

Jan 25, 2011



## City Council

**To: Mayor Canfield & Council**

**Fr: Paul Derouard Budget/Auditor General**

**Re: 2011 OMPF Funding**

### Recommendation:

**That** the Council of the City of Kenora, through the 2011 budget process, safeguard the Ontario Municipal Partnership Fund (OMPF) police grant increase with the intent to transfer it to the City's contingency reserve.

### Background:

The OMPF is the province's main transfer payment to municipalities. The grant has several funding components that help to address financial challenges faced by municipalities. The grant also responds to policing costs in rural communities through its police services grant component.

OMPF GRANT COMPONENT	2010	2011	Difference	% Increase
Assessment Equalization Component	\$ 543,300	\$ 666,200	\$ 122,900	23%
Rural Communities Component	\$ 601,100	\$ 604,000	\$ 2,900	0.5%
Northern Communities Component	\$ 1,717,900	\$ 1,726,100	\$ 8,200	0.5%
Police Services Grant	\$ 1,791,400	\$ 2,533,700	\$ 742,300	41%
<b>Total</b>	<b>\$ 4,653,700</b>	<b>\$ 5,530,000</b>	<b>\$ 876,300</b>	<b>19%</b>

It is also noted that social service uploads were increased in 2011 as the province continues to upload OW/ODSP costs. The KDSB continues to benefit from these uploads and have yet to pass these savings onto the City.

In 2011 the city saw a 19% increase over the 2010 OMPF funding. This increase is primarily composed of the following:

- A \$122,900 increase in the Assessment Equalization Component. This is a result from a slight increase in the number of households which is used in the funding formula.

- Police services grant increased by 41%. The police services grant is calculated based on the city's actual policing costs. The formula takes historical (2 years back) actual policing costs for the calculation. In 2011 the police grant used 2009 police costs in the calculation and 2009 was the year the city saw a dramatic increase in policing costs due to the disbandment of the Kenora Police Service.

	2010	2011	2012*
Police Services Cost (OMPF)	\$ 7,089,842	\$ 9,273,630	\$ 6,367,629
Police Cost per household (OMPF)	\$ 970	\$ 1,263	\$ 867
<b>OMPF Police Grant</b>	<b>\$ 1,791,400</b>	<b>\$ 2,533,700</b>	<b>\$ 1,423,829</b>

\* Projected

The City has seen significant cost savings for policing since the disbandment of KPS in 2009. The KPS disbandment costs were funded primarily through the City's contingency reserve. The 2011 police grant increase gives the City the opportunity to increase the contingency reserve back to pre KPS disbandment levels. In 2010 the City policing costs are estimated at just over \$6.3 million which is considerably lower than prior year policing costs. The Police services grant under the OMPF will catch up to these lower costs in 2012 and as a result will decrease by \$1.1million. The province may provide some form of stabilization to this decrease; however the amounts if any are unknown at this time. To safeguard the city against this decrease, the city needs to plan by setting aside funds and placing the increased 2011 police grant into a reserve or possible tax increases will occur in 2012.

**Budget:** N/A

**Communication Plan/Notice By-law Requirements:**

Communication plan to follow City policy.