November 10, 2008

Mayor Fred Eisenberger
City of Hamilton
City Centre, 77 James Street North Suite 230
Hamilton ON L8R 2K3

Dear Mayor Eisenberger,

On March 31, 2008 we wrote to advise your municipality that the McGuinty government had introduced the Investing in Ontario Act, 2008 (the Act). Under this Act and the related 2008 regulation, every municipality in Ontario is entitled to receive a capital grant in 2008 based on the Province’s final results for 2007-08 in the Public Accounts.

On August 25th, the Premier was pleased to announce that the 2007-08 Public Accounts had been finalized and that, under this new Act, all municipalities in the province would be receiving additional capital grants this year. We are pleased to advise you that your municipality will be receiving its allocation under the Act and related 2008 regulation of $48,007,919 on November 12, 2008.

By redirecting a portion of the provincial surplus to municipalities for capital purposes, the Ontario government is helping to address Ontario’s municipal infrastructure deficit. Investing in infrastructure is a crucial component of a strong economy and part of the government’s five-point plan for jobs and growth in Ontario.

The allocation of the Investing in Ontario Act to individual municipalities is based on a formula, determined in consultation with AMO and the City of Toronto and detailed in the 2008 regulation. This formula is based on municipal population distribution according to the 2006 Census and, in the case of two-tier municipalities, the respective upper- and lower-tier shares of capital expenditures between 2001 and 2005 inclusive, as reported by municipalities. The specific allocations to individual municipalities are posted on the Ministry of Finance website at www.fin.gov.on.ca/english/budget/paccts/2008/ioa.html.

Your municipality has the discretion to spend your grant to address your capital priorities. Under the 2008 regulation, payment:

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Joe Rinaldi

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(a) may only be used by an eligible recipient for expenditures that are capital expenditures with respect to the eligible recipient under generally accepted accounting principles for local governments as recommended, from time to time, by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants; and

(b) shall not be used for the purpose of reducing or paying out the amount of any debt relating to a capital expenditure if the debt was incurred by the eligible recipient before the date on which the relevant payment is received.

The government will be requesting report-backs on your municipality's planned use of these funds and how you plan to publicly demonstrate the Government of Ontario's contribution to your capital priorities through signage, local events and other means of recognition. The government is particularly interested in the sign dimensions, their placement and presentation of the provincial graphic. You will be receiving templates detailing the report-back information that will be required. As the projects are completed, the Province will also be requesting additional report-backs on how the funds were actually spent and the nature of public recognition provided for the Government of Ontario's contribution. In addition, the Province maintains the right to audit how the funds were used and to recover any, or all, of the funds granted if it is determined that they were not used, or will not be used, for the eligible capital purposes.

The McGuinty government recognizes the importance of our municipalities, which is why we have made the strategic decision this year to invest in our communities. This initiative is continuing to build our investments towards municipalities and is part of our ongoing commitment to working towards a sustainable provincial-municipal relationship.

As we all know, Ontario is facing a more challenging global economy. Economic data released since the end of the fiscal year indicate that growth has been below forecast so far in 2008. As a result, it is important that we continue to work together to focus on key investment priorities and to manage our finances carefully. We look forward to working in collaboration with you and our other municipal partners to successfully meet today's economic challenges and to build a solid foundation for a positive future for Ontario's businesses and its citizens.

Yours sincerely,

Dwight Duncan
Minister of Finance
Minister of Revenue

Jim Watson
Minister of Municipal Affairs and Housing

George Smitherman
Minister of Energy and Infrastructure
Deputy Premier
The Honourable Ted McMeekin, MPP Ancaster-Dundas-Flamborough-Westdale
Ms. Sophia Aggelonitis, MPP Hamilton Mountain
Peter Wallace, Deputy Minister of Finance
John S. Burke, Deputy Minister of Municipal Affairs and Housing
Saäd Rafi, Deputy Minister of Energy and Infrastructure
Joseph Rinaldo, G.M., Finance & Corporate Services