



SUBJECT: Federal Budget 2019 Gas Tax One-Time Funding

TO: Committee of the Whole

FROM: City Manager's Office

Report Number: CM-7-19

Wards Affected: All

File Numbers: 415-14

Date to Committee: April 1, 2019

Date to Council: April 23, 2019

Recommendation:

Direct the Director of Finance to allocate the \$5.6 million of one-time Federal Gas Tax funding in 2019 based on the strategy outlined in city manager's office report CM-07-19.

Purpose:

Respond to recent announcement of one-time funding from the Federal Gas Tax.

Background and Discussion:

The Federal gas tax funding for municipalities was first announced in the 2005 Federal Budget. This resulted in the equivalent of 5 cents-per-litre flowing to Ontario municipalities for environmentally sustainable infrastructure. In June of 2005, the Government of Canada, Province of Ontario, AMO (Association of Municipalities of Ontario), and the City of Toronto signed an historic 5-year agreement setting out the new revenue sharing arrangement to fund municipal infrastructure.

This agreement was extended in September of 2008 to provide four more years of predictable, long-term funding for Ontario municipalities to help address infrastructure needs.

In April 2014, the most recent agreement was signed which extended the program for 10 years (expiring in 2024).

Since its inception, AMO administers the funding on behalf of the federal government for all Ontario municipalities except Toronto, which receives its funding directly from the Federal Government. Currently, municipalities receive the funding in two equal semi-annual payments. These amounts are based on a per capita allocation using National Census data and reflect a 50:50 split of revenue between upper and lower tier municipalities where they exist.

The following table outlines the estimate of the funding and total payment for Burlington for the remaining five (5) years of the current agreement.

Year	Total for Year
2019	\$5,561,056
2020	\$5,561,056
2021	\$5,813,832
2022	\$5,813,832
2023	\$6,066,607

Burlington's Historical Use of Federal Gas Tax Funding

The Federal Gas Tax (FGT) allocation to the City of Burlington began in 2005. At that time, eligible infrastructure categories for lower tier municipalities were Roadways and Transit. In 2005 and 2006, roadways received 100% of the gas tax allocation for renewal.

In 2007, the allocation was split 80% roadways / 20% transit for renewal needs.

In 2008, the split was amended to 70% roadways / 30% transit as a result of a transit services review and transit cost requirements.

In 2012, in order to advance the city's shave-and-pave program, the split was reverted back to 80% roadways / 20% transit.

In 2018, the split was amended to 75% roadways / 25% transit to partially address transit capital renewal sustainability challenges.

Asset Management Requirements

As part of the 2014 agreement, municipalities were required to develop and implement an Asset Management Plan by December 21, 2016.

To be eligible for funding, municipalities must show progress and outcomes of Asset Management planning over the life of the new agreement and they must clearly demonstrate that projects are prioritized based on an Asset Management framework. This ensures that councils have the best available information to make infrastructure and financing decisions.

Federal Gas Tax Eligible Project Categories

In 2014, the eligible project categories were expanded. (noted in bold below) Eligible projects include investments in infrastructure for its construction, renewal or material enhancement of tangible capital assets in each of the following categories:

Productivity and Economic Growth	Clean Environment	Strong Cities and Communities
Local roads and bridges Highways Short-sea shipping Short-line rail Regional and local airports Broadband connectivity Public transit	Drinking water Wastewater Solid Waste Community energy systems Brownfield redevelopment	Sport and Recreation Cultural and tourism Disaster mitigation Capacity building

Ineligible expenditures include non-tangible capital assets such as urban trees and land acquisition. Further review of the agreement and follow-up with AMO would be required to determine bike share program eligibility.

2019 Federal Budget Announcement

On March 19, 2019 the Federal Government announced a “one-time transfer of \$2.2 billion through the Federal Gas Tax Fund to address short-term priorities in municipalities”. This effectively doubles the Federal Government’s commitment to municipalities in 2018-19 and provides much needed infrastructure funds for communities of all sizes, across the country.

Based on the 2018 Federal Gas Tax funding we will be receiving an additional \$5.6 million (approximately) of one-time funding to address infrastructure needs.

Recommended Use of One-time Funding

When reviewing projects for this one-time funding the following was considered:

- The project can be completed within the next 12 to 24 months.
- The project would have been advanced in the 2019 capital budget and forecast had sufficient funding been available.
- The project does not incur significant on-going operating costs.

A matrix was developed using the following decision criteria to evaluate the recommended capital projects:

- Is this an eligible project that was removed from the 2019 budget?
- Would the funding allow for an acceleration of planned infrastructure renewal?
- Is the forecasted renewal project currently unfunded or underfunded?
- Is the forecasted new infrastructure currently unfunded or underfunded?

The results of this evaluation matrix can be found in Appendix A.

Based on the results of this matrix, the following projects are recommended to be funded from the \$5.6 million:

Project	Amount
Elgin Promenade (Phase 4)	\$700,000
Transit Bus Renewal Program	\$500,000
Wolfe Island Bridge Additional Renewal	\$230,000
Advance New St. Resurfacing (Appleby to Burloak)	\$2,800,000
Beachway Pavilion Decking and Accessibility Improvements	\$350,000
Civic Square Additional Enhancements	\$265,000
Skyway Arena Enhancements (new small walking track)	\$750,000
Total	\$5,595,000

Staff will be available at Committee to provide further details on each of the above projects and the selection criteria should Council require it.

Financial Matters:

Since the inception of the Federal Gas Tax Program the city has received \$59.1 million (2005-2018) which has been used to assist in reducing the infrastructure funding gap for roadways and transit renewal.

Some examples of projects that have benefited from the gas tax program in the past include:

- Transit Conventional Bus Replacements (\$5.5M)
- Local Roads Resurfacing Program (Shave and Pave) (\$2.4M)
- Townsend Area Reconstruction (\$2M)
- Fairview St at Brant Intersection (\$2M)
- Kilbride St and Twiss Rd Reconstruction (\$2.7M)

Conclusion:

This report recommends the allocation of the additional \$5.6 million of one-time Federal Gas Tax Funding.

Respectfully submitted,

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Appendices:

- A. Capital Projects Gas Tax Funding Evaluation Matrix

Report Approval:

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.