

Date: January 13, 2022

To: Chair and Members of General Committee

From: Shari Lichterman, CPA, CMA, Commissioner of
Corporate Services and Chief Financial Officer

Originator's files:

Meeting date:
February 23, 2022

Subject

Provincial Gas Tax Report - City of Mississauga 2021/2022 Allocation

Recommendation

That a by-law be enacted to authorize the Mayor and the Commissioner of Corporate Services and Chief Financial Officer to execute, on behalf of The Corporation of the City of Mississauga, the letter of agreement with 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 (2021/2022), which the agreement is attached as Appendix 1 to the corporate report dated January 13, 2022 from the Commissioner of Corporate Services and Chief Financial Officer entitled "Provincial Gas Tax Report - City of Mississauga 2021/2022 Allocation".

Background

On June 13, 2013, Provincial Gas Tax funding was made permanent when the Dedicated Funding for Public Transportation Act, 2013 received Royal Assent. Annually, the Minister of Transportation advises each municipality of the amount of gas tax funds it is eligible to receive.

Comments

Provincially, total available funding for the year is based on a sharing formula of \$0.02 per litre. The Ministry recognizes that COVID-19 impacted gasoline sales in 2020-21. As a result, the Province has committed \$120.4M in one-time additional funding to address the impacts of COVID-19 on the 2021-22 Gas Tax program. The one-time additional funding announced through the 2021 Fall Economic Statement (FES) maintains the funding envelope at the level of the 2020-21 program year as transit systems begin to build back their ridership levels.

In order to further mitigate the impact of COVID-19, the Ministry has made two other temporary changes to the method for calculating municipal allocations:

- 1) The Ministry has used 2019 ridership data, instead of 2020 data as would have normally been used. This has been applied to all municipalities.
- 2) The Ministry has also used municipal spending figures from either 2019 or 2020, whichever is higher.

The Ministry has agreed to provide funding to the City of Mississauga to a maximum amount up to \$18,932,146. The program allocation formula remains unchanged and is based on 70% ridership and 30% population. In any given year based on the mix of municipalities, a municipality's allocation could fluctuate up or down.

The ministry has added conditions to the Gas Tax program guidelines to promote improved regional fare and service integration in and around the Greater Toronto and Hamilton Area (GTHA). The new conditions require specified municipalities to participate in an engagement process to enable regional fare and service integration, and to share information and data to support analysis on regional fare and service integration. The City of Mississauga is one of 14 municipalities to whom new Gas Tax funding conditions will apply.

The 2021/2022 Provincial gas tax funding may only be used for operating and capital expenditures for transit services, unchanged from the previous year's program. The City of Mississauga's 2021/22 annual allocation of \$18.9 million will be deposited into a dedicated Provincial Gas Tax Reserve Fund account. MiWay's 2022 operating budget includes an allocation of approximately \$18.5 million from the Provincial Gas Tax Reserve Fund to cover the costs of service expansion and improvements. The additional funding received will remain in the Provincial Gas Tax Reserve Fund and be used to offset unforeseen pressures in the Transit Operating Budget at year end.

To secure the City's share of funding from this program, the Ministry of Transportation must receive a signed letter of agreement. The agreement must be accompanied by a municipal by-law permitting the municipality to enter into the letter of agreement. A copy of the agreement is attached as Appendix 1.

Financial Impact

Total provincial gas tax funding from the province for 2021/2022 is \$18,932,146. The Ministry of Transportation will process a payment for \$14,199,110 (75%) when they receive the authorizing municipal by-law and signed agreement. The remaining \$4,733,036 (25%) will be paid at a later date.

Conclusion

A municipal by-law permitting the municipality to enter into the letter of agreement needs to be completed and forwarded to the Ministry of Transportation. This will secure the City's share of provincial gas tax funding.

Attachments

Appendix 1: Letter of Agreement



Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Ann Wong, Manager, Financial Strategies