
REPORT TITLE: Federal Gas Tax Funding Accelerated for 2021

FROM: Gary Kent, Chief Financial Officer and Commissioner of Corporate Services

RECOMMENDATION

That the Region of Peel's By-law 4-2019, as amended, be amended to reflect the accelerated Federal Gas Tax payment for the 2021 fiscal year and the proposed lump sum allocation and transfer to the Cities of Mississauga and Brampton and the Town of Caledon described in the report of the Chief Financial Officer and Commissioner of Corporate Services, listed on the June 24, 2021 Regional Council agenda titled "Federal Gas Tax Funding Accelerated for 2021";

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

REPORT HIGHLIGHTS

- The Region of Peel (Region) has historically transferred most of the funding it receives under the current ten-year Municipal Funding Agreement for the Transfer of Federal Gas Tax Funds to its local municipalities to supplement the funding they receive directly.
 - In 2019, through By-law 4-2019, as amended, the Region approved the transfer of approximately 83 per cent of its 2019-2023 allocation to the local municipalities. These payments are usually released in two instalments annually: one in July and the other in November.
 - In response to COVID-19, the Government of Canada announced (via communication from the Association of Municipalities of Ontario (AMO)) on May 13, 2021 that it is expediting the transfer of the 2021 Federal Gas Tax/Canada Community-Building Funding through one lump sum payment to municipalities. This support is consistent with Canada's advancement of the 2020 transfer of Federal Gas Tax Funds to municipalities.
 - AMO has confirmed that the Region will receive its scheduled payment of \$43,822,064.39 of the 2021 Federal Gas Tax Funding in one lump sum payment as opposed to two instalments in July and November.
 - Region staff recommend amending By-law 4-2019, as amended, to reflect the accelerated 2021 Federal Gas Tax payment to the Region, and its lump sum transfer to the local municipalities as follows:
 - City of Mississauga \$18,995,067.10
 - City of Brampton \$15,626,675.80
 - Town of Caledon \$1,750,570.54
 - The transfer will occur as soon as practicable following the Region's receipt of the funds which is expected to occur in May/June 2021.
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DISCUSSION

1. Background

In 2014, the Region of Peel (“Region”) executed the current ten-year Municipal Funding Agreement for the Transfer of Federal Gas Tax Funds (“Agreement”) with AMO. While the Agreement spans over ten years, funding amounts were initially detailed out for the first five years of the Agreement (2014-2018). An estimate of the funds and schedule of payments for the latter five years of the Agreement (2019-2023) was provided by AMO in the fall of 2018.

Historically, after the annual Federal Gas Tax Funding allocations have been announced, the Region approved the transfer of most of its allocation to the local municipalities, supplementing the Federal Gas Tax Funding they receive directly from AMO.

In 2019, through By-law 4-2019, as amended, the Region approved the transfer of approximately 83 per cent of its 2019-2023 allocation to the local municipalities. These payments are usually released to local municipalities in two instalments annually: one in July and the other in November (which is consistent with AMO’s schedule of federal Gas Tax payments to the Region).

In response to COVID-19 and to support communities and restart the economy, the Government of Canada announced on May 13, 2021 (via communication from the Association of Municipalities of Ontario (AMO)) that funding delivered through the Federal Gas Tax Fund/Canada Community-Building Fund will be accelerated this year to help communities recover as quickly as possible while respecting public health guidelines. This support is consistent with the Canada’s advancement of the 2020 transfer of Federal Gas Tax Funds to municipalities.

AMO has confirmed that the Region will receive one payment of \$43,822,064.39 of the 2021 Federal Gas Tax Funding as opposed to the originally scheduled two instalments in July and November. Therefore, Region staff recommend that \$36,372,313.44 (83 per cent) be allocated to the locals in one instalment, and \$7,449,750.95 (17 per cent) be retained by the Region based on the previously Council-approved sharing arrangements. It is important to note that the total annual amount of the 2021 funding to the Region is not changing, only the disbursement in one lump sum payment instead of two payments.

2. Transfer to the Local Municipalities

The 2021 Federal Gas Tax Funds will be paid to the Region by AMO in one instalment and this is anticipated to take place in May/June 2021. The local municipal gas tax allocation funds are recommended to be transferred to the appropriate local municipalities as soon as practicable after the Region receives the one lump sum payment from AMO, and following Regional Council’s approval of the related amending by-law as recommended in this report.

As required by the Agreement, Regional Council enacted authorizing By-law 4-2019, as amended, at its meeting on January 10, 2019 to transfer a portion of the Region’s allocation of the Federal Gas Tax Funds to the local municipalities. Since the authorizing by-law references two instalments to be received and allocated in 2021, Region staff recommend amending By-law 4-2019, as amended, to reflect the full payment to be received by the Region, and its lump sum allocation and transfer to the local municipalities.

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The allocation methodology of the 2021 Federal Gas Tax Funds to the local municipalities remains the same as previously stipulated in By-law 4-2019, as amended, and it is not subject to the proposed amendment. Once the funds are received from AMO and the by-law amendment is passed by Council, the Region will transfer the funds to the local municipalities as indicated in the table below:

Year	Mississauga	Brampton	Caledon	Total
2021	\$18,995,067.10	\$15,626,675.80	\$1,750,570.54	\$36,372,313.44

CONCLUSION

In response to COVID-19, the Federal Government announced (via communication from the Association of Municipalities of Ontario) on May 13, 2021 that it would accelerate the scheduled payment of the 2021 Federal Gas Tax Funds to help municipalities pay for infrastructure projects and take advantage of the summer construction season. In an effort to provide the same level of infrastructure funding flexibility to the local municipalities from this accelerated payment timeline, the Region proposes to provide a lump sum allocation of its 2021 Federal Gas Tax Funds/Canada Community-Building Funds to the local municipalities. This recommended action will continue to support the local municipalities in their infrastructure planning efforts and support our communities during COVID-19. Therefore, Region staff recommend that By-law 4-2019, as amended, be amended to reflect the accelerated Federal Gas Tax payment for the 2021 fiscal year and the proposed lump sum allocation and transfer to the Cities of Mississauga and Brampton and the Town of Caledon.

For further information regarding this report, please contact Stephanie Nagel, Treasurer & Director of Corporate Finance, Ext. 7105, stephanie.nagel@peelregion.ca.

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Reviewed and/or approved in workflow by:

Department Commissioner, Division Director and Legal Services.