

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JANUARY 9, 2018
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	PROVINCIAL DEDICATED GAS TAX FUNDS FOR PUBLIC TRANSPORTATION PROGRAM

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the attached proposed by-law (Appendix "A") **BE INTRODUCED** at the Municipal Council meeting on January 16, 2018 to authorize the Mayor and the Chief Financial Officer/Treasurer to execute a Letter of Agreement between the Province of Ontario and the City of London with respect to the Dedicated Gas Tax Funds for the Public Transportation Program.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Letter of Agreement - Provincial Dedicated Gas Tax Funds for Public Transportation

(Corporate Services Committee — January 6, 2015)

<http://sire.london.ca/agdocs.aspx?doctype=agenda&itemid=30946>

Provincial Dedicated Gas Tax Funds for Public Transportation (Corporate Services

Committee — January 19, 2016) <http://sire.london.ca/agdocs.aspx?doctype=agenda&itemid=39582>

Provincial Dedicated Gas Tax Funds for Public Transportation

(Corporate Services Committee — January 10, 2017)

http://sire.london.ca/view.aspx?cabinet=published_meetings&fileid=261604

BACKGROUND

Council's 2015-2019 Strategic Plan for the City of London prioritizes 'Building a Sustainable City' as a key area of focus, under which investing in 'robust infrastructure' and 'convenient and connected mobility choices' are identified as individual strategies. Provincial investments supporting infrastructure in London represent important contributions to improving the quality of life of all Londoners.

In 2004, the Province of Ontario announced its Dedicated Gas Tax Funds for Public Transportation Program (Provincial Gas Tax). The Program provides municipalities with two cents per litre of provincial gas tax revenues. This funding was made permanent in 2013. In 2017, the Province committed to increase funding to 2.5 cents per litre in 2019–20, 3 cents per litre in 2020–21 and 4 cents per litre in 2021–22.

The Province prescribes that dedicated gas tax funds are to be used for the following purposes:

- Public transportation capital expenditures that promote increased transit ridership, and are above a municipality's baseline spending;
- Public transportation operating expenditures that are above a municipality's baseline spending;
- Capital expenditures for the replacement of any public transportation vehicles that are above a municipality's baseline spending;
- Capital expenditures that provide improvements to public transportation security and passenger safety, and are above a municipality's baseline spending; and,

- Expenditures for major refurbishment of any fully accessible, or to be made fully accessible, public transportation vehicle, that are above a municipality's baseline spending.

All Provincial Gas Tax funding is transferred to the London Transit Commission.

The Minister of Transportation recently confirmed the City of London's allocation of \$9,998,631 for the 2017/2018 Program. This represents a 7% increase over last year's allocation. The City of London is very appreciative of the Province's commitment to the Provincial Gas Tax Program. Annual, predictable, and sustainable funding through programs like the Provincial Gas Tax Program provide the City of London with the certainty required to plan for the diverse needs of Londoners over the long term.

Investments into public transit make it easier for people to travel to and from work, school and appointments, reduces congestion and lowers air pollution. One bus takes up to 40 vehicles off the road and keeps 25 tonnes of greenhouse gas emissions out of the atmosphere each year. Increasing mobility choices for Londoners and visitors provides greater links to economic, social and cultural engagement within our city and beyond.

Each year the attached Letter of Agreement and supporting by-law must be received by the Province before the funds will be released. The purpose of this report is to authorize the Mayor and the City Treasurer to execute the Letter of Agreement between the Province of Ontario and the City of London.

RECOMMENDED BY:
ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

Attach.

Appendix "A"

Bill No.
2018

By-law No.

A By-law to authorize the execution of a Letter of Agreement for the transfer of Provincial Gas Tax Revenues.

WHEREAS section 5(3) of the Municipal Act, 2001, as amended, provides that a municipal power shall be exercised by by-law:

THEREFORE The Municipal Council of The Corporation of the City of London enacts as follows:

1. The Mayor and Managing Director, Corporate Services and City Treasurer/Chief Financial Officer are hereby authorized to execute a Letter of Agreement for the transfer of Provincial Gas Tax Revenues under the Dedicated Gas Tax Funds for Public Transportation Program between the Province of Ontario and The Corporation of the City of London as outlined in Schedule "A" attached hereto. The Letter of Agreement shall form part of this by-law.
2. This by-law shall come into force and take effect on the day it is passed.

Matt Brown
Mayor

Catharine Saunders
City Clerk

Ministry of
Transportation

Ministère des
Transports

Office of the Minister

Bureau du ministre

Ferguson Block, 3rd Floor
77 Wellesley St. West
Toronto, Ontario
M7A 1Z8
416-327-9200
www.ontario.ca/transportation

Édifice Ferguson, 3^e étage
77, rue Wellesley ouest
Toronto (Ontario)
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www.ontario.ca/transports



December 19, 2017

His Worship Matt Brown
Mayor
City of London
PO Box 5035, City Hall, 300 Dufferin Avenue
London, ON N6A 4L9

Dear Mayor Brown:

RE: 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 (the “Ministry”) and the City of London (the “Municipality”) Related to Funding Provided by the Province of Ontario (the “Province”) to the Municipality under the Dedicated Gas Tax Funds for Public Transportation Program (this “Letter of Agreement”)

This Letter of Agreement sets out the terms and conditions for the use of dedicated gas tax funds by municipalities for public transportation.

As the Province desires to increase public transportation ridership to support the development of strong communities, the Ministry maintains a Dedicated Gas Tax Funds for Public Transportation Program (the “Program”), under which two cents of the existing provincial gas tax is provided to municipalities for public transportation expenditures.

Following the passage of the *Dedicated Funding for Public Transportation Act, 2013* (the “DFPTA”), a portion of the tax that is paid to Ontario under the *Gasoline Tax Act* in each fiscal year is dedicated to the provision of grants, including those pursuant to the Program, to municipalities for public transportation.

Any funding to the Municipality by the Ministry will be provided in accordance with the terms and conditions set out in this Letter of Agreement and the enclosed Dedicated Gas Tax Funds for Public Transportation Program 2017/18 Guidelines and Requirements (the “guidelines and requirements”).

In consideration of the mutual covenants and agreements contained in this Letter of Agreement and the guidelines and requirements, which the Municipality has reviewed and understands and are hereby incorporated by reference, and other good and valuable consideration, the receipt and sufficiency of which are expressly acknowledged, the Ministry and the Municipality agree as follows:

1. To support increased public transportation ridership in the Municipality, and in recognition of the Municipality's need for predictable and sustainable funding to support investments in the renewal and expansion of public transportation systems, the Ministry agrees to provide funding to the Municipality under the Program to a maximum amount up to **\$9,998,631** in accordance with, and subject to, the terms set out in this Letter of Agreement and, for greater clarity, the guidelines and requirements, with **\$7,498,973** payable on receipt of this signed Letter of Agreement and related authorizing municipal by-law(s) and, if applicable, resolution(s), and any remaining payment(s) payable thereafter.
2. Despite Section 1, the Municipality understands and agrees that any amount payable under this Letter of Agreement may be subject, at the Ministry's sole discretion, to adjustment to reflect final gas tax receipts and any other adjustments as set out in the guidelines and requirements.
3. If the Municipality receives dedicated gas tax funds on behalf of any other municipality, and the other municipality has agreed to the Municipality collecting the dedicated gas tax funds on its behalf, the Municipality shall provide, upon request and in compliance with the requirements set out in the guidelines and requirements, any applicable municipal by-law(s) and legal agreement(s) between the Municipality and the other municipality providing for such arrangement to the Ministry prior to the payment of any dedicated gas tax funds by the Ministry under this Letter of Agreement.
4. The Municipality shall deposit the funds received under this Letter of Agreement in a dedicated gas tax funds reserve account, and use such funds and any related interest only in accordance with the guidelines and requirements.
5. The Municipality shall adhere to the reporting and accountability measures set out in the guidelines and requirements, and shall provide all requested documents to the Ministry.
6. The Municipality understands and agrees that the funding provided under this Letter of Agreement represents the full extent of the Ministry's and Province's financial contribution under the Program, and that no additional funds will be provided by either the Ministry or the Province for such purposes to the Municipality for the 2017/18 Program year.

7. The Ministry may terminate this Letter of Agreement at any time, without liability, penalty or costs upon giving at least thirty (30) days written notice to the Municipality. If the Ministry terminates this Letter of Agreement upon notice, the Ministry may take one or more of the following actions: (a) cancel all further payments of dedicated gas tax funds; (b) demand from the Municipality the payment of any dedicated gas tax funds remaining in the possession or under the control of the Municipality; and (c) determine the reasonable costs for the Municipality to terminate any binding agreement(s) for the acquisition of eligible public transportation services acquired, or to be acquired, with dedicated gas tax funds provided under this Letter of Agreement, and do either or both of the following: (i) permit the Municipality to offset such costs against the amount the Municipality owes pursuant to paragraph 7(b); and (ii) subject to section 1, provide the Municipality with funding to cover, in whole or in part, such costs.

The funding may be provided only if there is an appropriation for this purpose, and in no event will the funding result in the maximum funding under this Letter of Agreement exceeding the amount specified under Section 1.

8. Any provisions which by their nature are intended to survive the termination or expiration of this Letter of Agreement including, without limitation, those related to disposition, accountability, records, audit, inspection, reporting, communication, liability, indemnity, and rights and remedies will survive its termination or expiration.
9. This Letter of Agreement may only be amended by a written agreement duly executed by the Ministry and the Municipality.
10. The Municipality agrees that it will not assign any of its rights or obligations under this Letter of Agreement.
11. The invalidity or unenforceability of any provision of the Letter of Agreement will not affect the validity or enforceability of any other provision of the Letter of Agreement. Any invalid or unenforceable provision will be deemed to be severed.
12. The term of this Letter of Agreement will commence on the date of the last signature of this Letter of Agreement.
13. The Municipality hereby consents to the execution by the Ministry of this Letter of Agreement by means of an electronic signature.

If the Municipality is satisfied with and accepts the terms and conditions of this Letter of Agreement, please secure the required signatures for the four enclosed copies of this Letter of Agreement and return two fully signed copies to:

Ministry of Transportation
Division Services and Program Management Office
27th Floor, Suite #2702
777 Bay Street,
Toronto, Ontario
M7A 2J8

Once the Ministry has received the copies of this Letter of Agreement signed by the Municipality and authorizing municipal by-law(s) and, if applicable resolution(s), the Ministry will make arrangements for the payment of the dedicated gas tax funds to the Municipality.

Yours sincerely,



Steven Del Duca
Minister of Transportation

I have read and understand the terms of this Letter of Agreement, as set out above, and, by signing below, I am signifying the Municipality's consent to be bound by these terms.

City of London

Per: _____
Mayor

Date: _____

Per: _____
Chief Financial Officer/Treasurer

Date: _____