

COMMITTEE OF THE WHOLE (WORKING SESSION) - OCTOBER 23, 2007

GTA POOLING – STATUS UPDATE

(Referred Item)

Budget Committee recommendation of October 16, 2007:

That this matter be referred to the Committee of the Whole (Working Session) meeting of October 23, 2007; and

That the deputation of Mr. Richard Lorello, 235 Treelawn Blvd., P.O. Box 927, Kleinburg, L0J 1C0, be received.

Report of the Deputy City Manager/Commissioner of Finance & Corporate Services, dated October 16, 2007:

Recommendation

The Deputy City Manager/Commissioner of Finance & Corporate Services recommends:

That the following report be received for information purposes.

Economic Impact

There is no economic impact as a result of this report, however there is a significant impact if the savings in York Region as a result of the phasing out of GTA pooling were shared with all the municipalities within York Region.

Communications Plan

No communications plan is required as part of this report.

Purpose

To update Members of Council with respect to the elimination of GTA pooling and the potential to share the savings in York Region with all the municipalities within York Region.

Background - Analysis and Options

In 2007 the Province announced the phased elimination of GTA pooling. This was welcome news since in excess of \$80m annually was being collected throughout York Region for the benefit of the City of Toronto. In 2007 the Region of York retained 100% of the 2007 savings. Vaughan's representatives on Regional Council introduced a resolution at the Region that was intended to share the savings on a 50/50 basis with the Region and the area municipalities. A copy is provided as Attachment 1. That resolution was not passed, however Regional Council resolved that "The Commissioner of Finance bring forward options for allocating GTA pooling savings in future years to a Regional Council Workshop to be held in September 2007". The September workshop did not occur, however staff understand that the matter is to be discussed at the Region on November 22, 2007.

In anticipation of the Region's workshop Vaughan staff provided to the area Treasurers a preliminary analysis of the annual and total savings to the Region and each municipality based on Vaughan's resolution, see Attachment 2. Further, the City Manager provided a memo and background information with respect to this subject to all CAO's within York Region. A copy of the memo only is provided as Attachment 3.

In May 22, 2007 the Town of Aurora passed the following resolution

THAT the Town of Aurora send a resolution to the Region of York, strongly objecting to their method of handling the roll back of the GTA pooling money and suggest that the funds be returned to the local municipalities in the form of a grant, if they choose not to return it to the local taxpayers; and

THAT the resolution be circulated to the municipalities within York Region for consideration and endorsement.

The resolution was subsequently endorsed in June by the Town of Georgina and the City of Vaughan. The Town of Newmarket did not endorse Aurora's resolution and passed their own resolution which is provided as Attachment 4. Essentially Newmarket supports the Region retaining 100% of the savings from the elimination of GTA pooling.

Both the local municipalities and the Region have a number of issues such as infrastructure renewal that puts pressure on property taxes. GTA pooling dollars that were collected were never spent by the local municipalities or the Region and therefore Vaughan's position has been that the local municipalities and the Region should all share in the windfall.

Relationship to Vaughan Vision 2007

B-1 Ensure Short-Term and Long-Term Financial Stability

B-2 Expand Revenue and Tax Base

D-2 Develop Internal/External Collaborative Solutions

Regional Implications

The resolution put forward by Vaughan's Regional representatives at Regional Council would share the savings from the elimination of GTA pooling on a 50/50 basis with the Region and the area municipalities. Currently the Region is retaining 100% of the savings.

Conclusion

The elimination of GTA pooling by the Province of Ontario represents a significant victory for GTA municipalities. Its elimination was a result of the collective efforts of local and regional municipalities. Sharing those savings between local and regional levels of government would give recognition to this collective effort and provide the broadest benefit to the residents and businesses who contributed to GTA pooling.

Attachments

Attachment 1 – Resolution introduced by Vaughan representatives on Regional Council

Attachment 2 – Preliminary Analysis

Attachment 3 – Memo provided by City Manager

Attachment 4 - Town of Newmarket Resolution

Respectfully submitted,

Clayton D. Harris, CA

Deputy City Manager/Commissioner of Finance & Corporate Services

THE ELIMINATION OF GTA POOLING

Recommendation

That the following resolution regarding the elimination of GTA Pooling be approved.

Whereas the Province of Ontario has recently announced the elimination of GTA Pooling over the next 7 years;

Whereas the monies collected to fund GTA Pooling are collected from the residents and businesses within each region within the GTA;

Whereas the monies collected have not been collected to fund regional services;

Whereas both local and regional municipalities worked collectively to have GTA Pooling eliminated;

Whereas distributing the savings between the regional and local municipalities would provide the broadest benefit to the residents and businesses who contribute to GTA Pooling;

Now therefore be it resolved that the annual savings resulting from the elimination of GTA Pooling be shared on a 50/50 basis with the region and the local municipalities within the region; and

That the individual municipal share be based on the proportion of the funds collected for the purposes of GTA Pooling in the respective municipalities in the year immediately preceding the year that the savings will occur.

**REGION OF YORK
SHARING GTA POOLING SAVINGS
2008 to 2013**

Municipality	2007 Pooling	2007 %	Total Annual Savings	(1)	Region Local Split	(2)	Annual Local Benefit	Total Benefit After 6 Years
Aurora	3,831,900	4.82	638,650		50%		319,325	1,915,950
E. Gwillimbury	1,621,800	2.04	270,300		50%		135,150	810,900
Georgina	2,456,550	3.09	409,425		50%		204,713	1,228,275
King	2,067,000	2.6	344,500		50%		172,250	1,033,500
Markham	22,323,600	28.08	3,720,600		50%		1,860,300	11,161,800
Newmarket	5,239,050	6.59	873,175		50%		436,588	2,619,525
Richmond Hill	14,373,600	18.08	2,395,600		50%		1,197,800	7,186,800
Vaughan	25,058,400	31.52	4,176,400		50%		2,088,200	12,529,200
Whitchurch-Stouffville	2,528,100	3.18	421,350		50%		210,675	1,264,050
	<u>79,500,000</u>	<u>100 %</u>	<u>13,250,000</u>				<u>6,625,000</u>	<u>39,750,000</u>

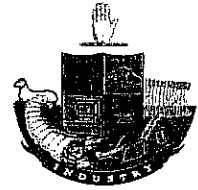
(1) Based on the remaining 6 year phase out

(2) Split based on the motion introduced by the City of Vaughan



The City Above Toronto

Attachment 3



MICHAEL DeANGELIS
City Manager

September 5, 2007

Bruce Macgregor, CAO, York Region
John Rogers, CAO, Town of Aurora
Stan Armstrong, CAO, Town of Georgina
Tom Webster, CAO, Town of East Gwillimbury
Scott Somerville, CAO, Township of King
John Livey, CAO, Town of Markham
Bob Shelton, CAO, Town of Newmarket
Joan Anderton, CAO, Town of Richmond Hill
David Cash, CAO, Town of Whitchurch-Stouffville

RE: Sharing the Savings from GTA Pooling

Earlier this year, in response to the Province's announcement to phase out GTA pooling, Vaughan's representatives introduced a resolution at the Region. The objective of the resolution was for the Region and the local municipalities to share in the annual savings on a 50/50 basis. The resolution was not adopted, however Regional Council resolved to request that **"the Commissioner of Finance bring forward options for allocating GTA pooling savings in future years to a Regional Council Workshop to be held in September 2007"**.

The objective of the resolution was to recognize that the elimination of GTA pooling was a result of the collective efforts of many individuals and both the upper and lower tier levels of government. It also recognized that it is not only the Region of York that has funding challenges.

For your information I have attached the following:

- 1) Copy of the Region of York Resolution;
- 2) Copy of the resolution introduced by the City of Vaughan regional representatives at Regional Council, "The Elimination of GTA Pooling";
- 3) A calculation estimating the benefit to each local municipality based on the motion put forward by Vaughan's representatives; and
- 4) The resolution passed by the Regional Municipality of Halton with respect to the distribution of the savings resulting from the phasing out of GTA Pooling.



In summary, the position put forward by the Vaughan regional representatives at Regional Council was to share the savings from GTA pooling on a 50/50 basis with the Region and the local municipalities within York Region. Based on the analysis attached, the savings to the Region would be \$39,750,000 when GTA pooling is fully phased out. There would also be equivalent savings that would be shared across the nine (9) municipalities within York Region.

If you have any questions regarding this information, please do not hesitate to contact me at 905 – 832-8585, extension 8290.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. DeAngelis', with a long horizontal flourish extending to the right.

Michael DeAngelis
City Manager

Attachments

c: Mayor Linda D. Jackson & Members of Council

 Clayton D. Harris
Deputy City Manager/Commissioner of Finance & Corporate Services



TOWN OF NEWMARKET

Anita Moore
Town Clerk
905-853-5300, ext. 2202
amoore@newmarket.ca

Attachment 4

August 30, 2007

Mr. John Leach
Clerk
City of Vaughan
2141 Major Mackenzie Drive
Vaughan, ON L6A 1T1

Dear Mr. Leach:

RE: Resolution – GTA Pooling

I am writing to advise that a resolution from the Town of Aurora regarding GTA Pooling was considered by Committee of the Whole on Monday, August 13, 2007 and subsequently a resolution was considered by Council at the regular meeting held on Monday, August 27, 2007.

I enclose a copy of Resolution R6-2007 enacted by the Town of Newmarket for your action as necessary.

Sincerely

Anita Moore
Town Clerk

AM:adm

Enclosure (1)

copy: Regional Municipality of York
Town of Richmond Hill
Town of Whitchurch-Stouffville
Town of Markham
Town of East Gwillimbury
Town of Georgina
Township of King
Town of Aurora

Newmarket's vision: A community well beyond the ordinary

395 Mulock Drive, P.O. Box 328, STN MAIN NEWMARKET, ON L3Y 4X7
Direct Dial: 905-953-5300 General Information: 905-895-5193 Fax: 905-953-5100

VISIT OUR WEBSITE AT: www.newmarket.ca



August 27, 2007

Moved by: **"Regional Councillor Taylor"**

Seconded by: **"Councillor Woodhouse"**

RESOLUTION R6 – 2007

WHEREAS, as part of the Local Services Realignment (LSR) initiative in the 1990's, The Regional Municipality of York (the Region of York) assumed a number of new responsibilities downloaded by the then provincial government, including welfare, housing for the poor, social assistance drug costs, public health, ambulance, day care and senior services, as well as a portion of pooled costs associated with social assistance and social housing for the Greater Toronto Area (GTA);

AND WHEREAS these costs are apportioned to each of the nine local municipalities and levied by them on behalf of the Region of York;

AND WHEREAS the Government of Ontario recently announced that, beginning in 2008, the government will upload the full costs of disability support payments (ODSP - Ontario Disability Support Program) and drug benefits (ODB - Ontario Drug Benefit), relieving municipalities of these costs over a four-year period;

AND WHEREAS the 2007 Provincial Budget included an announcement to phase out GTA pooling over seven years, beginning in 2007 by rolling contributions back to 2004 levels, and by one-sixth of the 2004 levels in each subsequent year, until fully eliminating it by 2013;

AND WHEREAS the York Region Human Services Planning Coalition has identified an annual funding gap for provincially-funded Social Services and Hospital and Health Care Services that continues to expand as the Region continues to grow;

AND WHEREAS the total size of the funding gap for Social Services in York Region in 2003/2004 was about \$173 million and the total funding gap for Hospital and Health Care Services in York Region between 2002 and 2007 as compared to the rest of the Province is estimated to be almost \$2 billion;

AND WHEREAS the Region of York's Outstanding Debt projected to December 31, 2007 is \$1.2 billion, which is expected to peak at approximately \$2.2 billion in 2011;

AND WHEREAS the Region of York's Debt Servicing in 2007 is \$138.6 million, which is expected to peak at approximately \$419 million in 2014;

AND WHEREAS local governments, including the Region of York, have not been able to afford the costs of maintaining aging infrastructure along with addressing the growing number of responsibilities transferred to them by other orders of government, resulting in necessary rehabilitation and/or replacement of capital infrastructure works being deferred, postponed or cancelled;

AND WHEREAS Canada's local government infrastructure deficit has been estimated by the Federation of Canadian Municipalities (FCM) to be in the range of \$60 billion and by the TD Bank Financial Group to sit at between \$50 billion and \$125 billion, which is 6-10 times the level of all current annual government infrastructure budgets combined;


AND WHEREAS the Region of York embarked on a Capital Asset Management Plan in 2006 to address the rehabilitation and/or replacement of capital assets;

AND WHEREAS the Region of York's estimated value of capital assets is approximately \$6.3 billion while its Capital Asset Replacement/Rehabilitation Reserve Fund sits at approximately \$103 million;

AND WHEREAS the Region of York will experience significant additional budget pressures associated with the provincially-mandated Places to Grow Act;

THEREFORE BE IT RESOLVED by the Municipal Council of the Corporation of the Town of Newmarket as follows:

1. **THAT** the Region of York be encouraged to reallocate the savings resulting from the phasing out of the GTA pooling and the uploading of the ODSP and ODB, and that these funds be evenly distributed for increased funding between Social Service Programming, Debt Reduction and Asset Replacement for a minimum period of 5 years beginning in 2008; and,
2. **THAT** the Clerk provide a copy of this resolution to the Region of York and each of the municipalities within the Region of York for their information.



Tony Van Bynen, Mayor