

Dear Colleagues,

As we navigate through the complexities of our budget deliberations, we wanted to bring to your attention some significant challenges we are facing that require our collective advocacy and support.

Over the past several years, municipal capital projects such as transit, roads, bridges, community buildings and more have been adversely affected by unforeseen circumstances, primarily driven by inflation, increased cost of real estate and disruptions in the supply chain. The steep rise in costs for materials and labour, coupled with delays in the delivery of essential components, has led to significant inflationary cost overruns, impacting our municipality's ability to complete projects within the allocated budget.

These challenges not only jeopardize the timely completion of crucial infrastructure projects but also strain our financial resources, potentially limiting our ability to undertake future initiatives. While we are very appreciative of provincial and federal government support on capital projects, we are seeking a more appropriate allocation moving forward. We understand that previous project contracts have already been finalized, but looking to the future we are hoping to address the infrastructure burden on municipalities.

Some current examples of cost escalations for London include:

- **Bus Rapid Transit**: A 50% increase in the project which jumped \$174 million over 5 years, for a total of \$454 million for the project, with \$91 million in federal funding and \$75 million in provincial funding for a total of \$166.8 million from upper-level government and \$287.2 million being paid by the municipality.
- **Adelaide Street Underpass**: A 50% increase over the initial projected budget of \$58.3 million set in 2018 to at least \$87.6 million. Canadian Pacific Railway contributed \$9 million to the project, the federal government allocated \$6 million, while the provincial government committed \$5 million. The remainder is being paid for by the municipality. The challenges associated with municipalities bearing the sole brunt of cost overruns for critical infrastructure projects are symptoms of a much broader issue pertaining to the current municipal fiscal framework.

As we know, municipal revenues, such as property taxes, do not grow with the economy or inflation. In the absence of additional revenue streams, municipalities have little choice but to fund services and programs through property taxes or user fees which place many, including people on fixed incomes and small businesses, in precarious financial situations.

Recognizing the broader implications of these issues, we are reaching out to seek your support for the following:

- THAT Municipal Council endorse the attached resolution from the Association of Municipalities of Ontario, requesting the Province of Ontario to undertake a comprehensive social and economic prosperity review to promote the stability and sustainability of municipal finances across Ontario.
- and THAT Municipal Council support Mayor Morgan, Councillor Franke, and Councillor Hopkins in raising these concerns at OBCM, FCM, and AMO, respectively.

Together, we can make life more affordable for Londoners, while also ensuring the continued success of our essential infrastructure projects.

Sincerely,



Josh Morgan, Mayor



Skylar Franke, Ward 11 Councillor



Anna Hopkins, Ward 9 Councillor

## **Draft Resolution**

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

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 the economy or inflation

WHEREAS unprecedented population and housing growth will require significant investments in municipal infrastructure

WHEREAS municipalities are being asked to take on complex health and social challenges – like homelessness, supporting asylum seekers and addressing the mental health and addictions crises

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

WHEREAS property taxpayers – including people on fixed incomes and small businesses – can't afford to subsidize income re-distribution programs for those most in need

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

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

THEREFORE, BE IT RESOLVED THAT 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

AND FURTHER THAT a copy of this motion be sent to the Premier of Ontario ([premier@ontario.ca](mailto:premier@ontario.ca)); Minister of Municipal Affairs and Housing ([minister.mah@ontario.ca](mailto:minister.mah@ontario.ca)); the Minister of Finance ([minister.fin@ontario.ca](mailto:minister.fin@ontario.ca)); and to the Association of Municipalities of Ontario ([amo@amo.on.ca](mailto:amo@amo.on.ca)).