



**STAFF REPORT
ACTION REQUIRED**

**Federal Gas Tax Funding Agreement –
Amendment for Extension from 2010 to 2014**

Date:	December 5 2008
To:	Executive Committee
From:	City Manager
Wards:	All
Reference Number:	

SUMMARY

This report recommends Council ratify the agreement which extends the flow of Federal Gas Tax Revenues from 2010 to 2014. The extension will result in the contribution of an additional \$619,112,844 in federal funding to the City of Toronto for public transit.

RECOMMENDATIONS

It is recommended that:

- (1) Council ratify the September 3, 2008 agreement to extend the Canada-Ontario-AMO-City of Toronto Agreement for the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities to 2014.

Financial Impact

Ratification of the agreement to amend the *Canada-Ontario-AMO-City of Toronto Agreement for the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities* will provide federal funding of \$619,112,844 from 2010 to 2014 to the City of Toronto for public transit.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

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> .

On June 20 2007, the Agreement was amended to 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 amendment did not have any implications for the City of Toronto. City Council ratified the amending Agreement through adoption of Executive Committee Report 8(4) <http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-05-23-cc08-dd.pdf>

ISSUE BACKGROUND

The Canada-Ontario-AMO-City of Toronto Agreement for the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities provides for the transfer of \$407.3 million to the City of Toronto for public transit over five years from 2005 to 2010.

In the 2007 Federal Budget, the Government of Canada committed to extending the transfer of the federal gas tax to municipalities from 2010 to 2014. In the 2008 Federal Budget, the Government of Canada committed to extend the federal gas tax to municipalities permanently. The amending agreement that is the subject of this report extends the funding from 2010 to 2014. The federal government has not yet determined the process for the permanent extension of the Federal Gas Tax funding beyond 2014.

COMMENTS

The amending Agreement to extend the Federal Gas Tax funding to 2014 provides for the transfer of \$2.987 Billion from Canada to eligible recipients in Ontario with the allocation based on population using the 2006 National Census data. The allocation provides for \$619,112,844 to Toronto with \$154,778,211 for each of the 4 years of the agreement extension.

The Canada-Ontario-AMO-City of Toronto Agreement for the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities, signed in 2005, commits the parties to complete a joint program evaluation of the Agreement by March 2009. The amending Agreement provides that the parties agree to consider further amendments to the extension of the Agreement taking into account the results of the joint evaluation.

The extension of the federal gas tax funding to 2014 provides a significant federal contribution to transit in Toronto facilitating longer-term capital planning.

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

CONTACT

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SIGNATURE

Joseph P. Pennachetti
City Manager

ATTACHMENT

Appendix 1 – Federal Gas Tax Agreement Extension