

To: Regional and Corporate Services Committee
From: Alison Stewart, Manager of Strategic Planning

Date: 2018-06-12
File No: 8330-02-02

Subject: Mobility Pricing Independent Commission: Metro Vancouver Mobility Pricing Report

RECOMMENDATION

THAT the Fraser Valley Regional District Board communicate to the provincial government, Translink Board and Mayor's Council that any discussion of the imposition of mobility charges on FVRD residents and businesses must include meaningful consultation with affected local governments, not just those within Metro Vancouver.

STRATEGIC AREA(S) OF FOCUS

Foster a Strong & Diverse Economy
Support Healthy & Sustainable Community
Provide Responsive & Effective Public Services

BACKGROUND

On May 26, 2016 the Metro Vancouver Mayors' Council on Regional Transportation submitted to the province a draft funding strategy to advance the "10-year Metro Vancouver Transit and Transportation Plan". The Mayors' Council proposed several funding options for provincial and regional contributions towards the Plan's costs. Among the options proposed is the "the introduction of regional mobility pricing by 2021 to support the expansion and improvement of road and bridge infrastructure". In order to determine what mobility pricing will look like in Metro Vancouver, the TransLink Board and Mayor's Council struck an independent commission to explore the issue.

The Mobility Pricing Independent Commission undertook research and public engagement on the subject starting in October 2017. The final report was presented to a joint meeting of the Mayors' Council and TransLink Board on May 24, 2018 accompanied by a staff report.

Both the Mayors' Council and TransLink Board adopted the following resolutions:

1. Receive the Mobility Pricing Independent Commission's final report entitled "Metro Vancouver Mobility Pricing Study: Findings and Recommendations of the Mobility Pricing Independent Commission for an Effective, Fair and Affordable Mobility Pricing Policy", dated May 2018.

2. Confirm that the Mobility Pricing Independent Commission has satisfied its mandate and key requirements, as outlined in its terms of reference dated June 30, 2017.
3. Direct staff, in consultation with the Mayors' Council, TransLink Board of Directors, and sub-committees, to undertake additional work, research and engagement to further explore key issues and questions related to mobility pricing in connection with other regional transportation challenges as outlined in this report, before any decisions can be made on whether to consider mobility pricing further.
4. Direct staff to forward a copy of the Mobility Pricing Independent Commission's final report to the Metro Vancouver Board of Directors, the Provincial Government, and Federal Government, for information.

DISCUSSION

The Metro Vancouver Mobility Pricing Independent Commission's work has been discussed in earlier reports to the FVRD Board. Mobility pricing is identified in the Metro Vancouver Mayors' Council's "10 Year Metro Vancouver Transportation Plan" as a means of funding transportation improvements in Metro Vancouver. In order to determine what mobility pricing will look like in Metro Vancouver, the TransLink Board and Mayor's Council struck an independent commission to explore the issue. The Mobility Pricing Independent Commission (Commission) has been undertaking research and public engagement since October 2017 and submitted its final report on May 24th 2018.

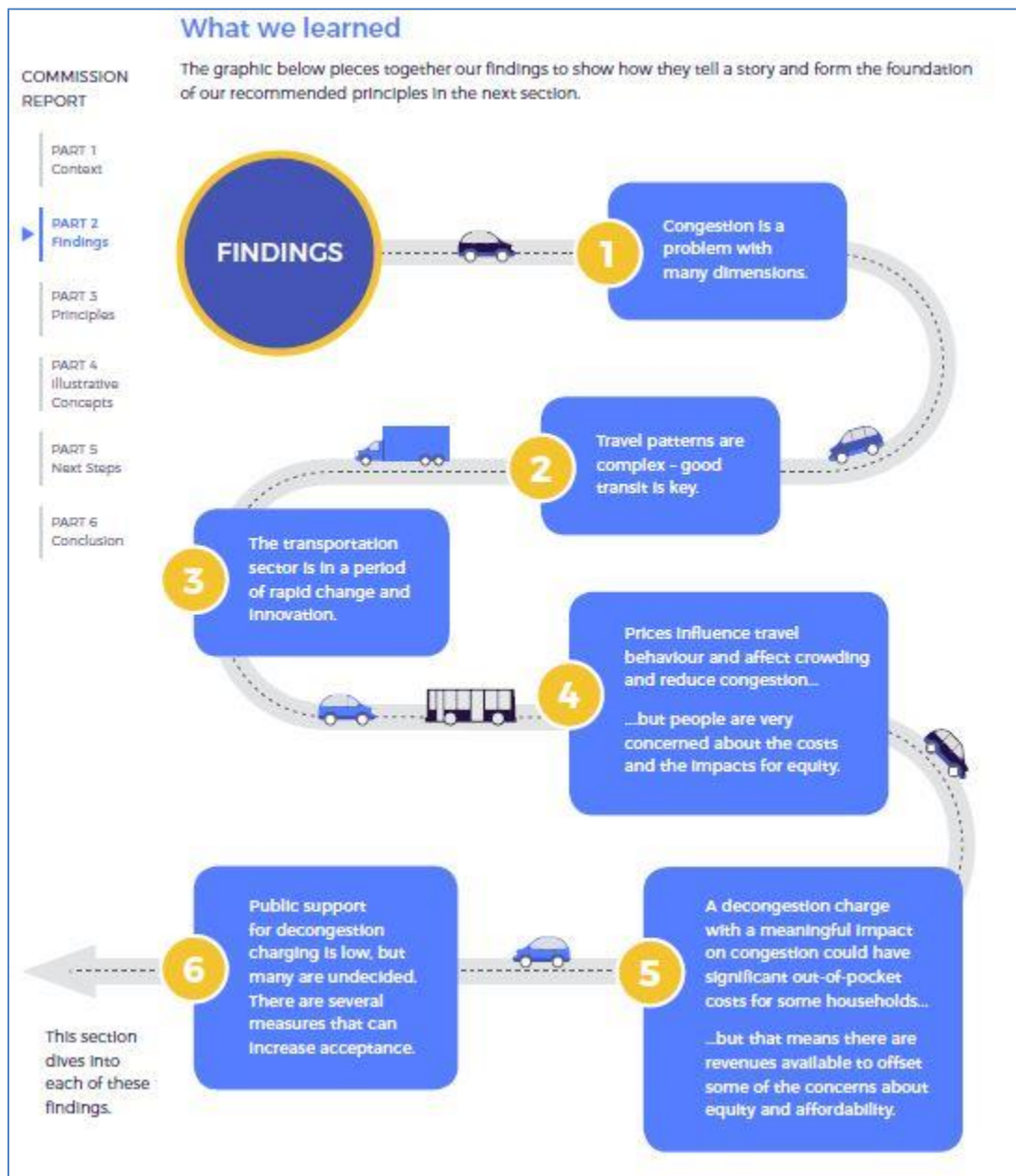
The FVRD offered Commission representatives an opportunity to provide an overview of their work to the Board. Unfortunately, the Commission was not able to accommodate the request given tight timelines of the consultation process within Metro Vancouver.

Traffic congestion impacts our quality of life, health, safety and the regional economy – something the FVRD also experiences. The Commission was tasked to investigate a more coordinated way of paying for mobility through mobility pricing. The final report expands on the justification and rationale for considering mobility pricing and provides a set of recommendations based on analysis of policy and lessons learned from other jurisdictions, multiple rounds of modelling and evaluation and two rounds of education and engagement with the public, stakeholders and government officials.

Part 1 of the report provides context to the problem. Metro Vancouver is growing, with an additional one million more residents and half a million new jobs. According to the Commission, traffic congestion is a growing threat to the region's quality of life and economy, "the region needs more transit and better roads – and fairer ways to pay for them."

Mobility pricing, framed in the report as "decongestion charging", is seen as a tool to manage demand for road space. The charge is set at a level to encourage enough people to change their travel habits to reduce congestion in key areas. People become motivated to use another route, carpooling or using

other transportation modes such as transit, bicycling or walking. The process used by the Commission to reach their conclusion is discussed in more detail in the report.



Findings and Principles for Mobility Pricing

Parts 2 and 3 cover the Commission's findings and principles for a mobility pricing policy. As shown in a bit more detail above, the Commission found that:

- Congestion has many dimensions;
- the transportation sector is experiencing rapid change and innovation;
- prices can influence travel behavior;
- people are very concerned about the costs and impacts for equity;
- a decongestion charge with meaningful impact could have significant out-of-pocket costs for some households;
- Metro Vancouver has revenues available to offset some equity concerns; and
- public support for decongestion charging is low but that several measures may be taken to increase acceptance.

Although there is mention in the report as to the need to consider impacts on First Nations communities, there is apparently no discussion about potential impacts on other affected local governments, including the Fraser Valley Regional District.

The Commission has proposed a set of Principles to guide the design of mobility pricing policy:

Congestion

Traffic congestion is a real and growing concern in Metro Vancouver. There are many measures that need to be taken to counter the threat of growing congestion, and a coordinated mobility pricing policy that includes a decongestion charge should be an integral part of any such strategy. But it is unclear who holds overall responsibility for coordinating action on reducing congestion.

Principle A - A decongestion charge should deliver a meaningful and region-wide impact on traffic congestion. This must be guided by appropriate congestion reduction targets for Metro Vancouver.

Principle B - Everyone who uses the transportation system should pay something for it. It should cost more if using the road causes congestion. It is important to find the right balance between paying for use and paying for congestion.

Principle C - A decongestion charge should be coordinated with all the other ways we pay for mobility in Metro Vancouver – including new and emerging mobility services – to achieve regional mobility goals.

Fairness

Fairness needs to be considered across many different dimensions. Consideration of fairness should apply to everyone, irrespective of how they choose to travel.

Principle A - Differences in mobility pricing charges across users must be consistent and explainable.

Principle B - The design of a decongestion charge should seek alignment of charges with access to transit. This can be supported by targeted transit improvements.

Principle C - A mobility pricing system should be designed in a way that seeks to promote equity. Any revenues from a decongestion charge above those needed for agreed transportation investments should be used to address concerns about the affordability of mobility for people on lower incomes

Support Investment

Fairness needs to be considered across many different dimensions. Consideration of fairness should apply to everyone, irrespective of how they choose to travel.

Principle A - The entity that collects and manages revenues from a decongestion charge must ensure accountable, effective, and transparent use of those revenues.

Principle B - Raising revenues should not be the primary purpose of a mobility pricing policy.

Other Considerations

Principle A - A decongestion charge must deliver positive total economic benefits for the region.

Principle B - The design of a mobility pricing policy should support provincial and regional environmental and land use objectives, as well as considering implications for health and road safety.

Principle C - A mobility pricing system needs to be stable and predictable but can and should evolve over time to more effectively address congestion.

Principle D - A mobility pricing system must recognize and respect an individual's interests and rights to privacy and use of personal information.

Principle E - There will need to be further communication and engagement around a mobility pricing policy, with dedicated resources and programming for inclusive outreach to Metro Vancouver's diverse residents.

Illustrative Concepts

The Commission has set upon two approaches, the first being regional congestion point charges at key regionally important screen lines and the second being a distance based charge with two or more zones with varying charges throughout Metro Vancouver.

Congestion point charges

The regional congestion point charge, as discussed on page 36 of the report, would vary by location and time of day. Higher charges would be applied in areas of higher congestion. The illustration shows potential locations of charge points, one of which appears to be located on Highway 1 between the FVRD and Metro Vancouver.

The charge rates are set at “50% and 75% of the marginal social cost of congestion at a given location and time”. Needless to say, this complexity makes it very difficult to understand what the potential costs could be for Fraser Valley residents should such a charge be implemented. The estimated cost to households paying into the system is in the range of \$5.00 to \$8.00 per day and \$1,800 to \$2,700 per year. In this example the \$0.17 fuel tax would stay in place.

The report notes that “further work will be required to find optimal locations for all charge points.”

Multi-zone distance-based charges

As with the congestion point charges, the multi-zone distance-based charge rates are set at “50% and 75% of the marginal social cost of congestion at a given location and time.” The illustrative example is based on eight different zones across Metro Vancouver. In this approach, the \$0.17 fuel tax would be eliminated. The estimated median weekday cost per household would be in the \$3.00 to \$5.00 per day and \$1,000 and \$1,700 per year.

The modelling results (page 43) shows a decrease of congestion along Highway 1 between 232nd and 264th in Langley. This clearly represents an expectation that FVRD residents and businesses would be subject to the charges.

FVRD Perspective

According to TransLink’s 2011 Trip Diary survey, only 10% of all trips taken by FVRD residents go into Metro Vancouver and the majority of those trips end in Langley (Township or City) or Surrey. There is also a reverse flow of Metro Vancouver residents entering the FVRD for a variety of purposes. Of the total number of trips in and out of the FVRD every day, approximately 34% of these trips are by Metro Vancouver residents.

There is no doubt that congestion is a concern for Fraser Valley residents. The stretch of Highway 1 between 232nd and 264th Streets in Langley is a well-known congestion point that needs to be addressed, but it is a provincial highway and TransLink provides no transit services along this route. Rather, the FVRD has taken the initiative to provide transit along this corridor by way of Route #66 –

FVX with no funding from municipalities outside of the FVRD. While decongestion charges may well reduce congestion in this location, it is unclear why charges collected at this location should benefit transit development in Metro Vancouver. If charges were to be collected in this location, one could argue that such charges should be applied to specific transportation improvements in this location and/or locations in the FVRD, including improved transit options.

Another concern from a point charge option would be drivers avoiding charges by choosing alternative routes including the already congested Fraser Highway and rural roads through the Agricultural Land Reserve.

The FVRD is not mentioned in the Commission's report, however the Commission's modelling clearly assumes the application of such charges on Fraser Valley residents. While the Principles set out in the report may well serve Metro Vancouver residents, a number of the Principles will not be met in the FVRD. For example, from a fairness perspective, one of the suggested offsets is the elimination of the \$0.17 fuel tax. Since the FVRD does not have a fuel tax to eliminate, the tax burden on FVRD residents will be higher than on Metro Vancouver residents. Fundamentally, the Principles set out in the report are Metro Vancouver-centric, and what may benefit Metro Vancouver would impose higher economic and social costs in the Fraser Valley.

Since the FVRD's interests were not addressed in the Commission's report, it is still unclear as to the impact of mobility pricing in this Region. As noted previously, such charges could place increased demands for enhanced transit services in the FVRD, which raises the question about the fairness of Fraser Valley residents funding TransLink when this region is facing its own transit and transportation investment challenges. While increasing transit mode share is a goal for the region's various transit services, the ability for the Region and local governments to fund increased demand as a result of externalities, such as mobility pricing in Metro Vancouver, remains a concern.

COST

No cost at this time

CONCLUSION

Mobility pricing in Metro Vancouver will have impacts in the Fraser Valley Regional District. Any further discussion on the imposition of such charges on FVRD residents requires much more meaningful consultation and discussion between the FVRD, Metro Vancouver RD, TransLink and the province (Ministry of Transportation and Infrastructure and Ministry of Municipal Affairs and Housing).

COMMENTS BY:

Barclay Pitkethly, Director of Regional Programs: Reviewed and supported

Mike Veenbaas, Director of Financial Services: No further financial comments.

Paul Gipps, Chief Administrative Officer: Reviewed and supported