



Report

Subject: Provincial Gas Tax Funding Agreement

Department: Corporate Services

Division: Finance

Report #: CPS-2025-027

Meeting Date: 2025-04-14

Recommendations

That report CPS-2025-027, Provincial Gas Tax Funding Agreement, be received; and

That Council pass a by-law authorizing the Mayor and Clerk to sign a Letter of Agreement with the Ministry of Transportation for 2024-25 funding.

Overview

The Town of Orangeville has received a Letter of Agreement to be signed, for the Provincial Gas Tax funding allocation for the 2024-25 funding program. The Town will receive funding in the amount of \$294,473 for 2025. The Town's allocation is unchanged from the 2023-24 allocation.

Background

Under the *Dedicated Funding for Public Transportation Act, 2013*, the Province of Ontario provides two cents per litre of gasoline tax to municipalities as a permanent funding source for public transit.

The purpose of the Program is to provide dedicated gas tax funds to Ontario municipalities to support local public transportation services, and to increase overall ridership through the expansion of public transportation capital infrastructure and levels of service.

Analysis/Current Situation

Staff received notification from the Province that, for the 2024-25 Program, the Ministry of Transportation will maintain allocations at 2023-24 funding levels which means that the Town of Orangeville will be eligible to receive \$294,473 for the 2024-25 program.

Funding allocations are typically based on a formula of 70% ridership and 30% population with allocations not exceeding 75% of a municipality's own expenditures (i.e. levy funded expenditures). For the 2024-25 program year, the allocation would typically be based on 2023 data, which included a significant increase in ridership because of the Town's fare-free Transit program. This increased ridership will not be reflected in the calculation for the 2024-25 allocation with the Province's decision to hold funding at the previous year's level.

Corporate Implications

Through the 2025 budget process, staff reached out to the Ministry of Transportation for an estimate of the funding allocation for 2024-25. As a result of this discussion, Staff budgeted \$350,000 for Provincial Gas Tax funding in 2025. The actual allocation of \$294,473 is \$55,527 less than contemplated in the budget.

Unspent provincial gas tax funding from previous years has remained in the Provincial Gas Tax Reserve Fund and the balance at the end of 2024 was \$66,335. These funds will be used to cover the shortfall of \$55,527.

Conclusion

Staff recommend that Council authorize the Mayor and Clerk to sign the Letter of Agreement on behalf of the Town.

Strategic Alignment

Strategic Plan

Strategic Goal: Future-Readiness

Objective: DUE DILIGENCE – Confirm applicable governance and policy regimes

Sustainable Neighbourhood Action Plan

Theme: Corporate and Fiscal

Strategy: Encourage and support inter-departmental collaboration and communication to facilitate the adoption of sustainable practices in the municipality

Notice Provisions

None

Respectfully submitted,

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Attachment(s): 1. Orangeville – Letter of Agreement – 24-25