

**FEDERATION OF NORTHERN ONTARIO
MUNICIPALITIES**

PRESENTATION PAPER

2014 ROMA/OGRA Combined Conference

MUNICIPAL INFRASTRUCTURE

INCREASE OF \$75 TO NORTHERN COMMUNITY GRANT

Municipalities are continuously dealing with the challenge of building and maintaining infrastructure and providing services required by local residents and industry. Rural and northern municipalities face added pressures which include a vast geography and smaller populations in which to draw tax revenue from.

The smaller tax base that rural and northern municipalities have results in the limited ability to access income or sales taxes to boost revenues from businesses. This forces many municipalities to depend on property taxes to fund the continuous increase in costs of services such as social and health care. This places a burden on municipalities where delivery costs are typically higher and the ability to pay is typically lower. An increase of \$75 to the Northern Community Grant would help to offset these costs and create a more equitable playing field of providing services and maintaining infrastructure to northern residents.

FONOM requests that an increase of \$75 per household to the Northern Community Grant to help municipalities be able to provide the infrastructure and services required by local residents and industry.

CONNECTING LINK

The cancellation of the Connecting Link program and the replacement with the Municipal Infrastructure Investment Initiative (MIII) as a single funding program for most infrastructure projects is of major concern to affected municipalities.

The Connecting Link program which focused on providing funding to municipalities to assist with road construction, maintenance and repairs of provincial highways are now forced to include these projects as part of their regular infrastructure under the MIII program.

Municipalities with the downloaded responsibility for connecting links must re-prioritize projects and shift their capital focus while other vital municipal infrastructure projects are unfortunately set aside.

In order to ensure that all municipalities in the north are equal, those who have connecting links within their jurisdiction should not be penalized as a result. FONOM asks that the province assume portions of the connecting link system, shifting the responsibility off of the municipalities.

FONOM requests that the Province continue to communicate and consult with municipalities and stakeholders to establish a program that works in the North.

SMALL, RURAL AND NORTHERN MUNICIPAL INFRASTRUCTURE FUND

FONOM in partnership with NOMA and AMO have advocated to the provincial government for an alternative funding model for the Small, Rural and Northern Municipal Infrastructure Fund than the one that is currently in place. Presently, an application based model is guiding the allocation of funds; however, it is recommended that a predictable and stable funding distribution model would be better suited to meet the needs of the municipalities in future years.

By having a predictable model in place in the form of a per capita based model, municipalities can ensure that they will receive a known amount and be able to apply the funds to their budget and develop long-term infrastructure projects. It would also limit the competitiveness and ensure all municipalities who are eligible to receive funding are equal. It is important to make funding available for infrastructure projects work for more municipalities, rather than those who meet particular application standards.

This structured approach would allow municipalities to spend finite financial resources, municipal staff and time, on local priorities and areas which demand attention rather than being spent developing Asset Management Plans (AMPs) and Expressions of Interest (EOIs) that may or may not be approved.

FONOM requests that the government implement a per capita formula for sustainable funding that has been communicated by the majority of municipalities.

FONOM recommends that the government implement a predictable and consistent allocation formula for the Small, Rural and Northern Municipal Infrastructure Fund for the 2014 Budget rather than an application based formula that is currently in place.

REGIONAL DECISION MAKING

Northern Ontario is a vast and dynamic landscape; rich of forest and mineral wealth and comprising of an adaptable workforce. Approximately 6 per cent of Ontario's population lives within approximately 85 per cent of the land space. This alone poses a distinct difference within the region of Northern Ontario.

Northern municipalities and property tax payers are increasingly faced with rising costs related to the provision of vital, legislated local infrastructure and services. Unlike many Southern Ontario municipalities, Northern municipalities generally have a lower assessment base, lower per capita income, lower population growth, with the exception of First Nations, and much larger geographic areas to cover. All of this contributes to higher per household costs such as fire protection, water/wastewater, waste collection, health and social services and infrastructure costs.

FONOM acknowledges that Northern municipalities need clearer, more frequent, open and transparent consultation with Queen's Park in order to effectively communicate our issues that often require a different approach than in Southern Ontario. Furthermore, Northern municipalities need greater flexibility implementing changes in legislation and regulations before they are imposed on of Northern Ontarians.

FONOM asks that the Province recognize that the needs are different in Northern Ontario and to implement a mechanism to be put in place to address the uniqueness of Northern Ontario.

MUNICIPAL PROPERTY ASSESSMENT CORPORATION (MPAC)

FONOM feels that the Municipal Property Assessment Corporation (MPAC) is unable to defend municipalities from appeals for industrial reassessment. This leaves municipalities vulnerable to potentially unsustainable tax increases. An inconsistent approach to assessed values has also created challenges for municipalities preparing annual budgets.

Municipalities develop long-term infrastructure plans on the basis of their annualized, budgeted property tax revenue. If municipalities are required to pay back a substantial value, their current and future development plans are threatened.

Once an assessment has been calculated by MPAC, it should not be subject to appeal. The effects of industrial properties appealing their current value, threatens many single industry municipalities in Northern Ontario. This problem is reflects more than an inability to pay the amounts to be refunded based on previous years but also highlights the inability to rely on these assessments moving forward.

The Province of Ontario needs to exercise greater diligence and take a more aggressive position in defending MPAC's assessments on industrial properties.

FONOM requests that the Provincial government step in to close loopholes that are currently threatening municipalities.

PROVINCIAL LAND TAX REFORM/PAYMENT IN LIEU OF TAXES

FONOM is appreciative of the government who recently announced the intention to review the current state of the Provincial Land Tax (PLT). PLT, a property tax that applies to residents living in unorganized townships, is much lower than what homeowners living within municipal boundaries pay in property taxes. The province, who is responsible for setting PLT rates, has not adjusted them for several decades. This has resulted in a great inequity between organized townships and unorganized townships, leaving those outside of municipal boundaries paying substantially less in property taxes.

While homeowners in unorganized townships pay significantly less in property taxes, they continue to utilize services that are provided by organized townships such as Highways, Transportation Systems other than Highways, Waste Management, Public Utilities, Culture, Parks, Recreation and Heritage, Economic Development, Police and Fire Protection Services, Ambulance Services, Planning, Public Health Services, Social Housing, Welfare Assistance, and Children's Services.

This has put a strain on organized municipalities who are required to provide these services with a limited and increasingly constricted budget. There is also the concern that by having a much lower tax rate outside of municipal boundaries it will encourage development within unorganized areas while continuing to depend on services provided by municipalities.

While FONOM recognizes the government's efforts in addressing this issue, the length of time is a concern.

Furthermore, an additional strain on municipalities is the lack of adjustment of Payments in Lieu of Taxes (PILT) which are payments made to municipalities by the provincial government where properties are exempt from property taxation.

FONOM demonstrates concern over the issue because these payments have been unchanged for several years and do not meet the actual costs of municipalities to provide the necessary services for the various institutions. This places an unfair tax burden on property tax payers and threatens the ability of municipalities to meet other demands such as infrastructure needs.

FONOM asks that the Province consult with municipalities, taxpayers and other stakeholders as they move forward with addressing the Provincial Land Tax inequity. FONOM also asks that the Payments in Lieu of Taxes be adjusted to accurately reflect today's costs of providing services.

ONTARIO MUNICIPAL PARTNERSHIP FUND (OMPF)

The Ontario Municipal Partnership Fund (OMPF) represents the province's main transfer payment to municipalities to compensate for costs of services downloaded to the municipal governments.

The province is currently undergoing a transition in which OMPF annual funding is being reduced to \$500 million by 2016. Municipalities were expecting these decreases as it was agreed there would be an upload of social service and court security costs. As a result of these uploads, municipalities would be able to target their expenditures towards vital investments, such as infrastructure, and develop long-term plans.

However, with other costs increasing significantly, it has created financial difficulties for municipalities. Mitigation needs to occur to minimize the impacts on municipalities who may not have the financial capacity to raise property taxes or introduce other fiscal tools to make up the OMPF reduction.

Many municipalities are concerned about the reduction in OMPF funding as other costs are increasing, magnifying the financial burden that will be placed on municipal property taxpayers.

FONOM asks that the Province address the financial burden that Northern municipalities are facing as a result of reductions to the Ontario Municipal Partnership Fund.

RESOURCE BASED INFRASTRUCTURE

Mining in Northern Ontario has played a major role within our historically resource based economy. In order to ensure that this vital industry remains sustainable and encourages investment, it needs the support from the Province. Investments into infrastructure, including both securing of transportation routes and the construction of the infrastructure required needs to be lead by the Province.

The Ring of Fire demonstrates an opportunity not only for the province to take a leadership role within the mining sector but to create an opportunity for economic development that would benefit the province as a whole. The Ring of Fire currently represents a 5,120 square kilometer region within Northern Ontario. The area is estimated to have significant deposits of nickel, copper, platinum, and chromite. Private sector investments have totaled billions of dollars and research has shown that the minerals that could be excavated could result in over 50 billion dollars in revenue and generate thousands of direct and indirect jobs.

Research has shown that developing the Ring of Fire will provide significant economic and social benefits to both the region specifically impacted as well as the broader region of Northern Ontario. To ensure that this project is developed responsibly and productively, it is important that all sectors are included throughout the process including the public sector, private sector and First Nations.

It is important that there is development of a Transportation Corridor that supports both material transfer and the transportation of people both to and from the Ring of Fire area. Transportation infrastructure could unlock additional mineral potential and benefit remote, fly-in First Nations communities and other Northern communities.

FONOM believes resource based infrastructure is needed to develop the Ring of Fire and other important projects in Northern Ontario. Ensuring that infrastructure is in place to support the resource sector will benefit the province as a whole and more specifically, the Northern Ontario region.

FONOM requests that the Ontario Government invest in resource based infrastructure in order to ensure that projects such as the Ring of Fire are developed.

TRANSMISSION CAPACITY AND COMPETITIVE PRICING

There is a high degree of opportunity for Northern Ontario to be competitive in the energy market and be able to provide electricity to the rest of Southern Ontario at a lower rate than is currently present if investment into transmission capacity and other infrastructure was made.

Higher than average electricity pricing is challenging to both Ontario as a whole, but also diminishes the ability for particular industries in the North to remain competitive. These industries include resource industries such as forestry and mining that are heavily dependent upon electricity to function. High electricity prices create difficulties for current industries remaining competitive and also in attracting new mining and forestry operations within the Northeastern region.

FONOM maintains its position regarding the Province's Long Term Energy Plan which does not address 'North-South' transmission capacity expansion. Accelerating the development of this expansion will support growth in Ontario and eliminate the bottleneck currently being experienced within mining and forestry operation expansion.

Increasing transmission capacity will also improve Northern Ontario's competitive stance in the energy market. According to the Province's 2013 Long-Term Energy Plan, it states that "upgrades and investments will meet system goals, such as maintaining or improving reliability or providing the infrastructure necessary to support growth."¹ In order for the government to attain its goals stated within the Long-Term Energy Plan, it must develop increased transmission capacity between the North and South.

Making investments into the North-South energy transmission capacity would allow for many economic and power generation opportunities in Northern Ontario that have not been able to progress as a result of a lack of transmission capacity.

Northern Ontario needs the Provincial Government to assist in the development of the necessary transmission infrastructure to facilitate electricity generation development.

FONOM recommends that the Province, Northern municipalities and other key stakeholders work together to develop and implement a northern electricity pricing regime in order to make northern industries more competitive.

¹ LTEP, Page 7

DUTY TO CONSULT

Ontario, as the Crown, must have the legal obligation to consult with Aboriginal peoples where it contemplates decisions or actions that may adversely impact asserted or established Aboriginal or treaty rights.

As attention towards the use of lands in the North continues to grow, particularly for the use of economic development, it is imperative that the Province hold the responsibility in the Duty to Consult. Ensuring that consultation with First Nations and Métis communities is undertaken through entire processes is vital in demonstrating that the government is committed to addressing issues of Aboriginal consultation and accommodation.

Should the government hold the responsibility in the Duty to Consult it would provide clearer direction, greater accountability and strengthen partnerships.

The risks associated with the Province not playing an active and responsible role threatens economic development and the relationships between communities and industry. Therefore, it is important that the government take over the responsibility in the Duty to Consult to ensure that they are playing an active role throughout engagements between First Nations and industry.

FONOM asks that the Province take over the responsibility of Duty to Consult.

CANADIAN BOREAL FOREST AGREEMENT

The forestry industry has a rich history and has been an economic engine for Northeastern Ontario for many years. Although challenges have threatened the sustainability of the forestry sector, the potential for growth is an opportunity Northern industries and the Province cannot risk.

Ensuring the vitality of the forestry industry is currently being hindered by the slow progress of the Canadian Boreal Forest Agreement (CBFA). The importance of responsibly managing the boreal forest represents an end goal that all stakeholders share. However, as a representative of many communities that rely heavily on the sustainable management of boreal forest resources, FONOM is concerned about the impact of the lengthy process will have on the forestry industry in Northern Ontario.

It is important that the strategies promote economic development and environmental sustainability to this important sector of our economy. FONOM wants to ensure that protection measures of endangered species, such as Woodland Caribou are implemented while protecting wood supplies.

The Provincial government has an opportunity to play an important role in assisting Northern industries in their approach to ensuring wood supply. This would provide economic benefits for the forestry industry and social benefits for the residents of Northern communities.

FONOM is appreciative of the Ministry for engaging Northern communities and stakeholders to ensure that there is collaboration throughout the process and requests continued support to ensure that an agreement with the CBFA is fulfilled.

FONOM asks that the government take a leadership role and bring stakeholders together to assist in the progression of the Canadian Boreal Forest Agreement.

PROVINCIAL PARKS

Provincial Parks are part of Northerners' way of life, providing access to the outdoors in a cost-effective way while promoting the tourism industry. Tourism continues to be an economic force that has the opportunity to be more substantial as Northern municipalities aim to become more diversified. FONOM considers it essential that this sector be supported by the Province.

The Ontario government has been vocal about the Northern Growth Plan being a guide to ensuring the economic sustainability and growth of the north. The first step in ensuring that the Growth Plan is being implemented is to follow through with the commitments that were outlined. These commitments include investing in the provincial park system to improve the competitiveness of the tourism industry and enhance the visitor experience.

The closing of tourist information centres in Northern Ontario limits the opportunity to provide information to current visitors as well as attracting new visitors. These closures also impede on Northern Ontario's ability to grow the tourism industry and diversify the economy. Therefore, FONOM requests that government reopen the tourist information centres.

The pilot projects in which three Provincial Parks in Northern Ontario engaged in, although they demonstrated success, FONOM believes the program was unfair. In the event of an operation deficit by a Park; the guarantor was required to assume the costs associated with the deficit, whereas, in the event of an operational surplus, such surplus was kept by the Province.

FONOM recognizes that each municipality was committed to participate in the pilot project, as it was the only way to ensure that over night camping remained, however, these parks must be under Provincial responsibility and be consistent with the intent of the Growth Plan for Northern Ontario.

Ensuring that Ontario's Provincial Parks remain open for overnight camping does not only serve Northerners' but it also seeks to fulfill the promises made by the government within the Growth Plan for Northern Ontario.

FONOM asks that the Ministry of Natural Resources continue to work with FONOM and NOMA to eliminate the financial liability being placed on municipalities in order to keep parks open. FONOM also asks that tourist information centres be reopened to support the Northern tourism industry.

SPRING BEAR HUNT

FONOM expresses their appreciation of the Provincial government for taking the first step and implementing the Spring Bear Hunt program to address concerns about public safety resulting from human-bear conflicts.

The limited selection of Wildlife Management Units that have been chosen for the pilot project is of concern to FONOM as the majority of our members are not eligible to opt into this program.

It is important for the Ministry to utilize available information and apply the pilot project to areas of high human-bear interactions. Also, the exclusion of rural communities is potentially damaging as these are often the municipalities that are affected the greatest with the lowest ability to manage or address nuisance bears. Furthermore, there is an opportunity to bring economic benefit to the North through the expansion of the Spring Bear Hunt.

FONOM asks that the Spring Bear Hunt be expanded to include additional Wildlife Management Units to address areas where there are high instances of human-bear interactions.

NON-URGENT PATIENT TRANSFERS

The issue of non-urgent patient transfer is a primary concern to FONOM when dealing with the Ministry of Health and Long-Term Care. There are visible disparities between the north and south and the results are felt by residents of Northern Ontario through the negative impacts on health and wellbeing.

In Northern Ontario, emergency land ambulances provide non-emergency services such as patient transfers which pose significant risks to residents and undermine quality patient care. Non-urgent patient transfers affect service levels by removing an emergency vehicle from a community, having to respond to emergency calls while a patient is on board, increased vehicle usage and costs, increased costs due to protective standby coverage and increased off load delays at hospitals due to patient movement.

In Southern Ontario, Medical Transfer Services (MTS) that are used by hospitals and user-pay services transfer patients between medical facilities or residences for treatments or tests. However, in Northern Ontario, many of the hospitals are smaller and thus do not have the same operating budgets to be able to fund these. This demonstrates an unfair disadvantage for Northern municipalities.

It is important to note the vast geographic distances within Northern Ontario and the distance that patient transfers often have to undergo. An example to demonstrate the significant time spent on the road as a result of the vast geographic distances would be based on the North East Local Health Integration Network (NELHIN)'s preliminary study of EMS Transfer output hours in 2012. In this study, there were a total of 3,549 long transfer hours and 1,400 short transfer hours. The average long transfer length is 107 km one way. This poses a significant challenge to providing quality patient care to residents in the north. Furthermore, as the population ages, an added strain on non-urgent patient transfers will increase as more patients will be using this method of transfer.

Municipalities are continually seeking long term strategies to minimize the risks and burdens that are placed on District Social Services Administration Boards (DSSAB), municipalities and ultimately Northern residents. The proven success of a combination of LHIN's, the private sector and DSSAB's working together on pilot projects has allowed for a substantial increase of ambulances available for emergencies as well as a decrease in costs associated with the transfer of patients.

The Espanola Regional Hospital and Health Centre, the Manitoulin Health Centre and the Manitoulin-Sudbury District Services Board engaged in a six month pilot project that developed a model for non-urgent patient transfers requiring transportation from one facility to another. They were able to move 472 patients over 1,218 operating hours, which led to 1,218 hours of ambulance service for emergencies back to the communities. This model should be a framework for other partnerships moving forward to improve the health care for Northern residents.

Projects such as this require meaningful dialogue and communication with the Ministry of Health and Long-Term Care, service providers, NOSDA and other stakeholders. By working together, the development of innovative and creative solutions will address health care deficiencies in the north.

FONOM recognizes that transporting by ambulance is very expensive and suggests looking to successful pilot projects as models for future programs to help in ensuring that medical transfer service is functional and sustainable in the long term.

FONOM requests that the Province assist in the implementation of non-urgent patient transfer pilot projects across the North which have demonstrated success in efficiency and a reduction in costs.

PROPOSED OPP BILLING MODEL

FONOM recognizes the importance of ensuring that there is greater transparency and accountability within the Ontario Provincial Police (OPP) billing model. Municipalities have been paying inequitable costs for policing which has resulted in the development of a proposed model for billing mandated services to municipalities.

The proposed cost formula is based on 73 per cent fixed costs and 27 per cent variable costs based on calls of service. Based on this formula the base cost would be \$260 per household with variable costs increasing the total to \$369 on average per household.

Although some municipalities will see their costs per household decrease, smaller municipalities will see costs increase, and therefore disagree with the proposed funding model. Should the proposed model be implemented, it would have significant financial impacts on many municipalities who would be forced to increase property taxes substantially and/or reduce the availability of particular services in their community.

Furthermore, it is important that there be full disclosure of the costs that are included within the stated fixed costs. There are a number of factors that have not been addressed including costs for urban areas vs. rural areas, municipalities whose populations include a large percentage of seasonal residents, unorganized areas, mental health calls, and others. Any potential changes to the billing model, whether municipalities have a contract or not with the OPP must be clearly identified.

FONOM asks that in addition to providing municipalities with more information that was utilized to develop the fixed cost amount, that OPP costs in general be addressed. There is a need for greater efficiency and the implementation of more cost effective approaches to policing. It is imperative that all municipalities have affordable and effective policing in the future.

FONOM asks that the Province work with the OPP and municipalities to develop a billing model that is sustainable and equitable to all municipalities.

**PRESENTED AT THE
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