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May 19, 2020

The Honourable Doug Ford
Premier of Ontario
Legislative Building, Room 281
Queen's Park
Toronto, Ontario M7A 1A1

The Honourable Steve Clark
Minister of Municipal Affairs and Housing
17th Floor, 777 Bay Street
Toronto, Ontario M5G 2E5

Re: Immediate Financial Assistance for Ontario's Municipal Governments

Dear Premier Ford and Minister Clark:

We are writing to you both on behalf of the Association of Municipalities of Ontario (AMO) and the Canadian Union of Public Employees (CUPE) Ontario to urge your government to take immediate investment measures to support the financial stabilization of Ontario's municipalities and the recovery of local economies.

As you both know only too well, these are extraordinary times posing existential challenges to our province and its communities, not the least of which being our municipalities and their employees. But, as the saying goes, 'extraordinary times call for extraordinary measures' and a first ever, joint AMO-CUPE letter to your government must qualify as one of those.

Ontario's municipal governments, and CUPE and its members, are partners in the delivery of many of the services the people of Ontario rely on most, services expected 365 days a year.

Our province is unique in Canada with municipalities being responsible for the delivery of so many key human services including those for the most vulnerable in society.

Today, Ontario's municipal governments are struggling to respond to the COVID-19 emergency, to help community members get through each new day, and to play their indispensable role in rebuilding our damaged economy.

It is not an overstatement to say they cannot succeed without immediate provincial (and federal) financial assistance. Any of the limited fiscal tools currently available to Ontario municipal governments (property tax increases, service cuts and cancelling capital investment) would have the effect of undermining the desired economic recovery.

One tool in particular, which although some may feel inclined to consider, we both must stress would emphatically not be helpful is the expanded use of debt. This tool does not work for municipalities. It would be counterproductive, setting up structural challenges that would be more costly and take an immeasurably long-time to fix and fully recover. Also, it remains AMO and CUPE's shared view that continuing to deliver the vital local services our communities expect means that staff layoffs, in particular, are simply not a desirable option

AMO and CUPE Ontario share many goals. Among them are financially sustainable municipalities, a strong economic recovery in communities in every part of Ontario, and the safe and timely return to work of municipal employees. These goals cannot be achieved without emergency financial assistance.

The Federation of Canadian Municipalities (FCM) proposal for municipal financial assistance and essential support for transit services is comprehensive, equitable, and practical, and warrants immediate attention and a positive response. The recently announced federal-provincial cost-shared (75:25) program to boost wages for low-income essential workers provides an ideal model for Canada to work with Ontario to deploy this essential financial support effectively and immediately.

On behalf of AMO's members and CUPE Ontario's members, we urge the governments of Canada and Ontario to extend your successful collaboration to the immediate provision of financial assistance for municipalities.

At the same time, as provincially based organizations, both AMO and CUPE have a unique obligation to raise thoughtful proposals for provincial action, today, not only to help bridge this pandemic, but to position our municipal governments, as local service providers, to emerge intact and strong as they go forward into the post-pandemic era. As our Premier and Minister of Municipal Affairs and Housing, you know the current funding problem all too well. Municipal governments are burning money at an unprecedented and unexpected rate. AMO and CUPE both want to help municipalities to find solutions that protect public service delivery without laying off workers. There is simply no real resolution to this immediate and longer-term financial crisis without material intervention from the other orders of government.

Set out below, we believe, are potential high-level solutions that are valuable, viable, and vital to the discussions you are already no doubt having on this matter. Together, we ask you to consider these proposals on an urgent basis:

- Establish an appropriate cost share arrangement for mandated municipally operated services such as public health, land ambulance services and public transit. The growth in demand for Public Health and land ambulance services, and in the cost challenge they pose to local communities, should go without saying. Further, and as you know, the province used to support transit operating costs at 50%, not to mention that the pandemic now imposes a need for emergency funding. Additionally, municipal governments and the province could do well to, together, examine operational support needed for other human and social services such as public rent geared to income housing and addressing the rent scales issue.
- Increase funding to the 47 municipal service managers that deliver critical local services and have relationships with community agencies. Today, these services are more important than ever, and as we wait for the federal government to act, another significant investment from the province, like the one in the last financial update, would be a way to lead by example, stimulate local economic activity, and enhance services to those left vulnerable.
- Allow Ontario's municipal governments the ability to have the full range of revenue tools under the *City of Toronto Act* to use after a council deliberation and approval. These tools have a progressive underpinning and can be adjusted further to appeal to those who have the greatest capacity to pay.

In considering these proposals, it bears repeating that one of the principal impacts of the COVID 19 experience has been to sensitize all Ontarians to the life and death need of public services. AMO and CUPE both strongly believe that our fellow citizens of all political persuasions are more keenly aware of this than at perhaps any time in our post war history.

It is our shared desire to discuss these solutions, and more with you; especially how they could meet short and long-term goals for investment in greening our cities for both physical and social infrastructure.

This pandemic has brought our organizations together to advocate on behalf of our members, the municipal workers and local municipal officials that are stewards of our communities. Just as the pandemic has helped CUPE and AMO to better appreciate the extent of our shared concerns, we are confident that it also true for the province to truly grasp the dire need local governments are in. It was the Great Depression that led to municipalities' restriction on borrowing for operating funds. That period demanded bold moves to lead our communities to recovery. It is not an understatement that this pandemic coupled with a major recession just over a decade ago dictates we renew our daring and take some big steps forward that make long term investments.

We look forward to discussing these critical matters and our joint requests with you soon.

Sincerely,



Jamie McGarvey
President, AMO



Fred Hahn
President, CUPE Ontario

CC:

The Honourable Justin Trudeau, Prime Minister of Canada
The Honourable Bill Morneau, Minister of Finance, Canada
The Honourable Chrystia Freeland, Deputy Prime Minister of Canada
The Honourable Rod Phillips, Minister of Finance, Ontario
The Honourable Peter Bethlenfalvy, President of the Treasury Board, Ontario
The Honourable Monte McNaughton, Minister of Labour, Training and Skills Development, Ontario
President Bill Karsten, Federation of Canadian Municipalities
Mark Hancock, President, Canadian Union of Public Employees
Brian Rosborough, Executive Director, AMO