
 DATE: March 25, 2010

 REPORT TITLE: **TRANSFER OF REGION OF PEEL FEDERAL GAS TAX ALLOCATION - 2010**

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

RECOMMENDATION

That \$29,518,741.00 in the federal gas tax allocation received by the Region of Peel in 2010 be transferred to the Cities of Brampton and Mississauga and the Town of Caledon based on the allocation method identified in the report from the Chief Financial Officer, dated March 25, 2010, titled "Transfer of Region of Peel Federal Gas Tax Allocation – 2010";

And further, that the necessary by-law be presented to Regional Council for enactment.

REPORT HIGHLIGHTS

- The Association of Municipalities of Ontario (AMO) Municipal Funding Agreement (MFA) requires the recipient municipality to pass a by-law on or before March 31st of each year identifying the amount of its federal gas tax allocation to be transferred to another eligible recipient for the municipal fiscal year.
- AMO has indicated that the March 31st deadline to pass a funds transfer by-law will not be enforced this year as the Amending Agreement to the MFA covering the 2010-2014 period was forwarded to municipalities later than anticipated - Amending Agreement to be executed by the Region and AMO in April.
- Region of Peel federal gas tax allocation for 2009 will be \$35.6 million.
- Regional Council adopted resolution 2006-107 directing that future Regional allocations of the federal gas tax to the lower-tier municipalities be based on the 2006 census.
- Portion transferred to the lower-tier municipalities is \$29.5 million (83 per cent) with the remaining \$6.1 million (17 per cent) retained by the Region.

DISCUSSION
1. Background

Section 6.2 of the MFA with AMO states that where a recipient decides to allocate funds to another eligible recipient it must be done by by-law. The by-law must identify the eligible recipient and the amount of funds the eligible recipient is receiving for that municipal fiscal year. The by-law must be passed and submitted annually to AMO on or before March 31st. This year AMO is making an exception to this condition as it forwarded an Amending Agreement to the MFA to municipalities in late February. The Amending Agreement covers

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the 2010-2014 gas tax funding to municipalities and is expected to be executed by the Region and AMO sometime in April.

As required by the MFA, the Region of Peel will still be required to submit an Annual Expenditure Report to AMO as per MFA Section 7.1 a., c and f. The lower-tier municipalities will be responsible for all other provisions of MFA Section 7.1 and 7.2. In addition, the lower-tier municipalities must acknowledge and agree, through the execution of Schedule A attached to the proposed by-law, that the transferred funds are intended for and shall be used only for eligible costs in respect of eligible projects as outlined in their MFAs.

In the report from the Chief Financial Officer (CFO) dated March 9, 2009, and titled "Authority to Execute the Amending Agreement with AMO to Receive the Federal Gas Tax Funds" it was recommended that the Region share the 2010-2014 funds based on the 2005-2009 Agreement shares of 17 percent for the Region and 83 percent for the lower-tier municipalities to be apportioned between the area municipalities using the 2006 Census data.

2. Findings

2010 Allocation

The 2010 federal gas tax funds will be paid to the Region of Peel by AMO in two payments. The Region will receive \$17,782,374.19 in July 2010 and \$17,782,374.19 in November 2010. The Region of Peel will retain \$3,023,003.69 from each payment for a total of \$6,046,007.38, to be placed into the federal gas tax reserve (R0025). The remaining amount of \$14,759,370.50 for each of the two payments for a total of \$29,518,741.00 will be transferred to the lower-tier municipalities. The transfer of the 2010 gas tax funds to the lower-tier municipalities will be based on the share of population as reported by the 2006 census, as directed by Regional Council's resolution 2006-107 which states that "[the] future allocation to the local municipalities of the federal gas tax contribution to the Region of Peel require that the 2006 census data be used in the calculation of funds."

The MFA states that payments are to be made on or before July 15th and November 15th. AMO has indicated that the July payment will be advanced by as much as three months should municipalities meet certain conditions. It is expected that the Region will be able to meet those conditions. Payment of the 2010 portions to the lower-tier municipalities will be made approximately one week after the Region receives the funds from AMO. The following table outlines the shares as well as the transfer amounts to the lower-tier municipalities.

	<u>Mississauga</u>	<u>Brampton</u>	<u>Caledon</u>	<u>Total</u>
<i>2006 Population</i>	668,549	433,806	57,050	1,159,405
<i>% Share</i>	57.663112%	37.416261%	4.920627%	100.0%
<u>Transfer \$</u>				
July 2010	\$8,510,712.50	\$5,522,404.50	\$726,253.50	\$14,759,370.50
November 2010	<u>8,510,712.50</u>	<u>5,522,404.50</u>	<u>726,253.50</u>	<u>14,759,370.50</u>
Total	<u>\$17,021,425.00</u>	<u>\$11,044,809.00</u>	<u>\$1,452,507.00</u>	<u>\$29,518,741.00</u>

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CONCLUSION

The details outlined in this report establish the basis for the Region of Peel allocated portion of the 2010 federal gas tax to be partially transferred to the lower-tier municipalities in the 2010 fiscal year.



Norma Trim
Chief Financial Officer
and Commissioner of Corporate Services

Approved for Submission:



D. Szwarc, Chief Administrative Officer

For further information regarding this report, please contact Dave Bingham at extension 4292 or via email at binghamd@peelregion.ca

Authored By: Jim Alpous

- c. Legislative Services
Manager, Financial Support Unit (FSU) BT