



CITY OF HAMILTON
CORPORATE SERVICES
Financial Planning, Administration and Policy

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	May 1, 2024
SUBJECT/REPORT NO:	City of Hamilton / Ministry of Transportation 2023-24 Dedicated Gas Tax Funding Agreement (FCS24032) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Craig Webb, CPA, CMA, (905) 546-2424, Ext. 1870
SUBMITTED BY:	Kirk Weaver Acting 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 FCS24032;
- (c) That the By-law attached as Appendix "C" to Report FCS24032 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; and
- (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 \$12,389,845 in provincial funding as part of the 2023-24 Dedicated Gas Tax Funds for Public Transportation Program. This represents an increase of \$383,491 (3.2%) over the previous 12-month total allocation of \$12,006,354.

With this agreement, the Ministry of Transportation recognizes the variation in ridership recovery in the Province. As a result, the Province has committed an additional \$3 M in funding for the 2023-24 Gas Tax program. This additional funding maintains the funding envelope at the 2022-23 program year as the Province recognizes transit systems are continuing to build back their ridership levels. Ridership is recorded only when a fare is paid via cash, ticket or PRESTO tap. The Gas Tax funding is allocated based on 70% transit ridership and 30% municipal population. As the funding has been maintained from 2022-23 to 2023-24, this implies that Hamilton's share increased due to a better year-over-year relative ridership and / or population ratio versus other transit agencies across the Province.

Early data to February 2024 shows ridership is at 98.2% of 2019 actual, with the month of February exceeding 2019 levels for the first time, reaching 102.1%. This is 16% ahead of 2023 and 10.6% ahead of the Year to Date (YTD) 2024 budgeted level, which is a promising indicator for the remainder of the year. Overall, it is expected that ridership for 2024 will reach 21,280,722, an 11% increase over 2023, however, still slightly behind 2019 full year ridership of 21,659,761.

For the 2023-24 Gas Tax Program, the Ministry of Transportation, Ontario (MTO) is using 2022 ridership data, along with the highest level of reported municipal spending from 2018-2022 when calculating municipal allocations. The 2023-24 Provincial Program provides funding for the Program to 102 public transit systems responsible for service to 140 communities. The 2023-24 Provincial Program for the year running from April 1, 2023, to March 31, 2024, will amount to approximately \$379.6 M.

The Letter of Agreement, 2023 Guidelines and Requirements and By-law attached to Report FCS24032 as Appendices "A", "B" and "C" 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 Agreement, a by-law is required to authorize the Mayor and General Manager, Finance and Corporate Services, to sign "(t)his Letter of Agreement between the City of Hamilton (the "Municipality") and His Majesty the King in right of the Province of Ontario, as represented by the Minister of Transportation for the Province of Ontario (the "Ministry")" the agreement sets out the terms and conditions for the provision and use of dedicated gas tax funds under the Dedicated Gas Tax Funds for Public Transportation Program (the "Program")."

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

Municipalities receiving dedicated gas tax funds must meet the requirements set out in the “2023-24 Guidelines and Requirements” attached as Appendix “B” to Report FCS24032.

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 \$12,389,845 in provincial funding relating to 2023-24 as part of the 2023-24 Dedicated Gas Tax Funding program. This represents an increase of \$383,491 over the previous 12-month total allocation of \$12,006,354.

In 2024, \$15,851.000 in Provincial Gas Tax funds are being utilized in the Transit operating budget to fund the Fare Policies initiative (\$1.6 M), to offset the reduced revenue budget associated with Safe Restart funds (\$2.1 M) and to better match the amount received from the Province on an annual basis (\$401 K).

Staffing: None.

Legal: The enacting of the supporting By-law per Appendix “C” to Report FCS24032 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.

The 2023-24 Program year runs from April 1, 2023, to March 31, 2024. The new allocation of funding for the Program for 102 public transit systems representing 140 municipalities will amount to approximately \$379.6 M. This includes one-time supplementary funding of \$3.0 M to bring the funding envelope up to the same level as the 2022-23 program year.

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 \$12,389,845 to the City of Hamilton for 2023-24 as per the Letter of Agreement attached as Appendix “A” to Report FCS24032.

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. For the 2023-24 Gas Tax Program, MTO is using a five-year average of ridership from 2018 to 2022 and will be using the highest level of reported municipal spending from 2018 to 2022 when calculating municipal allocations.

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 the City of Hamilton (the "Municipality") and His Majesty the King in right of the Province of Ontario, as represented by the Minister of Transportation for the Province of Ontario (the "Ministry"), sets out the terms and conditions for the provision and use of dedicated gas tax funds under the Dedicated Gas Tax Funds for Public Transportation Program (the "Program")”.

ALTERNATIVES FOR CONSIDERATION

None.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS24032 – Letter of Agreement between the City of Hamilton and the Province of Ontario

Appendix “B” to Report FCS24032 – 2022/23 Guidelines and Requirements

Appendix “C” to Report FCS24032 – 2023 City of Hamilton / Ministry of Transportation Gas Tax Funding Agreement By-law

CW/dt