

## Report FR-CS-16-14

**To:** Chair Pringle and Members of the Corporate Services Committee  
**From:** Kevin Wepler, Director of Finance  
**Meeting Date:** May 13, 2014  
**Subject:** **Federal Gas Tax Fund – Municipal Funding Agreement**  
**Status:** Recommendation adopted by Committee as presented per Resolution CS48-14 May 13, 2014; Endorsed by County Council June 3, 2014;

### Recommendation(s)

**WHEREAS the Canada-Ontario-AMO-Toronto Agreement contains a framework for the transfer of federal gas tax funds to Ontario municipalities represented by AMO to provide stable, reliable and predictable funding for municipal infrastructure purposes;**

**AND WHEREAS the County of Grey wishes to enter into this Agreement in order to participate in the federal Gas Tax Fund;**

**NOW THEREFORE BE IT RESOLVED THAT the Report FR-CS-16-14 regarding the Federal Gas Tax Fund – Municipal Funding Agreement be received;**

**AND THAT the necessary by-law be prepared authorizing the Warden and Clerk to execute the Municipal Funding Agreement between the Association of Municipalities of Ontario (AMO) and the County of Grey for the transfer of funds to the County of Grey for infrastructure purposes.**

### Background

Canada, Ontario, the Association of Municipalities of Ontario (AMO) and Toronto extended the federal Gas Tax Fund to 2023 by signing the Administrative Agreement for the transfer of federal Gas Tax Funds which took effect on April 1, 2014.

The new Agreement will provide \$3.8 billion to Ontario's municipalities between 2014 and 2018, with AMO continuing to administer the Gas Tax Fund on behalf of the Government of Canada.

The Gas Tax Fund provides Ontario's municipalities with a per-capita allocation each and every year, without the need for an application or matching funding.

Canada has introduced some changes to the Agreement and at a high level the changes include the following:

- The Gas Tax Fund is now permanent in federal legislation. The Municipal Funding Agreement is now 10 years.
- Municipalities can now invest in 17 eligible categories.
- Municipalities can bank or carry over funding for up to five years. Outcomes are now focused on community benefits and not just environmental outputs.
- Allocations for 2014-2018 are based on population data from the 2011 Census. Allocations for 2019-2023 will be based on the 2016 Census.
- Municipal allocations will increase in 2016 and in 2018. This is a result of the Gas Tax Fund increasing nationally at 2% per year in \$100 million increments.
- Municipalities will now have less reporting and auditing requirements.
- More emphasis has been placed on communications. For planning purposes, municipalities will have to load new/planned projects into the online system ahead of time.
- Municipal administration costs are ineligible. Health care infrastructure such as public health facilities and long-term care homes are also ineligible. Leasing of equipment (including for construction) is an 'own source' expense and will need prior approval.
- Asset management is a key component of this Agreement

In this regard, the County of Grey is required to enter into an amended Municipal Funding Agreement with AMO to enable the transfer of funds.

The following represents an estimate of the funds and schedule of payments for the first five years of the Agreement.

**Schedule of Fund Payments**

<b>Year</b>	<b>Schedule of Fund Payments</b>		<b>Total</b>
2014	\$1,340,172.37	\$1,340,172.37	\$2,680,344.74
2015	\$1,340,172.37	\$1,340,172.37	\$2,680,344.74
2016	\$1,407,180.99	\$1,407,180.99	\$2,814,361.98
2017	\$1,407,180.99	\$1,407,180.99	\$2,814,361.98
2018	\$1,474,189.61	\$1,474,189.60	\$2,948,379.21

An estimate of the funds and schedule of payments for the latter five years of the Agreement (2019-2023) will be provided following the review of this Agreement by AMO by December 31, 2018.

## Financial / Staffing / Legal / Information Technology

### Considerations

The County of Grey in 2013 received \$2,834,707.43 in Gas Tax Funds. This amounts to a reduction in funding of \$154,362.69 for the years 2014 and 2015. By 2018, the County of Grey will be receiving \$2,948,379.21 in funds or an increase of \$113,671.79 over the amount received in 2013.

Considerations will be required as to the use of these funds in future capital budgets.

### Link to Strategic Goals / Priorities

Establishing funding agreements will ensure that Council's goals of ensuring financial stability and ongoing public accountability are maintained.

### Attachments

[Municipal Funding Agreement with AMO for the Transfer of Federal Gas Tax Funds dated April 1 2014](#)

Respectfully submitted by,

Kevin Weppeler  
Director of Finance