
INTRODUCTION TO METROLINX

INVESTING IN PUBLIC TRANSIT

New Ways of Financing Public Transport

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METROLINX

An agency of the Government of Ontario

Who is Metrolinx?

Metrolinx was created in 2006 by the Province of Ontario as the **first Regional Transportation Agency** for the Greater Toronto and Hamilton Area.

Our mandate is to do three things exceptionally well:



Deliver the **best possible transportation services today** while leading the way to an even **better, more convenient service tomorrow**.



Make the best possible use of **public transportation investment dollars**.



Measurably **improve quality of life** in our region.

How is Metrolinx governed?

Establishing legislation: *Metrolinx Act, 2006*



Shareholder:

Government of Ontario via Ministry of Transportation



Board of Directors:

- Overseen by a 15-member board of directors that provides strategic direction and oversight for Metrolinx's activities and operations
- Appointments made by the Government of Ontario



Senior Management Team:

President and CEO is supported by a nine member senior management team

Metrolinx Structure & Responsibilities

Key Business Units that help us fulfill our responsibilities to **plan**, **deliver** and **operate**:

Planning & Policy



Plan

we shape the regional transportation system so it is modern, efficient and integrated, now and into the future

Capital Projects



Deliver

we are builders, buyers and managers of infrastructure – approx. \$2 billion for each of the last four years, will increase in coming years to deliver Regional Express Rail



Since 1967

Operate

through our three operating divisions, we help the public move across our region every day, with a focus on customer service excellence



Since 2010



Spring 2015

Greater Toronto & Hamilton Area (GTHA)

Expansive

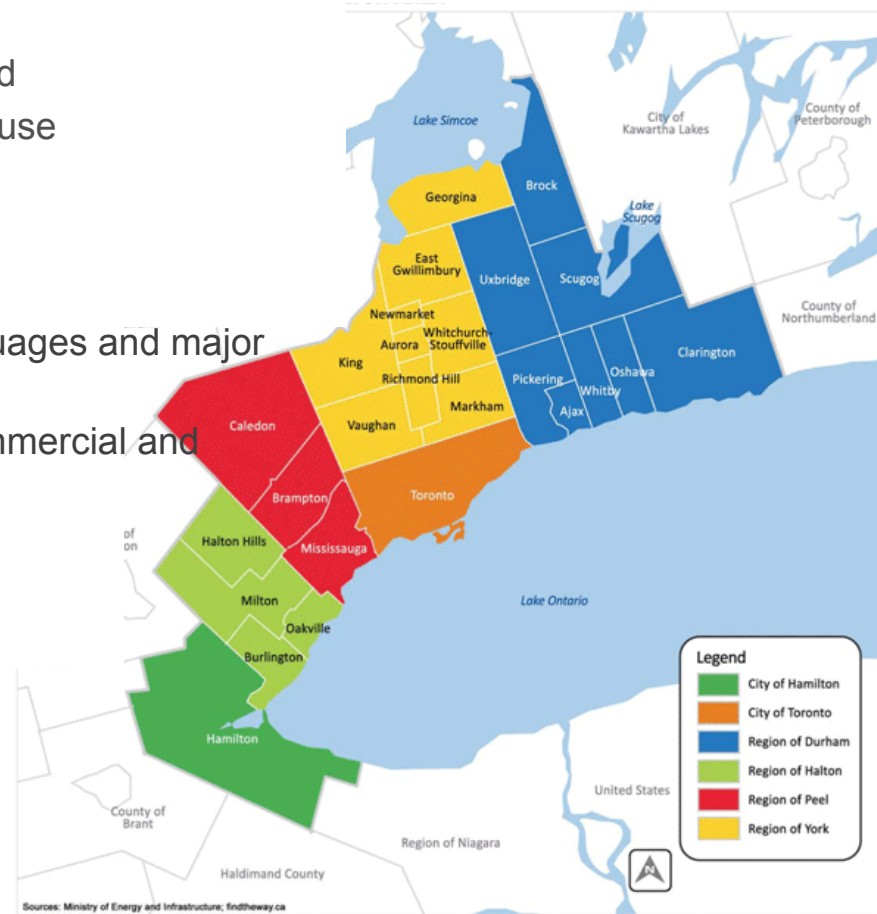
- 8,242 km², 1.5 times the size of Prince Edward Island
- Diverse spectrum of urban, suburban and rural land use

Fast-growing

- 6.6 million people in 2011, will be 9 million in 2031
- Most multicultural region in the world: over 120 languages and major dialects
- Most growth in North America with 183 high-rise commercial and residential buildings under construction
- Generates 20% of Canada's GDP with \$323 Billion
- Congestion costs the economy \$6 billion per year
- Average commute time is 82 minutes

Complex

- 4 levels of government
- 30 municipalities
- 9 municipal transit agencies + Metrolinx





METROLINX



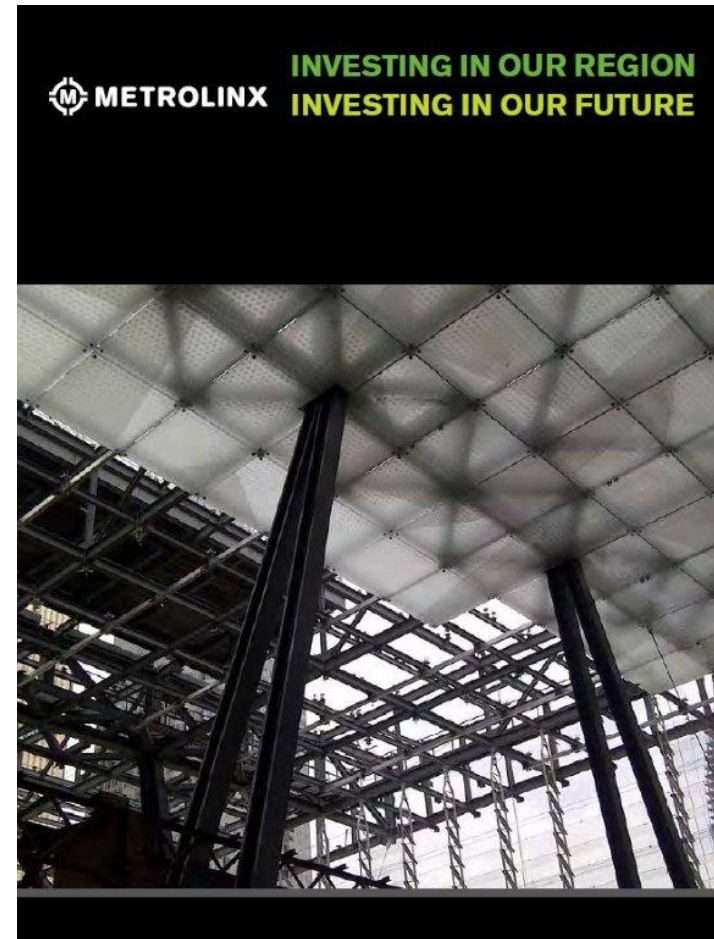
Today

- RAPID TRANSIT
- SUBWAY
- EXPRESS & REGIONAL RAIL
- - - POSSIBLE EXPRESS & REGIONAL RAIL
- URBAN GROWTH CENTRE
- MOBILITY HUB
- ✈ INTERNATIONAL AIRPORT



Investment Strategy

Metrolinx released its Investment Strategy on May 27, 2013, containing recommendations on how to fund the expansion of the GTHA's transit network.



Process for Choosing Investment Tools



Vancouver



Montreal



Paris



Chicago



New York



London

Researched Best Practices & Engaged in Extensive Consultation



Principles for Investment Tools

Four key principles were tested and endorsed by the public:

- **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

Short List of Tools We Considered

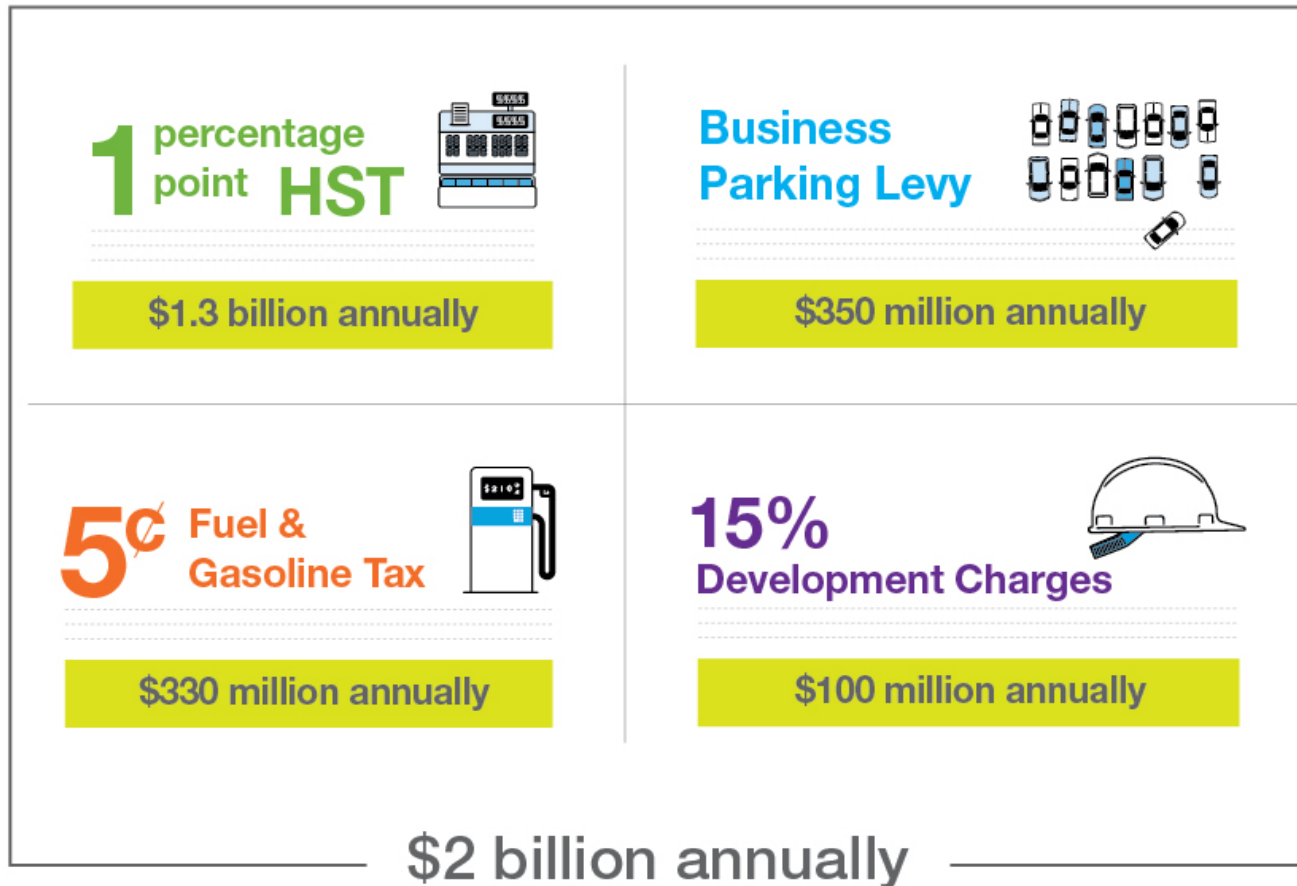
Seven Potential Big Investment Tools:

- 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

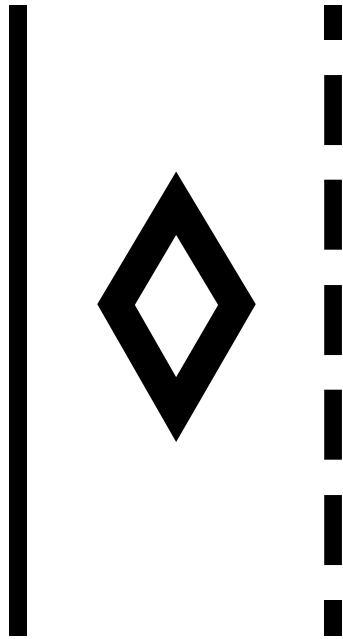
Four Potential Smaller Investment “Policy” Tools:

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

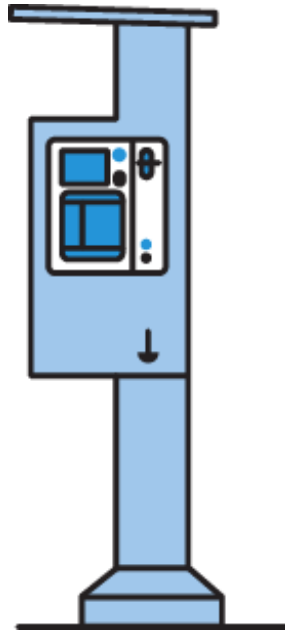
Investment Strategy Recommendations



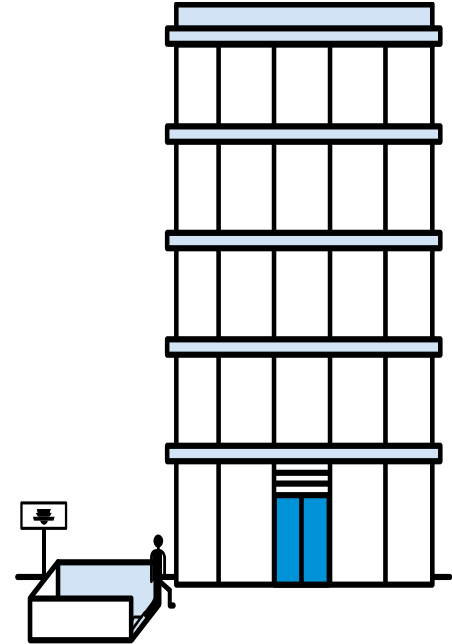
Complementary Investment Tools



**HIGH OCCUPANCY
TOLL LANES**



**PAY FOR PARKING
AT TRANSIT
STATIONS**



**LAND VALUE
CAPTURE**

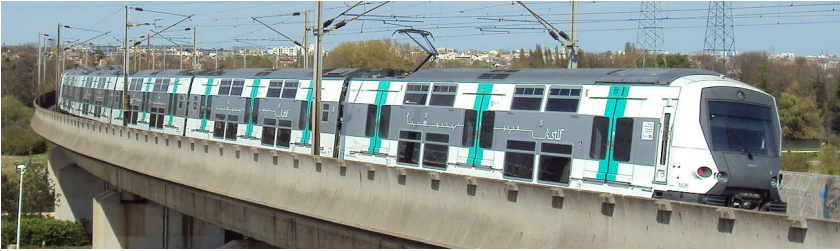
Transit Investment Strategy Advisory Panel

A 13 member panel was commissioned by the province to recommend a strategy for investing in the GTHA's transit network. Their report, released in December 2013, recommended the following:

- Phased increase in **Fuel Tax**
- Dedication of the provincial **Sales Tax charged upon Fuel Tax**
- Modest increase in **Corporate Income Tax**
- Modest and optional increase in general provincial **Sales Tax**

These measures would raise **\$1.7 to \$1.8 billion** annually.

What's Next: Regional Express Rail (RER)



**Fast, frequent, all-day,
two-way express rail service**

*Priority Action #1,
Regional Transportation Plan*

Within ten years...

- An electrified service on corridors Metrolinx owns with 15-minute frequencies in core areas
- Service in both directions: weekdays, evenings and on weekends
- All-stop and limited stop service, to meet demand and reduce travel times
- New services can be introduced in each and every year of the 10-year program
- Increased intra-regional transit

Ontario Budget 2014



BUDGET DE L'ONTARIO 2014 ONTARIO BUDGET

- The budget recognized the need to invest in transit infrastructure
- Committed incremental \$15 billion over ten years to congestion-relief measures in the GTHA. Some of this is a new allocation of general revenue, but other funds will be collected and dedicated solely for this purpose:
 - 7.5 cents per litre of existing gas taxes
 - Will raise approximately \$495 million annually
 - Restricting large corporations from claiming small business deductions
 - Will raise approximately \$20 million in 2014/15, \$25 million in 2016/17
 - A phased increase on the aviation fuel tax of four cents per litre
 - Will raise approximately \$12.5 million in 2014/15, \$32.5 million in 2016/14

Looking Forward – Government Funding for Public Transit

- Role of Federal and Municipal governments still to be defined
- Over time, there will be a shift from general revenue towards taxes and fees that change behaviour



Context – Financing Public Transit



INVESTING IN OUR REGION
INVESTING IN OUR FUTURE

- Capital is financed through tax revenue and debt
 - \$0.5 billion in 2006/2007
 - \$2.5 billion in 2014/2015
 - \$3.5 billion projected in 2017/2018
- Operating costs are paid through fare and tax revenue, and other non-fare revenue
 - \$679 million in 2014/2015
 - 79% cost recovery through fares and non-fare revenue
- Metrolinx is implementing innovative concepts to increase its revenue and diversify its sources of financing

Innovation: Alternative Financing and Procurement

“AFP” is a method of financing and procuring infrastructure that simplifies project management and transfers the risk of cost overruns, financing, project delays and asset longevity to the private sector.

Several major Metrolinx projects are using AFP for their construction:

UP Express rail spur



Eglinton Crosstown LRT



East Rail Maintenance Facility



Innovation: Green Bonds



- The Province of Ontario issued Canada's first government Green Bond in late 2014
 - Strong interest from investors: \$500 million offering, \$2.4 billion in orders
 - Raises capital for the Eglinton Crosstown LRT
 - Yield is comparable to other Ontario bonds and Green Bonds offer no special tax treatment; there is simply a very strong market interest in green investments

Innovation: Sponsorships and Founding Partners

Metrolinx is pursuing sponsorships that can deliver substantial non-fare revenue to offset operating costs.

- UP Express is partnering with five “Founding Partners”
 - Selected companies align with UP Express’s target market
 - Will enhance the customer experience with specialized services (e.g. Forex ATMs, travel lounge)
 - Expected to generate \$3-4 million in revenue for operating costs each year
- GO Retail Development
 - GO Transit is rolling out a retail strategy that will increase the services we can provide for customers, and leverage our real estate and ridership for revenue
 - GO is also partnering with organizations that can bring substantial numbers of riders onto public transit, particularly professional sports teams
- PRESTO Distribution
 - Partnering with retailers that have a large footprint to assist in the distribution of cards
- Eglinton Crosstown (and other planned Light Rail lines)
 - Engaging municipal and private stakeholders on Transit Oriented Development

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Appendix: Flagship Projects Underway



Eglinton Crosstown LRT

19 km

Ridership (2031): 5500/hour



Viva + MiWay Bus Rapid Transit

59 km

Ridership (2031): 3800+/hour



UP Express

New 3 km connector line

Ridership (2020): 2.5 million/year



Union Station Revitalization

Improvements: new train shed
roof & track replacements



Georgetown South Project

Improvements: three new tracks
along 20km



PRESTO

Card Holders: 1,400,000+
Availability: 10 transit agencies