



Committee of the Whole

Meeting Date: April 14, 2026

Submitted by: Demetri Makrakos, Community Transportation Project Manager
Cara Finn, Director of Economic Development and Tourism

Subject: Middlesex County Connect – 2025 / 2026 Dedicated Gas Tax Funds

BACKGROUND:

The Middlesex County Connect inter-community transit service has been operating since September 21, 2020, funded originally through the Province of Ontario's Community Transportation Grant Program (CT) and now funded through the Ontario Transit Investment Fund (OTIF).

On March 31, 2026, Middlesex County staff received an email from the Ministry of Transportation (MTO) Gas Tax Team, notifying staff that Middlesex County is eligible to receive funding through the Dedicated Gas Tax Funds for Public Transportation Program for the 2025-26-year period, conditional on Middlesex County signing the attached agreement letter by April 30, 2026.

The "Dedicated Gas Tax Funds for Public Transportation Program Letter of Agreement" attached to this council report indicates that Middlesex County is eligible to receive up to a maximum of \$111,343 in 2026.

ANALYSIS:

In the Middlesex County Connect section of the 2026 Budget, Gas Tax was not included as a revenue source. This is because it was uncertain whether Middlesex County would be receiving any funding through the Gas Tax program. The budgeted revenue for 2026 is \$1,325,114. If Middlesex County is to receive the maximum eligible Gas Tax amount, this would bring the estimated 2026 revenue up to \$1,436,457, an increase of 8.4%.

The Dedicated Gas Tax Funds must be spent on one or more of the following initiatives:

- Capital expenditures;

- Operating expenditures;
- Capital expenditures for the replacement of any Public Transportation Vehicles;
- Capital expenditures that provide improvements to security and passenger safety for Public Transportation Services;
- Expenditures for Major Refurbishment on any fully accessible, or to be made fully accessible, Public Transportation Vehicle, with the exception of Specialized Transit Vehicles used for the transportation of persons with disabilities, and;
- Expenditures which enhance connections or access to and from transit (“First Mile/Last Mile” initiatives). Municipalities are encouraged to consult Ministry staff for guidance or advice on whether a specific initiative would qualify under Eligible Expenditures for the purpose of the Dedicated Gas Tax Funds.

Dedicated Gas Tax Funds are anticipated to support additional costs borne by Middlesex County in instances where not all initially contemplated funding partners contributed to Middlesex County Connect. Middlesex County will, at all times, maintain a financial contribution equal to or greater than that of all other funding partners combined.

FINANCIAL IMPLICATIONS:




Dedicated Gas Tax Funds were not included as a revenue source in the 2026 Budget and will result in Middlesex County Connect revenue increases in the amount of \$111,343 (8.4%).

These funds are intended to support additional costs borne by Middlesex County in instances where not all initially contemplated funding partners contributed, while ensuring the continued delivery and stability of the service. Middlesex County will, at all times, maintain a financial contribution equal to or greater than that of all other funding partners combined.

The inclusion of Dedicated Gas Tax Funds provides the County with added financial flexibility to manage cost-sharing pressures and implement service enhancements, while maintaining the overall 2026 budget framework previously approved by Council.

ALIGNMENT WITH STRATEGIC FOCUS:

This report aligns with the following Strategic Focus, Goals, or Objectives:

Strategic Priority	Goal	Objectives
<p data-bbox="191 262 386 331">Economic Development</p> 	<p data-bbox="441 262 673 588">Enhance overall economic well-being and community prosperity by fostering a sustainable and thriving local economy</p>	<ul data-bbox="743 262 1437 735" style="list-style-type: none"> • Develop and implement an Economic Development approach for the County, focusing on key priorities, actions, and areas of growth while providing strong support for small businesses and entrepreneurs, including agriculture-related businesses. • Work towards providing access to ready-to-build land with the infrastructure and services needed to create jobs and grow the local economy. • Advance the County's planning framework that balances diverse land uses while protecting farmland and natural environment.
<p data-bbox="191 766 414 835">Collaboration & Partnerships</p> 	<p data-bbox="441 766 711 1270">Strengthen collaboration with local municipalities and regional partners to improve economic efficiency, enhance service delivery, and support regional development in alignment with community priorities</p>	<ul data-bbox="743 766 1437 1249" style="list-style-type: none"> • Optimize service delivery through inter-municipal collaboration and shared services to improve efficiency and seamless operations. • Build and enhance relationships with municipal, regional, First Nations, community, and private sector partners to align priorities, share resources, and implement joint initiatives that improve community well-being and economic growth. • Improve communication and transparency through open engagement, accessible information, and informed decision-making.
<p data-bbox="191 1297 386 1407">Sustainable Infrastructure Development</p> 	<p data-bbox="441 1297 698 1690">Expand and upgrade critical infrastructure to enhance resilience, efficiency, and accessibility while prioritizing sustainability and long-term cost-effectiveness</p>	<ul data-bbox="743 1297 1421 1764" style="list-style-type: none"> • Enhance and maintain road infrastructure to improve connectivity, traffic efficiency, and encourage active transportation, while preserving the unique character of municipal main streets. • Pursue funding and grants for infrastructure projects to deliver lasting benefits while providing predictable costs for taxpayers. • Invest in sustainable infrastructure opportunities that incorporate climate resilience measures to mitigate extreme weather impacts and reduce overall environmental impact.

RECOMMENDATION:

THAT the Middlesex County Connect – 2025 / 2026 Dedicated Gas Tax Funds report be received for information.

AND THAT the Warden and the County Clerk be authorized to execute the Dedicated Gas Tax Funds for Public Transportation Program Letter of Agreement.