

STAFF REPORT: Finance and IT Services



REPORT TO: Committee of the Whole
MEETING DATE: December 2, 2013
REPORT NO.: FIT.13.62
SUBJECT: Ontario Municipal Partnership Fund – 2014 Allocation
PREPARED BY: Ruth Prince, Manager of Revenue

A. Recommendations

THAT Council receive Staff Report FIT.13.62, entitled “Ontario Municipal Partnership Fund – 2014 Allocation” for information purposes.

B. Background

The Ontario Municipal Partnership Fund (OMPF) is the Province’s main transfer payment to municipalities. In early 2012, the government announced the review of the OMPF and the phase-down of the program, which was part of the Provincial-Municipal Fiscal Service Delivery Review Agreement with the municipalities.

2013 was the transition year and provided the opportunity for further consultation between the Province, Association of Municipalities of Ontario (AMO) and other municipal representatives on how to redesign the program to support municipal needs.

C. Analysis

OMPF has been redesigned for 2014, with the following objectives:

- Continue to support areas with limited property assessment,
- Continue to recognize the challenges facing northern and rural municipalities, while targeting those with more challenging fiscal circumstances, and
- Assist municipalities as they transition to the redesigned program.

As part of the redesign, a new grant component called the Northern and Rural Fiscal Circumstances Grant has been included. This new grant component recognizes the differences in fiscal circumstances for municipalities and bases the grant on the northern and rural Municipal Fiscal Circumstances Index (MFCI).

Also included in the redesign is a significant amount of Transitional Assistance, which ensures municipalities a guaranteed level of support, based on their 2013 OMPF allocations.

The 2014 OMPF Funding for The Blue Mountains is \$1,287,800, which is 85% of the 2013 OMPF. The OMPF funding is broken into five grant components as follows:

Assessment Equalization Grant	\$ 0
Northern Communities Grant	\$ 0
Rural Communities Grant	\$ 978,500
Northern and Rural Fiscal Circumstances Grant	\$ 130,500
Transition Assistance	\$ 178,800
Total	\$1,287,800

Assessment Equalization Grant

This grant provides funding to single tier and lower tier municipalities with limited property assessment due to lower property values and limited non-residential assessment. The Blue Mountains does not receive any funding under this grant, as our average weighted assessment per household is \$477,409 and the median for northern and rural municipalities is \$231,000.

Northern Communities Grant

This grant provides northern municipalities funding in recognition of the unique challenges they face. The Blue Mountains does not receive any funding under this grant.

Rural Communities Grant

This grant provides funding to single tier and lower tier municipalities based on a proportion of their population residing in rural areas or small communities.

Municipalities with a Rural and Small Communities Measure (RSCM) of 75% or more receive the full per-household amount of \$135. Municipalities with less than 75% receive a portion of the funding based on a sliding scale. Since The Blue Mountains is 100% on the RSCM, the Town receives \$135 per household. For 2014 this amount is $\$135 \times 7,248$ (households) = \$978,500.

Northern and Rural Fiscal Circumstances Grant

This is a new component of the 2014 OMPF funding. This grant is provided to municipalities that are eligible for funding under the Northern Communities Grant and/or the Rural Communities Grant. This grant provides targeted funding to eligible municipalities based on their relative fiscal circumstance, as measured by the Municipal Fiscal Circumstances Index (MFCI). The MFCI is determined by six indicators; weighted assessment by household and median household income are the two primary indicators and average annual change in assessment, employment rate, ratio of working age to dependent population and percent of population above the low-income threshold are secondary indicators. The northern and rural MFCI is measured on a scale of 0 to 10. A lower MFCI corresponds to a relatively positive fiscal circumstance, while a higher

MFCI corresponds to a more challenging fiscal circumstance. The Blue Mountains received a 2 on the MFCI and the median is 5. The grant is based on a sliding scale, for example, 10 equates to 200% of per household funding, 5 equates to 100% of the household funding and 2 is 40% of the household funding. The per household funding amount is \$45. In 2014 The Blue Mountains receives \$18 ($\$45 \times 40\%$) x 7,248 (households) = \$130,500.

Transitional Assistance

In order to assist municipalities in adjusting to the redesigned program, transitional assistance has been provided to ensure that municipalities receive a guaranteed level of support based on their 2013 OMPF funding allocation. The transitional assistance is based on the MFCI and since The Blue Mountains received a 2, we receive 85% of the 2013 OMPF funding. A municipality that has a 5 MFCI will receive 90% and a 10 MFCI receives 100%. The transitional assistance for 2014 in The Blue Mountains is \$178,800 to ensure we receive 85% of the 2013 OMPF funding allocation.

Summary

The Blue Mountains will continue to see a decrease in the OMPF funding allocation for 2015 if the transition funding is reduced or eliminated. For 2016 however, based on the criteria used in the 2014 funding formula and the decision with the transitional assistance funding, the OMPF funding could possibly stabilize.

The information provided by the Ministry of Finance does not indicate when or if the transition funding will be eliminated or phased out. For The Blue Mountains this represents \$178,800 of funding in 2014. Without the transition funding of \$178,800, The Blue Mountains would have seen a decrease in 2014 of \$406,000 from the 2013 OMPF funding allocation.

D. The Blue Mountains' Strategic Plan

Providing a strong, well managed municipal government.

E. Environmental Impacts

The Blue Mountains is committed to environmental sustainability.

F. Financial Impact

The 2014 Budget reflects the OMPF funding allocation of \$1,287,800. This amount represents a decrease of \$227,200 from the 2013 OMPF allocation.

G. In Consultation With

Robert Cummings, Director of Finance and IT Services

H. Attached

1. Ontario Municipal Partnership Fund (OMPF) 2014 Allocation Notice
2. Ontario Municipal Partnership Fund (OMPF) Historical Funding Calculation Chart

Respectfully submitted,

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**Ontario Municipal Partnership Fund (OMPF)
2014 Allocation Notice**



**Town of The Blue Mountains
County of Grey**

47405

2014 Highlights for the Town of The Blue Mountains

- The Town of The Blue Mountains' 2014 OMPF allocation is \$1,287,800 which is the equivalent of 11% of the Town's municipal property tax revenue.
- The estimated total benefit of the 2014 provincial uploads for the County of Grey is \$11,717,200 which is the equivalent of 9% of all municipal property tax revenue in the County.

A Total 2014 OMPF **\$1,287,800**

1. Assessment Equalization Grant	-
2. Northern Communities Grant	-
3. Rural Communities Grant	\$978,500
4. Northern and Rural Fiscal Circumstances Grant	\$130,500
5. Transitional Assistance	\$178,800

B Upper-Tier 2014 Provincial Uploads

The estimated total benefit of the 2014 provincial uploads for the County of Grey is \$11,717,200.
The removal of these costs off the property tax base benefits all taxpayers within the County of Grey, including those residing in the Town of The Blue Mountains.

C Other Ongoing Provincial Support **n/a**

1. Public Health	n/a
2. Land Ambulance	n/a

D Key OMPF Data Inputs

1. Households	7,248
2. Total Weighted Assessment per Household	\$477,409
3. Rural and Small Community Measure	100.0%
4. Northern and Rural Municipal Fiscal Circumstances Index	2.0
5. 2014 Guaranteed Level of Support	85.0%
6. 2013 OMPF (Line A from 2013 Allocation Notice)	\$1,515,000

Ontario Municipal Partnership Fund (OMPF) 2014 Allocation Notice



Town of The Blue Mountains
County of Grey

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2014 OMPF Allocation Notice - Line Item Descriptions

- A** The OMPF grants are described in detail in the OMPF Technical Guide – this document can be found on the Ministry of Finance's website at: <http://www.fin.gov.on.ca/en/budget/ompf/2014>
- A5** If applicable, reflects the amount of transitional support provided to assist the municipality in adjusting to the redesigned OMPF program.
- B** Information regarding the 2014 provincial uploads for the County of Grey can be found in the accompanying 2014 Upload Notice Insert.
- C1** The estimated 2014 municipal benefit of the Province's 75 per cent share of public health funding relative to its 50 per cent share in 2004. Actual municipal savings may not correspond with the Allocation Notice due to budget approvals made by the local Boards of Health. Municipalities may provide additional funding beyond their obligated cost share. Any additional municipal funding is not included in the calculation of the public health figure.
- C2** The estimated 2014 municipal benefit of the Province's 50 per cent share of land ambulance funding is relative to its share in 2005. This incremental increase in land ambulance funding delivers on the Province's commitment to strengthen land ambulance services and maintain the 50:50 sharing of land ambulance costs.
- D2** Refers to the total assessment for a municipality weighted by the tax ratio for each class of property (including payments in lieu of property taxes retained by the municipality) divided by the total number of households.
- D3** Represents the proportion of a municipality's population that resides in rural areas or small communities. For additional information see the 2014 OMPF Technical Guide.
- D4** The northern and rural Municipal Fiscal Circumstances Index (MFCI) measures a municipality's fiscal circumstances relative to other northern and rural municipalities in the province, and ranges from 0 to 10. A lower MFCI corresponds to relatively positive fiscal circumstances, whereas a higher MFCI corresponds to more challenging fiscal circumstances. For additional information see the 2014 OMPF Technical Guide.
- D5** Represents the guaranteed level of support the municipality will receive from the Province through the 2014 OMPF. For additional information see the 2014 OMPF Technical Guide.
- D6** 2013 OMPF allocation.

Note: Provincial funding and other ongoing provincial support initiatives rounded to multiples of \$100.

HISTORICAL OMPF FUNDING CALCULATION CHART

