

DATE: February 21, 2011

REPORT TITLE: **TRANSFER OF REGION OF PEEL FEDERAL GAS TAX ALLOCATION - 2011**

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

### RECOMMENDATION

That the \$29,518,741.00 federal gas tax allocation received by the Region of Peel in 2011 be transferred to the Cities of Brampton and Mississauga and the Town of Caledon based on the allocation method identified in the report of the Chief Financial Officer and Commissioner of Corporate Services, dated February 21, 2011, titled "Transfer of Region of Peel Federal Gas Tax Allocation - 2011";

And further, that the necessary by-law be presented for enactment;

And further, that the indemnity agreements that form Schedule A to the by-law be executed by the duly authorized signing officers of the Regional Corporation to enact the transfer of the funds to the lower-tier municipalities.

### 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 31<sup>st</sup> of each year identifying the amount of its federal gas tax allocation to be transferred to another eligible recipient for the municipal fiscal year.
- Region of Peel federal gas tax allocation for 2011 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%) with the remaining \$6.1 million (17%) retained by the Region.
- The arrangements set out in this report represent a continuation of the plan established in 2010.

### DISCUSSION

#### 1. Background

Section 6.2 of the Municipal Funding Agreement (MFA) dated December 20, 2005 between the Region of Peel and AMO states that where a recipient of funds under the MFA decides to allocate funds to another eligible recipient it must be done by by-law. The by-law must

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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 31<sup>st</sup>.

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 Section 7.1 and 7.2 of the MFA. 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. Appendix I lists the eligible projects as allowed under Section 4 of the MFA.

In the report from the Chief Financial Officer (CFO) dated March 9, 2010, and titled "Authority to Execute the Amending Agreement with AMO to Receive the Federal Gas Tax Funds" it was recommended that the Region of Peel 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 lower-tier municipalities using the 2006 Census data.

**2. Findings****2011 Allocation**

The 2011 federal gas tax funds will be paid to the Region of Peel by AMO in two payments: \$17,782,374.19 in July 2011 and \$17,782,374.19 in November 2011. The Region 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 2011 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 the distribution of funds."

The MFA states that payments are to be made on or before July 15<sup>th</sup> and November 15<sup>th</sup>. Payment of the 2011 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>           |
|---------------------------|------------------------|------------------------|-----------------------|------------------------|
| 2006 Population           | 668,549                | 433,806                | 57,050                | 1,159,405              |
| % Share                   | 57.663112%             | 37.416261%             | 4.920627%             | 100.0%                 |
| <b><u>Transfer \$</u></b> |                        |                        |                       |                        |
| July 2011                 | \$8,510,712.50         | \$5,522,404.50         | \$726,253.50          | \$14,759,370.50        |
| November 2011             | <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 2011 federal gas tax to be partially transferred to the lower-tier municipalities in the 2011 fiscal year. This represents a continuation of the arrangements implemented in 2010.



Norma Trim  
Chief Financial Officer  
and Commissioner of Corporate Services

**Approved for Submission:**



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D. Szwarc, Chief Administrative Officer

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c. Legislative Services

**APPENDIX I**

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**TRANSFER OF REGION OF PEEL FEDERAL GAS TAX ALLOCATION - 2011****4. Eligible Projects****4.1 Environmentally Sustainable Municipal Infrastructure Projects**

- a) Public transit, e.g.:
  - i. Rapid Transit: tangible capital assets and rolling stock (includes light rail, heavy rail additions, subways, ferries, transit stations, park and ride facilities, grade separated bus lanes and rail lines);
  - ii. Transit Buses: bus rolling stock, transit bus stations;
  - iii. Intelligent Transport System (ITS) and Transit Priority Capital Investments;
  - iv. ITS technologies to improve transit priority signalling, passenger and traffic information and transit operations;
  - v. Capital investments, such as transit queue jumpers and High Occupancy Vehicle (HOV) lanes;
  - vi. Para transit: rolling stock, fixed capital assets and systems;
  - vii. Related capital infrastructure: bus loading bays, road rehabilitation for bus only lanes;
  - viii. Active transportation infrastructure (e.g., bike lanes).
- b) Water, e.g.:  
Drinking water supply; drinking water purification and treatment systems; drinking water distribution systems; water metering systems.
- c) Wastewater, e.g.:  
Wastewater systems including sanitary and combined sewer systems; and separate storm water systems.
- d) Solid Waste, e.g.  
Waste diversion; material recovery facilities; organics management; collection depots; waste disposal landfills; thermal treatment and landfill gas recuperation.
- e) Community Energy Systems, e.g.
  - i. Cogeneration or combined heat and power projects (where heat and power are produced through a single process);
  - ii. District heating and cooling projects where heat (or cooling) is distributed to more than one building.
- f) Local roads, bridges and tunnels, active transportation infrastructure (e.g., bike lanes) that enhance sustainability outcomes.

**4.2.** For the purposes of this Agreement, Large Municipalities will be defined as all Municipalities with a population of 500,000 or more. For Large Municipalities, the list of eligible categories will consist of no more than two (2) of categories a) to f) listed above.

**4.3.** All Recipients may also invest in Capacity Building Projects including the following activities:

- i. Collaboration: building partnerships and strategic alliances; participation; and consultation and outreach;
- ii. Knowledge: use of new technology; research; and monitoring and evaluation;
- iii. Integration: planning, policy development and implementation (e.g., environmental management systems, life cycle assessment).