

Status of the Provincial Gas Tax Revenue

Recommendation:

That the September 9, 2013, Financial Services and Utilities report CR_318, be received for information.

Report Summary

This report outlines the status of the provincial Gas Tax revenue and the allocation of those funds within the City's current capital budget.

Previous Council/Committee Action

At the June 5, 2013, City Council meeting, the following motion was passed:

That Administration provide a report to Council through Committee, on the status of the Provincial Gas Tax revenue and the allocation of those funds within the City's current capital budget.

Report

The City Transportation Fund is the formal name for the Provincial Fuel Tax and is one of the components under the Basic Municipal Transportation Grant program.

The City Transportation Fund was established in 2000 by recommendation of the 1999 Premier's Task Force on Infrastructure. The goal of the grant was to provide financial assistance to the Cities of Edmonton and Calgary for the capital transportation related projects within these cities.

The eligible capital projects should be related to development and implementation of effective, safe and integrated transportation systems and facilities through the cities and LRT/bus public transit systems. Examples of eligible projects would be design and engineering services, construction and rehabilitation of primary highways extensions and designated major truck routes, major transit capital projects and transportation systems management projects. Based on these definitions, only Transportation Services projects are eligible for City Transportation Fund funding.

According to funding policy, capital projects such as construction, upgrading and rehabilitation of arterial roads, interchanges as well as LRT lines and bus purchases are eligible for cost sharing at up to 100% of City Transportation Fund funding subject to the funding available. The City establishes the priority for eligible projects.

Under the current City Transportation Fund program, the Province distributes 43 per cent of the prior calendar year's volume of taxable litres of gasoline and diesel fuel sold in Alberta to Edmonton and Calgary for capital transportation projects. Of the 43 percent allocated to the two cities the amount of funding, which is equivalent to 5 cents per litre, is split 45 per cent to Edmonton and 55 per cent to Calgary, based on the historic allocation of fuel tax between the two cities.

Under the existing contribution agreement (2010-2014), Edmonton's total allocation is expected to be, at minimum, \$505 million (subject to

adjustment, if the total volume of taxable fuel increases in any given year). The City has fully allocated these dollars to the end of the current 2012-2014 capital program.

In 2011, the City committed to fast track fuel tax funded projects by borrowing \$35 million against future grant payments; this fast tracking strategy requires the short-term borrowing to be repaid in 2015. While the City's funding allocation beyond 2014 is unknown, based on a growth factor of three per cent per year, it is projected that after debt repayment, approximately \$515 million in fuel tax payments, which the City has not yet allocated, will be available for new capital transportation projects in 2015-2019.

The table shown in Attachment 1 provides a summary for the City's 2010-2012 actual and 2013-2014 budgeted City Transportation Fund expenditures as well as projected 2015-2019 City Transportation Fund funding based on a growth factor of three percent per year.

The table shown in Attachment 2 lists the capital profiles that include City Transportation Fund funded expenditures within 2012-2014.

Corporate Outcomes

This report supports the corporate goal of ensuring Edmonton's financial sustainability by contributing to the following corporate outcomes:

- The City has well managed sustainable assets and services.
- The City has balanced revenue streams that are sustainable.
- The City has a resilient financial position.

Attachments

1. City Transportation Fund Expenditures and Funding
2. 2010-2014 City Transportation Fund Budget Expenditures by Profile

Others Reviewing this Report

- D. H. Edey, General Manager, Corporate Services
- D. Wandzura, General Manager, Transportation Services