

City of Mississauga
Corporate Report



<p>Date: February 28, 2023</p> <p>To: Chair and Members of General Committee</p>	<p>Originator's files:</p>
<p>From: Shari Lichterman, CPA, CMA, Acting City Manager and Chief Administrative Officer</p>	<p>Meeting date: March 29, 2023</p>

Subject

Provincial Gas Tax Report – City of Mississauga 2022/23 Allocation

Recommendation

That a By-law be enacted to authorize the Mayor and the City Clerk to execute, on behalf of The Corporation of the City of Mississauga, the letter of agreement with His Majesty the King in right of the Province of Ontario (the “Ministry”), represented by the Minister of Transportation for the Province of Ontario, under the Dedicated Gas Tax Funds for Public Transportation Program (2022/23), which agreement is attached as Appendix 1 to the corporate report dated February 28, 2023, entitled, “Provincial Gas Tax Report – City of Mississauga 2022/23 Allocation”, from the Acting City Manager and Chief Administrative Officer.

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

To support and improve local public transportation services in the Municipality this program under the Province of Ontario provides two cents out of the provincial gas tax to municipalities.

The Ministry recognizes that COVID-19 impacted gasoline sales in 2021-22. As a result, In January 2023, the province has committed \$80 million in supplementary funding province-wide for the 2022-23 Gas Tax program. This additional funding maintains the funding envelope at the level of the 2021-22 program year as the province recognizes transit systems are continuing to build back their ridership levels.

For the 2022-23 Gas Tax Program, MTO is using a five-year average of ridership from 2017 to 2021, and will be using the highest level of reported municipal spending from 2017 to 2021 when calculating municipal allocations.

These measures have been implemented for the 2022-23 program year because 2021 ridership and spending were, for many municipalities, still significantly below pre-pandemic levels. The temporary changes will help to mitigate significant impacts to each municipality's allocation under the program.

The Ministry has agreed to provide funding to the City of Mississauga to a maximum amount up to \$19,658,102. This is \$725,956 more than identified in last year's agreement. 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 2022/23 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 2022/23 annual allocation of \$19,658,102 will be deposited into a dedicated Provincial Gas Tax Reserve Fund account. MiWay's 2023 operating budget includes an allocation of approximately \$18,500,000 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 2022/23 is \$19,658,102. The Ministry of Transportation will process a payment for \$14,743,577 (75%) when they receive the authorizing municipal by-law and signed agreement. The remaining \$4,914,525 (25%) will be paid at a later date.

Conclusion

A signed Letter of Agreement and the supporting municipal by-law must be submitted to the Ministry of Transportation to secure the City's share of the provincial gas tax funding for 2022/23 program.

Attachment

Appendix 1: Letter of Agreement



Shari Lichterman, CPA, CMA, Acting City Manager and Chief Administrative Officer

Prepared by: Luigi Vernace, CPA, CGA, Manager, Strategic Financial Initiatives