

Presented To:	Finance Committee
Presented:	Monday, May 03, 2010
Report Date	Tuesday, Apr 20, 2010
Type:	Managers' Reports

Request for Decision

Federal Gas Tax - Amending Agreement

Recommendation

It is recommended that Council authorize the execution of the Amending Agreement for the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities between the Association of Municipalities of Ontario (AMO) and the City of Greater Sudbury and that the necessary By-law be passed.

Background

The Federal Gas Tax Fund was announced in the 2005 Federal Budget and committed approximately \$1.9 billion to Ontario municipalities for environmentally sustainable infrastructure over a five year period (2005-2009). The 2007 Federal Budget committed to extending the Fund by an additional five years (2010-2014). This is estimated to bring an additional \$2.9 billion to Ontario's communities. The 2008 Federal Budget made these funds permanent.

The purpose of the funding is to provide Ontario municipalities with a source of stable, predictable and long-term funding towards Environmentally Sustainable Municipal Infrastructure (ESMI). This funding will help municipalities address their infrastructure needs and meet sustainability objectives. Gas tax funding comes with the expectation that the investments in ESMI will see Ontarians enjoying cleaner air, cleaner water and reduced greenhouse gas (GHG) emissions.

For the first 5 years of the agreement the City of Greater Sudbury received \$25.2 million to spend incrementally on expenditures in the eligible categories of Public Transit, Water, Wastewater, Solid Waste, Roads (including bridges and tunnels), Capacity Building and Community Energy Systems.

Federal Gas Tax Allocation for 2005 to 2009

The allocation of federal gas tax was based on a per capita share using 2001 Census data. The following chart identifies Sudbury's allocation over the 5 years.

Signed By

Report Prepared By

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Federal Fiscal Period	CGS Budget Year	Amount
2005-2006	2006	\$ 3.0 million
2006-2007	2007	\$ 3.0 million
2007-2008	2008	\$ 4.0 million
2008-2009	2009	\$ 5.1 million
2009-2010	2010	\$10.1 million
TOTAL		\$25.2 million

The City did not receive the first installment of federal gas tax until fiscal 2006, hence the lag between the receipt of money and budgeting for the spending. See appendix B for a historical review of funded projects and accumulated balance in reserves. Annually the expenditures have been audited by the external auditors.

Federal Gas Tax Allocation for 2010 to 2013

In December 2009, the City received notification of its allocation of Federal Gas Tax for the next four years. Over the next four years CGS will receive \$9.7 million annually for a total of \$38.8 million. This annual payment is slightly (3.7%) lower than our present annual entitlement of \$10.1 million. This is reflective of the fact that the Federal Gas Tax is allocated on a per capita basis, with the latest allocation based on 2006 census data.

SUMMARY

In 2009 approximately \$9 million of Federal Gas Tax revenues were utilized for capital spending (see Appendix A). Some of these projects were started in 2008 or early while others (ISF) were only included in the 2010 budget. The 2010 capital budget includes \$10.087 million in gas tax funds for Roads Projects.

RECOMMENDATION

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APPENDIX A – Federal Gas Tax Funded Projects in 2009

Year	Project	Total Cost in 2009	Federal Gas Tax Portion
2009	Paris St. (Walford to York)	\$ 5,230,165	\$ 2,094,000
	MR 55	2,325,164	1,283,342
	Minto St Bridge	464,066	331,476
	Culverts/Misc Bridges	1,824,469	1,316,424
	Marcel Street	257,108	168,568
	Falconbridge Hwy (ISF)	13,005,674	2,166,667
	Paris/Notre Dame (ISF)	2,500,333	416,722
	Lasalle Blvd. (ISF)	7,200,967	1,200,161
	Organic Pilot Project	31,489	8,278
	Total	\$ 32,839,435	\$ 8,985,638

FEDERAL GAS TAX
APPENDIX B - Historical review

	2005		2006		2007		2008		2009		Cumulative 2005 - 2009	2010	
	Gas Tax	Cost of project	Gas Tax	Cost of project	Gas Tax	Cost of project	Gas Tax	Cost of project	Gas Tax (budget)	Cost of project (budget)		Cost of project (budget)	Gas Tax (budget)
ACTUAL ANNUAL ALLOCATION	3,026,671.93		3,026,671.93		4,035,111.97		5,043,552.00		10,087,104.02		25,213,111.85		9,711,362.64
INTEREST EARNED													
2006													
Solid Waste													
Organics Pilot		403,561.87	114,639.25					146,397.79		8,277.73			
Facilities													
Garson Station EMS		198,160.35	195,000.00										
Roof Repairs Arenas		335,701.15	300,000.00										
Roof Repairs municipal build		58,024.42	55,000.00										
Mechanical / Electrical Arenas		645,652.17	668,347.00										
Energy Retrofits Arenas		1,912.00	375,000.00										
Energy Retrofits municipal buil		17,194.26	375,000.00										
2006 Roads													
2007 Wastewater					349,875.50								
2007 Water					103,859.10								
2007 Roads					461,385.80								
					584,879.60								
2007													
Roads													
Misc. Road Repairs													
Garson Coniston				4,230,771.40	1,410,267.40		315,732.60						
Lasalle - Notre Dame to Mac Jack				-	300,000.00								
				2,861,445.45	1,000,000.00								
Drainage Projects													
2008													
Roads													
Long Lake By-Pass													
MIR55						1,120,101.40	710,000.00						
Garson Coniston Road						1,190,459.45	666,657.32						
Lansing Avenue						2,572,846.32	200,000.00			33,342.68			
Notre Dame						639,728.79	250,000.00						
Durham St Bridge						185,000.00	25,112.00						
Larch St Bridge						119,520.00	200,000.00						
Marcel St						851,656.82	200,000.00						
Main St Lionel to 144 Asphalt						1,041,452.55	231,431.65			168,568.35			
						150,000.00	150,000.00						
Major Culverts						455,030.19	327,675.05			530,502.25			
2009													
Roads													
Paris St - Walford to York													
MIR55 1km to interchange									4,010,000	2,094,000.00			
Minto Street Bridge									2,200,000	1,250,000.00			
Balsam Street Bridge									840,000	600,000			
Major culverts / misc bridge repairs									525,000	293,552			
									1,675,000	1,400,000			
2010													
Roads													
Falconbridge - Hudson to CNR												200,000	200,000
Falconbridge - Tulane to Hudson												225,000	225,000
Falconbridge - Turning Lane												400,000	400,000
Falconbridge - ISF												13,000,000	2,166,667
Paris St/Notre Dame - ISF												11,500,000	1,916,667
Lasalle Blvd - ISF												14,100,000	2,350,000
New lights												50,000	50,000
New Traffic Signals - Regent & Mallards												160,000	160,000
Control Arms - Maley Drive												150,000	150,000
Four Lining MIR80 - Frost to Glenn												6,375,500	1,300,000
Various bridges												570,000	570,000
Surface treatment - various locations												768,000	598,666
TOTAL EXPENDITURES	-	1,660,206.22	1,407,986.25	7,289,269.33	4,210,267.40	8,472,193.31	3,340,344.64	9,300,000	5,637,552	9,042,572.77	18,001,171.06	47,498,500	10,087,000
UNSPENT PER YEAR			1,756,424.31		78,857.83		1,912,855.57			1,288,537.21	8,063,146.85		
Reserve balance (cumulative unspent per year)	-	3,269,759.46			4,861,953.26		6,774,608.83			8,063,146.49	8,063,146.85		