



Hamilton

**METROLINX – REGIONAL FUNDING TOOLS  
GIC – MAY 1, 2013**

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# Objectives

- Big Move – Next Wave
- Next Wave – Investment Strategy
- Principles
- Investment Strategy – Suite of Financing Tools
- Recommendations



# Metrolinx Regional Transportation Plan (RTP)

- adopted on November 28, 2008
- named The Big Move: Transforming Transportation in the Greater Toronto and Hamilton Area.
- a strategic 25-year plan for a co-ordinated transportation system.





# Cost of Regional Transportation Plan

Current Projects                      \$16 Billion

Next Wave of Projects                \$34 Billion

Total cost                              \$50 Billion





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# Current Projects

## 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





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# Next Wave

## 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





# New Funding Required for Next Wave of Projects

- \$34 Billion
  - Total Capital Construction Costs
- \$ 2 Billion per year ongoing
  - Includes Capital Cost of Construction, Construction Financing and Debt Repayment, Depreciation and Operating and Maintenance



# The RTP Investment Strategy

- Mandated by Metrolinx Act, 2009
- Find new and innovative ways to raise dedicated and sustainable revenues
- To be completed on or before June 1, 2013





# Metrolinx – 25 Potential Revenue Tools

- Development Charges
- Highway Tolls
- Parking Space Levy
- Personal Income Tax
- Land Transfer Tax (LTT)
- Fuel Tax
- Auto Insurance Tax
- Car Rental Fee
- Property Tax
- Vehicle Kilometres Traveled (VKT) Fee
- Cordon Charge
- Land Value Capture (LVC)
- Corporate Income Tax
- Carbon Tax
- Sales Tax



# Metrolinx – 25 Potential Revenue Tools (cont'd.)

- Driver's License Tax
- Employer Payroll Tax
- Hotel Accommodation Levy
- Utility Levy
- Vehicle Registration Fee
- High Occupancy Toll (HOT) Lanes
- New Vehicle Sales Tax
- Parking Sales Tax
- Tax Incremental Financing (special assessment districts)
- Transit Fare Increase



# The RTP Investment Strategy

- Metrolinx – The Big Conversation - Public Roundtable Consultations throughout the GTHA
- GTHA Roundtable Discussions – identify areas of common ground with municipalities on transportation funding options
- Metrolinx encouraging Municipalities to participate in discussions



# Four Key Principles in Determining Shorter List

- 1) Dedicated Revenue – the public can see exactly what they are paying for and have an assurance that funds are not diverted to other priorities
- 2) Fairness in Costs and Benefits – distributes costs to everyone who benefits, recognizing that we all benefit from transportation infrastructure
- 3) Equity across the Region – ensures that no part of the region is left behind by having areas pay their fair share and benefit from investment
- 4) Transparency and Accountability – ensures transparency in administering funds and reporting on results



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## Potential Short List 7 Big Investment Tools

<b>Investment Tool</b>	<b>Nominal Rate Increase</b>	<b>Potential Revenues (GTHA)</b>	<b>Upper Bound</b>
Employer Payroll Tax	0.50%	\$630-\$730M	n/a
Fuel Tax	\$0.05/L	\$320-\$420M	\$0.20/L - \$1.5B
Highway Tolls	\$0.10/km	\$1.3-\$1.5B	\$0.25/km - \$4.6B
Parking Space levy	\$1/space	\$1.4-\$1.6B	\$2/space - \$3B
Property Tax	3%	\$250-\$330M	10% - \$970M
Sales Tax	0.25%	\$260-\$390M	2% - \$2.5B
Vehicles Km Traveled Fee	\$0.05/km	\$2.5-\$3.5B	\$0.10/km - \$6.0B



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## Potential Short List 4 Smaller Investment Tolls

<b>Investment Tool</b>	<b>Nominal Rate Increase</b>	<b>Potential Revenues (GTHA)</b>	<b>Upper Bound</b>
Development Charges	15%	\$75-\$100M	n/a
HOT Lanes	\$0.30/km	\$25-\$45M	n/a
Land Value Capture	n/a	n/a	n/a
Transit Fare Increase	\$0.10/ride	\$30-\$40M	\$0.30 - \$200M

# Employer Payroll Tax

- How does it work?
  - 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?
  - Businesses
- Potential Annual Revenues (GTHA)
  - 0.50%
  - \$630 - \$730 Million



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# Fuel tax

- How does it work?
  - An additional excise tax levied on the sale of transportation fuels, calculated by volume purchased
- Who pays?
  - Motorists
- Potential Annual Revenues (GTHA)
  - \$0.05/L
  - \$320 - \$420 Million





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# Highway Tolls

- How does it work?
  - Motorists pay a toll per kilometre travelled on designated highways
- Who pays?
  - Motorists
- Potential Annual Revenues (GTHA)
  - \$0.10/km
  - \$1.3 - \$1.5 Billion



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# Parking Space Levy

- How does it work?
  - 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
- Who pays?
  - Property Owners
- Potential Annual Revenues (GTHA)
  - \$1 / space / day
  - \$1.4 Billion



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# Property Tax

- How does it work?
  - A percentage-based tax is applied on the value of property owned by individuals and organizations
- Who pays?
  - Property Owners
- Potential Annual Revenues (GTHA)
  - 3% increase on existing
  - \$250 - \$330 Million



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# Sales Tax

- How does it work?
  - A percentage rate applied on all goods and services
- Who pays?
  - Consumers
- Potential Annual Revenues (GTHA)
  - 0.25%
  - \$260 - \$390 Million

# Vehicle Kilometres Traveled Fee

- How does it work?
  - Motorists pay charge for every km they travel within a designated area or in all areas. A driver's VKT is recorded through odometer readings or GPS tracking
- Who pays?
  - Motorists
- Potential Annual Revenues (GTHA)
  - \$0.05/km
  - \$2.5 - \$3.5 Billion



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# Development Charges

- How does it work?
  - 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
- Who pays?
  - Developers & New Property Owners
- Potential Annual Revenues (GTHA)
  - 15% increase on existing
  - \$75 - \$100 Million

# High Occupancy Toll (HOT) Lanes

- How does it work?
  - 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.
- Who pays?
  - Motorists
- Potential Annual Revenues (GTHA)
  - \$0.30/km
  - \$25 - \$45 Million

# Land Value Capture

- How does it work?
  - 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.
- Who pays?
  - Property Owners
- Potential Annual Revenues (GTHA)
  - n/a





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# Transit Fare Increase

- How does it work?
  - A fare surcharge dedicated to capital projects is applied to all transit trips in the GTHA
- Who pays?
  - Transit Riders
- Potential Annual Revenues (GTHA)
  - \$0.10/ ride
  - \$30 - \$40 Million

# Other Transportation

- Metrolinx is proposing to allocate 25% of the \$2 billion/year to support other transportation including
  - 15% municipal transit & road support
  - 5% improvements to regional highways
  - 5% walking/cycling infrastructure, customer service, fare integration, intelligent transportation systems, mobility hubs, urban freight

Note: Municipal allocation formula and eligibility criteria have yet to be determined



# The RTP Investment Strategy

- Metrolinx encouraging Municipalities to participate in discussions
- Seeking public and stakeholder input on the shorter list of 11 potential dedicated investment tools



# Staff Recommendations

a) That the Provincial and Federal Governments continue to fund 100% of the cost of Big Move Metrolinx projects, which is consistent with the Original Metrolinx Big 5 projects, exclusive of any new local taxes, fees and charges.

## Staff

### Recommendations (cont'd..)

b) That Council endorse Metrolinx's 4 key principles to guide new funding as outlined:

i) Dedicated Revenue – the public can see exactly what they are paying for and have an assurance that funds are not diverted to other priorities

ii) Fairness in Costs and Benefits – distributes costs to everyone who benefits, recognizing that we all benefit from transportation infrastructure

## Staff

### Recommendations (cont'd..)

- b) That Council endorse Metrolinx's 4 key principles to guide new funding as outlined:
  - iii) Equity across the Region – ensures that no part of the region is left behind by having areas pay their fair share and benefit from investment
  - iv) Transparency and Accountability – ensures transparency in administering funds and reporting on results

# Staff Recommendations (cont'd..)

- c) That Metrolinx amends its description of Equity across the Region to read “ensures that no part of the region is left behind by having all areas pay their fair share and immediately benefit from investment.”
  
- d) That all participating municipalities NOT be put in a competitive disadvantage relative to municipalities outside the GTHA.

# Staff Recommendations

e) That staff be directed to forward a copy of this report (FCS13002) to Metrolinx for consideration in its Big Move Investment Strategy





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ANY QUESTIONS



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Thank You