

Ministry of Finance

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**Ministry of Municipal
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November 14, 2008

Dear Treasurer/Clerk-Treasurer:

This letter follows the recent letter to Heads of Council, from the Ministers of Finance and Municipal Affairs and Housing, announcing the Combined Benefit Stable Funding Guarantee (CBSFG) for the 2009 Ontario Municipal Partnership Fund (OMPF).

In order to provide municipalities with information as soon as possible, the 2009 OMPF will be released in two stages. As the first stage, we are issuing the 2009 Combined Benefit Stable Funding Guarantee notices to municipalities. Through the Combined Benefit Stable Funding Guarantee (CBSFG), the government will ensure that your municipality's *combined benefit* of your 2009 OMPF plus the reduced costs from the ODB and ODSP administration uploads, will be equal to or greater than your March 2007 OMPF.

The second stage will be the release of the detailed 2009 OMPF allocations and supporting resources later this Fall, reflecting the impact of more current cost and assessment data, as they become available.

Providing OMPF and related information much earlier than in previous years is intended to provide a greater level of certainty as you begin your 2009 budget planning cycle, particularly in light of the recommendations of the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR), and current economic challenges. The combined benefit approach was agreed to by both AMO and the City of Toronto through the Review and included in the PMFSDR Report tabled October 31, 2008. Issuing the CBSFG notices now should only help to support that planning process.

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AMO and the City of Toronto have also agreed to the key principle that the OMPF should remain responsive to changes in municipal circumstances, such as the upload of the ODB, and ODSP and Ontario Works (OW) benefits. Consistent with the normal operation of the OMPF, the social programs grants for upper- and single-tier municipalities will be adjusted to reflect the reduction in municipal costs for these programs as the uploads are phased in. As a result, the OMPF will decline to a level of about \$500 million by 2016, when the social programs grants will be phased out.

Single- and upper-tier municipalities will directly benefit from the upload of these social programs. However, all taxpayers within the counties or regions throughout the Province will benefit from the phased removal of these costs from the property tax base.

Stage 1: 2009 Combined Benefit Stable Funding Guarantee Notice (CBSFG)

The attached 2009 Combined Benefit Stable Funding Guarantee Notice reflects the benefit to your municipality of its reduced costs from programs uploaded in 2009, as well as your OMPF allocation, and is compared to your March 2007 OMPF. The CBSFG is an interim notice of the minimum allocation your municipality will receive in 2009, as identified on Line A.

The early release of the CBSFG, which shows the minimum funding level for the 2009 OMPF, is intended to assist municipalities as they begin the planning process for their 2009 budgets.

Stage 2: Detailed 2009 OMPF Allocations

Staff are working to complete the analysis and incorporate data needed to determine the detailed 2009 OMPF allocations for release in late Fall. There will be municipalities that may see increases from the CBSFG based on assessment changes, phase-in parameters and cost increases. There are also municipalities which receive other grants in the OMPF (Northern and Rural Communities, Police Services, and Equalization Grants). These will not be affected by the combined benefit calculation in the OMPF. No municipality will receive less than the CBSFG amount on Line A of the attached notice.

At that time, you will receive your *2009 OMPF Allocation* and *2009 Cash Flow* notice. Details of the 2009 OMPF grant calculations will be provided in the *Ontario Municipal Partnership Fund Technical Guide 2009*.

If you require additional information, you may contact your local Municipal Services Office of the Ministry of Municipal Affairs and Housing, visit the Ministry of Finance website below, or e-mail your inquiries and your contact phone number to: info.ompf@ontario.ca.

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

Sincerely,



Peter Wallace
Deputy Minister
Ministry of Finance



John Burke
Deputy Minister
Ministry of Municipal Affairs and Housing

Attachment