



**STAFF REPORT
ACTION REQUIRED**

Amendment of Federal Gas Tax Funding Agreement to Facilitate Flow of Funds Set Aside for Unincorporated Areas

Date:	April 16, 2007
To:	Executive Committee
From:	City Manager
Wards:	All
Reference Number:	

SUMMARY

This report seeks Council authority for the City of Toronto, represented by the Mayor, to enter into an agreement with the Federal Government, the Provincial Government and the Association of Municipalities of Ontario (AMO) for the purpose of making amendments to the Canada-Ontario-AMO-Toronto Agreement for the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities (June 17, 2005). The amendments will provide the framework for the Provincial Government to begin to administer the allocation of \$5.8 million in federal gas tax revenues that were set aside in the Agreement for Ontario's unincorporated areas. The amendments will have no implications for the \$407.3 million allocated to the City of Toronto over the period 2005-6 to 2009-10 under the terms of the existing Agreement.

RECOMMENDATIONS

The City Manager recommends that:

1. The City of Toronto, represented by the Mayor, enter into an amending agreement with Her Majesty in Right of Canada (“Canada”), Her Majesty in Right of the Province of Ontario (“Ontario”) and the Association of Municipalities of Ontario (“AMO”) to amend the June 17, 2005 Canada-Ontario-AMO-City of Toronto Agreement for the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities; and
2. Council authorize the finalization of the proposed amending agreement generally in accordance with the terms and conditions outlined in this report and otherwise to the satisfaction of the City Manager and in a form satisfactory to the City Solicitor.

Financial Impact

There are no financial implications for the City of Toronto as a result of the adoption of the recommendations in this report.

DECISION HISTORY

The Canada-Ontario-AMO-City of Toronto Agreement for the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities (“the Agreement”) was signed by the Mayor on June 17, 2005 and ratified by City Council on July 19, 2005 through the adoption of Policy and Finance Committee Report 7(13) (<http://www.toronto.ca/legdocs/2005/agendas/council/cc050719/pof7rpt/cl013.pdf>).

ISSUE BACKGROUND

The Agreement provides for the transfer of \$407.3 million to the City of Toronto and \$1,452.6 to AMO to distribute to all other Ontario municipalities over five years. There is also a commitment by Canada in the Agreement to transfer a further \$5.8 million over five years for environmentally sustainable infrastructure investments in Ontario’s unincorporated areas. The Agreement does not define the funding allocation and delivery mechanisms to these unincorporated areas beyond stating that these “will be determined at a later date”.

Ontario and Canada have been negotiating the details of how funds for unincorporated areas will be administered and are close to finalizing their discussions. As a result, a number of amendments to the Agreement are needed to enable Ontario to administer the allocation of the funds for unincorporated areas. These amendments will expand on the commitments on the parts of Canada and Ontario, add sections specific to unincorporated areas and add language in various parts of the Agreement to make it inclusive of the unincorporated areas context.

None of the changes contemplated has any impact on Toronto's entitlements or obligations under the Agreement.

COMMENTS

In order to give effect to the amendments, all four parties to the Agreement will need to ratify the changes. The City of Toronto has no interest in impeding the flow of funds that will benefit unincorporated areas of the province. The amendments, if written in accordance with the terms outlined above, pose no risk to the City's interests and entitlements. The existing Agreement is structured in a way that isolates terms pertaining to Toronto's share of federal gas tax transfers in Toronto-specific sections. These sections will not be amended.

The City Solicitor was consulted in the preparation of this report and concurs with the recommendations herein.

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SIGNATURE

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