City of Orillia

Written Submission to the Standing Committee on Finance and Economic Affairs

relating to the Economic and Fiscal Update Act, 2020 and the impacts of the COVID-19 crisis on certain sectors of the economy

Municipalities, Construction and Building sector
Public Hearing Presentation
Wednesday, July 15, 2020

My name is Jasvinder Rattigan, the Manager of Accounting Services with the City of Orillia. Good afternoon to the Chair and members of the standing committee.

Municipalities are “ground zero” for the COVID-19 pandemic. Municipalities provide a magnitude of services and we are the first responders in terms of being the first contact to hear the voices and concerns of citizens as they pertain to residents and business owners alike.

The City of Orillia, much like most municipalities in Ontario have limited revenue tools and fiscal capacity, yet the services we provide are vitally important to citizens during the COVID-19 pandemic. Unlike the federal and provincial governments, municipalities cannot run operating deficits, which leaves us with very few options resulting in potentially huge increases to property taxes, massive services and programming cuts, and depleting reserves at levels never before seen.

The City of Orillia is projecting a $5.5 million shortfall as a result of the COVID-19 crisis. Without service cuts, this would require an increase to property taxes of approximately 9%. A tax hike of this magnitude is unprecedented for a small to mid-sized community like Orillia, with a population of approximately 33,000. Orillia’s age profile illustrates that 24% of residents are ages 65+, indicating a high senior’s population on fixed incomes. The average household gross income in the City was approximately $77,000 in 2019, one of the lowest and has been for the past 5+ years compared to our surrounding municipalities.

On March 20, 2020, at 8:27 p.m. Mayor Steve Clarke declared a State of Emergency in response to COVID-19 in the City of Orillia. Since that time, the City has taken action and put measures in place to aid economic recovery. $1.2 million has been approved directly from the City’s reserves for Social and economic recovery efforts, critical lead service grants and emergency management costs.

In addition to prioritizing recovery efforts, the City has continued with business, but not as usual and at what cost? These losses must be made up through measures put in place by the municipality including temporary staffing suspensions, hiring freezes, waiving penalties and interest on taxes, zero transit and public parking fees and reduced expenditures in areas such as travel, professional development, non-essential materials/supplies and delayed capital/infrastructure projects due to an everchanging shifting environment.

The City has largely been impacted in the following areas and has seen losses like never before:

- $1.6 million loss in the Community Services Department; this includes reduced programming revenue and user fees.
- Health and Social Services; the City is seeing increased costs in LTC and paramedics $529,000;
- With many Orillia residents staying home, the City is projecting a shortfall in transit revenue of Transit $573,000 and Parking of $254,000
- Water/Wastewater - $728,000
- Reduced Revenue for penalties and Interest on Taxes - $236,000;
- and Reduced Income from Investments - $283,000 – due to decreasing interest rates.

To avoid significant tax and user fee increases, additional layoffs and cuts to services that Orillia citizens rely on daily to maintain their quality of life, we are looking at the province to assist municipalities not only for our current deficit but for the potential losses to experienced in the mid to long term range.

As the City continues to gauge the impact of COVID-19 on the existing 2020 Budget, staff are amidst establishing guidelines in preparation for the 2021 Budget cycle.

Part of the 2021 planning process has taken into consideration the change in commuter patterns, citizen's desire for low contact services due to health concerns, enhanced on-line services and revised public engagement processes. As these impacts extend into 2021 and the future, it will heavily restrict the municipalities ability to raise revenue through user fees, while still incurring the same level of expense and even more expense due to COVID procedures. With limited options to raise revenue, the difference will be forced onto the taxpayer.

The Province has taken great strides to support and protect the health and safety of citizens and ensuring economic resilience. However, municipalities require a stronger partnership with the province when it comes to supporting local municipal efforts to help resurrect our communities. What can the Province do to assist?

1) Increasing the funding provided to municipalities through the Provincial Gas Tax Program so that we have the support needed to continue operating transit systems without fare increases; and,
2) Support for Parks and Recreation programming and facilities as these are one of the first and most crucial services to return to communities. Parks and recreation play a critical role in the mental and physical health as well as the economic revival of our community.
3) Local and regional economic stimulus funding to help support the efforts of municipalities who are experiencing severe losses but continue to provide much needed services.