

For Information Only

2016 Ontario Municipal Partnership Fund (OMPF)

Presented To: Finance and
Administration
Committee

Presented: Wednesday, Jan 13,
2016

Report Date Friday, Dec 18, 2015

Type: Correspondence for
Information Only

Recommendation

For Information Only

Background

In the 2012 Provincial budget, it was announced that the OMPF funding would be reduced by \$25 million a year down to \$500 million by 2016. As part of the 2015 budget, the Northern Communities grant component of the OMPF was enhanced to \$84 million for 2016, which increased the total 2016 OMPF to \$505 million rather than the \$500 million previously planned for 2016.

Over the past year, the Ministry of Finance has continued to consult with AMO and other municipal representatives on how to best support municipalities through the program as the OMPF phases down. The redesigned program supports municipalities with limited property assessment, recognizes the challenges of northern and rural municipalities, and better targets funding to northern and rural municipalities with challenging fiscal circumstances.

The final allocations represent the Ministry of Finance's attempt at achieving these objectives.

On November 17, 2015, the Ministry of Finance released the 2016 OMPF allocation notices to Ontario municipalities.

2016 City of Greater Sudbury OMPF calculation

The 2016 announced allocation reflects a reduction of 9.4% from the 2015 allocation, representing a \$2.7 million loss in this grant, for a total grant of \$25.8 million.

Four Core Components

The grant allocation is predominantly based on the four core components. As was the case in 2015, the

Signed By

Report Prepared By

Barbara Dubois
Co-ordinator of Budgets
Digitally Signed Dec 18, 15

Recommended by the Department

Ed Stankiewicz
Acting Chief Financial Officer/City
Treasurer
Digitally Signed Dec 18, 15

Recommended by the C.A.O.

Kevin Fowke
Acting Chief Administrative Officer
Digitally Signed Dec 22, 15

City no longer receives funding under the Assessment Equilization Grant as Greater Sudbury's average weighted assessment per household exceeds the Provincial median, which is the benchmark. The City receives funding under two of the remaining three grants; that being a per household grant (\$228 per household up from \$214 in 2015) under the Northern Communities Grant which increased this portion of grant from \$16,055,600 to \$17,136,100. The City also receives an allocation from the Northern and Rural Fiscal Circumstances Grant. The City does not receive funding under the Rural Communities Grant. The remainder of Greater Sudbury's funding is from the Transition Grant.

Transition Funding & MFCI

The Ministry of Finance committed to providing a minimum of 90% of the 2015 allocation to northern municipalities, plus an enhancement based on the Northern and Rural Municipal Fiscal Circumstances Index (MFCI). As a result, Greater Sudbury received the minimum 90% plus 0.6% for the MFCI.

There are six indicators used to measure the MFCI;

- Weighed assessment per Household,
- Median Household income,
- Average annual change in assessment (new construction),
- Employment rate,
- Ratio of working age to dependent population,
- Percent of population above low-income threshold.

The MFCI measures the fiscal circumstances of a municipality with a rating of 0 indicating strong fiscal circumstances and a rating of 10 representing the most challenging. In 2016, the City's MFCI was 3.6, which resulted in the City receiving an additional 0.6% for the MFCI. This brought the total OMPF allocation to 90.6% of the 2015 value.

As a result of the City's increase in the Northern Communities Grant, the amount needed for transition funding has been reduced. The transition funding has always been considered funding that may be at risk. Therefore, the amount of funding at risk going forward is only \$5,950,300. Theoretically, if the formula is not altered significantly, this amount is the most that can be lost from the total OMPF grant.

2017 OMPF and Beyond

In 2016, the OMPF has been reduced down to its new permanent allocation of \$505 million for the entire Province. Over the past two years the City of Greater Sudbury has been part of a consultation group with the Association of Municipalities of Ontario and the Ministry of Finance regarding the formula for allocations to all municipalities. In 2016, the City will continue to be part of this consultation group and advocate for the best interest of the City regarding OMPF allocations for 2017 and beyond.

Summary

The 2016 OMPF allocation for the City of Greater Sudbury is \$2.7 million less than the 2015 allocation, which represents a 1.2% levy impact (approx \$30 per household) on the 2016 budget. The 2016 allocation notice is attached.

Ontario Municipal Partnership Fund (OMPF) 2016 Allocation Notice



City of Greater Sudbury

5307

2016 Highlights for the City of Greater Sudbury

- The City of Greater Sudbury's combined benefit of the 2016 OMPF and provincial uploads totals \$55,680,100 which is the equivalent of 24% of the City's municipal property tax revenue.
- The City's combined benefit includes:
 - \$25,792,100 through the OMPF
 - \$29,888,000 benefit resulting from the provincial uploads
- This exceeds the payments received in 2004 by \$1,083,100.

A Total 2016 OMPF \$25,792,100

1. Assessment Equalization Grant	-
2. Northern Communities Grant	\$17,136,100
3. Rural Communities Grant	-
4. Northern and Rural Fiscal Circumstances Grant	\$2,705,700
5. Transitional Assistance	\$5,950,300

B 2016 Combined Benefit of OMPF and Provincial Uploads (Line B1 + Line B2) \$55,680,100

1. Total OMPF (Equal to Line A)	\$25,792,100
2. Provincial Uploads (see 2016 Upload Notice Insert)	\$29,888,000

C Other Ongoing Provincial Support \$14,127,900

1. Public Health	\$7,186,900
2. Land Ambulance	\$4,348,700
3. Provincial Gas Tax Program	\$2,592,300

D Key OMPF Data Inputs

1. Households	75,158
2. Total Weighted Assessment per Household	\$287,459
3. Rural and Small Community Measure	11.8%
4. Farm Area Measure	n/a
5. Northern and Rural Municipal Fiscal Circumstances Index	3.6
6. 2016 Guaranteed Level of Support	90.6%
7. 2015 OMPF (Line A from 2015 Allocation Notice)	\$28,468,100

Ontario Municipal Partnership Fund (OMPF) 2016 Allocation Notice



City of Greater Sudbury

5307

2016 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/2016>

A5 If applicable, reflects the amount of transitional support provided to assist the municipality in adjusting to the redesigned OMPF program. See the enclosed Transitional Assistance Calculation Insert for further details.

B1 Sum of 2016 OMPF grants. (Equal to Line A)

B2 Estimated 2016 benefit of the Province's upload of social assistance benefit program as well as court security and prisoner transportation costs. For further details see the 2016 Upload Benefit Report.

C1 The estimated 2016 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.

C2 The estimated 2016 municipal benefit of the Province's 50 per cent share of land ambulance funding 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.

C3 Funding provided to the municipality through the 2015-16 provincial gas tax program.

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 residing in rural areas or small communities. For additional information see the 2016 OMPF Technical Guide.

D4 Represents the percentage of a municipality's land area comprised of farm land. Additional details regarding the calculation of the Farm Area Measure are provided in the 2016 OMPF Technical Guide.

D5 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 2016 OMPF Technical Guide.

D6 Represents the guaranteed level of support the municipality will receive from the Province through the 2016 OMPF. For additional information see the 2016 OMPF Technical Guide.

D7 2015 OMPF allocation

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