

January 31, 2024

The Honourable Peter Bethlenfalvy
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, ON M7A 1Z1
MOFconsultations@ontario.ca

RE: 2024 Budget Consultations

Dear Minister Bethlenfalvy,

Waterloo is a thriving and diverse community of over 150,000 residents plus an additional 50,000+ post-secondary students. We are home to three post-secondary institutions, multiple think tanks, national research institutes, a vibrant Quantum and Artificial Intelligence ecosystem, technology incubators and more which allows for a growing intellectual, economic and research landscape. Waterloo is a city where government, businesses, not-for-profit agencies and community groups collaborate to solve challenges and to advance our goal of being a sustainable and a future-ready community for all.

Waterloo City Council continues to take bold steps to invest in the community, guided by our values of inclusivity and environmental sustainability to strengthen Waterloo as a complete community. Waterloo residents get the best of both worlds – small town hospitality and big city sophistication. Surrounded by green farmland, our city is a modern, dynamic and an internationally recognized community with the amenities of a big city.

As the economic landscape in our province and our country continues to change, the City is looking for new and innovative ways to provide services. To that end, the City of Waterloo is submitting the following recommendations for Ontario's 2024 Budget:

- i. New fiscal funding arrangement for municipalities**
- ii. Flexibility for housing pledges and the Building Faster Fund**
- iii. Increased fund support for Post-Secondary Institutions**
- iv. Round two of the Streamline Development Approval Fund**
- v. Ongoing Commitment to Climate Adaptation and Mitigation**
- vi. Increased provincial funding commitments to meet the AODA standards**

With these areas of interest in mind, the City of Waterloo will continue to support our residents in making our community an outstanding place to live, work, play, and learn.

i. **New fiscal funding arrangement for municipalities**

Request: That the provincial government commit to AMO's request of a Comprehensive Social and Economic Prosperity Review.

Similar to the City of Toronto, the City of Waterloo is recommending that the Ontario Government update the partnership between the province and municipalities to better support Ontario's social and economic prosperity. A new deal would allow municipalities to provide a strengthened foundation for economic growth, help us meet our housing targets and to build sustainable communities.

As [AMO recently articulated in their submission](#), the current provincial-municipal fiscal arrangements are undermining the social and economic prosperity of Ontario. We are asking the provincial government to commit to meeting with municipalities to work together on a social and economic prosperity review. More specifically, we're requesting a joint review of revenues, costs and financial risks and a detailed analysis of Ontario's infrastructure investment and service delivery needs.

On January 29, 2024, Waterloo City Council passed a motion regarding this issue. See Appendix A.

As you know, for every dollar that a resident pays in taxes, only ten cents (\$0.10) goes to fund local municipal services, with the City's portion being only three cents. There is simply too much strain on municipalities to carry the financial burden of increased services with limited financial resources.

3% is not sufficient to fund all the important work the City does.

For example, the Heads and Beds levy was designed in 1987 to compensate municipalities which have post-secondary institutions, hospitals and correctional facilities. **However, the current rate of \$75 per bed has been in place since 1987.**

If the current rate of \$75 had been inflated annually by CPI since 1987, the 2023 rate would be approximately \$165 per bed. This would mean an annual increase in revenue for the City of approximately \$1.8M. With over 50,000 post-secondary students living in Waterloo, these are funds the City desperately needs today for the services students use – water and sewers, transit, roads, parks, recreation services and more.

The City is committed to providing excellent services to all our residents. We are committed to meeting our housing targets. We are committed to investing in and encouraging growth. However, we need the provincial government as a partner.

Revisiting Ontario's municipal fiscal framework is crucial to ensuring municipalities have the financial resources they need to deliver on their responsibilities and to achieve long-term financial stability.

ii. Flexibility for Housing Pledges and the Building Faster Fund

Request: That the provincial government change the parameters by which municipalities can access the Building Fast Fund.

Waterloo supports the province's urgency to build more homes. Recognizing the role that municipalities play in housing developments versus that of builders and developers, we are requesting that the province allow more flexibility when it comes to accessing the Building Faster Fund.

The reality is, if municipalities don't have the necessary funding available to build the infrastructure needed to support housing developments, more housing units are not going to be built. In Waterloo, we paused a 2,000 unit development because we don't know when, how or if we will fully recover the estimated \$68 million needed for critical infrastructure such as sewers, water, fire stations, parks, libraries, pumping stations, recreation facilities and roads.

Despite the current market restrictions, Waterloo is well on our way to meeting our 2031 housing target of 16,000 new units, with pre-applications and formal applications* for 22,047 new housing units received in 2023 (*applications to amend the City's Official Plan and Zoning By-law, and Draft Plans of Subdivision).

However, there are market pressures outside of the control of any government that have delayed the start of numerous projects. Councils and municipalities work with the development community to approval developments. Holding municipalities responsible for 'shovels in the ground' is holding us to account for factors over which we have no control nor ability to address.

To meet the provincial housing targets, municipalities need more funding. Not knowing if we will be able to access grant funding or fully recover development related costs through Development Charges means we may not be able to move projects forward. The City of Waterloo's ask is for more flexibility in how municipalities can access the Building Faster Fund. More attainable targets and clarity in what data is used to meet them is needed for municipalities to build more homes.

iii. Support for Post-Secondary Institutions

Request: That the provincial government end the tuition freeze and provide additional funding to Ontario's universities.

Waterloo is the proud home to three post-secondary institutions. We are lucky to have Wilfrid Laurier University, University of Waterloo and a growing Conestoga College campus in the heart of our community.

As you know, Ontario's universities are struggling financially. With the 10% tuition cut in 2019 and the four-year tuition freeze, our province's universities are quickly heading towards an untenable future.

Declining operating grants per full-time students since 2006 and the tuition freeze have diminished Ontario's capacity to train and retain the STEAM graduates our labour markets demand. The cost to the province of attracting a highly educated workforce in the future will far exceed the cost of training and retaining one now.

Universities across the province have taken cost control measures but there is little margin left to address further efficiencies through salary and benefits. The status-quo will negatively impact student supports and quality of education. The University of Waterloo alone has lost \$250 million in revenue since the province imposed the cut to domestic tuition and froze the rates.

In 2021, the Conference Board of Canada reported that the combined impact of spending from Ontario university activities and human capital development is \$96.2 billion annually, corresponding to 11.7% of provincial GDP during the 2018–2019 period.

We cannot lose the economic support our post-secondary institutions provide. Renewed revenue streams and support from the province are needed to ensure that our post-secondary institutions can continue to educate the next generation of our workforce.

To help universities close the gap and achieve financial stability, the City of Waterloo is requesting the province:

- End the tuition freeze,
- Provide one-time funding support and
- Increase their base funding and tuition annually with inflation.

iv. Ongoing Commitment to Climate Adaptation and Mitigation

Request: That the province support the City's efforts in reducing GHG emissions.

The City of Waterloo has a longstanding history of environmental sustainability initiatives which includes the declaration of a climate emergency in November 2019 and setting aggressive corporate greenhouse gas (GHG) emission reduction targets of 50% by 2030 and net-zero by 2050.

The City recognizes the gravity of the climate emergency that we are all facing and believes that transformational changes are needed to reach GHG emission reduction targets.

Municipalities are on the front lines of combatting climate change, but we cannot do it alone. We know that our aging facilities are the primary emitters of corporate GHGs, and we need the Province's help to address this. The City's RIM Park facility provides a number of programs and services to our residents and over 1 million visitors annually from across the province, but it is also the City's largest contributor to GHG emissions. In recognition of this, staff have undertaken a comprehensive review of the facility to identify possible solutions to reduce the GHG emissions from this one facility through building improvements and modernization efforts.

Proposed works would include:

- Converting to an electric powered heating system
- Recovering waste heat from the ice making plant for heating air and water
- Improving roof and wall insulation
- Restrict air from "leaking" into the building
- New building controls system
- Solar panel on building and
- Solar panel in parking lot

Through these efforts, the City would be able to make a notable step towards meeting our GHG reduction targets while continuing to provide our residents with a central community benefit. We once again will look to the province to support these efforts through grant funding, as the estimated costs of these works will be more than \$35 million. The city's 2024-2026 capital budget includes \$10 million in city contributions towards transformational facility change projects, however, requires provincial grant funding to achieve these targets.

We are requesting matching provincial grant funding in the amount of \$10 million to complete these important facility upgrades and retrofits.

v. Round two of the Streamline Development Approval Fund
Request: That the provincial government create another round of Streamline Development funding.

The City of Waterloo is grateful for your government's investment of \$1,000,000 from the Streamline Development Approval Fund (SDAF) to help streamline our development approval processes and build more homes faster.

The SDAF is an important part of the province's tool kit to support municipal partners in building much needed housing across Ontario. Further funding through this program will help Waterloo effectively deliver on our shared housing target of 16,000 units by 2031.

Thanks to SDAF, the City advanced twelve different initiatives that expedited development approvals and allowed us to make significant strides forward to address application backlogs and modernize planning processes through investments in technology. We encourage the province to continue to advance initiatives such as SDAF given the positive outcomes.

The City retained professional consultants to identify opportunities to streamline development approvals in the areas of built form, parking and community planning permit systems. The studies carried out under the SDAF are guiding Waterloo's Official Plan Review.

Due to the success the city has experienced through the SDAF, we request another round of SDAF funding to enable us, and other municipalities, to continue our progress.

vi. Funding to achieve AODA compliance

Request: That the government implement AMO's AODA recommendations and providing funding to municipalities for implementation.

The City of Waterloo supports the government's commitment to a fully accessible Ontario by 2025 and the City is doing our part to create a more accessible Waterloo for all.

For us to be able to achieve these much-needed goals set out by the province, municipalities need financial support. As outlined in this submission numerous times, the City of Waterloo and municipalities across Ontario cannot continue to carry the burden created by the lack of provincial support.

The accessibility we provided needs to be affordable, efficient and sustainable. In 2022 AMO provided the province with 14 recommendations to take further action on the effectiveness of the Act.

We are requesting that the province implement AMO's recommendations and provide municipalities with an opportunity to access provincial funding to ensure seamless implementation.

The City will continue to work towards fulfilling AODA's legislative obligations and help in the creation of more accessible Ontario.

The City of Waterloo recognizes that the Province of Ontario, similar to our municipality, faces a number of challenges in setting budget priorities reflective of the needs of all Ontarians. While we appreciate the complexities in establishing a budget reflective of all needs, the proposed considerations will be of significant impact not only to the residents of the City of Waterloo, but also to our Region and ultimately the Province of Ontario.

We welcome the continued collaborative approach the City of Waterloo has with the Province of Ontario. Thank you for the opportunity to provide input on the upcoming 2024 Ontario budget.

Sincerely,



Dorothy McCabe
Mayor of Waterloo

cc: The Hon. Paul Calandra, Minister of Municipal Affairs and Housing
MPP Matt Rae, Perth-Wellington, Parliamentary Assistant to the Minister of Municipal Affairs and Housing
MPP Mike Harris, Kitchener-Conestoga
MPP Catherine Fife, Waterloo

Appendix A

January 30, 2024

The Honourable Doug Ford, M.P.P
Premier of Ontario
Office of the Premier
Legislative Building
Queen's Park
Toronto ON M7A 1A1

RE: Resolution from the City of Waterloo passed January 29, 2024, re: Social and Economic Prosperity Review

Dear Premier Ford,

Please be advised that the Council of the Corporation of the City of Waterloo at its Council meeting held on Monday, January 29th, 2024 resolved as follows:

WHEREAS Current provincial-municipal fiscal arrangements are undermining Ontario's economic prosperity and quality of life; and,

WHEREAS nearly a third of municipal spending in Ontario is for services in areas of provincial responsibility and expenditures are outpacing provincial contributions by nearly \$4 billion a year;

WHEREAS municipal revenues, such as property taxes, do not grow with economy or inflation; and,

WHEREAS unprecedented population growth and the clear need for more affordable, attainable and sustainable housing will require significant investments in municipal infrastructure; and

WHEREAS municipalities are being asked to take on complex health and social challenges such as homelessness, the mental health and addictions crisis and support for asylum seekers and newcomers; and,

WHEREAS inflation, rising interest rates, and provincial policy decisions are sharply constraining municipal fiscal capacity; and

WHEREAS property taxpayers, including those on fixed incomes, seniors, small businesses and more cannot afford to subsidize income re-distribution programs; and

WHEREAS the province can, and should, invest more in the prosperity of communities across Ontario; and

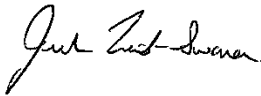
WHEREAS municipalities and the provincial government have a strong history of collaboration.

NOW THEREFORE BE IT RESOLVED that:

- 1) The Province of Ontario commit to undertaking with the Association of Municipalities of Ontario a comprehensive social and economic prosperity review to promote the stability and sustainability of municipal finances across Ontario;
- 2) a copy of this resolution be sent to the Premier of Ontario, local area MPPs and the Association of Municipalities of Ontario for further consideration.

If you have any questions or require additional information, please contact me.

Sincerely,



Julie Finley-Swaren
City Clerk, City of Waterloo

CC (by email):

Catherine Fife, M.P.P. (Waterloo)
Jess Dixon, M.P.P. (Kitchener South-Hespeler)
Mike Harris, M.P.P. (Kitchener-Conestoga)
Aislinn Clancy, M.P.P. (Kitchener Centre)
Brian Riddell, M.P.P. (Cambridge)
Association of Municipalities of Ontario (AMO)