



June 5, 2015

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The Honourable Kathleen Wynne
Premier of Ontario
Legislative Building Queen's Park
Toronto, ON M7A 1A1

**RE: PLANNING AND FUNDING FOR TRANSIT AND
TRANSPORTATION INFRASTRUCTURE PROJECTS (2015-J-30),
OUR FILE: D21-021**

The Regional
Municipality
of Durham

Corporate Services
Department -
Legislative Services

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Matthew L. Gaskell
Commissioner of
Corporate Services

Premier Wynne, please be advised that the Joint Finance & Administration, Planning & Economic Development and Works Committees of Regional Council considered the above matter and at a meeting held on June 3, 2015, Council adopted the following recommendations of the Committee:

"A) That the following resolution be endorsed:

Whereas Canada remains the only G8 nation without a national transit strategy and predictable, long-term support for public transit;

Whereas over the last decade, federal, provincial and municipal governments have greatly increased their investment in the expansion of transit systems, but still lack a coordinated framework of policies to optimize the returns to these investments;

Whereas Metrolinx was established as a provincial agency to improve the coordination and integration of transportation in the Greater Toronto and Hamilton Area, and has advanced that authority through the approval and implementation of The Big Move;

Whereas the province does not have a long-term strategy for other transportation projects, such as Provincial Highway improvements;

Whereas Regional Council has previously recommended that a national transit strategy be established;

Whereas in Durham Region, long-term planning is constrained due to the unpredictability of provincial and federal financial commitments to transit and transportation;

Now therefore be it resolved that Durham Region reconfirm its recommendation to the Government of Canada that a national transit strategy be established, in collaboration with the provinces. Such a strategy would aid planning, prioritization and integration of transit projects amongst all three levels of government. The strategy should provide for dependable, long-term, and sustainable capital and

operating funding streams for transit infrastructure, while respecting jurisdictional responsibilities;

And be it further resolved that the Province of Ontario be urged to establish a provincial transportation strategy that would integrate The Big Move with Provincial Highway investment and other transportation initiatives, and provide fair, equitable, and sustainable funding for all municipalities;

- B) That a copy of Joint Report #2015-J-30 be forwarded to the Honourable Joe Oliver, Federal Minister of Finance; the Honourable Lisa Raitt, Federal Minister of Transport; the Right Honourable Stephen Harper, Prime Minister; the Leaders of the Federal Liberal, NDP and Green Parties; the Honourable Kathleen Wynne, Premier of the Province of Ontario; the Honourable Steven Del Duca, Minister of Transportation, Ontario; Durham MPs; Durham MPPs; Metrolinx; municipalities in the Greater Toronto and Hamilton Area; Federation of Canadian Municipalities; the Association of Municipalities of Ontario; and the Opposition Leaders; and
- C) That the Durham MPs and MPPs be requested to provide their comments on Report #2015-J-30 and advise Regional Council by September 15, 2015 on the action plans of the federal and provincial governments on how to move transit and transportation infrastructure projects forward."

Please find enclosed a copy of Report #2015-J-30.



D. Bowen, AMCT
Regional Clerk/Director of Legislative Services

DB/ct

Encl.

c: Please see attached lists

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 2564.



The Regional Municipality of Durham Report

To: Planning and Economic Development, Finance and Administration and Works Committee
From: A.L. Georgieff, Commissioner of Planning and Economic Development, R.J. Clapp, Commissioner of Finance, C. Curtis, Commissioner of Works
Report: #2015-J-30
Date: May 21, 2015

Subject:

Planning and Funding for Transit and Transportation Infrastructure Projects

Recommendations:

THAT the Joint Planning and Economic Development, Finance and Administration and Works Committee recommend to Regional Council:

a) THAT the following resolution be endorsed:

Whereas Canada remains the only G8 nation without a national transit strategy and predictable, long-term support for public transit;

Whereas over the last decade, federal, provincial and municipal governments have greatly increased their investment in the expansion of transit systems, but still lack a coordinated framework of policies to optimize the returns to these investments;

Whereas Metrolinx was established as a provincial agency to improve the coordination and integration of transportation in the Greater Toronto and Hamilton Area, and has advanced that authority through the approval and implementation of The Big Move;

Whereas the province does not have a long-term strategy for other transportation projects, such as Provincial Highway improvements;

Whereas Regional Council has previously recommended that a national transit strategy be established;

Whereas in Durham Region, long-term planning is constrained due to the unpredictability of provincial and federal financial commitments to transit and transportation;

Now therefore be it resolved that Durham Region reconfirm its recommendation to the Government of Canada that a national transit strategy be established, in collaboration with the provinces. Such a strategy would aid planning, prioritization and integration of transit projects amongst all three levels of government. The strategy should provide for dependable, long-term, and sustainable capital and operating funding streams for transit infrastructure, while respecting jurisdictional responsibilities;

And be it further resolved that the Province of Ontario establish a provincial transportation strategy that would integrate The Big Move with Provincial Highway investment and other transportation initiatives, and provide fair, equitable, and sustainable funding for all municipalities; and

- b) THAT a copy of Commissioner's Report #2015-J-30 be forwarded to the Honourable Joe Oliver, Federal Minister of Finance; the Honourable Lisa Raitt, Federal Minister of Transport; the Honourable Kathleen Wynne, Premier of the Province of Ontario; the Honourable Steven Del Duca, Minister of Transportation, Ontario; Durham MPs; Durham MPPs; Metrolinx and municipalities in the Greater Toronto and Hamilton Area.

1. Purpose

- 1.1. At its meeting of February 17, 2015, Planning and Economic Development Committee directed staff to:
- Prepare a resolution to the federal government identifying the various reasons for the need for strong federal support for transportation and transit on a GTA wide basis; and
 - Request the Province of Ontario to establish a provincial transit and infrastructure strategy with fair and equitable funding for all municipalities.
- 1.2. The purpose of this report is to provide background information related to federal and provincial transit funding and present a proposed resolution for the consideration of Joint Committee.

2. Background

- 2.1. The Canadian Urban Transit Association reports that Canada is the only country in the G8 without a central policy of predictable, long-term support for public transit.

While Ontario does not have a province-wide transit policy framework either, the Metrolinx Regional Transportation Plan (The Big Move) applies to the Greater Toronto and Hamilton Area (GTHA), including Durham.

- 2.2. Several organizations and agencies, such as the Federation of Canadian Municipalities, Canadian Urban Transit Association (CUTA), Canadian Chamber of Commerce and Metrolinx have advocated for a national transit strategy to better plan for and support future transit infrastructure. According to CUTA, such a strategy is supported by the federal and provincial governments in principle, but has not been actively pursued. The call for a national transit strategy was previously recommended by Regional Council in response to Metrolinx's Investment Strategy (through Report 2013-F-55).
- 2.3. Improvements in the transportation and transit network have not kept pace with growth in the GTHA. The Investment Strategy notes that crowding on several GO Rail lines means that they regularly operate at 125% capacity during weekday peak morning and afternoon periods. The average round trip commute time in the GTHA is 82 minutes, which is one of the longest in North America.¹
- 2.4. Increasing congestion in the transportation network has contributed towards rising greenhouse gas emissions and negative impacts to the Ontario economy. Cars and trucks are responsible for 77% of greenhouse gas emissions produced from the transportation sector, of which three-quarters are from passenger vehicles. Currently, traffic congestion is estimated to cost GTHA residents about \$3.3 billion, or \$1,619 per year, for every household through time delays, vehicle costs and collisions.² Reducing traffic congestion by making improvements to transit and roads would help alleviate these socio-economic and environmental costs.
- 2.5. For Durham Region, improved and reliable funding of major transit and Provincial Highway projects would help to ensure a prudent financing strategy for the expansion, rehabilitation and replacement requirements for Regional Road and transit infrastructure (buses, routes, stops/shelters, maintenance facilities). These projects are also essential to support the population and employment growth forecasted for the Region in 2031, and fulfil the growth and development objectives of the Provincial Growth Plan.

¹ Metrolinx, The Big Move: Transforming Transportation in the Greater Toronto and Hamilton Area (November 2008).

² Metrolinx, Investing in Our Region, Investing in Our Future (May 2013).

3. Financial Considerations

Federal Initiatives

- 3.1. The federal government does not have a long-term transit strategy. It has historically announced funding measures in partnership with provincial and municipal governments, on an ad hoc basis, such as the FLOW initiative announced in 2007 (which included \$962 million for transit projects in the GTHA). This year, a new public transit fund was announced in the Federal Budget that will include \$750 million over two years, starting in 2017-2018, followed by \$1 billion per year thereafter, to help finance public-private partnerships (P3s) to pay for projects and upgrades with a combination of public and private investment. Given this new policy direction, a definitive national transit strategy would significantly improve coordination and prioritization of major transit infrastructure implemented by provincial and municipal governments.

Provincial Initiatives

- 3.2. The provincial government provides municipalities with two cents per litre of provincial gas tax revenue on an annual basis exclusively for the purpose of investing in municipal transit. For this year's program (2014/2015), the total amount of provincial gas tax funding being transferred to municipalities is \$321.5 million. The allocation of provincial gas tax funding among municipalities is based on 70% transit ridership and 30% municipal population. The Region of Durham's share of provincial gas tax is approximately \$8 million per year, and is used to finance Durham Region Transit (DRT) capital investments and service enhancements.
- 3.3. In addition, the First Wave of transit projects, drawn from Metrolinx's The Big Move Regional Transportation Plan, committed over \$16 billion in the GTHA. Most of these projects are in Toronto. The only First Wave project in Durham Region is the Stage 1 "Quick-Win" Highway 2 Bus Rapid Transit (BRT) project, which the province approved \$82.3 million in funding for Durham to implement.
- 3.4. In November 2012, Metrolinx announced the Next Wave of major transit projects to be implemented over the next 20 years, at an estimated cost of \$34 billion. The Highway 2 BRT between Scarborough Town Centre and Oshawa, GO Lakeshore Regional Express Rail including electrification, and expansion of GO Rail service from Oshawa to Bowmanville, are included in the Next Wave of projects. An Investment Strategy was prepared by Metrolinx to identify and recommend sustained, long-term revenue streams to fund Next Wave projects. However, the

provincial government has not implemented the recommended revenue stream initiatives.

- 3.5. Metrolinx has completed a Five Year Strategy (2015-2020), outlining transit priority projects and programs to be funded in this timeframe. Although funding has not been committed, this strategy also lists the Durham Scarborough BRT, GO Rail two way all day service expansion to Bowmanville, and GO Lakeshore Regional Express Rail as Next Wave projects eligible for funding.
- 3.6. The 2015 Provincial Budget has committed \$31.5 billion over 10 years for public transit, transportation and other priority infrastructure projects across Ontario. About \$16 billion will be invested in transit projects in the GTHA, and about \$15 billion will be invested in transportation and other priority infrastructure projects outside the GTHA. The GO Regional Express Rail initiative has now received commitment for provincial funding as part of the announcement, not only for the Lakeshore line but also portions of the Kitchener, Barrie and Stouffville lines.
- 3.7. Metrolinx is currently undertaking a legislated review of The Big Move, and an update to the plan is expected in 2016. At this time, details regarding the financing of the remainder of the Next Wave projects remain uncertain, including the Durham Scarborough BRT and the GO Rail extension to Bowmanville.
- 3.8. The Ministry of Transportation, Ontario (MTO) plans and budgets for future Provincial Highway improvements through the Southern Ontario Highways Program (SOHP). The SOHP is prepared annually, and contains a four-year forecast. The Highway 407 East extension is included in the SOHP.
- 3.9. Given the relatively short timeframe of the SOHP, there is no indication from MTO when key highway expansion projects are to be implemented. For example, four Environmental Assessment studies have recently been completed, or are in progress, for Highway 401 widening and interchange improvements from Brock Road easterly to the Durham/Northumberland boundary. However, the timing of these projects is unknown, except for a few important bridge replacement or rehabilitation projects that will eventually accommodate a widened Highway 401.
- 3.10. Not only would long-term planning for Provincial Highway projects benefit the development of Regional and area municipal capital road programs, but would complement the planning efforts by Metrolinx under The Big Move.

Regional Financial Implications

- 3.11. The Region of Durham has invested heavily in Regional transit since 2006. Any future investments in Regional transit services will require significant property tax increases. Unfortunately, this pace of investment in Regional transit is not sustainable over the long-term and will further impact the transit tax requirement for northern portions of Durham. There are other competing Regional needs including road and bridge rehabilitation currently estimated at \$35 to \$41 million per year (with a current estimated financing shortfall of \$9 to \$15 million per year). There is also a trade-off of benefits, costs, and affordability between investing in transit versus roads that must be considered and balanced when making investment decisions to improve the overall transportation network.
- 3.12. There are also funding and long-term financial planning risks to Durham Region associated with the provincial and federal government's transportation plans, if additional ongoing sustained funding sources are not made available. Improvements to the GO Lakeshore East Rail line and the extension of GO Train service from Oshawa to Bowmanville will require Durham Region to improve Regional roads to accommodate The Big Move. In terms of Metrolinx's The Big Move, DRT will be faced with higher operating costs, especially during the early stages of operation when fare revenue recovery may be low. New Big Move investments will also impose ongoing capital rehabilitation and replacement costs, through requirements for DRT to support and provide additional feeder services.
- 3.13. Therefore, it is recommended that the federal and provincial governments provide dependable, long-term, sustainable and ongoing capital and operating funding streams for transit and transportation (e.g. road) infrastructure.

4. Conclusion

- 4.1. Federal and provincial funding over the last decade has contributed towards the modernization of transit and transportation infrastructure in Ontario. However, there is a lack of a national transit strategy. Such a strategy would aid the planning, prioritization and integration of transit projects amongst all three levels of government. Further, there is a need for more sustained and reliable funding streams for transit projects from both the federal and provincial governments.
- 4.2. As part of a provincial transportation strategy, the Government of Ontario needs to adopt a long-range approach for Provincial Highway planning, and better coordinate and integrate transportation and transit projects in a fair and equitable manner for municipalities.

- 4.3. It is recommended that the following resolution be endorsed and forwarded to the federal and provincial governments, Metrolinx and all GTHA municipalities:

Whereas Canada remains the only G8 nation without a national transit strategy and predictable, long-term support for public transit;

Whereas over the last decade, federal, provincial and municipal governments have greatly increased their investment in the expansion of transit systems, but still lack a coordinated framework of policies to optimize the returns to these investments;

Whereas Metrolinx was established as a provincial agency to improve the coordination and integration of transportation in the GTHA, and has advanced that authority through the approval and implementation of The Big Move;

Whereas the province does not have a long-term strategy for other transportation projects, such as Provincial Highway improvements;

Whereas Regional Council has previously recommended that a national transit strategy be established;

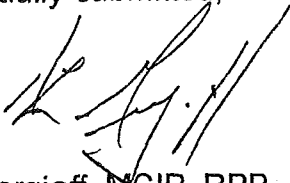
Whereas in Durham Region, long-term planning is constrained due to the unpredictability of provincial and federal financial commitments to transit and transportation;

Now therefore be it resolved that Durham Region reconfirm its recommendation to the Government of Canada that a national transit strategy be established, in collaboration with the provinces. Such a strategy would aid planning, prioritization and integration of transit projects amongst all three levels of government. The strategy should provide for dependable, long-term, and sustainable ongoing capital and operating funding streams for transit infrastructure, while respecting jurisdictional responsibilities;

And be it further resolved that the Province of Ontario establish a provincial transportation strategy that would integrate The Big Move with Provincial Highway investment and other transportation initiatives, and provide fair, equitable, and sustainable ongoing funding for all municipalities.

- 4.4. This report has been prepared in consultation with Durham Region Transit.

Respectfully submitted,



A.L. Georgieff, MCIP, RPP
Commissioner of Planning and
Economic Development



R.J. Clapp, CPA, CA
Commissioner of Finance



Cliff Curtis, P.Eng., MBA
Commissioner of Works

Recommended for Presentation to Committee



G.H. Cubitt, MSW
Chief Administrative Officer