

Implementation of the Gas Tax Funding Agreement in Manitoba

Annual Implementation Report for the Period of
April 1, 2012 to March 31, 2013

October 2013

Table of Contents

Introduction.....	5
Oversight Committee.....	5
Administration of the GTF Agreement.....	5
The 2012 Annual Expenditure Report.....	6
GTF Projects Funded in 2012.....	6
City of Winnipeg.....	8
Other Municipalities.....	8
Funds Leveraged in 2012.....	9
2012 GTF Project Examples.....	11
Cleaner Air / Reduction of GHGs.....	11
Cleaner Water.....	14
Small Communities Transit Fund.....	15
Projects Funded to Date (2005-2012).....	20
Expenditures by Municipal Type.....	21
City of Winnipeg.....	22
Other Municipalities.....	22
Funds Leveraged 2005-2012.....	24
Funds Leveraged by Project Category.....	24
Gas Tax Funds Held in Reserve.....	25
Expenditures vs Funds Held in Reserve by Municipal Type.....	26
Compliance with the Canada-Manitoba GTF Agreement.....	27
Directions for 2013-2014.....	27
Administrative Allocation – Gas Tax Program Officer.....	28

List of Tables

1.	2012 GTF Expenditures by Project Category – All Municipalities.....	7
2.	2012 GTF Expenditures by Project Category – City of Winnipeg.....	8
3.	2012 GTF Expenditures by Project Category – Other Municipalities.....	9
4.	2012 Funding Sources for GTF Projects – All Municipalities.....	10
5.	2005-2012 GTF Expenditures by Project Category - All Municipalities.....	20
6.	2005-2012 GTF Expenditures by Municipal Type.....	21
7.	2005-2012 GTF Expenditures by Project Category – City of Winnipeg.....	22
8.	2005-2012 GTF Expenditures by Project Category - Other Municipalities.....	23
9.	2005-2012 Funding Sources for GTF Projects – All Municipalities.....	24
10.	2005-2012 Gas Tax Funds Allocated & Spent – All Municipalities.....	25
11.	2005-2012 Gas Tax Funds Allocated & Spent by Municipal Type.....	27

List of Figures

1. 2012 GTF Expenditures by Project Category - All Municipalities.....	7
2. 2012 GTF Expenditures by Project Category – Other Municipalities.....	8
3. 2012 Funding Sources for GTF Projects – All Municipalities.....	10
4. 2005-2012 GTF Expenditures by Project Category - All Municipalities.....	20
5. 2005-2012 GTF Expenditures by Municipal Type.....	21
6. 2005-2012 GTF Expenditures by Project Category – City of Winnipeg.....	22
7. 2005-2012 GTF Expenditures by Project Category - Other Municipalities.....	23
8. 2005-2012 Funding Sources for GTF Projects - All Municipalities.....	25
9. 2005-2012 Gas Tax Funds Allocated & Spent – All Municipalities.....	26

INTRODUCTION

The Canada-Manitoba Agreement on the Transfer of Federal Gas Tax Revenues for Cities and Communities was signed on November 18, 2005, transferring a total of \$167.3 million in federal gas tax to Manitoba municipalities from 2005 to 2009.

On June 9, 2009, the Province and the Government of Canada signed the Amending Agreement to the original Gas Tax Agreement, which confirmed local governments' gas tax allocations to 2013/14.

The Amending Agreement transfers a total of \$264.6 million to municipalities and Northern Affairs communities over four years (2010/11 to 2013/14), or approximately \$66.2 million per year. This funding is provided on the same terms and conditions as under the original Gas Tax Agreement.

The Government of Canada passed Bill C-13 on December 15, 2011, which delivered on Canada's 2011 Budget commitment to make the Gas Tax Program permanent. This ensures that funding will be available to Manitoba municipalities after 2014.

Gas tax funding supports environmentally sustainable municipal infrastructure projects including roads, bridges, public transit, water, and wastewater infrastructure projects.

Oversight Committee

The Oversight Committee was established under the Canada-Manitoba Gas Tax Funding (GTF) Agreement. The Oversight Committee is responsible for monitoring the strategic implementation of the GTF as well as the overall administration of the Public Transit Funding (PTF) Agreement. The Committee meets on an annual basis and includes representatives from Canada, Manitoba, the Association of Manitoba Municipalities and the City of Winnipeg.

ADMINISTRATION OF THE GTF AGREEMENT

Under the Amending Agreement, the formula for the distribution of gas tax funds is as follows:

- 90% of gas tax funding is allocated to all municipalities and Northern Affairs communities on a per capita basis;

HIGHLIGHTS of the GTF PROGRAM in MANITOBA

- The original GTF Agreement (2005-2009) transferred \$167.3 million to Manitoba municipalities
- In June 2009, the amending agreement was signed totalling \$264.6 million over 4 years (2010-2014)
- Gas tax funding is distributed to 196 municipalities and Northern Affairs communities in Manitoba
- 90% of gas tax funds are allocated to all municipalities on a per capita basis
- 10% of gas tax funds are allocated to transit communities (less a 0.25% provincial administrative allocation)
- Municipalities have spent a total of \$279.9 million on 1,127 projects to date

- 9.5% to the Cities of Winnipeg and Brandon allocated on a per capita basis;
- 0.25% to establish a new Small Communities Transit Fund; and
- 0.25% for provincial administrative costs.

Funds flow annually in two installments, one in July and another in November, as long as all reporting and compliance requirements are met.

THE 2012 ANNUAL EXPENDITURE REPORT

Under the terms of the GTF Agreement, the Province is required to produce an annual expenditure report (AER) by September 30th of each year for all eligible recipients that received gas tax funds. This AER contains two reporting periods. The Province of Manitoba reports on a fiscal year basis from April 1, 2012 to March 31, 2013, and municipalities report on a calendar year basis from January 1, 2012 to December 31, 2012. All information, with respect to eligible municipal recipients, is based on the municipal reporting period.

The audited 2012 Annual Expenditure Report (AER) for the Province of Manitoba was submitted to the Government of Canada on September 27, 2013. This AER fulfils the reporting requirements for the 2012/13 period.

GTF PROJECTS FUNDED IN 2012

In 2012, Manitoba municipalities invested nearly \$65 million in gas tax funds to support 173 environmentally sustainable infrastructure projects. The largest project category, in terms of spending, was local roads and bridges, with nearly \$56.9 million invested. Public transit was the second largest project category, with investments of nearly \$3 million, followed by water infrastructure with over \$2.5 million, and finally wastewater infrastructure with \$1.2 million. Municipal gas tax expenditures on these major project categories was \$63.6 million, or 98% of total GTF expenditures.

The other project categories, which include: solid waste infrastructure, community energy systems/environmental energy improvements and capacity building, make up the remaining 2% or \$1.2 million of total GTF expenditures. Figure 1, accompanied by table 1, summarize GTF expenditures in 2012 by project category.

Nearly \$65 million in gas tax funds supported 173 environmentally sustainable infrastructure projects in Manitoba

Figure 1: 2012 GTF Expenditures by Project Category - All Municipalities

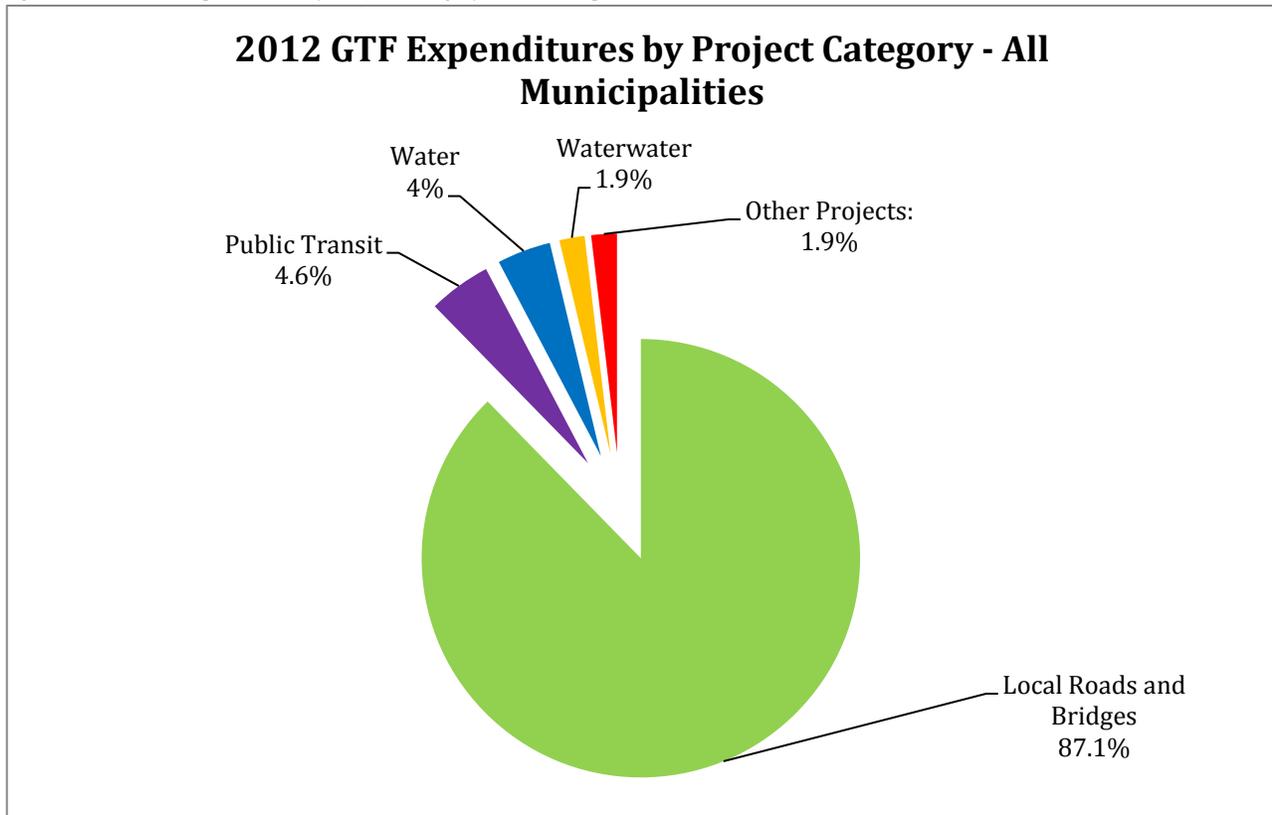


Table 1: 2012 GTF Expenditures by Project Category - All Municipalities

2012 GTF Expenditures by Project Category – All Municipalities			
Project Category	Project Count	Federal GTF	% of Total GTF Expenditure
Local Roads and Bridges	96	\$56,860,453	87.1%
Public Transit	18	2,991,529	4.6%
Water	24	2,565,570	4.0%
Waste Water	19	1,206,000	1.9%
Subtotal:	157	\$63,623,552	98.1%
Other Projects:			
Capacity Building	6	\$564,731	0.9%
Community Energy Systems / Environmental Energy Improvements	3	365,200	0.6%
Solid Waste Infrastructure	7	291,525	0.4%
Subtotal Other Projects:	16	\$1,221,456	1.9%
Total	173	\$64,845,009	100%

City of Winnipeg

Manitoba's largest and most populated city undertook 18 gas tax-funded projects in 2012, totaling \$42.2 million. As shown in table 2, Winnipeg completed work in two eligible infrastructure project categories: local roads and bridges and public transit. Most of Winnipeg's 2012 gas tax spending was on local road and bridge projects.

Table 2: 2012 GTF Expenditures by Project Category – City of Winnipeg

2012 GTF Expenditures by Project Category, Winnipeg			
Project Category	Project Count	Federal GTF	% of Total GTF Expenditure
Local Roads and Bridges	9	\$40,198,766	94.4%
Public Transit	9	2,383,923	5.6%
Total	18	\$42,582,690	100%

Other Municipalities

Municipalities outside the City of Winnipeg invested \$13.8 million in gas tax funds on 155 projects. The majority of spending was on local roads and bridges, with 87 projects at a total cost of over \$11.2 million – representing 66.8% of total gas tax expenditures in 2012.

Compared to Winnipeg, other municipalities spent a greater proportion of their gas tax funds across all project categories with water infrastructure projects making up 15.2% of expenditures and wastewater infrastructure representing an additional 7.2%. Table 3 and figure 2 summarize these expenditures by project category.

Figure 2: 2012 GTF Expenditures by Project Category - Other Municipalities

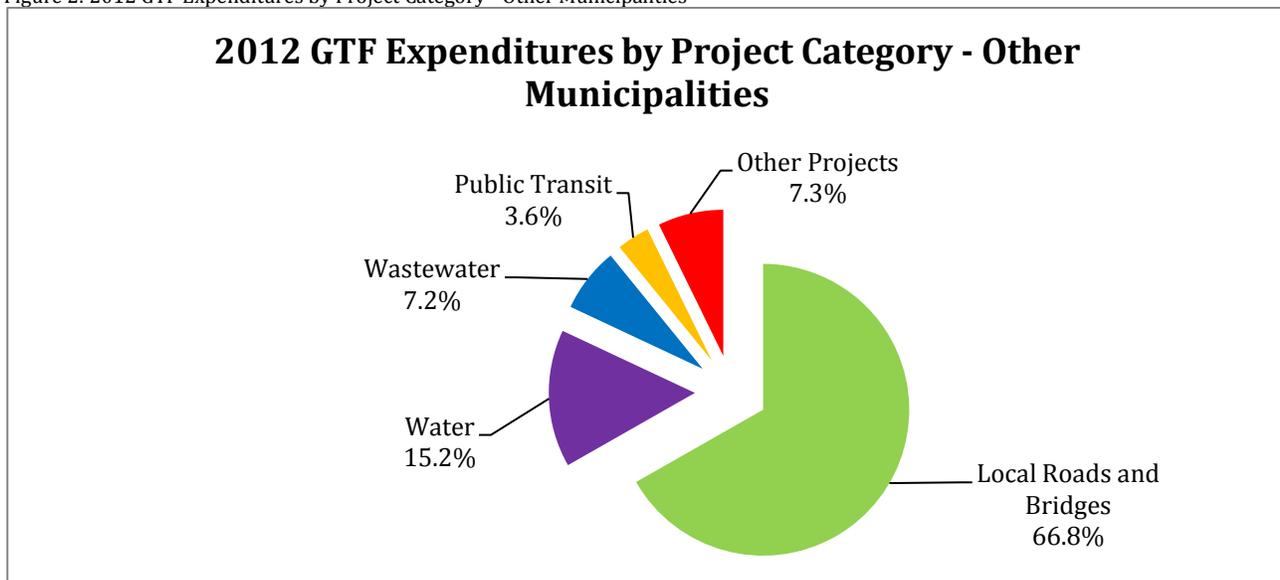


Table 3: 2012 GTF Expenditures by Project Category - Other Municipalities

2012 GTF Expenditures by Project Category - Other Municipalities			
Project Category	Project Count	Federal GTF	% of Total GTF Expenditure
Local Roads and Bridges	87	\$11,246,687	66.8%
Water	24	2,565,570	15.2%
Wastewater	19	1,206,000	7.2%
Public Transit	9	607,605	3.6%
Subtotal:	139	\$15,625,862	92.7%
Other Projects:			
Capacity Building	6	\$564,731	3.4%
Community Energy Systems / Environmental Energy Improvements	3	365,200	2.2%
Solid Waste Infrastructure	7	291,525	1.7%
Subtotal Other Projects:	16	\$1,221,456	7.3%
Total	155	\$16,847,319	100%

FUNDS LEVERAGED IN 2012

Federal GTF expenditures of almost \$65 million in 2012 leveraged another \$33.7 million in project funding from other sources outside the federal GTF. Provincial funding for these projects totaled \$17.3 million, while funding from other sources totaled \$16.4 million.

See table 4 for funding sources for GTF projects with amounts organized by project category.

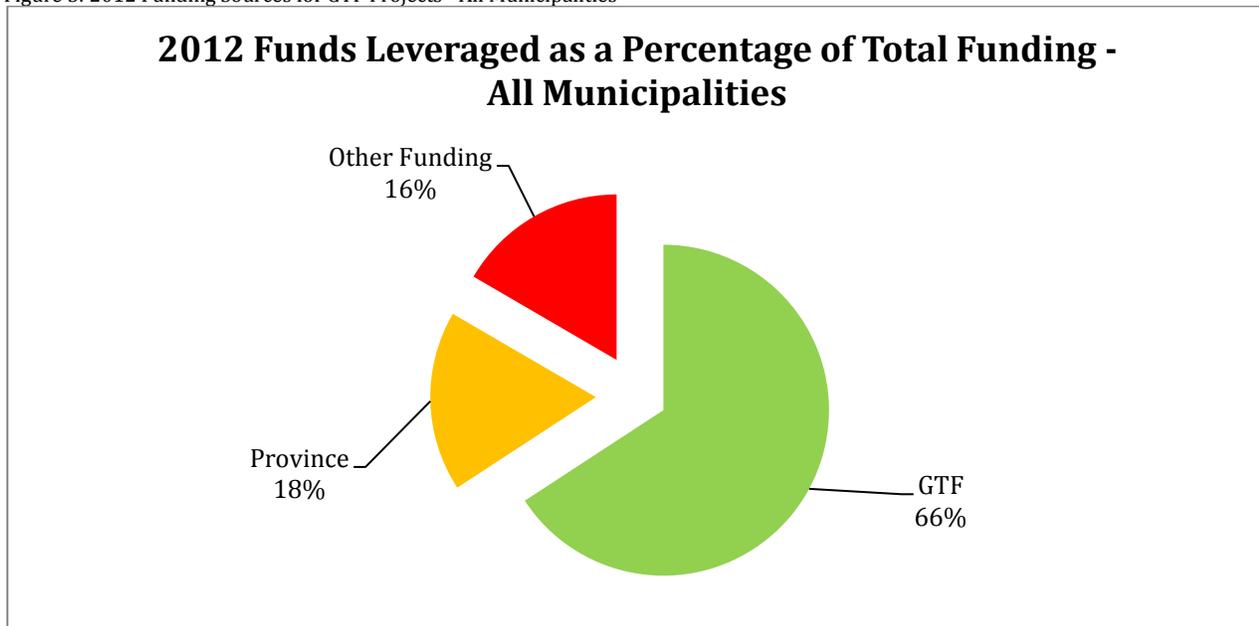
GTF funding of \$65M in 2012, leveraged another \$17.3M from the Government of Manitoba and \$16.4M from other sources.

Table 4: 2012 Funding Sources for GTF Projects - All Municipalities

2012 Funding Sources for GTF Projects – All Municipalities				
Project Category	Total Funding for GTF Projects	Federal GTF	Provincial Funding	Other Funding*
Local Roads and Bridges	\$70,875,092	\$56,860,453	\$12,578,060	\$1,436,579
Public Transit	17,527,236	2,991,529	4,525,000	10,010,707
Water	6,185,831	2,565,570	84	3,620,176
Wastewater	2,675,256	1,206,000	256,102	1,213,154
Subtotal:	\$97,263,414	\$63,623,552	\$17,359,245	\$16,280,617
Other Projects:				
Capacity Building	\$581,731	\$564,731	0	\$17,000
Community Energy Systems / Environmental Energy Improvements	433,689	365,200	0	68,489
Solid Waste Infrastructure	291,525	291,525	0	0
Subtotal Other Projects:	\$1,306,946	\$1,221,456	0	\$85,489
Total	\$98,570,360	\$64,845,009 (65.8%)	\$17,359,245 (17.6%)	\$16,366,106 (16.6%)

*Other Funding sources are: other federal, municipal contributions, and other contributions.

Figure 3: 2012 Funding Sources for GTF Projects - All Municipalities



GTF PROJECT EXAMPLES

Cleaner Air/Reduction of GHGs Emissions

Manitoba municipalities are investing their gas tax funds in infrastructure renewal projects to achieve overall program outcomes of cleaner air and reduced greenhouse gas emissions.

Examples of these projects include investments in municipal transit system enhancements, active transportation infrastructure, upgrades to local roads and bridges, as well as efforts to divert solid waste from municipal landfills.

2012 GTF funded projects supported the outcomes of cleaner air, cleaner water, and lower greenhouse gas emissions

City of Winnipeg – Disraeli Active Transportation Bridge

The City of Winnipeg officially opened the new Disraeli Active Transportation Bridge on October 3, 2013. Construction of the Active Transportation Bridge started in October 2012. The \$16 million cycling and pedestrian bridge is part of the overall \$195 million Disraeli Bridges Project.

The Disraeli Bridge project is the largest bridge project in the history of Winnipeg

The new multi-use Active Transportation Bridge links Point Douglas and Elmwood neighbourhoods and is accessible from Rover Avenue on the south side and Midwinter Avenue on the north side of the Red River. The addition of this active transportation infrastructure will encourage local residents in the northeastern part of the City to walk or cycle to the downtown rather than drive.

The four lane divided roadway on the new Disraeli Bridge was officially opened to vehicular traffic on October 19, 2012. The total \$195 million cost of the Disraeli Bridges Project was financed by the City largely through a 30-year Public Private Partnership (P3) with Plenary Roads Winnipeg (PRW). A total of \$101.2 million in capital will be financed through a P3 funding arrangement with PRW to be repaid over the next 30 years starting in 2012. Annual payments include repayment of capital plus annual maintenance costs. The balance of costs to replace the bridge will be financed by the City through a cash contribution of \$18.8 million plus external debt of \$75 million.

The City will use its gas tax funds to make annual payments of \$19.8 million to PRW for the first 10 years, decreasing to \$14.8 million for the final 20 years of the term, which includes both capital costs and costs for PRW to maintain the bridge.

The new Disraeli Active Transportation Bridge



RM of Ritchot – Hebert Road Reconstruction

The RM of Ritchot has invested \$300,000 of its gas tax funds to reconstruct an urban road in the community of St. Adolphe. The reconstruction involved the removal of the old asphalt on Hebert Road and the pouring of new asphalt surface and installation of concrete curbs.

Hebert Road Reconstruction in St. Adolphe



RM of McCreary & Village of McCreary – Landfill Improvements

The RM and Village of McCreary have invested \$20,500 in gas tax funds to install a Bio-Tech Shed and Recycling Container at the community landfill. The Shed and the container will be used to house and recycle electronics, hazardous waste material, oil and other household items.

These landfill improvements are expected to encourage the diversion of solid waste and promote community recycling and composting efforts. By reducing the amount of solid waste headed to landfills, greenhouse gases produced and then released into the atmosphere will be reduced.

Cleaner Water

New and enhanced water and sewer infrastructure is required to support the growth and development of Manitoba communities. Many Manitoba municipalities have invested their gas tax funds in water and sewer upgrades, providing new potable water and cleaner wastewater treatment systems to support the economic and social development of their region.

RM of Rockwood – New Sewer and Water System

The RM of Rockwood has installed a new sewer and water system in the community of Gunton. The new system receives its water supply from another of the RM's utilities, the Balmoral Sewer and Water Treatment Plant. The supplied water is stored in the Gunton reservoir for re-chlorination prior to distribution. Sewage is then pumped from the new lift station to the Balmoral Sewage Treatment facility for treatment.

The RM has invested \$1.0 million in gas tax funds towards a total \$6.5 million project cost. The new system provides clean and safe drinking at affordable rates to 78 residents in the community of Gunton.

Town of Minitonas & RM of Minitonas – Lagoon Expansion

The RM and Town of Minitonas undertook a project to expand the existing Minitonas lagoon. The expanded lagoon will provide additional capacity that would accommodate up to 150 new users in both municipalities. The increased capacity will also increase the standard of treatment of wastewater for existing residents.

The two municipalities have already invested almost \$240,000 in gas tax funds and will use future gas tax allocations to pay for up to half of the total \$855,000 project cost.

Village of Glenboro – Sewer System Upgrades

The Village of Glenboro undertook a project to replace approximately one block of sewer lines. The Village removed the old sewer lines and installed new modern lines to ensure sewer discharge is safely delivered to the lagoon.

These improvements reduce the risk of pipe collapse and service interruption. The Village invested \$76,000 in gas tax funds towards this project.

SMALL COMMUNITIES TRANSIT FUND

The Small Communities Transit Fund (SCTF) is a \$1.0 million application-based fund that supports public transit infrastructure projects in transit communities across Manitoba. The SCTF was developed in consultation with the Association of Manitoba Municipalities (AMM), and launched in November 2010. The Fund is available to all municipalities with populations less than 40,000, to enhance and expand municipal transit, including handi-transit services. This includes communities with existing transit services, as well as those wanting to establish new services.

The Province works in co-operation with the AMM in the selection process to approve project applications. As of October, 2013 a total of \$752,185 has been committed to 11 municipalities, leaving \$247,815 available to commit to other municipalities for their transit infrastructure needs:

Sponsoring Municipality	Project	Funding Commitment
1. City of Thompson	Purchase of 2 new transit buses	\$433,000
2. City of Selkirk	New bus stops / shelters	\$87,500
3. City of Portage la Prairie	Purchase of Handi-Transit Vehicle	\$41,100
4. Town of Boissevain	Purchase of Handi-Transit Vehicle	\$23,300
5. Town of Pilot Mound	Purchase of Handi-Transit Vehicle	\$10,142
6. Town of MacGregor	Purchase of Handi-Transit Vehicle & Construction of a Garage	\$50,000
7. RM of Brokenhead	Purchase of Handi-Transit Vehicle	\$47,852
8. Town of Lac du Bonnet	Purchase of Handi-Transit Vehicle	\$7,624
9. Town of Ste. Rose	Purchase of Handi-Transit Vehicle	\$22,100
10. Town of Carberry	Purchase of Handi-Transit Vehicle	\$17,362
11. RM of Alexander	Purchase of Handi-Transit Vehicle	\$12,205
Funding Committed to Date:		\$752,185
Funding Available:		\$247,815

Town of MacGregor

Normac Handi-Transit (Sponsored by the Town of MacGregor) has been approved of funding support of up to \$50,000 in 2012/13 and 2013/14 towards the purchase of a new handi-transit vehicle (\$30,000) and the construction of a handi-transit garage (\$20,000).

Normac Handi-Transit is a new handi-transit service that serves the Town of MacGregor and the Rural Municipality of North Norfolk. The service started operations in January 2013 and has been well received by local residents of the two municipalities; fulfilling a long-standing need for hand-transit services.

MacGregor's new handivan



Town of Ste. Rose du Lac

Ste. Rose & District Handivan Inc. (Sponsored) by the Town of Ste. Rose du Lac) has been approved for funding support of up to \$22,100 in 2013/14 towards the purchase of a replacement handi-transit vehicle. The total cost of the new vehicle is \$51,700.

Ste. Rose & District Handivan services the RM of Ochre River, RM of Ste. Rose du Lac, Town of Ste. Rose du Lac, Ebb and Flow First Nation and the O-chi-chak-ko-sipi First Nation.

The new vehicle is expected to require less maintenance than the current vehicle it will replace, thereby decreasing operating expenses and maintaining service reliability.

Ste. Rose du Lac's new handivan



Town of Lac du Bonnet

Two Rivers' Transit (sponsored by the Town of Lac du Bonnet) has been approved of funding support of up to \$7,624 towards the purchase of a replacement hand-transit vehicle. The cost of the new vehicle is \$97,612. The handi-transit service serves the LGD of Pinawa, RM of Lac du Bonnet and Town of Lac du Bonnet.

In addition to SCTF funding, the Town will use all of its 2008 Federal Handi-Transit Vehicle Replacement Grant of \$82,364, towards this purchase. The new vehicle is expected to require less maintenance than the current vehicle it will replace, thereby decreasing operating expenses and maintaining service reliability.

Local officials and Two Rivers transit committee members aboard the new handivan



RM of Brokenhead

Beausejour Handivan Inc. (sponsored by the RM of Brokenhead) has been approved of funding support of up to \$47,852 towards the purchase of a new handi-transit vehicle to replace two older vehicles. The cost of the new vehicle is \$95,704. The Handivan service serves the RM of Brokenhead and Town of Beausejour.

The new vehicle is expected to require less maintenance than the two vehicles it will replace, thereby decreasing operating expenses and maintaining service reliability. The service was incurring significant costs to repair the two older vehicles during regular maintenance and at annual safety inspections.

The new vehicle has the same wheelchair seating capacity as the two older vehicles. This meets the demand for wheelchair space, while improving the efficiency of the service.

RM of Alexander

North Winnipeg River Handivan (Sponsored by the RM of Alexander) has been approved of funding support of up to \$12,205 in 2013/14 towards the purchase of a replacement handi-transit vehicle. The cost of the new vehicle is \$76,688. The Handivan service serves the RM of Alexander and the Town of Powerview/Pine Falls.

In addition to SCTF funding, the RM will use the balance of its 2008 Federal Handi-Transit Vehicle Replacement Grant of \$52,279, towards this purchase. The new vehicle is expected to require less maintenance than the vehicle it will replace, thereby decreasing operating expenses and maintaining service reliability. The current vehicle is having issues with its wheelchair lift and experiencing costly repairs.

Town of Carberry

Carberry/North Cypress Handivan (Sponsored by the Town of Carberry) has been approved of funding of up to \$17,362 in 2013/14 towards the purchase of an additional handi-transit vehicle. The cost of the new vehicle is \$57,362. The Handivan service serves the RM of North Cypress and the Town of Carberry.

The service previously operated one handi-transit bus with a capacity of eight passenger seats and four wheelchair spaces. Due to increasing demand for handi-transit services, the service purchased an additional smaller vehicle with three passenger seats and space for one wheelchair. This new vehicle will ensure the service has two operational vehicles in place to provide both in-town and out of town trips as well as provide a more cost-effective and fuel-efficient transportation option for certain trips such as single client appointments, than the current vehicle.

Information about the program is available on Manitoba Local Government's website at: www.gov.mb.ca/ia/programs/bldgcomm/sctf.html.

PROJECTS FUNDED TO DATE (2005-2012)

Since 2005, municipalities spent \$279.9 million in gas tax funds to support a total of 1,217 environmentally sustainable municipal infrastructure projects.

Local roads and bridges (75%), waste water (11.6%), public transit (5.6%), and water infrastructure (4.7%) project categories account for 97% of total gas tax expenditures. The other project categories: community energy systems / environmental energy improvements, capacity building, and solid waste infrastructure, make up the remaining 3% of total gas tax expenditures.

\$279.9 million in gas tax funds supported 1,127 projects between 2005 and 2012

Figure 4: 2005-2012 GTF Expenditures by Project Category - All Municipalities

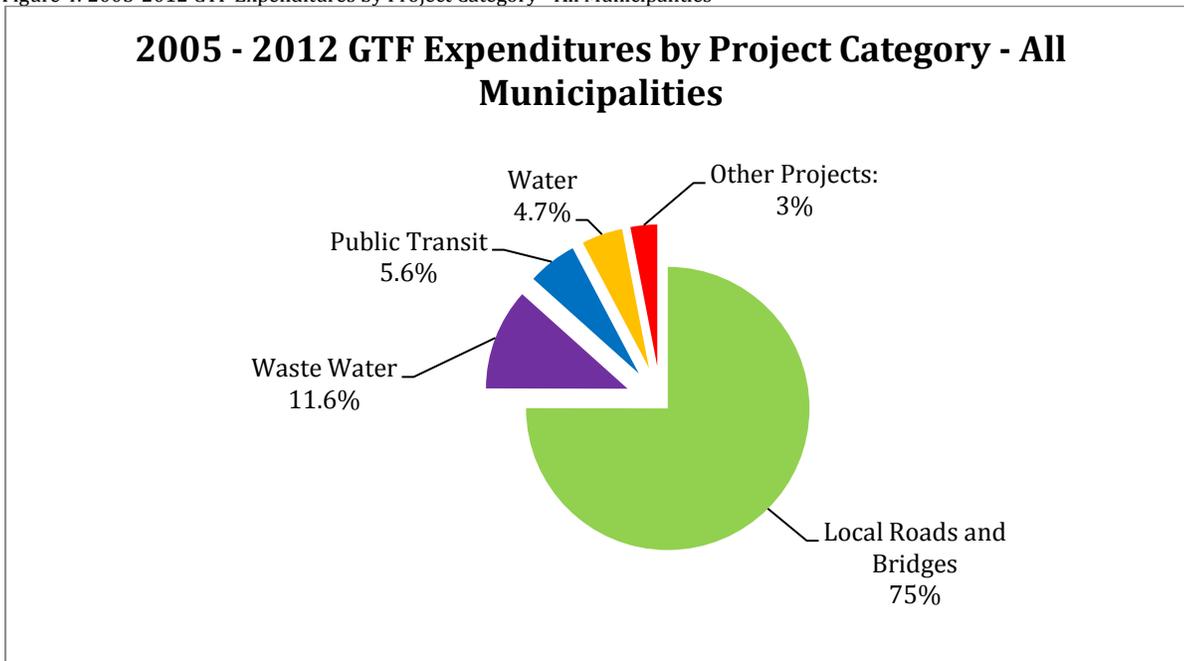


Table 5: 2005-2012 GTF Expenditures by Project Category - All Municipalities

2005 - 2012 GTF Expenditures by Project Category - All Municipalities			
Project Category	Project Count	Federal GTF	% of Total GTF Expenditure
Local Roads and Bridges	703	\$210,045,189	75.0%
Waste Water	110	32,484,524	11.6%
Public Transit	53	15,779,289	5.6%
Water	154	13,112,376	4.7%
Subtotal:	1020	\$271,421,377	97.0%

Other Projects:			
Community Energy Systems / Environmental Energy Improvements	32	\$3,892,706	1.4%
Solid Waste Infrastructure	41	2,597,721	0.9%
Capacity Building	34	2,018,691	0.7%
Subtotal Other Projects:	107	\$8,509,118	3.0%
Total	1127	\$279,930,495	100.0%

Expenditures by Municipal Type

The table and figure below shows GTF expenditures by municipal type. Both show that the City of Winnipeg accounts for 73.6% of GTF expenditures between 2005 and 2012, which is significantly more than any other municipality. Rural Municipalities completed the most GTF projects at 593, accounting for 13.7% of total GTF expenditures.

Figure 5: 2005-2012 GTF Expenditures by Municipal Type

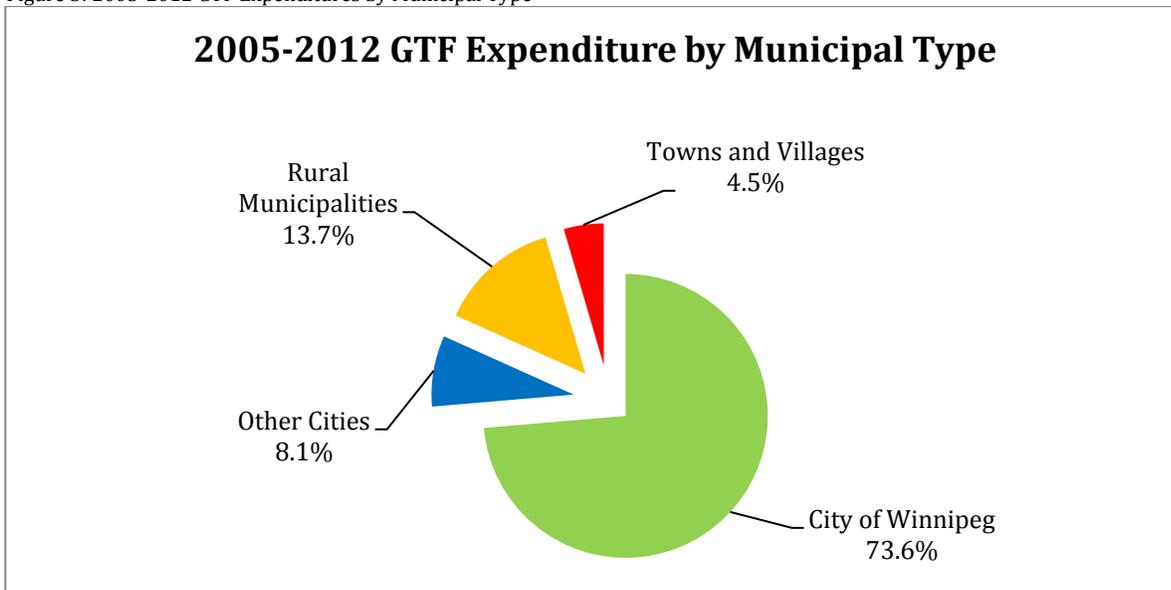


Table 6: 2005-2012 GTF Expenditures by Municipal Type

2005-2012 GTF Expenditures by Municipal Type			
Municipal Type	Project Count	Federal GTF	% of Total GTF Expenditure
City of Winnipeg	104	\$190,861,216	73.6%
Other Cities	183	29,282,146	8.1%
Rural Municipalities	593	46,187,365	13.7%
Towns and Villages	247	13,599,767	4.5%
Total	1127	\$279,930,495	100.0%

City of Winnipeg

The City spent \$190.9 million in gas tax funds on 104 eligible projects to date. Funds were spent on three project categories: local roads and bridges, public transit, and waste water infrastructure. Over 80% (\$154 million) of GTF expenditures were on roads and bridges, followed by waste water infrastructure projects with \$23.3 million, and finally public transit infrastructure projects accounting for \$13.6 million in gas tax spending.

Winnipeg spent \$190.9 million on 104 projects to date. Of which, 81% of expenditures were for upgrading local roads and bridges

Figure 6: 2005-2012 GTF Expenditures by Project Category – City of Winnipeg

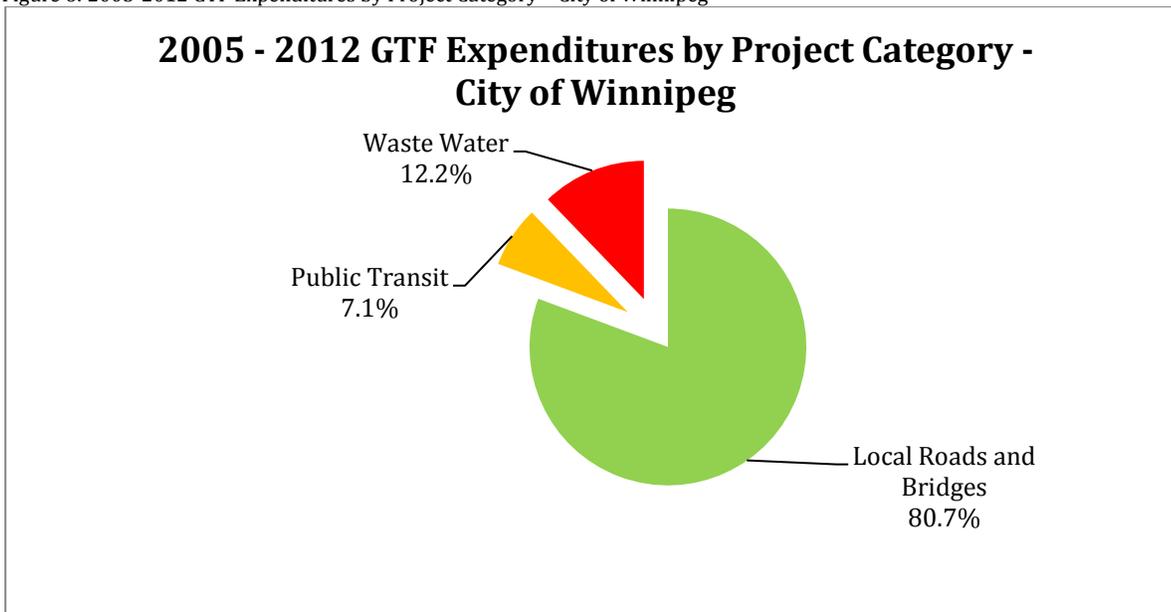


Table 7: 2005-2012 GTF Expenditures by Project Category – City of Winnipeg

2005 - 2012 GTF Expenditures by Project Category - City of Winnipeg			
Project Category	Project Count	Federal GTF	% of Total GTF Expenditure
Local Roads and Bridges	58	\$153,971,720	80.7%
Waste Water	9	23,280,000	12.2%
Public Transit	37	13,609,496	7.1%
Total	104	\$190,861,216	100%

Other Municipalities

Municipalities outside of Winnipeg spent their gas tax funds on all seven eligible project categories. Local roads and bridges, water, waste water, and community energy systems/ environmental energy improvements projects accounted for 92.4% of total gas tax expenditures. To date, \$82.3 million were spent on 932 projects under these categories.

The other project categories: solid waste infrastructure, public transit, and capacity building, make up the remaining 7.6% of total gas tax expenditures, with \$6.8 million spent on 91 projects to date.

Figure 7: 2005-2012 GTF Expenditures by Project Category - Other Municipalities

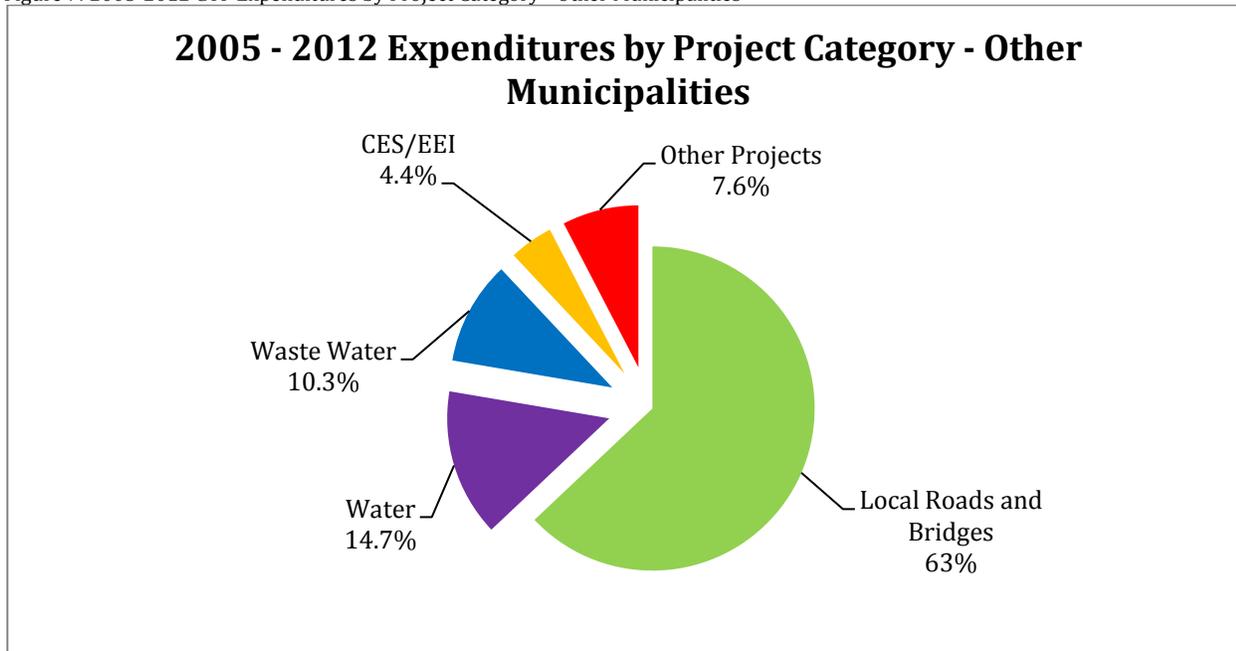


Table 8: 2005-2012 GTF Expenditures by Project Category - Other Municipalities

2005 - 2012 GTF Expenditures by Project Category - Other Municipalities			
Project Category	Project Count	Federal GTF	% of Total GTF Expenditure
Local Roads and Bridges	645	\$56,073,468	63.0%
Water	154	13,112,376	14.7%
Waste Water	101	9,204,524	10.3%
Community Energy Systems / Environmental Energy Improvements	32	3,892,706	4.4%
Subtotal:	932	\$82,283,074	92.4%
Other Projects:			
Solid Waste Infrastructure	41	\$2,597,721	2.9%
Public Transit	16	2,169,793	2.4%
Capacity Building	34	2,018,691	2.3%
Subtotal Other Projects:	91	\$6,786,204	7.6%
TOTAL	1023	\$89,069,278	100.0%

FUNDS LEVERAGED 2005-2012

In Manitoba, municipalities have been able to leverage their gas tax funding into additional funding support from the Province and other funding sources to help address their infrastructure priorities.

Since 2005, \$279.9 million in gas tax expenditures has resulted in a total of \$528.9 million spent on infrastructure projects by municipalities.

Local roads and bridges projects leveraged the most funding, an additional \$107.2 million.

Funds Leveraged by Project Category

To date, a total of \$279.9 million in gas tax-funded projects leveraged \$107.9 million from the provincial government, as well as another \$141 million from other sources, primarily from municipal governments.

Local roads and bridges projects leveraged the most funding from other sources. Gas tax funding of \$210 million leveraged another \$90 million from the Province and over \$17.2 million through other funding sources.

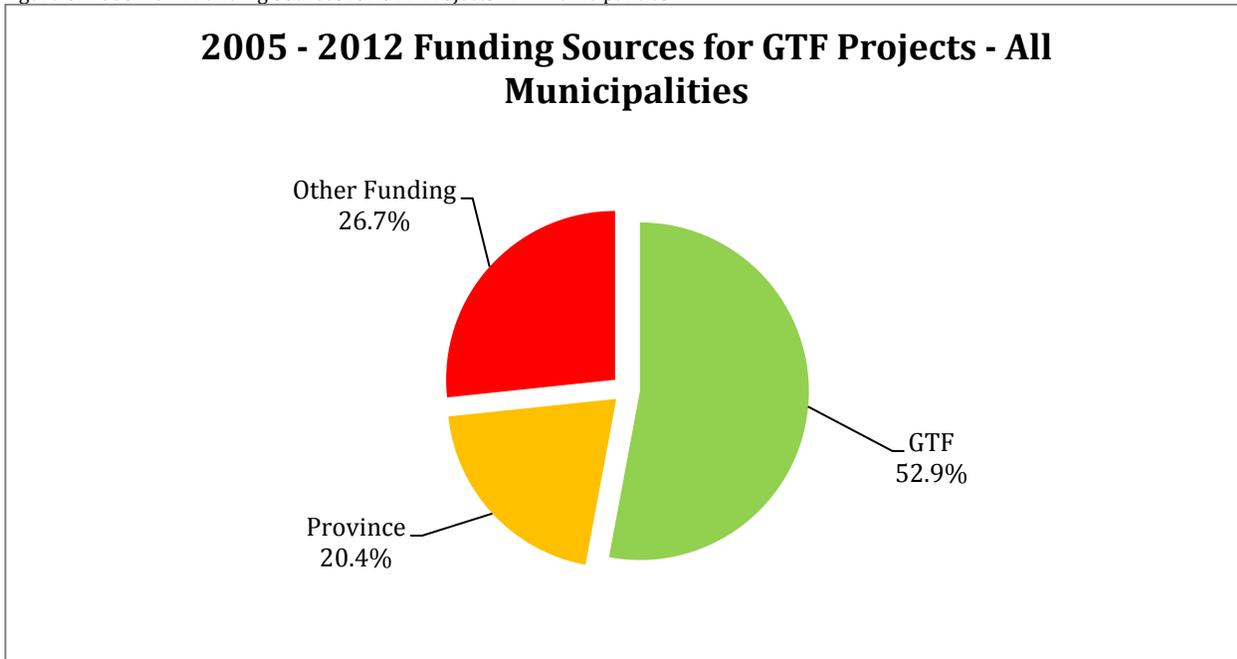
Table 9: 2005-2012 Funding Sources for GTF Projects – All Municipalities

2005 – 2012 Funding Sources for GTF Projects – All Municipalities				
Project Category	Total Funding for GTF Projects	Federal GTF	Provincial Funding	Other Funding*
Local Roads and Bridges**	\$317,265,151	\$210,045,189	\$89,992,084	\$17,227,878
Waste Water	42,878,244	32,484,524	1,026,009	9,367,711
Public Transit	126,075,553	15,779,289	14,164,800	96,131,464
Water	29,678,195	13,112,376	2,713,554	13,852,265
Subtotal:	\$515,897,144	\$271,421,377	\$107,896,448	\$136,579,319
Other Projects:				
Community Energy Systems / Environmental Energy Improvements	\$7,789,326	\$3,892,706	\$21,698	3,874,922
Solid Waste Infrastructure	3,120,985	2,597,721	0	523,264
Capacity Building	2,086,906	2,018,691	0	68,215
Subtotal Other Projects:	\$12,997,217	\$8,509,118	\$21,698	\$4,466,401
Total	\$528,894,360	\$279,930,495 (52.9%)	\$107,918,146 (20.4%)	\$141,045,720 (26.7%)

*Other Funding sources are: other federal, municipal contributions, and other contributions.

** Total does not include \$195 million for Winnipeg's Disraeli Bridge project, of which Winnipeg will finance \$101.2 million through annual P3 payments using gas tax funds starting in 2012. Winnipeg will fund the balance of the Disraeli Bridge project costs from other sources.

Figure 8: 2005-2012 Funding Sources for GTF Projects - All Municipalities



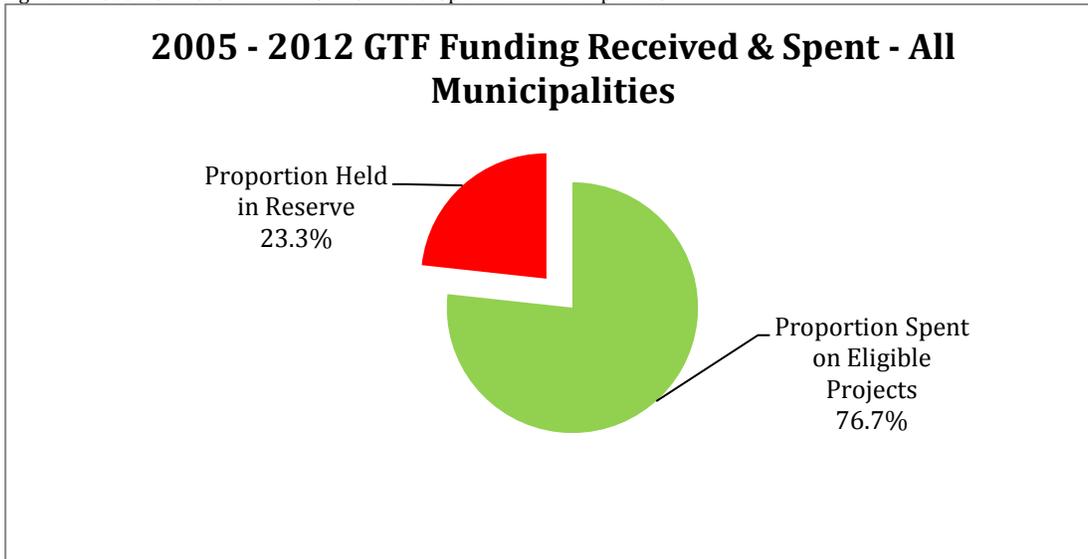
GAS TAX FUNDS HELD IN RESERVE

Between 2005 and 2012, municipalities have spent a total of \$279.9 million, or about 76.7% of the total gas tax funds allocated to Manitoba municipalities. The remaining 23.3% of gas tax funds are being held in reserve. This enables municipalities to accumulate funds over time to spend on infrastructure projects in future years.

Table 10: 2005-2012 Gas Tax Funds Allocated & Spent – All Municipalities

2005 - 2012 Gas Tax Funding Allocated & Spent - All Municipalities					
	GTF Allocated	GTF Spent on Eligible Projects	Balance Held in Reserve	Proportion Spent on Eligible Projects	Proportion Held in Reserve
Total	\$364,858,826	\$279,930,495	\$54,928,331	76.7%	23.3%

Figure 9: 2005-2012 Gas Tax Funds Allocated & Spent – All Municipalities



Expenditures vs Funds Held in Reserve by Municipal Type

Urban municipalities have spent the most in relation to the amount allocated to date. The City of Winnipeg and other major cities together spent 83.1% of the gas tax funds allocated to date, while rural municipalities, towns and villages together have spent 53.1%.

Manitoba cities have spent 83.1% of gas tax funds allocated to date

This implies that smaller municipalities are holding more of their funds in reserve for larger scale projects in the future.

Under the initial Agreement, municipalities were only able to hold their funds for up to five years after receiving payment, after this period municipalities were then required to spend the funds on eligible infrastructure projects.

RMs, towns and villages have spent 53.1% of gas tax funds allocated to date

In 2011, The Canada-Manitoba Agreement was amended to allow municipalities to apply for an extension to the time permitted to expend funds beyond five years. This amendment gave the Oversight Committee the discretion to approve an extension of the timeframe for expenditure of gas tax funds, if the municipality cannot meet the five-year expenditure requirement and requests the extension. This amendment enables local governments to maximize the use of their gas tax funding for their high priority projects.

Table 11: 2005-2012 Gas Tax Funds Allocated & Spent by Municipal Type

2005 - 2012 Gas Tax Funds Allocated & Spent by Municipal Type					
Municipal Type	GTF Allocated	GTF Spent on Eligible Projects	Balance Held in Reserve	Proportion Spent on Eligible Projects	Proportion Held in Reserve
City of Winnipeg	\$222,691,150	\$190,861,216	\$31,829,933	85.7%	14.3%
Other Cities	36,391,680	29,282,146	7,109,533	80.5%	19.5%
Rural Municipalities	75,794,618	46,187,365	29,607,253	60.9%	39.1%
Towns and Villages	29,981,379	13,599,767	16,381,611	45.4%	54.6%
Total	\$364,858,826	\$279,930,495	\$84,928,331	76.7%	23.3%

COMPLIANCE with the CANADA-MANITOBA GTF AGREEMENT

The Office of the Auditor General of Manitoba has commented on the status of compliance with the Agreement and has indicated that Manitoba is in compliance with all terms and conditions of the Agreement.

The Compliance Report for the Canada-Manitoba GTF Agreement for Fiscal Year 2012/13 was submitted to the Government of Canada on September 27, 2013.

DIRECTIONS for 2013-2014

2013 marks the final year of the four-year *Amending Agreement on the Transfer of Federal Gas Tax Revenues for Cities and Communities*. The 2010-2014 *Amending Agreement* is based on the same terms and conditions as the original Agreement, with a few funding-related changes. Canada's contribution to the Province of Manitoba has increased in total; the annual transfers will be as follows:

Fiscal Year	Canada's Contribution
2010-2011	\$66,157,000
2011-2012	\$66,157,000
2012-2013	\$66,157,000
2013-2014	\$66,157,000
TOTAL	\$264,628,000

The Amending Agreement is structurally similar to the original Gas Tax Agreement. Ninety percent (90%) of the Funds will continue be allocated to all eligible recipients on a per capita

basis. The remaining ten percent (10%) of the Funds will be allocated to municipalities that currently have a public transit system, less a 0.25% administrative allocation for Manitoba to offset the Province's administrative costs.

Canada announced a new Community Improvement Fund (CIF) in the 2013 budget as part of its new 10-year Building Canada Infrastructure Plan. The CIF will provide \$32.2B to Canadian municipalities over 10-years consisting of an indexed Gas Tax Fund (\$21.8B) and the existing GST Rebate for municipalities (\$10.4B).

The new gas tax agreement will include a broader list of eligible project categories including: highways, local and regional airports, short-line rail, short-sea shipping, disaster mitigation, broadband and connectivity, brownfield redevelopment, culture, tourism, sport, and recreation.

Manitoba's share of the Gas Tax Fund under the new CIF program will be \$340.5 million over the first 5-year period (2014 – 2018) and is estimated at \$713.7 million over the next 10 years. Provinces and Territories (PTs) gas tax allocations will be revised based on new Census population data starting in 2019, which may result in slight changes in Manitoba's share over the final 5- year period (2019 – 2023) of the Gas Tax Fund.

Manitoba will see a slightly smaller share of the funding in 2014 (\$65.5M) compared to 2013 (\$66.2M) as Manitoba's share of the population decreased slightly in the 2011 Census, relative to other PTs.

Canada is currently working on the template of the new agreement and expects to sign new agreements with all PTs by December 31, 2013.

Administrative Allocation – Gas Tax Program Officer

Manitoba received formal approval from the Government of Canada in September 2011 to establish an annual allocation of \$175,000 for 4 years to offset the Province's cost of administering the gas tax agreement. The annual allocation, approximately 0.25% of the gas tax funds Manitoba administers on behalf of Canada, enables Manitoba to pay one full-time staff person and the associated operating costs.

Manitoba hired a Gas Tax Program Officer in October 2011, funded through the Province's administrative allocation. \$85,055 has been spent on administrative costs to date.

Reporting to the Director of Municipal Finance and Advisory Services (who will maintain overall gas tax program responsibility) the Gas Tax Program Officer is responsible for program administration and to support program policy development. The Program Officer's duties include the following:

- administering payments to municipalities;

- reviewing and assessing SCTF project applications;
- monitoring and reporting on municipal compliance with agreement requirements;
- measuring and reporting on program outcomes and results, including preparing Manitoba's Annual Expenditure Report and Implementation Report;
- assisting municipalities in the reporting of gas tax project information;
- coordinating gas tax project communications activities;
- preparing for the Outcomes Report by ensuring accurate and up to date outcomes data is recorded for all gas tax funded projects; and
- researching and developing proposals to ensure Manitoba municipalities' priorities and needs are reflected in the new Gas Tax Agreement currently under discussion with Canada.