

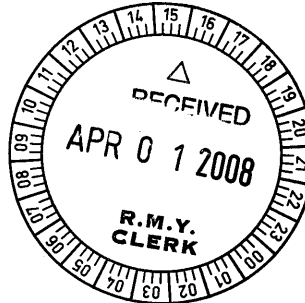
Please Deliver To / SVP REMETTRE À : Regional Municipality of York

**REGION OF YORK
CLERK'S OFFICE**

FILE No. - P 04

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**Ministry of Municipal Affairs
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March 31, 2008

Dear Heads of Council:

On March 18th, the Government of Ontario introduced Bill 35, the proposed *Investing in Ontario Act, 2008*. We are pleased to advise you that your municipality would receive a capital grant from the province if the bill is enacted and the province's 2007-08 surplus exceeds \$800 million.

Your municipality would have flexibility and discretion to spend any grant provided on its capital priorities. The accountability provisions associated with these grants would require reporting back to the province on how the funds were used, allowing for independent audit, and providing for recovery of the funds should they not be used for capital purposes. Attached are details on how any 2007-08 surpluses would be allocated to municipalities throughout Ontario to help address capital needs.

The amount of any grant would not be known until the province's 2007-08 surplus is determined in Public Accounts. The *Ministry of Treasury and Economics Act* requires the province to release its Public Accounts no later than 180 days following the end of its fiscal period. Last year, the Public Accounts were released on August 17, 2007.

In addition to the \$1 billion in municipal infrastructure investments recently announced by the province, the proposed act would allow the government to further support municipalities in addressing their key capital priorities. In partnership with municipalities, the Ontario government is committed to building strong and prosperous communities throughout Ontario.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Jim Watson".

Dwight Duncan
Minister of Finance

Jim Watson
Minister of Municipal Affairs and Housing

- c: The Honourable David Caplan, Minister of Public Infrastructure Renewal
Mr. Colin Andersen, Deputy Minister of Finance
Mr. John S. Burke, Deputy Minister of Municipal Affairs and Housing

Attachment

2007-08 Surplus Allocation Formula

If enacted, the government will use the regulation-making authority in the proposed act to provide municipalities with a portion of the 2007-08 surplus up to a maximum of \$2 billion -- should the surplus determined in Public Accounts exceed \$800 million. If the determined surplus exceeds \$800 million, the first \$600 million would be used to reduce the accumulated financial deficit. The regulation would also specify the following basis for allocating any determined portion of the surplus among municipalities:

- The government would use a per-capita allocation to distribute funding among single-tier municipalities and upper-tier geographic areas.
- In areas with two-tier municipal systems, the per-capita share of available funding for the geographic area would first be allocated between the upper-tier municipality and the collective lower-tier municipalities according to their respective shares of capital expenditures over the past five years. The collective lower-tier portion would then be further distributed among the individual lower-tier municipalities on a per-capita basis.
- Population data used would be from the 2006 Census of Population, as reported by Statistics Canada. The municipal capital expenditure information used would be that provided by municipalities in their Financial Information Returns to the Ministry of Municipal Affairs and Housing for the years 2001 to 2005. The population and capital expenditure information will be that recorded as of March 31, 2008.