THE REGIONAL MUNICIPALITY OF YORK

REPORT NO. 4
OF THE COMMISSONER OF FINANCE

For Consideration by
The Council of The Regional Municipality of York
on November 23, 2006

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MUNICIPAL FUNDING AGREEMENT FOR THE TRANSFER OF FEDERAL PUBLIC TRANSIT FUNDS

1. RECOMMENDATIONS

It is recommended that:

1. Council authorize the Chair and Clerk to execute the Municipal Funding Agreement for the Transfer of Federal Public Transit Funds.

2. Council authorize the establishment of the Federal Public Transit Funds Reserve Fund.

2. PURPOSE

The purpose of this report is to put in place the necessary agreement with the Association of Municipalities of Ontario (AMO) to receive the Federal Public Transit Funds which is in addition to the funds received as part of the gas tax transfers.

3. BACKGROUND

As part of the New Deal for Cities and Communities, the Government of Canada had agreed to invest $1.87 billion in gas tax funding over five years to be flowed to municipalities and administered by the AMO. The Region had entered into an agreement for these funds in November 2005. In addition to those funds the Government of Canada has identified additional funding specifically for public transit funding which is also to be administered by AMO. A separate agreement is required for this additional funding.

4. ANALYSIS AND OPTIONS

York Region is eligible to receive $3,280,717 for this purpose. In order to receive the funds, the Region must enter into a Municipal Funding Agreement (MFA) with AMO. The funding that is to be provided covers only the current year. If additional funds are identified for future years additional agreements will be brought forward to Council.

The Federal Public Transit Funds may be used only for public transit infrastructure capital investments include the following:

i. Rapid Transit Infrastructure: light rail, heavy rail additions, subways, transit stations, park and ride facilities, grade separated bus lanes and rail lines;

ii. Rolling Stock: buses (including hybrids, diesel, natural gas, and fuel cell buses), light and heavy rail cars, trolleys, ferries;

iii. Intelligent Transport System (ITS): fare collection, passenger information, maintenance, propulsion and communications technologies, transit priority signalling, traffic information and transit operation systems, including technology that enhances safety and security of operations;

iv. Related capital infrastructure: transit queue-jumpers and High Occupancy Vehicle (HOV) lanes, storage and maintenance facilities, terminals, bus loading bays and road rehabilitation for bus-lanes only;

v. Active transportation infrastructure: bike lanes; and

vi. Para transit: rolling stock, fixed capital assets and system

The funds must be spent after May 18, 2005 and prior to March 31, 2010. The agreement also calls for the funds to be held in a separate reserve and until such time as the funds are fully spent. This will require the establishment of a new Federal Public Transit Funds Reserve Fund.

Municipalities must clearly demonstrate that the funding has enabled a project’s implementation, enhanced its scope, or accelerated its timing.

Consistent with the existing Federal Gas Tax Revenues Agreement, municipalities must agree not to displace current capital investment or use the revenue to reduce municipal taxes. In order to demonstrate this incrementally, municipalities with a population over 100,000 will be required to calculate base spending in the eligible project categories for the previous five years, January 1, 2000 to December 31, 2004, and must ensure that this base amount is maintained from April 1, 2005 through March 31, 2010.

The permitted costs for eligible projects will include:

- the capital costs of acquiring, constructing, rehabilitating or renovating a tangible capital asset and any debt financing charges specifically related thereto;
- the fees paid to professionals, technical personnel, consultants and contractors specifically engaged to undertake the surveying, design, engineering, manufacturing or construction of a project infrastructure asset and related facilities and structures;
- the costs of environmental assessments, monitoring and follow-up programs, as required by the *Canadian Environmental Assessment Act* or an Ontario equivalent.
- The interest earned on the funds may be used to pay for administration costs.

Costs that are ineligible for the program include salaries and other employment benefits of employees; costs of land; cost of leasing of equipment; overhead and administrative costs including costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by Regional staff; costs of feasibility and planning studies for individual eligible projects; routine repair and maintenance costs; legal fees; and audit and evaluation costs.

Municipalities are annually required to submit to AMO an expenditure report and audit statement accounting for the receipt and expenditure of the funds. Municipalities are also required to provide a transit ridership growth plan, a transit asset management plan, and a final outcomes report. Since these identical reports were also a requirement of the Federal Gas Tax Agreement, staff believe these requirements can be satisfied by using the same reports for both agreements.

5. FINANCIAL IMPLICATIONS

The Region will receive $3,280,717 as soon as there is a fully executed Municipal Funding Agreement, including related schedules.

These funds will be identified for use in the 2007 capital budget.

6. LOCAL MUNICIPAL IMPACT

This program is allocated only for transit purposes therefore local municipalities will not be receiving any additional funding from this program

7. CONCLUSION

The execution of the Municipal Funding Agreement with AMO will permit the flow of Federal Public Transit Funds to York Region in the amount of $3,280,717.

Respectfully submitted,

November 23, 2006
Newmarket, Ontario

L. Russell
Commissioner of Finance

(Report No. 4 of the Commissioner of Finance was adopted, without amendment by Regional Council at its meeting held on November 23, 2006.)