

Ministry of Finance

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November 20, 2017

Dear Head of Council:

We are writing to announce the release of the Ontario Municipal Partnership Fund (OMPF) municipal allocations for 2018. In 2018, the province will provide a total of \$510 million in unconditional funding through the OMPF to 389 municipalities across the province. As announced in the *2017 Ontario Economic Outlook and Fiscal Review*, the province is increasing the total OMPF envelope by \$5 million beginning in 2018 to further support northern municipalities.

The OMPF, combined with the municipal benefit resulting from the provincial uploads, will total more than \$2.6 billion in 2018, which is equivalent to 14 per cent of municipal property tax revenue in the province.

As you know, the OMPF was redesigned in 2014 following discussions 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 2018 OMPF balances the range of views expressed by municipalities through our consultations, while reflecting the core objectives of the redesigned program.

The 2018 program will further target support to municipalities with more challenging fiscal circumstances by increasing the Northern and Rural Fiscal Circumstances Grant to \$89 million from \$82 million in 2017. Additionally, the Northern Communities Grant component of the OMPF program will be enhanced to \$89 million in 2018, an increase of \$5 million over 2017, to further recognize the challenges of northern municipalities. This builds on the enhancement provided to northern municipalities in 2016. Lastly, the Rural Communities Grant, which continues to support rural communities across the province, will total \$150 million in 2018. The farm enhancement of the Rural Communities Grant will grow from \$10 million in 2017 to \$15 million in 2018 to further support municipalities with the highest levels of farm land.

As in prior years, the 2018 funding guarantee for municipalities in southern Ontario will be at least 85 per cent of their 2017 OMPF allocation and for municipalities in northern Ontario will be at least 90 per cent of their 2017 OMPF allocation. Municipalities in all regions of the province with the most challenging fiscal circumstances will continue to have their funding enhanced up to 100 per cent of the prior year's allocation.

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The Ministry of Finance's (MOF) Provincial-Local Finance Division will be providing your municipal Treasurers and Clerk-Treasurers with further details on the 2018 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/2018>.

Our government has a very strong record of supporting and working in partnership with municipalities. As confirmed in the 2017 Ontario Budget, we are pleased to fulfil our commitment to the upload of social assistance benefit costs, 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 provincial uploads, Ontario municipalities will benefit from approximately \$2 billion in reduced costs in 2018 alone, for a total benefit of over \$13.5 billion since the uploads began in 2008.

Going forward, the province will focus on investing in infrastructure, which will benefit communities across Ontario. The government is making one of the largest infrastructure investments in Ontario's history, more than \$190 billion over 13 years, beginning in 2014–15. This includes increasing provincial investments in municipal infrastructure through the Ontario Community Infrastructure Fund (OCIF), Connecting Links and the Provincial Gas Tax Program. These investments will strengthen Ontario's road, bridge, transit, water and wastewater infrastructure.

The province is also working with the federal government to invest in infrastructure programs such as the Clean Water and Wastewater Fund (CWWF), and is investing up to \$100 million of proceeds from the provincial carbon market in a new Municipal Greenhouse Gas (GHG) Challenge Fund in 2017–18. This investment will support projects that reduce GHG emissions, such as renewable energy and energy efficiency retrofits to municipal facilities like arenas, and energy-efficiency upgrades to drinking water or wastewater treatment plants.

In closing, we would like to thank our municipal partners for their feedback and input into the design of the 2018 OMPF program. We look forward to continuing the strong partnership we have with communities across Ontario.

Sincerely,

The image shows two handwritten signatures in black ink. The signature on the left is for Charles Sousa, and the signature on the right is for Bill Mauro. Both signatures are fluid and cursive.

Charles Sousa
Minister of Finance

Bill Mauro
Minister of Municipal Affairs