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STAFF REPORT: Finance and IT Services



REPORT TO: Committee of the Whole
MEETING DATE: December 8, 2014
REPORT NO.: FIT.14.63
SUBJECT: Ontario Municipal Partnership Fund – 2015 Allocation
PREPARED BY: Ruth Prince, Manager of Revenue

A. Recommendations

THAT Council receive Staff Report FIT.14.63, entitled “Ontario Municipal Partnership Fund – 2015 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.

The redesigned OMPF was introduced for 2014 following consultation between the Province, Association of Municipalities of Ontario (AMO) and other municipal representatives on how to redesign the program to support municipal needs.

Over the past year, the Ministry of Finance has continued to consult with AMO and other municipal representatives to continue to support municipalities through the OMPF phase down.

As a result, the 2015 OMPF has been further designed by increasing targeted support to those municipalities with more challenging fiscal circumstances, while continuing to provide a significant amount of transitional assistance.

C. Analysis

OMPF has been redesigned 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 2014 redesign, a grant component named 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).

The 2015 OMPF Funding for The Blue Mountains is \$1,124,300, which is \$163,500 less than the 2014 OMPF. The OMPF funding is broken into five grant components as follows:

	2015 OMPF	2014 OMPF
Assessment Equalization Grant	\$0	\$0
Northern Communities Grant	\$0	\$0
Rural Communities Grant	\$980,000	\$978,500
Northern and Rural Fiscal Circumstances Grant	\$144,300	\$130,500
Transition Assistance	\$0	\$178,800
Total	\$1,124,300	\$1,287,800

It should be noted that the 2014 OMPF funding included \$178,800 in transition assistance that the Town is not receiving for 2015. Due to an increase in households, the Town has seen increases in the Rural Communities Grant and the Northern and Rural Fiscal Circumstances Grant.

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 \$497,039 and the median for northern and rural municipalities is \$240,000.

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 \$134.50. 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 \$134.50 per household. For 2015 this amount is $\$134.50 \times 7,286$ (households) = \$980,000.

Northern and Rural Fiscal Circumstances Grant

This was a new component of the 2014 OMPF funding formula. 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. 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 2.2 on the MFCI. The Blue Mountains receives $\$19.80 \times 7,286$ (households) = \$144,300.

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 2014 OMPF funding allocation. The transitional assistance is based on the MFCI and since The Blue Mountains received a 2.2, we receive 80% of the 2014 OMPF funding. A municipality that has a 5 MFCI will receive 84% and a 10 MFCI receives 100%. The transitional assistance for 2015 in The Blue Mountains is zero since the funding formula provides the Town with more than 80% of 2014 OMPF allocation ($\$1,287,800 \times .80\% = \$1,030,240$).

Summary

The Blue Mountains will see a decrease in OMPF of \$163,500 over the 2014 OMPF allocation. This is due to the elimination of the transition funding for 2015.

In the future, The Blue Mountains should not see a decrease in the OMPF funding allocation based on the current criteria used in the 2015 funding formula.

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 2015 Budget reflects the OMPF funding allocation of \$1,124,300. This amount represents a decrease of \$163,500 from the 2014 OMPF allocation.

G. In Consultation With

Senior Management Team

H. Attached

1. Ontario Municipal Partnership Fund (OMPF) 2015 Allocation Notice
2. Ontario Municipal Partnership Fund (OMPF) Historical Funding Calculation Chart

Respectfully submitted,

Ruth Prince, Manager of Revenue

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**Ontario Municipal Partnership Fund (OMPF)
2015 Allocation Notice**



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

47405

2015 Highlights for the Town of The Blue Mountains

- The Town of The Blue Mountains' combined benefit of the 2015 OMPF and provincial uploads totals \$1,130,800 which is the equivalent of 9% of the Town's municipal property tax revenue.
- The Town's combined benefit includes:
 - \$1,124,300 through the OMPF
 - \$6,500 benefit resulting from the provincial uploads
- The estimated total benefit of the 2015 provincial uploads for the County of Grey is \$12,873,600 which is the equivalent of 10% of all municipal property tax revenue in the County.

A	Total 2015 OMPF	\$1,124,300
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1.	Assessment Equalization Grant	-
2.	Northern Communities Grant	-
3.	Rural Communities Grant	\$980,000
4.	Northern and Rural Fiscal Circumstances Grant	\$144,300
5.	Transitional Assistance	-

B	2015 Combined Benefit of OMPF and Provincial Uploads (Line B1 + Line B2)	\$1,130,800
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1.	Total OMPF (Equal to Line A)	\$1,124,300
2.	Court Security and Prisoner Transportation Upload	\$6,500

The estimated total benefit of the 2015 provincial uploads for the County of Grey is \$12,873,600.
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
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1.	Public Health	n/a
2.	Land Ambulance	n/a

D	Key OMPF Data Inputs	
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1.	Households	7,286
2.	Total Weighted Assessment per Household	\$497,039
3.	Rural and Small Community Measure	100.0%
4.	Northern and Rural Municipal Fiscal Circumstances Index	2.2
5.	2015 Guaranteed Level of Support	80.0%
6.	2014 OMPF (Line A from 2014 Allocation Notice)	\$1,287,800

**Ontario Municipal Partnership Fund (OMPF)
2015 Allocation Notice**



**Town of The Blue Mountains
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2015 OMPF Allocation Notice - Line Item Descriptions

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- 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/2015>
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- A5** If applicable, reflects the amount of transitional support provided to assist the municipality in adjusting to the redesigned OMPF program.
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- B1** Sum of 2015 OMPF grants. (Equal to Line A)
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- B2** Estimated 2015 benefit from the provincial upload of court security and prisoner transportation costs provided by the OPP. Actual allocations will be confirmed by the OPP in 2015.
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- C1** The estimated 2015 municipal benefit of the Province's 75 per cent share of public health funding relative to its 50 per cent share in 2004. In two-tier systems, this benefit is identified at the upper-tier level. 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.
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- C2** The estimated 2015 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. In two-tier systems, this benefit is identified at the upper-tier level.
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- 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.
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- D3** Represents the proportion of a municipality's population that resides in rural areas or small communities. For additional information see the 2015 OMPF Technical Guide.
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- 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 2015 OMPF Technical Guide.
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- D5** Represents the guaranteed level of support the municipality will receive from the Province through the 2015 OMPF. For additional information see the 2015 OMPF Technical Guide.
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- D6** 2014 OMPF allocation.

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

HISTORICAL OMPF FUNDING CALCULATION CHART

