

Metrolinx Transportation Growth Funding- Dedicated Revenues

Executive Committee

April 23, 2013

Report from the City Manager and
Deputy City Manager & Chief Financial Officer

Outline

1. Background
2. Public Consultations
3. Recommendations and Dedicated Revenues

1. Background

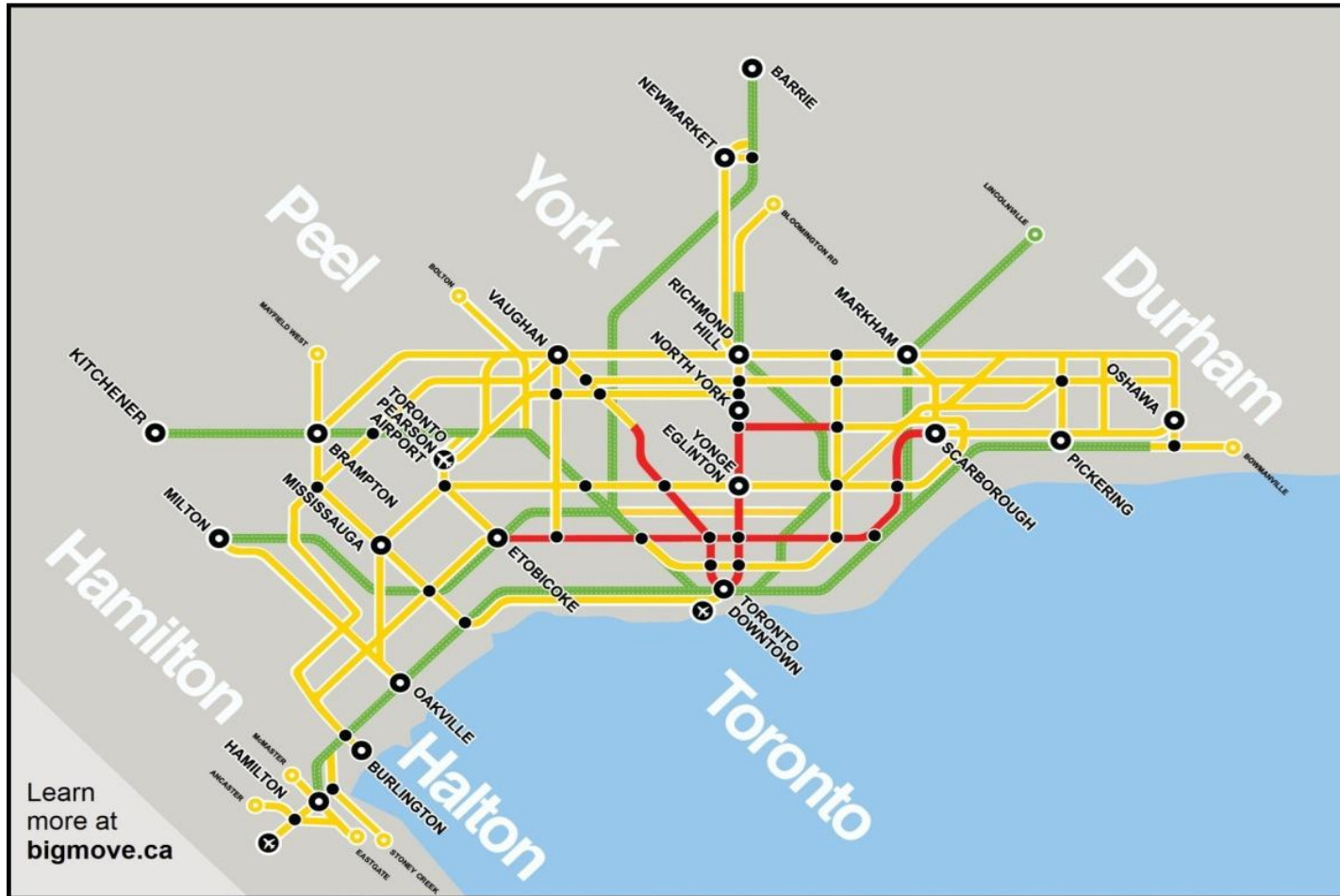
Congestion Problem



***Traffic model 2031
congestion***

- ▶ 2011, Toronto Board of Trade estimated the cost of GTA congestion, in terms of lost productivity, at \$6 billion annually (\$2,800/household)
- ▶ If unaddressed, by 2031, the estimated cost of congestion will increase to \$15 billion annually (\$7,100/household)

Metrolinx Big Move 25 years



- Phase 1 timeline– 2020 completion
- “Next Wave”– post 2020 build

Current Projects Underway (\$16B)



**York Region vivaNext
Bus Rapidways**

Total cost=\$1.4 B

**Mississauga Bus
Rapid Transit**

\$259 mill

**Union Pearson
Express**

\$456 mill

**Union Station
Revitalization**

\$750 mill



\$2.6 B

**Toronto–York Spadina
Subway Extension**



\$1.2 B

**The Georgetown
South Project**



\$8.4 B

**Toronto Light Rail Transit
including Eglinton Crosstown**

Additional \$34 B (\$2B/Year) Required to fund Next Wave



Proposed Next Wave of Projects		Cost Estimate
Subway Expansion	<ul style="list-style-type: none"> • Downtown Relief Line • Yonge North Subway Extension 	\$7.4B \$3.4B
New Rapid Transit	<ul style="list-style-type: none"> • Brampton Queen Street Rapid Transit • Dundas Street Bus Rapid Transit • Durham– Scarborough Bus Rapid Transit • Hamilton Rapid Transit • Hurontario–Main LRT 	\$0.6B \$0.6B \$0.5B \$1.0B \$1.6B
GO/UP Enhancement	<ul style="list-style-type: none"> • GO Rail Expansion • GO Lakeshore Express Rail Service – Phase 1 (including Electrification) • Electrification of GO Kitchener Line and Union Pearson Express 	\$4.9B \$1.7B \$0.9B
	25% of annual \$2 billion to be used for local projects	
Local	<ul style="list-style-type: none"> • Local transit • Roads and highways • Active transportation and integration 	15% 5% 5%

Metrolinx Big Move Plan and Investment Strategy

- Released Big Move Next Wave strategy , Nov. 2012
- Released Investment Strategy Short List, April 2
- Expected to recommend 3–5 revenue options, possibly rates
- Will seek Board approval May 27
- Metrolinx must report by June 1, 2013

2. Public Consultations

City Public Consultations



- ▶ Three phases of public consultations scheduled for City's Official Plan review (Transportation).
- ▶ Phase 1 (complete):
 - input on future transportation priorities and dedicated revenue sources for regional transportation expansion
 - 1 stakeholder mtg; 5 public mtgs; on-line survey
 - input gathered on:
 - the need for dedicated revenues to fund transportation
 - preferred top five revenue tool choices
- ▶ Phases 2 & 3 (spring and fall 2013)
 - identify policy refinements and priority projects,
 - recommend a project list that will be linked to revenue sources.

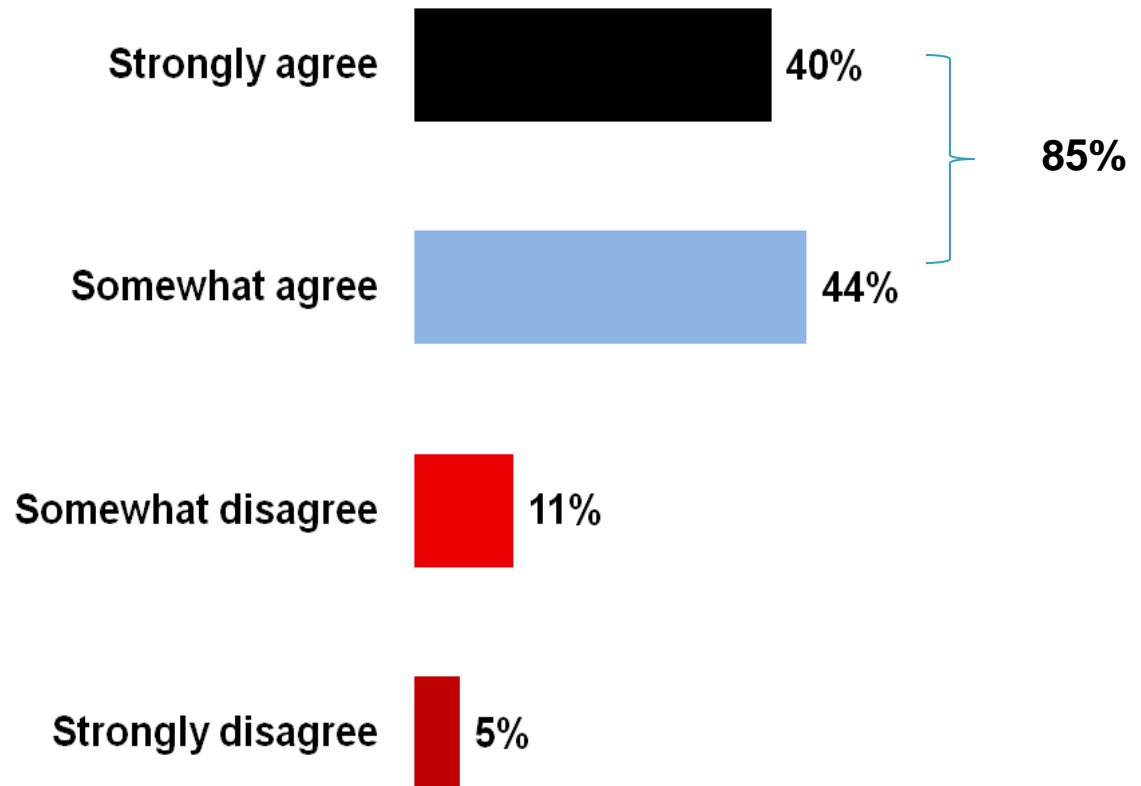
Ipsos Reid Survey

- ▶ Conducted online from a sample of 1,548 Torontonians – March 25 and April 2, 2013
- ▶ Sample weighted to be representative of the population according to age, gender, and region
- ▶ Respondents asked their views about:
 - new revenues to fund transportation expansion
 - dedicating government revenues to transportation
 - Preferred five new revenue sources

Ipsos Reid Survey:

Question: Agree or disagree that new sources of revenue are required to fund the expansion of transportation infrastructure?

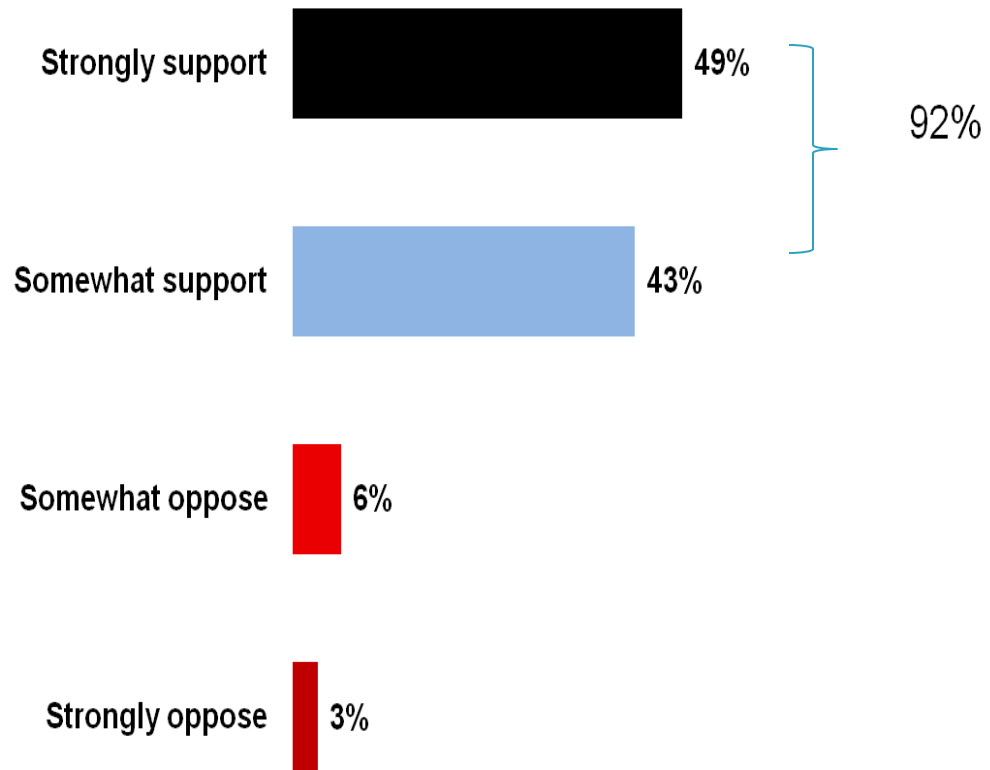
- ▶ More than 8 in 10 Toronto residents agree that new sources of revenue are required to fund the expansion of transportation infrastructure



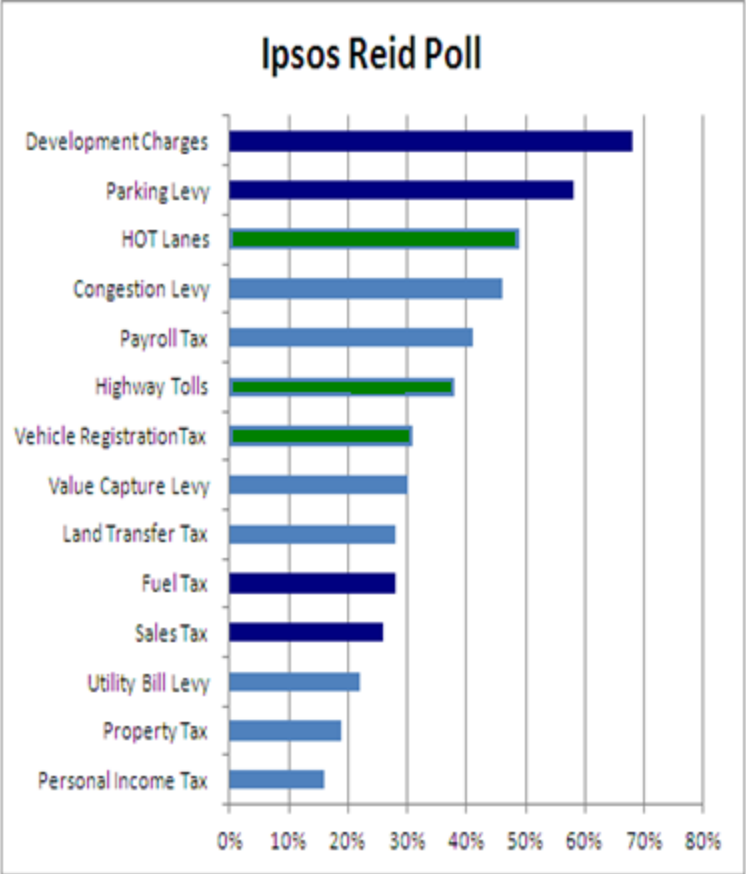
Ipsos Reid Survey

Question: Do you support or oppose the use of dedicated government revenues to fund transportation infrastructure?

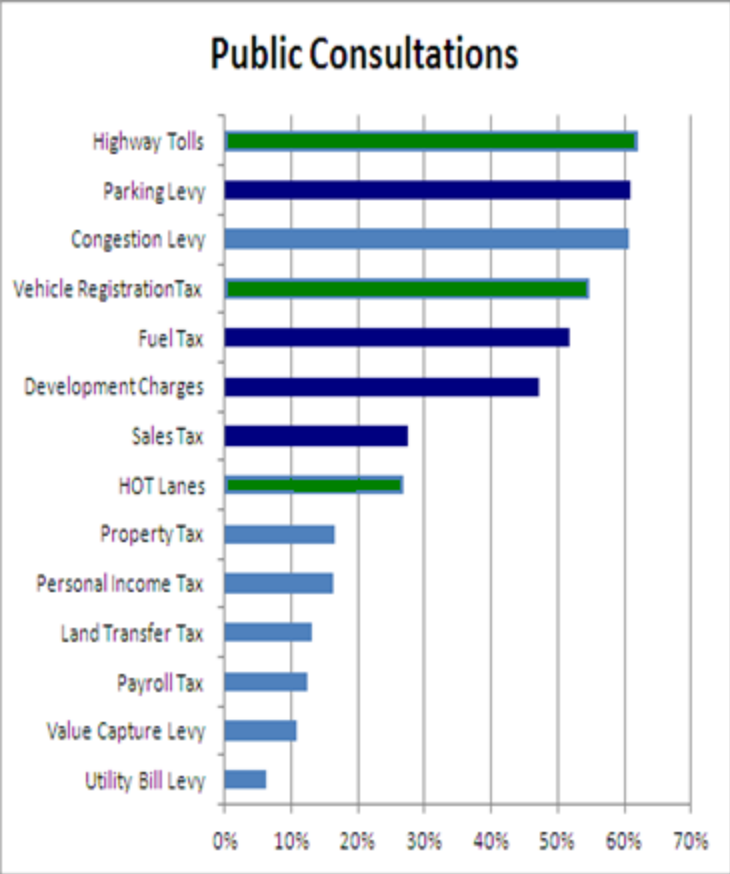
- ▶ 92% of Toronto residents support the use of dedicated government revenues to fund transportation infrastructure.
- ▶ Consistent with Public Consultations



Dedicated Revenue Source Preferences



1,548 respondents



4,310 respondents

3. Recommendations and Dedicated Revenues

Tools in Other Jurisdictions

	Regional Transportation Authority														
	Metrolinx	Chicago RTA	Georgia RTA	Hong Kong MTR	Los Angeles County Metro	Montreal AMT	New York City MTA	Paris RATP	Port Authority of New York & New Jersey	Portland Oregon TriMet	Public Transport Victoria Australia	SF Metropolitan Transportation Commission	Transport for London UK	Vancouver TransLink	Wash DC Metro Area Transit Authority
Cordon Charge													X		
Corporate Income Tax							X								
Fuel Tax			X			X	X			X				X	X
Land Value Capture				X				X							X
Parking Space Levy											X			X	
Payroll Tax							X	X		X					
Property Tax						X				X				X	
Sales Tax		X	X		X		X					X			
TIF										X			X		
Tolls: Highways/HOT/ Bridge/Tunnel		X	X				X		X			X		X	
Utility Levy														X	
Vehicle Kilometers Travelled Pilot										X Oregon State					
Vehicle Registration Tax						X									
Ability to Issue Debt		X		X	X	X STM	X	X	X	X		X	X	X	X

Report Recommendations # 1 & 2

- ▶ Support for:
 - transportation expansion in GTHA
 - dedicated new revenues to fund Big Move

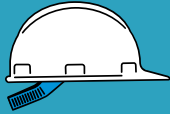



Report Recommendation #3

Adopt principles as the basis for support :

- Commitment to build projects
- Projects based on cost/benefit emphasizing
 - improved transportation capacity,
 - relief from congestion,
 - linked to appropriate land-use planning
- Revenues dedicated to transportation expansion
- Revenues assessed at uniform rates across the GTHA
- Mix of revenues balance the impact on residents and businesses, consider affordability

Recommendation #4




Supported Regional Revenue Sources

				
	Development Charges	Fuel Tax	Commercial Parking Levy	Sales Tax
HOW DOES IT WORK?	One-time levies imposed on new developments and eligible re-developments used to pay for growth-related infrastructure. DCs are determined by formula, and based on the type of dwelling or property.	An additional excise tax levied on the sale of transportation fuels, calculated by volume purchased.	A daily levy is charged to a property owner based on the amount of non-residential off-street parking spaces owned-including pay-for-parking at transit stations	A percentage rate applied on all goods and services.
WHO PAYS?	Developers & New Property Owners	Motorists	Property Owners	Consumers
POTENTIAL ANNUAL GTHA REVENUES	7.5% - 15% increase on existing = \$50 - \$100 million	\$0.05 - \$0.10/L = \$330 - \$660 million	\$0.50 - \$1 /space /day = \$0.7- \$1.4 billion	0.5% - 1% = \$0.7- \$1.4 billion
WHERE IS IT USED?	Used across Ontario and in many other jurisdictions.	BC, Alberta and Quebec, US and Europe	Vancouver, Melbourne, Sydney and Perth, Australia.	USA to fund transportation infrastructure.

Recommendation #5

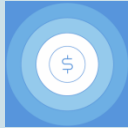


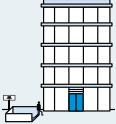
Supported Regional Revenue Sources

UPON SUBSTANTIAL COMPLETION FIRST WAVE OF BIG MOVE



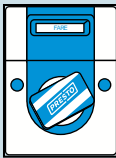
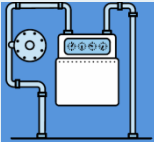
			
	High Occupancy Toll Lanes	Highway Tolls and other road pricing (e.g. VKT)	Vehicle Registration Tax
HOW DOES IT WORK?	A charge on vehicles with one person who wish to use high occupancy vehicle (HOV) lanes. Vehicles that meet the high occupancy minimum travel for free.	Motorists pay a toll per kilometre travelled on designated highways.	\$50 - 100 charge/ year for registering or renewing a vehicle
WHO PAYS?	Motorists	Motorists	Vehicle Owners
POTENTIAL ANNUAL GTHA REVENUES	\$0.15 - \$0.30/km travelled = \$22.5 - \$45 million	\$0.05 - \$0.10/km = \$0.7 - \$1.4 billion	\$150 - \$300 million
WHERE IS IT USED?	HOTs are currently used in nine U.S. states.	Several U.S. states, Ireland, the United Kingdom and the Highway 407 in GTHA.	Province of Quebec, New York City

Recommendation #6

Regional Revenue Sources Not Supported

		Why Not Supported
Downtown Toronto Congestion Levy		Could make downtown Toronto a less attractive location for establishing and operating a business.
Employer Payroll Tax		Does not discourage congestion or encourage intensification or transit use. May have negative implications for job creation. (i.e. tax on jobs)
Land Transfer Tax		Does not discourage congestion or encourage intensification or transit use. Highly variable revenue potential. Already in use to fund existing needs.
Land Value Capture		Existing system of current value assessment already captures increases in property values.

Regional Revenue Sources Not Supported (continued)

		Why Not Supported
Property Tax Recommendations 6&8		<p>Has little influence on congestion or transit use. Lack of public support</p> <p>Municipal tax base is required to finance existing operations, capital maintenance requirements, and expected contributions to local transportation expansion not funded by the 25% share of new revenues</p>
Personal Income Tax		<p>Has little influence on congestion or transit use. Lack of public support. Transparency challenges.</p>
Transit Fare Increase		<p>Transit fares are used to partially fund transit operations. Fares are already optimized to balance encouraging ridership against operating cost recovery</p>
Utility Bill Levy		<p>Little influence on congestion , intensification, or transit use. Lack of public support. Limited Revenue Potential (\$90 million/year GTHA-wide)</p>

Summary of Revenue Recommendations

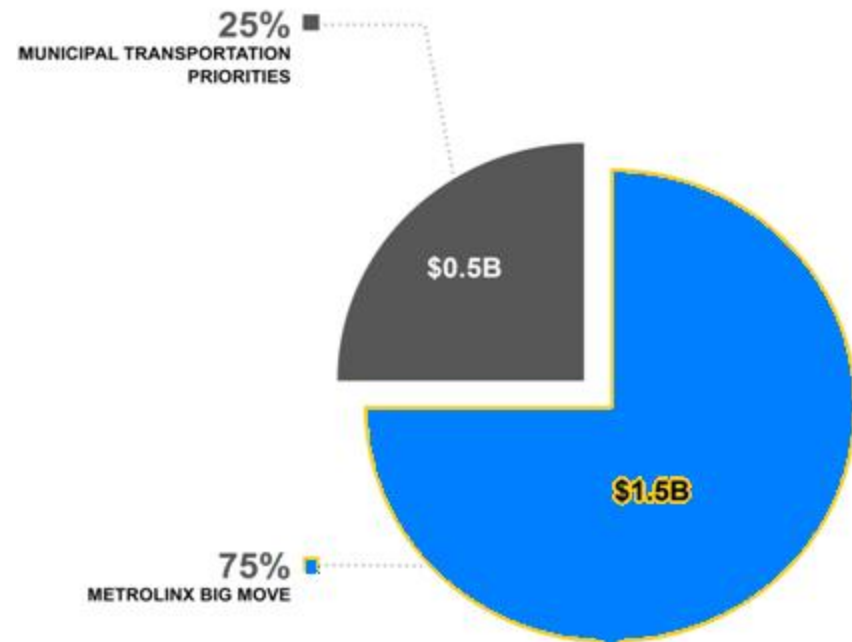
	Metrolinx Short List	City	Board of Trade
Fuel tax	√	√	√
Sales Tax	√	√	√
Parking levy	√	√	√
HOT lanes	√	√ (later on)	√
Development Charges	√	√	
Highway Tolls	√	√ (later on)	
Vehicle Kilometres Travelled (VKT)	√		
Vehicle Registration Tax		√ (later on)	
Employer Payroll Tax	√		
Property Tax	√		
Land Value Capture	√		
Transit Fare Increase	√		

Recommendation #7

The 25% Allocation to Municipal Priorities

- ▶ Toronto support is conditional on 25% of the new revenues being allocated to incremental funding of local municipal transportation expansion priorities
- ▶ Need for concurrent investment in local roads, highways, transit and active transportation networks

Breakdown of \$2 Billion Annual Metrolinx Investment in Transportation Infrastructure (\$B)



Recommendation #9-10

Intergovernmental Partnership

- ▶ Request the **Federal Government** to commit to transportation expansion in Ontario and contribute an equitable and increased share of dedicated program funding for the Metrolinx Big Move plan
- ▶ Request that Metrolinx work with Infrastructure Ontario and PPP Canada for the purposes of minimizing capital costs associated with the construction and delivery of its regional transportation projects

Recommendation #11

Capital Maintenance Costs

- ▶ The capital maintenance costs for major regional transportation infrastructure investments that are to be owned by Metrolinx be borne by Metrolinx

Recommendation #12

Implementation Considerations

- ▶ City Manager to report back regarding implementation considerations such as:
 - ▶ appropriate changes to Metrolinx governance
 - ▶ principles for allocating the 25% local share of new revenues