

JAN 31 2014

ITEM: C2014-0082

CITY CLERK'S DEPARTMENT



C2014-0082: SOUTHEAST TRANSITWAY FUNDING & FINANCING REPORT

Special Meeting of Council

2014 January 31

calgary.ca | call 311

Onward/ Transportation provides services to help keep Calgarians on the move.



Council Notice of Motion NM2013-08

- Direct Administration to:
 - Conduct a workshop
 - Identify options to fund and finance the Southeast Transitway
 - Evaluate pros & cons
 - Engage stakeholders along the corridor



Workshop Process

- Contracted AECOM Canada Ltd.
- Research / Literature Review
- One-on-One Stakeholder Interviews
- Workshop (2013 December 09)
- Summary Report
 - www.calgary.ca (search 'Investing in Mobility')



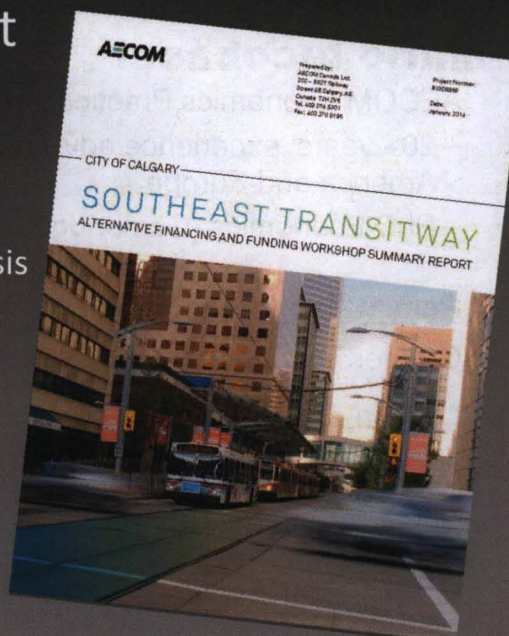
Workshop Stakeholder Mix

- 11 Developers, Landowners and Consultants
 - direct links to Southeast Transitway alignment
- 4 Provincial and Federal representatives
- 15 City Staff
- 2 Keynote Speakers
- Ward 9, Ward 12 and Mayor's Office representatives

Summary Report

Report Contents:

- Executive Summary
- Framework for Analysis
- Financing Options
- Funding Tools
- Recommendations
- Appendices



Southeast Transitway Alternative Financing & Funding Workshop Summary Report Council Presentation

January 31, 2014



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AECOM Introduction

Mario Iacobacci

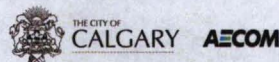
AECOM Economics Practice Leader

- 20+ years' experience advising in North America and Europe
- PhD Economics (Cambridge University)



Recent Experience

- Greater Toronto Area – Metrolinx Investment Strategy
- London, ON - BRT Strategy
- Los Angeles - Congestion Pricing Cordon / Areas Study
- Edmonton - CRB Intermunicipal Transit Governance Study



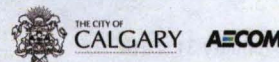
Funding vs. Financing

FUNDING

- Sources of money to build & operate new infrastructure
- Public vs. Private

FINANCING

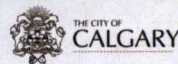
- Borrowing money to make payments for new infrastructure
- *Not* a substitute for funding
- Public vs. Private



FINANCING OPTIONS SUMMARY

Public Private Partnerships (P3)

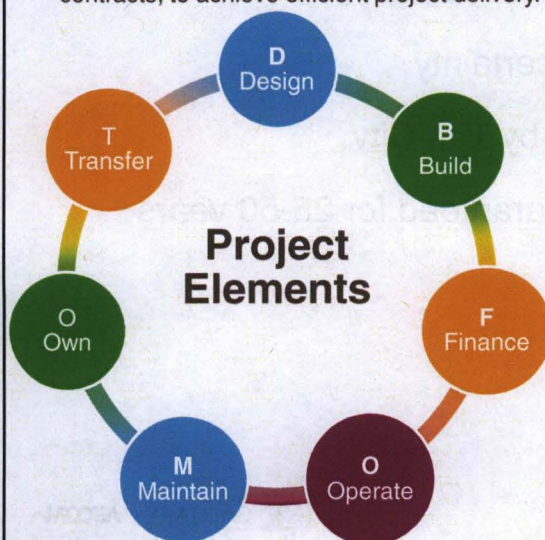
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What are Public Private Partnerships (P3)?

Integration of two or more project phases, through longer-term private sector contracts, to achieve efficient project delivery.



Example 1

DBF = Design, Build, Finance

Example 2

DBFM = Design, Build, Finance and Maintain

Example 3

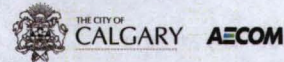
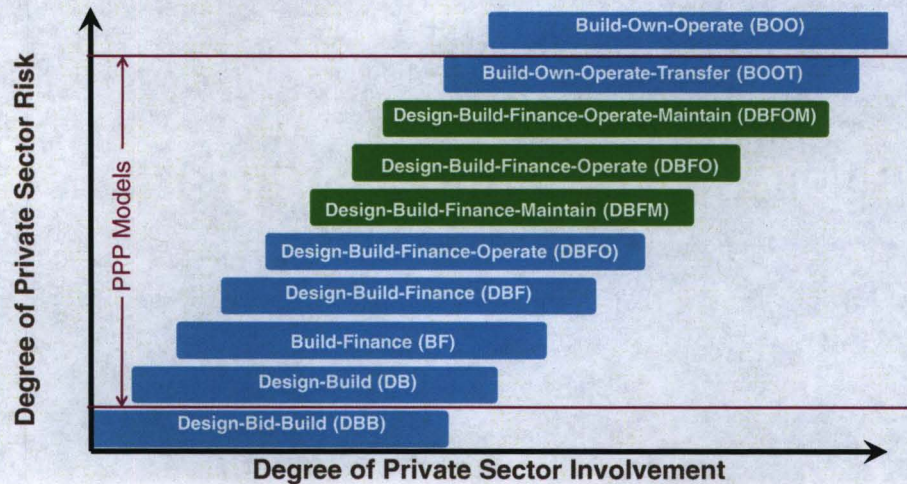
BOOT = Build, Own, Operate, Transfer



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What are Public Private Partnerships (P3)?

Integration of two or more project phases, through longer-term private sector contracts, to achieve efficient project delivery.



Key Features of P3s May Include

- On-time and on-budget delivery
- “Whole of life” cost certainty
- Ownership retained by The City
- Facility condition guaranteed for 25-50 years
- Risk allocation
- Innovation

Source: Mike Marasco “Structuring Public Private Partnerships”, p3.



Benefits and Costs of P3s

Benefits	Costs
<ul style="list-style-type: none"> • Cost savings (or quality enhancements) • Time savings • Schedule certainty • Budget certainty 	<ul style="list-style-type: none"> • Transaction costs • Financing costs • Risk premium • Change constraints



Long-term impacts on City borrowing limits must also be considered



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P3 for Transit Projects

Case Study: Canada Line

- Vancouver TransLink
- First major transit P3 with private financing in Canada
- Value for Money Report - savings of \$92 Million
- DBFO Model
- On time and On Budget



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FUNDING TOOLS SUMMARY

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Funding Tools by Category

Mobility User Charges

- Car Rental Levy
- Cordon Charging
- High Occupancy Tolls
- Highway Tolls
- Municipal/Provincial Gasoline Tax
- Transit Fare Increase
- Transit Fare Restructuring
- Vehicle Kilometres Travelled Charge

Land-Based Taxes

- Land Value Capture (LVC)
- Tax Increment Financing (TIF) or Community Revitalization Levy (CRL)
- Parking Space Levy
- Parking Sales Tax
- Property Tax
- Development Charges

Conventional Tax Tools

- Corporate Income Tax
- Sales Tax
- Employer or Employee Payroll Tax
- Income Tax

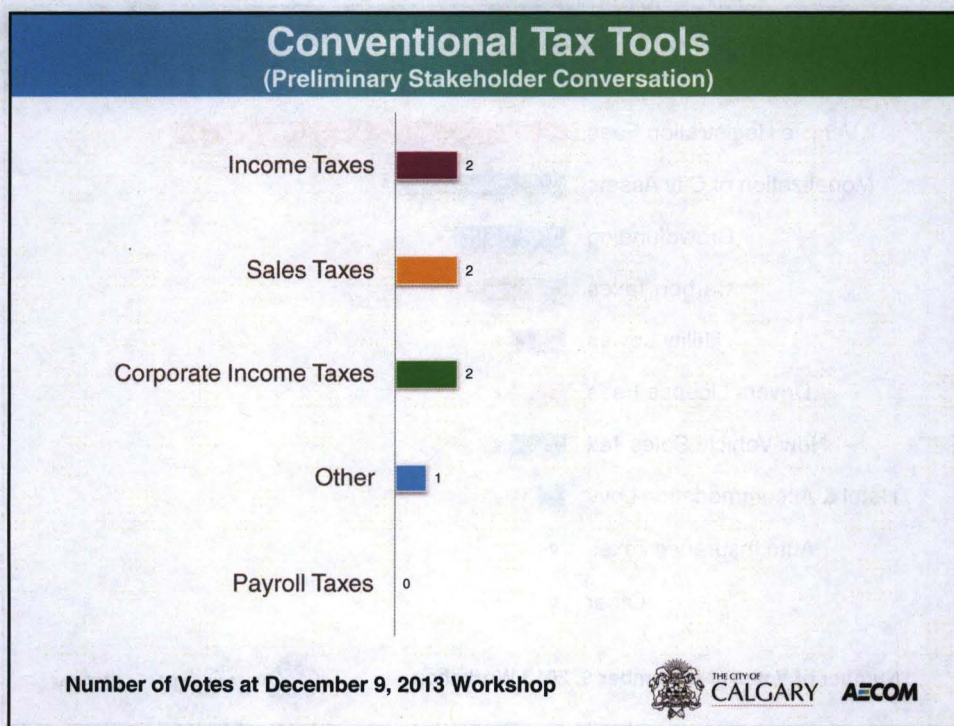
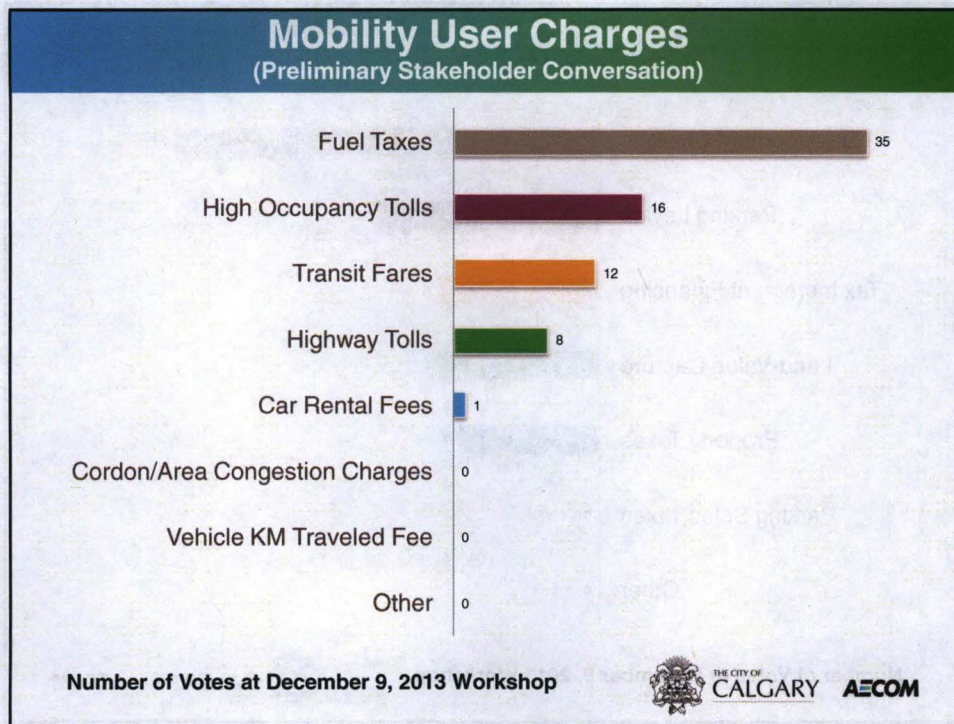
Other Tools

- Monetization of City Assets
- Crowdfunding
- New Vehicle Sales Tax
- Drivers License Tax
- Hotel & Accommodation Levy
- Auto Insurance Tax
- Vehicle Registration Fee
- Utility Levy
- Carbon Tax



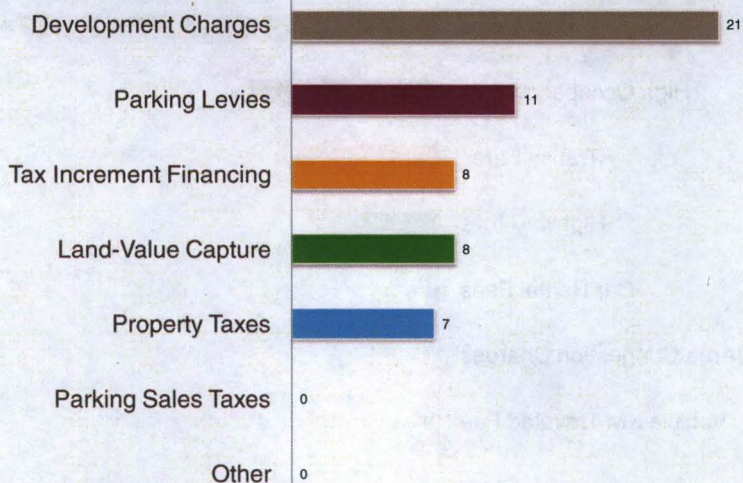
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Land-Based Taxes

(Preliminary Stakeholder Conversation)



Number of Votes at December 9, 2013 Workshop

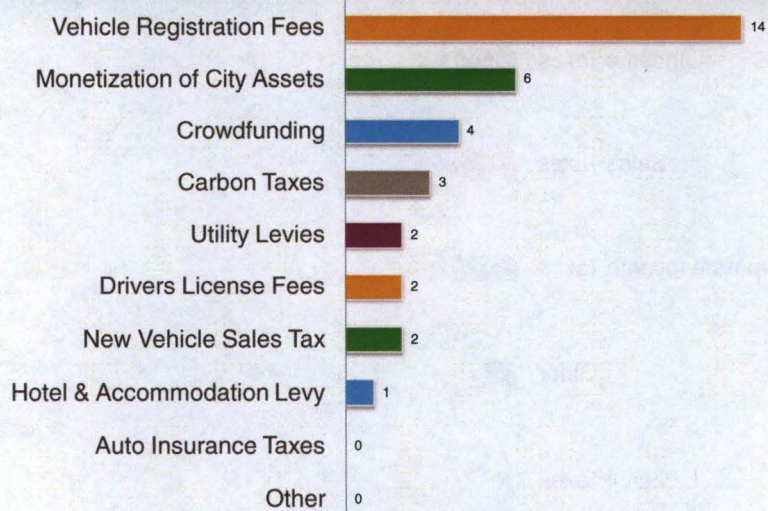


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Other Tools

(Preliminary Stakeholder Conversation)



Number of Votes at December 9, 2013 Workshop



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Funding Tools in Canada

Revenue Tool	Metrolinx	AMT / Montreal	TransLink
Transit Fare Increases	✓	✓	✓
Fuel Tax		✓	✓
Parking Sales Tax		✓	✓
Property Tax		✓	✓
Road Pricing / Tolls			✓
Utility Levy			✓
Vehicle Registration Tax		✓	

(shading = 100% dedication to transit development)



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Funding Tools used Worldwide

Revenue Tool	MTA / New York	Virginia DoT	Portland (TriMet)	California (CTC)	RATP / Paris	Transport for London
Transit Fares	✓	✓	✓	✓	✓	✓
Corporate Income Tax	✓					
Driver's License Tax	✓			✓		
Employer Payroll Tax			✓		✓	
Fuel Tax	✓					
HOT Lanes		✓		✓		
Land Value Capture		✓	✓		✓	
Road Pricing / Tolls	✓	✓		✓		✓
Sales Tax	✓			✓		
Vehicle Registration Tax	✓					

(shading = 100% dedication to transit development)



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Metrolinx proposed revenue tools

1 percentage point
HST

\$1.3 billion



5 cents per litre

Fuel tax

\$330 million



Average 25 cents
per non-
residential space
per day

**Parking
space levy**

\$350 million



15% increase

**Development
charge**

\$100 million



**GTHA total revenues:
\$2 billion per year**

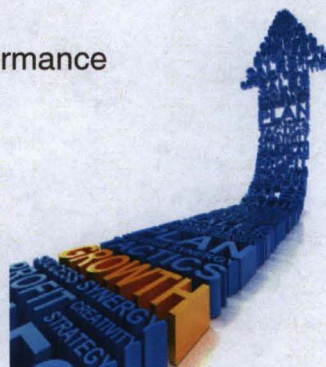


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More than just revenue generation at stake

- Primary motivation: raise revenue to fund transportation infrastructure projects
- Reduce economic competitiveness
 - e.g. income taxes, payroll taxes
- Improve a city's economic performance
 - e.g. user-based charges
- Preferred funding tools:
 - maximize transportation benefits
 - minimize taxation inefficiency



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Funding Tool Evaluation Criteria

- Revenue yields, capital and operating costs arising from implementation
- Impact on travel behavior and network performance
- Implementation challenges
- Equity (range of benefiting users, and income equity)
- Economic efficiency



Future Stakeholder Engagement

- Funding tool combinations = basis for public consultation
- Public support depends on advancing the most effective variant of any one project, accounting for user benefits and project costs





Risk Assessment

- Without new, stable sources of funding:
 - diminished ability to maintain the system
 - delayed construction of high-priority projects
- Consequences for citizens:
 - reduced reliability of infrastructure and services
 - increased travel times for people and goods
 - increased greenhouse gas emissions
 - reduced quality of life



Next Steps

- Funding Tools
 - Conduct more detailed analysis of 27 options
 - Shortlist high-potential funding tools
 - Support City Charter negotiations, as required
- Financing Options
 - Continue applying Council's Public Private Partnership (P3) Policy
 - Consider Design-Build-Finance(DBF) through Design-Build-Finance-Operate-Maintain (DBFOM)



RECOMMENDATION

That Council direct Administration to:

- evaluate all 27 funding options,
- identify the highest potential options for Calgary, and
- report back to the SPC on Transportation & Transit no later than 2015 June.