



ROMA Delegation
January 2024

 [OwenSound.ca](https://www.OwenSound.ca)

Ministry of Finance

Owen Sound is limited in its ability to raise money to finance municipal services from the property taxes paid by residents and businesses strictly within the municipal boundary.

Owen Sound is a lower-tier municipality in the County of Grey with a census population of 21,600 people and acts as a regional hub in a rural geographic area, with a daytime population expanding to more than 45,000 people.

Owen Sound spends more than \$42 million each year to provide public services that meet the important needs of its residents while also providing the same services to the more than 45,000 daytime population.

Because of this, Owen Sound is burdened with a disproportionate share of costs related to core infrastructure and social infrastructure as the regional hub, and neighbouring municipalities are benefiting from the services provided by Owen Sound's 21,600 residents without bearing any related costs and have no incentive to join together to achieve sustainable services and municipal infrastructure.

Background:

We appreciate the news from the Fall Economic Statement, committing \$200 million over three years through the Housing-Enabling Water Systems Fund for the repair, rehabilitation, and expansion of municipal water and wastewater infrastructure. We will look forward to more detail on this program and would also offer representation from a large Rural perspective if the Province would like that.

We are also encouraged by the announcement of the creation of an Ontario Infrastructure Bank with an initial \$3 billion in funding. We understand that the “Bank” would help to fund large-scale infrastructure projects, including long-term care homes, energy infrastructure, affordable housing, municipal and community infrastructure, and transportation, all of which are incredibly important as the City of Owen Sound faces an unfunded capital infrastructure cost of more than \$22.3 million annually.

Municipalities in Ontario are increasingly being tasked with taking on additional responsibilities, often without the corresponding financial resources, and relying on property taxes and user fees to deliver critical programs for residents and business community.

The City relies on funding such as the Ontario Municipal Partnership Fund and Ontario Community Infrastructure Fund as long-term, reliable, and predictable funding sources to effectively engage in long-term financial planning.

Specific areas of concern include: stable funding and timelines for grants, court security, physician recruitment, and insurance costs.

- The awarding of grants that align with the Municipal budget process and the provision of longer timelines to complete construction work.
- Currently, the funding model being deployed only covers approximately 50% of the municipality's burden for providing court security.
- Owen Sound simply cannot afford to add more to the annual operating budget directly tied to property tax to compete with other Ontario jurisdictions for physician recruitment.
- The annual increases to the City's insurance premiums have been one of the most significant constraints in limiting yearly tax increases over the past four years.
- The City's annual premiums have had an accumulated increase of 64% from 2020 to 2023

Although Toronto and other municipalities in the GTA are unique with respect to growth, we would ask the Provincial government to continue looking for additional revenue sources for municipalities – Owen Sound would be more than willing to be a part of this discussion as a major rural centre.

We need certainty in helping the Province Build More Homes Faster – we have more than 3,000 housing units approved – this includes purpose-built rentals, towns, and singles but the focus on making municipalities whole has been entirely focused on a commitment to those municipalities that have been offered Strong Mayor Powers. Owen Sound was out ahead of the Province when the City Council committed more than \$2 million dollars of infrastructure to accommodate future housing.

The City of Owen Sound provides the services that our community relies on most on a day-to-day basis and at all stages of life, including garbage collection and recycling, public transit, water and sewage, parks and recreation, police and fire services, among many others.

Priority:

Municipalities across the province lack long-term, stable, predictable, and appropriate funding that fully enables us to grow and build fiscally resilient communities. With inflation and interest rates, our municipal dollars aren't going as far, but community needs are increasing. It is time to re-think the fiscal framework that supports municipal public services.

In Ontario, the last review of provincial-municipal finances was the Provincial-Municipal Fiscal and Services Delivery Review. This work, completed in 2007, culminated in a 10-year arrangement that expired in 2018. It is past time to re-visit it. The Federation of Canadian Municipalities and the Ontario Big City Mayors have called for a new growth-supporting fiscal framework. We need reliable, realistic, long-term revenue to build, fund, and operate necessary infrastructure.

It is time for a new fiscal framework that recognizes and is reflective of the scale and scope of municipal service delivery today. This framework could include new funding arrangements, realigned service responsibilities or new revenue tools to enable local governments to realize the benefits of growth and be better positioned to meet increasing service delivery demands.

Local government share of consolidated government tax revenue, 1990 to 2023

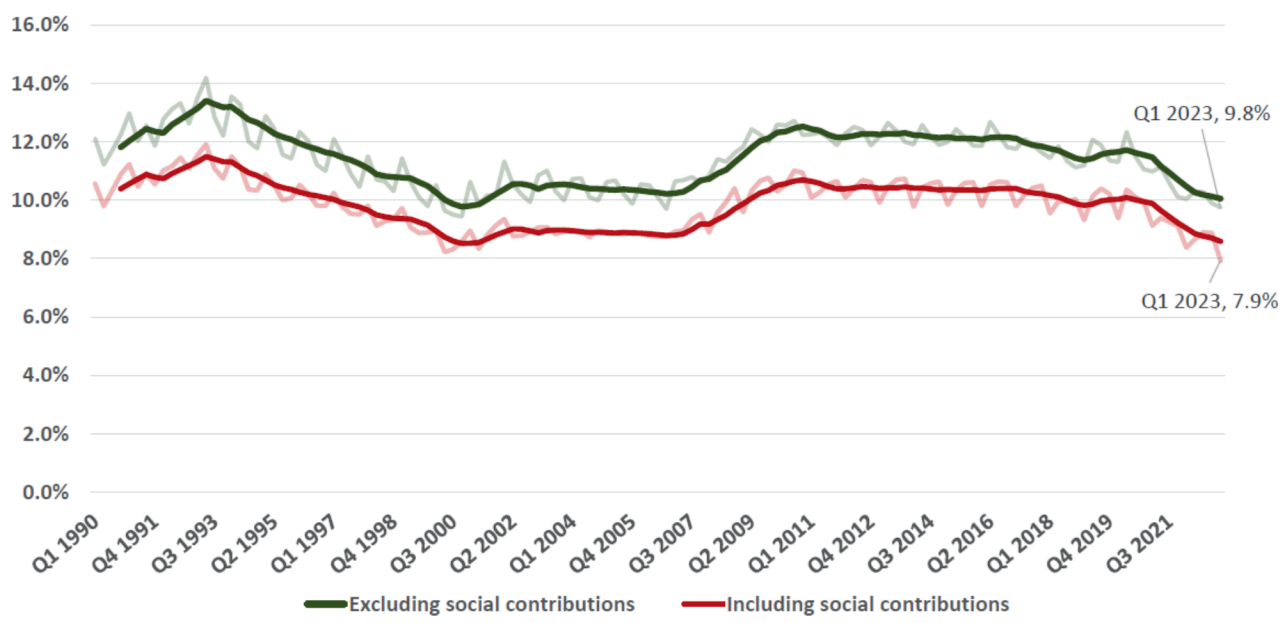


Chart from: Federation of Canadian Municipalities – New Municipal Growth Framework

Recommendation:

Municipal resilience requires stable, predictable funding and investment:

- Provide financial support for municipal budget shortfalls due to reductions in development charges and other financial impacts resulting from Bill 23.
- Re-start the Municipal Modernization Program and Audit and Accountability Fund to focus on assisting all municipalities with implementing projects that require upfront financial investment for long-term returns and efficiencies. Consider how these programs can also provide municipalities with enough time to make proposals while reducing application and reporting burdens.
- Protect and expand existing funding sources and investigate additional funding sources that appropriately address the infrastructure gap and tie these to inflation.
- Convene discussions that would lead to a new assessment of “who does and pays for what” to create a new federal-provincial-municipal fiscal framework
- Curtail municipalities using locally funded incentives to recruit physicians to be in alignment with the anti-bonusing provisions contained in s. 106 of the Municipal Act, 2001

