



# The Federal Gas Tax Fund

2015 Annual Expenditure Report – Part I

Since the Fund was initiated in 2005

**443** Ontario municipalities have invested

**\$4.3 billion** into about

**6,700** projects resulting in:



A decrease in Ontario's **energy demand** by **31 million kilowatt hours** – enough to power **3,207** average Ontario homes for a full year

Expansion of **composting programs** to **617,660** more households

Diversion of over **181,526 tonnes** of waste from Ontario landfills

**275,079 metres** of new and **rehabilitated water, storm and wastewater pipes**



Data excludes the City of Toronto. New project outcome indicators were approved by the Gas Tax Oversight Committee in 2016 for the program's national objectives of demonstrating increased economic growth and productivity, cleaner environment and stronger communities. Municipalities will be required to report on these new outcomes for 2014-2016 projects during the 2016 reporting cycle. In 2015, AMO continues to report relevant environmental outcomes on completed projects in the water, wastewater, solid waste and community energy categories. This infographic reflects environmental outcomes for these project categories since 2005.

## Letter from AMO President

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September 30, 2016



Municipal infrastructure was top of mind for many in 2015. As our communities grow and change, investment in local infrastructure must keep pace with demand. Growing communities need to expand transportation networks while others must balance the needs of shrinking populations with aging local infrastructure. In the midst of some uncertainty, the federal Gas Tax Fund remains a permanent, predictable and stable source of funding for municipal infrastructure.

The Fund will provide Ontario municipalities with \$3.8 billion from 2014-2018. In Ontario, AMO administers the Fund for 443 municipalities on a per capita basis. This arrangement is unique and it's successful. Municipal governments receive predictable federal funding and they report back to AMO as they invest in local projects.

I am proud of the direct, respectful relationship between the Government of Canada and AMO that exists because of the federal Gas Tax Fund. It is one of the few instances where the federal government can work directly with municipal governments and it's providing real results for Ontarians.

In 2015, the federal Gas Fund delivered \$740 million to Ontario municipalities. AMO administered \$588 million of this to all Ontario municipalities, excluding the City of Toronto. This investment is helping to improve the quality of life in our communities. It's improving our roads and bridges, bringing more public transit to people that need it, keeping our water systems safe and efficient, and helping to expand recreation and culture infrastructure across the province. The unique way the Fund is delivered in Ontario gives local councils the opportunity to determine, and fund, local priorities as they see fit.

2015 was the first full year of AMO's new Agreement with the Government of Canada. The Agreement builds on the Fund's strengths with changes that benefit municipalities, including new project categories to invest in. The information in this report makes it clear that the new Agreement is a resounding success. The Agreement governs the flow of funds until 2023 and I'm confident that we will continue to build on its success by building communities that are safe, up-to-date and prosperous.

Sincerely,

A handwritten signature in black ink, appearing to read 'L. Dollin', written in a cursive style.

Lynn Dollin  
AMO President

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## PART II

Available at [www.amo.on.ca](http://www.amo.on.ca)

Contains funding allocation information, project summaries, and detailed compliance and financial audit statements.

## Introduction to Reports

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This Annual Report constitutes AMO's required reporting commitments for 2015 under the Administrative Agreement on the federal Gas Tax Fund.<sup>1</sup>

Part I of this report provides a snapshot of how the federal Gas Tax Fund is being spent and the ways in which it benefits Ontario's communities. It also includes information about AMO's success in administering the program. Part II provides detailed compliance and financial audit statements and a summary of every 2015 federal Gas Tax project.

AMO will distribute a printed copy of Part I to all Ontario municipalities. Given its size and the limited demand for distribution, Part II is not printed. Both are available electronically at [www.amo.on.ca](http://www.amo.on.ca) and [www.gastaxatwork.ca](http://www.gastaxatwork.ca).

## About the Federal Gas Tax Fund

The federal Gas Tax Fund currently transfers \$2 billion per year in federal funding to Canadian municipalities. It is a permanent, predictable and stable source of funding for municipal infrastructure.

Funds can be invested into infrastructure from 16 project categories where economic, environmental or community benefits can be demonstrated: local roads and bridges, public transit, water, wastewater, solid waste, community energy systems, broadband connectivity, sport, tourism, culture, recreation, brownfield redevelopment, regional and local airports, disaster mitigation, short-sea shipping and short-line rail.

Gas Tax funds can also be invested into capacity building projects to support municipal asset management.

<sup>1</sup> Consistent with the terms of the Agreement, AMO does not provide comment on the compliance of the City of Toronto. The City of Toronto completes its own reporting requirements.

## The Federal Gas Tax Fund Agreement in Ontario

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The flexibility of the Gas Tax Fund allows each province and territory to have its own agreement with the federal government. Under the Agreement in Ontario (the Agreement), funding flows directly to municipalities on a per capita basis, without the need to fill out an application form. Allocations are distributed in two annual installments in July and November.

Predictable, up-front funding from the federal Gas Tax Fund allows local councils to identify and fund local priority projects, and plan for the long term. The Ontario model recognizes that municipalities are a duly elected, accountable and transparent order of government.

In total, Ontario's municipalities will receive \$3.8 billion from the Fund for 2014-2018. AMO facilitates the distribution of approximately \$3.1 billion. In 2014, the Government of Canada, the Province of Ontario, AMO and the City of Toronto signed a new Gas Tax Fund Agreement that will govern the flow of funds until 2023. More information is available at [www.amo.on.ca](http://www.amo.on.ca). The annual allocation that each municipality receives is contained in Part II of this report which is available at [www.amo.on.ca](http://www.amo.on.ca).

Municipalities may use the funds:

- Towards the full cost of an eligible project;
- To support an eligible project that benefits from other funding sources;
- To save for and/or invest in future eligible projects;
- To finance long-term debt for eligible projects;
- To accrue interest which can be applied towards eligible projects;
- To develop and implement asset management plans, and;
- To collaborate with other municipalities or non-municipal entities to fund an eligible project.

## 2015 Oversight Committee

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### **Pat Vanini** (Co-chair)

Executive Director  
Association of Municipalities of Ontario

### **Monika Turner**

Director of Policy  
Association of Municipalities of Ontario

### **Kate Manson-Smith**

Assistant Deputy Minister  
Local Government and Planning Policy Division,  
Ontario Ministry of Municipal Affairs & Housing

### **Diane McArthur-Rodgers**

Director  
Intergovernmental Relations and Partnerships,  
Ontario Ministry of Municipal Affairs & Housing

### **Josie La Vita**

Executive Director  
Financial Planning,  
City of Toronto

### **Peter Notaro**

Executive Director  
Strategic & Corporate Policy,  
City of Toronto

### **Marc Fortin** (Co-chair)

(January – September 2015)  
Assistant Deputy Minister  
Program Operations Branch,  
Infrastructure Canada

### **Deryck Trehearne**

Director General – North/Atlantic/Ontario  
Program Operations Branch,  
Infrastructure Canada

### **Chad Westmacott** (Co-chair)

(October – December 2015)  
Director  
Programs Operations Branch,  
Infrastructure Canada

## Compliance

A compliance audit for the year ending December 31, 2015, completed by Grant Thornton LLP, confirms that AMO has fulfilled the terms set out in the Administrative Agreement on the federal Gas Tax Fund.

# Investment in 2015

## The Federal Gas Tax Fund: Real Results for Ontarians



■ In 2015 Ontario municipalities have invested **\$586 million** into **1,200 projects**, including:



**\$355 million**  
in local road and bridge infrastructure



**\$116 million**  
in local public transit projects



**\$44 million**  
in wastewater projects



**\$23 million**  
in solid waste projects



**\$20 million**  
in community energy systems

## Overview of 2015 Investment

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### **Federal investment is meeting local need**

Safe, up-to-date infrastructure lays the foundation for strong and prosperous communities. Federal Gas Tax investment in Ontario continues to play a critical role in improving local quality of life by helping municipalities maintain, rehabilitate and build local infrastructure that meets local need.

The next few pages include more detail about exactly where the Fund was invested in 2015 and how it is helping to close a province-wide infrastructure gap that has existed for many years.

### **Municipal infrastructure investments and needs**

The federal Gas Tax program requires that municipalities continue to invest own-source revenues, such as property taxes, in local infrastructure. AMO ensures this by comparing the historical municipal capital expenditures of all Ontario municipalities, excluding the City of Toronto, with current municipal capital expenditures. The benchmark historical capital expenditures over a five-year span (2000–2004) are known as the base amount in the Gas Tax Agreement. In the last five years (2010–2014), Ontario's municipal sector has increased investment in infrastructure. They have allocated an additional \$16 billion from own source revenue like property taxes, user fees, capital reserves, debt, etc. over the base amount of \$10 billion.

Despite this significant investment, Ontario's municipal infrastructure is under pressure. Much of it was built more than half a century ago and needs to be replaced or upgraded. In addition, new infrastructure must be built to respond to growing populations and changing community needs.

AMO has launched What's Next Ontario (WNO) to find out what it will take to make sure that Ontario municipalities can fund all of their responsibilities over the long term, including investing in infrastructure. WNO is a special consultation with AMO members with the goal of developing a shared vision and plan so that municipal governments have the firm financial foundation needed to meet their responsibilities today and tomorrow. According to WNO, AMO has estimated that Ontario's municipal governments need to invest an additional \$6.9 billion each year for the next ten years to meet local infrastructure needs.

## The federal Gas Tax Fund is helping to close the gap

Since the Fund's launch in 2005, AMO has transferred about \$5 billion to 443 Ontario municipalities out of which \$4.3 billion has been invested in 6,693 projects worth \$12 billion. Figure 1 details investment in major eligible project categories over the past 11 years. Starting in 2014, municipalities can now invest the funds in 10 additional eligible infrastructure categories. Figure 2 details investment in these new categories in 2014 and 2015. The broad range of eligible project categories helps the federal Gas Tax Fund to meet Ontario's diverse local needs.

Municipalities have invested the most funding into local roads and bridges, which represent the core infrastructure needs found in many Ontario communities. Municipal governments own and maintain more roads and bridges than any other type of infrastructure. Over the last ten years, roads and bridges accounted for 57 per cent of all Gas Tax investment, worth \$2.5 billion. Figure 3 shows the investment distribution for roads and bridges across Ontario.

The second largest investment category in the last decade has been public transit. These investments are primarily driven by four large municipalities that are responsible for 87 per cent of the total \$932 million Gas Tax investment in transit (Figure 4).

Figure 1:  
Federal Gas Tax Investments in Major Eligible Project Categories During 2005–2015

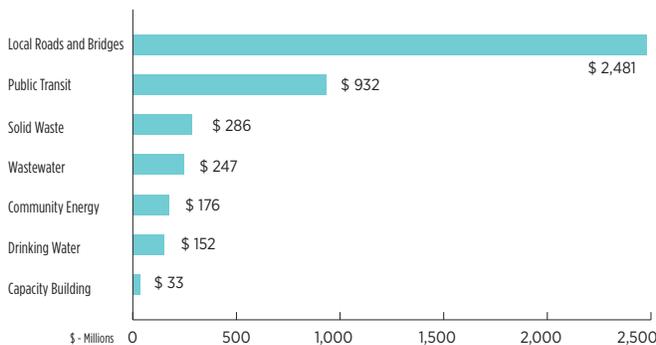


Figure 2:  
Federal Gas Tax Investments in New Eligible Project Categories During 2014–2015

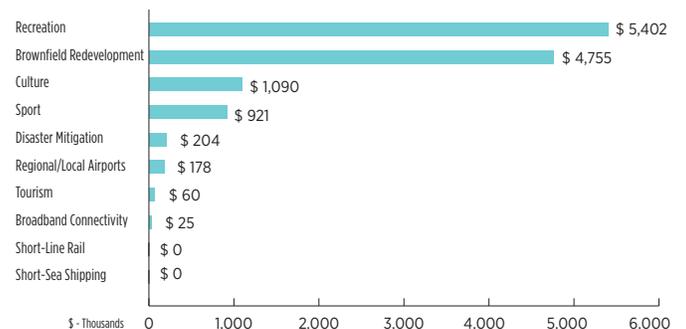


Figure 3:  
\$2.5 Billion Invested in Local Roads and Bridges Since 2005

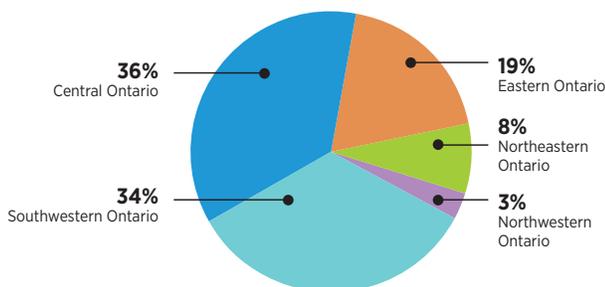
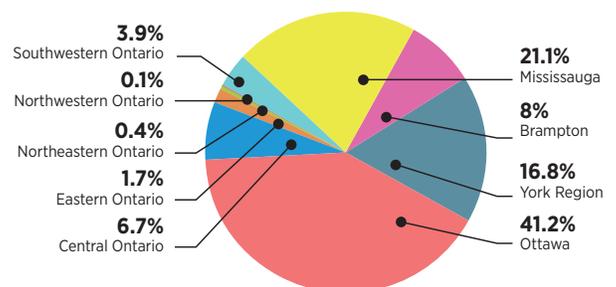


Figure 4:  
\$932 Million Invested in Public Transit Since 2005



## Overview of 2015 Investment

In 2015, Ontario municipalities invested \$586 million from the federal Gas Tax Fund into 1,200 infrastructure, community energy and capacity building projects. Detailed project information is listed in Part II of this report. A majority of the 1,200 projects are for transportation and environmental services (Figure 5).

In 2015, municipalities invested \$6.7 million from the Gas Tax Fund in the recently introduced eligible project categories, including local and regional airports, disaster mitigation, broadband and connectivity, brownfield redevelopment, culture, tourism, sport and recreation (Figure 6). These new and varied project categories reflect the fact that Ontario municipalities have broad and diverse needs because of differences in population, geography and local priorities. The Fund’s flexibility, which allows municipalities to meet local need and investments in the new project categories, reflects this reality.

As part of the annual reporting process, municipalities are also required to provide the total project cost for Gas Tax funded projects (Figure 7).

Figure 5: 2015 Gas Tax Investment in Major Eligible Project Categories

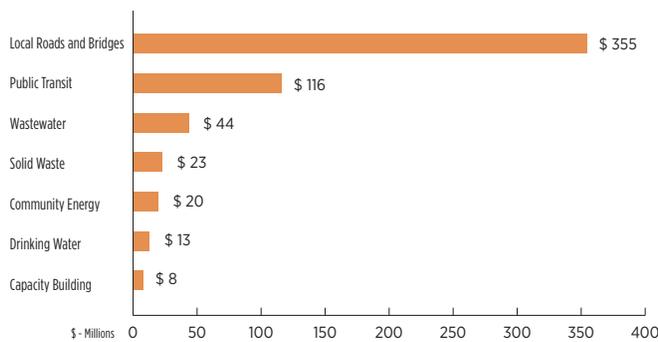


Figure 6: 2015 Gas Tax Investment in New Eligible Project Categories

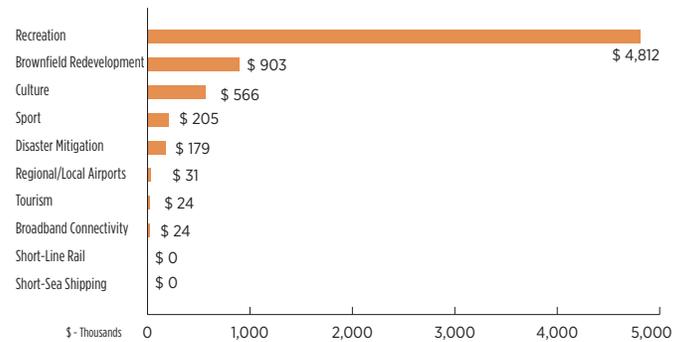
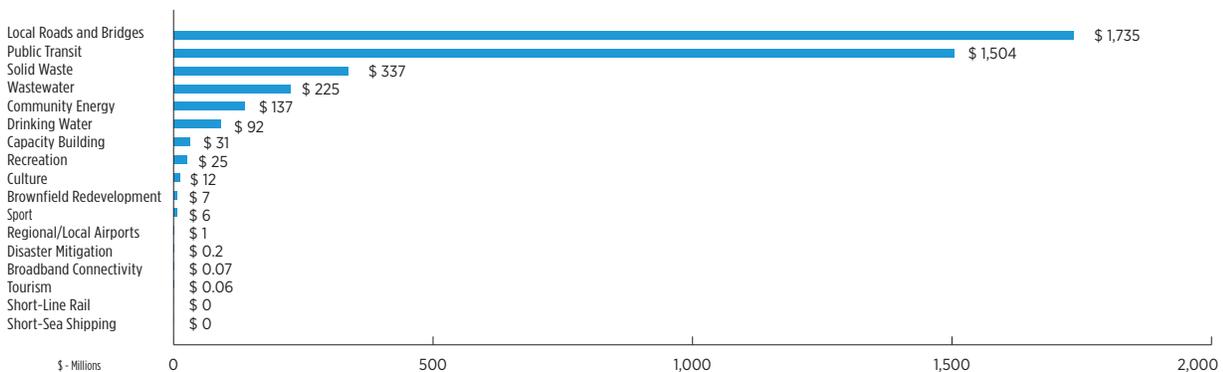


Figure 7: 2015 Total Gas Tax Project Costs



This information is updated on an annual basis and allows AMO to calculate funding leveraged in each category since the beginning of the program. For every \$100 of federal Gas Tax funds invested in roads and bridges, transit, solid waste, water, wastewater, community energy, and capacity building projects since 2005, municipalities have invested on average an additional \$177 from other funding sources (Figure 8).

Additionally, for every \$100 of federal Gas Tax funds invested in other categories in 2014 and 2015, municipalities have invested, in general, an additional \$346 from all other funding sources (Figure 9). This amount varies from category to category with culture and sport infrastructure projects leading the way.

Figure 8: Spending Leveraged for Every \$100 of Gas Tax Funds Invested in Major Categories Since 2005

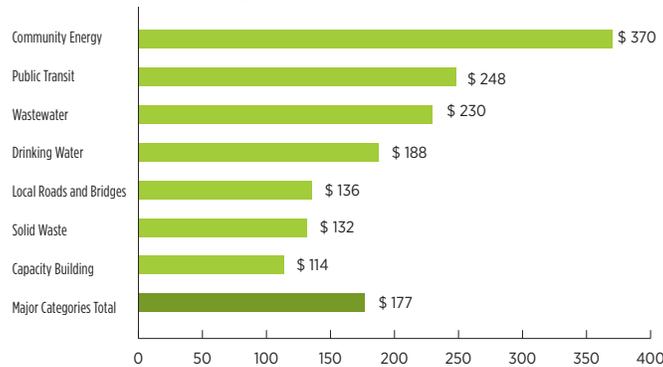
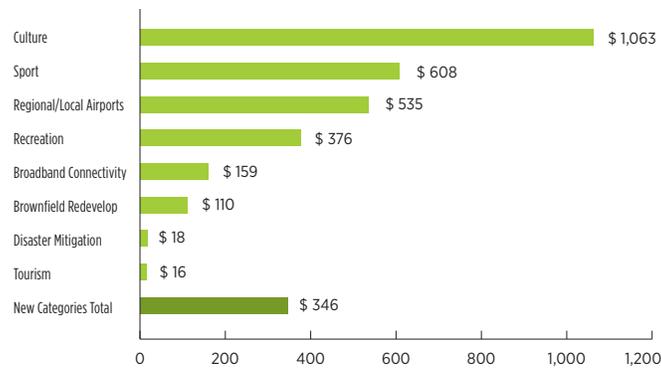


Figure 9: Spending Leveraged for Every \$100 of Gas Tax Funds Invested in New Categories During 2014-2015



## Project Outcomes

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In 2014 AMO signed a new federal Gas Tax Agreement with the Government of Canada that will guide the delivery of funds until 2023. With the new Agreement, a new national performance framework was introduced to broaden the program’s focus from environmental outcomes to include outcomes for economic growth and improved quality of life. For each eligible project, municipalities are required to report on core indicators to demonstrate the national objectives of increased productivity and economic growth, cleaner environment, and stronger cities and communities.

The Gas Tax Oversight Committee has now approved the outcome indicators for each national objective. Municipalities are required to report on the new outcome indicators starting in 2016.

In 2015, AMO collected environmental outcomes for water, wastewater, solid waste and community energy projects according to the old framework.

## National Objectives

Productivity and Economic Growth	Clean Environment	Strong Cities and Communities
Local Roads and Bridges	Community Energy Systems	Capacity Building
Public Transit	Drinking Water	Disaster Mitigation
Local and Regional Airports	Wastewater	Recreation
Broadband Connectivity	Solid Waste	Culture
Short-Sea Shipping	Brownfield Redevelopment	Tourism
Short-Line Rail		Sport



# Communications

## Overview of 2015 Activities:

Completed **15** local media events  
and/or news releases

Earned **23** media hits

Attracted **3,455** visits to  
[www.gastaxatwork.ca](http://www.gastaxatwork.ca)

**13%** increase in Twitter followers

Delivered presentations at **8** Town Hall meetings

Produced **1** new video earning more than 500 views

Municipal governments were unable to engage in communications activities for several weeks in 2015 due to a federal election. Despite the shortened time-frame, the number of events/news releases completed, and social media activity met or exceeded expectations.



## Communicating the Benefits of the Federal Gas Tax Fund

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AMO and municipal governments work together to share information about federal Gas Tax Fund investment in Ontario. This work plays a key role in meeting national Gas Tax program objectives and in demonstrating that municipal governments are mature, accountable and transparent. Municipal governments do their part to communicate the benefits of the Fund in three key ways: reporting on where every Gas Tax dollar is invested, installing project signage when appropriate, and working with AMO and Infrastructure Canada to complete communications activities.

### Communications Activities

Communications has been an important part of AMO's Gas Tax Agreement with the federal government since its inception. However, the way Canadians access information has changed. The internet and social media are now a necessary part of any communications strategy. Infrastructure Canada, AMO and municipal governments now use a mix of traditional, digital and social media communications initiatives to share information about the benefits of the federal Gas Tax Fund with Canadians.

#### **A total of 15 local events and/or news releases were held throughout Ontario in 2015.**

##### **Municipal Gas Tax Communications Activities in 2015**

January 16	City of Brampton – Improvements to local transit and roads
January 16	Township of Warwick – Improvements to Erie and McGregor Streets
January 26	Northwestern Ontario – Infrastructure improvements
January 26	Northeastern Ontario – Infrastructure improvements
February 13	City of Mississauga – Improvements to local transit
February 26	City of Thunder Bay – Improvements to local roads, railway crossing upgrades
April 9	City of Kitchener – Improvements to Shirk Place and Stirling Avenue Bridges
July 28	Town of Caledon – Improvements to five local roads
July 31	Province-wide announcement of Gas Tax Fund installment payment
October 30	City of Kitchener – Rehabilitation of Margaret Avenue Bridge
November 18	Town of Milton – Main Street Grade Separation Project
November 23	Township of Tay – Improvements to Tay Area Water Treatment Plant
December 4	Township of Tay – Rehabilitation of Duck Bay Bridge
December 5	Municipality of Trent Lakes – Improvements to Adam and Eve Road
December 12	Township of Conmee – Launch of the Conmee Community Network (broadband project)



TWEETS   FOLLOWING   FOLLOWERS  
**2,575**   **937**   **834**

## Gas Tax In Ontario

@GasTaxInOntario

The federal Gas Tax Fund is at work in your community, investing \$3.8 billion in municipal infrastructure projects throughout Ontario from 2014 to 2018.

Ontario, Canada

[gastaxatwork.ca](http://gastaxatwork.ca)

Joined October 2010

50 Photos and videos



## Tweets from @GasTaxInOntario

@GasTaxInOntario: Improvements to Duck Bay Bridge in Waubashene completed! <http://bit.ly/1QalDsa> via @MidlandMirror #federalGTF

@GasTaxInOntario: Our new video features Kenora's Winnipeg River West Branch Bridge <https://www.youtube.com/watch?v=ITMgGmMuA3c> @TourismKenora

@GasTaxInOntario: RT: @INFC\_eng: #CDNmuni can now invest in short-line rail under renewed federal Gas Tax Fund thanks to #GoC. More info <http://infc.gc.ca/05bd> #federalGTF

@GasTaxInOntario: Mississauga Councillor Ron Starr: 14% increase in transit fleet thanks to #federalGTF

@GasTaxInOntario: Municipalities need an asset management plan in place by the end of 2016. Learn more: <http://bit.ly/1RR5SVv> #onmuni #federalGTF

@GasTaxInOntario: Congrats to our new Infrastructure Minister @SohiAmarjeet ! #cdnpoli #PM23

@GasTaxInOntario: Margaret Ave Bridge in @CityKitchener official re-opening tonight! More than \$800k in #federalGTF invested <http://bit.ly/1GBXZmp>

@GasTaxInOntario: ON munis put the #federalGTF to work in '14, investing in 1,200+ projects that help make ON a great place to live, work and do business.

@GasTaxInOntario: Ontario munis – share your stories about how the Fund is improving your community – <http://bit.ly/1yScyYy> for more info #AMOCConf2015

@GasTaxInOntario: Road tripping in #Ontario this summer? The #federalGTF may have made your drive smoother. Find out more at <http://www.gastaxatwork.ca>

## Social Media

AMO uses a dedicated Twitter account, @GasTaxinOntario, to share information about the Fund and engage with members of the public, the media, local elected officials and Members of Parliament.

As Canadians rely more and more on social media for information and news, AMO continues to look for new and innovative ways to share information about the Fund, including creating content designed specifically for social media use.

In the five years that AMO has been active on Twitter, the account has consistently achieved key performance outcomes and gained a following of almost 1,000 users.

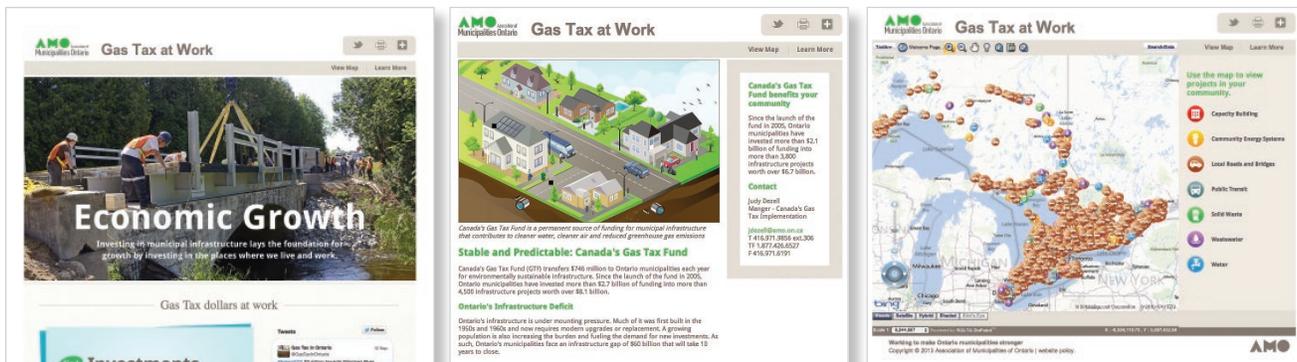
In 2015, @GasTaxinOntario earned:

**89** Twitter followers | **335** link clicks | **78** re-tweets, mentions and likes

## Gas Tax at Work

AMO's dedicated federal Gas Tax Fund website, [www.gastaxatwork.ca](http://www.gastaxatwork.ca), includes project information from across Ontario, general information about the Fund, infographic material and links to AMO videos. In 2015, the website attracted 3,455 page views. Since October 2009, Gas Tax at Work has received more than 15,000 visits<sup>2</sup>.

Gas Tax at Work includes an interactive map of Ontario that allows users to search for projects in their community by postal code, or simply browse projects across the province. A new, advanced mapping tool will be launched in the fall of 2016. AMO updates the map based on information reported by municipalities. This transparent approach gives Canadians timely access to information about exactly where Gas Tax funding is invested.



<sup>2</sup> From October 1, 2009 to August 31, 2016, excluding December 2014 when data was not collected.

## Videos

AMO has produced eight videos in the last three years to showcase the Fund's impact on real Ontario communities. In 2015, AMO travelled along the TransCanada highway from the Manitoba-Ontario border all the way to the Ontario-Quebec border to create a video related to asset management. The video uses the highway as a metaphor to stress the importance of municipal asset management: just as the TransCanada Highway connects our communities, a municipal asset management plan is a community's roadmap to long-term sustainability. AMO promoted the video by sharing it through social media, through the AMO Watch File (AMO's weekly e-newsletter), and playing it at municipal education forums such as workshops and conferences.



With more than 500 views, the asset management video exceeded AMO's goal of 400 views. In total, AMO's videos have been watched more than 2,300 times online.<sup>3</sup>

## Municipal Outreach

AMO communicates directly with municipal officials and staff over the phone and by e-mail, at municipal education forums, at Town Hall meetings, through the AMO Watch File, and social media.

In 2015 AMO participated in several municipal education forums, including the AMO Annual Conference in Niagara Falls which attracted more than 1,600 municipal leaders. AMO staff delivered a presentation related to the federal Gas Tax Fund to a standing-room only crowd of more than 100 participants.

AMO also participated in eight Town Hall meetings across Ontario:

Location	Date	Registrations
Town of Tecumseh	March 19	14
City of Brantford	March 26	23
County of Bruce	March 31	21
City of Orillia	April 9	31
City of Thunder Bay	April 22	36
Town of Smiths Falls	April 28	43
City of Greater Sudbury	May 6	30
Town of Cochrane	May 14	25

These education forums are in addition to the direct, hands-on communications support AMO provides to municipal governments to help plan and execute communications activities, including media events, news releases, social and digital content.

<sup>3</sup> AMO's eight videos have received a total of 2,337 views as of September 20, 2016.

## Federal gas tax fund paves the way to better roads in Warwick

– Lakeshore Advance | Jan 19, 2015

Under the federal Gas Tax Fund municipalities receive an annual allocation for local infrastructure projects. "The beauty of the GTF is that it gives local councils money that is predictable every year to use on most infrastructure projects of the municipalities' choosing," said Shipley. "The program which our government initially extended, then doubled in size, then made permanent, and then enhanced by indexing it allows communities considerable flexibility in terms of determining local priorities." Shipley added, "The program is unique in this way. It's an envelope of money that communities like Warwick don't have to compete for with other municipalities nor is there any red tape involved."

## Gas Tax funds fuel public transit renewal in Brampton

– Brampton Guardian | Jan 16, 2015

BRAMPTON – Even as federal tax coffers take a hit from falling gas prices, Canada's finance minister made a stop in Brampton this morning to highlight the local transit projects that have been fueled by those taxes.



## Improvements to Duck Bay Bridge in Waubaushene completed

– Midland Mirror | Dec 04, 2015

The five-year, \$2-million project made the Tay Township bridge accessible to all vehicles, including those that were previously diverted to Highway 400 due to weight restrictions. The improvements were funded through a combination of local taxpayer dollars and the federal gas-tax fund.

## 2 year wait over: Margaret Avenue bridge reopens Friday in Kitchener

– Waterloo Region Record | Sep 30, 2015

KITCHENER — More than two years after it closed, the Margaret Avenue bridge is set to reopen on Friday. The bridge has been closed since June 2013 after it was declared unsafe. That's when an inspection revealed the bridge had the same construction flaw blamed for a fatal 2006 bridge collapse in Quebec. The Margaret Avenue span was demolished in the fall of 2013. The rebuilt bridge, which cost the city and the federal government about \$5.6 million, is to open in both directions this



## Milton's Main Street grade separation project complete

– Milton Canadian Champion

| Nov 18, 2015

"On behalf of Milton Council, we are pleased to officially open the Main Street grade separation," said Town of Milton Mayor Gord Krantz. "This project brings important benefits to the community, including improved traffic flow through the urban centre of Milton, better access to the downtown business area, more reliable access to the Milton GO Station, and increased public safety through the construction of a new rail bridge for train traffic and an underpass for

## Federal Gas Tax Fund Helping Thunder Bay Infrastructure Projects

– NetNewsLedger | Feb 26, 2015

THUNDER BAY – NEWS – "Our Government is pleased to provide Thunder Bay with flexible infrastructure funding that allows the city to support a multitude of projects. These local road and rail improvements, made possible by the Federal Gas Tax Fund, will ensure that drivers and train passengers can enjoy safe and smooth travel for years to come. The federal Gas Tax Fund



## Gas tax funding aids area communities

– North Bay Nugget | April 10, 2015

Area municipalities welcomed their share Friday of \$4.3 million in federal gas tax funding for the Nipissing region. The annual funding, which was announced by Nipissing-Timiskaming MP Jay Aspin, will be divided up among 11 municipalities on a per capita basis. North Bay is getting the lion's share of \$3.1 million, followed by East Ferris, Callander, Powassan, Mattawa, Bonfield, Nipissing, Chisholm, Papineau-Cameron, Calvin and Mattawan. Several area mayors and



## Sarnia-Lambton communities receive first part of Gas Tax Fund money

– Lambton Shield | July 30, 2015

Sarnia-Lambton communities, including the City of Sarnia and the County of Lambton, will receive a total of \$6.67 million during 2015 as part of the Gas Tax Fund, the first installment of which has been released. The announcement was made on Tuesday (July 28) by Pat Davidson, Member of Parliament for Sarnia-Lambton. Lambton County is the largest single recipient of the funding, with a total of \$3,608,510.53 in 2015. The City of Sarnia will receive \$2,095,387.47

## Gas tax fund helps city upgrades

– The Chronicle-Journal | Mar 01, 2015

# Gas Tax Awards



## Winning Projects

The AMO Gas Tax Awards honour municipalities that have demonstrated excellence in the use of the federal Gas Tax Fund (GTF). The Awards showcase projects that make a positive contribution to the local community by improving quality of life, creating economic growth, achieving environmental outcomes, or by demonstrating progress on asset management.

The Awards are open to every municipal government in Ontario, regardless of size. In 2016, nine projects were considered for two awards and two honourable mentions selected by AMO's Gas Tax Awards Committee. The Awards were presented by Adam Vaughan, Parliamentary Secretary to the Prime Minister, Intergovernmental Affairs, and Lynn Dollin, AMO President, at the AMO Annual Conference in Windsor, Ontario. AMO issued a separate news release for each award winner and earned local media coverage.

### Winners and Honourable Mentions:

#### Project Award Winner:

Town of Smooth Rock Falls' Reg Lamy Cultural Centre Improvements

#### Asset Management Award Winner:

City of Cambridge's Storm Condition Assessment CCTV

**Honourable Mention:** Municipality of Sioux Lookout's Recreation Renovations

**Honourable Mention:** Township of Terrace Bay's Pressure Vessel Project



# Town of Smooth Rock Falls' Reg Lamy Cultural Centre Improvements

## Category: Infrastructure Project

Smooth Rock Falls invested \$56,316 from the federal Gas Tax Fund into improvements at its Reg Lamy Cultural Centre, including new fire exits, play bench upgrades and safety upgrades.

In 2006, Smooth Rock Falls lost almost half of its tax revenue due to the closure of a major local employer. Predictable funding from the federal Gas Tax Fund allows the municipality to continue to invest in local recreation infrastructure that residents rely on. Improvements to the Reg Lamy Cultural Centre allow Smooth Rock Falls to continue to hold sport tournaments in the community.



@GasTaxinOntario:  
Congratulations to Smooth Rock Falls for improvements to its Reg Lamy cultural centre! #AMOCNF16 #federalGTF



From left to right: Adam Vaughan, Parliamentary Secretary to the Prime Minister, Intergovernmental Affairs and Member of Parliament for Spadina-Fort York; Luc Denault, CAO, Town of Smooth Rock Falls; Sue Perras, Councillor, Town of Smooth Rock Falls; Michel Arsenault, Mayor, Town of Smooth Rock Falls; Lynn Dollin, AMO President.



*"Predictable, long-term funding from the Gas Tax Fund allows Smooth Rock Falls to plan for long-term investment."*

*"We have a plan that identifies projects with a three-year minimum outlook. Knowing funding is in place brings us one step closer to turning our plan into reality."*

Michel Arsenault,  
Mayor, Smooth Rock Falls

# City of Cambridge's Storm Condition Assessment CCTV

## Category: Asset Management

Cambridge invested \$461,965 from the federal Gas Tax Fund into CCTV inspection of storm sewers. The inspection allows staff to identify problems that need attention now and provide more information about the sewer's remaining service life. The City is using this information to plan for the future, including determining what infrastructure needs to be replaced and what type of preventive maintenance programs should be put in place.

Ontario municipalities have a lot of infrastructure to manage and must have an asset management plan in place by December 31, 2016. Cambridge's investment in CCTV inspection demonstrates leadership. The City has effectively been monitoring the condition of infrastructure that is buried underground.



@GasTaxinOntario:  
Congratulations to  
@cityofcambridge on your  
Gas Tax Award for asset  
management! #federalGTF  
#AMOCNF16



From left to right: Adam Vaughan, Parliamentary Secretary to the Prime Minister, Intergovernmental Affairs and Member of Parliament for Spadina-Fort York; Donna Reid, Councillor, City of Cambridge; Lynn Dollin, AMO President.



*"Municipal services are a vital part of daily life and business in our communities, it's important that we have a pulse of the state of our city assets and infrastructure."*

*"Asset management planning allows us to continually offer city services with minimal interruptions. By leveraging modern technologies such as CCTV, we can also monitor assets below the ground to plan for future generations."*

*Donna Reid, Councillor, City of Cambridge.*

# Project Profiles

## North Frontenac’s War Memorial

In 2015, the Township of North Frontenac invested Gas Tax funding in a local War Memorial. This project is very important to residents and visitors to the community as it expands local cultural infrastructure and allowed the Township to host its first annual Remembrance Day Ceremony. The event attracted local residents as well as visitors from several neighbouring municipalities, spreading the impact of this investment beyond North Frontenac’s borders.

The War Memorial serves the community throughout the year as residents often stop to marvel at its beauty. The project has brought much pride and joy to local residents and will benefit the community for years to come.

Federal Gas Tax funding played a significant role in the ability of this small, rural municipality to invest in local cultural infrastructure. The War Memorial was a community “want” for years, however it would not have been feasible without predictable, stable funding from the federal Gas Tax Fund.

**Federal Gas Tax funds invested: \$33,754.81**



## Conmee’s Broadband Connectivity Project

The Township of Conmee is a rural municipality in Northern Ontario. Due to its location, residents have limited internet access. High-speed internet is no longer a luxury – it’s necessary to do business, for education and health services, for entertainment and more.

New high-speed broadband infrastructure was installed at the Township’s Municipal Complex, providing the community with an internet access point as well as allowing for the installation of a security system.

**Federal Gas Tax funds invested: \$16,886.19**



## Terrace Bay's Pressure Vessel Project



The Township of Terrace Bay invested in its water distribution system to help alleviate low pressure and ultimately reduce Boil Water Advisories for residents. The goal of the Pressure Vessel Project was to improve local water plant efficiency and realize energy savings.

The Township installed two variable frequency drives in order to reduce the amount of electrical energy needed to operate the water distribution system by 30 per cent. As a result, Terrace Bay will realize significant energy savings in the operation of the local drinking water system. Improved efficiency makes it easier to ensure that drinking water is safe and clean.

Predictable annual funding from the federal Gas Tax Fund allows Terrace Bay to plan for the infrastructure replacements identified in the local asset management plan, including important investment to local drinking water infrastructure.

**Federal Gas Tax funds invested: \$49,041.80**

## Sioux Lookout's Recreation Renovations



The Municipality of Sioux Lookout's Recreation Centre is a community gathering hub. It serves the local population as well as residents of 29 Far North communities, including First Nations communities. The Centre hosts special events and sporting competitions and houses a municipal fitness centre.

Sioux Lookout is home to the Meno Ya Win Regional Hospital which serves 31 First Nations communities and employs more than 450 people. Up-to-date recreation facilities play a key role in attracting residents and professionals to the community.

The municipality invested in upgrades to the municipal fitness centre, including repairs to the roof and other general repairs and renovations.

Predictable, long-term funding from the federal Gas Tax Fund allowed the municipality to finance the project over three years.

**Federal Gas Tax funds invested: \$354,086**

## Brockville’s Hardy Park Shoreline Restoration

The City of Brockville’s Hardy Park overlooks the St. Lawrence River and connects with the Brock Trail System. The park has been host to many local events and includes volleyball courts in the summer and a fully accessible children’s playground. In 2013, Brockville Council noted that shoreline restoration for the park would be a “nice to have,” but it wouldn’t fit in the City’s budget. In 2015, the City invested federal Gas Tax funds into the shoreline restoration project which included replacing the concrete beams that support the seawall. The project protects the shoreline and the boardwalk structure and helps ensure that residents can enjoy Hardy Park for years to come.



**Federal Gas Tax funds invested: \$190,000**



## Audit Requirements

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With the new Agreement, effective in 2014, AMO adopted a risk management framework that recognizes municipalities as a mature and accountable order of government. Under this approach, AMO selects 10 per cent of municipalities each year for audit with the sample size increasing if there are material findings in the original sample.

### **AMO's Risk Management Framework**

AMO has established a risk management framework specifically designed for administration of the federal Gas Tax Fund with the focus on AMO's ability to assure the federal government that municipalities are in compliance with the key objectives of the Agreement.

This framework is made up of policy, plans and processes, and education forming the basis to manage risks and ensure maximum efficiency and effectiveness in delivering the program. The fundamental piece of the framework is the federal Gas Tax risk management policy which outlines AMO's goals in managing risk as well as the key objectives within the federal Gas Tax Agreement that are crucial to the success of the program. This combined with AMO's existing financial policies has created a robust financial management policy framework within which AMO staff operate in the day-to-day administration of the Agreement.

To manage the risks associated with municipal compliance, AMO's existing processes are augmented by plans and processes that will continue to evolve over time as the framework matures.

### **AMO Compliance Audit**

AMO's Compliance Audit reflects the Association's own compliance with the terms and conditions of the Agreement as of December 31, 2015. As per the terms of the Agreement, this is submitted to the Government of Canada in Part II of this report.

### **Municipal Compliance Audit**

AMO undertakes, through its approved business plan, an annual sampling of municipalities sufficient enough for its auditor to attest to municipal compliance with the Agreement.

The municipalities selected each year are audited by AMO's auditor Grant Thornton LLP. For the municipalities to which Grant Thornton LLP is the auditor, the Gas Tax Compliance Audit is performed by Collins Barrow LLP. The list of 44 selected municipalities as well as the summary report of the municipal compliance audits is available in Part II of this report.

## Asset Management

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Municipalities can use Gas Tax funds for expenditures that strengthen their ability to develop and implement asset management plans, including software acquisition and implementation, staff training directly related to asset management planning and other long-term infrastructure plans. Since the beginning of the program, municipalities have invested \$19.2 million of federal Gas Tax funds in projects related to asset management.

Under the federal Gas Tax Agreement, municipalities must develop and implement an asset management plan by December 31, 2016. To meet the asset management requirements of the Agreement, municipalities must:

- Improve existing asset management plans to include all tangible capital assets reported in Schedule 51 of the Financial Information Return (FIR) that are eligible for Gas Tax funding.
- Adhere to the guidelines set out in Ontario's Building Together: Guide for Asset Management Plans.
- Demonstrate progress by reporting annually on asset management outcome indicators.

Additionally, municipalities are required to demonstrate that asset management plans are being used to identify and fund priority projects. To track the municipal sector's progress on asset management, AMO developed the following asset management outcomes that were approved by the Oversight Committee in 2016:

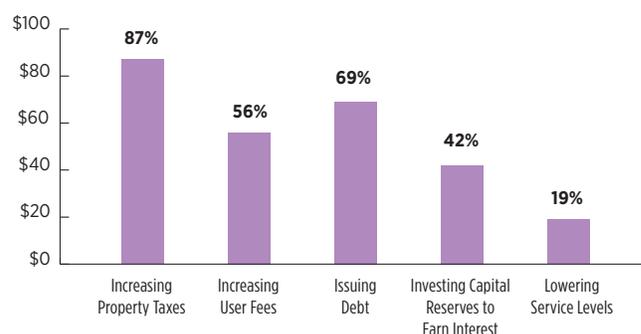
1. Inclusion of more municipal infrastructure in asset management plans
2. Establishing better linkages between service levels and asset management

3. Improving data used to inform asset management plans
4. Embedding asset management within municipal operations
5. Using financial strategies effectively

The implementation of these outcomes will be reviewed once provincial consultations are completed on a potential asset management regulation under Bill 6: *Infrastructure for Jobs and Prosperity Act*. AMO is required to report on the municipal sector's progress on asset management to the Government of Canada by early 2018.

In 2015, AMO conducted an online survey to learn more about how municipalities plan to implement their asset management strategies. Not surprisingly, we found that roads and bridges is the top infrastructure deficit category. We also found that municipalities need at least 20 years to fix all their infrastructure assets based on the financing strategies prescribed in their asset management plans. Increasing property taxes is the most common financing strategy followed by issuing debt, increasing user fees, investing capital reserves and lowering service levels. (Figure 10).

Figure 10:  
Prescribed Financing Strategies in Asset Management Plans



# Asset Management Case Studies



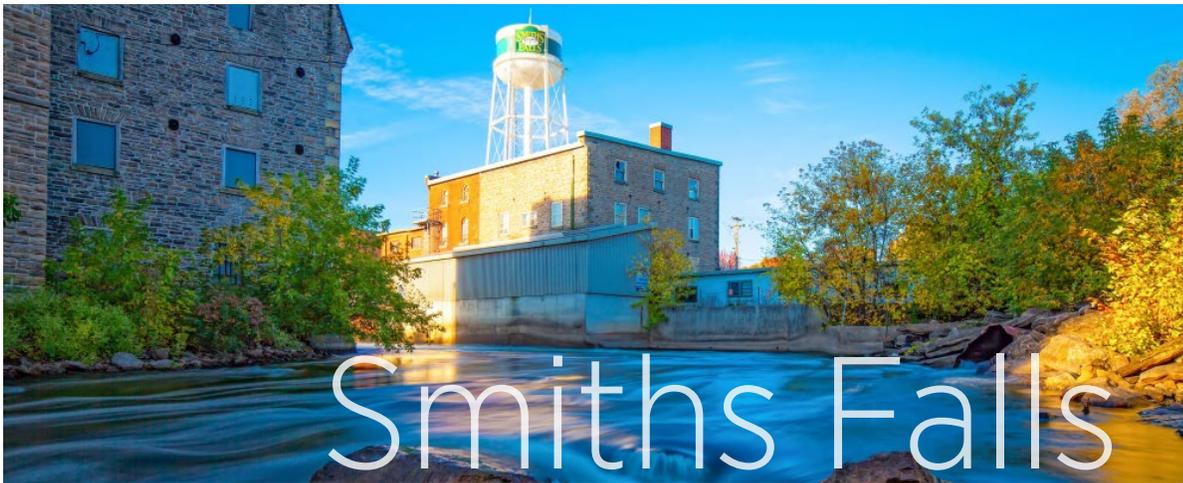
## Ajax's Facility Condition Assessment

The Town of Ajax is developing a Facilities Condition Assessment to outline the condition of 19 local facilities. This work will provide the Town with more information about building components, including when they need to be replaced and how much it will cost. This important information will help Ajax develop a long-term plan for replacing these assets. Ajax now has the opportunity to increase efficiency by replacing components and equipment with newer technologies that can save energy and lower greenhouse gas emissions.

Individual facilities condition assessment takes the asset management process one step further. This key information gathered today will help Ajax to successfully plan for the future of its infrastructure.

Predictable, stable Gas Tax funding allowed Ajax to move forward with this project without deferring other important projects.

**Federal Gas Tax funds invested: \$54,634.86**



## Smiths Falls' Asset Management Phase 2 and Water Treatment Plant Financial Plan

The Town of Smiths Falls' Asset Management Plan is a roadmap for sustainable infrastructure planning over the long term. To develop the Plan, the Town took an inventory of capital assets, their condition and determined the risk of asset failure. The plan describes current levels of service and expected levels of service in the future.

As communities evolve over time, asset management plans must be updated to reflect new realities that could include changing populations and infrastructure needs. Smiths Falls is taking asset management planning a step further by adding a second phase to their plan. Phase 2 will include updated replacement costs for local assets and information about local water treatment plant needs. Adding more information about existing assets, and expanding the type of assets included in the plan, will place Smiths Falls on a firmer financial footing over the long term as staff now have more information to draw on when making critical decisions about which infrastructure needs funding and when.

**Federal Gas Tax funds invested: \$30,227.36**

## Research on Municipal Infrastructure Investment and Financial Sustainability

### Research to date has noted the following

- Demographic and economic changes are making it harder for municipalities to manage local infrastructure needs.
- Ontario's municipalities are diverse. A one size fits all approach would not work.
- Long-term financial sustainability will require saving for future needs identified in asset management plans.
- Taking on more debt depends on a municipality's ability to carry the cost, not the urgency of investment.
- New revenue sources are needed to meet future infrastructure needs.

Achieving long-term fiscal sustainability for any organization or individual requires planning and thinking about the needs of today and tomorrow. Meeting local demand for current and future infrastructure requires significant planning and the consideration of many factors, including demographic trends, the amount of and age of infrastructure owned by the municipality, capacity to raise tax revenue and the ability to take on more debt to pay for infrastructure needs.

Effective asset management planning and implementation is a necessary part of managing local infrastructure. As administrator of the federal Gas Tax Fund, AMO must demonstrate the municipal sector's progress on asset management and report to the federal government in March 2018 and 2023. To help complete this work, AMO has partnered with York Region to conduct research on how municipalities manage local infrastructure. Do they take on debt to finance future projects? Increase property taxes to fund key repairs? Do similar municipalities have similar financial strategies? Findings from this research should give the municipal sector more information on the best ways to develop and implement long-term financial strategies.

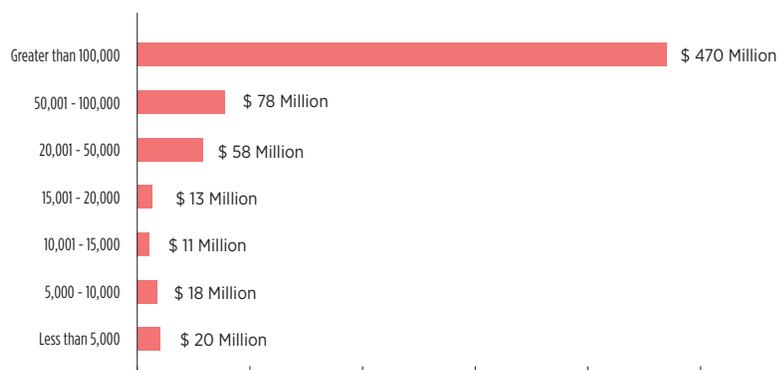


## One Investment Program



Investing unspent Gas Tax funds allows municipalities to save for a larger project they plan to complete in the future. Under the Municipal Funding Agreement, municipalities can carry over Gas Tax funds for up to five years. During the last five years, an average of \$668 million of Gas Tax funds have been carried forward (Figure 11).

Figure 11: Unspent Gas Tax Funds Breakdown by Population Groups



To help municipalities achieve long-term goals, AMO introduced the seamless investing of Gas Tax funds into the One Investment Program. The Program allows Gas Tax funds to grow over time, providing additional funds to spend on future projects. The One Investment Program is a co-mingled investment program jointly operated by LAS<sup>4</sup> and CHUMS<sup>5</sup>: corporations of AMO and the Municipal Finance Officers Association of Ontario (MFOA), respectively. The Program is designed specifically to make it easy to invest carry-over Gas Tax funds, and maximize investment returns for municipalities while meeting the regulations outlined in the Municipal Act, 2001. Investing Gas Tax funds through the One Investment Program provides access to professional portfolio management and balanced investments that generate competitive returns in a low interest environment with minimal risk.

In 2015, the following investment allocations were offered to municipalities for the locked-in investment of Gas Tax funds:

Investment Duration	Money Market/HISA	Short-term Bonds	Corporate Bonds
12 months	80%	10%	10%
24 months	45%	30%	25%
36 months	10%	50%	40%
48 months	5%	35%	60%
60 months	0%	20%	80%

Four small municipalities invested federal Gas Tax funds into the One Investment program in 2015.

Municipality	Investment Duration
Township of The Archipelago	2 years
Township of Carling	2 years
Township of Hilliard	1 year
Municipality of Red Lake	5 years

<sup>4</sup> Local Authority Services

<sup>5</sup> Colleges Hospitals Universities Municipalities and School Boards Financing Corporation

## Appendix: 2015 Outcomes Tables

<b>COMMUNITY ENERGY</b>		2015	
Completed Projects		58	
Total Gas Tax Funds		\$27,255,336.74	
Total Project Costs		\$56,770,457.91	
Funding Leveraged (for each dollar in Gas Tax funds)		\$1.08	
Outcome Indicators		Total	Projects
Kilowatt-hours Saved (kWh/year)		6,351,404.71	49
Kilowatt-hours Generated (kWh/year)		275,149.40	4
Amount of Fuel (Propane/Natural Gas) Saved (cubic metres)		1,633,465.05	20
LEED Certified Buildings (or equivalent)		3	3

<b>WATER</b>		2015	
Completed Projects		28	
Total Gas Tax Funds		\$10,944,469.05	
Total Project Costs		\$27,651,030.59	
Funding Leveraged (for each dollar in Gas Tax funds)		\$1.53	
Outcome Indicators		Total	Projects
Decrease in Adverse Water Quality Test Results		100%	1
Decrease in Water Main Breaks		53%	5
Improvement in Drinking Water (per testing under the Safe Drinking Act)		10	10
Decrease in Number of Days when a Boil Water Advisory was in Effect		100%	1
Decrease in Average Age of Water Pipes		20%	7
New Water Pipes (metres)		4,791	11
Rehabilitated Water Pipes (metres)		269	2
Households with New Water Meters		1,689	2
Additional Volume of Water Treated to a Higher Level (cubic metres)		4,114,939	2

<b>SOLID WASTE</b>		<b>2015</b>	
Completed Projects		6	
Total Gas Tax Funds		\$441,852.41	
Total Project Costs		\$870,647.02	
Funding Leveraged (for each dollar in Gas Tax funds)		\$0.97	
<b>Outcome Indicators</b>		<b>Total</b>	<b>Projects</b>
Additional Residential Solid Waste Diverted from Landfill to Recycling (Tonnes)		298.40	5
Additional Residential Households participating in Organics Collection/Recycling		6,120	1
Work Done to Comply with MOE's Certificate of Approval		1	1

<b>WASTEWATER</b>		<b>2015</b>	
Completed Projects		41	
Total Gas Tax Funds		\$21,448,966.89	
Total Project Costs		\$78,377,293.84	
Funding Leveraged (for each dollar in Gas Tax funds)		\$2.65	
<b>Outcome Indicators</b>		<b>Total</b>	<b>Projects</b>
Decrease in Wastewater Test Results that Indicated Discharge Objectives were Not Met		100%	2
Additional Households with Higher Quality Treatment of their Wastewater		4,270	6
Decrease in Wastewater Main Backups		46%	3
Decrease in Wastewater Bypassing Treatment		53%	6
New Wastewater/Stormwater Separations (metres)		3,000.00	6
Decrease in Average Age of Wastewater Pipes		15%	8
New Wastewater Distribution Pipes (metres)		5,042.30	11
Rehabilitated Wastewater Distribution Pipes (metres)		2,238.00	2
New Stormwater Pipes (metres)		1,609.32	10
Rehabilitated Stormwater Pipes (metres)		585	2
Volume of Wastewater Treated to a Higher Level (cubic metres)		17,167,227	8
Municipalities with Improved Stormwater Treatment Levels		3	3
Work done as Required by MOE's Certificate of Approval		15	15



## 2015 Financial Statements

### Federal Gas Tax Fund AMO Year End Balance December 31, 2015

	<b>2015</b>	<b>Cumulative</b>
<b>Opening Balance</b>	\$ 534,661	
<b>Received from Canada</b>	\$ 590,855,385	\$ 1,181,710,770
<b>Transferred to Municipalities</b>	\$ (588,014,324)	\$ (1,191,992,421)
<b>Administration Costs</b>	\$ (2,954,277)	\$ (5,908,554)
<b>Interest Earned by AMO</b>	\$ 278,913	\$ 700,359
<b>Closing Balance</b>	\$ 700,358	

**Federal Gas Tax Fund  
Municipal Aggregate Annual Expenditure Report**  
December 31, 2015

	<b>2015</b>	<b>Cumulative</b>
<b>Opening Balance</b>	\$ 742,166,854	
<b>Received from AMO</b> (including Payables)	\$ 587,901,108	\$1,191,494,259
<b>Transferred to Eligible Recipient</b>	\$ (36,652,396)	\$ (73,983,819)
<b>Transferred from Eligible Recipient</b>	\$ 36,652,396	\$ 73,983,819
<b>Municipal Interest Earned</b>	\$ 13,243,824	\$ 27,394,867
<b>Municipal Asset Disposal</b>	\$ 93,000	\$ 100,014
<b>Expenditures on Eligible Projects</b>		
Broadband Connectivity	\$ (23,727)	\$ (25,864)
Brownfield Redevelopment	\$ (565,569)	\$ (1,735,569)
Capacity Building	\$ (7,562,572)	\$ (14,132,438)
Community Energy Systems	\$ (20,916,521)	\$ (38,277,537)
Culture	\$ (903,416)	\$ (1,090,095)
Disaster Mitigation	\$ (14,673)	\$ (14,673)
Local and Regional Airports	\$ (178,717)	\$ (178,717)
Local Roads and Bridges	\$ (353,971,557)	\$ (716,290,634)
Public Transit	\$ (116,168,735)	\$ (202,586,005)
Recreation	\$ (4,996,598)	\$ (5,531,735)
Short-line Rail	-	-
Short-sea Shipping	-	-
Solid Waste	\$ (22,708,210)	\$ (45,611,094)
Sport	-	\$ (890,000)
Tourism	\$ (24,249)	\$ (60,679)
Wastewater	\$ (44,225,938)	\$ (86,733,380)
Water	\$ (12,974,247)	\$ (34,074,219)
<b>Closing Balance</b>	<b>\$ 758,170,060</b>	



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[www.GasTaxAtWork.ca](http://www.GasTaxAtWork.ca)  
[www.infrastructure.gc.ca](http://www.infrastructure.gc.ca)



Compared with other industry products made with 100% virgin fiber, printing this annual report saved:



**6 trees**



**23,112 L of water**

66 days of water consumption



**350 kg of waste**

7 waste containers



**910 kg CO<sub>2</sub>**

6,087 km driven



**10 GJ**

47,581 60W light bulbs for one hour



**3 kg NOX**

emissions of one truck during 8 days

Photography: Thank you to all of the municipalities that contributed photos of their local infrastructure projects. Others taken by Rick Chard, [www.rickchard.com](http://www.rickchard.com)