

The Need for an Innovative Approach to Transportation for an Increasingly Urban Province (2015)

Urban productivity, livability, and local community investment is highly depend on the efficient and smooth movement of people, goods and services. As urban areas continue to grow, new infrastructure, demand management tools and innovative solutions will be required to maintain an efficient flow of people, goods and services.

Trend Towards Urbanization

Canada, and B.C. in particular, are becoming highly urbanized. Urban population (% of total) in Canada was last measured at 81.6% in 2014, according to the World Bank.

B.C.'s largest urban areas are at tidewater where a considerable number of our transportation bottlenecks are located. This affects transportation movements originating from outside these regions (goods moving from the remainder of BC, Western Canada, and U.S. to the ports and border crossings); trade from other nations (such as imports from Asia to B.C., Canada, and the U.S.) and economic activity generated within the metro Vancouver region.

Importance of the Transportation System

The Provincial Government's Asia Pacific Strategy is a highly ambitious plan to place B.C. as the gateway for the huge increase in trade traffic from the fastest growing economic region in the world. The overall strength of the BC and Canadian economy and significant population growth are placing a noteworthy strain on our entire transportation system.

All levels of government have committed significant funding for the expansion of the primary transportation infrastructure across the province as the next big driver of growth for the province (Port Mann Bridge, South Fraser Perimeter Road, Port Metro Expansion, Roberts Bank Rail corridor improvements, Port of Prince Rupert Expansion, as a few examples).

There are many areas of the province that have significant congestion that result in lost productivity, increased costs, and harmful effects on the environment. B.C. needs to address these issues in order to remain prosperous.

Our economic success in BC and Canada depends on being competitive on the world stage. We can't attract shippers to the ports in Vancouver if the goods will then be stuck on trucks in congestion getting to markets. We can't sell our natural resources on the world markets if the congestion delays absorb all profits or negatively impact the quality of agriculture products.

The Chamber understands the challenge governments face to fund the existing and future transportation needs in the Province. The issue of funding for transportation has reached a crisis point in the Lower Mainland, including the Fraser Valley where a significant portion of the future provincial growth and development is predicted to occur. As noted above, the crisis in the lower mainland, as the gateway, creates a bottleneck that directly impact businesses across BC and Canada. Furthermore, as urbanization increases throughout the Province, similar bottlenecks will grow within our other major centers.

Lack of Demand Management Techniques

The Chamber supports the implementation of road pricing to provide the tools for the existing congested urban areas and future urban centers to provide fair, equitable, flexible, source of transportation funding for operations, capital maintenance, and future growth, and the appropriate levers to positively impact congestion.

Road pricing is a means to directly charge levies for the use of roads, including road tolls, distance or time based fees, congestion charges. Such charges are designed to provide funding, but more importantly influence congestion by discouraging driving on certain routes, discouraging travel at peak times, and encouraging the use of transit options.

A road pricing model provides incentives that can be effectively utilized to manage demand, which tolls alone can't effectively achieve. In the

absence of effective price signals created by a road pricing (tolls, High-Occupancy Vehicle (HOV) lanes, congestion pricing levies, road pricing, and appropriate and available transit options), there is inevitably an increase in single-passenger vehicles and use, which then leads to increased congestion and bottlenecks. In short, simply investing in new capacity will not solve the cycle of congestion, a coordinated approach of road pricing, infrastructure investments, and transit investments need to be implemented. The Chamber has been consistent in its support for projects such as the Lower Mainland Gateway Strategy and the need for transportation infrastructure investments in other regions of the province. Underpinning this is a firm belief these projects can only be successful if the associated transportation networks receive related improvements to improve the flow of goods both now and in the foreseeable future.

A key to our long-term success will be strategic and long-term investment in high-quality public transit. With a road pricing model, users need the ability to choose and have the appropriate incentives to choose public transit. The Chamber recognizes that transit investments by themselves will not reduce roadway congestion. However, they become more effective at reducing congestion if they are a critical component of a comprehensive strategy that includes complementary road pricing, mobility management strategies, and smart growth land use policies.

Numerous studies, along with empirical evidence from around the world, clearly demonstrate that simply building new roads and other infrastructure in the absence of demand management techniques, including quality public transit options, will not alleviate congestion in the long run. In other words, in the BC context it is not one, or the other, but both.

The Chamber believes this presents a unique opportunity for the Provincial Government to remove politics from transportation planning and to create a vision that provides clean, efficient, accessible, and reliable public transit covering the entire region, while introducing innovative mechanisms to ensure the efficient movement of goods and services. Current funding relies heavily on property taxes and a regional accountability. This places long term planning in the hands of municipal representatives who have to

represent the region and their local municipality. A road pricing model will positively impact this inherent conflict of interest, those who use the network will pay, regardless of municipality.

Specifically, the Chamber believes that the Provincial Government's current tolling policy must be repealed. The current policy, only permits tolls to pay for new construction on specific pieces of infrastructure when a viable, free alternative is available. The "viable, free alternative" concept is highly subjective. The concept of paying solely for the initial construction costs, ignores the longer term maintenance costs, inevitable replacement costs, or savings for additional growth. As such, tolling only certain infrastructure for a finite period of time (repayment of capital costs) creates divisiveness among communities, those who are currently paying and those who are not. In short, any road pricing tool should be a funding mechanism linked to the users "right to use" the transportation system as a whole.

The economic benefits of investment in transportation depend on good traffic speed, and in the long term, there is widespread agreement that the only way to preserve this is to ensure that there are appropriate price signals placed on the use of the transportation network (roads and bridges) across the region. This recognition is resulting in a global trend towards an acceptance of the necessity of road pricing as the optimal way to fund transportation improvements. Jurisdictions around the world are recognizing that to be sustainable, funding mechanisms need to combine sustainability with the principle of user pay while managing traffic demand; a well-designed road pricing system meets all of these criteria.

The Chamber understands that there is significant public resistance to additional taxation, as seen in our recent referendum. Metro Vancouver residents are paying property taxes, gas taxes, parking sales taxes, and transit fees to support the transportation system. It is important to highlight, that gas taxes are a key funding component of the current system. Gas tax funds not an ideal funding source due to volatility in commodity prices, while it creates a reverse incentive. As we effectively reduce the use of single occupancy vehicles, the funding source for further investments in public transit declines.

The results of the referendum showed strong support for improved transportation infrastructure. The primary criticisms were:

- concerns over too much tax,
- prioritization of funds to communities in the region in the short and long term
- ensuring the best management of such funds for maximum value
- utilizing a regional sales tax model which could be harmful to business and does not have a direct correlation to transportation use

We have seen political support for a road pricing model at a municipal and provincial level, but this concept was not widely communicated as the future goal in the referendum process. The Chamber believes that public acceptance of a road pricing model would be possible if quality transit options are made available from the start. Road pricing can fund the inevitable startup costs and can effectively be adjusted to keep traffic at targeted levels for the benefit of the public and business.

In circumstances where a road pricing is approved, a comprehensive traffic demand strategy should be created to ensure that transportation solutions are integrated.

Given the comprehensive network of roads, bridges, tunnels in the Metro Vancouver Region, the most appropriate model for the long term is a 'regional road pricing strategy' placing tariffs on travel when crossing over designated zones throughout the region. This model ensures the tariffs are directly related to use of the major road **and** transit network, not for travel within a municipal streets , which are already funded by property taxes. The Chamber believes this proposal represents a fair and affordable 'system for the Metro Vancouver Region that will provide sustainable funding for infrastructure maintenance and further development of the transportation network, including bridges, the major road network and public transit throughout entire regions.

We are confident that a road pricing model is an equitable model of funding to provide the necessary increases to transportation funding to support the current population and the estimated growth.

THE CHAMBER RECOMMENDS:

That the Provincial Government:

1. commit to funding transportation infrastructure investment and implementing policies that are equitable, efficient, and contains basic traffic demand management principles;
2. make as a prerequisite of these visions the need for investment in public transit to provide viable alternatives to single passenger vehicle travel; and
3. commit to implementing a road pricing model as a foundation for sustainable transportation funding, including repealing the current tolling policy.
4. Review the financial impacts and of eliminating the current gas taxes and replacing with the user pay model as a means to generating necessary public support