

OFFICE OF THE MAYOR



CORPORATION OF THE
CITY OF SAULT STE. MARIE

January 3, 2019

The Honourable Victor Fedeli
Minister of Finance
7th Floor, 7 Queen's Park Cres.
Toronto, ON
M7A 1Y7

Dear Minister Fedeli:

RE: 2019 Ontario Municipal Partnership Fund

I acknowledge receipt of your letter dated December 21st, 2018, and appreciate its provision.

I offer my congratulations on your recent re-election as the MPP for North Bay and on your appointment as the Minister of Finance. Personally, I take comfort in the fact that a representative from Northern Ontario holds such a senior and important position in Ontario's government and that you have first-hand knowledge of the challenges facing Mayors across our province. I am writing to you in that spirit and with that perspective.

As you are aware, municipalities are currently in the process of finalizing their 2019 budgets and that municipalities are statutorily prohibited from budgeting a deficit. As a result, municipalities have to ensure that their expenses do not exceed their revenues. In order for us to do that with any reasonable level of accuracy, we have to know or be able to anticipate our revenues.

I want to assure you, your Ministry and your government that we want to be a partner in addressing our provincial challenges. We have worked hard here in Sault Ste. Marie to ensure that we are delivering effective and responsible municipal governance that is respectful of our ratepayers. Over the course of this past Council term, we have reduced budgeted City expenditures by 2 million dollars, ensured that our electricity distribution and water/waste water rates are among the lowest in the province, reduced the number of full-time employees working for the municipality, froze non-unionized staff wages along with Mayor and Councillor honorariums, and decreased the size of City Council and its budget.

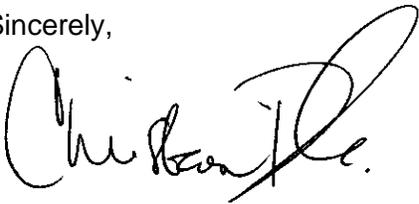
While we will continue to look for and encourage municipal efficiency, it will take some time and certainly more than the immediate budget cycle will provide. Due to our statutory limitations, an immediate reduction in the City's OMPF funding can only result in either a municipal tax increase or a municipal service reduction. I do not expect the Province would want to see its actions or decisions result in either.

Considering the timing, I propose that the most responsible and appropriate course of action is to maintain the 2019 OMPF funding at the 2018 level and make the adjustments your government determines necessary beginning with the 2020 funding year. If the adjustment is substantial, it should be phased in over a number of budgets to minimize the effect on municipal operations and their ratepayers. The sooner you can advise of the 2020 adjustment, if any, the more likely municipalities can make their own adjustments to accommodate for the difference in funding.

I also think it is important to recognize, in closing, that while Sault Ste. Marie received \$15,455,200 in OMPF funding in 2018, Sault Ste. Marie paid \$17,821,750 (as levied by the District of Sault Ste. Marie Social Services Administration Board and paid through municipal property taxes) towards the funding of provincial programs and responsibilities including Community Child Care, Emergency Medical Services, Ontario Works and Social Housing.

I would be happy to discuss these matters with you further and, considering the magnitude of your schedule and responsibly, I would make myself available at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Christian C. Provenzano". The signature is fluid and cursive, with a large loop at the end.

Christian C. Provenzano, B.A., LL.B., LL.M

CC City Council
The Honourable Steve Clark, Minister, Municipal Affairs and Housing
Greg Orencsak, Deputy Minister, Ministry of Finance
Laurie LeBlanc, Deputy Minister, Ministry of Municipal Affairs and Housing
Jamie McGarvey, President, Association of Municipalities Ontario
Ross Romano, Sault Ste. Marie MPP