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Dear Head of Council:

We are pleased to announce the release of the Ontario Municipal Partnership Fund (OMPF) allocations for 2006.

The government is increasing OMPF funding to \$707 million in 2006, \$51 million or 7.7% more than the 2005 OMPF funding announced last March. This increase in funding reflects our government's commitment to supporting municipalities and ensuring that the OMPF grants continue to remain up to date and responsive to municipal financial needs.

As you know, the OMPF was designed to address a number of problems inherent in the former Community Reinvestment Fund (CRF). The old CRF was inequitable, out of date, and onerously complex with municipalities in similar circumstances often receiving very different levels of funding. By contrast, the OMPF consists of a transparent system of grants that ensures municipalities in similar circumstances are provided with similar amounts of funding.

We are confident that the 2006 update to the OMPF grants will build on the progress made in addressing the priorities municipalities shared with us during the design phase of the OMPF. Additional funding is being provided to: assist municipalities with their share of social programs; support areas with limited property assessment; address challenges faced by rural and northern communities; and respond to policing costs in rural communities.

While the basic framework of the OMPF will remain unchanged in 2006, we have introduced a number of specific refinements to grant thresholds and parameters in response to municipal suggestions. We are also pleased to announce that the government has extended the OMPF phase-in strategy to 2010 in order to better support municipalities in their gradual adjustment to this new grant program.

We are also pleased to advise that one-time special assistance will be available to municipalities to ensure that the 2006 funding is not less than the funding provided under the 2005 OMPF. The Deputy Ministers of Finance and Municipal Affairs and Housing will provide the details of this special assistance for affected municipalities.

Municipal Treasurers and Clerk-Treasurers will also be provided with the details of all OMPF grant refinements along with 2006 Allocation Notices and 2006 Cash Flow Notices. In order to ensure that OMPF grant calculations remain transparent and understandable, ministry staff will also be posting municipal Allocation Notices along with other supporting materials on the Ministry of Finance website:

<http://www.fin.gov.on.ca/english/community/ompf/>.

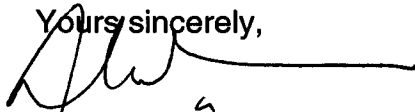
The *OMPF Technical Guide* will also be revised to reflect all data updates and specific grant modifications. In the interim, we have enclosed a brochure, the *Ontario Municipal Partnership Fund 2006*, which provides general information on OMPF grant refinements. Any queries can also be directed to the OMPF e-mail address at info.ompf@fin.gov.on.ca.

The OMPF is a key component of the government's overall program to support municipalities. Other components include:

- Providing \$298 million toward the \$900 million fund for the Canada-Ontario Municipal Rural Infrastructure Fund;
- Delivering more than \$1 billion in provincial gas tax revenues to municipalities over five years;
- Increasing the provincial share of public health funding to 75% by 2007;
- Assisting more than 170 municipalities with up to \$2.2 billion in low-cost, longer term loans, for more than 1,100 local projects, through the Ontario Strategic Infrastructure Financing Authority.

We remain committed to working in partnership with municipalities and we believe these important initiatives, together with the OMPF, will result in a significant strengthening of Ontario's communities. By working together on shared challenges, we are confident that we will succeed in improving the quality of life for all citizens throughout the Province.

Yours sincerely,



Dwight Duncan
Minister of Finance



John Gerretsen
Minister of Municipal
Affairs and Housing

Enclosure