

Ministry of Finance

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November 10, 2016

Dear Head of Council:

We are writing to announce the release of the Ontario Municipal Partnership Fund (OMPF) municipal allocations for 2017.

In 2017, the province will maintain OMPF funding at \$505 million, which will provide unconditional support to 388 municipalities across the province. The province will continue to provide unconditional funding in 2017 and beyond.

When the OMPF is combined with the provincial uploads, the municipal benefit will total more than \$2.4 billion in 2017. This is nearly four times the level of funding provided in 2004, and is the equivalent of 13 per cent of municipal property tax revenue.

As you know, the OMPF was redesigned in 2014 following consultations with municipalities from across the province. Consultations with municipalities and the Association of Municipalities of Ontario (AMO) have continued over the past year and have focused on refining the program to ensure it meets the long-term priorities of municipalities.

The 2017 OMPF reflects the core objectives of the redesigned program, while balancing the range of views expressed by municipalities through this year's consultations.

The 2017 program will further target support to municipalities with more challenging fiscal circumstances by increasing the Northern and Rural Fiscal Circumstances Grant to \$82 million from \$67 million in 2016. This is an increase of over 20 per cent to this grant component and means that municipalities with more challenging fiscal circumstances will see their funding through this grant component increase in 2017.

Through the consultation process, we heard positive feedback on the funding enhancement introduced last year that is targeted to municipalities with the highest levels of farm land, in recognition of their unique challenges. In 2017, the Rural Communities Grant will be increased to \$148 million from \$143 million in 2016 to further target funding to municipalities across the province with the highest levels of farm land.

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Finally, in order to help municipalities as they adjust to the redesigned program, municipalities will continue to receive a guaranteed minimum level of funding. The 2017 minimum funding guarantee for municipalities in southern Ontario will be at least 85 per cent of their 2016 OMPF allocations and for municipalities in northern Ontario will be at least 90 per cent of their 2016 OMPF allocations.

Municipalities in all regions of the province with the most challenging fiscal circumstances will continue to have their funding maintained at 100 per cent of the prior year's allocation.

The Ministry of Finance's (MOF) Provincial-Local Finance Division will be providing your municipal Treasurers and Clerk-Treasurers with further details on the 2017 OMPF. This information and other supporting materials will be posted in both English and French on the MOF website: <http://www.fin.gov.on.ca/en/budget/ompf/2017>

Our government has a very strong record of supporting and working with municipalities. As outlined in the 2016 Ontario Budget, we are pleased to fulfil our commitment to the upload of social assistance benefit programs, as well as court security and prisoner transportation costs, off the local property tax base. These uploads will be fully implemented by 2018. As a result of the uploads, municipalities will benefit from more than \$1.9 billion in reduced costs in 2017 alone.

Our commitment to the provincial uploads means that overall support to municipalities will continue to increase. In 2017, municipalities will benefit from more than \$4 billion in ongoing support through the OMPF, provincial uploads, and other provincial initiatives – an increase of \$2.9 billion from the level provided in 2003.

Going forward, the government's focus will be on investing in the infrastructure that is vital to the health, prosperity and quality of life of Ontarians. In partnership with communities, Ontario is making significant infrastructure investments to create jobs and help the province grow and prosper.

The province's infrastructure commitments include transit, transportation and other priority infrastructure through Moving Ontario Forward that is supported by \$31.5 billion in dedicated funds. As part of Moving Ontario Forward, the Ontario Community Infrastructure Fund (OCIF) is being expanded to \$300 million per year by 2018-19, which will provide ongoing support for critical local infrastructure priorities. The expanded fund was launched in July of 2016.

In addition, the 2016 Budget announced that the government is introducing a new Connecting Links program that will provide \$20 million in 2016-17 to help municipalities pay for construction and repair costs for municipal roads that connect two ends of a provincial highway through a community or to a border crossing. Funding for this program will increase to \$30 million per year by 2018-19.

In September, the province signed a bilateral agreement with the federal government to make funding available under the federal Clean Water and Wastewater Fund (CWWF). The Province will contribute about \$270 million in funding through the program to support immediate improvements to water distribution and treatment infrastructure, starting in 2016-17. This is in addition to a federal contribution of about \$570 million.

We remain committed to consulting with our municipal partners to ensure the design of the OMPF reflects municipal priorities. We look forward to continuing the strong partnership we have with communities across Ontario.

Sincerely,

Information Copy
Original Signed By

Charles Sousa
Minister of Finance

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Bill Mauro
Minister of Municipal Affairs