



TO: Mayor and Members of Council
Andy Taylor, Chief Administrative Officer
Jim Baird, Commissioner of Development Services
Rino Mostacci, Director of Planning and Urban Design

C: Sepideh Majdi, Senior Development Engineer

FROM: Alan Brown, Director of Engineering 

DATE: May 13, 2013

Re: **Metrolinx Funding Strategy - Update Memo**

Background

In 2009, Metrolinx prepared their "Big Move" transit strategy which denoted \pm \$50B in transit projects to 2031 and prioritized such. Metrolinx also released a Big Move Update in November 2012 which reprioritized transit projects to 2031. Staff updated DSC in January 2013, and identified that a number of transit projects benefiting Markham were being deferred. Metrolinx submitted comments from 9 Municipalities including Markham to their Board of Directors on February 14, 2013. Unfortunately, Metrolinx, in staff's opinion, have not adequately responded to the Municipal comments and indicated a full review of their transit plan will begin in 2014 and be completed in 2016.

In Metrolinx's Big Move (2009) document, an investment strategy was denoted as a critical component of the Regional Transportation Plan (RTP). The investment strategy sets out a plan to finance the implementation of the RTP and allow the regional transportation system to be expanded, maintained and operated in a financially sustainable way both in the short and long-term. Metrolinx is to submit by May 27, 2013 a draft Funding Strategy recommending revenue and financial tools to implement the 25- year plan.

Funding Strategy

As indicated, Metrolinx is scheduled to present to their Board a draft Investment Strategy on May 27, 2013. This strategy will include proposals for revenue generating tools, as well as other policy initiatives, to help implement the next round of infrastructure denoted under their Big Move document estimated at \$34B. Combined with its first phase of investment of \$16B, a total of \$50B is proposed to be spent by 2031 to start addressing transportation related congestion.

Funding Options

Metrolinx retained AECOM/KPMG who identified 25 investment tools, that have been used internationally to fund transit projects. These are listed in page 9 of Attachment "A". From this Metrolinx then released in April 2013 to the public a short list of 11 funding tools. This pre-release of funding options is to gauge public and stakeholders acceptance before they provide their Investment Strategy to the Metrolinx Board on **May 27, 2013**.

These tools and annual revenue potential are:

1. Vehicle Kilometers Travelled (VKT)
 - Potential Revenue: \$1.6 billion based on \$0.03/Km
2. Highway tolls
 - Potential Revenue: \$1.4 billion based on \$0.10/Km on 400 Series highways and major municipal expressways
3. Commercial Parking Levy
 - Potential Revenue: \$1.4 billion based on \$1/ day per space
 - Assessment not clear
4. Regional Sales Tax
 - Potential Revenue: \$1.4 billion based on 1% regional sales tax in addition to the HST
5. Employer Payroll Tax
 - Potential Revenue: \$700 million based on 0.5%
6. Fuel Tax
 - Potential Revenue: \$330 million based on a \$0.05/ litre
7. Property Tax
 - Potential Revenue: \$670 million based on 5% increase \$196 average residential increase
 - Assessment not clear
8. Development Charges
 - Potential Revenue: \$100 million based on 15% increase of fees
 - No details as to assessment
9. Transit Fare Increase
 - Potential Revenue: \$50 million based on \$0.15/ ride
10. High Occupancy Tolls
 - Potential Revenue: \$25 million based on \$0.30/km
 - Not clear how this will be assessed

11. Land Value Capture

- \$20 million based on variable rates
- Assessment not clear

The above rates and revenue forecasts are based on the AECOM/KPMG study.

Metrolinx goal is to raise \$2 billion per year. They have not provided details or specifics as to the application or impact of the various funding tools on residents and businesses. The Region of York however has estimated it will cost at least \$1000 per household per year. An analysis of the impact to business has not been denoted as yet.

We have included as information the following attachments which provide additional information on the funding options;

- Metrolinx – April 2013, Investing in our Future PowerPoint Presentation (Attachment “A”)
- Region of York May 1/13 Report (Attachment “B”)

Consultation

The release of the short list is seen as a way to get feedback and input from the public and GTHA Stakeholders before finalizing the draft strategy, Metrolinx hosted a series of 12 Public Roundtable Meetings in six regions from January to February 2013. Two were held in York Region.

The purpose of these meetings was to engage participants in discussions about The Big Move, current and future transportation projects, and potential funding tools to support the plan. Metrolinx will consider this feedback as it develops its Investment Strategy.

To-date limited stakeholder/municipalities have commented on Metrolinx's 11 Funding Tools. Staff have requested Metrolinx to confirm the extent and type of additional public/stakeholder consultation and input planned after they release their Investment Strategy on May 27, 2013

Draft Resolution

Staff recommends the following Resolution be adopted in regard to this matter:

- That the staff update memo dated May 13, 2013 on the Metrolinx Funding Strategy be received.
- Council not endorse any specific funding options until such time as the funding strategy is released on May 27, 2013 and Metrolinx provides further details including cost impact on residents and businesses, and a full review of revenue and expenditure options.
- Metrolinx arrange work sessions with Regions/Municipalities and additional public consultation sessions to review their draft Funding Strategy.

- Staff report back to DSC this Fall with comments on Metrolinx's Funding Strategy

The round table report and short list of revenue tools are denoted at: www.bigmove.ca/roundtable / www.bigmove.ca/shortlist if you wish to review.

If you have any questions please do not hesitate to contact me at ext. 7507.

Attachments:

- Attachment "A" – Metrolinx's April 2, 2013 Presentation re. Investment in our Future
- Attachment "B" – Region of York, May 2013 Report

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