

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING OF JULY 23, 2013
FROM:	GRANT HOPCROFT, DIRECTOR OF INTERGOVERNMENTAL AND COMMUNITY LIAISON
SUBJECT:	METROLINX REPORT

RECOMMENDATION

That, on the recommendation of the Director of Intergovernmental and Community Liaison, the following information report on the Metrolinx Report **BE RECEIVED**, it being noted that Metrolinx has recommended that if province wide implementation of new revenue tools for transportation infrastructure is adopted, that revenue generated from outside the Greater Toronto and Hamilton Area (GTHA) should be directed to areas outside the GTHA.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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None

BACKGROUND

Municipalities need to have sustainable and predictable funding to support their infrastructure needs. London and the Province of Ontario have recently concluded an agreement to deliver improved access through a new interchange at Wonderland Road and improved interchanges at Veterans Memorial Parkway, Highbury Avenue and Colonel Talbot Road. However, London needs additional revenue and the support of further funding through an Infrastructure Investment Fund to fulfill its industrial land strategy and its transportation infrastructure needs.

DISCUSSION

On May 27, 2013, the Metrolinx Board of Directors released its report on a regional transportation plan for the Greater Toronto and Hamilton Area (GTHA) including their recommendations for The Big Move implementation measures and revenue tools to support them. Metrolinx, an agency of the Government of Ontario under the *Metrolinx Act, 2006*, was created to improve the coordination and integration of all modes of transportation in the Greater Toronto and Hamilton Area.

As a result of increased pressure on its transit and transportation system, the GTHA is suffering from overcrowding, slow commutes, and an increase in greenhouse gas emissions. In response, the region adopted the Big Move, a 25-year integrated transit and transportation plan in 2008. The work has already begun with *The First Wave*, \$16 billion worth of transit expansion and improvements underway. The Metrolinx report makes 24 recommendations to the Province and includes four new revenue tools aimed at providing funding to deliver the *Next Wave* of transit projects outlined in the Regional Transportation Plan, valued at \$34 billion, or \$2 billion a year.

The *Next Wave* projects would fund a subway expansion and the Yonge Street North Subway Extension to connect Toronto to the Richmond Hill/Langstaff Gateway urban growth centre; a variety rapid transit improvements across the GTHA; GO Regional Rail, two-way, all-day service on all rail corridors, including electrification; and other local and regional transit and transportation system improvements.

Revenue Generation Options

The report identified four tools to be implemented in the GTHA to provide the necessary funding sources to cover the cost of the plan:

- 1) a one percent HST would fund the majority of dedicated revenue; it would be complemented by a mobility tax credit to ensure the proposed HST increase does not disproportionately affect those with lower incomes.
- 2) a regional fuel and gas tax of five cents per litre, that would generate an estimated \$330

- million annually;
- 3) a business parking levy on all off-street non-residential parking spaces that would generate about \$350 million annually; and
 - 4) a 15% hike in land development charges, resulting in \$100 million of funding.

The principles used to identify these tools were dedication of revenues to specific outcomes; fairness; equity across the region; and accountability and transparency. In addition, five selection criteria were used to select the tools: sustainability; resilience and durability of the investment tool; ease of implementation; achievement of transportation objectives; and impact on economic competitiveness and social equity.

Of particular note among the recommendations are the following:

- Recommendation #8 calls on the federal government to increase its commitment of transit funding for the GTHA and to adopt a National Transit Strategy
- Recommendation #9 encourages greater integration of land use policies to support The Big Move
- #10 recommends a land value capture strategy to ensure a private sector contribution toward some costs
- #13 recommends consideration of Alternative Financing and Procurement
- #16 recommends continued steps to improve the level of service integration across the GTHA
- #18 recommends that certain percentages of the dedicated funding be allocated to transit supportive infrastructure and other modes of transportation
- #20 recommends that \$2 Billion per year be raised in the GTHA through a 1% increase to the HST, a 5% per litre regional fuel tax, a variable Business Parking Levy average 25 cents per day per space on off street non-residential spaces, and a 15% increase in existing development charge rates. Also recommended are amendments to development charges legislation to remove the 10% reduction and 10 year average historical service level cap on DC levied for transit growth; and new “integrated transportation service” category combining various transportation modes and determining new service improvement standards; and a new reporting standard for municipalities to demonstrate accountability and transparency for revenues raised by development charges.
- #21 recommends a new Mobility Tax Credit for low income earners
- **#22 recommends that if a province wide implementation of new revenue tools is adopted, that revenue from outside the GTHA be directed to areas outside the GTHA.**
- #24 recommends that the new investment tools in recommendation 22 be supplemented by HOV toll lanes; pay parking at transit stations and land value capture.

The Ontario Minister of Transportation and Minister of Infrastructure, Glen Murray, has accepted the guiding principles of the Metrolinx funding strategy. The Ministry of Transportation will evaluate the proposed revenue tools by conducting a detailed analysis and study additional funding options for transit expansion. The federal Minister of Finance, Jim Flaherty, has said that the federal government is not willing to renegotiate a federal-provincial agreement that would allow the GTHA to apply a regionally based HST solution.

The potential application of revenue tools to municipalities outside the GTHA has been included in discussions between the Minister of Transportation and Infrastructure and the transit industry (represented by the Ontario Public Transit Association and the Ontario Committee of the Canadian Urban Transit Association).

London Infrastructure Needs

The City of London has adopted a Strategic Plan that strives for a stronger economy, a green and growing city, and sustainable infrastructure. The City's Infrastructure Plans have identified a significant capital investment in core economic infrastructure (transportation, water, wastewater). These investments will strengthen and promote the industrial base, provide for economic growth, shape our community and provide residents with a better quality of life.

The City's new Transportation Master Plan (TMP) is based on expanding options for London commuters through enhanced active transportation and public transit service improvements providing a better balance between all modes of transportation and supporting the cost effectiveness of transportation infrastructure. The implementation of the plan is a critical strategic priority. The TMP calls for the implementation of a nodes and corridors strategy for public transit employing a Bus Rapid Transit (BRT) platform.

To meet the objectives in the Strategic Plan and the TMP in a manner that provides transportation mobility choices while ensuring that roads and bridges remain safe and in good repair, an investment of \$800 M in transportation and \$380 M in the BRT system have been identified.

The implementation of the bus rapid transit component of the TMP will require capital investment commitment of one third funding of the \$380 M from the Province through Ontario's long-term infrastructure plan.

CONCLUSION

Metrolinx serves the GTHA. Municipalities outside of the GTHA also require access to the long-term sustainable funding for transportation and transit infrastructure needs. Future funding tool opportunities should be implemented that will allow all municipalities in Ontario to take advantage of their use as new revenue generators.

The Metrolinx Executive Summary and the full report are available at <http://www.metrolinx.com>.

This report was prepared in consultation with Edward Soldo, Director, Roads and Transportation and Larry Ducharme, General Manager, London Transit Commission.

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