
DATE: March 9, 2010

REPORT TITLE: **AUTHORITY TO EXECUTE THE AMENDING AGREEMENT WITH AMO TO RECEIVE THE FEDERAL GAS TAX FUNDS**

FROM: Norma Trim, Chief Financial Officer and Commissioner of Corporate Services

RECOMMENDATION

That the Regional Chair and Regional Clerk be authorized to execute the Amending Agreement to the Municipal Funding Agreement for The Transfer of Federal Gas Tax Revenues Under The New Deal For Cities And Communities (MFA) with the Association of Municipalities of Ontario (AMO) in order to allow AMO to release the federal gas tax funds allocated to the Region of Peel;

And further, that the necessary by-law be presented to Regional Council;

And further, that the Chief Financial Officer (CFO) be directed to prepare a Council report and related by-laws to share the 2010-2014 Federal Gas Tax funds with the area municipalities based on the 2005-2009 Agreement shares of 17 percent for the Region and 83 percent for the area municipalities to be apportioned between the area municipalities using the 2006 Census data.

REPORT HIGHLIGHTS

- In November 2009, the Region of Peel was advised of its municipal allocation under the extension of the Federal Gas Tax Agreement between the Federal Government and AMO.
- The Region of Peel's allocation in the original MFA was \$80.3 million with the Region keeping \$13.9 million to fund TransHelp capital projects while the remaining \$66.4 million was allocated to the area municipalities.
- The Region of Peel's allocation over the next four years will be \$142.3 million.
- Sharing of the Regional gas tax allocation with the area municipalities to continue based on 17 per cent Region and 83 per cent area municipal split as experienced during 2005-2009 period.
- CFO to prepare a Council report and related by-laws on the sharing of the 2010-2014 gas tax funds with the area municipalities as required in the MFA.
- Regional Council is required to enact a by-law authorizing the execution of the Amending Agreement to the MFA with AMO.

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DISCUSSION

1. Background

In September 2008, the Federal Government and AMO announced the signing of the extension to the federal gas tax agreement known as “Agreement for the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities” (GTF). The extension was contingent upon the completion of a program evaluation of the initial agreement, which is now successfully concluded. In November 2009, AMO notified Peel Region of the annual allocation under the amended agreement with the Federal Government and that it would be sending out the amended MFA early in 2010. As the administrator of the program, AMO ensures that the gas tax funds flow to Ontario municipalities and that the municipalities meet all of the conditions of the GTF agreement. Each municipality in Ontario is required to sign the MFA with AMO which outlines the requirements related to the funding and terms and conditions that must be met over the life of the agreement.

The major components of the MFA, for example, eligible project categories, eligible costs and expenditure reporting requirements, remain the same. Significant amended terms and conditions of the MFA include the following:

- Large municipalities (i.e. Peel) are still limited to no more than two of the eligible categories under section 4.1 of the MFA but the eligible categories have been expanded to now include 4.1.f “Local roads, bridges and tunnels, active transportation infrastructure (e.g. bike lanes) that enhance sustainability outcomes”.
- Retention of receipts has been changed from thirteen years to the recipient’s municipal records retention by-law requirements for financial documents (Peel’s retention period is current year plus prior six years).
- The recipient must expend all Amended Agreement funds by December 31, 2016 (this includes any interest earned).
- Audit requirements have been changed to allow for a “Treasurer’s Certificate” rather than an “Audit Statement” in any year where “funds” have not been applied to eligible costs.

2. 2005-2009 MFA Regional Allocation and Sharing with Area Municipalities

Under the 2005-2009 MFA with AMO, the Region received \$80,339,360 in federal gas tax funds. In October 2006, Regional Council approved the sharing of the federal gas tax funds between the Region and the area municipalities. The Region retained \$13,900,000 (17 per cent) to fund the “family of services” model of accessible transportation while the remaining \$66,439,360 (83 per cent) was distributed to the area municipalities under separate by-laws. The area municipalities have invested their allocated amount in transit and transportation related projects. The allocation between the area municipalities was made using the 2001 Census population shares for the 2005-2006 funds and the 2006 Census population shares for the 2007-2009 funds and is shown in the following table.

	<u>Region/Area Shares</u>		<u>Split Between Area Municipalities (2005-9)</u>		
	<u>Region</u>	<u>Area Portion</u>	<u>Mississauga</u>	<u>Brampton</u>	<u>Caledon</u>
Allocation \$	\$13,900,000	\$66,439,360	\$39,142,977	\$23,989,466	\$3,306,917
Allocation %	17%	83%	58.9%	36.1%	5.0%

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3. Region of Peel's Gas Tax Allocation Under the Amended Agreement

The extension to the GTF agreement continues to be based on 5.0 cents per litre over the life of the agreement. The municipal allocation across Ontario is based on a per capita basis using the 2006 National Census data from Statistics Canada. Distribution of the gas tax funds will be made in two equal installments in July and November of each year. The Region of Peel's portion and the proposed sharing based on the original agreement of the federal gas tax will be as follows:

Year	Cents/litre	Total Amount	Region Portion	Area Amount
2010	5.0	\$35,564,748.38	\$6,046,007.38	\$29,518,741.00
2011	5.0	35,564,748.38	6,046,007.38	29,518,741.00
2012	5.0	35,564,748.38	6,046,007.38	29,518,741.00
2013	5.0	35,564,748.38	6,046,007.38	29,518,741.00
Total \$		\$142,258,993.52	\$24,184,029.52	\$118,074,964.00
Sharing %		100.0%	17.0%	83.0%

Based on the amended MFA, the Region of Peel will be limited to spending its share of the gas tax funds on projects within two of the following eligible categories:

- Public Transit
- Water
- Wastewater
- Solid Waste
- Community Energy Systems
- Transportation (roads, bridges, active transportation infrastructure)

4. 2010-2014 Amended MFA Sharing With the Area Municipalities

Under the 2010-2014 Extended MFA with AMO, the Region will receive \$35,564,748.38 on an annual basis. It is proposed that the Region share the annual funds received in the same proportion as the 2005-2009 MFA. The annual allocation between the area municipalities will be made using the 2006 Census data. The following table outlines the annual amount to be shared during each of the 2010 through 2013 Regional fiscal years as well as the allocation between the area municipalities.

	<u>Region/Area Shares</u>		<u>Split Between Area Municipalities</u>		
	<u>Region</u>	<u>Area Portion</u>	<u>Mississauga</u>	<u>Brampton</u>	<u>Caledon</u>
Allocation \$	\$6,046,007.38	\$29,518,741	\$17,021,425	\$11,044,809	\$1,452,507
Allocation %	17%	83%	57.663112%	37.416261%	4.920627%

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The CFO will prepare a Council report and related by-laws on the sharing of the 2010 portion of the 2010-2014 gas tax funds with the area municipalities as required in the MFA.

5. Amending Agreement with AMO to be Signed

The Region of Peel is required to enter into the Amending Agreement to the MFA with AMO in order to enable the transfer of the gas tax funds. Once the Amending Agreement is executed and returned to AMO the release of the federal gas tax funds to the Region will follow as scheduled. Therefore, an authorizing by-law to sign the Amending Agreement needs to be enacted.

CONCLUSION

An authorizing by-law to allow the Region of Peel to execute the Amending Agreement with AMO needs to be enacted by Regional Council in order to enable the Region to receive the federal gas tax funds.



Norma Trim
Chief Financial Officer
and Commissioner of Corporate Services

Approved for Submission:



D. Szwarc, Chief Administrative Officer

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