

City of Mississauga  
**Corporate Report**



<p>Date: April 10, 2024</p> <p>To: Chair and Members of General Committee</p>	<p>Originator's files:</p>
<p>From: Shari Lichterman, CPA, CMA, City Manager and Chief Administrative Officer</p>	<p>Meeting date: May 8, 2024</p>

## Subject

**Provincial Gas Tax Report – City of Mississauga 2023/2024 Allocation and Authority for Subsequent Agreements**

## Recommendation

1. That a by-law be enacted to authorize the Mayor and the City Manager 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, as represented by the Minister of Transportation for the Province of Ontario, under the Dedicated Gas Tax Funds for Public Transportation Program (2023/2024), which agreement is attached as Appendix 1 to the corporate report dated April 10<sup>th</sup>, 2024 titled "Provincial Gas Tax Report – City of Mississauga 2023/2024 Allocation and Authority for Subsequent Agreements" from the City Manager and Chief Administrative Officer.
2. That a by-law be enacted to authorize the Mayor and the City Manager, or their designates, to execute, on behalf of The Corporation of the City of Mississauga, all subsequent letters of agreement with His Majesty the King in right of the Province of Ontario, as represented by the Minister of Transportation for the Province of Ontario, under the Dedicated Gas Tax Funds for Public Transportation Program, including any amendments or ancillary documents, each in a form satisfactory to Legal Services.
3. That an additional 44 Full Time Equivalent (FTE) Transit Operators, 7 FTE Mechanics and 4 FTE Maintenance Supervisors be approved in 2024 to be put towards an additional 57,000 annual service hours and 2,496 hours of maintenance repairs, funded by the Provincial Gas Tax reserves.

## 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 of Transportation recognizes the variation in ridership recovery in the province. As a result, the province has committed an additional \$3 million 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.

For the 2023-2024 program year, the allocations have been calculated using 2022 ridership data from the 2022 CUTA Facts Books and 2022 population estimates derived from the 2016 census data along with the highest level of reported municipal spending from 2018 to 2022.

The Ministry of Transportation has agreed to provide funding to the City of Mississauga to a maximum amount up to \$23,363,091. This is \$3,704,989 more than identified in last year's agreement. The program allocation formula remains unchanged and is based on 70% ridership and 30% population.

The 2023/2024 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 2023/24 annual allocation of \$23.4 million will be deposited into a dedicated Provincial Gas Tax Reserve Fund account. MiWay's 2024 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 is proposed to be used for immediate needs to increase MiWay service as outlined below.

To secure the City's share of funding from this program, the Ministry of Transportation must receive a signed letter of agreement. A copy of the agreement is attached as Appendix 1. The signed letter of agreement must be accompanied by a by-law that authorizes municipal officers to execute the letter of agreement on behalf of the City. As the Dedicated Gas Tax Funds for Public Transportation Program recurs annually, staff request delegation of authority from Council to the Mayor and the City Manager, or their designates, to execute subsequent letters of agreement in future years. Once the delegation of authority by-law is enacted, a new by-law will no longer be an annual requirement.

### **Request for In-year Service Expansion and Staffing Increase**

MiWay ridership across the network has bounced back from the impacts of the pandemic, surpassing 2019 levels by 9.5% in 2023. A 4% increase in service hours was approved in the 2024 budget, however we continue to see significant ridership growth in Mississauga and recognize a need to provide additional service to better meet customer demand. Given that additional unbudgeted Provincial Gas Tax funding has been received, it is proposed to deploy that surplus funding to immediately expand service.

The proposed additional 57,000 annual service hours and 2496 hours of maintenance repairs will require an additional 44 new operators and 11 maintenance staff to be recruited in 2024. This enables MiWay to introduce new service enhancements in the fall of 2024. This new service includes the following:

- Burnhamthorpe Express: Route 126
- Increase frequency to University of Toronto Mississauga (UTM) via Routes 44 and 110
- Increase frequency to Kipling Bus Terminal via Route 11 - Westwood
- Increase service capacity by redirecting 60' busses to busy corridors such as Mavis Road (Route 61), McLaughlin Road (Route 66).

## Financial Impact

Total provincial gas tax funding from the province for 2023/2024 is \$23,363,091, which represents a \$3.7 million increase from the 2022/2023 funding of \$19,658,102. The Ministry of Transportation will process a payment for \$17,522,318 (75%) when they receive the authorizing municipal by-law and signed agreement. The remaining \$5,840,773 (25%) will be paid at a later date.

The 2024 financial impact of the in-year increase of 44 FTE transit operators and 11 FTE maintenance staff is estimated at around \$2.69 million, which will be funded through Miway's 2024 operating budget and the Provincial gas tax reserve fund.

## Conclusion

A municipal by-law permitting the municipality to enter into the letter of agreement needs to be enacted and forwarded to the Ministry of Transportation. This will secure the City's share of provincial gas tax funding. Leveraging unbudgeted additional funding received, MiWay service can be expanded in-year in order to meet demand and improve service delivery.

## Attachments

Appendix 1: Letter of Agreement



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

Prepared by: Angela Li, Manager, Strategic Financial Initiatives