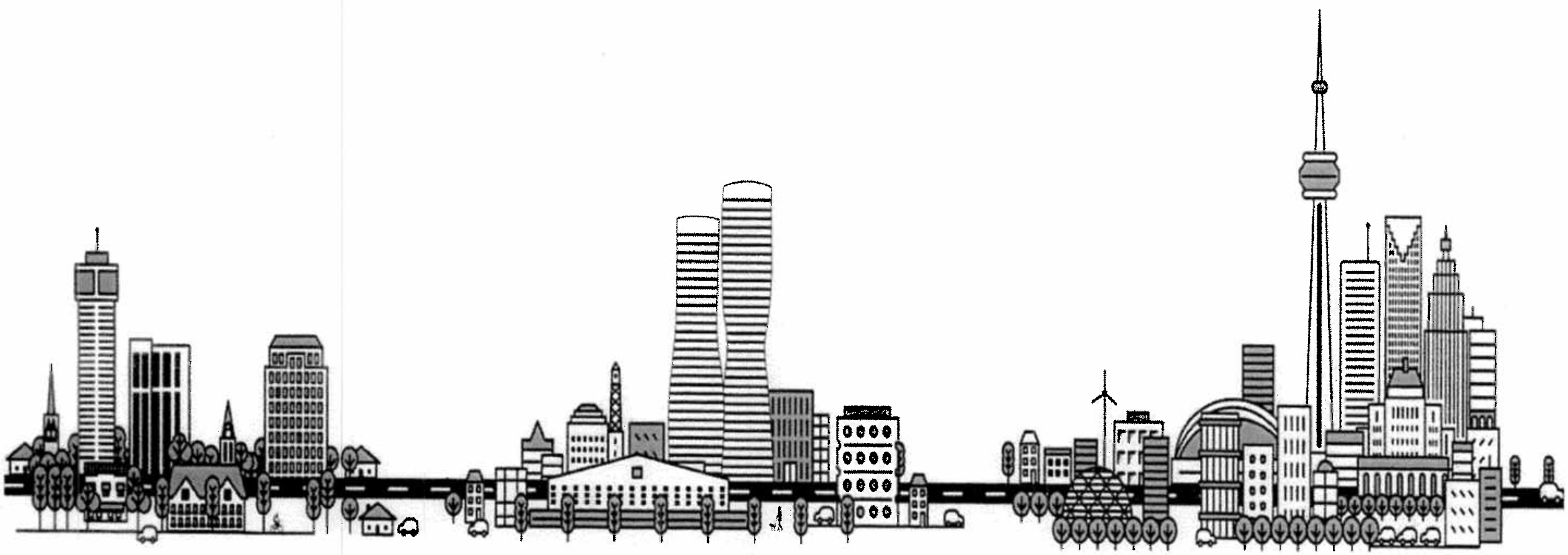
Attachment A

Investing in our Future

April 2, 2013



Attachment A

METROLINX
An agency of the Government of Ontario

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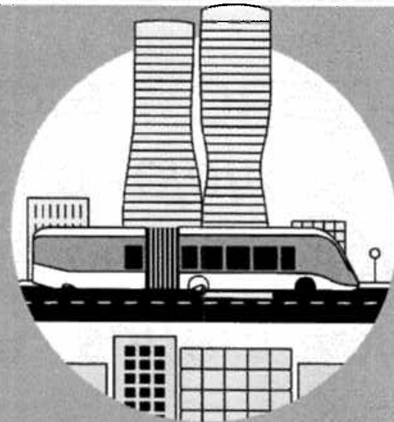
GTHA's Global Competitiveness

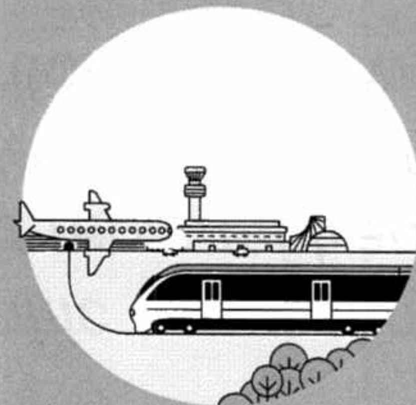
- The GTHA is already one of the world's most attractive regions to live, work and invest in
- Other urban regions consistently outperform the GTHA on quality of transportation
- The GTHA *"suffers from traffic congestion problems, poorly integrated regional transit services and relatively underdeveloped transport infrastructure."* OECD Territorial Review, 2010

Current Projects Underway ($16B)

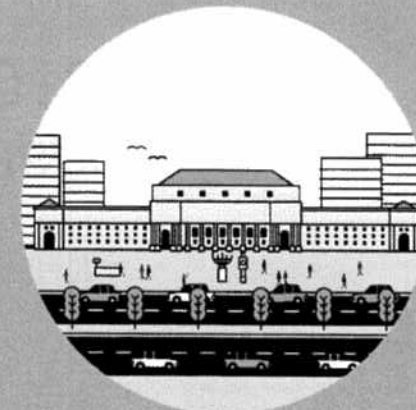
York Region vivaNext Bus Rapidways



Mississauga Bus Rapid Transit



Union Pearson Express



Union Station Revitalization

Toronto–York Spadina Subway Extension

The Georgetown South Project

Toronto Light Rail Transit including Eglinton Crosstown

Proposed Next Wave of Projects

SUBWAY EXPANSION

- Downtown Relief Line
- Yonge North Subway Extension

NEW RAPID TRANSIT

- **Brampton Queen Street Rapid Transit**
- **Dundas Street Bus Rapid Transit**
- **Durham-Scarborough Bus Rapid Transit**
- **Hamilton Rapid Transit**
- **Hurontario-Main LRT**

GO/UP ENHANCEMENT

- GO Rail Expansion
- GO Lakeshore Express Rail Service – Phase 1 (including Electrification)
- Electrification of GO Kitchener Line and Union Pearson Express

LOCAL

- **Local transit**
- **Roads and highways**
- **Active transportation and integration**

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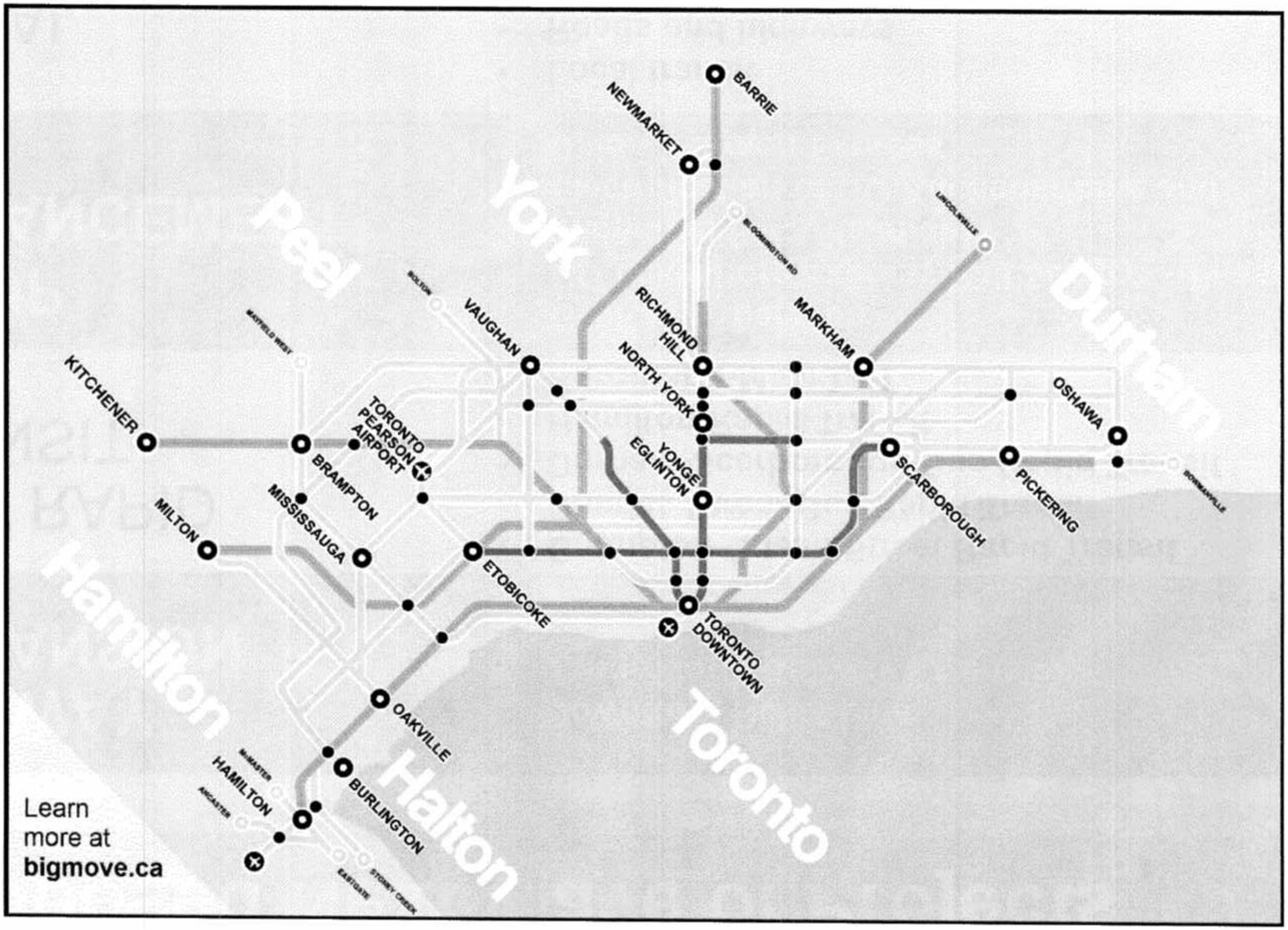
The Big Move



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New Funding Required for Next Wave

$34B total capital construction cost

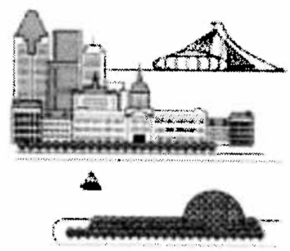
$2B per year ongoing

Scope of Investment Strategy

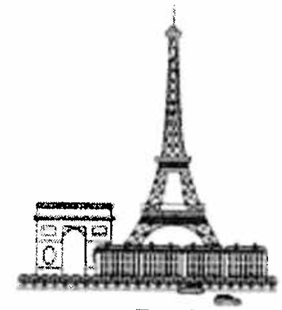
- Integrating Growth, Land Use and Transportation
- Optimizing System and Network Efficiency
- Integrating Infrastructure Decision-Making
- Funding through New Investment Tools

Best Practices from Other Jurisdictions

Vancouver

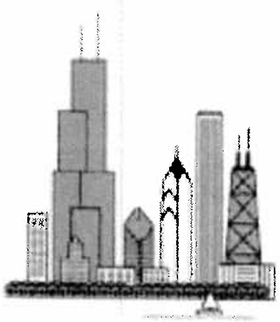


Montreal

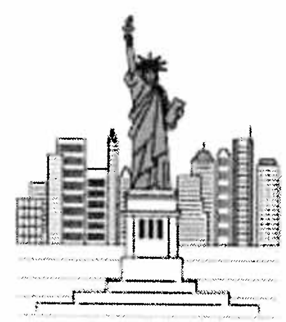


Paris

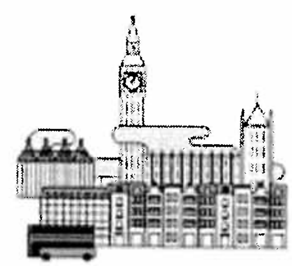
- A *suite* of dedicated tools
- A combination of tools and direct government funding
- Key role for the private sector
- Ability to issue debt and maintain credit ratings
- Importance of accountability and transparency



Chicago



New York



London

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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

Investment Tool Profiles

- Detailed research, completed for Metrolinx by AECOM/KPMG, provides information on 25 investment tools that have been identified as potential candidates for the Investment Strategy

- AECOM-KPMG report can be found on www.bigmove.ca

- Each investment tool profile includes information on how the tool works, case studies from other jurisdictions, and evaluations based on:
  - Revenue potential
  - Incremental costs to implement
  - Impact on travel behaviour and transportation network performance
  - The ability of the tool to provide for "smart charges" or dynamic pricing
  - Technical implementation considerations
  - Governance considerations
  - Equity and distributional impacts
  - Impact on overall economic efficiency

Proposed Principles to Guide New Funding

- **Dedicated Revenue**
  The public can see exactly what they are paying for and have an assurance that funds are not diverted to other priorities

- **Fairness in Costs and Benefits**
  Distributes costs to everyone who benefits, recognizing that we all benefit from transportation infrastructure

- **Equity across the Region**
  Ensures that no part of the region is left behind by having all areas pay their fair share and benefit from investment

- **Transparency and Accountability**
  Ensures transparency in administering funds and reporting on results

List of Potential Tools from global experience

- Auto Insurance Tax
- Car Rental Fee
- Carbon Tax
- Cordon Charge
- Corporate Income Tax
- Development Charges
- Driver's License Tax
- Employer Payroll Tax
- Fuel Tax
- High Occupancy Toll (HOT) Lanes
- Highway Tolls
- Hotel and Accommodation Levy
- Income Tax
- Land Transfer Tax
- Land Value Capture
- New Vehicle Sales Tax
- Parking Sales Tax
- Parking Space Levy
  including pay-for-parking for transit stations
- Property Tax
- Sales Tax
- Tax Increment Financing (Special Assessment Districts)
- Transit Fare Increase
- Utility Levy
- Vehicle Kilometres Travelled (VKT) Fee
- Vehicle Registration Fee

Rationale for Narrowing the Tools

- From the 25, we selected seven high-performing "big" tools based on:
  - Revenue generation and cost
  - Ease of implementation and use
  - Public impacts, including transportation benefits and social fairness
- We also selected four smaller "high policy impact" tools based on ability to:
  - Improve travel behaviour, choice and capacity optimization on the existing highway system
  - Integrate land development and transportation investment decisions
  - Ensure transit users contribute directly to transit capital expansion costs
- The outcome:
  - A shorter list of 11 tools – a reasonable range of user, beneficiary and everyone pays tools – to eventually develop a recommended revenue toolkit
  - Symmetry with the potential investment tools being considered by the Toronto Region Board of Trade, City of Toronto and others

Potential Short List of Investment Tools

Seven Potential Big Investment Tools:

- Employer Payroll Tax
- Fuel Tax
- Highway Tolls
- Parking Space Levy
  including pay-for-parking at transit stations
- Property Tax
- Sales Tax
- Vehicle Kilometres Travelled (VKT) Fee

Four Potential Smaller Investment "Policy" Tools:

- Development Charges
- High Occupancy Toll (HOT) Lanes
- Land Value Capture (LVC)
- Transit Fare Increase

Categorizing Investment Tools

User Pay Tools: recognizes the value to direct consumers of the infrastructure
- Fuel Tax
- Road Pricing (High Occupancy Tolls, Highway Tolls, Vehicle Kilometres Travelled Charge)
- Transit Fares

Beneficiaries Pay Tools: recognizes the economic value of infrastructure
- Property Tax
- Land Value Capture
- Development Charges
- Parking Space Levy including pay-for-parking at transit stations
- Payroll Tax

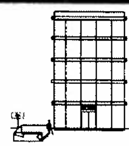
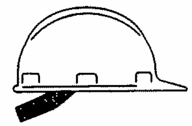
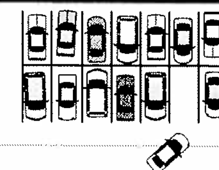
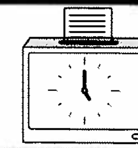
Everyone Pays Tool: recognizes the broad social value of infrastructure
- Sales Tax

User Pay Tools

	Fuel Tax	High Occupancy Tolls	Highway Tolls	Vehicle Kilometres Travelled Charge	Transit Fares
HOW DOES IT WORK?	An additional excise tax levied on the sale of transportation fuels, calculated by volume purchased.	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.	Motorists pay charge for every kilometre they travel within a designated area or in all areas. A driver's VKT is recorded through odometer readings or GPS tracking.	A fare surcharge dedicated to capital projects is applied to all transit trips in the GTHA.
WHO PAYS?	Motorists	Motorists	Motorists	Motorists	Transit Riders
POTENTIAL ANNUAL REVENUES (GTHA)*	\$0.05/L = \$330 million	Variable rate = \$25 million	\$0.10/km = \$1.4 billion	\$0.03/km = \$1.6 billion	\$0.15 /ride = \$50 million
WHERE IS IT USED?	BC, Alberta and Quebec, US and Europe	HOTs are currently used in nine U.S. states.	Several U.S. states, Ireland, the United Kingdom and the Highway 407 in GTHA.	Austria and Germany on federal motorways.	

* Rates shown are used for illustrative purposes only and are not intended to recommend a particular rate.

Beneficiaries Pay Tools

	Property Tax	Land Value Capture	Development Charges	Parking Space Levy	Payroll Tax
					
HOW DOES IT WORK?	A percentage-based tax is applied on the value of property owned by individuals and organizations.	Land Value Capture (LVC) aims to collect a share of the increased value in property development that results from transportation investment. Developments around transit stations benefit from greater accessibility and often have higher land values.	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.	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 tax is paid by employers as a percentage of employees gross pay in a given period or as a flat tax based on the number of employees they have.
WHO PAYS?	Property Owners	Property Owners	Developers & New Property Owners	Property Owners	Businesses
POTENTIAL ANNUAL REVENUES (GTHA)*	5% increase on existing = $670 million	$20 million	15% increase on existing = $100 million	$1 /space /day = $1.4 billion	0.5% = $700 million
WHERE IS IT USED?	Used in Metro Vancouver and Montreal. Property taxes paid throughout the GTHA are used to fund local transportation, but are not dedicated.	Europe, South America, Asia. The Yonge North Subway corridor is currently under study to examine LVC potential.	Used across Ontario and in many other jurisdictions.	Vancouver, Melbourne, Sydney and Perth, Australia.	Paris, NYC. New York rates range between 0.11% and 0.34%, depending on an employer's total payroll expense.

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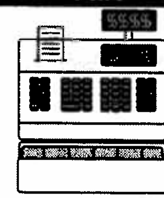
Everyone Pays Tool

	Sales Tax
	
HOW DOES IT WORK?	A percentage rate applied on all goods and services.
WHO PAYS?	Consumers
POTENTIAL ANNUAL REVENUES (GTHA)*	1% = $1.4 billion
WHERE IS IT USED?	Used extensively in the United States to fund transportation infrastructure. In Ontario consumers pay HST at a rate of 13%; revenues generated from this tax go toward the province's general revenues and are not dedicated to transportation.

* *Rates shown are used for illustrative purposes only and are not intended to recommend a particular rate.*

Selection Criteria

- Strong, predictable and durable revenues
- Reasonable cost and ease of implementation
- Price signals to encourage efficient travel choices
- Promotes economic competitiveness
- Promotes social fairness and equity

Next Steps

- Seeking public and stakeholder input on the shorter list of potential dedicated investment tools
- Reaching out to and consulting with our municipal partners is a key next step in our engagement plan
- On track to publicly release our final report and recommendations at the Metrolinx Board meeting on May 27
- Have your say:

  Learn more about the potential tools and join the Big Conversation at www.bigmove.ca

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