

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf. **25 21-97-1150**
Your File/V/Réf.

DATE 12 September 1997

TO/DEST. Co-ordinator
 Transportation Committee

FROM/EXP. Environment and Transportation Commissioner

SUBJECT/OBJET **PROVINCIAL HIGHWAY TRANSFERS**

DEPARTMENTAL RECOMMENDATION

That Transportation Committee and Council receive this report for information.

INTRODUCTION

On 11 December 1996, Regional Council received information on the transfer of Provincial Highways from the Province of Ontario to the Regional Municipality. It was requested that the Province of Ontario be petitioned for funding for capital works and long term maintenance. Included in this petition was a request to provide alternative revenue be made available to Municipalities, by means of the dedication of part of the existing fuel tax or by part of existing licencing fees. This petition was filed with the Minister of Transportation and the Association of Municipalities of Ontario. All Regional Corporations, Counties and major urban centres that were affected also received a copy of the petition. This petition in the form of a Council resolution is attached as Annex A.

BACKGROUND

Transportation Committee Report No. 41, Item No. 2 informed the Corporate Services and Economic Development Committee and Regional Council of the transfer of parts of Highways 16, 17, 31, 44, and 7203 (Highway 15 to Highway 17) from the Province of Ontario to the Regional Municipality. These highways were transferred on 1 April 1997 with the exception of Highway 16 which was to be transferred on the official opening of Highway 416. A ceremonial official opening was held on 5 August 1997. We have not been informed when the contracts will be fully concluded; they may include lien clauses etc. that will effect the legal turnover date.

The Highway lengths and limits transferred are shown in Annex B, Table No. 1.

It was expected that a further downloading of Highways from the Province to the Municipalities would occur later in 1997.

On 23 June 1997, the Regional Chair received a letter from the Minister of Transportation, transferring a further 37.65 kilometres of Provincial Highways to the Regional Municipality of Ottawa-Carleton effective 1 January 1998. A copy of this letter is included as Annex C. The Highway limits and lengths are shown in Annex B Table No. 2.

Why the province has chosen these highways in particular is unclear. The only criteria we are aware of states that these are highways "that primarily serve local needs". The Ministry has refused to provide any detailed criteria on how the decisions on what highways are being transferred throughout the Province have been made. Our analysis clearly shows that the urban taxpayers of the province are carrying an unfair burden in terms of the number of kilometres of Highways transferred.

The Minister states that his Ministry "will continue to be responsible for the provincial system including highways that carry large volumes, longer distance traffic and connect Ontario to interprovincial and international gateways". Without details on the criteria used to define these categories we are left to wonder how the Trans Canada Highway (Highway 17) fails to qualify as having large volumes and longer distance traffic or how Highway 31 which connects to the 401 is not considered an important trade route.

DISCUSSION

These transferred Highways, (excluding Old Highway 16, which the Province is replacing with Highway 416) represent approximately 40% of the Provincial Highways inside the Regional Boundaries that existed prior to the Provincial downloading. The combined total of lengths of road transfers including Highway No. 16 will be approximately 92 kilometres of highway which equates to approximately 254 lane kilometres. This represents an increase of approximately 10% in the Regional lane kilometres. The structures inventory will increase by 9% and 18% for bridges and culverts respectively. The Province is also downloading responsibility for 17 more traffic control signal devices and literally thousands of road signs.

On 12 December 1990 the Ministry of Transportation made a proposal to the Region dealing with the take over of Highway 16. On 28 February 1991 the Region responded with the conditions under which the transfer would take place. Negotiations culminated with a correspondence of 23 July 1993, to the Ministry wherein we agreed that we would take the appropriate documents forward for signature. The Ministry offer included the rebuilding of Highway 16 to four lanes from Fallowfield Rd. to the City of Ottawa boundary as well as future construction costs for the widening to Woodroffe Ave., a new railway bridge near Colonnade Rd. and full maintenance costs. The Minister now maintains that despite the exchange of correspondence on this issue that we do not have an agreement and refuses any support for the transfer of Highway 16. We have

asked the Ministry to submit this issue to a third party for a resolution but to date we have had no response.

Road maintenance activities, principally winter maintenance, will require an approximate 12% increase in our maintenance budget. Maintenance activity along the freeway section of former Highway 17 on its own will demand the application of a higher level of service than we apply to other Regional Roads. The effective maintenance of these sections of highway will require a further two maintenance facilities. It is anticipated that the buildings and material storage facilities currently owned by the Ministry of Transportation at Highway 17 and Trim Road and at Highway 31 at Greely will be transferred to the Regional Municipality. The costs associated with these transfers or the costs of operating these facilities are not included in the estimates. Our staff will proactively pursue transfer of these facilities at a nominal cost.

The Provincial Auditor in his 1995 Report states that: "over the past decade the physical condition of the (Province's) infrastructure has significantly deteriorated, due primarily to a less than adequate program of rehabilitation and maintenance." Some of the highways being downloaded to the Region clearly reflect the Auditor's findings and are in deplorable condition. We have scheduled \$1.6 million in urgent repairs for portions of Highways 31 and 17.

It has been the practice of past provincial governments to turn over roads to lower tier governments in an acceptable physical condition. In the past the Region and the Province have successfully negotiated the transfer of 80 km of Provincial highway with this as the guiding principle. This is no longer the case. The highways that are being transferred to the Regional Municipality include many gross deficiencies and as a consequence require substantial immediate and long term capital investment. These needs will have an important impact on both the capital and operating budgets of the Environment and Transportation Department and on the provision of security and policing services. Local taxpayers are forced to assume the burden without a new revenue source such as a portion of the gas tax, as recommended by the Crombie Who Does What Panel.

The additional highways will necessitate an increased requirement for traffic management, safety devices and protective services. This is especially true for those parts of Highway 17, where the operating conditions of a freeway require methods of operation not previously provided by the Region. The Department is currently assessing the safety devices on this section of highway and further information will be forthcoming late in 1997.

Staff of the Department have been corresponding and meeting with the Ministry of Transportation of Ontario officials to negotiate a reasonable resource transfer for the assumption of these highways. Every effort to date has resulted in no compromise by the Ministry. We have received no consideration in either the highway transfer delivery method nor in the allowances made on transfer. The Ministry provided funds in the amount of \$1,401,850 for one year maintenance and five year capital for the 1 April 1997 group of highway transfers. This is demonstrably grossly inadequate. At a meeting held at Regional Headquarters on 2 June 1997, with senior officials of the Ministry of Transportation, Regional staff noted a discrepancy in Ministry calculations where Highway 17 was counted as only a 2 lane roadway for purposes of establishing the amount of the

subsidy to be awarded upon transfer of the roadway. The Ministry subsequently agreed that there was a discrepancy and suggested that this would be corrected in the next phase.

For the next phase, effective 1 January 1998 the Province informed us that the amount of \$1,901,000 includes the sum of \$106,500 to make up for the previous discrepancy. The sum provided for these transfers is also grossly insufficient as our operating and capital needs outweigh this amount (see Annex D). As an example, Highway 31 is visibly failing and work should have been carried out on this a number of years ago.

The Department has also not heard of the possibility of any alternative revenue methods which may be legislated. Therefore the total compensation that the RMOC has been awarded to date is \$3,302,850. As a consequence at this time it would appear that the only solution to fund needs is through the general municipal levy.

We continue to solicit additional resource transfer and we will look into every possible means of revenue generation and all methods of optimizing the management of these highways.

FINANCIAL IMPLICATIONS

The transfer of these highways from the Province of Ontario to the Regional Municipality will put an enormous burden on the local tax base.

The Department has been working on anticipated costs and preliminary estimates indicate that \$38,268,000 in capital needs and \$4,567,000 in annual operating needs will be required to ensure the economically sound management of these highways. A comparison of needs to compensation is outlined in the table below.

<u>Needs</u>	<u>OPERATING</u>	<u>CAPITAL</u>	<u>TOTAL</u>
Roads/Structures (Annex D)	\$2,902,000	\$36,718,000	\$39,620,000
Traffic Signalization and Signs	165,000	1,300,000	1,465,000
Ottawa Police Services	<u>1,500,000</u>	<u>250,000</u>	<u>1,750,000</u>
Total	\$4,567,000	\$38,268,000	\$42,835,000
Compensation	<u>850,375</u>	<u>2,452,475</u>	<u>3,302,850</u>
Shortfall	<u>(\$3,716,625)</u>	<u>(\$35,815,525)</u>	* <u>(\$39,532,150)</u>

*Operating is an annual amount whereas the Capital shortfall would be spread over several years.

After 1 January 1997 the Province will be responsible for only 5% of all lane kilometres of roads in Ottawa-Carleton and 23% of all vehicle kilometres driven on the road system but will keep 100% of gas tax and licence fee revenue. However, most of the public believe that their gas taxes are being used for road services (see Annex E). It has been suggested that this is the same as the Province giving housing to the Municipality which pays for all operating and upkeep while the Province keeps all the rent money.

The Department's 1998 budget submissions will reflect the minimum requirements to incrementally address these capital requirements as well as the minimum requirements for maintaining and operating the facilities.

CONCLUSION

The Province of Ontario has downloaded to the Ottawa-Carleton community these critical transportation facilities. The vitality of this Region depends to a great extent on the quality of its transportation facilities. The addition of so many kilometres of Provincial Highway without the appropriate level of funding or at least some mechanism to generate funds through some other means is without precedent.

The provincial treatment of Ottawa-Carleton is directly opposite to the statement of the Premier that one years maintenance cost and five years capital need would be provided to municipalities receiving provincial highway transfers.

M.T.O. officials have declined to provide their capital needs assessment and have also declined to carry out the maintenance for the amount of funds provided (because it is impossible).

The Regional Municipality of Ottawa-Carleton has the knowledge and ability to take on the challenge but without the resources necessary to do the job, the safety and integrity of our transportation system could suffer.

*Approved by
M.J.E.Sheflin, P.Eng.*

DCM/

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17 December 1996

Mary Jo Woollam
Regional Clerk/Greffier régional

Barry O'Gorman, AMCT
Deputy Regional Clerk/Greffier régional adjoint

File No. 03 07-96-0120

The Honourable Al Palladini
Minister of Transportation
Ferguson Block, 3rd Floor
77 Wellesley Street West
Toronto, ON
M7A 1Z8

Dear Mr. Palladini:

Re: Provincial Highway Transfers

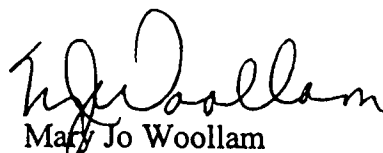
On 11 December 1996, Regional Council approved the attached Transportation Committee report with respect to the above.

Specifically, the Regional Municipality of Ottawa-Carleton "petitions the Province of Ontario to provide for an adequate source of funding for maintenance of the municipal road network, either through a renewed program of Provincial subsidy or by reducing or assuming some of the other financial demands on the regional tax bill."

In addition, Ottawa-Carleton urges the province to dedicate part of the existing fuel taxes and licencing fees towards the maintenance of the Provincial Highway system as well as municipal road network.

I look forward to your response.

Yours truly,


Mary Jo Woollam
Regional Clerk

cc: Peter Clark, Regional Chair
Councillor R. Cantin, Chair, Transportation Committee
M.J. Sheflin, Environment and Transportation Commissioner



RESOLUTION
OF THE COUNCIL OF THE REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

Re: Provincial Highway Transfers

Whereas the Ministry of Transportation has notified the Regional Municipality of Ottawa-Carleton that on April 1, 1997, some 200 lane kilometres of Provincial Highways will be transferred to the RMOC Regional Road System;

And whereas the funds to be provided in recognition of the immediate capital and maintenance needs of these highways appears grossly insufficient;

And whereas no Provincial funding is to be provided for the ongoing maintenance of these highways except for one year;

And whereas Provincial funding for the present RMOC Regional Road System is being continually reduced;

And whereas the municipal tax base in the Regional Municipality of Ottawa-Carleton cannot support the cost of maintenance of these highways in addition to present demands on the Regional taxpayers;

Now therefore be it resolved that the Regional Municipality of Ottawa-Carleton petition the Province of Ontario to provide for an adequate source of funding for maintenance of the municipal road network, either through a renewed program of Provincial subsidy or by reducing or assuming some of the other financial demands on the regional tax bill;

And be it further resolved that the Council of the Regional Municipality of Ottawa-Carleton urge the Province of Ontario to dedicate part of the existing fuel taxes and licencing fees towards the maintenance of the Provincial Highway system as well as municipal road network;

And that this resolution be conveyed to the Association of Municipalities of Ontario (AMO), all other counties and regions associations and to the Councils of the major urban centres in the Province of Ontario.

TABLE NO. 1 Regional Road System Additions Effective 1 April 1997:

Former Highway No. (RR No)	Location	Centreline Distance Kilometres	Lane Kilometres	Additional Bridges/ Culverts
17 (RR 174)	Junction Highway 417 to 0.5 km east of Trim Road	14.2 km	86.0 km	11 13
31 (RR 85)	Ottawa City Limits to Regional Road 14	4.6 km	20.6 km	1 9
31 (RR 85)	Regional Road 14 to Regional Road 8	6.3 km	12.6 km	
44 (RR 49)	From Highway 17 to Lanark Border	10.1 km	20.6 km	1 5
7203 (RR 118 and RR 117)	From Highway 17 to Highway 15	0.8 km	1.60 km	
Total		36 km	141.4 km	40 structures

Regional Road System Additions Effective When Parallel Work Complete:

Former Highway No. (RR No)	Location	Centreline Distance Kilometres	Lane Kilometres	Additional Bridges/ Culverts
16 (RR 73)	From Century Road to Ottawa South Limits	18.5 km	38.0 km	4 34

ANNEX B

TABLE NO. 2 Regional Road System Additions Effective 1 Jan, 1998:

Former Highway No. (RR No)	Location	Centreline Distance Kilometres	Lane Kilometres	Additional Bridges/ Culverts
Highway 15 (RR 118)	From South Junction Pakenham - Fitzroy Boundary to North Junction Pakenham - Fitzroy Boundary	2.5 kilometres RMOC Share 1.25 km (Boundary Road)	2.5 km	
Highway 15 (RR 118)	From North Junction Pakenham - Fitzroy Boundary to Highway 17	5.0 Kilometres	10.0 km	3 4
Highway 17 (RR 174)	From Ottawa/Carleton Regional Boundary to 0.5 km East of Trim Road (RR 57)	12.80 kilometres	25.6 km	5 21
Highway 31 (RR 85)	From Stormont Dundas & Glengarry - Ottawa/Carleton Boundary to South Gloucester - RR 8	18.60 Kilometres	37.2 km	4 15
Total		37.65 Kilometres	75.3 km	52

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JUN 17 1997

Mr. Peter Clark
Chair
Regional Municipality of
Ottawa-Carleton
Cartier Square, 111 Lisgar Street
Ottawa, Ontario
K2P 2L7

Dear Mr. Clark:

In January of this year, as part of the government's *Who Does What* initiatives, the province announced that municipalities will take full responsibility for local transportation services, including highways that primarily serve local needs.

As you know, the goal of the *Who Does What* reform is to reduce taxes by eliminating duplication in the delivery of services by the provincial and municipal governments. On May 1, 1997, the province and the Association of Municipalities of Ontario agreed to a plan that will allow us to meet this goal while addressing municipal concerns.

In response to the *Who Does What* Panel recommendations regarding highways, the ministry extensively reviewed the provincial highway network and identified 3,400 kilometres of highways which primarily serve local needs. These highways will be transferred to municipalities on January 1, 1998. This is in addition to the 1,766 kilometres of highway transfers presently underway.

The attached list outlines the highway(s) that are to be transferred to your municipality on January 1, 1998. Ministry officials from our District and Regional Office will contact your municipality to review transfer details and the anticipated implementation process.

The provincial government will provide a one time \$225 million fund to assist municipalities with their new highway responsibilities. In addition, the province has proposed a Community Reinvestment Fund of \$500 million per year to help protect the most vulnerable municipalities from undue fiscal impacts.

Our approach to the distribution of the \$225 million fund will treat municipalities equitably by considering existing physical condition of the roadway as the most important factor. Roads with capital needs to be addressed will receive the largest proportion of funds. In addition, a one year maintenance allowance will be included as well as an amount that recognizes the impact of the highway transfers on the size of a municipality's road system.

Ottawa-Carleton Region will receive a one time unconditional payment of \$1,901,000 after transfer of the highways.

The ministry will continue to be responsible for the provincial highway system, including highways that carry large-volume, longer distance traffic and connect Ontario's interprovincial and international trade gateways. Protecting the safety of all highway users in Ontario, will continue to be the ministry's highest priority.

This realignment of provincial and municipal responsibilities will result in simpler, smaller, more accountable and less costly government.

Sincerely,



Al Palladini
Minister

cc: Hon. Norman Sterling, MPP - Carleton
Leo Jordan, MPP - Lanark-Renfrew
Jean-Marc Lalonde, MPP - Prescott-Russell

Attach.

**Provincial Road Transfers to the RMOC
Estimated Operating and Capital Costs**

A) Estimated Regional Road System Capital Need - Effective 1 April 1997			
Prov. Highway #	New Regional Road #	Location	Capital Requirement
17	174	Junction highway 417 to 0.5 km East of Trim Rd.	Resurfacing
31	85	Ottawa City Limits to RR14	Crack sealing
31	85	RR14 to RR8	"Failed" pavement. Reconstruction recommended
44	49	Hwy. 17 to Lanark border	Crack sealing
7203	118 & 117	Hwy 17 to Hwy 15	Resurfacing
Structures	Structures	Above Locations	
Total A)			
			\$1,120,000
			\$5,330,000
			\$1,120,000
			\$196,000
			119,000
			196,000
			15,000
			100,000
			\$1,746,000
			\$15,800,000
B) Estimated Regional Road System Capital Needs When Parallel Works Complete			
16	73	From Century Road to Ottawa South limits	Widening to 4 lanes from Fisher to Fallowfield, New structure at CN Rail, Upgrading road from Jockvale to Century Rd.
			\$361,000
			\$265,000
			\$30,000
C) Estimated Regional Road System Capital Need Effective 1 January 1998			
15	118	From South Junction Pakenham-Fitzroy boundary to North Junction Pakenham-Fitzroy boundary (Boundary Rd. with Lanark County)	Resurfacing (1998) Boundary Rd., 50% cost for Ottawa-Carleton. Total cost estimate \$280,000
15	118	From North Junction Pakenham-Fitzroy boundary to Highway 17	Resurfacing (1998)
17	174	From 0.5km East of RR 57 to Ottawa-Carleton boundary	Crack sealing (1999 and 2000)
31	85	From RR 8 to Ottawa-Carleton Stormont Dundas and Glengarry boundary	Crack sealing (1999) and Resurfacing (1999 and 2000)
Structures	Structures	Above Locations	
Total C)			
			100,000
			510,000
			240,000
			1,951,000
			350,000
			2,050,000
			75,000
			\$795,000
			\$4,776,000

Total A) B) & C)	\$2,902,000	\$36,718,000
Traffic Signalization and Signs	165,000	1,300,000
Ottawa Police Services	1,500,000	250,000
Grand Total	\$4,567,000	\$38,268,000

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GASOLINE TAXES

ROB CLIPPERTON (CBO): Premier Harris says people shouldn't hold their breaths waiting for his government to lower gasoline taxes. He says it would be more appropriate if Ottawa did that. Last week Harris blasted the oil companies for gouging people at the pumps. The oil companies said if Harris was really serious about lowering the price at the pumps he'd cut gasoline taxes. But Harris says that kind of tax cut isn't possible at this time.

MIKE HARRIS (Ontario Premier): Perhaps the least productive of taxes on gasoline for reinvestment purposes is the federal tax. I mean, they grab the money and give nothing back.

I would say that we do have a user principle pay. It's not a direct relationship like tolls are, but we reinvest substantial dollars from our gas tax back into roads, into transit into other areas of transportation.

CLIPPERTON: The provincial government is calling on the federal government to investigate how gasoline prices are set. Harris says if they don't do it the province will.
