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2019 OPERATING BUDGET BRIEFING NOTE

Proposed TTC Variable Lane Occupancy Fee

This briefing note responds to the February 13, 2019 Budget Committee request for a TTC briefing note on the methodology used to calculate the proposed lane occupancy recovery fee (otherwise known as the TTC Variable Lane Occupancy fee).

Issue/Background:

- Additional service hours are sometimes required to maintain service standards when traffic lanes are closed to facilitate private development work.
- Currently, the City (Transportation Services) charges Temporary Street Occupation Permit Fee for the use of the City's right-of-way. The fee is based on street parking rates and does not currently include any recovery for incremental transit costs.
- If approved, applications for a lane occupancy permit will be assessed for expected traffic and resulting service delay impacts. Should the expected change in required driving time result in a TTC's crowding standard being exceeded, additional service will be added and the resulting incremental costs will be charged. This recovery fee is consistent with the City's User Fee By-Law which mandates that's:
 - The collection of user fees to recover the full cost of services where it is determined that a service, product or the use of City facilities or resources provide direct benefits to identifiable individuals, groups of individuals or businesses, beyond those that accrue to the general public.
 - User fees will be set to recover the full cost of providing the applicable service, except where City Council has approved a subsidy or exemptions; where services are based on competition in the open market; and where fee amounts are legislated by the Province. The amount of a fee must not exceed the full cost of providing the applicable service.
- The methodology used to calculate the fee is consistent with the rate charged for construction related incremental service requirements to the City and other external parties. A consultant review arranged by an external party concluded that the methodology used is appropriate, and noted that:
 - Model calculations are logical and sound;
 - Methodological and objective approach to estimate incremental service requirements; and
 - TTC does not appear to have added unnecessary levels of service.

- Without this fee, incremental costs incurred as a direct result of private development would be borne by TTC passengers and City of Toronto ratepayers. The objective is to allow the City to recover direct incremental costs incurred by the TTC and to provide an additional incentive for developers to avoid or minimize occupation of lanes along transit routes.
- TTC Staff have developed this proposal with support of City Finance and in conjunction with Transportation Services.
- Consultations on the proposed fee were held with industry representatives in December 2018.
- The TTC Variable Lane Occupancy Fee will be collected by City (Transportation Services) in conjunction with the Temporary Street Occupation Permit Fee as part of the application process for Street Occupation Permit.

Calculation Methodology & Implementation:

- Methodology to calculate the fee is comprised of two components, which are multiplied to arrive at the TTC Variable Lane Occupancy Fee:
 1. Determination of the incremental service hours (if any) required to maintain service standards.
 - Criteria for adding TTC surface vehicles for this circumstance will be based on standard transit planning methodology.
 - Vehicles operated on a route are a function of ridership demand and route driving time to arrive at number of passengers per vehicle.
 - Each TTC surface vehicle has a defined loading standard and when this loading standard is exceeded in the peak direction, an additional vehicle is added.
 - Specific to the temporary lane occupancy permits, each application will be assessed for expected traffic delay, which will vary for different times of day (e.g. peak vs off-peak).
 - The length of the traffic delays will be added to the applicable route driving time. If based on the existing ridership demand the loading standard would be exceeded with the revised travel time, then an additional vehicle would be added.
 - If the delay would not cause a violation of the loading standard, then there would be no charge.
 - To be clear there is no charge for the delay itself, the City is only charging the incremental costs that would have to be incurred to adhere to the loading standard.
 2. Direct incremental hourly cost rate.
 - Direct and incremental costs associated with the provision of each additional service hour.
 - These include the hourly wage and benefit costs for an operator, diesel and vehicle servicing and incremental maintenance.
 - Currently this rate is \$97/hour for bus and \$110/hour for streetcar and will be subject to inflationary adjustments over time.

- If multiple developments occur in the same area and at the same timeframe, TTC will work with developers to share incremental costs across impacted developments and ensure equitable treatment.
- The fee will be assessed and applied by the City to Street Occupation Permit applications on a prospective basis subject to Council approval.
 - The 2019 recommended Operating Budget includes \$250,000 in expected cost recovery to be generated from the proposed TTC Variable Lane Occupancy Fee.
- Where possible, City Transportation staff will work with developers to identify alternate solutions to either limit or eliminate the TTC service cost impact and therefore the cost to developers in an effort to minimize costs as well as lane closures, helping traffic flow.

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