



REPORT FOR ACTION

Report back on MM7.2 Effective Collaboration with Ontario Municipalities

Date: May 29, 2019
To: Executive Committee
From: City Manager
Wards: All

SUMMARY

City Council at its May 14, 2019 meeting adopted MM7.2, Effective Collaboration with Ontario Municipalities, which directed the City Manager to report back to the June 6, 2019 Executive Committee on the intergovernmental relationship and economic benefits of rejoining the Association of Municipalities of Ontario (AMO), as well as possible costs and time frames involved in rejoining the Association.

This report responds to City Council's direction.

RECOMMENDATIONS

The City Manager recommends:

1. City Council direct the City Manager to explore with the Association of Municipalities of Ontario (AMO) options for more formal participation by the City of Toronto in AMO while retaining its direct government to government relationships and its ability to enter into direct intergovernmental agreements.
2. City Council direct the City Manager to continue to actively look for opportunities for City of Toronto staff to collaborate with AMO on issues of mutual interest including on AMO working groups and steering committees.

FINANCIAL IMPACT

There are no financial implications associated with this report.

If the City were to join the Association of Municipalities of Ontario (AMO), annual membership fees for 2019 would be \$131,008. AMO does not allow annual

membership fees to be prorated. This would be an added cost that the City has not budgeted for. AMO may also levy additional fees to administer programs on behalf of its membership.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On May 14, 2019, City Council adopted MM7.2 Effective Collaboration with Ontario Municipalities, which directed the City Manager to report back to the Executive Committee in June 2019 on the intergovernmental relationship benefits and the economic benefits of rejoining the Association of Municipalities of Ontario at this time, as well as possible costs and time frames involved in rejoining the Association.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.MM7.2>

At its meeting of September 28, 29, 30 and October 1, 2004, City Council directed that the City of Toronto suspend its participation and membership in the Association of Municipalities of Ontario, and continue to pursue a government to government to government relationship with the Provincial and Federal governments.
<https://www.toronto.ca/legdocs/2004/agendas/council/cc040928/pof7rpt/cl006.pdf>

COMMENTS

Intergovernmental Implications

Toronto's Relationship with the Province of Ontario and Government of Canada

The fundamental principle underpinning Toronto's intergovernmental approach since 2004 has been to ensure that Toronto maintains direct government to government relationships with Ontario and Canada on key issues, and has a seat at the table in government to government negotiations to ensure that the City represents its own priorities and interests.

Toronto is a major economic hub and delivers programs and services that provide broad benefits to the region and the province as a whole, including housing and homelessness, public health, social services, newcomer integration, transit and transportation, and anti-poverty initiatives. Toronto's size and scale make the City unique in Ontario; this has been recognized and reflected in the fact that the City has its own legislative framework in the City of Toronto Act, 2006 (COTA).

COTA is enabling legislation that provides the City with its fundamental source of power, and distinguishes Toronto from all other Ontario municipalities which are governed by the Municipal Act, 2001. COTA is broad and permissive legislation that provides the City with authorities commensurate with its size, responsibilities and status as an order of government.

COTA also enables the City to have direct bilateral agreements with the Government of Canada and provides for a Toronto-Ontario Cooperation and Consultation Agreement (T-OCCA). Like the AMO MOU, this agreement, which was first signed in 2008 and subsequently renewed in 2011 and 2016, provides a formal process for ongoing City-Provincial consultation on matters of mutual interest.

Consultations under T-OCCA take the form of meetings or teleconferences between City and Provincial representatives and may include:

- Regular Formal Meetings with City Manager/Deputy City Managers and Provincial Deputy Ministers.
- Periodic "Political T-OCCA" meetings between the Mayor and/or Councillors and the Premier and/or Provincial Cabinet ministers.
- Additional ad hoc meetings on particular program issues.

Agendas and timing of all T-OCCA meetings are determined jointly by the City and Province. Information shared at T-OCCA meetings is strictly confidential. T-OCCA includes a confidentiality clause which states that the City and Province will treat information "*acquired or produced through the performance of this Agreement*" as confidential, unless the parties agree that the material is public information. Nothing in the T-OCCA supersedes the Freedom of Information and Protection of Privacy Act (FIPPA) or the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA).

An important provision of COTA is that it enables the City to have a direct bilateral relationship with the federal government on matters within the City's jurisdiction. Specifically, subsection 1(4) of COTA states: "*The Province acknowledges that the City has the authority to enter into agreements with the Crown in right of Canada with respect to matters within the City's jurisdiction*". For example, Toronto is a signatory to the Federal Gas Tax Agreement, along with AMO and Ontario. This allows the City to receive and administer its federal gas tax allocations directly. AMO administers the gas tax on behalf of Ontario municipalities excluding Toronto, and charges them a fee of up to 0.5% of total funds allocated in order to do so.

While AMO is an effective advocate for its member municipalities, the City of Toronto needs to retain its direct government to government relationships with the Province of Ontario and the Government of Canada in order to ensure that the City's intergovernmental priorities and requests are not mediated through AMO or subsumed with other municipal perspectives. In addition, if Toronto were to become a member of AMO, there is a risk that the Province may not continue to deal with the City on a "government-to-government" basis. As a result, the City could lose the ability to directly manage its consultation meetings and put its positions directly to the Province.

Association of Municipalities of Ontario (AMO)

AMO Membership

The Association of Municipalities of Ontario (AMO) is a non-partisan, non-profit association representing most Ontario municipalities (currently 419 out of 444 total). AMO is governed by a Board of Directors composed of 43 members, including the President and Past President, the Secretary-Treasurer and Past Secretary-Treasurer, and 39 members from seven different caucuses, as follows:

- County Caucus (6)
- Large Urban Caucus (7)
- Regional & Single Tier Caucus (7)
- Rural Caucus (6)
- Small Urban Caucus (6)
- Northern Caucus (6)
- Association française des municipalités de l'Ontario (AFMO) (1)

The Board members may be elected or non-elected municipal representatives. AMO holds an Annual Conference every August. Any person (municipal councillor, staff, member of the public) can attend the AMO conference, but AMO members pay a reduced rate.

AMO Memorandum of Understanding (MOU)

AMO has a Memorandum of Understanding (MOU) with the Province of Ontario that is similar in form and content to the City of Toronto's Toronto-Ontario Cooperation and Consultation Agreement required under the City of Toronto Act, 2006. First signed in 2001, and enshrined in the Municipal Act in 2004, the MOU commits the Province of Ontario to prior consultation with AMO on:

- proposed provincial changes to legislation and regulations that will have a significant financial impact on municipalities; and
- negotiation of agreements with the federal government on specific matters that have a direct municipal impact.

Schedule C of the MOU, "Protocol for Consultation with AMO in Canada-Ontario Negotiations on Matters that have a Direct Municipal Impact", specifically sets out the conditions and terms for AMO to represent Ontario municipal interests in negotiations with other orders of government, including on issues such as immigration, housing, and municipal infrastructure. In addition, Schedule C states that in the negotiations between Canada and Ontario, Ontario will endeavour to ensure that Canada's funding programs respect municipal priorities as identified by Ontario in consultation with AMO.

AMO's role under both the MOU and the Protocol is to consult with its membership, consolidate views, align municipal perspectives and present these perspectives as approved by the Board for discussions with Ontario and the Government of Canada, where applicable.

Collaboration with AMO

The City of Toronto suspended its participation and membership in the Association of Municipalities of Ontario (AMO) in 2004 in favour of pursuing a direct government to government relationship with the Province of Ontario and its own "seat at the table" in dealing with the federal government. As noted below, the City has advanced this objective in the last 15 years and continues to seek out opportunities for bilateral engagement.

While the City is not a member of AMO, City staff regularly collaborate with AMO staff on issues of mutual interest and jointly participate on intergovernmental tables. This includes tables established through agreements with other governments, working groups where a formalized common approach is desired, and in an ad-hoc manner to ensure the municipal sector is aligned when dealing with other governments.

Examples include:

- **Legalization of Cannabis.** City staff participated in a Provincial-Municipal Technical Working Group with the Province and AMO representatives regarding distribution of the province's share of federal cannabis excise duty revenues to help municipalities with the incremental costs associated with legalization implementation. City staff also participated on AMO's Marijuana Staff Advisory Group.
- **Federal Gas Tax Oversight Committee.** City staff participate on a joint Canada, Ontario, AMO and Toronto table, established via the joint Canada, Ontario, AMO and Toronto Administrative Agreement.
- **Joint and Several Liability Working Group.** City staff are participating in an AMO working group with other municipalities on the issue of joint and several liability. The group was convened by AMO following the Premier's January 2019 commitment to consult with municipalities on this issue, and intends to develop recommendations to submit to the Province.
- **Canada-Ontario Immigration Agreement.** Annex D to the Agreement (Partnership with Municipalities) outlines separate roles for AMO and Toronto, and Toronto has signed a separate Memorandum of understanding as part of this. Toronto is an observer on AMO's Federal-Provincial-Municipal Immigration Committee.
- **Affordable Housing and Homelessness Task Force.** The Director of the City's Affordable Housing Office is a member of this AMO Task Force. This is an exception to AMO's usual rule that Task Force members must be either elected officials or staff from AMO member municipalities.
- **National Housing Strategy Trilateral Coordination Forum.** Director of the City's Affordable Housing Office is the municipal co-chair (along with AMO).
- **Provincial-Municipal Social Assistance and Employment Committee (PMSAEC).** PMSAEC is a working group established by the Province, consisting of

provincial and municipal staff, including AMO, intended to support modernizing service delivery, transforming Ontario's employment and training programs and services system and more effectively integrating human services. The General Manager of Toronto Employment and Social Services (TESS) serving as co-chair.

Collaboration with Other Ontario Cities

While AMO is an important forum for Ontario municipal collaboration, the City already regularly collaborates with other municipalities both through elected officials and at a staff level. The Mayor of Toronto is a member of the Large Urban Mayors' Caucus of Ontario (LUMCO) and the Mayors and Regional Chairs of Ontario (MARCO) by virtue of office. Membership in AMO is not required to be a member of either organization, although both are affiliated with AMO, in that the Chairs of LUMCO and MARCO have ex-officio seats on the AMO Board. LUMCO and MARCO often meet together to discuss issues of common concern.

In recent months, Mayor Tory has worked with LUMCO mayors to advance City Council positions on the issues of regional housing, the impacts of refugee/asylum claimants, and the 2019 Ontario Budget. At its meeting on May 24, 2019, LUMCO considered a recommendation that it pursue "a more prominent and formal voice for LUMCO at meetings between the Association of Municipalities of Ontario (AMO) and the Province".

From a staff perspective, the City Manager and other senior staff are also active on staff associations such as the Regional and Single Tier CAOs (RSTCAOs) forum. As well, City of Toronto staff have direct program relationships with other Ontario municipalities.

The City is actively seeking to strengthen its partnerships with other municipalities in the Greater Toronto and Hamilton Area (GTHA) through participation in established organizations and on issues of mutual interest.

Economic Implications

AMO Membership Fees

AMO charges all members an annual fee, based on a flat fee amount plus a per household charge. The flat fee and per household charges are tiered into five different categories according to the number of households within a municipality; the greater the number of households, the higher the flat fee and the lower the per household charge. If the City of Toronto were to join, it would be billed as a "Category 5" municipality (over 20,000 households), and charged a flat fee of \$11,656 plus \$0.1029 per household above 20,000, for a total charge of \$131,008 in 2019. Toronto would be by far the largest municipality in this category, with over fifty times the number of households compared to other municipalities in the same category that are billed the same per household charge.

Administrative Fees

AMO also charges to recover the costs of administering programs on behalf of other governments for Ontario's municipalities. For example, AMO administers the federal

gas tax on behalf of Ontario municipalities excluding Toronto, and charges an administration fee of up to 0.5% of total funds allocated in order to do so.

Ability to Advocate for a Fair Share

An indirect economic implication to the City joining AMO is the risk that the City may lose leverage to directly advocate for its fair share of resources from the Province. For example, this issue may arise with regard to how programs are cost-shared between municipalities and the Province (e.g. the changes to public health cost sharing being implemented as a result of the 2019 Ontario Budget, where the City of Toronto is being asked to pay a larger cost share than other municipalities). As a broad-based and member-driven organization, AMO could not be expected to fully articulate and stand up for Toronto's interests.

Conclusion

Toronto has worked vigorously to establish its own enabling legislative framework, with the Province of Ontario and the Government of Canada, pursued revenue sources commensurate to the City's responsibilities, and secured a seat at the table in government to government negotiations. Joining AMO would put at risk the City's ability to directly advocate for its priorities, maintain direct government to government relationships, and negotiate its own intergovernmental agreements. This report recommends that City Council direct the City Manager to explore with AMO options for more formal participation by the City of Toronto in AMO while retaining its direct government to government relationships and its ability to enter into direct intergovernmental agreements, as well as to actively look for opportunities for City of Toronto staff to collaborate with the AMO Ontario on issues of mutual interest.

CONTACT

Sandra Rodriguez, I/Director, Corporate Intergovernmental & Agency Relations, 416.392.3832, Sandra.Rodriguez@toronto.ca

Paul Parsons, Senior Corporate Management and Policy Consultant, Corporate Intergovernmental & Agency Relations, 416.397.4625, Paul.Parsons@toronto.ca

SIGNATURE

Chris Murray
City Manager