



TOWNSHIP OF NORTH HURON

REPORT

Item No.

REPORT TO: Reeve Vincent and Members of Council
PREPARED BY: Donna White
DATE: 17/10/2016
SUBJECT: Gas Tax Spending Base Amount Review
ATTACHMENTS: N/A

RECOMMENDATION:

THAT the Council of the Township of North Huron hereby accepts the report from the Director of Finance on the Gas Tax Spending Base Amount

EXECUTIVE SUMMARY

The Township of North Huron passed By-Law #26-2014 on May 5, 2014 to enter into a Municipal Funding Agreement for Federal Gas Tax with The Association of Municipalities of Ontario (AMO). The agreement is in effect from April 1, 2014 to March 31, 2024. The Agreement will be reviewed by December 31, 2018. As part of the agreement, the Recipient (North Huron) will ensure that its total annual expenditures on tangible capital assets over the life of the Agreement, on average will not be less than the Base Amount.

Definition - Base amount means an amount reflecting total municipally-funded capital spending on Infrastructure between January 1, 2000 – December 31, 2004 less i) monies raised under the Development Charges Act for that period, ii) monies received under federal and provincial infrastructure programs against which investments of funds will be measured to ensure that investment of funds are incremental.

AMO calculated the Base Amount by using FIR data (2000-2004) on the total capital expenditures funded by own source revenue.

The Township of North Huron Base Amount was calculated at \$12,377,867.00 with the annual average investment of \$2,475,573.40.

DISCUSSION

The Base Amount can be revised for small municipalities on a case by case basis if their FIR data doesn't reflect their internal funding capacity due to one-time large projects funded by amounts other than taxation. AMO will review all supporting financial documentation and TCA policies before making any adjustment. This was the case for North Huron with the construction of the Westcast Community Complex which resulted in the annual spending requirement of \$2,475,573.40. The Director submitted documentation to AMO for consideration of the original base amount and a new base amount of \$6,405,006.00 with the new annual average investment of \$1,281,001.20 has been calculated.

FINANCIAL IMPACT

In 2016, the Township of North Huron will receive \$148,489.15 in Gas Tax Funding under the Agreement. A number of capital projects were deferred in 2015 and there may be projects in the 2016 budget that will also be deferred. The total capital spending for the term of the current agreement (2014 – 2018) will be calculated and a strategy to ensure that the Base Spending Amount is met will be included in the 2017 budget.


FUTURE CONSIDERATIONS

The Base Amount will be monitored and taken into consideration as part of future capital budgets.

RELATIONSHIP TO STRATEGIC PLAN

Goal #4 – our administration is fiscally responsible and strives for operational excellence.

Donna White, Treasurer

A handwritten signature in black ink, appearing to read "Sharon Chambers", written over a horizontal line.

Sharon Chambers, CAO