Attachment 1

Draft Investment Strategy

September 2008

A Plan for Implementation Action

Linking People to Places

METROLINX

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A Message from the Chair

September 2008

A regional transportation network that was ahead of its time played a key role in the rise to prosperity of the Greater Toronto and Hamilton area (GTHA).

With the release of its 25 year Draft Regional Transportation Plan (RTP) for the Greater Toronto-Hamilton area (GTHA), Metrolinx is working to not only reclaim our region's traditional transportation advantage, but also to protect our environment and raise our quality of life too.

It won't be easy. We underinvested in the system over the last 25 years. Everyday the region loses millions of dollars because our roads, trains, buses and subways are congested, our air polluted and our nerves jangled.

With our population set to grow by 50 per cent in the next 25 years, playing catch up is out of the question. We've got to get ahead of this challenge. The Metrolinx Draft RTP is a bold and visionary plan to restore that winning combination of mobility and prosperity that defined our region in the post-war era. It will put us ahead of our competitors and closer to our families and communities.

Over the next 15 to 25 years we plan to quadruple the amount of rapid transit to 1,650 kilometers – and build more roads too. There'll be more car-free choices such as a network of bike lanes, and more communities that support public transit and encourage residents to walk, not drive, to a majority of the day's activities. And public transit will be closer, faster, comfortable and easier to use than ever before.

All of this, as I say, won't be easy. And it won't come cheaply either.

In releasing this Draft Investment Strategy for public comment, Metrolinx is taking an open and transparent approach on the size of the investment challenge ahead of us. But we believe this challenge also offers an opportunity to lay a new foundation for how the GTHA finances transportation projects.

Preparing our Draft RTP, we came to the conclusion that modern day transportation infrastructure systems are built as part of a network. And it is our belief at Metrolinx that they must be funded that way too.

Ad hoc, episodic or one-off project funding rarely works. Success comes with a consistent, reliable, long-term plan, supported on an on-going basis by all governments and by reliable sources of funding for those investments.

You told us during consultations that nothing was more frustrating than watching different levels of government and different transit agencies disagree over how and where to invest.

You asked us to spend more time on co-operation and developing a common vision, and for one agency to be responsible for delivering and financing this plan. This plan proposes all that and more.

As we debate both the Draft RTP and how to finance it, let's never lose sight of what drove the creation of Metrolinx in the first place: The need to create a new transportation network that would drive our region's economy, sustain our environment and promote our quality of life.

We are excited by our progress to date. We have a plan to build, fund and maintain an integrated transportation network for the six million residents of the GTHA, and the three million more that will arrive over the next 25 years. The next step is up to you, through your feedback, thoughts and concerns. Working together, let's seize this chance to keep our region moving – and moving forward.

Rob MacIsaac
Chair
Metrolinx

We're all in this together

Metrolinx is the Greater Toronto and Hamilton Area's regional transportation authority. Our focus is linking people to places. Our mandate is to create a coordinated, efficient, equitable and customer-centred transportation system in the GTHA – a transportation system that will enhance prosperity and quality of life in our metropolitan region.

We aim to get people home from work quickly, so they can spend more time with their families. We also envisage a future where transit investment is predictable, reliable, and sustainable. Transit must be a more attractive and competitive option to connect us with learning, recreational and cultural opportunities and the full range of essential services throughout our large and fast-growing metropolitan region.

The mandate to create a Regional Transportation Plan (RTP) is embodied in the Greater Toronto Transportation Authority Act, 2006 which established Metrolinx and directed it to create a long-term strategic plan for an integrated, multi-modal, regional transportation system. As defined by the Act, this is to be transportation plan that:

- takes into account all modes of transportation;
- makes use of intelligent transportation systems;
- promotes the integration of local transit systems in the regional transportation area with each other and with the GO Transit system;
- works toward easing congestion and commute times, and reducing transportation-related emissions of smog precursors and greenhouse gases; and
- promotes transit-supportive development and the viability and optimization of transit infrastructure.

The RTP is the blueprint for a more sustainable transportation future. It reaches out twenty-five years into the future to guide and direct decision-making. It sets out priorities, policies and programs for a future of complete mobility.

To fulfill this ultimate plan, Metrolinx and all levels of government must work together to set the stage for long-term, reliable and sustainable transportation funding.

In order to pay for the projects within the Draft RTP, we have developed and are putting forward an achievable action-oriented Draft Investment Strategy for government, public and stakeholder consideration. The draft strategy contains an early practical implementation focus, aimed at achieving the first wave of major construction groundbreaking starting in 2009, with customer in-service dates following in 2015 and beyond.

The Metrolinx Draft RTP calls for major investment in transit and transportation expansion:

- *$50 billion over 25 years;*
- *Equivalent to $2 billion per year in today's dollars plus inflation*

Metrolinx has a key central objective: to provide the people of the GTHA with better mobility and more choices.

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Your voice matters

One of the foundations of Metrolinx is putting the traveller first. In building our Investment Strategy, we will continue to seek the input of people from across the entire GTHA – from the City of Hamilton to Durham Region, and from the shores of Lake Ontario to Lake Simcoe.

What we heard so far is that transportation issues are at the top of people's minds. There is widespread frustration with congestion and gridlock, and the impact on lost productivity and lost time with families. People are clearly demanding a comprehensive and transformational transportation improvement plan that can move forward immediately.

Across the GTHA, most people's daily lives routinely take them across local municipal boundaries, so our Draft Investment Strategy, future projects and services must reflect that regional "metropolitan" reality.

Metrolinx is the regional body that is responsible for developing, funding, and implementing a new transformational plan. We propose to do so in a manner that reflects what people are telling us so far – that by following efficient and internationally recognized best practices we can invest public monies for lasting, measurable returns. We will monitor the investments on a regular basis, and publish our progress reports in an open and transparent manner.

People in the GTHA told us they expect to see direct value for their investment. First and foremost, people are tired of hearing about project commitments and re-announcements. They want to see action and results – beginning now and throughout the next decade, they want to see evidence of construction beginning and major new transit services being provided.

We believe that the government's MoveOntario 2020 commitment provides Metrolinx with the necessary financial foundation to develop and build new projects immediately. By flowing the MoveOntario 2020 commitment, or providing Metrolinx with a dedicated funding stream in an amount sufficient to support the MoveOntario 2020 plan, people, stakeholders and business can have confidence that transportation investment in our region has been placed on a reliable and sustainable footing.

By working collaboratively, our metropolitan region can recover from decades of transportation under-investment, and reclaim our reputation as a world leader in transit.

We have focused on learning what people want and how we can respond…

What we heard so far…

People are worried about the state of the transportation system in the GTHA, both today and for future generations.

People want a long term, comprehensive improvement plan that isn't about "minor tinkering" but about getting the "bigger picture right".

People want to see results, and they want a single point of coordination for regional cooperation between the federal, provincial and municipal governments.

People told us loud and clear that the time has come for action, accountability and results that provide lasting value for the entire GTHA region.

Have a Say!

Help Shape the GTHA's Transportation Future

Whether we walk to the corner store, take transit to work, drive to the hospital, cycle to school, or rely on the movement of goods for our business, we all have opinions on how the GTHA's transportation system is performing. Many of us have thoughts on what is working well, and what can be improved. Whatever your transportation situation, Metrolinx wants to hear from you as we develop the Regional Transportation Plan and Investment Strategy. The more people we hear from, the more inclusive and effective the Plan will be.

Comments on the Draft Regional Transportation Plan and Draft Investment Strategy can be sent to:

Regional Transportation Plan and Investment Strategy
Metrolinx
20 Bay Street, Suite 901
Toronto, ON M5J 2N8

Investment@Metrolinx.com

You can also visit **www.metrolinx.com** to participate in our online public consultation or contact us at **416-874-5900** to find out how you can get involved.

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Investment that is reasonable

Value for a small price

Our research shows that on average, people in the GTHA are spending a little more than $70 dollars per week on transportation. Many households spend a lot more. That doesn't even include larger costs like vehicles and insurance. People are expressing frustration with commute times, with transit services, and especially with road congestion.

Metrolinx's primary purpose is to address this challenge and to help make people's transportation experience better. The Draft RTP sets out a blueprint for doing this. Implementing the Draft RTP will require significant investment from everyone. But the investment might not be as high as you might think. When we all act together, the amount that any one of us will have to pay is relatively small.

The Draft RTP sets forth an investment program that will deliver early measurable improvements to the regional transportation system. The province's MoveOntario 2020 commitment will support the initial major transit projects which is equivalent to less than $155 per year per person in the GTHA. In other words, for about 42 cents a day, or less than the cost of a daily newspaper, we can begin to invest in projects that will help to prevent longer commute times – providing greater choice and flexibility in people's transportation options, and helping to stop the negative impact that transportation congestion has on our economy, environment and quality of life.

This investment will grow over time as the system itself expands, and reaches $470 per year per person by 2033. In today's terms, this means an investment of approximately $50 billion dollars, for the equivalent of no more than $1.30 per day – about the cost of a cup of coffee or a bottle of water.

That's a relatively small price to pay to secure a long-term, sustainable transportation future.

We should learn from the transportation investment experiences and models of other successful international metropolitan regions, to support Ontario's vision to be the best place in the world to live and do business.

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MoveOntario 2020: The Foundation Investment for Implementation Action

The Draft Metrolinx RTP sets out a bold and visionary blueprint for the largest coordinated investment in public transportation infrastructure in Ontario in 50 years.

But we also have an obligation to make sure that this investment is made in an economically responsible and accountable way. To fulfill this goal, Metrolinx proposes to strengthen our collaboration with our many partners: the Province, municipalities, transit authorities, business, labour, the Federal Government and, most importantly, the people who Metrolinx serves.

Our Draft Investment Strategy defines how we will help ensure that people receive the highest transportation value we can create for the region – for today and tomorrow. We set out an achievable plan that leverages the Ontario Government's MoveOntario 2020 commitment in order to accomplish early implementation action and results.

Announced by the Premier of Ontario in June 2007, MoveOntario 2020 is a bold step to improve the economic competitiveness and quality of life in the GTHA through major rapid transit expansion. It will be one of the largest single transit investments in Canadian history. The Ontario government will pay 65 percent of the cost – $11.5 billion – out of existing provincial revenue streams.

Ontario is asking the federal government to pay 35 percent or $6 billion of the total of $17.5 billion. This level of support is consistent with other infrastructure projects of national economic and environmental importance – and typical practice of federal or national governments in the rest of the developed and developing world

Backed by the MoveOntario 2020 commitment, the Draft Investment Strategy proposes to achieve a head start by beginning to deliver the initial wave of significant transit projects, before opening the pubic dialogue about new revenue and financial options to pay for the balance of the 25-year Metrolinx vision for transportation in the GTHA.

A Three-Step Plan for Implementation

Metrolinx is investing in the GTHA in three major phases:

1. *Quick Win projects already underway and set for completion within five years;*
2. *Priority investment in major new "transformational" projects in the next 15 years based on the Province's MoveOntario 2020 foundation investment;*
3. *25-year period when the full vision of the Metrolinx RTP will be achieved.*

The Draft Investment Strategy is designed to cover three major phases.

The first phase focuses on what we have already begun – our Quick Win projects approved in the spring 2008 Ontario Budget.

The second phase begins immediately in 2009, by focusing on significant new transformational investments. During this phase, the MoveOntario 2020 foundation commitment will support the large-scale transit projects that some of the best engineers and planners in the world have told us will deliver the highest level of benefit to the people of the GTHA.

After the MoveOntario 2020 phase is over, and people are beginning to enjoy the benefits of new transit options, shorter commute times and a more environmentally friendly transportation infrastructure, there will still be more long-term investment required. In fact, estimates show that the population of the GTHA is expected to grow from 6.2 million people today to nearly 9 million people by 2031. This implies considerable pressure to expand, modernize and maintain our regional transportation system for generations to come.

To support the expected long-term growth in our population and economy, we must eventually consider new and innovative ways to fund the regional transportation system. Working directly with our government partners, business, the public and other stakeholders, and by considering leading international best practices, Metrolinx proposes to report back to the Province in 2013 with recommendations to close the 2016 – 2033 investment gap and to implement the balance of the 25-year vision set out in the Draft RTP.

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Quick Wins

We're already on our way

In late 2007, Metrolinx and its Board dispelled the skepticism of many that a cross-section of municipal leadership from across the GTHA would not be able to agree on a priority-based and technically supportable set of "Quick Win" transit investment priorities. In fact, using Metrolinx as the forum for those decisions, the GTHA municipalities demonstrated that a balanced consensus can present a powerful case for implementation action on shared regional priorities.

The approximately $750 million of Metrolinx Quick Win projects approved in the 2008 Provincial Budget may be 'quick' in timing, but they represented a significant advancement in regional transportation focus. Metrolinx is proud to be driving this new focus for the GTHA.

We are also proud that these initial project priorities will deliver tangible benefits for the people of the GTHA within the next five years or less. Our Quick Win projects represent a meaningful investment balance across the entire GTHA region, and they are the precursors of larger, and even more transformational, projects.

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Quick Wins

Metrolinx Quick Win Projects

Based on the consensus recommendations of the Metrolinx Board, the Ontario Government demonstrated its continuing and substantial financial support by funding the following projects in the 2008 Provincial Budget:

Inter-Regional

- GO Transit Rail Fleet Expansion: 20 additional bi-level passenger coaches for the GO Lakeshore Corridor
- GO Transit Double-Decker Buses: 10 new double-decker commuter buses for the Highway 407-403 Corridor, and to York University
- GO Track Expansion: New passing-track sections for the GO Bradford and GO Stouffville corridors
- Bicycle Expansion: New bicycle-carrying devices on municipal transit vehicles and bicycle-storage spaces at stations across the GO Transit network

Hamilton

- B-Line Improvements, King-Main Corridor
- A-Line Improvements, James-Upper James Corridor with service to Hamilton International Airport
- James Street North GO/VIA Station Gateway to Niagara

Halton

- Early Phase Dundas Street Bus Rapid Transit Spine

Peel

- Dundas and Hurontario Higher-Order Transit Corridor Development
- Mississauga Transitway Hub, Airport-Renforth Gateway
- Bolton GO Transit Improvements

York

- Early Phase VIVA on Highway 7 and Yonge Street Cornell Terminal

Toronto

- TTC Transit City Light Rail Transit (LRT) Head Start
- Yonge Subway Capacity Improvements
- Yonge Finch-Steeles Bus Rapid Transit

Durham

- Early Phase Highway 2 Bus Rapid Transit Spine

Metrolinx Priority Investments: The Next 15 Years

The MoveOntario 2020 foundation commitment, coupled with previously announced project funding announcements, will enable us to proceed with the major new transformational projects that will positively shape how we travel, and how we grow and develop our metropolitan region.

Over the next year, Metrolinx is committed to exploring with the province, municipalities and other partners, the potential strategies to "capture" and dedicate the land value uplift that is created by the advent of new rapid transit corridors and hubs. These revenues could potentially be reinvested back into transit infrastructure improvements. The implementation of higher-order, rapid transit services could also be a catalyst for transit-supportive commercial and residential development, and larger transit ridership and revenues. Please refer to the technical backgrounder for more details on potential Land Value Capture tools.

The following are the fifteen major priority projects to be implemented in the first 15 years of the RTP.

Top 15 Priorities

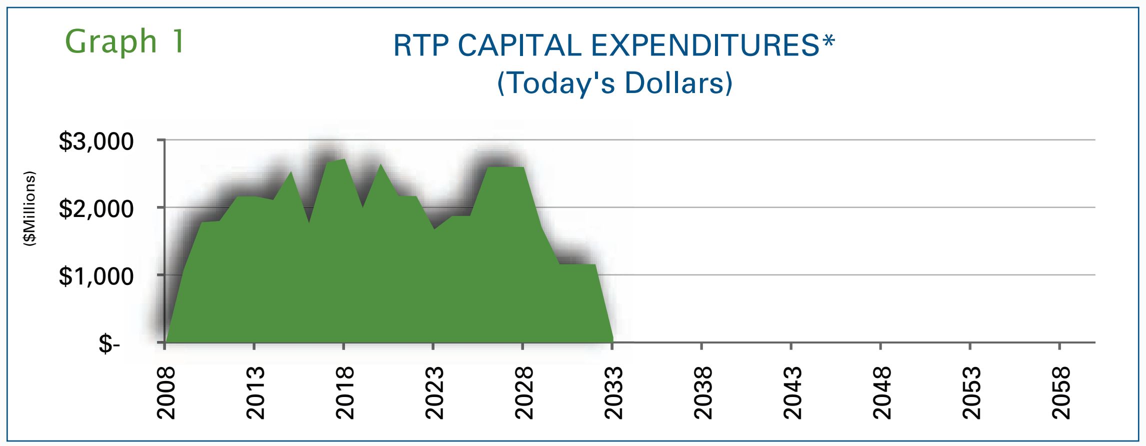
- VIVA Highway 7 and Yonge Street through York Region
- Brampton's Queen Street Acceleride
- Spadina subway extension to Vaughan Corporate Centre
- Yonge subway extension to Richmond Hill and capacity improvements
- Eglinton rapid transit from Pearson Airport to Scarborough Centre
- Upgrade and extension of the Scarborough Rapid Transit line
- Finch/Sheppard rapid transit from Pearson Airport to Scarborough Centre and Meadowvale
- Express Rail on the Lakeshore Line from Hamilton to Oshawa
- Rapid transit in downtown Hamilton from McMaster University to Centennial Parkway
- Hurontario rapid transit from Port Credit to Downtown Brampton
- 403 Transitway from Mississauga City Centre to the Renforth Gateway
- Rail link between Union Station and Pearson Airport
- Rapid transit service along Highway 2 in Durham
- Improvements to existing GO rail services and extension of GO rail service to Bowmanville
- Early phases of BRT service on Dundas Street in Halton and Peel

Proposed Investment Profile

The Draft RTP Capital and Operating Program will be one of the largest of its kind in Canadian transportation history.

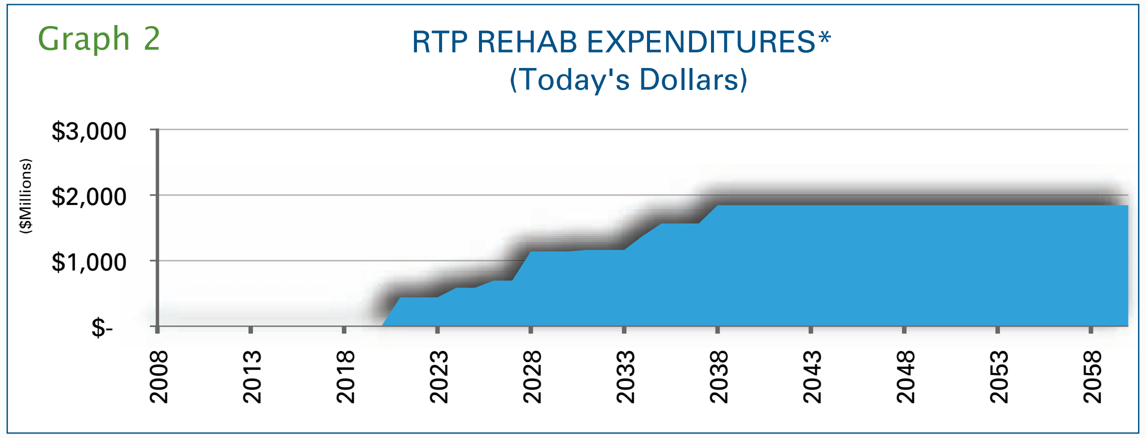
Total cost of the 25-year transit plan capital expansion component alone is estimated at approximately $50 billion in today's dollars (see Graph 1). On a year-by-year basis, capital expenditures will increase from $1.1 billion in 2009 to $2.5 billion in 2015. The Capital Program will be completed by 2033.

The upfront capital expenditures of the RTP are assumed to be financed by long-term debt in order to spread the costs over the life of the assets. Debt to support Metrolinx investments is assumed to be arranged through the Ontario Financing Authority. The province could also consider assigning a dedicated revenue stream to Metrolinx, from existing revenues, to support debt service payments.



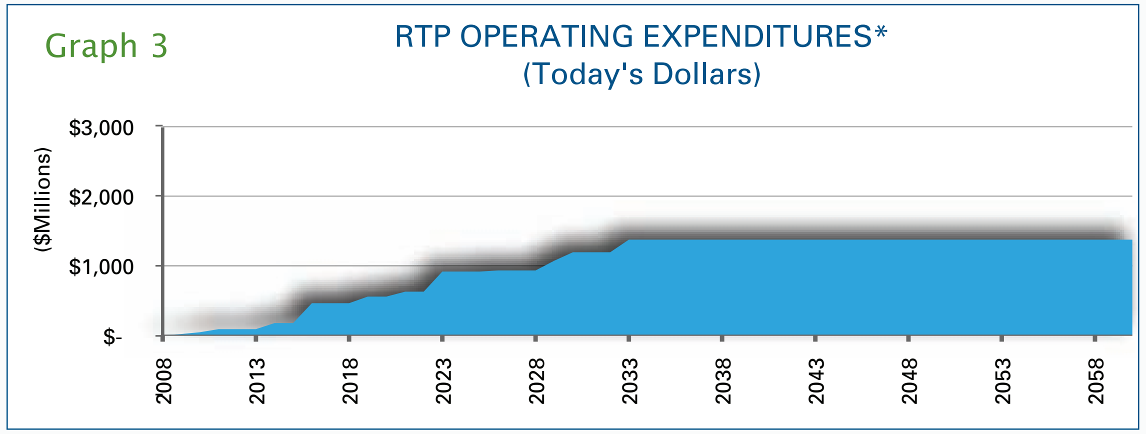
*RTP costs include transit, policy and programs costs only.

Asset rehabilitation is projected to start in 2020, five years after the completion of the first RTP expansion projects (see Graph 2). Rehabilitation costs will increase with the completion of more projects. Once the RTP Capital Program is completed, rehabilitation expenditures are estimated to continue at $1.8 billion per year, to ensure we are adequately reinvesting in these long-lasting assets to safeguard optimum operating efficiency and public safety.



*RTP costs include transit, policy and programs costs only.

Operating expenditures of the Draft RTP projects are estimated at $18 million in 2009 for initial Draft RTP policy and program costs. The operating cost impacts of the first completed major new transit projects are expected to commence in 2015. Total operating expenditures will increase to $1.4 billion in 2033 upon the completion of all Draft RTP projects (see Graph 3).

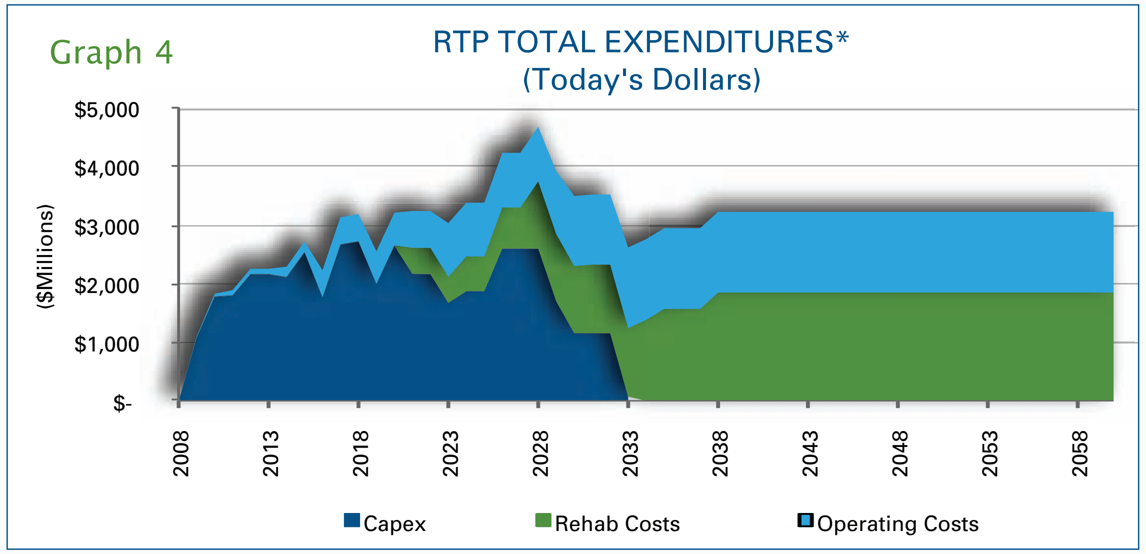


*RTP costs include transit, policy and programs costs only.

Under the current division of responsibility for transit operations in the GTHA, the ongoing operating cost of new regional commuter rail and express rail services will be mainly the responsibility of the Province, while municipalities are assumed to be mainly responsible for subway, automated guided transit (AGT), light rail transit (LRT) and bus rapid transit (BRT) operating costs.

Metrolinx proposes to develop options for long-term, sustainable GTHA transit operating funding, as part of our report on potential dedicated revenue tools and instruments to fund the balance of the Draft RTP projects to 2033, for Province of Ontario review and consideration in 2013.

The total expenditure profile to deliver the ultimate 25-year Draft RTP vision is substantial (see Graph 4). Combined capital, rehabilitation, and operating expenditures on a cash basis (before debt financing) are approximately $3 billion per year for most years during the life of the 25-year Draft RTP.



*RTP costs include transit, policy and programs costs only.

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Proposed Metrolinx Financial Plan

Metrolinx is proposing to fund the first series of large transformational transit projects through the Province's $11.5 billion MoveOntario 2020 foundation commitment. Our financial projections suggest the provincial share of MoveOntario 2020 will be sufficient to sustain Draft RTP project commitments from 2009 to 2015. This means people across the GTHA will be able to see and experience the benefits of major transit expansion early in the Metrolinx mandate.

Ontario's outstanding request for a $6 billion federal contribution to MoveOntario 2020 is critical to achieve more sustained funding. The combined provincial and federal MoveOntario commitments should be sufficient to meet Draft RTP costs to 2018.

Following public and stakeholder consultations, and more detailed analysis, Metrolinx proposes to report back to the Ontario government in 2013 with strategic advice, guidance and options to close the GTHA transportation investment gap beyond 2015.

Key Characteristics and Assumptions of the Financial Plan

Subject to Province of Ontario consideration and review:

- Each RTP project should be implemented utilizing a procurement model that maximizes the ability for Metrolinx to implement projects quickly, but also by limiting exposure to project risks. It is assumed that in each case private sector involvement in project design, construction, and financing should be considered, where appropriate. According to the Province of Ontario and the federal government, all large transit capital project proposals must be submitted for Alternative Financing and Procurement (AFP) evaluation.
- The Financial Plan is focused on the capital expansion costs of the Draft RTP. Options for long-term sustainable funding of transit operating and rehabilitation costs should be addressed in the Metrolinx Investment Strategy report to the Ontario government in 2013.
- All new rapid transit Capital Assets should be under the title of the Province or Metrolinx, and the capital cost should be amortized over the life of the assets similar to a home owner's mortgage, for example, over 15, 25, or even 40 years depending on the type of asset. This also reflects the benefits that accrue to future generations that would benefit from the assets.
- All project capital costs are assumed to be financed through debt, repayable against an amortization period covering the standard useful life-cycle of the asset. The average useful life for assets in the Draft RTP is assumed to be 25 years.
- Debt service payments are assumed to commence as debt is issued to pay for capital costs. However, arrangements for construction period financing could be considered at the individual project decision-making level, based on the selected procurement and delivery model.
- Capital assets should be maintained over their life-cycle using internationally-recognized sound asset management principles. This means that assets should be maintained to an agreed standard through continuous investments in asset rehabilitation. Rehabilitation expenditures are assumed to be covered through contributions equivalent 4% of total capital costs on an annualized basis, commencing five years after project completion.

Financial Gap Post-2015

The MoveOntario 2020 foundation commitment is the cornerstone for the immediate, responsible initiation of the RTP.

Based on the currently contemplated funding, the provincial share of MoveOntario 2020 commitment is expected to meet transit capital expansion funding requirements, as set out in the Draft RTP, to 2015. Together with the requested one-third federal share of the MoveOntario 2020 commitment, capital expansion funding requirements can be met to 2018.

To address the capital expansion and rehabilitation funding gap beyond 2015 (or beyond 2018, if Ontario is successful in securing the federal funding share), new long-term revenue and funding instruments will be required. This long-term investment challenge includes capital expansion, life-cycle rehabilitation and ongoing net operating costs.

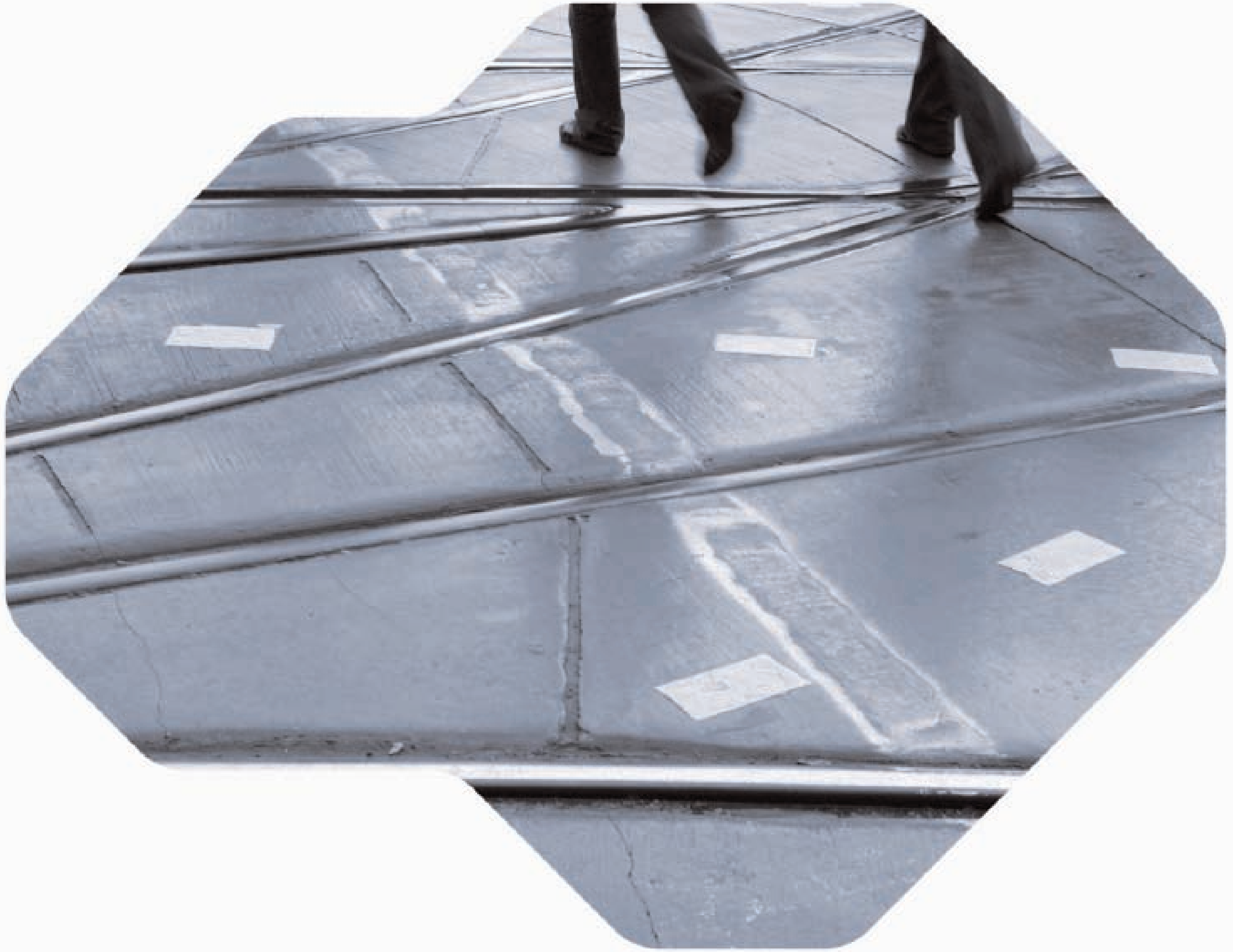
Metrolinx proposes to consult with the public and stakeholders, and report back to the Ontario government on the potential suite of long-term financial tools to fund and sustain the complete 25-year Draft RTP vision, in 2013.

Metrolinx Leadership and Accountability

Time is of the essence in generating the benefits of regional transportation investment. The Draft Investment Strategy is based on a set of complementary assumptions on Metrolinx empowerment, all subject to Province of Ontario review and consideration:

- **Leadership and Cooperation** – Metrolinx proposes to play a leadership role in delivering the new transit and other transportation projects identified in the Draft RTP, and we understand the necessity of cooperating with all regional stakeholders, including municipalities, the Province and the federal government. We are committed to working with our municipal and transit agency partners to ensure the projects are delivered on time and on budget. MoveOntario 2020 funding, coupled with proposed amendments to the Greater Toronto Transportation Authority Act, should be introduced in 2009 to allow Metrolinx to enter into long-term, performance-based agreements with project partners for capital project leadership and implementation.
- **Funding** – To be effective leaders, Metrolinx proposes to be financially enabled. This means that we would have the ability to draw on sustained financial resources and the flexibility to deploy those resources as needed. Similar funding models already exist in other regional Canadian jurisdictions, such as TransLink in Greater Vancouver, and the Montreal Transit Authority (AMT) in Greater Montreal.
- **Communication** – Metrolinx proposes to post progress milestone reports or a regular basis, and to provide real-time project updates on our website.

This single-point accountability approach, paired with funding and implementation responsibility for the initial phase of an integrated regional transit and transportation network, is the basis for Metrolinx, as a new regional authority, to build early implementation credibility and to get results for the GTHA and Province of Ontario.



From Plans to Action

The people of the GTHA are about to witness and participate in one of the largest investments in transportation infrastructure in Canada's history. You have told us that you want this investment to address issues like congestion, to provide people with choices in their travel options, and to focus on getting projects completed on time and on budget.

Metrolinx has developed a Draft RTP, based on extensive consultation and input, that requires an investment commitment to support economic growth and prosperity, to help reduce the negative impact of transportation on the environment, and most importantly, to improve the quality of people's lives in our region.

We are presenting, for your review and consideration, a practical and staged Draft Investment Strategy that is affordable, and allows a decisive start on large, transformational transit project priorities as early as 2009.

Metrolinx is proud to be leading a new transportation vision for the GTHA. Together, we are on the brink of establishing a legacy of transportation benefits for generations to come.

The Metrolinx motto is 'linking people to places'. Our vision is for one of the best transportation systems in the entire world. Our pledge to you is that with your support, we are ready, willing and able to transition our vision and plans to implementation.

Technical Backgrounders

Five Proposed Investment Strategy Guiding Principles

Metrolinx is proposing five principles to shape all of our future investment decisions. We are committed to each of them, and believe they can provide investment leadership, predictability and accountability for the people of the GTHA.

Principle 1 – Regional or "Metropolitan" Focus – Metrolinx investments should enhance regional transportation and mobility. This means that our funding sources will also be linked and dedicated to regional benefits. Local municipalities should maintain their key roles in local transportation, but when it comes to regional transportation issues, Metrolinx will be the authority focusing on 'linking people to places' across the GTHA.

We need a Regional Transportation Plan and Investment Strategy that reflect the way most of us live our lives and perform business – where we routinely cross local community and municipal boundaries to support a dynamic regional economy, labour market, and institutional and social networks across the GTHA. We live in a "metropolitan" context – whether its air quality, the built urban form, media markets, goods delivery or family interactions – and our travel patterns reflect that regional reality. So should our transportation investment plans.

Principle 2 – Invest where it Matters Most – all Metrolinx investments should be aligned with the RTP and subject to a fair, easy-to-understand and rigourous "Benefits Case" screening process where economic, environmental and social needs and impacts are taken into direct account. People want a transportation system that moves them where they want to go, and when they want to get there. Metrolinx should focus on how to maximize the value of our regional investments, taking a regional perspective.

Principle 3 – Prudent Financial Management – We believe that the investments should be affordable and that a financial plan should be in place to show how the investments will be funded. Since the investments in the transportation system will generate benefits for the GTHA residents over many years, we believe that the use of debt financing is appropriate and the debt should be amortized over the useful life of the assets, similar to a home mortgage.

Principle 4 – A System that Works and is Accountable – Metrolinx is a regional authority, and we will be directly accountable to all people in the GTHA. Our pledge is to post regular reports on exactly how we are progressing towards achieving our plans. A system that works is one where clear targets for construction and implementation are set, performance is managed, and people can trust that their interests are being served.

Principle 5 – Risk Management and Project Implementation Discipline – people are tired of construction projects that take longer than they should and cost more than promised. Metrolinx will introduce sound, recognized disciplines in project delivery and management by adopting the best practices domestically and internationally. We will not make a single investment until we are satisfied that risks will be managed, projects will be delivered on time and on budget, and there will be no 'surprises'.

Metrolinx will set ambitious objectives and performance expectations – while leaving it to the creativity, expertise and technical skills of local authorities and professionals to meet those standards.

Innovative Funding for Tomorrow

Looking Beyond 2015

Metrolinx is committed to a full public dialogue about future long-term funding instruments. We are proposing to initiate a thorough public examination and report-back to government decision-makers in 2013, based on a public consultation and options report that we will post at that stage. Our assessment process of long-term investment needs has really only just begun, but we will be working hard to put forward strategic advice and options that reflect an equitable and responsible way to fund the future growth of the GTHA transportation system.

In working with the public and our stakeholders, Metrolinx will be exploring the issue of introducing innovative funding instruments from multiple perspectives. There will be trade-offs that need to be made, and we will need to work together, to ensure that trade-offs reflect a thorough examination of each dimension and impact of the future funding choice. Metrolinx will at all times pay rigorous attention to existing practices and system inefficiencies, so we only ask the traveler for more financial support after we demonstrate that they are getting good value for money on their existing taxes and contributions. The important dimensions to be considered include:

- Technical feasibility to ensure that tools can be implemented effectively;
- Magnitude of the revenue opportunities are sufficient to cover requirements;
- Sustainability in both economic and environmental terms;
- Fairness for people who will be asked to pay;
- Transportation impact to positively deliver the Draft RTP policy objectives;
- Administrative costs that are not too high; and
- Public acceptability such that a majority of people understand and accept the initiative.

To build the future will require real innovation in how we fund our transportation system…

…Metrolinx will search out these innovative methods and provide people with real choice.

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Land Value Capture

Metrolinx will work with private developers to make sure that they are not the only ones to benefit commercially from new development linked to the Metrolinx RTP. We will all benefit when we work together for stronger communities.

Metrolinx is pursuing innovative ways of funding the growth and expansion of regional transportation infrastructure. As one example, we are looking for ways to add increased value for citizens in the GTHA from private sector developers. The region is growing, and as a centre piece of the RTP we are encouraging new mobility hubs and urban growth centers.

Private land owners and developers should not be the only ones to benefit financially from such growth centers. By entering into innovative property development arrangements – for example having private investors provide funding for schools, transit stations and public libraries – Metrolinx will be doing more than just help provide stronger transportation infrastructure, we will be helping to provide stronger communities.

Land Value Capture and enhancement revenue sources refer to strategies aimed at recovering some of the increased value in land and property development that results from transportation investment. Following the practices of Canadian and international jurisdictions such as Vancouver, Washington D.C., Los Angeles, Hong Kong and Amsterdam, Metrolinx is looking at ways to make sure that land owners and developers pay a fair share of the benefits they will receive. Specifically, we are looking at a range of potential tools in the near term:

- Development Charges that reflect the real value of land development, particularly in the Metrolinx investment corridors and in the areas surrounding Mobility Hubs and Urban Growth Centers;
- Land Value Taxation to capture the value enhancement due to transportation improvements – this may be implemented as an annual tax or a levy payable on the sale or zoning of the land;
- Tax Increment Financing that uses the increase in future property tax revenues to support present investment;
- Business Improvement Area levies from local business and property owners to support improvements to the designated area;
- Mechanisms whereby property owners would pay a share of proceeds from property sales where value increases are tied to Metrolinx transportation investments; and
- Opportunities for joint developments between Metrolinx, municipalities, and private investors to offset the costs of transportation assets and/or provide long-term revenue stream to support transportation operations.

Metrolinx is already working in cooperation with GTHA municipalities, and the Ontario Realty Corporation to explore the specifics of land value opportunities associated with the draft Regional Transportation Plan. We will report back with a Land Value Capture implementation strategy in 2009.

Metrolinx will assume responsibility for working with private developers so that the land value created by the RTP investment isn't captured only by private interests.

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