



**City of Kingston
Information Report to Council
Report Number 19-249**

To: Mayor and Members of Council
From: Lanie Hurdle, Interim Chief Administrative Officer
Resource Staff: Holly Wilson, Manager of Intergovernmental Relations
Date of Meeting: October 15, 2019
Subject: Provincial Updates

Executive Summary:

The purpose of this report is to provide Council with a high level summary of the 2019 Association of Municipalities of Ontario (AMO) conference, the government announcements heard, potential impacts to the City and information received from the Province since the conference. It is important to note that there were clarifications from the Province on a few issues however there is still a lot of unknowns in terms of the provincial municipal policy agenda and roll out.

From August 18-21, 2019 over 2,400 municipal elected officials and administrative staff attended the AMO conference in Ottawa. The AMO conference is the largest municipal conference in Ontario that brings together communities from across the Province to discuss municipal issues.

Representatives took in plenary sessions on a variety of municipal topics, presentations and keynote speeches from political leaders. The conference was especially important in light of several recent municipal policy changes at the provincial level to: public health, child care, social services and others. As the Chair of the Eastern Ontario Mayors Caucus (EOMC), Mayor Paterson lead a multi-ministerial delegation with Mayors from Eastern Ontario and Ontario Cabinet Ministers.

City staff continue to stay connected to municipal groups like AMO, the Municipal Finance Officers Association (MFOA), the Ontario Social Service Managers Association (OSSMA) and others for the latest information and developments coming from the Province.

Recommendation:

This report is for information only.

Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

**Lanie Hurdle, Interim Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Peter Huigenbos, Acting Commissioner, Community Services	Not required
Jim Keech, President & CEO, Utilities Kingston	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	OK
Deanne Roberge, Acting Commissioner, Corporate Services	Not required

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Options/Discussion:

Association of Municipalities of Ontario (AMO)'s advocacy focuses on ensuring provincial policies and programs respect municipal authority. They develop a variety of advocacy positions on all matters that impact Ontario's municipalities both rural and urban.

The 2019 AMO conference was one of the largest attended in light of the Province's recent changes to public health, paramedic services, child care and the passing of Bill 108 – *The More Homes More Choices Act*. Below are some of the provincial developments announced at the 2019 AMO conference with municipal significance and potential impact to the City of Kingston.

Child Care and Early Years Funding

The City in its role as the Consolidated Municipal Service Manager (CMSM) for Child Care and Early Years programming for Kingston and Frontenac currently receives provincial funding for a variety of child care and early years programs.

In communication with the CMSMs over the last few months, the Province has announced changes to both the municipal cost sharing and administration, and changes to the way the childcare funding formula is calculated. It is expected that both changes will impact the childcare and early years funding locally.

At the AMO conference it was announced that the cost sharing changes will be phased-in over a three-year period to allow time for municipalities to transition.

The three year phased implementation approach will be rolled out as follows:

- On January 1, 2020, CMSMs will be asked to cost-share the Expansion Plan operating funding (one of the child care and early years allocations the City receives) at a rate of 80/20 provincial/municipal. While cost sharing continues to be encouraged, the Ministry is committing to providing 80 percent of this funding regardless of the CMSM/DSSAB (District Social Services Administration Boards) contribution.
- On January 1, 2021, CMSMs will be asked to continue cost-sharing the Expansion Plan operating funding at a rate of 80/20 and be required to cost share all administrative funding at a rate of 50/50.
- On January 1, 2022, the threshold for allowable administrative funding CMSMs can spend on child care will be reduced from 10% to 5% in addition to the ongoing cost sharing requirements previously introduced.

The Ministry is currently looking at making changes to the funding formula. The funding the City receives is based on a calculation from a number of data sets including the number of children from birth to twelve years of age. The City does not yet have the information necessary to calculate if and how this will affect our funding allocations.

The City anticipates, based on current information from the Ministry of Education, that the municipal budget contribution for 2020 will be the similar to 2019. It is anticipated that the

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changes noted above for 2021 and 2022 will require an additional annual municipal contribution in the \$100-250K range based on current funding allocation estimates. Staff will continue to look for administrative efficiencies to reduce this number and access mitigation funding if needed.

The Ministry is taking steps to align provincial funding decisions with municipal budget cycles to support the phased approach and future planning as well as seek opportunities to reduce red tape and administrative burden.

The Ministry is working on the 2020 budget allocations for early years and child care, and it is anticipated that the City should receive this information soon.

Public Health Reorganization and Funding

The Province is proposing to restructure public health from 35 service managers to 10 by 2020/21 and the government has said it will also phase-in an adjustment to the provincial-municipal cost-sharing arrangement for public health. As part of this work the government has maintained the current cost-sharing arrangements for boards of health for 2019, however, they will adjust the provincial-municipal cost sharing of public health funding beginning January 1, 2020.

At the 2019 AMO conference, the Minister of Health announced that the cost sharing arrangement effective January 1, 2020 will be at a 70-30 per cent provincial/municipal funding split. Public health units that currently have a municipal contribution of 30 per cent or more will not be impacted. Those that are impacted will have one-time transitional funding available to assist in managing increases. The Minister of Health also confirmed that, in the first year, no public health agency will experience an increase over 10 per cent of current public health costs as a result of this cost-sharing change.

City staff has recently been notified by Kingston, Frontenac and Lennox & Addington (KFL&A) Public Health that the transition to a 70:30 per cent cost sharing formula for the 2020 budget year will not have a negative impact on the funding levels of the contributing municipalities as the provincial/municipal funding split is already very close to this ratio.

The Ministry of Health will also be launching renewed consultation on the Province's proposed larger regional public health structure approach, recognizing it "inspired widespread and spirited discussion". This next phase of consultation will be led by an expert advisor to be named in the fall and will include a discussion paper with proposed boundaries of the new health unit structures and the government has said it will ensure enough time is provided for input. This expert advisor will also be consulting on paramedic restructuring as part of their mandate.

Paramedic Services Reorganization and Funding

The Province is proposing to streamline ambulance operations and dispatch services by integrating Ontario's 59 emergency health services operators into 10 (52 EMS, 6 First Nations, Ornge, and 22 provincial dispatch communications centres).

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At the 2019 AMO conference the Minister of Municipal Affairs and Housing announced that paramedic services will receive a 4 per cent increase in 2019 and a further increase in 2020 – contingent on the next provincial budget. Although discussions have taken place in regards to long term budget forecasting, City staff recognize the Province will be reviewing the delivery of land ambulance over the next couple of years. The provincial review will most likely lead to significant changes in roles and responsibilities as well as funding formula for both the City and the County.

While the provincial government announced a 4 per cent increase in 2019 funding for municipalities overall, the County of Frontenac has recently confirmed that their 2019 funding allocation represents a 1.65 per cent increase over the prior year. This results in a funding shortfall from 2019 budget estimates of \$22,937.

As part of the government's plan to restructure paramedic services, they will also be exploring new models of care and delivery of emergency health services to improve care and reduce duplication.

Social Assistance Funding

At the 2019 AMO conference, the Minister of Municipal Affairs and Housing announced that the government will not be making any changes to Ontario Works program delivery funding levels in 2020. This means that funding for 2020 remains at 2018 levels for a second fiscal year and results in a reduction of \$340,000 in expected provincial funding. It is unclear what will happen to the funding levels beyond 2020. The government is continuing with the transformation of employment services. City staff continues to await employment funding news to understand how this affects Kingston.

Infrastructure Grants

On September 3, 2019, the Province opened the Community, Culture and Recreation Stream under the Investing in Canada Infrastructure Program for projects such as community centres, sports arenas and cultural centres. City staff are currently reviewing the program requirements and if there are opportunities for the City to apply for potential funding.

Provincial Gas Tax

As mentioned in the 2019 provincial budget, the government will not be increasing the municipal share of the Ontario Gas Tax from 2 cents/litre to 4 cents/litre as previously committed. It is unclear if the government will revisit this policy in their mandate but City staff will continue to stay connected to any future developments.

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Federal Gas Tax Program

In July, AMO distributed \$970 million in gas tax funds including \$650 million in top-up funding along with the first installment of the existing 2019 allocation. The City received one-time top up funding of \$7,858,458 as well as the first installment of the 2019 allocation of \$3,755,565.

The government confirmed that the remainder of the 2019 allocation will be distributed in November. That payment will be supplemented with an additional \$12 million in funding generated through efficiencies in the administration of the program. It is estimated that the City's share of this additional funding will be approximately \$140K.

Provincial Policy Statement Review

On July 22, 2019, the Province introduced proposed changes to the Provincial Policy Statement (PPS) as part of the government's More Homes, More Choice: Housing Supply Action Plan. The PPS is the primary provincial land use policy document guiding municipal decision-making. The Planning Act requires that decisions on land use planning matters be "consistent with" the PPS.

The government is proposing policy changes to:

- Encourage the development of an increased mix and supply of housing;
- Protect the environment and public safety;
- Reduce barriers and costs for development and provide greater predictability;
- Support rural, northern and Indigenous communities; and
- Support the economy and job creation.

The 90-day comment period regarding the proposed PPS changes ends on October 21, 2019. A separate report (Report Number 19-251) with a summary of the key policy changes proposed through the PPS review and comments regarding the proposed changes are being presented to Council at this Council meeting.

Other Developments

In addition to the developments noted above, another major theme at the 2019 AMO conference was Bill 108 – *The More Homes More Choices Act*. The City participated in two Bill 108 consultations over the summer – the Act itself before it was passed in the Ontario Legislature and the consultation on the regulation for the Community Benefit Charge (CBC). The consultation on the CBC is a two staged approach, the first on the regulation itself and the second on the CBC formula.

City staff will continue to participate and make submissions to the Province on the regulations. Minister Clark reiterated his commitment to ensuring that 'growth continues to pay for growth'. This will be a critical priority for the City and staff will continue to update Council and the Mayor's Task Force on Housing with the latest developments.

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Also related to housing, AMO has released "[Fixing the Housing Affordability Crisis: Municipal Recommendations for Housing in Ontario](#)". The paper consolidates AMO's recommendations to the Province in addressing the housing affordability and will guide future advocacy on federal and provincial housing initiatives.

Existing Policy/By-Law:

Not applicable.

Notice Provisions:

Not applicable.

Accessibility Considerations:

Not applicable.

Financial Considerations:

There will be some financial impacts related to the latest developments coming from the 2019nAMO Conference, some have been noted above and some remain unclear. City staff will continue to monitor and update Council as appropriate.

Contacts:

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Other City of Kingston Staff Consulted:

Lana Foulds, Director, Financial Services

Paige Agnew, Director, Planning Building and Licensing

Sukriti Agarwal, Acting Planning Initiatives Manager, Planning Building and Licensing

Ruth Noordegraaf, Acting Director of Housing and Social Services

Cheryl Hitchen, Social Policy and Strategic Community Development Manager

Exhibits Attached:

Not applicable.