BRIEFING

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INNOVATIONS IN FINANCING URBAN TRANSPORTATION

In 1993 the TAC Urban Transportation Council first published the New Vision for Urban Transportation. It proposes a 30 year generic vision for Canadian urban areas that can be tailored to fit to local conditions. The vision is supported by 13 decision making principles (see inset box) which point the way to a more desirable future. The principles call for significant change from past practices in terms of land use and urban structure, the role of single occupant autos relative to other modes, and transportation funding.

Since its publication, a variety of local governments as well as provincial and national organizations have endorsed the Vision. Its principles are starting to appear in the latest municipal plans. The vision has been cited by the Organization for Economic Cooperation and Development as an example of "best thinking on environmentally sustainable transportation in Canada". The National Round Table on the Environment and the Economy, has called it "perhaps the most influential (sustainable transportation) vision statement currently in Canada".

In 1997, the Urban Transportation Council published a Briefing titled Financing Urban Transportation. It further develops decision making principle # 13 in TAC'S Urban Vision which calls for "better ways to pay for future urban transportation systems". It reviews the need for new transportation financing methods, specifies the goal and criteria of such methods (see inset box, next page), describes elements in a new financing model, and suggests future action.

Since that time, specific actions have been taken in Alberta, British Columbia and Quebec to provide more sustainable funding for the development and maintenance of urban transportation systems in the Calgary / Edmonton, Vancouver and Montreal areas respectively. These provide models that can be examined and monitored relative to transportation funding needs in other major urban centers in Canada. This Briefing is intended to provide basic information on these innovative models including outcomes and commentary on lessons learned.

DECISION MAKING PRINCIPLES IN THE NEW VISION

1. **Urban structure and Land Use**
   Plan for increased densities and more mixed land use.
2. **Walking**
   Promote walking as the preferred mode for person trips.
3. **Cycling**
   Increase opportunities for cycling as an optional mode of travel.
4. **Transit**
   Provide higher quality transit service to increase its attractiveness relative to the private auto.
5. **Automobile**
   Create an environment in which automobiles can play a more balanced role.
6. **Parking**
   Plan parking supply and price to be in balance with walking, cycling, transit and auto priorities.
7. **Goods Movement**
   Improve the efficiency of the urban goods distribution system.
8. **Inter-Modal Integration**
   Promote inter-modal and inter-line connections.
9. **New Technology**
   Promote new technologies which improve urban mobility and help protect the environment.
10. **System Optimization**
    Optimize the use of existing transportation systems to move people and goods.
11. **Special User Needs**
    Design and operate transportation systems which can be used by the physically challenged.
12. **Environment**
    Ensure that urban transportation decisions protect and enhance the environment.
13. **Funding/Financing**
    Create better ways to pay for future urban transportation systems.

Source: TAC Briefing – *New Vision for Urban Transportation* – 1993.

A NEW FINANCING MODEL SHOULD MEET A BASIC GOAL AND NINE CRITERIA ....

The ***goal*** of the new model is to provide adequate and secure funds to deliver urban transportation systems that support new visions and move toward a sustainable future.

The new model should meet the following ***criteria.***

1. **Stable and Predictable.** Capital, operating and maintenance funding should be stable over time, predictable in magnitude, and provide long term financial commitment to new vision.
2. **Transparent**. The sources and allocation of funds should be open, clearly presented, and easily understood by decision makers and the public to ensure accountability and fairness.
3. **Least Cost.** The model should foster an urban transportation system operating at the least possible total cost to the environment, society and economy.
4. **Simple**. The process should carry a low administrative overhead burden.
5. **Access to funds.** When senior governments assign additional transportation responsibilities to local governments, access to sufficient additional revenues should be provided at the same time.
6. **User Pay.** Funds should be increasingly derived from users, with transportation treated as a government controlled utility where the user is charged based on consumption.
7. **Dedicated**. Revenues derived from user pay methods should be dedicated, by law, to urban transportation system improvements that support new visions.
8. **Public Involvement.** Public support for the model, resulting from information and consultation programs, should be an integral part of the process.
9. **Measurable Results.** Performance indicators should be used to measure progress and report to decision makers and the public.

Source: TAC Briefing – *Financing Urban Transportation* – 1997

THE NEED FOR NEW FINANCING MODELS

About 80% of Canada's population now live in urban areas. Cities have become increasingly important as engines of economic development, key sources of government revenues and barometers of quality of life in the country. However, the concentration of urban population has also resulted in low density areas on the urban fringe, with residents being almost entirely reliant on the use of the private automobile to travel to dispersed work locations. There are now signs that this pattern of development is not offering the quality of life that it promised. Suburban dwellers are increasingly voicing concerns about long commutes, traffic congestion and delays, the lack of transportation alternatives, environmental degradation and neighborhoods that fail to satisfy their needs. There is growing recognition that continuation of this trend will result in 21st century urban areas which are neither environmentally, socially nor economically sustainable.

Tackling this issue will require joint action by governments and the private sector plus attitudinal and behavioural change by the public. Fundamental change will be influenced by three key goals as emphasized in the new Vision for Urban Transportation:

- More compact, mixed use urban form to reduce the need for travel and enhance travel options.
- Less dependence on single occupant autos through more choice and opportunities for walking, cycling, transit and high occupancy vehicles.
- New financing methods, based on the user pay principle, with revenues dedicated to transportation system improvements.

Each of these presents major challenges in view of current trends and circumstances. From a financing perspective, the reality of limited local and provincial budgets means that traditional sources of funding will not be sufficient to provide transportation alternatives, let alone to adequately maintain the existing infrastructure. In the past, transportation funding has been provided from general tax revenues and consolidated general revenue accounts. For local governments the principal source of revenue is property taxes. For senior governments, sources include transportation taxes (fuel, licenses etc.), personal and corporate income tax, sales taxes, royalties on natural resources and excise taxes etc. The proportion of tax revenues assigned to transportation has declined significantly over the last 25 years, largely as a result of increasing demands for social and health services.

A contributing factor to this financial dilemma is that governments are under significant pressure by the public to lower taxes and therefore reduce expenditures. At the municipal level, the problem is further exacerbated as a result of decreased transfer payments from senior governments coupled with devolution of responsibilities.

Urban transportation has been particularly affected by this situation. At a time when there is an obvious need for increased transportation infrastructure, particularly transit improvements, aging systems are in critical need of repairs and rehabilitation. It is clear that new funding mechanisms and models are now required. In this regard, it is particularly important to establish sustainable long term commitments to funding in order to provide a secure financial framework within which to plan and develop improvements to the system. Many of the problems associated with current urban transportations systems have resulted from a lack of long term secure funding.

ALBERTA - TRANSPORTATION FUNDING FOR CALGARY AND EDMONTON

In September 1999, the Premier of the Province of Alberta announced a new funding agreement for Calgary and Edmonton that assigns funds equivalent to 5 cents per litre of taxable gasoline and diesel fuel delivered to service stations in those cities. This works out to about $65 million per year for Edmonton and $85 million per year for Calgary. This new funding agreement came into force on April 1, 2000.The intent of the new funding agreement is to establish city transportation funds for expenditures incurred on capital transportation projects. Also, the province took over full responsibility for the Deerfoot Trail through Calgary and the Southwest Ring Road (Anthony Henday Drive) in Edmonton.

Policy Framework

As the Province of Alberta curtailed spending toward eliminating the provincial budget deficit, the transportation grants to cities for transportation infrastructure fell from $70 per capita per year in the mid 1980’s to $25 per capita per year by 1994. Once the deficit was eliminated and the economy rebounded in the 90’s, both Edmonton and Calgary experienced significant growth pressures. For example, Calgary’s population increased by 52,000 or 6.8% between 1996 and 1998. These growth pressures required additional investment in transport infrastructure. However, funding was inadequate as a result of the reduction in provincial grants plus the individual year funding was not known until the annual provincial budgets were tabled. Both Edmonton and Calgary expressed concerns to the province since both were unable to adequately plan and develop the required infrastructure under these circumstances.

In response, Premier Ralph Klein convened an Infrastructure Task Force in 1999 to review the funding level and mechanisms to address the issue. The Task Force included the Premier as chair, the President of the Alberta Urban Municipalities Association, the President of the Alberta Association of Municipal Districts and Counties, the Provincial Treasurer, the Ministers of Transportation and Municipal Affairs and mayors of Edmonton and Calgary. Several options were considered including the imposition of a local fuel tax, a surcharge on vehicle registrations, parking taxes and local lot levies. The Task Force concluded its work in 1999, and the following key changes were made for Edmonton and Calgary:

- allocation of 5 cents per litre of taxable gasoline and diesel fuel delivered to service stations in the two cities, from the provincial taxes on fuel of 9 cents per litre
- broadening of project eligibility compared to the previous grant program to allow use of funds for a broader variety of projects
- the Province to take over responsibility for construction and maintenance of the major road trade corridors through each city.

The Province applied the new funding model only to Edmonton and Calgary. Grant programs for other smaller urban municipalities in the province continued to be based on a per capita funding allocation plus supplemental one-time funding to address growth pressures.

Funding Details

The new funding agreement became effective on April 1, 2000 and was confirmed through a Memorandum of Agreement with each city. This system replaced all previous grant funding for those cities and provides each city roughly $30 million more per year than the old per-capita grant system. The agreement specifies how the fuel-based funding is calculated, paid and reconciled against taxable fuel delivered to service stations and bulk dealerships in each city. The agreement does not include a termination date and specifically sets the fuel-based funding at 5¢/litre.

The cities also benefited from the province taking over full responsibility for construction and ongoing maintenance of the Southwest Ring Road (Anthony Henday Drive) through Edmonton effective April 2000 and the Deerfoot Trail in Calgary, effective July 1, 2000. The province will also be responsible for future construction and operation of the Northwest Ring Road (Stoney Trail) in Calgary.

In October of 2001, the Government of Alberta announced corrective actions in response to the global economic slowdown, which significantly impacted government revenues. These measures included a reduction in the fuel-based funding of 15% to 4.25¢/litre effective April 1, 2002. In light of favourable fourth quarter results, the government has been able to restore the funding to the full 5¢ for fiscal year 2002/03. It is clear that the current agreement makes no provision for changing the amount of funding provided based on fuel sales, except through negotiation. The ability to negotiate changes puts into question the predictability and sustainability of this funding source for these cities.

Eligibility and Associated Requirements

Edmonton and Calgary can apply the funding to certain capital transportation projects such as construction or rehabilitation of arterial roads, any LRT capital construction and the purchase of transit buses and LRT vehicles. Project priorities are established by the city and then approved by the Province. All new roads and LRT routes must be included in the city's long term transportation plan in order to be eligible for funding. The long term plan must be approved by the Council and the Minister of Transportation. The Edmonton Transportation Master plan was approved in 1999 and the Calgary Transportation Plan was approved in 1995. The City of Edmonton Transportation Master Plan of 1999 includes walking, cycling and accessibility projects, major LRT expansions, safety improvements to current transit system, and traffic management systems. Based on the principles of the Calgary Transportation Plan and in response to the new Provincial funding initiative, the city prepared a Transportation Infrastructure Investment Plan (TIIP). The TIIP includes 43 projects to be constructed in the 2000 to 2007 period with an average capital expenditure of 70 to 80 million dollars per year. The Plan is a balanced approach to public transit and private mobility needs and provides a variety of travel choices. The selection of projects was based on considerations of development pressures and the city's desire to see new development occur in areas that will positively influence travel patterns.

Specific initiatives and projects for Calgary and Edmonton can be obtained by contacting each city directly. The cities are required to provide the Province with an annual report describing where the funding was spent as well as road and transit system monitoring data.

Results and Lessons Learned

- The new fuel tax funding allows both cities to establish an ongoing funding program to implement their long term transportation plans.
- The new funding arrangement would not have happened without the commitment of Premier and the Task Force on Infrastructure that he established.
- The dedication of part of the provincial fuel tax for urban transportation infrastructure improvements has been relatively easy to implement and is easily understood by the public and major stakeholders. Other revenue sources were judged to be too complicated to implement and would not have 'yielded sufficient revenues.
- In the case of City of Calgary, the ongoing funding commitment from the province has enabled the City to consider alternative financing arrangements with the private sector for the expansion of their LRT system.
- The ability of government to change the terms of these agreements was raised as a result of the revenue and expenditure correction exercise under taken by the Alberta Government for budget years 2001 and 2002. Establishing these arrangements through legislation would provide the cities more assurance of a predictable and sustainable funding source.

VANCOUVER - TRANSLINK FUNDING

The Greater Vancouver Transportation Authority (TransLink) was created by an agreement between the Greater Vancouver Regional District (GVRD) and the Province of British Columbia, dated February 26, 1998. The purpose of TransLink is to plan, co-ordinate and administer the multi-modal transportation system in Vancouver in the context of the Region's growth management strategies, utilizing dedicated funding from several sources. Its role encompasses transit, major roads, transportation demand management and a vehicle emission testing program. TransLink began operation on April 1, 1999. Its funding base includes the following existing and potential revenue sources:

- share of the provincial fuel tax collected within the region
- proceeds of the provincial sales tax on commercial parking collected within the region
- transit fares
- BC Hydro residential power levy
- property taxes
- tolls
- vehicle charges
- additional parking taxes
- development charges related to transport investments.

Policy Framework

TransLink combines a new funding and governance structure for multi-modal transportation management in the Vancouver region. It was created primarily because the GVRD had no direct means to implement the transportation objectives contained in its growth management strategy. The previous transportation governance and funding arrangements were fragmented among a number of provincial and municipal organizations and were inadequate relative to challenges facing the region.

The policy context for TransLink was derived from the development in 1993 of the GVRD's Transport 2021 Long Range and Medium Range Plans as well as the Livable Region Strategic Plan adopted in December 1995. Subsequently in February 1996, the Livable Region Strategic Plan incorporating Transport 2021's policies was recognized by the Minister of Municipal Affairs as a growth strategy under the 1995 Growth Strategies Act. The Plan and the legislation were developed together so that the adopted Plan could be given legal effect under the new legislation.

The Livable Region Strategic Plan contains four key strategies;

1. *Protecting the Green Zone* - keep two-thirds of the region's total land as working farm, working forest, watershed, ecologically sensitive areas and parks.
2. *Building Complete Communities* - increase opportunities for people to work, play, shop and learn close to where they live.
3. *Achieving a Compact Metropolitan Area* - provide opportunities for more of the next million people to live within the existing built-up area.
4. *Increasing Transportation Choices* - reverse the growing dependency on single occupant vehicles by creating more efficient public transit and encouraging walking, cycling and carpooling.

The latter strategy (4) derives from the Transport 2021 Long Range Plan which contains these related strategies:

1. Manage land use to reduce the need for new transportation facilities.
2. Manage transportation demand to provide incentives to change travel choices.
3. Manage transportation supply by providing road and transit facilities and services that complement the land use and demand management strategies.

These strategies and associated objectives resulted from an increasing community concern about the degradation of quality of life and the environment caused by rapid low density growth up the Fraser Valley and the consequent increase in traffic congestion. Between 1991 and 2001, the population in the region grew by about 28 percent. The region is expected to grow from about 2 million persons currently to about 2.8 million in the next 25 years. Current trends indicate that auto trips are growing at nearly twice the rate of population growth. The growth of Greater Vancouver is physically constrained to the west by the Pacific Ocean, to the north by the mountains and to the south by the US border. Consequently, while there have been density increases in the downtown area, much of the new development has occurred to the east up the Fraser Valley with resultant pressure for development on farmland and areas susceptible to flooding. Notwithstanding the development of growth concentration nodes throughout the region, employment locations have become dispersed, increasing the reliance on auto travel and resulting in increased road congestion. This has been exacerbated by the existence of an extensive highway network (except in the downtown) coupled with limited investment in public transit. Peak period congestion on the highway system is acute which has significantly affected air quality. Vancouver's geography and climate create summer temperature inversions that limit the dispersion of pollutants, which further aggravates the air quality problem.

The GVRD was created in 1967 to provide certain services common to the needs of its 21 constituent municipalities, including a regional planning role. A unique feature of the GVRD is its rather limited statutory authority, relying instead on a consensus driven relationship with the local municipalities to secure voluntary agreements to pursue regional objectives. Because of the particular fragmentation of authority with respect to transportation services, it became increasingly clear that even though there was agreement on transportation policies, it would not be possible to implement these policies without adequate dedicated funding and integrated management authority. Thus, by virtue of an agreement with the province, the new TransLink authority was created with special funding to fulfil this need.

Under the provisions of the Greater Vancouver Transportation Authority Act of 1998, TransLink is responsible for providing a regional transportation system that:

- moves people and goods
- supports the regional growth strategy and the air quality objectives and economic development of the transportation service region.

TransLink's board consists of 15 members; 12 appointed by the GVRD and 3 by the Province. All are elected representatives with specified affiliation. The chair of the TransLink board is appointed from among its members. TransLink's responsibility includes:

- Planning and funding support for a major arterial road network (currently designated as a 2200 lane-kilometre network) that is managed by local municipalities.
- Policy direction and planning of the transit system with service delivery carried out by three subsidiaries and other contracted services.
- Implementation of a transportation demand management program.
- Management, through a subsidiary, of the Air Care emissions testing program for vehicles.

Translink itself has about 200 employees with another 4300 that are employed by its subsidiaries and contractors. Its 2001 budget is about $550 million.

Associated Requirements

TransLink is required to prepare its own strategic transportation plan based on the Livable Region Strategic Plan and Transport 2021 objectives and developed with public consultation. An interim plan entitled "TransLink Strategic Transportation Plan 2000-2005" was published in April 2000 to encompass its implementation objectives over a five year period. There are three global objectives in the plan:

1. Enhance the transit system through expansion of existing services and provision of a range of new services that meet customer needs.
2. Improve the Major Road Network through rehabilitation and upgraded maintenance of existing roadways and selective addition of new facilities that will support goods movement and relieve congestion at key locations.
3. Develop a system that implements demand management to promote the use of walking, cycling and other alternatives that will integrate management of all elements of the transportation system in a fiscally responsible manner and monitor the progress of implementation.

These are accomplished through a Transit Plan, a Roads and Infrastructure Plan and a Management Plan respectively.

Funding Details

TransLink's existing revenue sources are as follows:

- transit fares
- residential and commercial property taxes (currently ranges from $ 0.29 to $1.75 per $1000 of assessed value)
- parking sales taxes (transfer of the 7% provincial sales tax on parking)
- AirCare test fees (limited to recovering costs of the program)
- levy on BC Hydro residential electricity accounts ($1.90 per month on each account)
- gasoline taxes (currently 9 cents per litre from the provincial share of 15 cents per litre and to be increased to 11 cents per litre from the provincial share of the 17 cents per litre starting in April 2002).

In addition, TransLink has the authority to introduce the following:

- cost recovery tolls on Major Road Network improvements
- levy on motor vehicles
- a tax on non-residential parking lots; an additional local and ad-valorum tax of up to 21% of parking fees subject to an agreement with the Province on rapid transit cost sharing
- taxes on properties within specified zones that benefit from new investment in adjacent transport facilities.

A proposal in 2000 to introduce a $75 vehicle charge was approved by the TransLink and Greater Vancouver Regional District Boards but the Province declined to facilitate its implementation as a result of significant public opposition. Therefore, at this stage none of the additional revenue sources has been implemented.

The following tables list the source of funds for the year 2001 and the distribution of expenditures.

Funding Sources	2000 Funds Received ($million)	
Transit Fares (incl. Advertising)	$224	40%
Property Taxes	$93	17%
Parking Sales Taxes	$10	2%
BC Hydro levy	$16	3%
Gasoline taxes	$181	33%
Shortfall (paid from reserve)	$28	5%
TOTAL	$552	100%

2000 Expenditure Allocation	$ million	%
Transit Operating Costs	$397	72
Roads & Albion Ferry Operating Costs	$24	4
TransLink Program Costs	$34	6
Debt Service Costs	$97	18
TOTAL	$552	100

Results and Lessons Learned

Translink is a new organization and has already faced some major challenges. Clearly, however, it represents a significant improvement from a governance and funding perspective relative to the previous circumstances. TransLink's unique strength is the consolidation of planning, dedicated, user based funding, multi-modal co-ordination and implementation under a single management authority operating within a broader regional policy framework for growth management, air quality, economic development and public finance.

Since its inception in April 1999 TransLink has facilitated a significant expansion of bus transit services and the introduction of service innovations that are essential to meet the diverse needs of an urban transportation marketplace. It has established the concept of a regional road network and brought about much-needed co-ordination of federal, provincial, regional and local responsibilities for this network. It has provided a forum and a focal point for continued dialogue on the region's transportation issues and ways of responding to them.

These achievements have been overshadowed by strident controversy over the proposed vehicle levy and a protracted labour dispute that shut down a major component of the bus transit system in mid-2001. These events have left TransLink with limited political and financial room to manoeuvre in its efforts to fulfil the potential for an improved and more sustainable urban transportation system capable of meeting the broader regional objectives for which it was created.

MONTREAL - AMT FUNDING

The l'Agence Métropolitaine de Transport (AMT) was established by the Québec Government in December 1995 as a coordinating authority for the planning, funding and delivery of metropolitan transit across the Greater Montréal area. Metropolitan transit includes transit operations that are related to the needs of the Montréal region as contrasted with local transit operations, which serve constituent local government jurisdictions. The AMT began operation on January 1, 1996 and at that time was accountable to the Ministry of Municipal Affairs and the Metropolis. The AMT is now accountable to the Ministry of Transport.

Policy Framework

The Montreal region continues to face planning and transportation problems similar to other Metropolitan areas in Canada as a result of rapid low density suburban growth, which has created severe road congestion as well as challenges with providing adequate cost effective transit service. The location of major employment centres on the Island of Montreal has contributed to the particular problem of severe peak period congestion on the bridges and approaches that connect the Island of Montreal to the suburban areas. Transit service is largely concentrated on the Island of Montreal including a "Metro" or subway system consisting of 65 km and 65 stations. In addition, there are four radial commuter lines with about 100 km of track and 40 stations, which connect to downtown Montreal.

The Montreal region has been struggling for years with fragmentation of local government jurisdictions as well as transit operations. Because of this fragmentation, the finance of transit operations had not reflected the ridership patterns and hence had been inequitable for many years. At the time when the AMT was established in late 1995, the following organizations were in its area of jurisdiction:

- 94 municipalities and the Kahnawki Indian Reserve
- Montreal Urban Community
- 12 Regional County Municipalities
- 5 provincial administrative regions
- 17 inter-municipal transit councils
- 3 municipal transport authorities

In addition there are 13 accessible transit authorities that operate within the area covered by the AMT. The three transit authorities are the largest transit organizations in terms of size and ridership and prior to 2002 were known as:

- STCUM - Societé de Transport de la Communauté Urbaine de Montréal, providing transit services on the Island of Montreal including the Metro.
- STL - Societé de Transport de la Ville de Laval, providing transit service to the City of Laval
- STRSM – Societé de Transport de la Rive Sud de Montréal, providing transit service to seven urban municipalities on the South Shore.

In an attempt to resolve co-ordination issues among the three main transit organizations in the region, a Regional Transit Co-ordinating Council (CMTC) was created in 1990. Its mandate was to integrate fare structures, plan and develop transit projects and develop an approach to more equitably distribute the costs of transit operations among the municipalities. The Council was eliminated and replaced by the AMT because it failed to fulfil its basic mandate largely as a result of its limited geographic scope and its inability to gain consensus on the complex problem of cost sharing. As a prime example, at that time the STCUM was still responsible for the commuter rail system which extended beyond its jurisdictional boundaries and primarily served suburban commuters, who were not contributing toward the transit subsidies through municipal cost sharing.

The Province of Quebec created the AMT in late 1995 to overcome problems associated with transit operations categorized by:

- a variety of transit authorities of different size and with conflicting interests
- a fragmented and complex municipal governance structure
- severe co-ordination problems
- inequitable transit financing.

The AMT was given authority over metropolitan transit services while transit operators continue to manage and operate local services and facilities. AMT responsibilities include the management of the commuter rail system, a system of metropolitan bus lines, new Metro (subway) extensions, bus routes and reserved bus lanes. In order to carry out this mandate, its funding base includes the following:

- a share of the provincial gasoline tax (1.5¢ per litre)
- vehicle registration fees of $30 per year for private vehicles
- municipal contributions that total 40% of the operating cost of commuter lines and regional bus lines that serve the respective municipalities
- a municipal levy of 1 cent per $100 of municipal tax assessment to fund capital facilities
- revenues from the commuter rail system
- 75% subsidy from the provincial government for capital improvements.

In December 2000, the Province of Quebec approved the amalgamation of the 27 municipalities of the Montreal Island into a new City of Montreal and 8 municipalities of the south shore into the new City of Longueail. This took effect in January 2002 after municipal elections in late 2001. In keeping with this amalgamation, STCUM has been changed to STM - Societé de Transport de Montréal, STRSM has been changed to RTL - Réseau de Transport de Longueuil which now provides transit service to eight urban municipalities on the South Shore and the STL remains the same.

Since the suburban growth areas will still be independent of these central cities, the provincial government also created the Communauté Métropolitaine de Montréal (CMM) that is intended to deal with the regional economic, environmental and growth management issues. Representation on the CMM will be comprised of elected officials as follows: 1/3 from the new City of Montreal, 1/3 from the cities of Laval and Longueail and 1/3 from other municipalities. To provide a planning context for the new CMM, a new development plan has recently been adopted by the Province for the CMM territory. The responsibilities of the CMM include:

- urban planning
- transit budget approval
- social housing
- economic development
- facilities of regional significance such as major parks
- environmental services
- municipal tax assessment.

Since the CMM territory is slightly larger than the area of jurisdiction of the AMT, the boundary of the AMT area will be adjusted to be the same. Some of the provincial government's authority respecting AMT's budget and tariff approval will be eventually transferred to the CMM.

Funding Details

Funding received by the AMT for the year 2000 is listed as follows according to its source:

Funding Sources		2000 Funds Received($) (1)	
Automobile		86,953,000	45.5%
Gas Tax (1.5 ¢ per litre)	44,440,000		
Vehicle Registration Fees ($30 / year for private vehicles)	42,513,000		
Municipal Contribution		20,140,000	10.5%
Commuter Rail System (2)	19,995,000		
Region Express Bus Lines	145,000		
Fare Box Revenues		63,985,000	33.5%
AMT Regional Monthly Pass (TRAM)	39,570,000		
Commuter Rail System	23,820,000		
Region Express Bus Lines	733,000		
Government of Quebec		18,994,000	9.9%
Debt Service	18,771,000		
Para-transit Service	223,000		
Other		1,105,000	0.6%
Total		191,177,000	100.0%

(1) AMT 2000 annual report
(2) Municipalities that benefit from a commuter rail line subsidize 40% of the operating cost of that line.

The distribution of the AMT funding for the year 2000 among its areas of responsibility is listed as follows:

Allocation	AMT 2000 Annual Report ($)	
Commuter Rail System	57,115,000	29.6%
Métro and Bus Fund (1)	54,198,000	28.1%
Redistribution of Regional Fares (TRAM) (2)	39,700,000	20.5%
Debt Service	20,526,000	10.6%
Metropolitan Facilities (3)	7,591,000	3.9%
Rebate to Reduce Fares	5,871,000	3.0%
AMT Operating Cost	4,067,000	2.1%
Regional Express Bus Lines	1,550,000	0.8%
Development Fund	1,034,000	0.5%
Para-transit Service	387,000	0.2%
Other	949,000	0.5%
Total	192,858,000	100.0%

1. The AMT contributes $0.20 cents per trip for the operation of the Metro system and $0.50 cents per trip for every metropolitan bus service
2. Revenue from the sale of metropolitan tickets is collected by the AMT and redistributed among the transit operating authorities and the AMT for the commuter rail service, based on the utilization of each system.
3. Operating cost of the park-and-ride, bus terminal and reserved bus lane facilities.

Results and Lessons Learned

Achievements of the AMT since its inception in late 1995 include the following:

- *Adoption of a regional strategic plan*
  In 1997 the AMT adopted a strategic plan to guide its activities for the period 1997-2007.
- *Regional fare integration*
  An integrated fare structure was implemented in 1998. A single regional ticket permits a transit user to transfer among all elements of the system. A discount for students aged 18 to 21 was started in 2000.
- *Regional bus network*
  Since 1996, the AMT together with the transportation ministry, the local transit authorities and municipalities have built 33km of reserved bus lanes for a total of 68km, doubled the number of park-and-ride spaces for a total of 7867 and implemented two regional express bus services.

- *Expansion of commuter rail network*
  Three new lines have been implemented: Montreal-Blainville line in 1997, Montreal-St.Hilaire line in 2000 and the Montreal-Delson line in 2001, for a total of five lines.

- *Metro and Light Rail Projects*
  An extension of line 2 of the Metro to Laval is underway, scheduled to be opened in 2006. Studies are underway for the extension of lines 4 and 5 of the Metro. Final plans are being developed for an LRT project between the south shore and downtown Montreal. Studies are underway for three LRT lines in the City of Montreal.

- *Development of a regional employer program*
  AMT was mandated by Quebec's Ministry of Transportation as the authority responsible for travel demand management (TDM) program implementation in the Montreal area. Employer programs are targeted to the employers and institutions wishing to implement TDM programs.

AMT had a small operating deficit in the year 2000 for the first time. This resulted primarily because of lower revenues from the gas tax and the vehicle registration fees, which are the principal funding sources. Ridership is increasing as well as farebox revenues, but there are increased operating expenditures on the regional facilities (new reserved bus lanes, commuter rail lines, park-and-ride spaces and bus terminal) to handle the increase in ridership. Additional capital funding will be required for the planned Metro and LRT projects and therefore the regional and provincial government transportation authorities are studying alternative funding sources.

CONCLUDING COMMENTS

The Urban Transportation Council of TAC has been monitoring the development of the new financing models outlined in this Briefing and provides these concluding remarks by way of observation:

- The principles laid out by the Urban Council in its 1993 Briefing "New Vision for Urban Transportation" and in its 1997 Briefing "Financing Urban Transportation" have been applied to a limited extent, as demonstrated by the innovative funding and organizational approaches in Calgary and Edmonton (Alberta), Vancouver (BC) and Montreal (Quebec).

- The central theme with all three models is the combination of user charges allocated from predictable government revenue sources together with dedication of the resulting funding for urban transportation purposes. This has provided a relatively secure financial framework that has enabled associated transportation organizations to plan and develop their systems in a fashion that supports the sustainable development of their urban areas.

- The need for long term and dependable funding remains as the most critical problem pertaining to the maintenance and improvement of urban transportation systems in Canada.

TAC is a national association with a mission to promote the provision of safe, efficient, effective and environmentally and financially sustainable transportation services in support of Canada's social and economic goals.

The Association is a neutral forum for gathering or exchanging ideas, information and knowledge on technical guidelines and best practices.

In Canada as a whole, TAC has a primary focus on roadways and their strategic linkages and inter-relationships with other components of the transportation system.

In urban areas, TAC's primary focus is on the movement of people, goods and services and its relationship with land use patterns.

For more information about TAC's urban transportation programs, contact:

Katherine Forster
Program Manager

For additional copies of this briefing or information on other TAC publications please contact:

Membership Services and Communications

Or visit TAC's web site **www.tac-atc.ca**

Transportation Association of Canada
2323 St. Laurent Blvd., Ottawa, ON K1G 4J8
Tel. (613) 736-1350 Fax: (613) 736-1395
E-mail: secretariat@tac-atc.ca