

Report to Corporate Services Committee

To: Chair and Members
Corporate Services Committee

From: Anna Lisa Barbon, CPA, CGA, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

Subject: Provincial Dedicated Gas Tax Funds for Public Transportation Program 2020/2021

Date: February 8, 2021

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** to approve the 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 ("Letter of Agreement") and authorize the Mayor and the City Treasurer/Chief Financial Officer to execute the Letter of Agreement and future Letters 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.

Executive Summary

The City of London receives Provincial Gas Tax funding from the Province of Ontario. All Provincial Gas Tax funding is transferred to the London Transit Commission. The Province recently confirmed the City of London's allocation of \$11,145,262 for the 2020/2021 Program. This represents a 4.6% increase over last year's allocation.

The purpose of this report is to introduce a by-law to authorize the Mayor and City Treasurer/Chief Financial Officer to execute the Letter of Agreement to receive this year's funding. The by-law also authorizes future Letters of Agreement to authorize funding for future years.

Linkage to the Corporate Strategic Plan

The following report supports the Strategic Plan through the strategic focus area of "Building a Sustainable City", under the outcome of ensuring London's infrastructure is built, maintained and operated to meet the long-term needs of our community.

Provincial investments supporting public transit infrastructure in London represent important contributions to maintaining and improving the quality of life of all Londoners.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

Corporate Services Committee, April 14, 2020, Agenda Item 2.2, Provincial Dedicated Gas Tax Funds for Public Transportation Program 2019/2020. The report can be found on the City's website by visiting:

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=72444>

2.0 Financial Impact/Considerations

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.

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, with the exception of specialized vehicles used for the transportation of persons with disabilities and 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 \$11,145,262 for the 2020/2021 Program. This represents a 4.6% increase over last year's allocation, greater than the 3% increase the City received in previous years. 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 current Letter of Agreement between the Province of Ontario and the City of London and future Letters of Agreement between the Province of Ontario and the City of London to secure these funds.

Conclusion

This report introduces a by-law to authorize the Mayor and City Treasurer/Chief Financial Officer to execute the Letter of Agreement for the City of London to receive its allocation of \$11,145,262 from the Province of Ontario for the 2020/2021 Provincial Gas Tax Program. This amount represents a 4.6% increase over last year's allocation. All Provincial Gas Tax funding is transferred to the London Transit Commission.

Recommended by: **Anna Lisa Barbon, CPA, CGA, Managing Director,
Corporate Services and City Treasurer, Chief Financial
Officer**

Appendix “A”

Bill No.
2021

By-law No.

A by-law to approve and authorize the execution of the current and future Letters of Agreement between Her Majesty the Queen in right of the Province of Ontario, as represented by the Minister of Transportation for the Province of Ontario and the City of London for the transfer of Dedicated Gas Tax Funds for Public Transportation Program.

WHEREAS subsection 5(3) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001* provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, 2001* provides that a municipality may pass by-laws respecting, among other things: i) economic, social and environmental well-being of the municipality, including respecting climate change; and ii) financial management of the municipality;

AND WHEREAS the Province of Ontario provides dedicated gas tax funds to support local public transportation services in the municipality;

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

1. The Letter of Agreement for the transfer of Provincial Gas Tax funding under the Dedicated Gas Tax Funds for Public Transportation Program between Her Majesty the Queen in right of the Province of Ontario, as represented by the Minister of Transportation for the Province of Ontario and The Corporation of the City of London (“Letter of Agreement”) attached as Schedule “1” to this by-law is hereby authorized and approved.
2. The Mayor and Managing Director, Corporate Services and City Treasurer, Chief Financial Officer are hereby authorized to execute the Letter of Agreement authorized and approved under section 1 of this by-law.
3. The Mayor and Managing Director, Corporate Services and City Treasurer, Chief Financial Officer are hereby authorized to approve and execute any future Letter of Agreement for the transfer of Provincial Gas Tax funding under the Dedicated Gas Tax Funds for Public Transportation Program between Her Majesty the Queen in right of the Province of Ontario, as represented by the Minister of Transportation for the Province of Ontario and The Corporation of the City of London.
4. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on February 23, 2021

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – February 23, 2021
Second Reading – February 23, 2021
Third Reading – February 23, 2021

**Ministry of
Transportation**

Office of the Minister

777 Bay Street, 5th Floor
Toronto ON M7A 1Z8
416 327-9200
www.ontario.ca/transportation

**Ministère des
Transports**

Bureau de la ministre

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January 14, 2021

Mayor Ed Holder
City of London
300 Dufferin Avenue, PO Box 5035
London ON N6A 4L9

Dear Mayor Holder:

RE: Dedicated Gas Tax Funds for Public Transportation Program

This Letter of Agreement between the **City of London** (the “Municipality”) and Her Majesty the Queen in right of the Province of Ontario, as represented by the Minister of Transportation for the Province of Ontario (the “Ministry”), sets out the terms and conditions for the provision and use of dedicated gas tax funds under the Dedicated Gas Tax Funds for Public Transportation Program (the “Program”). Under the Program, the Province of Ontario provides two cents out of the provincial gas tax to municipalities to improve Ontario’s transportation network and support economic development in communities for public transportation expenditures.

The Ministry intends to provide dedicated gas tax funds to the Municipality 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 2020-21 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 local public transportation services in the Municipality, the Ministry agrees to provide funding to the Municipality under the Program to a maximum amount of up to **\$11,145,262** (“the “Maximum Funds”) in accordance with, and subject to, the terms and conditions set out in this Letter of Agreement and, for greater clarity, the guidelines and requirements.
2. Subject to Section 1, the Ministry will, upon receipt of a fully signed copy of this Letter of Agreement and a copy of the authorizing municipal by-law(s) and, if applicable, resolution(s) for the Municipality to enter into this Letter of Agreement, provide the Municipality with **\$8,358,947**; and any remaining payment(s) will be provided thereafter.

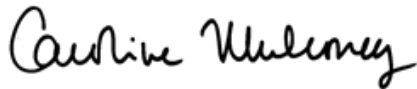
3. If another municipality authorizes the Municipality to provide local public transportation services on its behalf and authorizes the Municipality to request and receive dedicated gas tax funds for those services also on its behalf, the Municipality will in the by-law(s) and, if applicable, resolution(s) described in Section 2 confirm that the Municipality has the authority to provide those services and request and receive those funds.
4. The Municipality agrees that any amount payable under this Letter of Agreement may be subject, at the Ministry's sole discretion, to any other adjustments as set out in the guidelines and requirements.
5. The Municipality will 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.
6. The Municipality will adhere to the reporting and accountability measures set out in the guidelines and requirements, and will provide all requested documents to the Ministry.
7. The Municipality agrees that the funding provided to the Municipality pursuant to this Letter of Agreement represents the full extent of the financial contribution from the Ministry and the Province of Ontario under the Program for the 2020-21 Program year.
8. 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, the Ministry may take one or more of the following actions: (a) cancel all further payments of dedicated gas tax funds; (b) demand 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 8(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 exceeding the amount specified under Section 1.
9. 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.
10. This Letter of Agreement may only be amended by a written agreement duly executed by the Ministry and the Municipality.
11. The Municipality agrees that it will not assign any of its rights or obligations, or both, under this Letter of Agreement.

12. The invalidity or unenforceability of any provision of this Letter of Agreement will not affect the validity or enforceability of any other provision of this Letter of Agreement. Any invalid or unenforceable provision will be deemed to be severed.
13. The term of this Letter of Agreement will commence on the date of the last signature of this Letter of Agreement.
14. 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 print and secure the required signatures, and then deliver a fully signed pdf copy to the Ministry at the email account below. Subject to the province's prior written consent, including any terms and conditions the Ministry may attach to the consent, the Municipality may execute and deliver the Letter of Agreement to the Ministry electronically. In addition, all program documents are also to be sent to the following email account:

MTO-PGT@ontario.ca

Sincerely,



Caroline Mulroney
Minister of Transportation

I have read and understand the terms and conditions 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 and conditions.

Municipality

Date

Name (print):
Title (head of council or
authorized delegate):

I have authority to bind the Municipality.

Date:

Name (print):
Title (clerk or authorized delegate):

I have authority to bind the Municipality.