

Investment Strategy for Ottawa's Rapid Transit Network

Terms of Reference For Financial Tools and Incentives for Transit Oriented Development

Background:

On November 26th, 2008 Council approved the 22-year Transportation Master Plan, which included the proposed Rapid Transit Network (RTN) and a series of Supplementary Transit Corridors. In order to ensure this new infrastructure is affordable, City staff have proposed an Investment Strategy be developed containing 3 components. The strategy will include:

1. Financial tools and incentives for transit oriented development;
2. A financial model
3. An Implementation plan

Project Objective

The objective of this investment strategy is to ensure the RTN remains financial sustainable and that Council is provided a full understanding of the short and long term implications of this investment on its capital and operating budgets.

Project Scope and Key Deliverables:

The following Terms of Reference requires the proponent to identify and assess the incremental revenue that maybe generated from financial tools as well as tools that can be used to encourage transit friendly development next to the RTN stations.

The proponent is to undertake the following tasks:

Task 1

Existing Financial Tools

Identify all financial tools for the RTN that can be implemented by the municipality under current legislation. Assess the revenue that maybe generated from these tools and when this revenue maybe captured. As well, identify all tools under current legislation that can be used to encourage transit friendly development next to the RTN stations. This review and assessment will include tools such as:

- a. Section 37 agreements allowing density incentives for transit oriented development at station locations in exchange for revenue and other contributions to the RTN stations;
- b. Station connection fees similar to what Toronto has in place next to their RTN. These fees must be paid before a physical connection from a private or public sector building is made to a City RTN station;



Investment Strategy for Ottawa's Rapid Transit Network

Terms of Reference For Financial Tools and Incentives for Transit Oriented Development

- c. Area Specific Fees as part of the City's new DC Bylaw which must be enacted by July 2009. While the City currently has area wide transit DC charges, specific charges based on a prescribed benefiting area may also be collected to offset the RTN capital costs;
- d. Community Design Plans that will include the City's Brownfield program that may encourage development of contaminated sites such as the Bayview yard lands;
- e. Land value uplift agreements including City owned property next the RTN, etc. In 2006 the NS LRT Value Uplift report estimated that across the six City-owned properties next to NS line, the value uplift capture could be as high as \$200M. This was a gross estimate and did not net out land development costs and profit sharing through joint venture arrangements.
- f. An assessment of sponsorship and advertising revenues along the entire RTN.

Task 2

New Financial Tools

Identify new financial tools for the RTN that can be implemented by the municipality through new legislation. Assess the revenue that maybe generated from these tools and when it can be captured. Such tools could include Tax Incremental Financing, land transfer tax, road tolls, parking fees, etc that exist in other Ontario jurisdictions (most notably Toronto under the City of Toronto Act), as well as other approaches taken in Vancouver, Calgary and Montreal to support their RTN operations.

Task 3

Benchmarking

In this final task, the proponent is to undertake a benchmarking exercise to identify how the tools captured in Task 1 and 2 above have been implemented in the jurisdictions where they have been applied. Their measure of success in terms community acceptance, revenue targets achieved, sustainability, etc are to be summarized in the report.

As much as possible the proponent is to utilize the existing North South LRT value uplift report to undertake the above tasks.

Project Limits:

Please refer to the TMP as approved by Council November 24, 2008 for a description of the RTN, the Supplementary Transit Corridors and the Phasing Plan proposed.



Investment Strategy for Ottawa's Rapid Transit Network

Terms of Reference For Financial Tools and Incentives for Transit Oriented Development

Background Information:

- Transportation Master Plan (TMP) Update: Downtown Transit Solution & Rapid Transit Network – Recommendations:
<http://www.ottawa.ca/calendar/ottawa/citycouncil/trc/2008/04-16/ACS2008-PTE-PLA-0016.htm>
- Transportation Master Plan (TMP) Update Phase 3, released September 11, 2008:
http://ottawa.ca/residents/public_consult/beyond_2020/tmp/transit/phase3/index_en.html
- Transportation Master Plan Infrastructure Requirement Study (TMPIRS):
<http://www.ottawa.ca/calendar/ottawa/citycouncil/trc/2008/04-16/Downtown%20Transit%20Final%2014%20April.pdf>
- Infrastructure Framework Agreement (Infrastructure Canada)
<http://www.buildingcanada-chantierscanada.gc.ca/alt-format/pdf/ifa-eci-on-eng.pdf>
- Discussion at Committee held in response to the, Transportation Master Plan (TMP) Update: Downtown Transit Solution & Rapid Transit Network - Recommendations:
<http://ottawa.ca/calendar/ottawa/citycouncil/trc/2008/04-16/jointminutes5.htm>
- Motion passed by Council requiring proposed Financial Risk Assessment:
<http://ottawa.ca/calendar/ottawa/citycouncil/occ/2008/05-28/minutes37.htm>
- Archived Webcast of City Council, May 28, 2008:
http://ottawa.ca/online_services/council_vod/20080528/index_en.html

Target Completion Dates for Deliverables:

The final report is to be completed by Q2 of 2009.

Note: These terms for reference maybe supplemented with additional tasks at a later stage.