
REPORT TITLE: Federal Gas Tax Funding Accelerated for 2020

FROM: Stephen Van Ofwegen, Commissioner of Finance and Chief Financial Officer

RECOMMENDATION

That the Region of Peel’s By-law 4-2019 be amended to reflect the accelerated Federal Gas Tax payment for the 2020 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 Commissioner of Finance and Chief Financial Officer, titled “Federal Gas Tax Funding Accelerated for 2020”;

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, the Region approved the transfer of approximately 83 per cent of its 2019-2023 allocation to the local municipalities. These payments are released in two instalments annually: one in July and the other in November.
- In response to COVID-19, the Government of Canada announced on June 1, 2020 that it is expediting the transfer of the 2020 Federal Gas Tax Funding through one lump sum payment to municipalities.
- AMO has confirmed that the Region will receive its scheduled payment of \$41,916,757.23 of the 2020 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 to reflect the accelerated 2020 Federal Gas Tax payment to the Region, and its lump sum transfer to the local municipalities as follows:
 - City of Mississauga \$18,169,194.60
 - City of Brampton \$14,947,255.12
 - Town of Caledon \$1,674,458.78
- The transfer will occur as soon as practicable following the Region’s receipt of the funds which is expected to occur in June 2020.

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 the Association of Municipalities of Ontario (“AMO”). While the Agreement spans over ten years, funding

Federal Gas Tax Funding Accelerated for 2020

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, 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 to restart the economy and create good, well-paying jobs, Prime Minister Justin Trudeau announced on June 1, 2020 that funding delivered through the Federal Gas Tax Fund will be accelerated this year to help communities recover as quickly as possible while respecting public health guidelines.

AMO has confirmed that the Region will receive one payment of \$41,916,757.23 of the 2020 Federal Gas Tax Funding as opposed to the originally scheduled two instalments in July and November. Therefore, Region staff recommend that \$34,790,908.50 (83 per cent) be allocated to the locals in one instalment, and \$7,125,848.73 (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 2020 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 2020 Federal Gas Tax Funds will be paid to the Region by AMO in one instalment and this is anticipated to take place in June 2020. 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 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 2020, Region staff recommend amending By-law 4-2019 to reflect the full payment to be received by the Region, and its lump sum allocation and transfer to the local municipalities.

The allocation methodology of the 2020 Federal Gas Tax Funds to the local municipalities remains the same as previously stipulated in By-law 4-2019 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
2020	18,169,194.60	14,947,255.12	1,674,458.78	34,790,908.50

Federal Gas Tax Funding Accelerated for 2020

CONCLUSION

In response to COVID-19, the Federal Government announced on June 1, 2020 that it would accelerate the scheduled payment of the 2020 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 2020 Federal Gas Tax 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 be amended to reflect the accelerated Federal Gas Tax payment for the 2020 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, Ext. 7105, stephanie.nagel@peelregion.ca.

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Reviewed and/or approved in workflow by:

Department Commissioner, Division Director and Legal Services.

Final approval is by the Chief Administrative Officer.



N. Polsinelli, Interim Chief Administrative Officer