



Report to: General Committee

Date Report Authored: May 9, 2014

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**SUBJECT:** Municipal Funding Agreement for Federal Gas Tax  
**PREPARED BY:** Fred Rich, Senior Business & Risk Analyst

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**RECOMMENDATION:**

- 1) That the report dated April 30, 2014 entitled "Municipal Funding Agreement for Federal Gas Tax" be received;
- 2) AND THAT a By-Law be enacted granting authority to the Mayor and Clerk to sign the "Municipal Funding Agreement for the Transfer of Federal Gas Tax Funds" between the Association of Municipalities of Ontario (AMO) and the City of Markham (City);
- 3) And that Staff be authorized and directed to do all things necessary to give effect to this resolution.

**PURPOSE:**

The purpose of this report is to enact a By-Law granting authority to the Mayor and Clerk to execute the new funding agreement.

**BACKGROUND:**

Since 2005, the City has executed two Municipal Funding Agreements with AMO and the City has received over \$49 million in Federal Gas Tax funding.

On April 24, 2014 AMO provided the City with a new Municipal Funding Agreement (MFA) for the period 2014-2023, which is attached as Appendix A. This agreement will secure an additional \$45,427,766 in Federal Gas Tax funding for the first 5 year period (2014-2018). Funding for the second 5 year term will be based on the population distribution identified in the 2016 Census.

The following is a summary of the major changes included in the new MFA, a full summary of changes is attached as Appendix A.

**Funding Terms**

The funding is for 10 years split into two terms 2014-2018 and 2019-2023.

**Funding**

The funding allocation was previously based on the 2006 Census whereas the new MFA allocation is based on the 2011 Census for the first 5 year term (2014-2018), and 2016 Census for the second 5 year term (2019-2023). The previous MFA required annual funding to be spent within a 3 year period whereas the new MFA extends the spending period to 5 years. In addition, the federal gas tax funding will grow nationally at 2% per year in \$100 million increments. This 2% growth has resulted in confirmed increases in 2016 and 2018, further increases are anticipated in 2021 and 2023.

### Eligible Categories

The number of eligible funding categories has increased from seven to seventeen. The new categories are; local and regional airports, short-line rail, short-sea shipping, disaster mitigation, broadband connectivity, brownfield redevelopment, cultural, tourism, sport and recreational infrastructure. These categories are more specifically described in Schedule B and Schedule C of the MFA.

### Reporting

Municipalities will have less annual reporting and audit requirements; however the City must complete an Asset Management Plan prior to December 31, 2016. Staff will review the Asset Management Plan requirements to ensure a Markham plan is in place prior to the 2016 deadline.

### Communications

More emphasis has been placed on communications. For planning purposes, municipalities will be required to inform AMO of any new/planned projects ahead of time. Municipalities will be required to communicate new projects at the same time as they report on last year's projects and spending.

### OPTIONS/ DISCUSSION:

To initiate the transfer of Federal Gas Tax revenues, the City must enact a By-Law authorizing the execution of the MFA and send a copy of the By-Law along with the signed and sealed MFA to the AMO.

Staff recommends the City enact a By-Law granting authority to the Mayor and Clerk to sign the "Municipal Funding Agreement for the Transfer of Federal Gas Tax Funds" between the AMO and the City, and that Mayor and Clerk execute the Municipal Funding Agreement allowing the transfer of the Federal Gas Tax Revenues to the City.

### FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)

Upon execution of MFA, the City will receive \$45.4 million in Federal gas tax funding for the years 2014-2018. The details are as follows:

Schedule of Federal Gas Tax Funding	
Year	Annual Funding*
2014	\$8,736,109
2015	\$8,736,109
2016	\$9,172,914
2017	\$9,172,914
2018	\$9,609,720
<b>Total</b>	<b>\$45,427,766.44</b>

*\*Two equal payments will be received annual around July and November of each year.*

A total of \$8.3 million in the federal gas tax funds were approved and allocated to various 2014 capital projects. The remaining \$0.436 million of 2014 federal gas tax funding will be incorporated into the 2015 Capital Budget process.

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**HUMAN RESOURCES CONSIDERATIONS**

Not Applicable

**ALIGNMENT WITH STRATEGIC PRIORITIES:**

Not Applicable

**BUSINESS UNITS CONSULTED AND AFFECTED:**

Not Applicable

**RECOMMENDED**

**BY:**

22/05/2014

X 

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Catherine Conrad  
City Solicitor

22/05/2014

X 

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Trinela Cane  
Commissioner, Corporate Services

22/05/2014

X 

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Joel Lustig  
Treasurer

**ATTACHMENTS:**

Appendix A, Municipal Funding Agreement