



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	February 16, 2022
SUBJECT/REPORT NO:	City of Hamilton / Ministry of Transportation 2021-2022 Dedicated Gas Tax Funding Agreement (FCS22013) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Craig Webb, CPA, CMA, (905) 546-2424, Ext. 1870
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the Mayor and the General Manager, Finance and Corporate Services, 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 General Manager, Finance and Corporate Services, be authorized and directed to execute the Letter of Agreement attached as Appendix "A" to Report FCS22013;
- (c) That the By-law attached as Appendix "C" to Report FCS22013 authorizing and directing the Mayor and General Manager, Finance and Corporate Services, 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 two copies of the signed Letter of Agreement, be forwarded to the Ministry of Transportation.

EXECUTIVE SUMMARY

The City of Hamilton is eligible to receive \$11,698,988 in provincial funding as part of the 2021-2022 Dedicated Gas Tax Funds for Public Transportation Program. This represents an increase of \$11,789 over the previous 12-month total allocation of \$11,687,199.

The COVID-19 pandemic impacted gasoline sales in 2020-21. As a result, the funding envelope for the 2021-22 Gas Tax program year is \$258.2 M, a reduction of approximately \$120 M (approximately 32%) from the prior year's envelope. The one-time additional funding of \$120.4 M announced through the Fall Economic Statement (FES) has restored the funding envelope to the levels of the 2020-21 program year. This funding will help stabilize 2021-2022 program allocations as the Province continues its COVID-19 recovery and transit systems begin to build back their ridership levels. The 2021 / 2022 Provincial Program provided funding for the Program to 107 public transit systems responsible for service to 142 communities. With the guarantee provided in the FES, the 2021 / 2022 Provincial Program for the year running from April 1, 2021 to March 31, 2022 will maintain an allocation of funding for the Program amounting to approximately \$378.6 M.

The By-law, accompanying Agreement, guidelines and requirements, attached to Report FCS22013, are provided as a condition of the transfer of funds, provided by the Province of Ontario to the City of Hamilton under this 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 "2021 / 2022 Guidelines and Requirements", attached as Appendix "B" to Report FCS22013.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Ratification of the Letter of Agreement is a condition of the City of Hamilton becoming eligible for an estimated \$11,698,988 in provincial funding relating to 2021-2022 as part of the 2021-2022 Dedicated Gas Tax Funding program. This represents an increase of \$11,789 over the previous 12-month total allocation of \$11,687,199.

Staffing: None.

Legal: The enacting of the supporting By-law per Appendix “C” to Report FCS22013 is a requirement to receive funding under the Dedicated Gas Tax Funds for Public Transportation Program.

HISTORICAL BACKGROUND

In 2013, the Province of Ontario moved forward with its commitment to make Gas Tax funding permanent.

Traditionally, the Province of Ontario under the above-noted program, has provided two cents of the existing provincial gas tax to municipalities to support public transportation. In 2020 / 2021, the COVID-19 pandemic impacted gasoline sales. As a result, the funding envelope for the 2021 / 2022 Gas Tax program year is \$258.2 M. The one-time additional funding of \$120.4 M announced through the Fall Economic Statement (FES) will restore the funding envelope to the levels of the 2020 / 2021 program year. The 2021 / 2022 Provincial Program provided funding for the Program to 107 public transit systems responsible for service to 142 communities. With the guarantee provided in the FES, the 2021 / 2022 Provincial Program for the year running from April 1, 2021 to March 31, 2022 will maintain an allocation of funding for the Program amounting to approximately \$378.6 M.

As part of that commitment, the Province of Ontario, under the Dedicated Gas Tax Funds for the Public Transportation Program, is providing funding in the amount of \$11,698,988 to the City of Hamilton for 2021 / 2022 as per the Letter of Agreement attached as Appendix “A” to Report FCS22013.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

None.

RELEVANT CONSULTATION

None.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Under the Dedicated Gas Tax Funds for the Public Transportation Program, funding allocated is based on 70% transit ridership and 30% municipal population with the requirement that funding received be deposited into a dedicated reserve. The purpose of the Program is to provide dedicated gas tax funds to Ontario municipalities to support local public transportation services and to increase overall ridership through the expansion of public transportation capital infrastructure and levels of service.

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”.

ALTERNATIVES FOR CONSIDERATION

None.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Healthy and Safe Communities

Hamilton is a safe and supportive city where people are active, healthy, and have a high quality of life.

Clean and Green

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

Built Environment and Infrastructure

Hamilton is supported by state-of-the-art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS22013 – Letter of Agreement between the City of Hamilton and the Province of Ontario

Appendix “B” to Report FCS22013 – 2021/22 Guidelines and Requirements

Appendix “C” to Report FCS22013 – 2022 City of Hamilton / Ministry of Transportation Gas Tax Funding Agreement By-law

CW/dt