

# Canada's Gas Tax Fund: Permanent funding for municipal infrastructure

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*2011 Annual Expenditure Report (Part One)*

*Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities*

*Association of Municipalities of Ontario*

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## Letter from the President of the Association of Municipalities of Ontario

Throughout the year, the Association of Municipalities of Ontario (AMO) receives reporting on exactly how Canada's Gas Tax Fund has been put to work in the province's municipalities. AMO receives information on each and every project, its finances and on how it contributes to the Fund's environmental objectives of cleaner air, cleaner water and reduced greenhouse gas emissions. Municipalities also share project photos and stories about how the Fund makes a difference at the local level. In this report you'll find an overview of investments made in 2011 and learn about the challenges municipalities face in addressing a province-wide infrastructure deficit. The gap is large and will require investments of \$6 billion each year, for the next 10 years, to close.

Thankfully, Canada's Gas Tax Fund is available to partially address this challenge. It currently provides Ontario's municipalities with \$746 million per year for investment in six categories of infrastructure. It can also be used for planning projects that contribute to long-term sustainability. AMO administers the Fund for 443 municipalities in Ontario, and the allocation is passed directly to them on a per capita basis, without the need to fill out an application form. In December 2011 Canada's Gas Tax Fund was enshrined in legislation as a permanent annual transfer for municipal infrastructure. We at AMO are very happy that the goal of a permanent Gas Tax Fund has been realized. It's likely that our municipalities are even happier, and their investments to date show why.

Since the Fund's launch in 2005, Ontario municipalities have invested \$2.1 billion into more than 3,800 infrastructure projects. Without Canada's Gas Tax Fund, many of these projects would have been scaled back significantly or not undertaken at all. The predictable allocation helps municipalities plan for the long-term, and thousands of projects are either underway or planned for the years ahead. Wherever you are in Ontario, Canada's Gas Tax Fund is at work in your community.

The flexibility of the Fund, and the way it's distributed in Ontario, acknowledges that local governments are best suited to determine local priorities. This arrangement is unique to our province and we're proud of it. Most importantly, the Fund acknowledges the role that municipalities play in building a country that is culturally, socially, environmentally and economically strong and resilient over the long-term. Our number one priority is to ensure that the Fund remains flexible and predictable and that the positive, direct relationship between the Government of Canada and Ontario's municipalities continues to thrive.

Local economies serve as the foundation for our country's long-term prosperity, and municipalities know which investments are necessary to sustain growth. Read through this report to discover how Canada's Gas Tax Fund is meeting local needs while building a strong and sustainable Canada.

R.F. (Russ) Powers, AMO President

## Transmittal Letter

September 30, 2012

AMO is pleased to provide the Annual Expenditure Report and Audit regarding the transfer of Canada's Gas Tax Fund for the period January 1, 2011 to December 31, 2011. This report fulfills the commitment that Ontario municipalities made to the Government of Canada and the Province of Ontario through the Ontario Agreement for the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities.

In 2011, Ontario's municipalities invested \$529.5 million from the Gas Tax Fund in local priority projects worth over \$4.1 billion. Investment in 2011 occurred across all project categories reflecting the depth and breadth of the \$60 billion infrastructure gap that exists within our communities. Even in times of surplus no order of government can tackle this challenge alone. This is especially the case for municipalities in Ontario which own the largest stock of public infrastructure in the province but only receive 9 cents out of every tax dollar collected.

As such, municipalities welcome the intergovernmental partnerships we need to not only overcome this challenge but to set the stage for future job creation and economic growth. Municipalities appreciate the passing of legislation that has made the Gas Tax Fund permanent. We now look forward to working with the Government of Canada on its implementation so that municipalities can continue their Gas Tax investments without interruption.

This report is presented in two parts. Part I provides an overview of the funding program, AMO's administration and total investments made by Ontario's municipalities. Part II provides compliance and Financial Audit statements, as well as project details for every Ontario municipal infrastructure initiative that has benefitted from Canada's Gas Tax Fund in 2011.

The history of the Gas Tax Fund is proof of our commitment to collaboration, and its continued success is a testament to the positive federal-municipal relationship that we have developed together.

Sincerely,

R.F. (Russ) Powers, President

Pat Vanini, Executive Director

## Introduction to Reports

This Annual Report constitutes AMO's required reporting commitments for 2011 for the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities<sup>1</sup>. Part I of this report provides a summary of how funding is being spent, its benefits to Ontario municipalities, and AMO's success in administering the program. Part II provides detailed compliance and financial audit statements and a summary of every project. Given its size and the limited demand for distribution, Part II is not printed, but is available electronically on the AMO website at <http://www.amo.on.ca>.

AMO will distribute the 2011 Annual Expenditure Report to all municipalities and will post it on the AMO website, [www.amo.on.ca](http://www.amo.on.ca), and the Gas Tax at Work website, [www.gastaxatwork.ca](http://www.gastaxatwork.ca), in October 2012.

## Project Profile: Improving Asset Management

### *Working together for Ontario's municipalities*

Since 2005, over \$8 million has been invested in asset management through the Gas Tax Fund's Capacity Building category. This category includes projects to assess infrastructure conditions, implement monitoring technology, build accounting systems and improve financial projections for replacement.

Beyond these specific projects, the principles of the Gas Tax Fund ensure municipalities have the framework needed for success. The predictable and stable allocation provides a long-term planning horizon that municipalities can rely on when planning asset management strategies.

There is wide acknowledgement that asset management work is essential. The Province of Ontario is providing funding for the development of asset management plans in small, rural and northern municipalities. The funding will help to make sure that every municipality can participate in future funding programs for infrastructure which will be linked to asset management plans.

A permanent Gas Tax Fund can build on this work and help municipalities better manage and replace their infrastructure. In the face of a \$60 billion infrastructure deficit over the next 10-years, federal funding and long-term planning will further enhance the social, environmental and economic sustainability of our communities.

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<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.

## About Canada's Gas Tax Fund

Canada's Gas Tax Fund (GTF) provides municipalities with long-term, stable and predictable funding for environmentally sustainable infrastructure. Funding can be applied to infrastructure projects that achieve the program's goals of cleaner water, cleaner air, reduced greenhouse gas emissions, or to planning projects that contribute to long-term sustainability.

Eligible project categories include public transit, water, wastewater, solid waste, community energy systems, capacity building and local roads and bridges where sustainability outcomes can be demonstrated.

The GTF currently stands at \$2 billion per year in federal funding to Canadian municipalities and commits, in total, \$13 billion over the nine-year period between 2005 and 2014. The 2008 Federal Budget announced that the program would be made permanent beyond 2014. With the passage of Keeping Canada's Jobs and Economy Growing Act in December 2011, the Fund has been legislated as a permanent annual source of infrastructure funding for municipalities.

## The Ontario Agreement

The flexibility of the Gas Tax Fund allows each province and territory to have its own agreement with the federal government. Under the Ontario Agreement (the Agreement), the entire provincial allocation 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, which typically occur in July and November.

AMO administers Gas Tax Fund payments for all of Ontario's municipalities, excluding the City of Toronto which receives its funds directly from the federal government. The Province of Ontario administers the portion of the funding allocated to unincorporated areas but has no role in the delivery of funding administered by AMO. This unique arrangement, currently only in Ontario, recognizes municipalities as a duly elected, mature and accountable order of government.

Municipalities have tremendous flexibility which allows councils to identify local needs and fund priority projects. Funding is upfront, predictable and stable. Municipalities may use the funding:

- Towards the full costs of a project;
- To support a project that benefits from other funding sources;
- To finance long-term debt for eligible projects;
- To bank revenue up to three years, for future projects; and
- To accrue interest on revenue, which can then be applied toward the administrative costs of implementing the Agreement or towards eligible infrastructure projects.

In total, Ontario municipalities will receive \$4.9 billion over a nine-year period (2005-2014) and AMO will facilitate the distribution of approximately \$3.8 billion of this. The annual allocation that each municipality receives is contained in Part II of this report which is available on [AMO's website](http://www.amo.on.ca), [www.amo.on.ca](http://www.amo.on.ca).

## **Oversight Committee**

Pat Vanini, Executive Director, Association of Municipalities of Ontario (Co-chair)

Monika Turner, Director of Policy, Association of Municipalities of Ontario

Dana Richardson, Assistant Deputy Minister, Local Government and Planning Policy Division, Ontario Ministry of Municipal Affairs & Housing (Observer)

Diane McArthur-Rodgers, Director (Acting), Intergovernmental Relations and Partnerships, Ontario Ministry of Municipal Affairs & Housing (Observer)

Josie Lavita, Director, Financial Planning, City of Toronto

Peter Notaro, Manager (Acting), Intergovernmental Relations, City of Toronto (Co-chair)

Natasha Rascanin, Assistant Deputy Minister, Program Operations Branch, Infrastructure Canada (Co-chair)

Deryck Trehearne, Director General – North, Atlantic and Ontario Directorate, Program Operations Branch, Infrastructure Canada

## **Compliance**

A compliance audit for the year ending December 31, 2011, completed by Grant Thornton LLP, confirms that AMO has fulfilled the terms set out in the Agreement for the Transfer of Federal Gas Tax revenues under The New Deal for Cities and Communities. It will be submitted to the Government of Canada in Part II of this report.



# Canada's Gas Tax Fund

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## Overview of 2011 Investments

*Investment helps meet municipal infrastructure needs*

At the time of printing, 99 per cent of municipalities had completed online reporting to AMO. Since the launch of Canada's Gas Tax Fund in 2005, over \$2.1 billion in Federal Gas Tax revenues have been invested in \$6.7 billion worth of infrastructure improvements in Ontario's municipalities. Of this, \$529.5 million was invested in 2011 (Figure 1).

**Figure 1**

Eligible Project Category	Spending
Capacity Building	\$ 4,927,976
Community Energy Systems	\$ 17,545,814
Wastewater	\$ 20,829,615
Solid Waste	\$ 22,390,932
Water	\$ 23,937,799
Public Transit	\$ 142,081,266
Roads and Bridges	\$ 297,834,089
Total	\$ 529,547,491

Federal support provided through the GTF plays a critical role in meeting the infrastructure needs of our municipalities. Much of our infrastructure was first built in the 1950s and 1960s and is now deteriorating, requiring modern upgrades or replacement. A growing population is also increasing the burden and fueling demand for new investments. The gap between the current state of our infrastructure, and the state it should be in to meet current and long-term needs, is present in all of our municipalities. Those with high levels of asset ownership and declining revenues feel the most pressure.

In 2008, a joint provincial-municipal study established that municipalities in Ontario face an infrastructure gap of more than \$60 billion over 10 years, with roads and bridges making up almost half of this amount (Figure 2). The true gap is even larger as the \$60 billion gap does not include all types of municipal infrastructure and does not reflect inflation and rapidly rising construction costs which reduce purchasing power over time. No order of government has the fiscal capacity to address this challenge alone.

**Figure 2**

Class of Infrastructure	Gap (in billions)
Solid Waste	\$ 1.0
Stormwater	\$ 6.8
Transit	\$ 10.7

Class of Infrastructure	Gap (in billions)
Water and Wastewater	\$ 12.6
Local Roads and Bridges	\$ 28.0

Thanks to the Government of Canada, municipalities have a committed partner to work with. The permanent Gas Tax Fund will help to address at least some of this \$60 billion infrastructure gap over the long-term.

Ontario municipalities are also looking forward to a new Federal Long-Term Infrastructure Plan that will set the stage for future gains in job creation and economic growth. Municipalities require predictable, long-term planning horizons that can facilitate good asset management and stewardship while meeting community needs and keeping public finances sustainable. Since municipalities own most of the public infrastructure in the province, but receive only 9 cents out of every tax dollar collected by governments, meeting this challenge requires partnership.

This difficult reality continues to guide local investments of the Gas Tax Fund. A large proportion has been directed to roads and bridges, which account for almost half of the total infrastructure gap. In 2011, road and bridge projects received 56 per cent of total municipal spending. Since the Fund's inception in 2005, road and bridge projects have accounted for 53 per cent of total spending.

However, the need is broad as the gap exists in all classes of infrastructure. This is reflected in the rest of the spending data which shows investments spread out over the remaining eligible categories of the Gas Tax Fund. The wide variety of spending speaks to the diversity of Ontario's municipalities which vary considerably in physical size, population, density and location. A key strength of Canada's Gas Tax Fund is its flexibility which enables it to meet these varying needs.

As part of the annual reporting process, municipalities are also required to provide the total cost of Gas Tax funded projects. Due to the size of the Gas Tax investments in roads and bridges and public transit, it is unsurprising that these two categories have the largest project values (Figure 3).

**Figure 3**

Eligible Project Category	Total Project Cost
Capacity Building	\$ 16,430,589.85
Water	\$ 191,261,634.44
Community Energy Systems	\$ 204,258,267.95
Wastewater	\$ 308,175,757.82
Solid Waste	\$ 409,812,103.25
Public Transit	\$ 1,293,888,682.18
Roads and Bridges	\$ 1,720,727,925.10
Total	\$ 4,144,554,960.59

This information is updated on an annual basis and allows AMO to calculate the funding leveraged in each category. For every \$1 from Canada's Gas Tax Fund used since 2005, municipalities have invested an additional \$2.15 from all other sources (Figure 4). This amount varies from category to category with solid waste, wastewater, and community energy systems leading the way. By investing federal dollars in local priorities, municipalities are better positioned to attract commitments and resources from other funding partners.

**Figure 4**

Eligible Project Category	Leveraged
Capacity Building	\$ 0.70
Local Roads & Bridges	\$ 1.58
Public Transit	\$ 2.66
Water	\$ 2.70
Community Energy Systems	\$ 2.91
Wastewater	\$ 3.10
Solid Waste	\$ 3.47
Total	\$ 2.15

## **Project Profile: Local Economic Development**

### *Federal Funding creates jobs and economic growth*

Investments in local infrastructure provide the foundation for economic growth by allowing businesses to improve productivity and create jobs by reducing input costs and removing barriers. These investments also attract the residents and businesses needed for local economic development.

Transportation infrastructure, in particular, has a direct impact on levels of economic productivity. In rural and northern Ontario, investing in bridges and culverts can improve day to day operations for local businesses by eliminating long detours. In 2011, the County of Renfrew invested \$685,000 from Canada's Gas Tax Fund to reconstruct the Calabogie Bridge. A new deck, along with structural upgrades, extended the useful life of this asset by another 25 years and people no longer have to make a 120 km detour. This bridge is critical to the viability of the local economy as Calabogie is home to most of the businesses in the area.

Also in 2011, the Municipality of Central Elgin replaced Bridge 413 on Brouwers Line using \$446,000 from Canada's Gas Tax Fund. The original single lane concrete bridge was constructed in 1921 and had reached a poor state of repair. As a result, it could only accommodate regular passenger vehicles and larger vehicles were required to detour 8.2 km. With this investment, residents and businesses can now cross the bridge on two lanes of traffic. The new 9 metre wide road platform also allows wider vehicles, such as farm equipment, to make the crossing. Once a difficult detour, this direct route now saves local farmers time and money.

In urban areas, a number of municipalities are investing Gas Tax funds into public transit systems. Investment in transit not only facilitates the daily movement of people to and from work and school, it also helps reduce overall traffic and congestion. This is particularly important in the Greater Toronto Area and in Hamilton where the economy loses \$6 billion each and every year due to traffic congestion. Since 2005, municipalities in this region (other than Toronto) have directed over \$329 million from Canada's Gas Tax Fund toward transit improvements resulting in new buses, rapid transit infrastructure, fare collection systems, terminals, and support facilities such as maintenance and storage buildings. These investments improve local service so that people, and goods, can move better. As a result, ridership has increased in these municipalities. From 2005 to 2010, conventional transit per capita ridership has gone up almost 6 per cent while total trips for accessible transit services have increased by over 66 per cent in the Region of Peel alone.

The flexibility of Canada's Gas Tax Fund also allows municipalities to invest in community energy systems that contribute to local economic and environmental sustainability. As part of this eligible category, the Town of Hearst in northern Ontario has invested almost \$75,000 from Canada's Gas Tax Fund in 2011 into energy components of a Green Business Technology Hub. Powered by sustainable energy sources such as geothermal, biomass, solar and wind, the Hub will promote local and regional economic development and innovation through its business incubator, bioscience laboratory, meeting and training space, and exhibition hall. Again, federal funding through the Gas Tax has met the infrastructure needs and priorities of local municipalities while laying the foundations for future economic growth.

These examples are among many that point to the direct positive impact that federal funding has on local jobs and the economy. Gas Tax investments across all eligible categories support the infrastructure required for local communities to thrive.

## Outcomes Report

As per the national performance framework developed by Infrastructure Canada, municipalities report on core indicators that have a direct impact on the national environmental objectives of cleaner air, cleaner water and reduced greenhouse gas emissions. Municipal reporting occurs on a project by project basis.

AMO released its inaugural outcomes report on September 30, 2009, as required by the Gas Tax Agreement. Outcomes for projects completed in the 2009 and 2010 reporting year were included in the final 2010 Annual Expenditure Report.

Reporting completed in 2011 (Appendix) shows that Gas Tax Fund investments are making a difference by contributing to sustainability in communities across Ontario and helping to achieve the program's goals of cleaner air, cleaner water and reduced greenhouse gas emissions.

Since Canada's Gas Tax Fund was launched in 2005, Ontario municipalities have completed more than 3,800 projects that have achieved:

- Improvements to over 3,900 km of road
- Funding 236 new transit buses
- 221 km of new, improved or rehabilitated bike lanes, trails and sidewalks
- A decrease in Ontario's annual energy demand by almost 16.4 million kilowatt hours – enough to power 1,570 average Ontario homes for a full year
- Expansion of composting programs to 609,000 more households
- 136,000 metres of new and rehabilitated water, storm and wastewater pipes
- The diversion of over 106,000 tonnes of waste from Ontario's landfills

## Project Profile: Partnership in Action

### *The Tom Howe Landfill*

Jointly operated by the municipalities of Haldimand County and Norfolk County in partnership with the Mississaugas of the New Credit First Nation, the Tom Howe landfill is a testament to local co-operation and the flexibility of Canada's Gas Tax Fund.

Investment of Gas Tax funds from the two municipal partners has improved leachate containment and monitoring, spill containment, and expanded overall capacity. From 2007 to the end of 2011, over \$3 million has been invested from the Gas Tax allocation of both counties to ensure the landfill remains productive.

The success of the Tom Howe Landfill project highlights the waste management challenges faced by municipalities in Ontario. Licensed landfill capacity is running out and municipalities must look for alternatives. Tom Howe is expected to reach capacity by 2014, and other sites in the counties have limited opportunities for expansion.

The two counties are examining new solutions for the future but were able to harness the flexibility of the Gas Tax Fund to address a pressing need, and highlight the challenges facing municipalities across the province.

## **Audit Requirements**

AMO's Compliance Audit reflects the Association's own compliance with the terms and conditions of the Agreement as of December 31, 2011. As per the terms of the Agreement, this will be submitted to the Government of Canada in Part II of this report.

### **Municipal Recipient Audit Requirements**

When project spending occurs, AMO requires municipalities, through the Municipal Funding Agreement (MFA), to submit an annual audit statement prepared by the municipality's auditor in accordance with section 5815 of the Canadian Institute of Chartered Accountants Handbook – Special Reports – Audit Reports on Compliance With Agreements, Statutes and Regulations, providing assurance that the terms have been adhered to and funds received by the municipality have been spent in accordance with the MFA.

Municipalities that spend no Gas Tax funds in a reporting year are eligible to submit a Treasurer's Certificate rather than undergoing a costly audit. This change was implemented in 2010 during the rollout of the extension to the Ontario Agreement, in order to reduce municipal costs of administering the Fund.

In 2011, 77 municipalities were eligible to take advantage of this provision. This will free up approximately \$115,000 which can also be invested in local infrastructure projects. The average population of these municipalities is 4,400 with more than half having less than 2,000 residents. These municipalities often have fewer resources and are more likely to save up funds for larger projects. This change respects the fact that municipalities are responsible and accountable, and reinforces the principle of flexibility. In this manner, AMO looks forward to working with Infrastructure Canada to further improve the audit provisions of the Agreement.

None of the municipal annual audit statements have identified material non-compliance by municipalities. This marks the seventh consecutive year of fully compliant audits by municipal governments, demonstrating the accountability of municipalities and the effectiveness of AMO's program delivery. At the time of printing, over 97 per cent<sup>2</sup> of municipalities had submitted the annual audit statement or Treasurer's Certificate as required by the MFA.

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<sup>2</sup> AMO is working with the outstanding municipalities to obtain the required information. All impacted municipalities will have their first installment for 2012 withheld as per section 12.1a of the MFA until the Annual Audit Statement or Treasurer's Certificate is received.

## Eligible Recipient Requirements

Under the terms and conditions of the Fund, municipalities must show progress toward development of a Capital Investment Plan (CIP) and an Integrated Community Sustainability Plan (ICSP).

### Capital Investment Plan

Under the Gas Tax Agreement, municipalities must meet three Capital Investment Plan Requirements – they must be Public Sector Accounting Board (PSAB)<sup>3</sup> compliant, show progress toward developing a multi-year Capital Budget based on lifecycle costing and show progress toward developing a full Asset Management Plan that integrates both operating and capital costs.

Municipalities completed reporting on this requirement of the Municipal Funding Agreement in 2010. The results of this were included in AMO's 2010 Annual Expenditure Report. In 2011 municipalities continued to improve internal systems and processes for asset management and capital investment planning.

However, there are a number of barriers impeding progress. A recent survey by the Province of Ontario noted barriers such as limited human resources, budgetary/financial constraints, a lack of local expertise and a lack of buy-in. Some municipalities noted the move to full lifecycle costing would cause strain on their balance sheets and would have to be phased in. For example, one small municipality noted that their amortization costs are 1.5 times larger than their entire tax levy.

Yet, there is increasing recognition that this work is essential to improving financial sustainability over the long-term. The Province of Ontario has been clear that all future funding made available to municipalities for infrastructure will be linked to municipal long-term asset management plans. To demonstrate their commitment to this focused approach, the Province is providing funding to small rural and northern municipalities for the development of asset management plans.

It is important that this work is recognized so that we can continue making gains with respect to infrastructure planning. AMO looks forward to having discussions with Infrastructure Canada on how the Gas Tax Fund can support these objectives.

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<sup>3</sup> Municipalities are required through provincial direction to maintain their books in accordance with Public Sector Accounting Board (PSAB) standards. PSAB has issued accounting standards supported by the Province that have resulted in Ontario municipalities accounting for tangible capital assets on their financial statements starting January 1, 2009.

## **Integrated Community Sustainability Plan**

Under the Gas Tax Fund, municipalities must complete an Integrated Community Sustainability Plan (ICSP). The ICSP must demonstrate a co-ordinated approach to sustainability in terms of social, cultural, environmental and economic objectives through co-operation with municipal partners and the community as a whole. Under the specific provisions of the Ontario Gas Tax Agreement, municipalities that have an Official Plan (OP) are deemed to have met this requirement.

Municipalities completed reporting on this requirement of the Municipal Funding Agreement in 2010. The results of this were included in AMO's 2010 Annual Expenditure Report. In 2011 a number of municipalities continued to develop and implement Integrated Community Sustainability Plans.

AMO continues to promote ICSP development and implementation through ongoing support and the *Sustainability Planning Toolkit for Municipalities in Ontario*. In addition, federal support allowed AMO to launch *Leading for Sustainability*, a councillor training module designed to:

- Develop ideas and strategies to advance integrated planning;
- Develop an understanding of how decisions are made;
- Develop and practice tools for building momentum and consensus across groups; and
- Strengthen analytical skills through case studies and discussion.

Reporting on this project will be released separately in September 2012.

Program administration in Ontario has responded to the local need for knowledge and has led to advancement in the sustainability objectives of Canada's Gas Tax Fund. In this manner, AMO looks forward to continuing our positive and cooperative relationship with Infrastructure Canada as we move toward a permanent Gas Tax Fund.

## **Evaluation**

As required by the Agreement, an AMO-Canada joint-evaluation, and a national evaluation on the administration and delivery of the Gas Tax Fund were completed in 2009. Both reported positive results.

AMO looks forward to working with Gas Tax partners at the national level (provincial and territorial governments, municipal associations and the federal government) in order to improve the program as we work towards a permanent Gas Tax Agreement.

## **Permanency**

With the extension to 2014 now fully implemented and the Gas Tax Fund legislated as a permanent annual transfer, municipalities in Ontario are looking forward to a new agreement. As such, AMO looks forward to continuing our conversation with Infrastructure Canada so that an agreement in Ontario is in place as early as possible. This will ensure that Gas Tax payments to municipalities continue uninterrupted.



## Project Profile: Environmental & Economic Sustainability

### *Solar energy in Evanturel*

Seizing the opportunity created by the provincial Green Energy Act, the Township of Evanturel invested more than \$58,000 from Canada's Gas Tax Fund into ground mount solar photovoltaic panels outside their municipal office. The panels will not only create 10 kilowatts of green energy, they will generate revenue that will be invested back into the Township's operations and infrastructure. Following installation in mid-February 2012, the panels have produced more energy than initially targeted. Evanturel is a smaller municipality but has been able to leverage Canada's Gas Tax Fund and create high-impact community investments. Leading by example, the Township has laid the foundation for a culture of local innovation while reducing greenhouse gases and leveraging additional funding for local initiatives.

### **Evantural Solar P.V. Performance (February to August 2012)**

Month	Output Target (kilowatt hours)	Energy Produced (kilowatt hours)
February	921	620
March	1266	1129
April	1325	1580
May	1537	1839
June	1415	1839
July	1454	1748
August	1351	1580

## Communications Initiatives

Communications is recognized as a key component of a successful revenue sharing agreement between municipalities and the federal government. As prior approval is not necessary for Gas Tax projects, municipalities are the drivers of communication opportunities under the Agreement. The communications protocol is supported by Infrastructure Canada which creates media products and ensures federal representation at media events. This municipal-federal partnership requires both parties to actively work together to ensure the Fund is accountable and transparent and that its benefits are regularly shared with our communities.

A total of 10 local events and/or news releases were held by municipal governments throughout the province in 2011. While less than the previous year, municipalities were limited by federal and provincial elections held in early May and early October, respectively, which shortened the communications calendar by four months.

Official Gas Tax communications activities in 2011:

- July 16, Municipality of Southwest Middlesex – Glencoe Fire Station Geothermal System
- July 21, City of Peterborough – Otonabee River Trail Phase 2 Completion
- August 17, Region of Durham – Durham-York Energy Centre Groundbreaking
- September 27, City of Guelph – New Organic Waste Processing Facility

- October 7, Township of Enniskillen & Town of Petrolia – Discovery Line Rehabilitation
- October 14, City of London – New Materials Recovery Facility
- October 22, City of Waterloo – LEED John M. Harper Branch Library & Stork Family YMCA
- October 29, City of Oakville – New Oakville Southwest Wastewater Treatment Plant
- October 31, County of Oxford – New Roundabout at County Roads 2 and 6
- December 12, Town of Caledon – Rehabilitated Sneath Road Pedestrian Bridge

AMO plays an administrative role by supplementing municipal activities to ensure the Fund and its benefits are widely promoted across the province.

### **2011 News Headlines**

New roundabout will help make travel safer, more energy efficient – Joint news release: Infrastructure Canada and Oxford County

Government opens new Glencoe fire station – Joint news release: Infrastructure Canada and Southwest Middlesex

Federal Gas Tax Fund helps complete the Otonabee River Trail – Joint news release: Infrastructure Canada and the City of Peterborough

Government partnership revitalizes Discovery Line – Joint news release: Infrastructure Canada, the Township of Enniskillen and the Town of Petrolia

Waterloo, Ontario unveils library, sports centre funded by gas tax – Daily Commercial News and Construction Record

New library branch wows visitors – The Waterloo Record

Guelph back in organic waste processing game – Guelph Mercury

'Dream' recycling facility now open – London Free Press

Sneath Road Bridge rehabilitation project required careful work – Daily Commercial News and Construction Record

Construction set to begin on \$272 million Durham York Energy Centre in Clarington, Ontario – Daily Commercial News and Construction Record

## **Municipal Outreach**

For 2012, AMO continues to work with Infrastructure Canada to flag projects as potential communications opportunities. In co-operation, both parties have canvassed municipalities across Ontario. Information obtained during this process will be used to line up events and news releases on an ongoing basis.

Beyond direct communications support, AMO also widely promotes the Gas Tax Fund through the AMO Watch File and no cost Town Hall sessions. In 2011, AMO hosted five Town Hall sessions throughout the province with 119 registrants from 71 municipalities (16 per cent of all AMO administered recipients):

Town of Stratford, March 9, 19 registrations  
Loyalist Township, April 1, 38 registrations  
Town of Bracebridge, April 8, 19 registrations  
City of Thunder Bay, April 27, 16 registrations  
City of Timmins, May 11, 27 registrations

Town Hall's provided municipal staff and councillors with an update on AMO's programs and services, including information about Canada's Gas Tax Fund. These sessions highlighted the Fund, its terms and conditions and recent events. In 2011, the sessions included a focus on how municipalities could communicate the benefits of Canada's Gas Tax Fund at the local level.

## **Municipal Toolkit**

AMO hosts a municipal communications toolkit which contains key messages, templates and other information designed to support communications opportunities. These materials are developed in partnership with Infrastructure Canada. As they were last updated in 2009, AMO initiated a review in the 2011 reporting year. Approved in mid-2012, the update has now been posted to a password protected section of the AMO website for all municipalities to access.

## **Social Media**

Launched on June 30, 2011, the Gas Tax in Ontario Twitter feed is the first in Canada to use social media as a communications tool to promote Canada's Gas Tax Fund. As a result, AMO has been able to engage municipalities, federal MPs, stakeholders and the general public on exactly how the Fund is at work in their local communities and in those that are thousands of kilometres away. Using social media, AMO is telling the story of the Gas Tax Fund in Ontario to a unique audience in an innovative way.

The rollout was conducted based on a social media plan which ensures accountability and performance.

## 2011 Social Media Key Performance Indicators

- Increase website traffic to [Gas Tax at Work](#). Result: 64 per cent increase (year over year).
- Increase awareness of the GTF within Ontario. Result: 161 Twitter followers and included in 11 lists.
- Engage with primary and secondary audiences. Result: 126 re-tweets, mentions, replies and direct messages.
- Engage Ontario's municipalities. Result: 25 municipalities shared Twitter content related to Canada's Gas Tax Fund.

## Tweets from @GasTaxinOntario

#Cochrane Ontario celebrates new Recycling Transfer Station thanks to Canada's Gas Tax Fund: <http://bit.ly/QrSdo6> #cdnmuni #infrastructure

Did you know: Canada's Gas Tax Fund has supported waste diversion in schools in #Brantford and @HaltonRecycles #cdnmuni#sustainability

Congrats to @citymississauga for winning an AMO Gas Tax Award for their accessible transit buses! #AMO2012

Check out @FrontenacCounty newsletter for July. Planning activities (OP & CIPs) supported by Canada's Gas Tax Fund! <http://bit.ly/OzIsHb>

To all #onmuni, signage has changed for Canada's Gas Tax Fund. Visit our website for details: <http://bit.ly/OJmeNd>

New rules for Ontario's feed-in-tariff program. Many municipalities have used Canada's Gas Tax Fund for green energy under FIT & microFIT.

Thanks to @DavidSweetMP for helping celebrate transit improvements in #HamOnt thanks to Canada's Gas Tax Fund: [bit.ly/RQuLzZ](http://bit.ly/RQuLzZ) #cdnpoli

## Gas Tax At Work

A dedicated source of information for the Gas Tax Fund in Ontario, Gas Tax At Work provides an interactive way to view investments in your community. Between October 2009 and September 26, 2012, the Gas Tax at Work website has drawn over 2,700 unique visitors and 4,300 total visits from around the world. Included in this count are public servants and elected officials from the federal government, media, and members of the general public. Also included in this count are municipal staff and councillors from over 115 municipalities across Ontario.

In 2011, AMO enhanced the website so that projects would be updated on a monthly basis. This improves accountability and transparency, and engages the public with real time information from the online reporting system on investments made in their community.

In addition, municipalities may now upload project photos to the AMO online reporting system. These pictures are then uploaded onto Gas Tax at Work, providing a tangible representation of infrastructure improvements in Ontario's communities. This also provides AMO with pictures that can be used in publications, on the web and through social media to further increase the communications opportunities for Canada's Gas Tax Fund.

## **Gas Tax Awards**

The AMO Gas Tax Award celebrates the investment of Canada's Gas Tax Fund into projects that help achieve the Fund's environmental objectives of cleaner water, cleaner air and reduced greenhouse gas emissions. Winning projects have wide ranging benefits to the community, address a local need and demonstrate long-term planning.

These awards were not presented in 2011, and AMO took the opportunity to review and improve the process for a 2012 re-launch. Seventy-five representative municipalities were surveyed to find out how to improve the application process and to determine how best to recognize award winners.

A response rate of over 50 per cent advised that the process should be streamlined, the population categories adjusted and the benefits better promoted. The implementation of these changes has increased interest and the amount of applications.

AMO's Gas Tax Award Adjudication Committee received several entries and selected three winning projects. Awards were presented by AMO Past President Gary McNamara and the Honourable Steven Fletcher, Minister of State for Transport, on stage at the 2012 AMO Annual Conference in Ottawa.

Winning projects:

- The City of Cambridge's Investment in Asset Management
- The Municipality of Wawa's Rooftop Solar Panels
- The City of Mississauga's Accessible Transit Fleet

## **Public private partnership leads to innovative asset management system in the City of Cambridge**

*Category: Capacity Building*

The City of Cambridge, in collaboration with IBM, is developing the Planning Analytics for Asset Life Cycle Management (PALM) system to bring together and better understand information from multiple departments. This critical information is accessible to employees in the field through mobile devices such as BlackBerry Playbook tablets provided by Research In Motion (RIM).

The PALM system will help maximize the life cycle of infrastructure in the City of Cambridge which manages more than \$1.2 billion worth of assets. For example, Cambridge can gather growth management, infrastructure condition and utility data from PALM to coordinate infrastructure renewal in common shared locations.

“Cambridge’s PALM system demonstrates an exceptionally innovative use of Canada’s Gas Tax Fund that will provide long-term benefits to both the community and municipalities across the province,” said Gary McNamara, AMO Past President. “Investing in asset management is a crucial first step in tackling the \$60 billion infrastructure gap found in Ontario’s municipalities, and Canada’s Gas Tax Fund has the flexibility to make this happen.”

Cambridge invested \$150,000 from Canada’s Gas Tax Fund into the innovative project. It’s expected that the PALM system will save the City \$100,000 per year in staff time spent on capital plan forecasting. In addition, Cambridge expects to save on costs related to project coordination and enjoy the benefits of long-term, sustainable asset management.

Not only does the project demonstrate best practices, the lessons learned can be applied in municipalities across the country as they strive to improve their infrastructure management. In fact, Cambridge promotes their work at national conferences, and hosts international delegations that are seeking to improve the way they do business. Municipalities in Ontario are making sure that the impact of Canada’s Gas Tax Fund reaches far and wide.

## **Sustainable community infrastructure in Wawa has reduced energy costs and greenhouse gas emissions**

*Category: Population up to 10,000*

Wawa invested \$136,000 from Canada's Gas Tax Fund into solar panels on five municipal buildings. The 63.46kW capacity system is expected to reduce greenhouse gas emissions by 1,129 tonnes over the next 25 years.

Wawa has seen its population decrease over the last decade meaning that municipal Council must rely on a smaller tax base to maintain community infrastructure. Wawa's rooftop solar panels are expected to generate \$53,000 in revenues each and every year for the northern municipality. In total, over the next 20 years, the system will result in \$1,059,940 in revenues.

"Flexibility has allowed Wawa to invest in community energy systems that produce excellent benefits for the environment and the economy," said Gary McNamara, AMO Past President. "The project will generate more money for infrastructure, demonstrating the power of Canada's Gas Tax Fund to leverage additional investments in our communities."

Leading by example, Wawa is creating a culture of innovation that is inspiring local residents and neighbouring communities to complete similar projects to improve local sustainability.

## **Canada's Gas Tax Fund improves accessible transit in Mississauga**

*Category: Population greater than 75,000*

The City of Mississauga now has a fully accessible fleet of transit vehicles, five years ahead of schedule, thanks to an investment of \$71.96 million from Canada's Gas Tax Fund.

The City's new transit vehicles are low-floor, kneeling and have deployable ramps that make it easier for riders to get on and off the bus. Even though service levels have increased, there has been a significant reduction in emissions. New engine technology has improved fuel efficiency resulting in a 45 per cent decrease in harmful particulate matter and a 17 per cent reduction of nitrous oxide emissions.

The improvements also mean that local residents will save costs as riders switch from para-transit to the new, accessible fleet of vehicles.

"The City of Mississauga's accessible transit fleet demonstrates the impact of Canada's Gas Tax Fund in meeting our local infrastructure needs," said Gary McNamara, AMO Past President. "Municipalities can rely on it to invest in projects that matter the most to their communities".

Investing Canada's Gas Tax Fund in the accessible transit fleet means positive environmental, social and financial outcomes for the City of Mississauga. The Fund's flexible, long-term nature allowed the City to plan ahead and accelerate vehicle replacement, resulting in barrier free vehicles that improve economic and environmental sustainability.



## Appendix: 2011 Outcomes

### Community Energy Systems

40 projects were completed in 2011. These projects benefited from \$14,441,612.93 of Gas Tax Funds and had total project costs of \$61,058,382.58. Their outcomes were:

- 31 projects saved 4,506,916.51 kilowatt-hours per year
- 6 projects generated 501,021.00 kilowatt-hours per year
- 13 projects saved 1,187,839.14 cubic metres of oil, natural gas, or propane per year
- 3 projects resulted in LEED Silver certification for municipal buildings

### Solid Waste

13 projects were completed in 2011. These projects benefited from \$4,186,128.52 of Gas Tax Funds and had total project costs of \$16,271,852.35. Their outcomes were:

- 7 projects diverted 1,251.40 tonnes of waste
- 2 projects increased the number of households with organics collection by 4,294
- 8 projects were required for municipalities to meet Ministry of the Environment Certificates of Approval

### Water

34 projects were completed in 2011. These projects benefited from \$13,452,542.94 of Gas Tax Funds and had total project costs of \$49,831,538.17. Their outcomes were:

- 5 projects reduced water main breaks by 57.69 per-cent
- 2 projects increased the number of households with new water meters by 10
- 12 projects resulted in an improvement in drinking water (per testing under the Safe Drinking Act)
- 1 project reduced the weighted number of days when a boil water advisory was in effect by 100 per-cent
- 11 projects reduced the average age of water pipes by 34.92 years
- 6 projects led to 5,036 metres of new water pipes
- 3 projects led to the rehabilitation of 11,671 metres of water pipes
- 4 projects resulted in a higher level of treatment for 2,339,579 cubic metres of water

### Wastewater

42 projects were completed in 2011. These projects benefited from \$20,389,389.28 of Gas Tax Funds and had total project costs of \$62,520,047.88. Their outcomes were:

- 4 projects reduced the number of wastewater test results that indicated discharge objectives were not met by 72.09 per-cent
- 8 projects led to 2,398 more households having access to improved wastewater plants
- 3 projects reduced the number of wastewater main backups per 100 kilometres by 100 per-cent
- 3 projects reduced the percent of wastewater bypassing treatment by 100 per-cent
- 10 projects reduced the average age of wastewater pipes by 30.74 years
- 2 projects upgraded treatment plants for two municipalities

- 1 project improved the sewage treatment level for one municipality
- 2 projects led to the separation of 2,000 metres of wastewater and stormwater pipes
- 11 projects led to 9,840.6 metres of new wastewater distribution pipes
- 4 projects led to the rehabilitation of 5,025.5 metres of wastewater distribution pipes
- 19 projects led to 11,167.6 metres of new stormwater pipes
- 6 projects led to the rehabilitation of 4,108 metres of stormwater pipes
- 16 projects were required for municipalities to meet Ministry of the Environment Certificates of Approval

## Public Transit

- 78 projects were completed in 2011. These projects benefited from \$154,000,265.82 of Gas Tax Funds and had total project costs of \$414,447,173.58. Their outcomes were:
- 21 projects contributed to a 5.4% increase in conventional transit ridership
- 27 projects contributed to a 2.06% increase in transit passengers per revenue hour
- 9 projects contributed to a 3.45% increase in transit service (revenue hours per service population)
- 1 project reduced the average age of transit fleet by 1.7 years
- 1 project led to a 0.1 kilometer per hour increase in the average speed of the transit fleet
- 4 projects added 86 new conventional fuel busses to transit fleets
- 1 project added 4 new bicycle racks
- 8 projects led to 17.92 kilometers of new bicycle lanes and trails
- 1 project led to improvements to 1.0 kilometers of bicycle lanes and trails
- 19 projects led to 22.08 kilometers of new sidewalks
- 23 projects led to improvements to 32.57 kilometers of sidewalks

## Roads

- 352 projects were completed in 2011. These projects benefited from \$205,061,630.80 of Gas Tax Funds and had total project costs of \$465,822,512.71. Their outcomes were:
- 331 projects led to 1,406.35 kilometers of improved roadways
- 283 projects reduced carbon dioxide emissions by 28,161,739.36 kilograms a year due to improved driving surfaces
- 7 projects reduced carbon dioxide emissions by 1,080,950.71 kilograms a year due to new turning lanes and traffic signals
- 21 projects reduced energy use by 92,592.78 mega-joules due to cold-in-place recycling of materials during construction
- 44 gravel road projects reduced energy use by 609,793,508.10 mega-joules due to the avoidance of hard surface paving
- 9 projects improved fuel efficiency of municipal vehicles (litres per kilometer) by 15.97%
- 6 projects led to the construction of 13.74 kilometers of ditching along roadways
- 2 projects added two new municipal salt/sand storage sites
- 3 projects upgraded three municipal salt/sand storage sites

## Bridges

- 51 projects were completed in 2011. These projects benefited from \$20,514,195.92 of Gas Tax Funds and had total project costs of \$31,109,261.73. Their outcomes were:
- 51 projects led to the opening of 66.25 kilometers of road closures
- 50 projects led to the removal of 448.91 kilometers of detours
- 3 projects reduced carbon dioxide emissions by 287,256.99 kilograms a year due to the elimination of load restrictions
- 39 projects reduced carbon dioxide emissions by 17,408,495.27 kilograms a year due to faster bridge construction methods that reduced the duration of detours, closures and restrictions