

Written Submission for the Pre-Budget
Consultations in Advance of the Upcoming
Federal Budget

By: The City of Guelph

List of Recommendations:

Recommendation 1: To support local economic recovery and protect municipal services, the federal government should prioritize funding for Phase II of the Safe Restart Agreement in the upcoming federal budget.

Recommendation 2: Stimulate local economic recovery by investing in critical municipal infrastructure and by increasing the total federal funding available through the Investing in Canada Infrastructure Program.

Recommendation 3: Enhance federal engagement and partnerships with the provinces and municipal governments to improve the sustainability of funding for critical services delivered by municipalities.



August 7, 2020

The Honourable Wayne Easter, P.C. M.P. for Malpeque
Chair of the House of Commons Standing Committee on Finance
House of Commons
Ottawa

Dear Mr. Easter,

I am pleased to submit the following comments to the House of Commons' Standing Committee on Finance on behalf of the City of Guelph (the City) as part of the federal pre-budget consultation process.

Like all municipalities across Canada, the City of Guelph was called upon to quickly respond to the COVID19 pandemic. To date, we have done what is necessary to keep Guelph healthy and keep its economy open for business. Throughout the pandemic, we provided essential frontline services to the public with enhanced cleaning and PPE protocols. We also delayed property tax payments, temporarily made public transit and parking free, converted our facilities into testing centres, installed Plexiglas barriers to protect employees and citizens, provided emergency supports to those experiencing homelessness and launched [Grow Back Better](#), our 10-point plan to ensure an inclusive and green recovery. Today, we have a thriving new outdoor Dining District, City Hall services and our Farmer's Market have reopened, and the people of Guelph can once again access many recreational amenities in the community.

Despite these successes as Guelph safely reopens, the impact of the pandemic on the City's finances have been notable. Unforeseen costs are up and our revenues losses are mounting. At the time of writing, the City's deficit is between \$10-13M with \$20M in total lost revenues and \$4M in unbudgeted costs related to the City's COVID19 response. While we have yet to receive funding from the Safe Restart Agreement, this federal and provincial initiative is welcome and should go far in supporting the City for the rest of 2020.

Additional support for municipal operating costs and hard-hit transit systems will be necessary following the 6-8 months the Safe Restart Agreement is intended to cover. Local communities will also need a well-designed economic stimulus package from the federal and provincial governments that prioritizes critical municipal infrastructure. Finally, municipalities like the City of Guelph would benefit from enhanced federal engagement with the sector and a longer-term partnership to ensure sustainability for the breadth of services offered by municipal governments, from transit to key services like social housing, public health and long term care.

Prioritize Relief for Municipal Operating Costs and Transit Systems

Under the Safe Restart Agreement, Ontario's municipal governments are expected to receive \$4B in funding from the federal and provincial governments. This emergency relief is expected to last until around the end of the federal government's current fiscal year and is welcome by the City. However, the negative financial impacts of COVID19 are expected to last beyond the 6-8 month mark. More support from the federal and provincial governments will be necessary, especially as it relates to operating costs and public transit. The absence of strong federal and provincial commitments to supports for municipal governments for the 2021/2022 federal and provincial fiscal year has created uncertainty for the City as it budgets for the 2021 municipal fiscal year.

In particular, Guelph Transit has seen a steep decline in revenues and increased costs since the start of the pandemic. Currently, ridership is at 56% of what it was this time last year and revenue losses for 2020 stand at around \$8M and climbing. The majority of this revenue loss comes from the cancellation of the City's UPASS agreement with the University of Guelph's student associations for the upcoming school year. This means that Guelph Transit remains vulnerable to continued declines in revenue throughout 2021 until in-person classes resume and ridership levels stabilize. Since many of Guelph Transit's operating costs are fixed regardless of revenues and ridership, the City of Guelph will need federal support in the upcoming budget to continue to provide the service.

Investing in municipal transit systems is a smart choice for the federal government as it aims to recover from the COVID19 pandemic and economic downturn. Locally, Guelph Transit keeps the community moving. Public transit is essential in getting people to their workplaces and connecting them to services available in the community.

Other municipal services will also need operating relief in the upcoming budget. Federal funding should support key services like child care, housing services, public health and long-term care.

Recommendation #1: To support local economic recovery and protect municipal services, the federal government should prioritize funding for Phase II of the Safe Restart Agreement in the upcoming federal budget.

Invest in Critical Municipal Infrastructure to Stimulate Local Economic Recovery

The Investing in Canada Infrastructure Program (ICIP) has taken on renewed importance as municipal governments work to recover from the current economic downturn. Investing in current and anticipated infrastructure needs is a key tool available to the federal government to stimulate local economic recovery. Funding for critical municipal infrastructure will keep Guelph working and growing when we need it the most.

The City welcomes the recently announced COVID19 Resilience Stream under the ICIP program. In particular, the City supports the Federal government's commitment to cover 80% of eligible project costs. Also welcome is the \$1.184B in funding that has been

allocated to communities in Ontario, recently enhanced flexibility under other ICIP streams, and the federal commitment to a quick approval process.

The City of Guelph has a list of priority, job-creating and shovel-worthy projects ready to nominate to the provincial and federal governments once the first intake is launched. We encourage the federal government to quickly finalize negotiations with the Government of Ontario. The City also recommends that the federal government continue to invest in critical municipal infrastructure to stimulate local economic recovery by increasing the total federal funding available through ICIP.

Recommendation #2: Stimulate local economic recovery by investing in critical municipal infrastructure and by increasing the total federal funding available through the Investing in Canada Infrastructure Program.

Renew Federal/Municipal Partnerships to Enhance Municipal Sustainability

One of the lessons of the COVID19 pandemic has been the need to address the gaps that have emerged as a consequence of the devolution of services and responsibilities from the federal government, to the provinces, to municipal governments. In Ontario, municipal governments have been hit especially hard by the pandemic because of the broad range of services they offer to the public, from long-term care, to emergency housing for those experiencing homelessness, to public health, public transit, employment supports, childcare and more. These services are essential but they require collaboration and partnership between all orders of government to ensure their successful delivery. The pandemic has revealed that how these critical services are funded in local communities is precarious and unsustainable. There is a need for federal leadership.

As the federal government develops the upcoming budget it must consider the need to enhance engagement with municipalities like the City of Guelph in light of the critical role modern cities play providing essential services across the country. A renewed partnership between the federal government, the provinces and municipal governments will be critical as we work together to recover from COVID19 and the economic downturn.

Recommendation #3: Enhance federal engagement and partnerships with the provinces and municipal governments to improve the sustainability of funding for critical services delivered by municipalities.

Thank you for considering these comments from the City of Guelph. Leslie Muñoz, Manager, Policy and Intergovernmental Relations, at the City of Guelph, is available to answer any questions or comments you might have at leslie.munoz@guelph.ca.

Recovering from the COVID19 pandemic will require unprecedented levels of collaboration between the three orders of government. The City of Guelph looks forward to continuing to work with the Government of Canada and the province of Ontario to ensure a speedy recovery for our community.

Sincerely,



Scott Stewart, Chief Administrative Officer

City of Guelph

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