

STAFF REPORT: Financial & Information Services



REPORT TO: Finance and Administration Committee
MEETING DATE: March 16, 2010
REPORT NO.: FIS.10.20
SUBJECT: 2010 Ontario Municipal Partnership Fund Adjustment
PREPARED BY: Elizabeth Thompson, Manager of Accounting & Budgets / Deputy Treasurer

A. Recommendations

THAT Council receive Staff Report FIS.10.20 "2010 Ontario Municipal Partnership Fund Adjustment" for information purposes.

B. Background

In 2008, the province announced the reallocation of funding of the County's Ontario Municipal Partnership Fund (OMPF) and the uploading of a portion of the Social Services program to the Province, currently being operated and financed by the County. On December 15th, 2009, the province announced the changes to the 2010 OMPF allocations to eligible municipalities.

The OMPF is critical funding which assists municipalities with social program costs, equalization, policing costs, and assists northern and rural communities to provide services to citizens.

Over the last four years the province has been reviewing the funding formula for the OMPF. An amount referred to as Special One-time Funding (Transitional Assistance) guaranteed each municipality to receive not less than they received in 2005 for funding. In 2010 this Special One-time Funding (Transitional Assistance) was removed from the OMPF funding.

The OMPF funding formula provides funding through four areas:

- **Social Programs Grant:** Provides funding to municipalities with limited property assessment to support their share of social program costs.
- **Equalization Grant:** Provides funding to municipalities with limited property assessment through two components:
 - Assessment Equalization
 - Farmland and Managed Forest Assessment
- **Northern and Rural Communities Grant:** Provides funding to northern and rural municipalities to recognize their unique challenges through four components.
 - Rural Communities
 - Northern Communities

- Northern and Rural Social Programs
- Stabilization

- **Police Services Grant:** Provides funding to rural municipalities to support policing costs.

The province maintained its commitment to provide a minimum funding to municipalities for 2009. For the Town that was \$1,683,000. In 2010, the OMPF has been reduced to \$1,581,200. This amount includes the Rural Communities component of \$1,034,300 and \$546,900 for Police Services. The funding under the Farmland and Managed Forest component of the OMPF is not received by the Town, as a municipality must have a minimum of 5 percent of the tax base in Farmland and Managed Forest to receive provincial funding. The Town has 2.5 percent of the tax base in Farmland and Managed Forest properties.

County Tax Room:

The County has over the past three years adopted a low tax rate increase. In 2008 and 2009, there was a rate increase of approximately 1.5% and a reduced tax rate in 2007 by 1.5%. This has allowed local municipalities to use up the tax room created by a low County tax increase for local infrastructure needs.

The affect of the decrease in OMPF grant has been twofold for the County - the provincial uploading of service costs and the loss in funding from the OMPF grant.

The following is a list of service costs to be uploaded by the Province over a number of years, from 2008 to 2018:

1. Uploading a portion of our Health Unit Cost
2. Uploading a portion of our Land Ambulance Cost
3. Uploading the County share of the Drug and Dental benefits paid to recipients of Ontario Works and Ontario Disabled Support program
4. Uploading the County's share of the provincial administration cost of delivering ODSP benefits.
5. Uploading the County's share of the Ontario Disabled Support Program
6. Uploading the County's share of the Ontario Works client benefit Program

In 2009, the County's OMPF was reduced by \$2,009,700 and an additional \$790,300 in 2010, totalling \$2,800,000 lost revenue by the end of 2010.

As a result of the uploading, the County is trying to pass through as much of the savings as possible. The County budget, in excess of 100 million dollars has many budget pressures to deal with. Unfortunately the savings from the provincial service upload and the reductions in the County OMPF grant funding are not aligned. This has created a short fall in 2008, 2009 and 2010. The County has borrowed \$2,000,000 in 2009 and expect to borrow approximately a further \$600,000 in 2010 in order to avoid a greater tax increase.

The County is expecting provincial uploading in 2011 and 2012 to cover the borrowed funds. If the provincial uploading does not occur, the County will require a sizeable tax increase to cover the costs now covered through borrowing.

Council has included the reduction of \$101,800 of OMPF funding in the 2010 Town Budget. The Town will receive \$1,581,200 in funding for 2010.

C. The Blue Mountains' Strategic Plan

To ensure long-term financial sustainability of the Town of The Blue Mountains

D. Environmental Impacts

E. Budget Impact

The Town's 2010 Budget included the reduction of \$101,800 in the 2010 OMPF by controlling expenses and a mechanism for managing the needs of the Town with the financial resources available. Council's review of the budget and existing programs and priorities, develops a guideline for departments to attain the objectives of the Town.

F. Attached

None

Respectfully submitted,

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