



City of North Bay Report to Council

Report No: CORP-2022-016

Date: January 31, 2022

Originator: Sara Gage

Business Unit:

Corporate Services

Department:

Financial Services Department

Subject: 2021/2022 Dedicated Gas Tax Letter of Agreement

Closed Session: yes ☐ no ☒

Recommendation

1. That the Mayor and City Clerk be authorized to sign the Letter of Agreement on behalf of the City of North Bay related to funding provided by the Province of Ontario to the City of North Bay under the Dedicated Gas Tax Funds for Public Transportation Program, and;
2. That the execution by-law be presented for three readings on February 22, 2022 permitting The Corporation of the City of North Bay to enter into a Letter of Agreement with the Province of Ontario related to funding under the Dedicated Gas Tax Funds for Public Transportation Program.

Background

Funding for the Gas Tax Program was made permanent by the Ontario Government with the passing of the Dedicated Funding for Public Transportation Act, 2013. The Ministry of Transportation is committed to providing a long-term, stable and predictable transit funding source for Ontario municipalities by continuing to provide gas tax funding to improve and expand public transit. The 2021/22 program year runs April 1, 2021 to March 31, 2022. The City is required to enter into a Letter Agreement with the Province in order to receive funding for the 2021/22 program year.

The purpose of the program is to ensure that local public transportation services continue and expand by supporting increased public transportation ridership in the City of North Bay, and in recognition of the City's need for predictable and sustainable funding, to support investments in the renewal

and expansion of public transportation systems.

The City of North Bay, like other similar sized municipalities and those in the North, do not have the same requirements to expand public transportation at rates consistent with those in larger metropolitan areas. Small and northern communities tend to rely on the gas tax to sustain existing public transportation programs with minimal growth.

Funding for the Gas Tax Program is determined by the number of litres of gasoline sold in the province during the previous year. Municipalities that support public transit services in their community receive two cents per litre of provincial Gas Tax revenue collected. This year's Gas Tax Program funding includes one-time additional funding of \$120.4 million from the Province to address the impacts of COVID-19 on the Gas Tax Program and make up for reduced gas sales during the pandemic.

Financial/Legal Implications

The Ministry has agreed to provide funding to the City of North Bay in the amount of \$906,919 for the Ministry's 2021/22 program year.

The Municipality shall use these funds as follows:

- Public transportation capital expenditures that promote increased transit ridership;
- Public transportation operating expenditures;
- Capital expenditures for the replacement of any public transportation vehicles;
- Capital expenditures that provide improvements to public transportation security and passenger safety; or
- Expenditures for major refurbishment on 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.

Funds will remain in the dedicated gas tax reserve until such time that eligible expenditures are incurred.

Corporate Strategic Plan

- | | |
|---|--|
| <input type="checkbox"/> Natural North and Near | <input type="checkbox"/> Economic Prosperity |
| <input checked="" type="checkbox"/> Affordable Balanced Growth | <input type="checkbox"/> Spirited Safe Community |
| <input checked="" type="checkbox"/> Responsible and Responsive Government | |

Specific Objectives

- Consider all aspects of decisions to fund new infrastructure
- Ensure the efficient and effective operations of the city, with particular

- consideration to the impact of decisions on the property tax rate
- Maximize funding opportunities with other governments

Options Analysis

Option 1: Do not authorize the preparation of the by-law and forfeit an allocation of \$906,919 for the 2021/22 program term. This option is not recommended. Gas tax funds are used to support transit operational expenditures and capital investments.

Option 2: Authorize the signing of the Letter of Agreement and present the authorizing by-law for three readings on February 22, 2022. This would comply with the program requirements and result in the receipt of the full amount of \$906,919 for the 2021/22 program. This option is recommended.

Recommended Option

1. That the Mayor and City Clerk be authorized to sign the Letter of Agreement on behalf of the City of North Bay related to funding provided by the Province of Ontario to the City of North Bay under the Dedicated Gas Tax Funds for Public Transportation Program, and;
2. That the execution by-law be presented for three readings on February 22, 2022 permitting The Corporation of the City of North Bay to enter into a Letter of Agreement with the Province of Ontario related to funding under the Dedicated Gas Tax Funds for Public Transportation Program.

Respectfully submitted,

Name: Sara Gage

Title: Coordinator, Financial Reports

I concur with this report and recommendation

Name Margaret Karpenko, CPA, CMA

Title: Chief Financial Officer /Treasurer

Name John Severino, P.Eng., MBA

Title: City Engineer – Infrastructure and Operations

Name David Euler, P.Eng., PMP

Title: Chief Administrative Officer

Personnel designated for continuance:

Sara Gage

Coordinator, Financial Reports