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S. Cartwright

May 27, 2005
Our File: Q.01.21

The Honourable Harinder Takhar
MPP, Mississauga Centre
& Minister of Transportation
77 Wellesley Street West
Ferguson Block, 3rd Floor
Toronto, Ontario
M7A 1Z8

Dear Mr. Minister:

Re: Greater Toronto Area Bus Rapid Transit Funding

I am writing regarding the funding of the Greater Toronto Area Bus Rapid Transit project. On May 18, 2005, Mississauga General Committee considered a report from our Transportation and Works staff regarding the present funding arrangements for this project.

Subsequently, Council adopted recommendations endorsing principles for the future funding of the GTA BRT project, as outlined in Appendix 2 of staff's report (copy enclosed).

We feel that the Province should be the primary funding source for GO Transit's capital budget, without municipal contribution being required, and that changes are required to legislation regarding the collection of development charges for transit projects such as the BRT, to support your Government's new planning initiatives in the Greater Golden Horseshoe area.

By copy of this letter, the subject report is also forwarded to the Honourable John Gerretsen, Minister of Municipal Affairs and Housing requesting amendment to the *Development Charges Act* and related mechanisms required to fund the GTA BRT.

As well, support of our proposals to address these funding issues is requested from the Greater Toronto Area MPPs by copy of this letter and distribution of our staff's report.

MISSISSAUGA
Leading today for tomorrow

THE CORPORATION OF THE CITY OF MISSISSAUGA
300 CITY CENTRE DRIVE, MISSISSAUGA, ON L5B 3C1
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mayor@mississauga.ca

Also by copy of this letter, endorsement of the noted recommendations is sought from the Councils of the regional and single-tier municipalities in the GTA, as well as the Town of Oakville, the Town of Milton, the City of Brampton, the City of Vaughan, the Town of Markham and the City of Pickering.

I look forward to your favourable response.

Sincerely,

HAZEL McCALLION
MAYOR

/kab

cc: The Honourable John Gerretsen, Minister of Municipal Affairs and Housing
Mr. Gary McNeil, Managing Director, GO Transit
Greater Toronto Area MPPs
City of Toronto
City of Hamilton
Regional Municipality of Durham
City of Pickering
Regional Municipality of Halton
Town of Oakville
Town of Milton
Regional Municipality of Peel
City of Brampton
Town of Caledon
Regional Municipality of York
City of Vaughan
Mr. Martin Powell, Commissioner, Transportation and Works

Enc.

MISSISSAUGA
Corporate Report

GENERAL COMMITTEE
MAY 18 2005

Received by Clerk's Dept.

Clerk's Files FA.05 (RT.01.BRT)

Originator's Files MG.23.REP

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DATE: May 4, 2005

TO: Chair and Members of General Committee
Meeting Date: May 18, 2005

FROM: Martin Powell, P.Eng.
Commissioner of Transportation and Works

SUBJECT: **Greater Toronto Area Bus Rapid Transit Funding**

RECOMMENDATION:

1. That Council endorse the report from the Commissioner of Transportation and Works titled, "Greater Toronto Area Bus Rapid Transit Funding," dated May 4, 2005 and the funding principles as outlined in Appendix 2 as the basis for future funding of the Greater Toronto Area (G.T.A.) Bus Rapid Transit (B.R.T.) project.

2. That the Board for GO Transit, Province of Ontario and the Federal Government be requested to endorse the funding principles outlined in Appendix 2.

3. That copies of the report from the Commissioner of Transportation and Works titled, "Greater Toronto Area Bus Rapid Transit Funding," dated May 4, 2005 be forwarded to regional and single-tier municipalities in the G.T.A., the Town of Oakville, the Town of Milton, the City of Brampton, the City of Vaughan, the Town of Markham and the City of Pickering requesting endorsement of the principles outlined in Appendix 2, and to Members of Parliament and Members of Provincial Parliament in the G.T.A.

BACKGROUND:

In December 2002, GO Transit approved the "Inter-Regional Bus Rapid Transit Study," which proposed an alignment for a B.R.T. spine extending from the Oakville GO Station to the Pickering GO Station (see Appendix 1). The GO B.R.T. spine incorporated the alignment of the proposed Mississauga Transitway. At the same time that GO Transit's B.R.T. study was underway, City Council, at its meeting of June 26, 2002, approved the Mississauga Transit Strategy 2002, including a recommendation to more aggressively pursue funding opportunities to expedite the development of the Mississauga segment of the G.T.A. B.R.T. project. In order to effectively pursue these opportunities, City Council at its meeting of September 11, 2002 authorized staff to proceed with the B.R.T. – Mississauga Segment Implementation Study. On June 11, 2003, City Council approved the B.R.T. – Mississauga Segment Implementation Study and authorized staff to proceed with an update to the Mississauga Transitway Environmental Assessment (E.A.). In January, 2004, GO Transit and the City of Mississauga made a joint application to the Federal Government for funding for the B.R.T. – Mississauga Segment. On March 4, 2005 the Ontario Ministry of the Environment approved the E.A. Addendum for the project. The B.R.T. project is now ready to proceed to detailed design and construction, subject to funding availability.

PRESENT STATUS:

Work is currently underway on the design of a GO Transit B.R.T. on-street terminal in conjunction with the construction of a new road in the City Centre, called Station Gate Road. The current schedule is for construction to begin this summer and for the terminal to be operational by the fall. This new terminal is located next to the Mississauga Transit City Centre Transit Terminal which is the central transit hub serving roughly one-third of Mississauga Transit's 59 routes.

GO Transit has also initiated property acquisition along the B.R.T. corridor although most of the property for the Mississauga Segment is already in public ownership. GO Transit is also proceeding with the detailed design of the westerly section of the B.R.T. between Winston Churchill Boulevard and Erin Mills Parkway.

GO Transit also has plans to continue increasing the B.R.T. precursor bus service along Highway 403 and Highway 407, which operates between Hamilton and Pickering and carries approximately 10,000 passengers daily. This service is presently GO Transit's biggest and fastest growing bus service, with the busiest section being between the Mississauga City Centre and York University.

GO Transit's Ten Year Capital Budget includes $483 million for the G.T.A. B.R.T. project. The only funding committed for the project however is $67 million announced by the Province for an initial two-year period. Additional funding is therefore required.

COMMENTS:

The G.T.A. B.R.T. project is estimated to cost approximately $1 billion for infrastructure for a 100 km (63 mile) B.R.T. spine running between Oakville and Pickering. The cost of the Mississauga segment of the B.R.T. spine is approximately $342.5 million.

The present funding regime for GO Transit's Growth Capital Budget is outdated, originating at the time of the Greater Toronto Services Board (G.T.S.B.), when GO Transit had been downloaded to the G.T.A. municipalities. Since that time, the G.T.S.B. has been disbanded and GO Transit once again has become a Provincial responsibility. The Province is still expecting area municipalities to contribute a one-third share towards GO Transit's Capital Growth Budget. In the case of Mississauga, Peel Region is responsible for the municipal share of GO Transit's capital budget.

The current GO funding regime is based on the assumption that the federal, provincial and municipal governments would equally share the cost of the growth-related component of GO Transit's capital program. Based on the original development charges background study undertaken jointly by the G.T.A. municipalities, roughly half of the municipal share was eligible for development charges; the rest needed to be recovered from other municipal funding sources, primarily property taxes. The property tax impacts vary by Region, due to the way the development charges were calculated. The G.T.A. B.R.T. project was not however part of GO Transit's Ten-

Year Capital Plan at that time, and was not included in the original GO development charges by-laws. As such, no development charges revenues are currently being collected for the B.R.T. project.

Given the cost pressures that G.T.A. municipalities are under, the funding formula for GO Transit's Capital Growth Budget needs to be changed. Area municipalities in the G.T.A. should not be expected to contribute from their property tax base which is providing a significant contribution to local transit. Any local contribution should be limited to funds collected under the Development Charges Act (D.C.A.), since new development is the main driving force behind the GO Transit Capital Growth Budget. The Province should assume primary responsibility for funding the rest of GO Transit's capital program. The federal government also has acknowledged it has a role to play, having already committed funding towards GO Transit's Capital Growth Budget.

The existing D.C.A. is also in need of change, and the Provincial Government has recognized this and announced its intention to review the legislation. One of the main issues that needs to be addressed is the treatment of transit as a "soft" service under the D.C.A.. As a "soft" service transit is limited to a ten-year planning horizon for development charges purposes and municipalities are required to make a 10% co-payment. By contrast, roads are treated as "hard services", and are not limited to a ten-year planning horizon; neither is a 10% municipal co-payment required.

Furthermore under the D.C.A. all services are limited to ten year average historical service levels. For transit this is a major problem, since most of the projected growth is expected to be located in the outer G.T.A. municipalities where historical transit service levels have been very low or non-existent. This is contrary to the new Provincial planning initiatives which are promoting more sustainable forms of development, including higher future levels of transit service. Some mechanism is required that would allow development charges to be collected to support higher future levels of transit service. This could be accommodated by establishing some upper limits for future transit service levels either in the development charges or its regulations.

By changing the transit related provisions under the D.C.A. it would be possible for development charges to cover a larger share of the cost of GO Transit's Capital Growth Budget, eliminating the need for contributions from the property tax base.

In view of the new provincial planning initiatives, which may include the establishment of a Greater Toronto Transportation Authority (G.T.T.A.), it would be both appropriate and timely to consider changes to how the GO Transit development charges are currently administered. At present the administration of GO Transit development charges is a cumbersome process involving several G.T.A. municipal by-laws. The methodology used to calculate GO development charges is overly complicated, resulting in a lack of uniformity, with charges varying by region. The Province should consolidate this responsibility under one agency, either GO Transit or the new G.T.T.A., and a uniform GTA-wide charge should be established.

Under any future GO Transit development charges program the G.T.A. B.R.T. should be included, and the B.R.T. should be eligible for a share of the funding that GO currently is receiving from the federal government. At present existing federal government funding commitments for GO Transit is earmarked to specific projects. This is an inflexible arrangement, which doesn't allow GO to spend the money where it is most needed. The determination of where federal funds are used should be left up to GO Transit to decide based on the most current assessment of needs and priorities. A change in this regard could result in expediting funding for the B.R.T. project without increasing current federal government funding levels.

Furthermore, in the future GO Transit development charges should treat rail, bus and B.R.T. as a single service category. This will provide GO Transit greater flexibility in allocating funding to projects than if they are treated as separate categories. This would be particularly important, if the Province were not to allow higher future levels of service for transit under a revised D.C.A., since historical levels of service for GO bus and B.R.T. services are very low and as result very limited future development charges funding would be available for GO B.R.T. and bus services.

Even with a change to the funding regime for GO Transit's Capital Growth Budget, as outlined above, a higher level of Provincial funding support and a more long-term funding commitment is required by the Province. One encouraging sign in this regard, is the announcement by the Province as part of their Draft Growth Plan for the Greater Golden Horseshoe Area, that the Province will be establishing a Ten-Year Infrastructure Plan. This type of long range funding plan should provide the necessary funding commitment required by GO Transit to plan for the future, provided the plan includes adequate levels of funding.

FINANCIAL IMPACT: Not applicable.

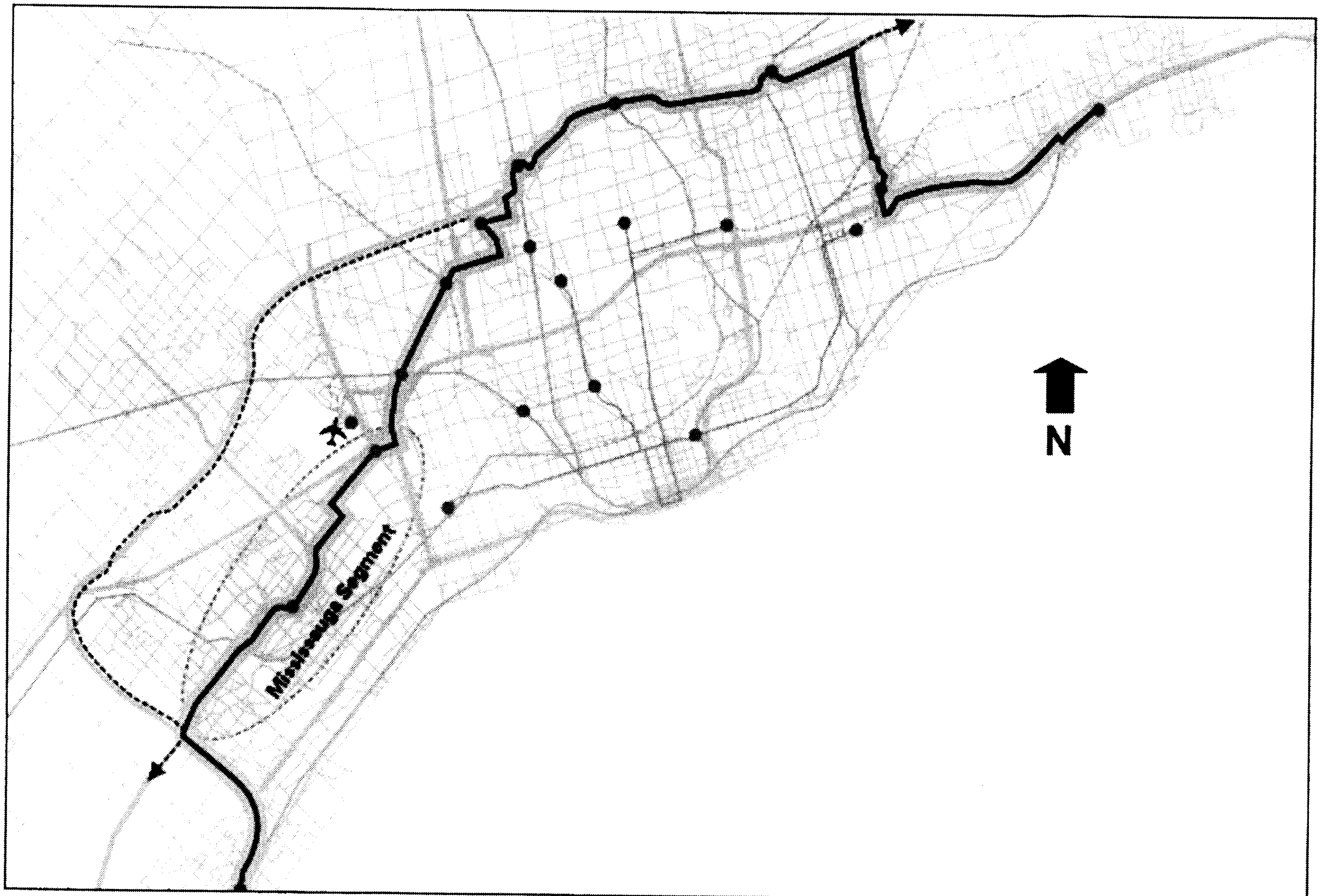
CONCLUSION: This report has reviewed the present funding regime for the G.T.A. B.R.T. project and recommends a new funding regime for GO Transit. This new regime would be based on the principles outlined in Appendix 2.

ATTACHMENTS: Appendix 1: GO B.R.T. Network
Appendix 2: Funding Principles for GO Transit

Martin Powell, P. Eng.
Commissioner of Transportation and Works

RS:arb

GO BRT Network



Mississauga Segment – Ridgeway Drive To Renforth Drive

GO Inter-regional BRT Spine (........) Future

Major / Intermodal BRT Station

GO Rail Service (......) Future

Subway (........) Future

NOTE: (Based on GO Transit Inter-regional Bus Rapid Transit Study)

MISSISSAUGA
Leading today for tomorrow

Transportation and Works Department

GO Transit Bus Rapid Transit (BRT) Network – Mississauga Segment

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GENERAL COMMITTEE
MAY 18 2005

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Appendix 2

Funding Principles for GO Transit

1) That the Province continue to be fully responsible for subsidizing GO Transit's operating budget.

2) That the Province assume primary responsibility for funding GO Transit's capital budget, with no municipal contribution.

3) That the allocation of any federal government capital funding be determined by GO Transit through its budget process, including funding already committed.

4) That a new development charge regime be established for transit services, including municipal and GO Transit, based on the following:

   a. Transit services, like roads, should not be limited to a ten year planning horizon, nor should any co-payment by municipalities be required.
   b. Transit services should not to be limited to historical service levels, and upper limits for future levels of transit service should be established by the Province;

5) That responsibility for development charges for GO Transit services be placed under a single agency, either GO Transit or the proposed Greater Toronto Transportation Authority.

6) That future development charges for GO Transit should be based on the following:

   a. No municipal contribution;
   b. Treating rail, B.R.T. and bus as one service category; and
   c. A uniform area-wide charge;