

LUMCO

Ontario's Big-City Mayors

July 21, 2020

Standing Committee on Finance and Economic Affairs

Amarjot Sandhu, MPP, Chair

Julia Douglas, Clerk

99 Wellesley Street West

Room 1405, Whitney Block

Queen's Park

Toronto, ON M7A 1A2

Sent by email to: comm-financeaffairs@ola.org

Dear MPP Sandhu and Ms. Douglas,

On behalf of the Large Urban Mayors' Caucus of Ontario (LUMCO), I submit the following comments regarding the impacts of the COVID-19 crisis on the municipal sector, in response to the committee's study of recommendations relating to the *Economic and Fiscal Update Act, 2020*. LUMCO is comprised of 29 mayors of Ontario cities with populations over 100,000, who collectively represent nearly 70 per cent of Ontario's population.

The COVID-19 pandemic has caused hundreds of millions of dollars in additional costs and lost revenues for Ontario municipalities. Municipalities have been on the front lines of keeping people safe during COVID-19. We have incurred costs for measures such as turning community centres into testing centres or shelters for people experiencing homelessness, deep cleaning of public spaces and transit vehicles, and new fixtures such as plexiglass barriers and touch-free taps.

In many municipalities, there was a near-total elimination of revenues from transit, parking, facility rentals, and recreation program registrations during Stage 1 of the pandemic. Lost revenues also occurred as municipalities forgave late fees for property taxes as a way to provide relief to individuals and businesses.

The financial impacts on transit have been particularly severe for those municipalities that operate transit systems. In April, LUMCO sent a letter to Ontario's Minister of Transportation anticipating a revenue loss of more than \$415 million from April to June for transit systems that serve LUMCO cities. This was a conservative estimate that accounted for an 80% reduction in ridership. In Phase 1 of the pandemic, ridership was severely curtailed by reduced capacity to enable physical distancing, and several transit systems operated without collecting fares at all in order to allow rear-door boarding. At the same time, transit systems reported a quadrupling of cleaning costs, and had a limited ability to

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reduce fixed operating costs even as they reduced service. For 13 LUMCO cities, the closure of universities and colleges resulted in a loss of predictable revenues provided through universal bus pass programs. I understand the Ministry of Transportation has worked with the Canadian Urban Transit Association to quantify more precisely the revenue losses and increased costs incurred by Ontario's public transit systems.

During the pandemic, thousands of full-time municipal employees in Ontario, and tens of thousands of part-time, seasonal, or casual municipal employees, were laid off or placed on declared emergency leave. According to Statistics Canada, public sector job losses totaled 142,500 between January and May of 2020, and we know that a significant portion of these losses were in the municipal sector. This occurred as municipalities closed facilities, cancelled programs, reduced services, and sought to reduce costs to address multi-million dollar holes in their operating budgets.

Now, halfway through the budget year, municipalities have no choice but to consider plans to balance their budgets by raising property taxes, user fees and charges, and cutting services. Difficult conversations about cost-saving service reductions are taking place at Council meetings across the province. These include reducing or cancelling transit services, laying off staff and delaying or cancelling new hires, slower land use planning reviews and development approvals, reducing critical services such as fire, paramedic and police services, and cancelling or deferring infrastructure projects.

Just as municipalities have been on the front lines of responding to the effects of COVID-19, so too are we on the front lines of economic recovery in our communities. Municipal services are key to safely re-opening the economy. It will be crucial to get municipal public sector employees back to work so that they can start spending and contributing tax revenue again. Municipal infrastructure projects, which are vital to providing clean water, safe transportation systems, and quality public facilities, will also be major drivers of economic stimulus and jobs as Ontario begins its recovery.

The Safe Restart Agreement, announced on July 16, was welcome news for Ontario's municipalities. While the details have not been shared as of the time of this submission, LUMCO is encouraged to hear the agreement provides funding to support our most vulnerable citizens, funding to support municipal operations, and funding to support transit. We also understand the agreement provides flexibility to best address provincial needs, and LUMCO would welcome the opportunity to provide input on how best to invest within the priority areas to have the most impact in Ontario's communities.

Premier Ford and Prime Minister Trudeau have indicated that the Safe Restart Agreement is intended to support economic recovery for the next 6-8 months. This approach is consistent with the phased approach suggested by LUMCO earlier this year.

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At a meeting held on May 8, 2020, LUMCO endorsed a proposed three-phased approach that includes:

1. **Relief:** Immediate financial relief for municipalities facing fiscal pressure as a result of reduced revenues, with a focus on addressing the projected \$415 million revenue loss from April to June in transit systems that serve Ontario municipalities;
2. **Recovery:** A comprehensive recovery plan to address COVID-related impacts for municipalities as they work to reopen the economy; and.
3. **Reform:** A longer-term partnership agreement between municipalities and the federal and provincial governments to re-align capital and service delivery responsibilities with sustainable revenue streams for the future.

LUMCO appreciates the Government of Ontario's partnership with municipalities to address the economic impacts of COVID-19 and to plan for post-pandemic recovery and reform. We look forward to continuing these conversations and to working together to get our municipalities and in turn, the province, on track for long-term success.

Thank you for considering these comments. If you have any questions, please do not hesitate to contact me.

Sincerely,



Cam Guthrie
Chair, Large Urban Mayors' Caucus of Ontario
Mayor, City of Guelph