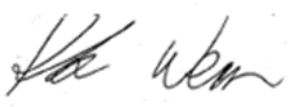




**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Financial Services and Taxation Division**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	October 3, 2024
<b>SUBJECT/REPORT NO:</b>	2024-2034 Canada Community-Building Fund (CCBF) Agreement (FCS24027) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Janeen Peters (905) 546-2424 Ext. 2132
<b>SUBMITTED BY:</b>	Kirk Weaver Acting Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

**RECOMMENDATION(S)**

- (a) That the Mayor and City Clerk be authorized to sign the renewed Municipal Funding Agreement (MFA) attached as Appendix "A" to Report FCS24027 between the City of Hamilton and the Association of Municipalities of Ontario (AMO) for the administration and transfer of the Canada Community-Building Fund (CCBF), together with all necessary associated documents, in a form satisfactory to the City Solicitor and with content acceptable to the General Manager, Finance and Corporate Services;
- (b) That the By-law to Authorize the signing of the Municipal Funding Agreement (MFA) for the transfer and administration of the Canada Community-Building Fund (CCBF) between the Association of Municipalities of Ontario (AMO) and the City of Hamilton, attached as Appendix "B" to Report FCS24027, be passed;
- (c) That a certified copy of the by-law authorizing the signing of the renewed Municipal Funding Agreement (MFA) be forwarded to the Association of Municipalities of Ontario (AMO); and
- (d) That the 2024-2034 Canada Community-Building Fund (CCBF) continue to be allocated to the Canada Community-Building Fund (CCBF) Reserve 112213 and utilized as per the annual capital financing strategy approved by Council.

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## **EXECUTIVE SUMMARY**

The Canada Community-Building Fund (CCBF), previously called Federal Gas Tax, was established in 2005 to support municipalities with local infrastructure priorities. The “Administrative Agreement” is signed by the Government of Canada, the Government of Ontario, Association of Municipalities of Ontario (AMO) and the City of Toronto and is renewed every ten years. With the exception of the City of Toronto, the administrative duties regarding the transfer of funds to municipalities in Ontario are entrusted to the Association of Municipalities of Ontario (AMO).

On April 1, 2024 a new Municipal Funding Agreement (MFA) was approved for another ten-year period, from April 1, 2024 to March 31, 2034. To facilitate the transfer of funds from the Association of Municipalities of Ontario (AMO) to municipalities, municipalities must accept the terms and conditions of the renewed agreement.

Staff is recommending that the City pass a by-law and execute the renewed Municipal Funding Agreement (MFA) attached as Appendix “A” to Report FCS24027 which is required in order for the City to continue collecting its share of funding from the CCBF, estimated at \$396 M over the term of the Municipal Funding Agreement (MFA). This funding will be advanced in 2024 through 2033, any funds to be advanced in 2034 would fall under a future MFA.

Since the launch of this program in 2005, the City of Hamilton has received \$597 M as of December 31, 2023, of which \$489 M has been allocated to eligible capital projects throughout the City. An additional \$62 M has been approved for eligible projects in the 2024 budget, leaving \$46 M as available funding for the 2025 and future budgets.

During the previous agreement term (funding advanced in 2014 through 2023), the City used \$311 M of CCBF funding to support projects in 10 of the 17 eligible categories, see Chart 1. As the City balances the needs of its residents and the financial pressures associated with infrastructure investment, Canada Community-Building Fund (CCBF) continues to be an important source of external funding for the City of Hamilton.

**Chart 1: City Projects allocated CCBF funds by Category from 2014-2023**

City of Hamilton CCBF Project Funding (2014-2023)											
Actual Expenditure \$ (000's)											
Project Category	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Broadband Connectivity	-	-	-	-	-	-	-	-	-	-	-
Brownfield Redevelopment	-	-	-	-	-	-	-	-	-	-	-
Capacity Building	-	-	-	-	-	-	277	19	3	-	299
Community Energy Systems	-	-	238	2,461	1,800	45	-	-	-	-	4,544
Culture	-	-	-	-	-	1,767	2,248	500	915	-	5,430
Disaster Mitigation	-	-	988	919	1,093	3,832	916	479	404	-	8,630
Drinking Water	-	-	-	-	-	-	237	13	-	-	250
Fire Stations	-	-	-	-	-	-	-	-	-	-	-
Local Roads and Bridges	31,655	30,597	32,676	23,709	20,947	31,409	21,263	23,054	28,001	18,431	261,742
Public Transit	-	6,000	6,155	-	3,996	2,004	-	-	-	-	18,155
Recreation	-	-	-	-	-	416	596	3,191	6,145	57	10,405
Regional and Local Airports	-	-	-	-	-	-	-	-	-	-	-
Short-line Rail	-	-	-	-	-	-	-	-	-	-	-
Short-sea Shipping	-	-	-	-	-	-	-	-	-	-	-
Solid Waste	-	-	-	-	-	262	711	344	24	-	1,341
Sports	-	-	-	-	-	-	105	226	29	-	360
Tourism	-	-	-	-	-	-	-	-	-	-	-
Wastewater	-	-	-	-	-	-	-	-	-	-	-
<b>Total Allocated</b>	<b>31,655</b>	<b>36,597</b>	<b>40,057</b>	<b>27,089</b>	<b>27,836</b>	<b>39,735</b>	<b>26,353</b>	<b>27,827</b>	<b>35,520</b>	<b>18,487</b>	<b>311,156</b>

**Alternatives for Consideration – N/A**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** Acceptance of the renewed MFA is required for the City to be eligible to receive CCBF funding between the years 2024-2033. The City is expected to receive approximately \$396 M from the CCBF between 2024 to 2033 which will be used to fund eligible capital projects.

The City’s 2024 10-year Capital Budget and financing strategy had estimated \$387 M in funding from CCBF between 2024-2033 which will be updated in the 2025 budget process to align with the most recent estimates.

**Staffing:** Not applicable

**Legal:** The attached by-law (Appendix “B” to Report FCS24027) authorizing the signing of the MFA along with a signed copy of the MFA, is required to be submitted to AMO in order to continue to receive CCBF funds under the MFA.

**HISTORICAL BACKGROUND**

The Canada Community-Building Fund (CCBF) previously called the Federal Gas Tax was established in 2005 which committed \$5 B to Canada’s communities over a five-year period (2005-2010). The 2007 Federal Budget further committed an additional \$2 B each year from 2010 to 2014, bringing the total of national Gas Tax Funding to \$13 B over nine years as part of the initial Build Canada infrastructure plan. The 2014 MFA provided \$325 M between 2014-2023 and expanded the eligible services from seven categories to 17.

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The Canada Community-Building Fund (CCBF) is a permanent allocation of base funding for provinces and territories. Each province and territory have its own Gas Tax Fund Agreement with the Federal Government. For Ontario, the “Administrative Agreement” signed by the Government of Canada, the Government of Ontario, Association of Municipalities of Ontario (AMO) and the City of Toronto is renewed every 10 years. On April 1, 2024, the Government of Canada, the Government of Ontario, Association of Municipalities of Ontario (AMO) and the City of Toronto renewed the agreement for another 10 years (April 1, 2024 to March 31, 2034). This funding will be advanced in 2024 through 2033, any funds to be advanced in 2034 would fall under a future MFA.

The administration of these funds for Ontario municipalities, with the exception of the City of Toronto, are the responsibility of the Association of Municipalities of Ontario (AMO).

In order for the Association of Municipalities of Ontario (AMO) to transfer funds to municipalities, municipalities must agree to the terms and conditions outlined in the Municipal Funding Agreement (MFA) attached as Appendix “A” to Report FCS24027. Since the launch of this program, the City of Hamilton received \$597 M as of December 31, 2023, of which \$489 M has been spent on eligible capital projects. An additional \$62 M has been approved to fund eligible projects in the 2024 Budget, leaving \$46 M (as available funding for the 2025 and future budgets).

Canada Community-Building Fund (CCBF) has been and will continue to be a critical source of funding for the long-term financing of capital projects within the City of Hamilton.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

None

## **RELEVANT CONSULTATION**

Legal and Risk Management Services and the City Clerk’s Office reviewed the renewed Municipal Funding Agreement (MFA) attached to Report FCS24027 as Appendix “A” and the related by-law attached as Appendix “B”, which authorizes the Association of Municipalities of Ontario (AMO) to administer the Canada Community-Building Fund (CCBF).

**ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)**

From 2005 to 2023, the City of Hamilton has received a total of \$597 M in Canada Community-Building Fund (CCBF). Of this amount, the City invested \$489 M in infrastructure projects from 2005 to 2023. An additional \$62 M has been approved to fund eligible projects in 2024, leaving \$46 M (not including 2024 and future years CCBF allocation (\$396 M)) as available funding for the 2025 and future budgets. The City has relied on Canada Community-Building Fund (CCBF) funding to fund major infrastructure initiatives because it is a predictable, stable and indexed source of funding provided up front to the City.

The renewed MFA agreement was approved by the Association of Municipalities of Ontario (AMO) for another 10-year period (April 1, 2024 to March 31, 2034). The terms of the new agreement and previous agreement (2014-2024 MFA) is substantially the same with minor changes. Even though some of the changes may be considered secondary, such as adding another eligible category or renaming a category (see Chart 2), others are significant in nature as they reflect the strategic priorities of the Government of Canada and the Province of Ontario. Notably, new requirements related to housing have been introduced. This is significant as municipalities struggle to address the housing crisis in their respective geographic areas. Table 1 outlines the changes between the 2014-2024 and 2024-2034 Municipal Funding Agreement (MFA).

**Table 1: Changes in the 2024-2034 Municipal Funding Agreement (MFA)**

<b>Summary of Changes to the Municipal Funding Agreement (MFA)</b>		
	<b>2014-2024 MFA</b>	<b>2024-2034 MFA</b>
<b>Eligible categories</b>	17 Categories	18 categories. Fire Halls added.
<b>Renaming of category</b>	Disaster Mitigation	Renamed “Resilience”
<b>Eligible expenditure</b>	Staff cost not eligible on Capacity Building	Staff costs are now eligible with limitation to Capacity Building only. This means staff costs incurred to strengthen the City’s ability to develop long-term planning is now eligible.

<b>Summary of Changes to the Municipal Funding Agreement (MFA) (Continued)</b>		
	<b>2014-2024 MFA</b>	<b>2024-2034 MFA</b>
<b>Equity</b>	Not included	Incorporate Gender-Based Analysis Plus (GBA Plus) when undertaking projects. GBA Plus is an analytical tool used to support the development of responsive and inclusive policies, programs, and other initiatives.
<b>Housing</b>	Not included	Municipalities must conduct Housing Needs Assessments (HNAs). This is required for single to lower-tier municipalities with a 2021 census population of 30,000 or more by March 31, 2025 (and are encouraged for other municipalities with housing pressures). Outcomes must be reported to AMO where CCBF was a funding source. Some cost may be CCBF eligible, e.g., HNAs and studies.
<b>Incrementality</b>	Monitor base amount. “Base Amount” means an amount reflecting total municipally-funded capital spending on Infrastructure between January 1, 2000 and December 31, 2004 less: (i) monies raised (during that period) under the <i>Development Charges Act, 1997 S.O, 1997, c.27</i> ; and (ii) monies received (during that period) by Municipalities under federal and provincial infrastructure programs against which investments of Funds will be measured to ensure that investments of Funds are incremental.	No longer required to monitor base amount or incremental use of funds.

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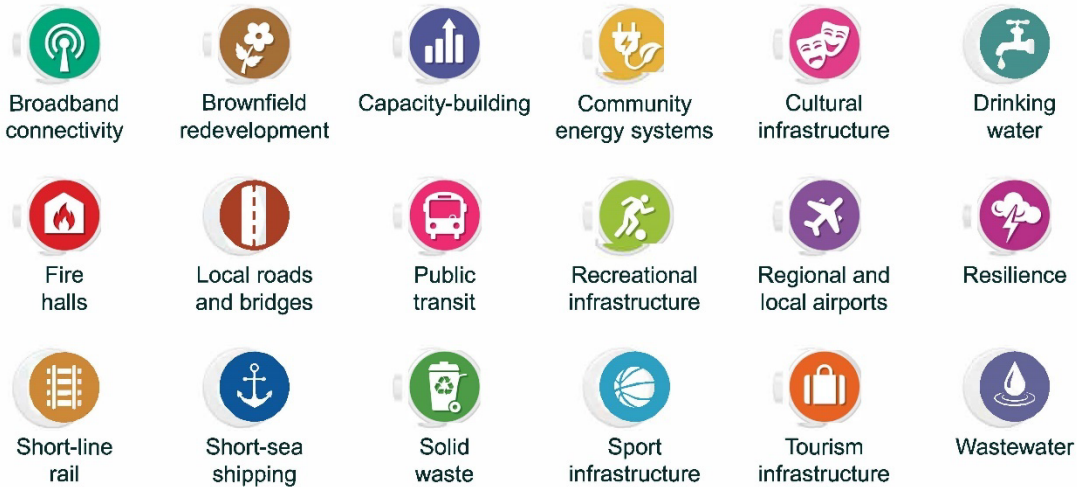
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## Chart 2: List of Eligible Project Categories

### Eligible Projects

Funds can be invested across 18 categories of projects



Source: AMO, (June 2024). Renewal of the Canada Community-Building Fund, Similarities and changes, Overview of the MFA and next steps [PowerPoint slides].

### ALTERNATIVES FOR CONSIDERATION

None

### APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS24027 – Municipal Funding Agreement on the Canada Community-Building Fund between the Association of Municipalities of Ontario and the City of Hamilton

Appendix “B” to Report FCS24027 – By-law to Authorize the Signing of the 2024-2034 Municipal Funding Agreement (MFA) for the administration and transfer of the Canada Community-Building Fund (CCBF) between the Association of Municipalities of Ontario (AMO) and the City of Hamilton

JP/dt