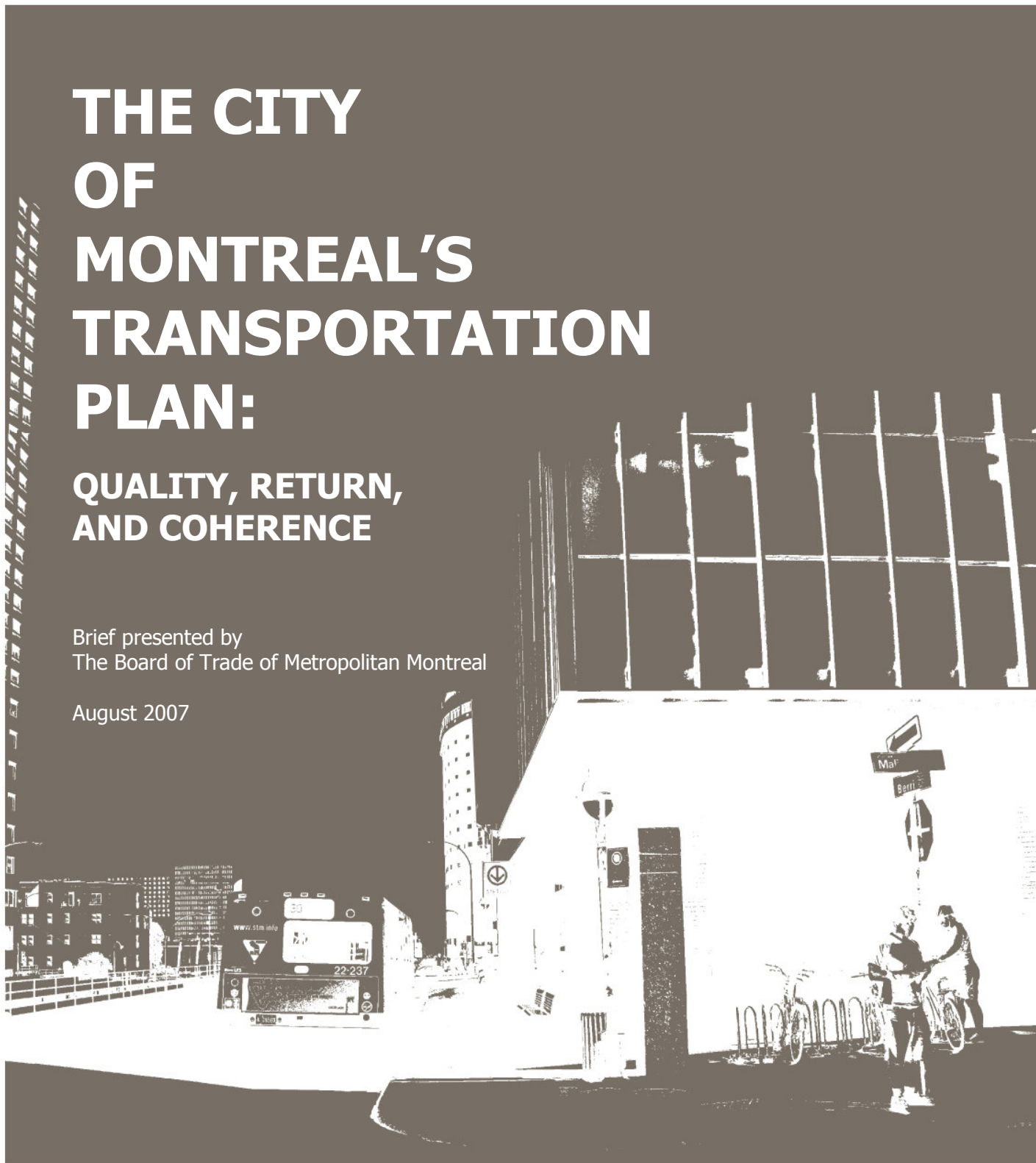


# THE CITY OF MONTREAL'S TRANSPORTATION PLAN:

## QUALITY, RETURN, AND COHERENCE

Brief presented by  
The Board of Trade of Metropolitan Montreal

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## **PREAMBLE**

The **Board of Trade of Metropolitan Montreal** has some 7,000 members. Its mission is to represent the interests of the Greater Montréal business community and to offer an integrated range of specialized services helping individuals, merchants, and businesses of all sizes realize their full potential in terms of innovation, productivity, and competitiveness. The Board of Trade is the largest private organization in Quebec devoted to economic development.

## INTRODUCTION

The **Board of Trade of Metropolitan Montreal** is pleased to participate in the consultation on the City of Montréal's transportation plan. The Board of Trade recognizes the importance of this exercise, which aims to give Greater Montréal a vision and action plan regarding the modes of transportation to favour to promote sustainable urban development, thereby facilitating the mobility of Montrealers, visitors, and goods throughout its territory.

In today's globalized economy, competition between economic blocs is increasingly played out between major urban centres, the real engines of wealth creation and innovation. It is thus imperative for cities to create an environment and quality of life conducive to attracting talent and investment. The Board of Trade believes that this plan is evidence of the City's commitment to stimulating economic development and sustainable urban development taking into account social, environmental, and economic challenges.

The modes of transportation prioritized by an agglomeration indicate how that city's development is envisaged. The efficiency of transportation plays a major role for:

Residents	Workers	Companies
Students	Visitors	Tourists

In addition, in a 2004 study of the economic impact of public transit<sup>1</sup>, the Board of Trade observed that:

- > Public transit enables users in the metropolitan area to save almost \$570 million annually. Devoting this amount to other personal expenditures generates nearly double the economic benefits for the Montréal area as spending the same amount on car operating expenses;
- > In addition, the expenditures of public transit authorities stimulate the Montréal-area economy twice as much as equivalent expenditures for private transport by car, since more than 50% of the expenditures for private transport are for products imported to Quebec, compared to 10% in the case of public transport;
- > The provincial and federal governments collect a little more than \$300 million in revenues annually, or \$23 per \$100 of expenditures by local public transit authorities. While the Quebec government collects total revenues equivalent to what it contributes to funding public transit, the combined revenues of the two higher levels of government are 45% higher than their financial contribution;
- > Public transit also helps reduce several harmful effects associated with urban transportation and thus improves the quality of life in the area. Public transit trips help reduce pollution (4 times less), accidents (12 times fewer), energy consumption (5 times less) and use of public road space (20 times less).

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<sup>1</sup> Board of Trade of Metropolitan Montreal, *Public transit: a powerful economic-development engine for the Montréal region, 2004*

And because transportation is the source of many types of airborne contaminants, generates almost half of the greenhouse gas emissions (GGE) in the metropolis<sup>2</sup>, and is the major cause of climate change at the city level, the importance of public transit is becoming increasingly high.

The Board of Trade has followed with interest the progress of the City's Transportation plan and, in drawing up this brief, was inspired by the consultation document and the thematic workshops organized by the City of Montréal (in which the Board of Trade participated). In addition, it called upon the involvement and expertise of members of its strategic analysis committees on urban development, taxation and public finance, and economic development.

## MAJOR GUIDELINES

The Board of Trade believes that in planning and implementing any development project, **three major guidelines** should be followed. The Transportation plan is no exception to this rule, and in formulating the comments and recommendations included in this brief, the Board of Trade therefore based itself on these three principles:

**Quality:** Whether we are talking about upgrading existing transportation infrastructures or building new ones, all projects must be carried out in accordance with the highest standards of quality – particularly with regard to the quality of service offered to the users of public transit, the quality of sustainable urban development, and contributions to the quality of the environment and the quality of life.

**Return:** The investments in the Transportation plan must systematically be made with a view to their potential return. Increasing the modal share of public transit creates major economic benefits; projects must therefore be prioritized in accordance with their anticipated return, particularly with regard to increasing the market share of public transit compared to car trips.

**Coherence:** The Transportation plan has implications for various modes of transportation, partners, and territories. It is important that all actions taken be coherent from an overall metropolitan perspective and that they integrate concerns regarding both transportation planning and urban development. Implementation of the plan must also take into account the future needs of Montréal residents, rather than just current ones.

With a view to assuming its role as an involved, responsible economic player, the Board of Trade is pleased to submit its comments and thoughts on the City of Montréal's Transportation plan. It sees this initiative as an opportunity to do things not just differently but also better.

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<sup>2</sup> *Le transport urbain, une question de santé, Rapport annuel 2006 sur la santé publique*, Agence de la santé et des services sociaux de Montréal, page 22.

The Transportation plan presented by the City of Montréal has twenty-one components presented in the form of “projects.” Of all of these projects, fifteen are general transportation development measures and six are true capital projects. The Board of Trade’s comments regarding these projects are based on an analysis of the three guiding principles listed above and will be divided into **three sections**:

The first section will discuss what the Board of Trade believes to be the **priorities** among the projects the City plans to carry out in the coming years based on the foreseeable and anticipated benefits they will generate for the metropolis;

The second section takes a closer look at the methods the City could use to **finance** those projects;

The third section examines the **governance** necessary to ensure the success of this plan and improve the quality of life and place of both residents and visitors to the City.

## 1. TRANSPORTATION IN MONTREAL: PROSPECTS AND PRIORITIES

The modes of transportation chosen for a city must be consistent with sustainable urban development. Montréal already counts itself among the metropolises where active and public modes of transportation occupy a central position among transportation infrastructures.

While Montréal heads the list of major metropolises making use of public transit – surpassed in North America only by New York<sup>3</sup> in terms of the proportion of people commuting to work by public transit – it would do well to follow the lead of European cities in this regard.

Between 1998 and 2003<sup>4</sup>, the market share of public transit in Montréal during morning rush hour was 22%, while the share of car trips was 72% during the same period<sup>5</sup>. Based on population estimates and the results of the origin/destination survey carried out by the Agence métropolitaine de transport (AMT), the Ministère des Transports du Québec (MTQ) expects the use of public transit to begin declining in 2011<sup>6</sup>.

**It is therefore important that we reverse this trend and ensure that the market share of public transit grows faster than that of car use. It is crucial that we improve the efficiency of public transit since it represents a clear competitive advantage for Montréal, allowing it to set itself apart from its competitors.**

This is why Montréal's priority in terms of public transit must be the development of a high-quality public transit system. Special attention must be paid to the following:

- > **Improving the quality of service** (comfort, frequency, trip length, etc.);
- > **Upgrading existing infrastructures**  
(fixed and rolling infrastructure of the metro, commuter train, and bus systems)
- > **Redeveloping certain arteries, establishing infrastructures**  
for exclusive lanes for public transit.

The Board of Trade believes it is imperative to consolidate this key sector of economic activity and aim to **increase the market share of public transit compared to car use.**

In the opinion of the Board of Trade, the projects presented by the City must be prioritized in accordance with their "added value" and the benefits they will generate for the metropolis. This document has been written from that perspective.

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<sup>3</sup> New York is a megalopolis that, without efficient public transit infrastructures, would be paralyzed by traffic gridlock.

<sup>4</sup> 2003 Origin/destination survey, Agence métropolitaine de transport, 2005.

<sup>5</sup> 2003 Origin/destination survey, Agence métropolitaine de transport, 2005.

<sup>6</sup> Déplacement des personnes dans la grande région de Montréal, Scénario prévisionnel 2021 rajusté, Ministère des transports du Québec, 2003.



## PUBLIC TRANSIT

- **Improve STM services to increase ridership by 8% in five years** (5<sup>th</sup> project)
  - While the goal of increasing ridership through improved service is consistent with the sustainable urban development policies adopted by the City of Montréal, the Board of Trade believes a goal to increase the market share of public transit at the metropolitan level would be more meaningful. With population growth, it will be natural for public transit use to increase right along with automobile use, and market share is much more representative of the real use of public transit<sup>7</sup>.
  - This objective will not be reached unless the new facilities and the design of new transportation infrastructures at the metropolitan level take into account the densification of residential sectors and economic poles.
  - To monitor changes in the market share of public transit, we should explore the possibility of starting to include the number of public transit users having abandoned their cars in the origin/destination surveys.

**As an example, a 2% increase in the market share of public transit in the metropolitan area would mean 19 million fewer car trips annually, along with economic benefits of more than \$150 million<sup>8</sup> for the region.**

**Quality:** Public transit facilities must be of sufficiently high quality to compete with the comfort of automobiles.

**Return:** At the metropolitan level, public transit is a highly efficient means of transporting people and improving the quality of life and place (a single bus replaces more than fifty cars).

**Coherence:** particular attention must be paid to providing efficient service by ensuring the coherence of facilities between various modes of transportation and the various public transit networks.

- **Modernize rolling stock and metro facilities in Montréal** (3<sup>rd</sup> project)
  - Existing infrastructures require major investments to halt their deterioration and provide a service offer that promotes an increase in the market share of public transit<sup>9</sup>.

**Quality:** the design of new cars and the upgrading of infrastructures should convince commuters<sup>10</sup> to abandon the comfort of their own cars and take the metro.

**Return:** The metro is one of the fastest modes of transportation for accessing the densest areas of the city.

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<sup>7</sup> According to the latest origin/destination survey, the number of public transit trips had increased by 7.8%, but the market share had remained relatively stable at 22%. In addition, the number of car trips was up 4.7% in the metropolis, 11% in the north belt, and 7% in the south belt.

<sup>8</sup> Public transit: A powerful economic-development engine for the Montréal region, Board of Trade of Metropolitan Montreal, 2004.

<sup>9</sup> It should be noted that contracts to replace some subway cars have already been awarded by the Quebec Government.

<sup>10</sup> The term "commuter" refers to drivers who use their cars to travel to and from work.

**Coherence:** Creating the most efficient infrastructures in the densest areas of the City facilitates improved mobility, not just for Montrealers but for all residents of the metropolitan area.

o **Implement a rapid transit network with exclusive lanes (8<sup>th</sup> project) and a tramway network in the centre of the agglomeration (1<sup>st</sup> project)**

- In addition to paving the way for the introduction of tramway lines, implementing a rapid transit network with exclusive lanes is an extremely efficient way to promote the choice of public transit by bus and increase its market share. In addition to contributing to real sustainable urban development, exclusive lanes allow buses to attain average operational speeds of 45 to 50 km/h, or twice the speed achieved on conventional routes, where traffic is slowed largely by congestion<sup>11</sup>.
- A rapid transit network with exclusive lanes offers public transit a competitive advantage, and the same is true for the implementation of priority measures for buses on 240 kilometres of road (9<sup>th</sup> project). This measure will also increase the speed of public transit, making it all the more attractive to motorists, who could thus be tempted to change their travel patterns.
- While such initiatives deserve to be implemented at the metropolitan level, the Board of Trade believes that the Champlain Bridge - Bonaventure corridor (7<sup>th</sup> project), which requires upgrading over the short and long term, merits particular attention. This project is certainly one of the best current examples in Montréal of the redevelopment of an existing infrastructure that improves the offer of public transit offer by creating reserved and exclusive lanes<sup>12</sup>.
- Finally, the establishment of a tramway system, either within the rapid transit network with exclusive lanes or along other lines, would complete the offer of public transit on the most heavily travelled arteries. If the network is developed in this way, the Board of Trade strongly supports the idea that the main loop should be the one serving Old Montréal, future projects on the Montréal harbourfront, and new, fast-growing adjacent neighbourhoods.

**Quality:** Quality of service, speed of travel, and the comfort of public transit are often mentioned when upgrading or constructing new urban transit infrastructures.

**Return:** Originally developed for buses, exclusive lanes can often be easily adapted for use by tramways on the more heavily travelled routes. In making these decisions, cost-effectiveness measures should guide the choices of decision makers. The tramway will also provide a valuable opportunity to meet the needs of tourists in accordance with specific schedules and timetables.

**Coherence:** Creating exclusive lanes and tramway lines can improve the mobility of people on major arteries and, at the same time, promote urban requalification by upgrading infrastructures and creating the opportunity to rethink the configuration of major arteries so as to promote the use of active and public transportation.

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<sup>11</sup> Canadian Urban Transit Association: <http://www.cutaactu.ca/sites/cutaactu.ca/files/IssuePaper10ENG.pdf> most recent consultation 2007/07/17.

<sup>12</sup> It should be noted that offering public transit service – particularly if it is efficient – during the infrastructure redevelopment phase will go a long way toward convincing commuters to switch to public transit

- **Build the “train de l’est”** (12<sup>th</sup> project)

- This project, already announced by the Agence métropolitaine de transport and the Quebec government, will greatly increase the mobility of workers, of whom 70% come from the east end of Montréal and 30% come from the north-east belt.
- Montréal’s east end is currently poorly served by public transit - particularly the industrial neighbourhoods, where some companies have difficulty recruiting workers because of transportation difficulties.
- For users of this new public transit service, downtown Montréal will be 61 minutes from Mascouche and 25 minutes from Saint-Léonard.

**Quality:** This project will provide high-quality service to public transit users and attract a new clientele based on the quality of the service offered in the cars and in the stations located along its route.

**Return:** At an estimated cost of \$300 million, this project will take advantage of some existing rail infrastructures and give more than 5,000 people daily access to an efficient public transit service to downtown Montréal.

**Coherence:** This infrastructure will increase the mobility of workers from east-end Montréal since the train will be linked to the metro system and stations located along its route will be served by buses.

- **Create a rail shuttle between downtown and the Montréal-Trudeau airport** (2<sup>nd</sup> project)

- This link will maximize the benefits resulting from the proximity of the airport to the downtown core – something that is now made difficult by traffic problems on the road network providing access to the airport. Shuttles and taxis must deal with the uncertainties of traffic and weather, making transit times unpredictable.

**Quality:** This rail link will provide better service than what is currently offered by buses and provide direct access to the airport and baggage-checking areas. The shuttle will also provide reliable, predictable service, whatever the weather.

**Return:** This shuttle will use an existing rail corridor and connect the airport to the Central Station in downtown Montréal’s Place Bonaventure, making the trip in under twenty minutes. This will be a major asset for Montréal, as it will reduce travel times to the Montréal-Trudeau airport and compare favourably to that of competitors. This will increase the appeal of an already successful airport and have a direct impact on the economic development of the metropolis.

**Coherence:** It is unusual for a metropolis the size of Montréal not to have an infrastructure providing fast, easy connections between the airport and the city centre.

## ROAD INFRASTRUCTURE

- **Facilitate the transportation of goods and economy-related transport** (19<sup>th</sup> project)
  - Gateway for the transportation of many types of goods throughout North America, Montréal has a variety of infrastructures allowing it to maintain maritime links, particularly with Northern Europe.
  - Thanks to its geographic location, Montréal has developed special approaches to the Great Lakes region and, in particular, to Toronto, as well as to major cities along the east coast of the United States.

**Quality:** the quality of transportation infrastructures – whether land, air, or sea – has a direct impact on the competitiveness of the metropolis. Almost 70% of Quebec exports originate in the metropolitan area, and infrastructures are vital to the transport of these goods to trans-border and international destinations.

**Return:** given that costs related to traffic congestion are almost \$800 million annually in the metropolitan area<sup>13</sup>, it is important to develop efficient infrastructures to facilitate the transportation of goods along our road networks.

**Coherence:** Transportation infrastructures must be developed to facilitate the mobility of goods and people – particularly between different modes of transportation – throughout the metropolitan area. The completion of Highway 30, a particularly important bypass route for trucking, would remove a great many trucks from the Island's road network.

- **Modernize Notre-Dame street** (11<sup>th</sup> project)
  - This project would increase the mobility of workers coming downtown from the south-east end of the Island of Montréal. Since this trunk road also serves the Port of Montreal, which handles more than a million containers as well as a large quantity of bulk materials each year, its repair will facilitate the transportation of these goods within the metropolis. The Board of Trade thus considers it unacceptable that, despite numerous announcements on this subject, work on this project has still not begun.

**Quality:** The Board of Trade believes that the redevelopment of this important transportation infrastructure will provide an excellent opportunity to improve access, in many places, to the banks of the Saint Lawrence River for the residents of adjoining neighbourhoods.

**Return:** In the opinion of the Board of Trade, it would be a good idea to use Port-de-Montréal street, which is south of Notre-Dame street and within the territory of the Montréal Port Authority near the quays. This would allow trucks serving the port to avoid using the local road network. Such an initiative would relieve traffic congestion on Notre-Dame street and significantly reduce conflicts between truckers, motorists, cyclists, and pedestrians.

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<sup>13</sup> Gourvil, L. and F. Joubert. Évaluation de la congestion routière dans la région de Montréal, Études et recherches en transports, Ministère des Transports du Québec, 2004.

**Coherence:** This modernization will also provide an excellent opportunity to develop infrastructures improving public transit.

## ACTIVE TRANSPORTATION

While public transit and road infrastructures require major investments, the same cannot be said for active transportation, where the construction of bicycle paths, the widening of sidewalks, and the extension of the underground pedestrian network can be integrated in development plans or carried out while repairing existing infrastructures.

- **Give the residents of Montréal neighbourhoods the quality of life they deserve** (16<sup>th</sup> project)
  - This initiative offers a creative approach to improving the quality of life in some Montréal neighbourhoods through development measures aiming, in particular, to reduce traffic and improve the safety of pedestrians. It is in line with the implementation of the Pedestrian charter (14<sup>th</sup> project) as well as the consolidation of the pedestrian character of the downtown core and central districts (15<sup>th</sup> project), which prioritize the creation of a safe, pleasant environment conducive to active transportation.

**Quality:** The Board of Trade believes that the redevelopment of urban infrastructures should be carried out in accordance with strict criteria for ensuring quality and enhancing the city's heritage. Montréal already boasts a quality of life that is the envy of many urban centres.

**Return:** Cities that offer a high quality of life are in the best position to attract talent and investment – two factors essential to development. Montréal is no exception to this rule and, since its downtown core is already animated day and night, all year long, special attention should be paid to this element, particularly on commercial arteries. In addition, the vitality of commercial arteries is critical to the development of neighbourhoods.

**Coherence:** This initiative is consistent with many aspects of the Urban plan and Montréal's Strategic plan for sustainable development.

- **Double Montréal's network of bike paths in seven years** (13<sup>th</sup> project)
  - At 400 km, Montréal's network of bicycle paths is already one of the largest in North America.
  - The Board of Trade congratulates the City of Montréal on the development of its network of bicycle paths – particularly those devoted to recreational use. It would nevertheless like to stress the importance of planning future infrastructures in densely urbanized areas to promote the use of bicycles as an integrated mode of transportation.

**Quality:** The quality of active transportation infrastructures is extremely important, especially in terms of the choice of routes and links with other transportation modes – particularly the automobile. Special attention should be paid to signage and raising awareness of the need to share the road. This is an efficient and relatively inexpensive way to rethink transportation in densely urbanized areas in a way that improves the quality of place.

**Return:** These measures are consistent with the approach of sustainable urban development that is increasingly recommended by major urban centres to improve the quality of life and place, while at the same time reducing the negative impact of cars on the urban environment.

**Coherence:** It is important to provide access to activity centers such as industrial and commercial sectors where jobs are concentrated and, above all, to take advantage of the repair of urban infrastructures to add bike path infrastructures.

Finally, the state of public finances demands a judicious choice of projects to be implemented and that projects with the greatest impact on quality of urban life and place be prioritized. Comfort, reliability, and efficiency are the most useful criteria for optimizing existing public transit infrastructures, promoting the transfer of market share from car use to public transit, and justifying the installation of new public transit infrastructures.

The Board of Trade believes it is preferable to address the question of transportation by managing the demand rather than by creating infrastructures after a need has been observed. This is particularly important when planning transportation between the downtown core and the belts, where new developments are creating new transportation needs.

Knowing that increasing the market share of public transit and convincing drivers and commuters to abandon their cars will require a serious effort, the Board of Trade believes that a plea should be made highlighting the return on the amounts invested per passenger converted to public transit, and it is through financing that such an argument may be justified.

## **2. FINANCING INVESTMENTS IN TRANSPORTATION (21<sup>st</sup> project)**

Since prosperity and economic development are increasingly concentrated in major urban centres – Greater Montréal, for example, accounts for half the GDP of the province of Quebec – cities must have the budgetary resources necessary to ensure their full and healthy development. Yet, according to the Federation of Canadian Municipalities (FCM), of every dollar collected by Canadian cities, 8% on average stays in the hands of the municipality, 42% goes to the province, and 50% to the federal government, the wealth generated in the cities being absorbed by the provincial and federal governments.

In addition, the 2006 census reveals that Canada is becoming increasingly urbanized. Almost 50% of the Canadian population lives in the country's six major metropolitan areas. Adjustments will therefore have to be made to ensure that cities can create attractive business environments and offer high-quality living environments to their residents.

The City of Montréal's Transportation plan suggests about a dozen ways – calling upon the various levels of government as well as players in the transportation sector – to finance investments in transportation. Of all these ways, the Board of Trade has identified a number that it deems most promising because they are relatively easy to implement, offer good returns, and are coherent within the metropolitan context.

Just as the "transportation cocktail" is a solution often recommended by transportation specialists to rise to the challenge of mobility within cities, a "financing cocktail" becomes necessary to meet the significant challenges of upgrading and building new transportation infrastructures, since no single government can finance all of the necessary investments.

In the opinion of the Board of Trade, in making their choices, decision makers will have to systematically assess the impact of projects on the mobility of people and the market share of public transit.



## **PRIORITIES FOR FINANCING TRANSPORTATION PROJECTS**

As has often been noted by transportation specialists, it is clear that, given the precarious state of public finance, judicious choices will have to be made regarding transportation infrastructures.

One of the most important observations to be made in this context is that, whether they use public or road transport, every user of transportation infrastructures should pay their fair share. However, while the capital costs, operating costs, and production costs of public transit networks are easily determined, the cost of road networks are much more difficult to assess, although many experts have studied this question.

When allocating budget funds for urban and transportation infrastructures, decision-makers aiming to achieve sustainable urban development in the metropolis will have to consider the true cost of their use, particularly the environmental costs they generate. It is in this context that the return on the amounts invested to convert drivers into public transit users will be most important.

It is therefore important for Montréal to determine the system best adapted to metropolitan needs and to prioritize it on the basis of:

- Increasing the market share of public and active transit
- Reducing car use in the densest sectors
- The efficient transportation of goods
- The quality of life and place offered to both residents and visitors

and the characteristics of the metropolis:

- The heavy use of transportation infrastructures on the Island of Montréal
- The heavy residential, commercial, industrial, and institutional development off-island
- The aging of infrastructures.

## GOVERNMENT FINANCING

### 1

#### FINANCING BY THE GOVERNMENT OF CANADA

The first measure that the Board of Trade believes should be prioritized is that proposed by the Big City Mayors' Caucus. This is an initiative through which the Federation of Canadian Municipalities (FCM) is asking the Government of Canada for \$2 billion to consolidate the finances of municipalities facing serious budget problems. This measure will help provide them with a stable, predictable, and recurring source of funding to carry out the work needed to upgrade and build infrastructures creating attractive urban environments.

While the procedures for transferring these funds have not yet been determined, the Board of Trade believes that a simple mechanism – avoiding cumbersome approval and project implementation processes among the players involved – should be developed.

### 2

#### TRANSFER ONE CENT FROM THE GOODS AND SERVICES TAX (GST) TO PROMOTE THE GROWTH OF MAJOR CITIES

Following the promise of the Government of Canada to reduce the goods and services tax (GST) from 7% to 6% (the current rate), and then to 5% in 2010-2011, the Big City Mayors' Caucus suggests that this percentage point – or the equivalent of one cent of GST - should continue to be collected and that it be paid to the municipalities. This initiative would not only provide an additional source of revenues directly linked to growing economic activity<sup>14</sup> but, above all, would reduce the dependence of municipalities on property tax revenues that hinders their economic and urban development.

This initiative would be relatively simple to implement and would not increase the fiscal burden on either citizens or companies in metropolitan areas. Given that the total amount of GST collected by the Government of Canada is approximately \$30 billion annually, almost \$5 billion would be paid to Canadian municipalities and, of this amount, \$2 billion would go to the major cities. It is therefore plausible that the City of Montréal would receive \$275 million from this new revenue source in 2008.

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<sup>14</sup> The FCM estimates that GST revenues will increase by 2.6% annually over the next twenty years, or 61% in all.

### 3

#### ENABLING POWERS GRANTED BY THE GOVERNMENT OF QUEBEC

While a sizable proportion of Quebec's GDP is generated through economic activity within municipalities, it is generally agreed that they do not have the tools needed to benefit from this economic activity<sup>15</sup>. However the Government of Quebec recently tabled Bill 22, which would grant them certain enabling powers allowing them to achieve a certain level of financial autonomy.

While this measure would increase the tax burden on Montrealers, the Board of Trade believes that any initiative reducing the City's financial dependence on the Government of Quebec deserves close study. It goes without saying that the choices to be made regarding the investment of the amounts collected would require particular attention and that the business environment and quality of life should both be prioritized.

### 4

#### ADAPT FARES TO TRAVEL TIMES

The Board of Trade believes that a formula for collecting additional contributions from municipalities, based on the length of public transit infrastructures, should be studied. Such a measure would require all residents of municipalities distant from the city centre to assume the cost of building and maintaining transportation infrastructures in areas with a low population density. Moreover, this initiative would eliminate the need for payment by those choosing to use public transit – a sustainable mode of transportation that should be encouraged as an alternative to car commuting.

### 5

#### INDEX THE COST OF VEHICLE LICENSING FEES

Licensing fees collected from Montréal drivers by the Government of Quebec and returned to public transit via the Agence métropolitaine de transport have not been indexed since 1996.

Just as the costs of building and operating transportation infrastructures inevitably increase – in line with increases in the cost of living – the portion of licensing fees applied to public transit should be indexed. While the Board of Trade is not in favour of increasing the tax burden on Montrealers, it cannot oppose the indexing of special pre-existing contributions to public transit, especially since the structure for collecting and redistributing these contributions is already in place. If these fees were increased from \$30 to \$35, they would bring in an additional \$15 million annually<sup>16</sup> – funds that would be pumped directly back into metropolitan public transit infrastructures.

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<sup>15</sup> Not to mention the fact that many responsibilities have been devolved to them without additional budgets being granted

<sup>16</sup> *Le transport urbain, une question de santé, Rapport annuel 2006 sur la santé publique*, Agence de la santé et des services sociaux de Montréal, page 107.

## TAX OFF-STREET PARKING

The proposal in the City of Montréal's Transportation plan to impose a tax on off-street parking highlights the need to develop a parking policy for the City of Montréal, in particular, and for the metropolis, in general.

While, in many places, municipal regulations already require real estate developers to include a minimum number of parking spaces in their projects, the Board of Trade believes that, in some cases, a maximum number of parking spaces should be established, particularly near sectors already well served by public transit.

Moreover, while the Quebec government's Bill 22 grants municipalities the power to tax off-street parking, not all municipalities will take advantage of that opportunity. Insofar as more and more major investments are being made in the belts and peripheral sectors of the Island of Montréal<sup>17</sup>, and it is mainly in those sectors that metropolitan population growth is strongest, the Board of Trade fears that if the City of Montréal applied this taxing power within its territory and outlying municipalities did not, the vitality of the downtown core would suffer. The additional cost of parking could be an additional deterrent discouraging suburbanites from venturing downtown.

If, however, the decision were made to uniformly implement this new form of taxation throughout the metropolitan area, and if the amounts were used – according to a formula that has yet to be determined but that took into account not only road and public transit infrastructures but also investments in commercial development and the redevelopment of commercial arteries – then the Board of Trade believes this measure would deserve close attention.

## INTRODUCE TOLLS

Whether we are talking about so-called "congestion pricing" – as implemented in the central districts of large cities such as London and Singapore to reduce the number of vehicles and improve the mobility of pedestrians – or of "user fees" such as those seen on many highways in the United States to finance transportation infrastructures – many experts believe these mechanisms are efficient ways to generate revenues.

For a metropolis like Montréal, the introduction of tolls, or the implementation of a form of "congestion pricing" could have a double benefit:

- It would be an efficient way to force drivers to make a financial contribution to the upgrading and construction of new transportation infrastructures, and
- For those people able to do so, such fees would be an incentive to switch to using public transit.

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<sup>17</sup> The Dix30 shopping mall, the future arena of the Montréal Canadiens hockey club, the Bell office complex on Nuns' Island, and the Boisbriand business complex are just a few examples.

Tolls could take a wide variety of forms. Current technology allows for flexible pricing that can be adapted to the most specific needs without slowing traffic, as was once the case. Tolls can also be adjusted according to the time of day or day of the week and very specific rates can be set. They could, for example, be adjusted according to the number of people in a car, thereby encouraging carpooling<sup>18</sup>. To avoid hurting businesses - within both the City of Montréal and the belts – travel could be free during off-peak hours, encouraging commuters to take advantage of Montréal’s exciting night life before returning home.

The pricing system could be adapted in a number of ways to the principal characteristics of the metropolitan area and these have already been well-tested through their use in recent years in the United States and Europe. Because Montréal is connected to its suburbs via many access routes, tollbooths could be installed in those places. Since more than a million vehicles use them every day, there are many opportunities to generate significant revenues; insofar as the impact of the proposed pricing levels was first carefully analyzed, this could be done without compromising the competitiveness and economic development of the metropolis.

Still, while many urban toll initiatives have been successfully introduced in major cities, many factors must be considered before a decision is made to implement such a system in Montréal. The Board of Trade has identified a few of these:

- Traffic gridlock is not as serious in metropolitan Montréal as in many other metropolises (such as London, Paris, and Singapore) where congestion pricing has been introduced in the central business districts
- The impact of various rates on the economic development of the metropolis
- The revenue from tolls compared with the cost of collecting and administering them.

Finally, if a decision is made to implement such congestion pricing, the Board of Trade believes it will be important to avoid creating additional imbalances between Montréal and its suburbs, where major investments are becoming more and more numerous. The revenues collected through tolls must absolutely be reinvested in the metropolitan area<sup>19</sup> based on a formula aiming to increase the market share of public transit and taking into account the need to upgrade and develop public transit infrastructures while ensuring that the Island is not isolated from the rest of the metropolis.

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<sup>18</sup> Tolls could be waived, for example, for cars with more than one passenger.

<sup>19</sup> Which corresponds to the territory of the Montréal Metropolitan Community

### INCREASE THE SPECIAL TAX ON GASOLINE

Increasing the tax on fuel could be a good form of congestion pricing in that the contributions of drivers would be relatively equitable since they would be based on fuel consumption<sup>20</sup>. This measure would enable government authorities to collect higher revenues from commuters who travel the greatest distances and thus make greater use of road infrastructures. In addition, this measure would tend to pay the “environmental cost” of using cars, since the amount of tax paid by drivers would increase in proportion to the amount of fuel consumed.<sup>21</sup>

This measure would also make it possible to generate significant revenues using a collection and redistribution structure that is already in place. A \$0.015 per litre tax is already collected in the metropolis and redistributed via the Agence métropolitaine de transport. A \$0.01 per litre increase would yield additional revenues of \$30 million annually for the metropolis<sup>22</sup>.

Considering the heavy tax burden already shouldered by Montrealers and companies in the metropolis, however, the Board of Trade believes this tax should not be increased without a careful analysis of the exact impact of such an increase on the development of the metropolis and the ability to pay of citizens and companies.

### SPECIAL CONTRIBUTION FROM TRUCKERS FOR PREMATURE ROAD DAMAGE

Although trucking no doubt contributes to premature road damage and also reduces the quality of life of city dwellers, the Board of Trade believes that requiring a special contribution from an economic sector that is already facing major financial challenges would be unwise.

### INTRODUCE A “VERSEMENT TRANSPORT” TAX

The “versement transport” tax introduced in France is a payroll tax collected from companies with nine employees or more to help finance the public transit system.

Since companies in the metropolis already contribute heavily to the financing of municipal infrastructures through the payment of property taxes, the Board of Trade does not believe an increase in the tax burden of companies would favour the development of the metropolis. Companies located on the Island of Montréal already contribute almost 10% of the total annual budget of the Société de transport de Montréal (STM), or about the same amount as French companies contribute to public transit through the “versement transport” tax.

<sup>20</sup> According either to distance travelled or to vehicle performance

<sup>21</sup> Owners of small cars, which emit less greenhouse gas (GHG), would have an advantage

<sup>22</sup> *Le transport urbain, une question de santé, Rapport annuel 2006 sur la santé publique*, Agence de la santé et des services sociaux de Montréal, page 106.

The Board of Trade nevertheless believes that it is greatly to the advantage of companies to contribute directly to the financing of their employees' transit passes - a measure that often benefits employers in many ways – and to participate, in a co-operative spirit, in the establishment of travel management plans (10<sup>th</sup> project):

- Reduce employer costs for maintaining employee parking spaces
- Reduce employee travel time in sectors that are already well served by public transit
- Reduce the stress of driving in heavy traffic
- Employers can arrive on time every day, regardless of storms and bad weather – particularly those using the metro
- Employees are able to work while travelling, thereby increasing their productivity.

The total cost of financing all of the projects proposed by the City of Montréal is \$8.1 billion over twenty years. The financial requirements of the 21 projects represent an average annual expense in capital and operating costs of \$240 million for the City of Montréal, and this amount will be added to the existing transportation budgets of the agglomeration and the City.

The plan presented by the City of Montréal is an important step in making choices in the coming years regarding metropolitan transportation. The financial challenges facing the various government levels must nevertheless not be allowed to hinder the optimization of transportation in the metropolis, and the financing of transportation infrastructures must be placed at the top of the list of priorities of:

- o the Government of Canada
- o the Government of Quebec, including para-governmental bodies
- o municipal governments – i.e., all of the municipalities composing metropolitan Montréal as they are grouped within the Montréal Metropolitan Community.

Finally, the Board of Trade believes that it is by fully informing the Montréal community of the choices made and implemented that it will be possible to earn the support of residents and business people for efforts to improve the mobility of goods and people within the metropolis.

### 3. METROPOLITAN GOVERNANCE (20<sup>th</sup> project)

With this Transportation plan and the Urban plan tabled in 2004, the administration of the City of Montréal is showing strong leadership in the area of sustainable urban development and urban transit. Among the many actions proposed in the Urban plan, the Board of Trade was particularly pleased to see those related to sustainable development and transportation:

“The City favours the increased use of public transit so as to improve the quality of the environment and the quality of life of citizens, particularly of non-motorized residents. The Plan thus proposes a series of actions related to the public transit system. [...] Access to Montréal from Laval, Longueuil, and the north and south belts must focus more fully on the use of public transit.”

“To increase the use of mass transit and, at the same time, reduce car use, it is important to support appropriate urbanization accompanied by improvements in the offer of mass transit. There is a direct link between urban density and the diversity of functions on the one hand and the use of public transit on the other. Dense and diversified areas bring together a larger number of potential users of public transit services while helping to reduce travel times.”

In the opinion of the Board of Trade – and of many stakeholders interviewed during the preparation of this brief – the challenges and issues related to transportation in Montréal surpass the boundaries of the Montréal agglomeration. They must definitely be dealt with at the metropolitan level.

The transportation system must adapt to the new realities characterizing the metropolis, including administrative structures, demographic issues, and potential users of public transit. In the words of the Organization for Economic Co-operation and Development (OECD), “By harmonizing the framework of governance with functional requirements, metropolitan Montréal will become more competitive and more viable.”<sup>23</sup>

The Board of Trade believes that one single authority should provide strong leadership and, above all, oversee and promote a real metropolitan vision of public transit and its development. This authority should be responsible for:

- The development plan at the metropolitan level
- The coherence between the local urban plans of the municipalities
- Planning for all bodies responsible for public transit
- The coherence of intermodal transit facilities (public transit, active transportation, and roads)
- Coordinating development with Quebec and Canadian government authorities
- The management and distribution of public transit financing among municipalities and metropolitan transit agencies<sup>24</sup>
- The transfer of funds payable to public transit authorities in accordance with a formula taking into account increased ridership and also modal transfers from cars to public transit<sup>25</sup>.

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<sup>23</sup> Organization for Economic Co-operation and Development, OECD Territorial reviews, Montréal, 2004, p. 139.

<sup>24</sup> The various types of financing are discussed in greater detail in Section 2

<sup>25</sup> Based on the results of the Origin/destination survey



The authority that could best rise to these challenges must be of metropolitan scope and have the tools and means necessary to plan and implement both urban planning and transportation infrastructures. The Montréal Metropolitan Community is in a position to handle these responsibilities now given that:

- The structure is already in place
- This organization has expertise in the areas of environmental protection, land-use planning, and public transit
- This organization is already responsible for redistributing funds to member municipalities
- The municipalities would be responsible for implementing projects within their jurisdiction
- Government authorities would be responsible for implementing projects within their jurisdiction.

Like many players and experts in the field of urban planning and transportation, the Board of Trade therefore believes that the metropolis would benefit from the integration of the activities and know-how of the Agence métropolitaine de transport with those of the Montréal Metropolitan Community, thereby avoiding the overlapping of priorities within various organizations, as now happens. Such a form of governance has become necessary for the metropolis since the decentralization of activities in the areas of housing and employment is resulting in more and more movement throughout the territory, without regard for the boundaries of municipalities or public transit networks.

In addition, in the wake of the series of changes to metropolitan governance carried out in recent years, changes to this body would at least offer the advantage of bringing the Government of Quebec – funder of many transportation infrastructures – closer to the many issues and challenges facing the metropolis.

## CONCLUSION AND RECOMMENDATIONS

The Transportation plan proposed by the City specifies that the car has its place, but it should no longer assume first place. The Board of Trade believes this choice will promote a better quality of life and place for Montrealers and visitors. The plan demonstrates a firm intention to play a leadership role in matters of sustainable urban development:

- It prioritizes public transit
- It recognizes the economic role of road infrastructures
- It leaves room for cars, but not all the room
- It suggests that when upgrading municipal infrastructures, particularly major arteries, public transit infrastructures should be incorporated
- It identifies bold financing solutions.

Nevertheless, the budget challenges facing the various levels of government require that the most promising funding options be identified, including new sources of predictable, stable, and recurring revenues.

Montréal already has major assets in the area of public transit and active transportation. It will nevertheless have to upgrade those infrastructures while adopting a coherent and logical approach to metropolitan development, and we will thus have the opportunity to do even more and even better. With high-quality projects, investments delivering superior performance, and planning that is coherent at the metropolitan level, Montréal could well become THE North American model for sustainable transportation. With this bold Transportation plan, the City of Montréal is assuming a leadership role in this area.

**Now it is up to all of us Montrealers to exercise leadership by backing and supporting this Transportation plan with the ultimate objective of making Montréal THE champion for sustainable urban development in North America.**

## RECOMMENDATIONS

### GIVEN THAT:

- Economic activity is increasingly generated within cities
- Canada is becoming highly urbanized
- The metropolis already has public transit infrastructures, and they are well used
- The metropolis is among North American leaders in terms of public transit market share

### AND THAT:

- The forecasts for public transit market share are not very optimistic
- The number of automobiles in the metropolitan area continues to grow
- Municipalities lack the resources needed to ensure their optimal development

### THE BOARD OF TRADE RECOMMENDS:

- That future investments in transportation focus on the quality, return, and coherence of projects
- That the various levels of government place investments in transportation at the top of their list of priorities
- That performance indicators be developed to assess the impact of urban infrastructure projects on the mobility of goods and people as well as on increasing the market share of public transit
- Finally, that we set ourselves the ultimate objective of becoming THE North American champion for sustainable urban development.