

**Municipality of Chatham-Kent**  
**Infrastructure and Engineering Services**  
**Engineering and Transportation Division**

**To:** Mayor and Members of Council

**From:** Chris Thibert, P.Eng.  
Director, Engineering & Transportation

**Date:** January 25, 2019

**Subject:** Dedicated Gas Tax Funds for Public Transportation Systems  
April 2018 – March 2019 Program

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**Recommendation**

It is recommended that:

1. In order to adhere to Provincial requirements relating to the announced sharing of Provincial gas tax revenues for the 2018 – 2019 program:
  - a) The Mayor and Treasurer be authorized to sign the necessary Letter of Agreement which shall be submitted to the Ministry of Transportation.
  - b) The Engineering and Transportation Division be authorized to prepare and coordinate approvals for any necessary reporting forms and forward to the Ministry of Transportation at the appropriate time.

**Background**

The Province has a vision for a stronger Ontario built around strong communities, a vibrant economy and healthier, more liveable cities with increased access to public transportation, reduced commute times and cleaner air for all Ontarians. By providing a portion of the gas tax for public transportation, the Province assists municipalities to become more self-sustaining in that regard.

As of October 2004, the Province provided 1 cent per litre of gas tax funds to Ontario municipalities, increasing as of October 2005 to 1.5 cents per litre, and, since October 2006, has consistently provided 2 cents per litre annually.

As of 2013 and pursuant to the *Dedicated Funding for Public Transportation Act, 2013* (“DFPTA”), a portion of the provincial gasoline tax revenue is dedicated to the provision of grants to municipalities for public transportation, including those pursuant to the program. The portion of the gas tax that is dedicated in each fiscal year is an amount determined using a formula set out in the DFPTA.

The 2018 - 2019 program will run from April 1, 2018 to March 31, 2019. The new allocation of funding for the program for 107 public transit systems representing 144 municipalities will amount to approximately \$367.5 million.

The purpose of the program is to provide dedicated gas tax funds to Ontario municipalities to ensure that local public transportation services continue, and to increase overall ridership through the expansion of public transportation capital infrastructure and levels of service. To be eligible to receive dedicated gas tax funds, a municipality must contribute financially towards their public transportation services.

For 2018 - 2019 and unless otherwise approved in writing by the Ministry, only municipalities that have submitted their 2017 annual data survey to the Canadian Urban Transit Association (CUTA), and their 2017 Gas Tax reporting forms to the Ministry, will be eligible to receive dedicated gas tax funds.

A municipality receiving dedicated gas tax funds must ensure that all funds received and any related interest are used exclusively towards the provision of public transportation services, and, unless otherwise approved in writing by the Ministry, disbursement of dedicated gas tax funds and any related interest must be net of any rebate, credit or refund, for which it has received, will receive, or is eligible to receive.

All public transportation services and public transportation vehicles must be fully accessible in accordance with the requirements set out under the following statutes and regulations, as may be amended from time to time: the *Accessibility for Ontarians with Disabilities Act, 2005*, S.O. 2005, c. 11 and the *Integrated Accessibility Standards*, O. Reg. 191/11 made under that *Act*; the *Highway Traffic Act*, R.S.O. 1990, c. H.8 and the *Accessible Vehicles*, R.R.O. 1990, Reg. 629 made under that *Act*; and the *Public Vehicles Act*, R.S.O. 1990, c. P. 54. In addition to the above, the acquisition of public transportation vehicles must comply with the Canadian Content Policy requirements.

Unless the Ministry otherwise approves in writing, in 2018 - 2019, gas tax revenues and any related interest can only be used to support municipal public transportation expenditures above a municipality's baseline spending and not to reduce or replace current levels of municipal public transportation funding. External audit and financial reporting costs are not eligible expenditures to which dedicated gas tax funding can be applied or the Ministry may reimburse.

The program is an important element of the ongoing relationship between the Province and Ontario municipalities. Municipalities receiving dedicated gas tax funds must meet the requirements set out in the guidelines and requirements.

As recently announced, Ontario has moved forward with the commitment to make Gas Tax funding permanent with passage of the *Dedicated Funding for Public Transportation Act, 2013*. The Municipality of Chatham-Kent will be eligible to receive an allocation of \$965,599 for the period April 2018 – March 2019.

This information has been provided by the Ministry of Transportation’s “Dedicated Gas Tax Funds for Public Transportation Program 2018/19 Guidelines and Requirements” document. (Document available upon request).

**Comments**

To date, Chatham-Kent’s allocations (totaling \$12,994,686) are summarized as follows:

Table 1: Summary of Allocations to the Municipality of Chatham-Kent  
Dedicated Gas Tax for Public Transportation Systems – Allocation Period 2004 – March 2019

| <b><u>Year</u></b>                                | <b><u>Amount</u></b> |
|---------------------------------------------------|----------------------|
| 2004 - 2005                                       | \$ 542,581           |
| 2005 - 2006                                       | \$ 790,447           |
| 2006 - 2007                                       | \$ 833,408           |
| 2007 - 2008                                       | \$ 829,971           |
| 2008 - 2009                                       | \$ 891,567           |
| 2009 - 2010                                       | \$ 1,002,967         |
| 2010 - 2011                                       | \$ 990,779           |
| 2011 - 2012                                       | \$ 979,869           |
| 2012 - 2013                                       | \$ 966,467           |
| October 2013 – March 2014 (six month period only) | \$ 473,483           |
| April 2014 – March 2015                           | \$ 914,806           |
| April 2015 – March 2016                           | \$ 950,306           |
| April 2016 – March 2017                           | \$ 910,120           |
| April 2017 – March 2018                           | \$ 952,316           |
| April 2018 – March 2019                           | \$ 965,599           |
| TOTAL ALLOCATION TO DATE:                         | \$ 12,994,686        |

**Areas of Strategic Focus and Critical Success Factors**

The recommendation in this report supports the following areas of strategic focus:

- Economic Prosperity:  
Chatham-Kent is an innovative and thriving community with a diversified economy
- A Healthy and Safe Community:  
Chatham-Kent is a healthy and safe community with sustainable population growth
- People and Culture:  
Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community
- Environmental Sustainability:  
Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

- Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

- Open, Transparent and Effective Governance:  
The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership
- Has the potential to support all areas of strategic focus & critical success factors
- Neutral issues (does not support negatively or positively)

### **Consultation**

No consultations were held related to the preparation of this report as it simply permits execution of the necessary agreements associated with the Dedicated Gas Tax Funds for Public Transportation program as administered by the Ministry of Transportation.

Although not specifically part of this report, it should be noted that Council, administration and the general public have been consulted as required on specific expenditures of gas tax fund receipts. This practice shall continue for the duration of the program.

### **Financial Implications**

As indicated by the Ministry of Transportation, the execution of the agreements identified within this report suggest that the Municipality of Chatham-Kent will receive an allocation of \$965,599 to enhance and expand public transportation within the Municipality of Chatham-Kent.

Prepared by:

Reviewed by:

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Jan Metcalfe  
Engineering Technologist  
Engineering and Transportation Division

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Ann-Marie Milson  
Manager, Linear Assets  
Engineering and Transportation Division

Reviewed by:

Reviewed by:

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Chris Thibert, P. Eng.  
Director  
Engineering and Transportation Division

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Thomas Kelly, P. Eng., MBA  
General Manager  
Infrastructure and Engineering Services

Attachment: None