s Highlands Tourism Organization – Regional Tourism Organization 11 (OHTO – RTO11) through an enhanced funding model and the possibility of restoring the 20% funding reduction which took place in April 2019.
- January 23, 2024, Minister of Transportation: Regarding the expansion and widening of Highway 17/416 remains a top priority for the County of Renfrew, on behalf of its residents, businesses and visitors. We are requesting a discussion regarding the implementation of a strategic plan aimed at elevating and enhancing safety measures along the Highway 17 corridor within the County of Renfrew, incorporating established traffic safety construction practices.

We are also seeking the Government of Ontario’s policy and financial support in a review of Pavement Condition Indices, with a view to a standardized approach across the province that better aligns with the flexibility of local asset management planning.

- January 23, 2024, Solicitor General: Seeking financial support from the Government of Ontario to improve first responder interoperability, access and reliability of the public safety radio systems in the County of Renfrew. An updated system was recently installed at the Renfrew Central Ambulance Communication Centre (CACC) at a cost of \$360,140.

RESOLUTIONS

5. **AMO Policy Update – Social and Economic Prosperity Review**

Recommendation: THAT the Finance and Administration Committee recommends to County Council that the County of Renfrew supports the following resolution from the Association of Municipalities Ontario (AMO):

WHEREAS current provincial-municipal fiscal arrangements are undermining Ontario’s economic prosperity and quality of life;

WHEREAS nearly a third of municipal spending in Ontario is for services in areas of provincial responsibility and expenditures are outpacing provincial contributions by nearly \$4 billion a year;

WHEREAS municipal revenues, such as property taxes, do not grow with the economy or inflation;

WHEREAS unprecedented population and housing growth will require significant investments in municipal infrastructure;

WHEREAS municipalities are being asked to take on complex health and social challenges – like homelessness, supporting asylum seekers and addressing the mental health and addictions crises;

WHEREAS inflation, rising interest rates, and provincial policy decisions are sharply constraining municipal fiscal capacity;

WHEREAS property taxpayers – including people on fixed incomes and small businesses – can't afford to subsidize income re-distribution programs for those most in need;

WHEREAS the province can, and should, invest more in the prosperity of communities;

WHEREAS municipalities and the provincial government have a strong history of collaboration;

THEREFORE, BE IT RESOLVED THAT the Province of Ontario commit to undertaking with the Association of Municipalities of Ontario a comprehensive social and economic prosperity review to promote the stability and sustainability of municipal finances across Ontario.

Background

Attached as Appendix II is correspondence from the Association of Municipalities of Ontario (AMO) regarding their advocacy efforts with the Province of Ontario to ensure that a social and economic prosperity review are completed, given the financial challenges faced by all municipalities.

AMO Social and Economic Prosperity Review

New realities demand a new approach to the provincial-municipal fiscal relationship

- Municipalities provide critical services that are central to Ontario's economy and quality of life, investing more than \$60B annually in important public services and infrastructure.
- The fiscal framework that enables municipalities to deliver infrastructure and services is broken – failing residents, small businesses and major industries.
- Long-standing structural problems have combined with growth pressures, economic factors, social challenges and provincial policy decisions to push municipalities to the brink.
- Last adjusted in 2008, a review of provincial-municipal financial arrangements is long overdue.
- AMO calls on Premier Ford to do what taxpayers expect – work together with municipal governments to modernize this partnership and build a solid foundation for economic growth and quality of life.

The municipal fiscal framework is compromising Ontario's economic and social prosperity

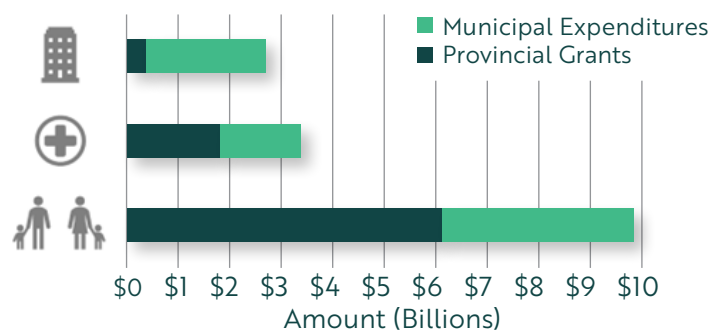
Municipal revenues do not grow with the economy or inflation

- Municipalities rely heavily on property taxes, which do not grow with the economy or inflation.
- In 2022, annual average inflation rate was 6.8% – leaving municipalities to contend with increased wages, construction costs, and interest rates without corresponding growth in revenue.
- Federal and provincial governments saw record revenue growth in 2022 driven by inflation and economic activity, with no inflation adjustments to most municipal grants such as the Ontario Municipal Partnership Fund (OMPF).

Municipal property taxes subsidize the provincial treasury by almost \$4 billion a year

- Nearly a third of municipal spending in Ontario is for services in areas of provincial responsibility – such as social housing, long-term care, public health, childcare and social services.
- Municipalities in Ontario provide services that typically fall under provincial jurisdiction in other provinces. **Provincial contributions offset these costs – but only in part.**
- In 2022, municipal expenditures in these areas outpaced provincial contributions by almost \$4 billion – a figure that is expected to grow in future years.
- This figure is not exhaustive, as the province continues to download costs in other areas.

For example, AMO estimates that municipalities and property taxpayers are currently on the hook for more than \$400 million in hospital capital and equipment costs that should rightfully be funded by the provincial treasury.



Current fiscal arrangements undermine municipalities' ability to invest in infrastructure

- Municipalities own and operate more public infrastructure than the provincial and federal governments – valued at nearly half a trillion dollars.
- The ambitious goal of 1.5 million new homes by 2031 depends on building essential municipal infrastructure and the public investment to support it.
- Bill 23 resulted in municipalities' having \$1 billion less to fund growth.
- Maintaining current assets in the face of climate change also brings growing costs. In 2021, the Financial Accountability Office estimated that the cost to bring existing municipal assets to a state of good repair was approximately \$52 billion.

Property taxpayers, including small business owners and seniors on fixed incomes, can't afford to pay for provincial costs

- Increasingly, municipalities are being asked to take on complex health and social challenges – like homelessness, supporting asylum seekers and addressing the mental health and addictions crises.
- Ontario's property taxes are already the second highest in the country.
- The property tax base was never meant to support income re-distribution.

Partners in prosperity: the province can invest more in Ontario's prosperity

Despite strong fiscal fundamentals, Ontario has underinvested for decades

- Ontario's spending per capita is the lowest in Canada at **\$11,974**
- Real per capita spending in children's and social services, education and post-secondary schools have all **declined by over 10%** since 2018
- Provincial deficit, debt-to-GDP ratios and the percent of revenues going towards interest payments are all at **10-year lows**.



- The Province is a key beneficiary of housing market.

» Provincial government's share of the purchase price of a new home has climbed steeply over the past 10 years – **increasing by 55%** compared to local governments' 13%.

» The housing market delivers the Ontario Government **\$4.4 billion** a year in Land Transfer Tax, in addition to HST collected on new houses.

A social and economic prosperity review

Ontarians expect their elected officials to work together effectively and respect their tax dollars.

We believe the time is right for a province-wide conversation where municipalities and the province come together to promote the stability and sustainability of municipal finances province-wide.

AMO is calling on the provincial government to commit to this review as part of the upcoming budget, with a view to developing a consensus report with recommendations by 2025.

Working together, we can build a better Ontario.