

CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT
Financial Planning & Policy Division

To: Mayor and Members General Issues Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: July 9, 2012	
SUBJECT/REPORT NO: City of Hamilton/Ministry of Transportation 2011/12 Dedicated Gas Tax Funding Agreement (FCS12058) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager Finance and Corporate Services	PREPARED BY: John Savoia (905) 546-2424 Ext. 7298
SIGNATURE:	

RECOMMENDATION:

- (a) That the Mayor and City Treasurer be authorized and directed to enter into an Agreement between the City of Hamilton and the Province of Ontario, related to the funding commitment made by the Province of Ontario to the Municipality under the Dedicated Gas Tax Funds For Hamilton's Public Transportation Program;
- (b) That the Mayor and City Treasurer be authorized and directed to execute the Letter of Agreement attached as Appendix "A" to Report FCS12058;
- (c) That the By-law attached as Appendix "C" to Report FCS12058 authorizing and directing the Mayor and City Treasurer to sign a Letter of Agreement between the City of Hamilton and the Province of Ontario with respect to funding under the Dedicated Gas Tax Funds for Public Transportation Program, be passed;
- (d) That, upon being passed, a certified copy of the By-law together with a signed Letter of Agreement be forwarded to the Ministry of Transportation.

EXECUTIVE SUMMARY

The attached by-law, accompanying agreement, guidelines and requirements are provided as a condition of the transfer of funding, provided by the Province of Ontario to the City of Hamilton under the dedicated gas tax funds for public transportation program. Under the terms and conditions of the attached agreement, a by-law is required to authorize the Mayor and City Treasurer to sign the *“Letter of Agreement between Her Majesty the Queen in Right of the Province of Ontario, Represented by the Minister of Transportation for the Province of Ontario and the City of Hamilton related to Funding Provided by the Province of Ontario to the Municipality under the Dedicated Gas Tax Funds for Public Transportation Program”*.

Municipalities receiving dedicated gas tax funds must meet the requirements set out in the “2011/2012 Guidelines and Requirements”, attached as Appendix “B” to Report FCS12058.

Alternatives for Consideration – Not Applicable

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: Ratification of the Letter of Agreement is a condition of the City of Hamilton becoming eligible for an estimated \$10,737,539 in provincial funding in 2012 which is a modest decrease over the previous year’s allocation of \$10,887,525.

Staffing: None

Legal: The enacting of the supporting by-law per Appendix “C” to Report FCS12058 is a requirement to receive funding under the Dedicated Gas Tax Funds for Public Transportation Program.

HISTORICAL BACKGROUND (Chronology of events)

The Province of Ontario, under the Dedicated Gas Tax Funds for the Public Transportation Program, has agreed to provide funding in the amount of \$10,737,539 to the City of Hamilton, in accordance with and subject to the terms set out in the attached Letter of Agreement (forms part of the authorizing By-law attached as Appendix “A” to report FCS12058) and the 2011/2012 Guidelines and Requirements (attached as Appendix “B” to report FCS12058). The Province of Ontario, under the above-noted program, will provide two (2) cents of the existing provincial gas tax to municipalities to support public transportation. In this, the eighth year of the program, that is \$321 million in funding.

POLICY IMPLICATIONS

None

RELEVANT CONSULTATION

None

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

Under the Dedicated Gas Tax Funds for the Public Transportation Program, funding allocated is based on 70% transit ridership and 30% municipal population.

The funding received is deposited into a dedicated reserve that is used to fund the expansion of public transit in terms of capital infrastructure and operating budget funding related to levels of service. The following table provides a summary of the reserve since its establishment:

Transit Gas Tax Reserve 112204					
	2004-2008	2009	2010	2011	Projected 2012
BEGINNING BALANCE	\$ -	\$ 17,994,706	\$ 20,222,391	\$ 20,502,825	\$ 24,504,662
REVENUES:					
Investment Income	\$ 1,086,679	\$ 731,181	\$ 353,134	\$ 466,006	\$ 545,751
Gas Tax Revenue	39,909,697	11,096,811	10,647,871	10,887,525	10,737,539
	\$ 40,996,376	\$ 11,827,992	\$ 11,001,005	\$ 11,353,531	\$ 11,283,290
EXPENDITURES:					
To Transit Operating Fund	\$ 15,132,423	\$ 5,064,785	\$ 3,994,676	\$ 5,576,209	\$ 10,983,730
Capital Requirements	7,869,247	4,535,523	6,725,895	1,775,484	5,061,960
	\$ 23,001,670	\$ 9,600,308	\$ 10,720,572	\$ 7,351,693	\$ 16,045,690
ENDING BALANCE	\$ 17,994,706	\$ 20,222,391	\$ 20,502,825	\$ 24,504,662	\$ 19,742,262

ALTERNATIVES FOR CONSIDERATION:

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

None

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovation and Respectful Organization, 2. Financial Sustainability,
3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development,
6. Environmental Stewardship, 7. Healthy Community

Financial Sustainability

- ◆ Financially Sustainable City by 2020

APPENDICES / SCHEDULES

Appendix "A" – Letter of Agreement between the City of Hamilton and the Province of Ontario

Appendix "B" – 2011/2012 Guidelines and Requirements

Appendix "C" – 2012 City of Hamilton/Ministry of Transportation Gas Tax Funding Agreement By-law