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# EX20.2.15

November 30, 2016

Executive Committee  
c/o City Clerk's Office  
10<sup>th</sup> Floor, West Tower, Toronto City Hall  
100 Queen Street West  
Toronto, Ontario M5H 2N2

**Sent via email**

Dear Mayor Tory and Executive Committee members,

**Re: EX20.2 – The City of Toronto's Immediate and Longer-term Revenue Strategy**

I am writing on behalf of CAA South Central Ontario (CAA SCO), which is the largest not-for-profit club out of CAA's 6.5 million members across Canada. CAA's experience and history on transportation and infrastructure related issues has spanned many decades and through much work and advocacy at all levels of government. Our recent work around Bill 31, Making Ontario Road's Safer Act, worked to increased penalties around distracted driving, make working environments safer for tow truck operators and created new rules to protect pedestrians and cyclists. Safety is our main focus.

CAA South Central Ontario represents over two million members across our territory, with the vast majority residing within the Greater Toronto and Hamilton Area. We would like to take this opportunity to share some insights on the proposal to implement toll lanes on the Don Valley Parkway and Gardiner Expressway.

The CAA understands the magnitude of the decisions you must make. Our work in contributing to the broader conversation, includes member and non-member polling, member and government advocacy on the issues, including education and awareness campaigns on safety and infrastructure, and commissioning third-party independent research.

Through CAA's annual Worst Roads campaign, CAA provides an opportunity for Ontarians to voice concerns about the infrastructure they use in their communities. It is also designed to create awareness about infrastructure issues overall as the program looks at roads, bridges and highways. The other element of the campaign is CAA's role as a partner for municipal governments –



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advocating for long-term sustained funding from senior levels of government. And at the local level, that operating and capital budget planning should be strengthened and focused on adequately addressing the infrastructure needs of each community, and on a broader regional and integrated basis.

Enclosed with this letter are three reports; two are independent research papers written by the Conference Board of Canada and commissioned by the CAA, and the third is of the report and recommendations from the Premier's Transit Investment Strategy Panel, of which CAA was a member. I ask that you review the attached, and consider the many options that are available to you when grappling with the realities for funding transit expansion and generating revenue for large capital projects.

#### Conference Board Reports (2013 and 2016)

In the Conference Board of Canada's first report released in 2013. CAA SCO sought to investigate the assertion that "motorists are subsidized". This assertion was and continues to be made by many with the aim of creating the notion that motorists must pay more, because they create an undue burden on the road system and social network. The Conference Board of Canada undertook three different methodologies to validate their findings and used a conservative approach in defining the motorist specific taxes to compare revenue from motorists to all levels of government with expenditures by all levels of government on maintaining and operating the roads in Ontario.

Points to consider from this report:

- Revenues such as fuel taxes, registration fees and other sources from motorists cover 70-80% of expenditures for the road network in Ontario
- Within the GTHA, revenues collected from motorists were more than 100% of the costs to repair and maintain the road network
- Total amount of revenue collected from motorists in Ontario in 2010 amounted to \$7.7 billion, of which \$1.2 billion was collected by local governments
- Revenue sources were conservatively chosen and there were other revenues that could have been included that would add more than \$1 billion to the overall total
- All levels of government need to do better job of collecting and collating data so there is a better level of aggregate data on revenue collection and expenditures when it comes to the asset management and operations of Ontario's infrastructure



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- Data necessary to create the correct assumptions and assertions for making informed decision making

In a recent poll of CAA members (October 2016), 71% of members feel they are already taxed too much and 60% believe that introducing additional new municipal taxes is unfair.

As part of Ontario's Climate Action Plan, motorists will soon be faced with an environmental tax of 4.3 cents/litre plus HST on every litre of fuel purchased at the pumps. This is another example of instituting a tax on top of an existing tax that is only applicable to a single user group.

Building upon the 2013 findings, a second report was issued by the Conference Board of Canada in mid-November. The report entitled *Congestion Costs, Road Capacity, and Implications for Policy-Makers*, examines measures policy-makers may choose to implement to address congestion.

The second Conference Board of Canada report highlighted:

- Various methods on how congestion is measured
- What methods can be and have been used to reduce congestion
- Tools to reduce congestion include improved coordination between land use and transport planning; intelligent traffic management measures; demand measurement outside of charges and road network capacity expansion
- When it comes to road pricing, what has worked, what has not worked and what should policy makers consider
- There is a large difference between user charges designed to increase revenues and those designed to affect behavior; when considering the design of any user charges, the distinction must be foremost in policymakers' minds
- Behavioural effect of user charges can be magnified through variable time-of-use changes with higher user charges at on-peak and lower user charges on off-peak times
- There is a potentially positive effect to be had by making these charges revenue-neutral: this improves the efficiency of the system without overly charging road users
- The public policy conversation around congestion charges must be very clear on who pays, who benefits, and by how much, as this will help the public, and government, make a fair decision



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When considering tolling options, from a cost analysis perspective, it is also important to know the price tag associated with implementation. It is important to note that congestion reduction and revenue generation are two very different issues, and **cannot be introduced** at the same time. We must take into consideration that alternative modes of transportation (e.g. public transit) are not readily available as a means to reduce the number of vehicles on our road network and measures aimed at changing behavior would be seen as punitive.

### Premier's Transit Investment Strategy Panel (2013)

In 2013, CAA was invited to participate on a panel established by the Premier to provide recommendations on transit. The Premier's Transit Investment Strategy Panel's goal was to develop a strategy that addressed the challenges of funding Metrolinx's plans for building the much needed integrated region-wide transit network. It should be noted that the panel ruled out tolls as a revenue option.

Some of the key points highlighted in that report were:

- A responsible fiscal plan to fund transit
- A funding formula recommendation that would result in \$1.7 - \$1.8 billion annually
- Conduct and make decisions based on proper business case analysis
- Calling for fair contributions from the federal government to support GTHA municipalities given the importance of these municipalities to the national economy
- A strategy to address public trust in the government's ability to plan, manage and build transit with emphasis on the dedication of funds toward transit expansion
- Defining the distribution of revenue sources, who pays, along with the goal of defining who benefits

Altogether, as our member polling data suggests, the majority of CAA members have a general frustration with the concept of additional municipal taxes. This is in direct correlation with the panel's consultations and the general public's frustration in government's ability to prioritize, locate efficiencies and manage the demands on taxpayer funded budgets.

As a participating member of the City of Toronto's Road Safety Task Force, which provided recommendations for road safety, CAA also has concerns with the amount of potential traffic that may use alternative routes (other main and arterial roads) that connect to surrounding communities if road tolls were to be initiated.



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CAA understands this is a complex subject and we hope that you will be able to review all of the above, and the attached reports, before considering tolling as an option to either alleviate congestion or for revenue generation. The CAA appreciates the Mayor's approach to generate new revenue and dedicate these funds toward capital work expansion.

City transportation staff conducted two small stakeholder consultations in late October on the implementation of tolls and CAA SCO participated. The stakeholders in the session we participated in raised many concerns with the potential implementation of tolls. Further consultations, both stakeholder and the broader public, are needed on the issue of tolls and other revenue sources considered by Committee and Council.

Thank you for your time and consideration in this matter and I would be pleased to provide any clarification or information if required.

Sincerely,

A handwritten signature in blue ink that reads 'T. Felice'.

Teresa Di Felice  
Director, Government and Community Relations  
CAA South Central Ontario (CAA SCO)



The Conference Board  
of Canada

Le Conference Board  
du Canada

**EX20.2.15 - Please view full**

**document at**

[http://app.toronto.ca/tmmis/](http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX20.2)

[viewAgendaItemHistory.do?item=2016.EX20.2](http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX20.2)

# Congestion Costs and Road Capacity.

Implications for Policy-Makers

