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November 14, 2013

Dear Head of Council:

We are writing to announce the release of the redesigned Ontario Municipal Partnership Fund (OMPF) and program allocations for 2014.

In 2014, the province will provide a total of \$550 million in unconditional funding through the OMPF to 388 municipalities across the province. This funding, combined with the municipal benefit resulting from the provincial uploads, will total more than \$2 billion in 2014. This is over three times the level of funding provided in 2004.

As you know, 2013 was a transition year for the OMPF. The transition year provided us with the opportunity to consult with the Association of Municipalities of Ontario and other municipal representatives on how best to redesign the program to support municipal needs. We also received valuable input from a number of municipalities across the province. These consultations helped to shape the redesign of the program.

With respect to the redesign of the program, municipal representatives emphasized that the OMPF should:

- continue to support municipalities with limited property assessment;
- continue to recognize the challenges of northern and rural municipalities, while better targeting funding to those municipalities with more challenging fiscal circumstances; and
- include support to assist municipalities as they transition to the redesigned program.

We are pleased to announce that the 2014 OMPF will continue to provide support to municipalities through the *Assessment Equalization, Northern Communities, and Rural Communities* grants. In addition, a new *Northern and Rural Fiscal Circumstances Grant* is being introduced to better target funding to northern and rural municipalities with more challenging fiscal circumstances.

The \$550 million OMPF for 2014 also includes a significant amount of transitional assistance which is intended to provide stability and support to local governments as they transition to the redesigned program. More specifically, the transitional assistance provided through the 2014 OMPF will ensure that municipalities receive a guaranteed level of support based on their 2013 OMPF allocation.

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Municipalities in the north will receive at least 90 per cent of their 2013 OMPF allocation, while municipalities in other regions of the province will receive at least 85 per cent. These minimum levels of support will be enhanced up to 100 per cent for eligible municipalities with more challenging fiscal circumstances.

The Ministry of Finance's (MOF) Provincial-Local Finance Division will be providing your municipal Treasurers and Clerk-Treasurers with further details on the 2014 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/2014/>  
<http://www.fin.gov.on.ca/fr/budget/ompf/2014/>

The review of the OMPF and the phase-down of the program to \$500 million by 2016 was announced in 2012, and was also part of the 2008 Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR) agreement with municipalities. As part of the next phase of the program review, over the coming months, we will continue to consult with our municipal partners on refining the OMPF as well as to consider whether the grant should include other objectives beyond those announced as part of the 2014 program.

We are also pleased to reaffirm our commitment to the upload of municipal costs in accordance with the timetable agreed to through the PMFSDR.

In 2014, we will continue the phased upload of Ontario Works (OW) benefit costs and court security and prisoner transportation costs. This builds on our previous uploads of Ontario Drug Benefits (ODB) and Ontario Disability Support Program (ODSP).

As a result of the uploads, municipalities will benefit from more than \$1.5 billion in reduced costs in 2014 alone. Combined with the OMPF, this is the equivalent of over 12 per cent of municipal property tax revenue in the province.

It is important to acknowledge that in two-tier systems, the removal of these costs off the property tax base benefits all local taxpayers including those residing in lower-tier municipalities.

Despite the adjustments to the OMPF, the combined benefit of the provincial uploads and support provided through the OMPF will continue to increase, with the provincial uploads more than offsetting the reduction to the program.

Our government has a very strong record of supporting and working with municipalities. Together with other provincial initiatives, we will provide municipalities with ongoing support of approximately \$3.5 billion in 2014 — an increase of more than 200 per cent from the level provided in 2003.

In addition to this ongoing support, the province has made significant investments in municipal infrastructure. Since 2003, we have provided municipalities with approximately \$13 billion in infrastructure funding.

In August 2012, the province launched the Municipal Infrastructure Strategy. As part of the strategy, we have provided \$9 million to help municipalities prepare asset management plans, and nearly \$90 million for critical projects through the Municipal Infrastructure Investment Initiative. As a continuation of the strategy, we are providing \$100 million through the Small, Rural and Northern Municipal Infrastructure Fund. We have consulted with our municipal partners on the design of the fund and a potential permanent program for consideration in the 2014 Budget.

We look forward to continuing to build on our partnership with municipalities as we move forward to address our shared challenges.

Sincerely,

*Information Copy  
Original Signed By*

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Minister  
Ministry of Finance

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Linda Jeffrey  
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Ministry of Municipal Affairs and Housing