



---

Clause No. 6 in Report No. 2 of the Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on January 23, 2014.

## **DEDICATED PROVINCIAL GAS TAX PROGRAM FOR PUBLIC TRANSPORTATION**

**Committee of the Whole recommends adoption of the following recommendations contained in the report dated January 10, 2013 from the Commissioner of Finance:**

### **1. RECOMMENDATIONS**

It is recommended that:

1. Regional Council authorize the Regional Chair and the Commissioner of Finance and Regional Treasurer to execute agreements with the Ministry of Transportation to enable York Region's continued participation in programs administered under the *Dedicated Funding for Public Transportation Act, 2013*.
2. The Regional Solicitor prepare the bylaw authorizing the execution of agreements for the current and future years.

### **2. PURPOSE**

The purpose of this report is to seek Regional Council's authorization to execute annual agreements with the Ministry of Transportation concerning the transfer of provincial gas tax revenues to the Region.

The Province has requested that the Region return two copies of the signed Letter of Agreement (*Attachment 1*) for the interim six month (October 2013 to March 2014) program and the supporting bylaw by January 31, 2014. From April 2014 onwards, the dedicated provincial gas tax program will continue running annually from April to March.

### **3. BACKGROUND**

Authority was originally obtained from Council in 2004 to execute an agreement for the Region to participate in the Dedicated Gas Tax Funds for Public Transportation Program. The Province has recently passed new legislation governing the program, and staff are therefore seeking renewed Council authority for the Region's continuing participation.

#### **4. ANALYSIS AND OPTIONS**

##### **The Province of Ontario initiated the Dedicated Gas Tax Funds for Public Transportation Program in 2004**

Since October 2004, the Province has provided gas tax funding to Ontario municipalities. The purpose of the program is to provide a dedicated source of funding so that municipalities can expand public transportation infrastructure, improve the level of service, and increase overall ridership.

The Province has increased the amount of gas tax funding from one cent per litre in 2004 to two cents per litre in 2006. The two cents per litre funding level remains in effect. Seventy per cent of the annual gas tax funding is allocated based on transit ridership, and thirty per cent is allocated based on municipal population.

To qualify for funding, Greater Toronto Area municipalities and Hamilton are required to participate in the Presto Fare System project and to demonstrate that they have met their responsibilities for the payment of growth and expansion capital costs for GO Transit expansion. York Region has met both requirements.

Funds received under this program are deposited to the Provincial Gas Tax Reserve and can be used for capital and operating projects in compliance with the terms of the program.

##### **The Provincial Gas Tax Program was made permanent through the enactment of the *Dedicated Funding for Public Transportation Act, 2013***

The *Dedicated Funding for Public Transportation Act, 2013*, stipulates that on and after April 1, 2013, and without requiring the amounts to be approved by the legislature each year, two cents per litre of the provincial gas tax revenue will be dedicated to the provision of municipal public transportation programs.

##### **Starting in 2014, the Gas Tax Program will run from April to March**

In addition, the Province is changing the program to align it with the provincial fiscal year, which runs from April to March. Previously, the program ran from October to September. As a result, the Province is delivering a six month interim program that will run until the start of the 2014-15 provincial fiscal year.

### **The interim program will provide York Region with \$7.5 million for the six-month program period**

The 2013-14 interim program allocations were calculated using 2012 population estimates derived from the 2006 Census data and 2012 transit ridership data. In total, the province is allocating \$163.4 million through the interim program to all eligible municipalities. York Region is eligible to receive \$7.5 million, or 4.6 per cent of the provincial total.

### **Although the Province has announced this as a permanent program, there is a termination clause in the Agreement**

The current agreement includes a clause that permits the Province to terminate it and/or to cancel all future gas tax payments with 60 days written notice.

### **Link to Key Council-approved Plans**

The Gas Tax for Public Transportation Program supports the “Liveable Cities and Complete Communities” theme areas in *Vision 2051*. The program also supports the “Continue to Deliver and Sustain Critical Infrastructure” priority area within the *2011 to 2015 Strategic Plan*.

## **5. FINANCIAL IMPLICATIONS**

York Region’s 2013-14 allocation is calculated based on 2012 ridership data from the 2012 CUTA Fact Books, and 2012 population estimates derived from the 2006 Census data. Therefore it is expected that York Region will receive an allocation of \$7,497,623 for the period of October 2013 to March 2014.

Since the inception of the program in 2004, York Region has received approximately \$112 million.

## **6. LOCAL MUNICIPAL IMPACT**

The Provincial Gas Tax Program will assist the Region in developing public transit services in all of its local municipalities.

## **7. CONCLUSION**

The Provincial Gas Tax Program provides municipalities with a dedicated source of funding to assist in the expansion of their public transit services. York Region’s share

will depend on the relationship between its population and ridership growth and growth in other municipalities.

It is recommended that authorization be given to execute letters of agreement with the Province to enable York Region's participation in the provincial Dedicated Gas Tax Funds for Public Transportation Program for 2013 - 2014 and future years. In addition, the Province requires an authorizing bylaw enacted by Council.

For more information on this report, please contact Edward Hankins, Director, Treasury Office, Ext. 71644.

The Senior Management Group has reviewed this report.

*Attachment (1)*

Ministry of  
Transportation

Office of the Minister

Ferguson Block, 3<sup>rd</sup> Floor  
77 Wellesley St. West  
Toronto, Ontario  
M7A 1Z8  
(416) 327-9200  
www.mto.gov.on.ca

Ministère des  
Transports

Bureau du ministre

Édifice Ferguson, 3<sup>e</sup> étage  
77, rue Wellesley ouest  
Toronto (Ontario)  
M7A 1ZA  
(416) 327-9200  
www.mto.gov.on.ca



December 12, 2013

Mr. Bill Fisch  
Regional Chair  
Regional Municipality of York  
17250 Yonge Street  
Newmarket, ON L3Y 6Z1

Dear Regional Chair Fisch,

**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 Regional Municipality of York (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 will be provided to municipalities for public transportation expenditures.

Following the passage of the *Dedicated Funding for Public Transportation Act, 2013*, S.O. 2013, c.2, Sched. 3 (the "DFPTA"), on or after April 1, 2013 and without requiring the amounts to be approved by the Legislature each year, a portion of the provincial gasoline tax revenue is now dedicated to the provision of grants to municipalities for public transportation, including those pursuant to the Program. As a consequence, the Ministry is aligning the Program with the provincial fiscal year. For the past nine years the Program has run from October to September. In future, it will run from April to March.

The Program will be for a six-month period to bridge the gap between the end of the 2012-2013 Program on September 30, 2013, and the beginning of the 2014-2015 Program on April 1, 2014.

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 Guidelines and Requirements (Interim-Six Month Program) (the "guidelines and requirements").

In consideration of the mutual covenants and agreements contained in this Letter of Agreement and the guidelines and requirements, which have been reviewed and are understood by the Municipality and are hereby incorporated by reference, the Ministry and the Municipality covenant and 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 in an amount up to \$7,497,623 in accordance with, and subject to, the terms set out in this Letter of Agreement, and the guidelines and requirements, with \$3,748,812 payable on receipt of this signed Letter of Agreement and related authorizing municipal by-law, 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 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 and legal agreement 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 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 2013/2014 Program year.
7. The Ministry may terminate this Letter of Agreement at any time, without cause, upon giving at least sixty (60) days written notice to the Municipality. If the Ministry terminates this Letter of Agreement without cause, it may cancel all further dedicated gas tax funds payments. Where the Ministry has terminated this Letter of Agreement under this Section, the Ministry may, after determining the Municipality's reasonable costs to terminate any binding agreement for any eligible public transportation service acquired, or to be acquired, with dedicated gas tax funds provided under this Letter of Agreement, provide the Municipality with additional funding to offset, in whole or in part, such costs. The additional funding may be provided only if there is an appropriation for this purpose, and in no event shall the additional funding result in the total funding under this Letter of Agreement exceeding the amount specified under Section 1.
8. Any provisions, including those in the guidelines and requirements, which by their nature are intended to survive the termination or expiration of this Letter of Agreement, shall survive its termination or expiration.
9. 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  
27<sup>th</sup> Floor, Suite # 2702  
777 Bay Street,  
Toronto, Ontario  
M7A 2J8

Once the Ministry has received the signed copies, the last signature of which shall be the effective date of this Letter of Agreement, together with a copy of the authorizing municipal by-law, the Ministry will make arrangements for the payment of the dedicated gas tax funds to the Municipality.

Yours sincerely,



Glen Murray  
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.

**Regional Municipality of York**

Per: \_\_\_\_\_  
Regional Chair

Date: \_\_\_\_\_

Per: \_\_\_\_\_  
Chief Financial Officer/Treasurer

Date: \_\_\_\_\_