
DATE: January 23, 2012

REPORT TITLE: **TRANSFER OF REGION OF PEEL FEDERAL GAS TAX ALLOCATION - 2012**

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 2012 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 January 23, 2012, titled "Transfer of Region of Peel Federal Gas Tax Allocation - 2012";

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, 2012 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 2012 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.
- 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

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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 31, 2012.

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.

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 per cent for the Region and 83 per cent for the lower-tier municipalities to be apportioned between the lower-tier municipalities using the 2006 Census data.

2. Findings

2012 Allocation

The 2012 federal gas tax funds will be paid to the Region of Peel by AMO in two payments: \$17,782,374.19 in July 2012 and \$17,782,374.19 in November 2012. 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). To date, Regional gas tax funds have been spent in support of TransHelp capital projects. Council recently approved the Active Transportation Plan which includes costs (e.g. bicycle lanes) that are eligible under the conditions of the Federal Gas Tax Agreement. Starting in 2013 the Regional gas tax funds will also be proposed to support the Active Transportation Plan. 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 2012 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, 2012 and November 15, 2012. Payment of the 2012 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%
<u>Transfer \$</u>				
July 2012	\$8,510,712.50	\$5,522,404.50	\$726,253.50	\$14,759,370.50
November 2012	<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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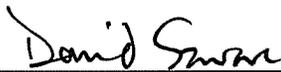
CONCLUSION

The details outlined in this report establish the basis for the Region of Peel allocated portion of the 2012 federal gas tax to be partially transferred to the lower-tier municipalities in the 2012 fiscal year. This represents a continuation of the arrangements implemented in 2010.



Norma Trim
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Approved for Submission:



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