



## Report

**To:** Mayor and Members of Council

**From:** Laura Rauch, Director of Finance and Business Services

**Date:** March 25, 2021

**Re:** 2021 Ontario Gas Tax Program

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### Recommendation:

It is recommended that:

1. The Municipality of Leamington accepts any designation of host municipality by collecting the Dedicated Gas Tax Funds for Public Transportation Program funds on behalf of the Municipality of Leamington and the Town of Kingsville.
2. The Mayor and Treasurer for the Municipality of Leamington be authorized to execute 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 under the Dedicated Gas Tax Funds for Public Transportation Program and the Municipality be bound to the terms of the said agreement.  
(Report FIN-08-21)

### Background:

Funding up to \$231,587 for 2020/21 (\$205,632 for 2019/20) has been approved through the Province of Ontario, under the Dedicated Gas Tax Funds for a Public Transportation Program. This funding is to be used to ensure that local public transportation services continue and to increase overall ridership through the expansion of public transportation capital infrastructure and levels of service. The Ministry of Transportation provides two cents per litre of provincial gas tax as transit funding, which is allocated based on 70% transit ridership (conventional and specialized) and 30% municipal population.

Council has acknowledged the 'Gas Tax Funding' allocation methodology includes statistics from both Leamington's conventional transit system and the specialized transit system delivered by the South Essex Community Council, which is funded by the Municipality of Leamington and the Town of Kingsville. Council has confirmed its commitment to utilizing dedicated gas tax funds for the benefit of both the conventional

transit system and the Erie Shore Community Transit service, which includes service to the Town of Kingsville.

### **Comments:**

The Province requires that every year the Municipality of Leamington authorize the Letter of Agreement for the Dedicated Gas Tax Funds for Public Transportation Program which sets out the terms and conditions for the use of the dedicated gas tax funds by municipalities for public transportation. The Province requires a by-law and signed agreement from the Municipality prior to sending the funds for the 2020-2021 year.

Dedicated gas tax funds and any related interest must be spent on one or more of the following:

- Public transportation capital expenditures that promote increased transit ridership;
- Public transportation operating expenditures;
- Capital expenditures for the replacement of any public transportation vehicles;
- Capital expenditures that provide improvements to public transportation security and passenger safety; or
- Expenditures for major refurbishment on any fully accessible, or to be made fully accessible, public transportation vehicle, with the exception of specialized vehicles used for the transportation of persons with disabilities.
- For municipalities that provide only specialized transit for persons with disabilities, dedicated gas tax funds can be spent on public transit initiatives that may not initially result in ridership growth but will provide increased accessibility.

Following a careful consideration of municipal and transit stakeholder feedback, the Ministry implemented two changes last year that were identified as areas for improvement:

- The baseline spending requirement has been removed. This will allow municipalities with declining ridership/expenditures and declining fare revenues to use their Gas Tax funding where they were previously unable to do so.
- Municipalities are now permitted to submit a scanned copy of the municipal by-law instead of a certified copy. This will expedite the flow of funding and will reduce the administrative burden to municipalities.

### **Financial Impact:**

Up to \$231,587 in Ontario Dedicated Gas Tax funding will be available to support conventional transit in Leamington and specialized transit in Leamington and Kingsville. These funds are dedicated and set aside in a reserve fund (40-3-0240-0334-000240), along with any related interest earned on the fund, and are used for eligible transit related costs allowed under the funding agreement.

In the 2021 budget, \$466,000 in Ontario dedicated gas tax funding has been earmarked for capital projects such as bus stop improvements, signage and a portion of the funding for the two new bus purchases. Approximately \$192,000 is budgeted to support expenditures for transit operations. It is anticipated that approximately \$640,000 will remain in the reserve fund at the end of 2021.

Respectfully submitted,

Laura Rauch, CPA, CMA  
Director of Finance and Business Services

Attachments: none

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