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APPENDIX 3: CANADIAN URBAN TRANSIT ASSOCIATION (CUTA): COST CATEGORIES 33
On June 11, 2009, the Minister of Municipal Affairs requested the Capital Region Board (CRB) to develop a cost sharing formula by October 31, 2009 for the municipal share of transit costs, including land acquisition, bus purchases and identified other costs. The development of a cost sharing formula is necessary to complete outstanding regulatory requirements that were identified by the Minister for the Capital Region Growth Plan.

In 2008, the Cost Sharing Formula for Regional Projects was developed and approved by the Minister. Although this formula addressed the costs for long range planning for public transit, it did not address all applicable costs for public transit. However, in the 2008 Cost Allocation Formula Report approved by the Minister, the CRB committed to prepare a cost sharing formula for the municipal portion of transit projects once the Regional Transit Plan was completed.

To develop the formula, a Working Committee of Chief Administrative Officers (CAOs) was formed. The Regional Transit Cost Sharing Working Committee included CAOs from five cities, three counties and three towns. Five of these CAOs participated in the development of the approved 2008 Cost Sharing Formula for Regional Projects and three members represent municipalities that operate public transit systems today.

The primary objective for this project is to develop a cost sharing formula that would apply to the municipal portion of Intermunicipal Transit Project costs, including both capital and operating costs. The Working Committee also identified the need to address implementation and transition issues, to propose criteria for transit projects and to analyze the cumulative financial impact on CRB member municipalities in order to make the Regional Transit Network achievable.
Over a ten-week period, the Working Committee participated in bi-weekly meetings to develop this report and its recommendations. The Working Committee completed a thorough review of available information, including the Regional Cost Sharing Models examined in 2008, formulas used in other North American jurisdictions and other information from the Working Together Report. This information was supplemented with discussions with transit industry experts. Finally, to understand the cumulative financial impact on member municipalities, the Working Committee completed a number of scenario analyses, applying different formulas to regional project examples.

At the onset of the project, a series of guiding principles were established: a) The cost sharing formula will apply to all Capital Region municipalities; b) The cost sharing formula will be comprehensive and understandable; c) The cost sharing formula will consider the incremental operating and capital costs of future regional transit service; d) The cost sharing formula shall consider both the individual and collective ability to pay; e) The cost sharing formula shall consider both the direct and indirect benefits received from a regional transit service; and f) The cost sharing formula shall consider municipalities’ existing investment in transit. Above all, the CRB was determined to develop a formula that would be fair to all municipalities.

Throughout the process of developing a cost sharing formula for Regional Transit projects, the Working Committee fully appreciated that the cost of providing a regional transit service, one which meets the growth projected over the next 30 years in population and employment, far exceeds the collective regional ability to pay. Therefore, it is critical to acknowledge that to make a Regional Transit Network achievable a commitment is needed by other levels of government. Specifically, there must be a long term, sustainable commitment of capital and operating funding from other orders of government for public transit. Regional ability to pay should be considered in transit projects.

It should be noted that where extensive public transit networks exist in other parts of Canada and North America, other levels of governments have made this commitment.

The development of the Regional Transit Cost Sharing Formula proved to be a challenging and complex task. The discussions centered on the key principles of ability to pay, fairness to all municipalities and the level of benefit received by a municipality. The task of arriving at an equitable formula proved to be difficult because of the absence of a 30-year Regional Transit Service Plan and its related Capital Plan for Public Transit. In any case, it was agreed that any successful regional transit system starts with LRT as the centre connecting higher density areas with collector and commuter bus services throughout a region.

Of concern to the current transit operators was the need to recognize the existing investment in transit as part of the formula, particularly as it relates to integrating existing services as part of the Regional Transit Network. The consensus of the Working Committee is that the existing investment does need to be recognized and that further analysis is required in order to identify relevant investments.
The Working Committee evaluated a number of cost sharing formulas under different multiple scenarios. These scenarios were used to understand the financial impact on municipalities, including both capital and operating costs. The examined formulas included both the model from the Cost Sharing Formula for Regional Projects, approved in 2008, and a modified version of this model in which the Core Fee was not included. In addition, the Working Committee examined four direct benefit models, which considered different variables and weighting in the formula.

The recommended Regional Transit Cost Sharing Formula that the Committee developed is based on the approved Cost Allocation Formula for Regional Projects, but with the following changes:

a. The Capital Region member municipalities are categorized according to the level of benefit as determined by the Land Use definitions for Priority Growth Areas (PGAs) and Cluster Country Residential Areas (CCRAs) approved by the CRB on September 17, 2009. Based on the information available as of October 1, 2009, the following is the grouping of CRB member municipalities:

<table>
<thead>
<tr>
<th>Municipalities with a PGA/CCRA</th>
<th>Municipalities without a PGA/CCRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edmonton</td>
<td>Bon Accord</td>
</tr>
<tr>
<td>City of Leduc</td>
<td>Calmar</td>
</tr>
<tr>
<td>Leduc County</td>
<td>Gibbons</td>
</tr>
<tr>
<td>Sturgeon County</td>
<td>Legal</td>
</tr>
<tr>
<td>Stony Plain</td>
<td>Morinville</td>
</tr>
<tr>
<td>Strathcona County</td>
<td>Redwater</td>
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<tr>
<td></td>
<td>Wabamun</td>
</tr>
<tr>
<td>Fort Saskatchewan</td>
<td>Bruderheim</td>
</tr>
<tr>
<td>Spruce Grove</td>
<td>Devon</td>
</tr>
<tr>
<td>Parkland County</td>
<td>Town of Lamont</td>
</tr>
<tr>
<td>Beaumont</td>
<td>Lamont County</td>
</tr>
<tr>
<td>St. Albert</td>
<td>New Sarepta</td>
</tr>
<tr>
<td></td>
<td>Thorsby</td>
</tr>
<tr>
<td></td>
<td>Warburg</td>
</tr>
</tbody>
</table>

b. The formula includes a Core Fee, which applies to all municipalities in the first year of a project. The Core Fee is reduced by 90% for Regional Transit Projects and is calculated in the same way as the Approved Cost Sharing Formula.

The Core Fee is calculated as the lower amount of:

- Ten percent (10%) of the municipal contribution divided by the number of participating municipalities; or
- A maximum of 1% of the smallest member’s operating expenses for the previous fiscal year.

Due to the magnitude of costs for transit projects, the Working Committee recommends that the core fee for any transit project be limited to 10% of the Core Fee as calculated above to make it affordable for municipalities without a PGA/CCRA. For example, based on 2008 data for Total Population and Equalized Assessment, the maximum Core Fee under the approved model is $5360.62; for a Regional Transit Project, the Core Fee would be $536.06.
c. For all remaining years of a project, municipalities without a PGA/CCRA will pay an annual amount equal to the Core Fee calculated in year one.

d. After the Core Fee paid by all municipalities and the annual contribution from municipalities without a PGA/CCRA have been taken into account, the balance of project costs is shared annually among PGA/CCRA municipalities based on their proportionate share of Total Population and Total Equalized Assessment, each weighted at 50%.

When compared with other potential formulas, this formula was the fairest, most easily understood and workable cost sharing formula, given the Regional Transit Committee’s (RTC) governance structure and the current state of the Regional Transit Network. The recommended formula does meet the guiding principles. However, as the size of regional transit projects become larger, the less affordable transit projects will be for all municipalities. In the analysis completed by the Working Committee, that level of affordability was identified as one-third of the total project cost (including capital and operating costs). Knowing that transit projects involve significant capital and ongoing operating costs makes it essential to ensure other orders of government are committed to contributing the remaining two-thirds.

A number of concerns were identified with the other formulas reviewed, including the inability to establish direct/indirect benefits fairly and the placement of too high a financial burden on smaller municipalities. These issues could limit the number of potential regional transit projects. Other formulas presented issues of complexity, such as how to measure variables such as ridership accurately and consistently. For these reasons, the recommended Regional Transit Cost Sharing Formula best meets the guiding principles of fairness and simplicity.

In introducing the PGA/CCRA concept as a method for measuring the benefits of transit projects received by a municipality, important considerations, such as the individual and collective ability to pay, are included in the formula. The PGA/CCRA concept distributes 99.67% of total project costs to those municipalities with a PGA/CCRA and 0.33% of the cost to municipalities without a PGA/CCRA. The cost distribution is consistent with the fact that in 2008 the 11 municipalities currently with a PGA/CCRA represent 96.9% of the Region’s Population and 97.94% of the Region’s Equalized Assessment. Key formula components – Population and Equalized Assessment – can be simply and consistently measured using annual data available from Alberta Municipal Affairs, which allows calculations to be transparent and easily replicable.

The recommended formula is also consistent with the weighted criteria approved by the Capital Region Board for PGAs and CCRAs. It is assumed that PGAs/CCRAs will have higher densities and more intensified development since they are close to, or form part of, large employment centres. Therefore, these areas are expected to support a large portion of the Region’s future growth in population and, consequently, will have the population and densities to support increased public transit demand.
As set out in the CRB Regulation, the CRB must approve all Regional projects, thereby ensuring the participation of all municipalities in determining which Regional projects go forward and in what priority across all CRB responsibility areas. The Regional Transit Cost Sharing Formula equitably addresses all participating municipalities, considering both their ability to pay and their benefit received from Regional Transit Projects. All municipalities in the Region will benefit from an integrated Regional Transit Network and, therefore, all municipalities need to invest in its future.

Equally important to how costs are shared is determining which costs of future projects should be funded by the Regional Transit Cost Sharing Formula. It proved difficult to identify the incremental cost attributable to the integration of existing transit systems. Once the Regional Transit Network is more integrated, and when direct operating costs can be measured, these costs would be included in the Transit Cost Sharing Formula.

The following is a summary of the Committee’s recommendations contained in this Report.

**RECOMMENDATIONS TO OTHER ORDERS OF GOVERNMENT**

1. That the Capital Region municipalities require a commitment of sustainable, long-term, multi-year capital and operating funding from other orders of government to achieve the Capital Region vision for public transit.

2. That the Capital Region Transit Network requires a commitment from the Province to work together with the CRB to coordinate planning of road and other infrastructure with the Regional Transit Plan.

3. GreenTRIP Program funding is essential to enabling a more sustainable and competitive region that includes a Regional Transit Network.

**RECOMMENDATIONS TO CRB MUNICIPALITIES**

1. The Regional ability to pay should be considered in Regional Transit Projects.

2. Regional Projects are determined by the CRB. Examples of possible regional transit projects include new commuter services, new transit infrastructure including LRT, new buses, and park and ride facilities.

3. The applicable project costs included in the formula are the net incremental costs (capital and operating) for facilitating future regional transit service (after all fare box, other revenues and grants have been subtracted).

4. Once the Regional Transit Network is more integrated, and when direct operating costs can be measured, the applicable direct operating costs are to be included in the formula.

5. To make Regional Transit Projects affordable, the CRB’s portion of funding should ideally represent about one-third of the Total Project Costs (including capital and operating costs) with two-thirds of the funding coming from other sources.

6. The Regional Transit Cost Sharing Formula applies to all planning for the Regional Transit Network.
7. The Regional Transit Cost Sharing Formula applies to LRT projects.

8. The Regional Transit Cost Sharing Formula would be reviewed at least once every 5 years as part of the update of the Growth Plan. Consideration shall be given to including ridership into the formula once there is an affordable and acceptable method of measuring ridership across the Region. (I.e. Smart Card).

9. The recommended Regional Transit Cost Sharing Formula is the PGA/CCRA Model which uses the components of the Approved Cost Sharing Formula for Regional Projects, modified to include the level of benefit received by municipalities.

IMPLEMENTATION RECOMMENDATIONS

In its deliberations, the Working Committee identified the following implementation considerations:

1. **Formula Administration**: Any reporting on approved Regional Transit Projects is to be done by CRB administration.

2. **Responsibility for Financing**: The CRB Municipal portion of Regional Transit Project costs is the responsibility of the CRB. The debt limit of the CRB should not affect the debt limit of any one municipality.

3. **Existing Service Agreements**: Existing agreements would continue as is until they expire; upon renewal they may be considered by the CRB as a Regional Project.

4. **Formula Review Period**: The Regional Transit Cost Sharing Formula is reviewed at least once every five years to align with the Regional Growth Plan.

5. **Regional Public Transit Service Plan**: A Regional Public Transit Service Plan that establishes a long term, 30 year vision for the Regional Transit Network with multi-year projects is necessary to ensure long term commitment and support from all stakeholders and orders of government.

FUTURE WORK

1. **Specialized Transit**: Because of the complexity of issues raised by the Specialized Transit Service, such as the need to define Regional Service Standards and the Service Integration Model, the Working Committee recommends that these issues be resolved before a project be undertaken to identify the appropriate cost sharing formula.

2. **RTC Governance Model**: There may be a need to re evaluate the RTC membership to ensure that there is fair representation from municipalities paying the larger portion of the costs.

3. **Responsibility for Financing**: Further work is required to ensure that any borrowing on the part of the CRB does not affect the debt limit of any one municipality.
On June 11, 2009, the Minister of Municipal Affairs requested the Capital Region Board to develop a cost sharing model by October 31, 2009 for the municipal share of transit costs, including land acquisition, bus purchases and other identified costs. The development of a cost sharing formula is necessary to complete outstanding regulatory requirements that were identified by the Minister for the Capital Region Growth Plan.

In 2008, the Cost Sharing Formula for Regional Projects was developed and approved by the Minister. Although this formula addressed the costs for long range planning for public transit, it did not address all applicable costs for public transit. However, in the 2008 Cost Allocation Formula Report approved by the Minister, the CRB indicated that it would be prepared to develop a cost sharing formula for transit once the Regional Transit plan was completed.

On August 12, 2009, the Working Committee approved its Terms of Reference, which included the following mandate:

To develop cost sharing or allocation formula(s) that would apply to the municipal portion of Intermunicipal Transit Costs, including both Capital and Operating Costs.

This Working Committee was established to complete the mandate and will cease to exist once the Cost Sharing Formula has been approved by the CRB and accepted by the Province.
This Working Committee may also provide advice on the following matters:

- The development of potential criteria for evaluating Intermunicipal transit projects to which the cost sharing formula would apply.
- The addressing of administrative and transition issues for the implementation of the cost sharing formula for CRB Municipalities.
- The making of recommendations regarding the share of Federal and/or Provincial funding to make regional projects achievable.

In the development of the formula, the Working Committee was first guided by the Vision Statement as identified in the Regional Transit plan:

*The Region’s transit network enables the Capital Region to achieve its economic, social and environmental objectives by making transit a convenient and competitive model of transportation.*

Second, the Working Committee described what the Regional Transit Network would accomplish:

*One seamless integrated mass transit service that interconnects Priority Growth Areas (PGAs), major employment centers and surrounding municipalities throughout the Region and that provides Capital Region residents with access to intermunicipal transit services.*

Finally, the Working Committee described the Regional Transit Network to encompass the following attributes:

- The Regional Transit Network is integral to Municipal Development Plans and consistent with Capital Region Growth Plan;
- The Regional Transit Network shares a common fare system, branding, routes, and scheduling;
- The Regional Transit Network integrates different modes of transportation—bus, rail, rapid transit, LRT, and Para transit;
- The Regional Transit Network is integrated with multi-use transportation corridors;
- The Regional Transit Network provides an affordable, competitive mode of transportation, which leads to increased ridership; and,
- The Regional Transit Network enables choice, flexible, convenience, accessibility and safety.
3.1 WORKING COMMITTEE

On July 9th, 2009, the Capital Region Board approved a recommendation from the Regional Transit Committee to form a Working committee comprised of CAOs that would be responsible for the development of a cost sharing formula for Regional Transit projects. This formula would need approval from the CRB prior to the October 31, 2009 deadline set by the Province.

The Committee Members were selected based on the following criteria:

- a. Candidates with experience in transit operations;
- b. Candidates identified by Member Municipalities for Intermunicipal transit service;
- c. Candidates that provide a balanced in representation from cities, towns and counties; and
- d. Candidates from the 2008 Cost Allocation Working Group to provide continuity.

COMMITTEE MEMBERS AND ALTERNATES:

**Cities:**  Al Maurer, Edmonton; Paul Benedetto, Leduc; Doug Lagore, Spruce Grove; Bill Holtby, St. Albert

**Counties:** Doug Wright, Leduc County; Robyn Singleton, Strathcona County; Pat Vincent, Parkland County;

**Towns:**  Tony Kulbisky, Devon; Marc Landry, Beaumont; Mark Oberg, Gibbons;

**Alternates:** Joyce Tustian, Edmonton; Brian Bowles, Leduc County; Josh Pyrcz, Leduc; Corey Levasseur, Beaumont; Dean Screpnek, St. Albert

The Committee appointed Ms. Kathleen LeClair, Chief Officer of the Capital Region Board as the Chair of the Committee.
3.2 PROJECT APPROACH

Over a ten week period, the Working Committee participated in bi-weekly meetings to complete the following tasks:

Task #1 Establish the project scope, processes, timelines and deliverables,
Task #2 Develop guiding principles,
Task #3 Review Best Practices and evaluate Regional Public Transit Cost Sharing Models,
Task #4 Complete scenario analyses and evaluations,
Task #5 Present the Committee’s Recommendations to stakeholder groups,
Task #6 Write Final Report.

3.3 BEST PRACTICES RESEARCH\(^1\)

The Working Committee completed a thorough review of available information, including the Regional Cost Sharing Models examined in 2008, formulas used in other North American jurisdictions and other information from the Working Together Report. This review was supplemented with discussions with transit industry experts. Although the Working Committee’s research confirmed that there are no best practices regarding cost sharing formulas for transit, two common themes about the success of some of North America’s larger and more integrated regional transit systems emerged. One was the use of the governance model in organizations responsible for transit and the other was the degree of commitment and support garnered from other orders of government.

In the majority of the cases reviewed, regional transit service was the responsibility of an authority or commission. In addition to being responsible for the long range planning, these authorities or commissions were also responsible for service delivery and given the authority to raise revenue. The role of other levels of government was in the form of funding commitments, which generally followed policy objectives toward reducing the impact of transit on the environment by reducing the congestion on roads, and improving the sustainability the region. An important insight gained from the research was the recognition by other orders of government that investment in road infrastructure needs to be coordinated with other modes of transportation.

The Working Committee also learned that costs sharing models varied from being simple to complex and that the degree of complexity reflected the level of integration of different models of transportation across different jurisdictions, as is the case for the Montréal Metropolitan Region. In the cases reviewed, federal and provincial governments generally funded, if not all the capital costs, then a large portion of them. In some cases, other orders of government also provided funding to cover a portion of the deficit in operating costs, as is the case for Translink in British Columbia.

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\(^1\) APPENDIX 2: BEST PRACTICES
SECTION 4
DELIBERATIONS

4.1 SCOPE

At the onset of the project, the Working Committee developed a series of guiding principles. The key principles of municipalities’ ability to pay, fairness to all municipalities and the inclusion of level of benefit received by a municipality were the focus of the committee’s discussions on developing an appropriate cost sharing formula.

Other key points of discussion were the RTC mandate to develop an integrated Regional Transit Network and the adoption of a Governance model for the Committee. There was also considerable discussion as to which costs to include in the formula.

REGIONAL TRANSIT COMMITTEE MANDATE:

The Regional Transit Committee is charged with delivering a fully integrated and coherent Regional Transit Network, including the design, construction and operation of any new intermunicipal transit service. The Regional Transit Network is to include Regional Bus Service, commuter services, park and ride facilities, LRT services and transportation services for persons with disabilities.

The development of an equitable Regional Transit Cost Allocation Formula proved to be a challenging and complex task because of the absence of a 30-year Regional Transit Service Plan and its related Capital Plan for Public Transit. In any case, the Working Committee agreed that any successful regional transit system starts with a LRT as the centre of the transit network, to which collector and commuter bus services are connected, linking to both the inside and outside of a core and throughout a region.
Of concern to the current transit operators was the need to recognize the existing investment in transit as part of the formula, particularly as it relates to integrating existing services as part of the Regional Transit Network. The consensus of the Working Committee is that the existing investment does need to be recognized and that further analysis is required in order to identify relevant investments.

4.2 GUIDING PRINCIPLES

On principle, the Working Committee was determined to develop a cost sharing formula for regional transit projects that was fair and equitable for participating municipalities, one that considered both their ability to pay and their benefit received from regional transit projects. The consensus was that all municipalities in the Region will benefit from an integrated Regional Transit Network, and, therefore, all need to invest in its future. The Committee agreed that wherever possible direct and indirect benefits should be taken into consideration along with the existing investment in transit by municipalities.

Throughout the process of developing guiding principles for the cost sharing formula, the Working Committee fully appreciated that the cost of providing a regional transit service that meets the growth in population and employment projected over the next 30 years far exceeds the collective regional ability to pay. Therefore, the Committee believes it is critical to acknowledge that, in order to make a Regional Transit Network achievable, a commitment is needed by other levels of government. Specifically, there must be a long term, sustainable commitment of capital and operating funding from other orders of government for public transit. Regional ability to pay should be considered in transit projects. Wherever extensive public transit networks exist in other parts of Canada and North America, other levels of governments have made this commitment.

The recommended guiding principles developed for the Regional Transit Cost Sharing model are consistent with the principles identified in the Approved Cost Sharing Formula for Regional Projects, approved by the Minister of Municipal Affairs on December 15, 2008.
SECTION 4: Deliberations

4.3 GOVERNANCE

In the development of the Cost Sharing Formula, the Committee discussed the effect the RTC governance model and its level of authority would have on the development and implementation of an integrated regional transit network. As was stated earlier in this Report, The Regional Transit Committee is charged with delivering a fully integrated and coherent regional transit network, including the design, construction and operation of any new intermunicipal transit service. To include Regional Bus Service, commuter services, park and ride facilities, LRT services and transportation services for persons with disabilities. And Local Services will continue to be planned and operated as per the status quo. The Regional Transit Plan states that it is expected that the RTC would contract back service delivery to the existing operators.

Unlike a commission or a transit authority, the RTC has no ability to raise revenue. It also does not own the assets that are necessary for intermunicipal transit service. As determined in the Regional Transit Plan, the Capital Region will realize significant growth over the next 30 years, and yet the implementation of intermunicipal service could take 15 or more years to be recognizable as such, in terms of a unified regional brand, service standards, and fare systems.
The Governance Continuum shown in Figure 1 was an important reference for the Committee, in that it helped clarify the difference between the RTC’s scope of authority today and the scope of authority of other Regional Transit Models. The Committee recognized that the RTC has neither the independent authority to make decisions that will affect Municipalities nor the ability to raise revenue. Because of these limitations, considering the regional ability to pay in all regional projects is of utmost importance, as is securing a long term, sustainable commitment from other levels of government to provide a portion of capital and operating costs of regional public transit. Furthermore, as set out in the CRB Regulation, the CRB must approve all Regional projects, thereby ensuring the participation of all municipalities in determining which Regional projects go forward and prioritizing the order of projects across all CRB responsibility areas.

Figure 1: Governance Continuum

4.4 RELEVANT PROJECT COSTS

Equally important as determining how costs are shared is determining which costs of future projects should be funded by the Regional Transit Cost Sharing Formula. After considerable discussion, the Committee agreed that at a policy level some existing operating costs and all net new capital and operating cost be included. The consensus was that it is important to recognize the three operators’ (i.e. City of Edmonton, City of St. Albert, Strathcona County) existing investment in public transit in some way as a measure against not having to pay twice for the same service.
For the Working Committee to gain a better understanding of how to recognize existing investment, the Committee reviewed the industry standard cost categories as identified by the Canadian Urban Transit Association\(^2\). It proved difficult to identify the incremental cost attributable to existing transit systems. The Committee therefore agreed that, at minimum, some portion of the planning and administration costs incurred by the operators should be included. Thus, the challenge became identifying the appropriate amount that would be applicable to the Regional Transit Network. The operators agreed that, since they are unable to measure their current existing operating costs, when the Regional Transit Network is more fully integrated and direct operating costs can be measured, these costs would be included in the Transit Cost Sharing Formula.

The Committee recommends that applicable project costs include the net incremental costs (capital and operating) for facilitating future regional transit service, as well as the applicable planning, monitoring and reporting costs, such as ridership surveys. In terms of the types of Regional Projects, the Working Committee recommends service expansion, new services and rehabilitation and replacement projects.

4.5 COST SHARING MODELS

The Working Committee evaluated a number of cost sharing formulas in different scenarios, which were used to understand how the inclusion of both capital and operating costs would affect municipalities financially. The formulas examined included the Cost Sharing Formula for Regional Projects, approved in 2008, and a modified version of the approved model in which the core fee was not included. In addition, the Committee examined four direct benefit models, whose formulas included different variables and weighting. [Appendix 2 provides more detail on transit cost sharing models]. Table 1 provides a summary of the formulas the Committee evaluated to arrive at a recommendation.

The Working Committee recommends that the PGA/CCRA formula be adopted as the Cost Sharing Formula for Regional Transit Projects. The Committee believes this formula, when compared with other potential formulas, to be the fairest, most easily understood and workable cost sharing formula, given the RTC’s governance structure and the current state of the Regional Transit Network. The recommended formula does meet the guiding principles; however, as the size of regional transit projects become larger, the less affordable transit projects will be for all municipalities. In the analysis completed by the Working Committee, that level of affordability was identified as one-third of the total project cost (including capital and operating costs). Knowing that transit projects involve significant capital and ongoing operating costs makes it essential to ensure other orders of government are committed to contributing the remaining two-thirds.

\(^2\) APPENDIX 3: CANADIAN URBAN TRANSIT ASSOCIATION (CUTA)– COST CATEGORIES

SECTION 4: Deliberations
The Committee identified a number of concerns with the other models reviewed, including the inability to establish direct/indirect benefits fairly and the placement of too high of a financial burden on smaller municipalities. The Committee believes these issues could limit the number of potential Regional Transit Projects. Other formulas presented issues of complexity, such as how to measure variables such as ridership accurately and consistently. For these reasons, the Committee believes that the recommended Regional Transit Cost Sharing Formula best meets the guiding principles of fairness and simplicity.

Table 1 — Formula Evaluation Summary

<table>
<thead>
<tr>
<th></th>
<th>Approved Formula</th>
</tr>
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<tbody>
<tr>
<td>A</td>
<td>Core Fee.</td>
</tr>
<tr>
<td></td>
<td>Balance shared based on 50% Population and 50% Equalized Assessment for all municipalities.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Modified Approved Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Approved Cost Sharing Formula minus the Core Fee.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Direct Benefit #1: 67/33 Weighting Populating &amp; Equalized Assessment + Direct Benefit Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>Core Fee as calculated under the Approved Model.</td>
</tr>
<tr>
<td></td>
<td>Net project costs shared by all municipalities based on 67% Total Population and 33% Total Equalized Assessment.</td>
</tr>
<tr>
<td></td>
<td>A factor of 1 applied to municipalities receiving a direct benefit and 0.66 for those receiving an indirect benefit.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Direct Benefit #2: 50/50 Weighting Population &amp; Operating Expense + Direct Benefit Factor</th>
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</thead>
<tbody>
<tr>
<td>D</td>
<td>No Core Fee.</td>
</tr>
<tr>
<td></td>
<td>Net project costs shared by all municipalities based on 50% Total Population and 50% Total Equalized Assessment.</td>
</tr>
<tr>
<td></td>
<td>A factor of 1 applied to municipalities receiving a direct benefit and 0.66 for those receiving an indirect benefit.</td>
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<tr>
<th></th>
<th>Direct Benefit #3: Ridership Formula</th>
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</thead>
<tbody>
<tr>
<td>E</td>
<td>No Core Fee.</td>
</tr>
<tr>
<td></td>
<td>Net project costs shared by all municipalities based on 50% Total Population and 50% Total Equalized Assessment.</td>
</tr>
<tr>
<td></td>
<td>A credit factor based on the percentage of ridership. (This was modelled on the allocation of costs as per the Regional Water Commission).</td>
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<table>
<thead>
<tr>
<th></th>
<th>Direct Benefit #4: PGA/CCRA Formula</th>
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<tbody>
<tr>
<td>F</td>
<td>Based on Approved Cost Sharing Formula with the Core Fee reduced by 90%.</td>
</tr>
<tr>
<td></td>
<td>Net project costs are shared on a proportionate basis among municipalities with a PGA/CCRA.</td>
</tr>
<tr>
<td></td>
<td>The municipalities without a PGA/CCRA contribute an annual fee equal to the Core Fee, as calculated in year one for all years of the project.</td>
</tr>
</tbody>
</table>
RECOMMENDED TRANSIT COST SHARING FORMULA

The recommended formula is based on the approved Cost Allocation Formula for Regional Projects, but with the following changes:

a. The Capital Region member municipalities are divided according to the level of benefit as determined by the Land Use definitions for Priority Growth Areas and Cluster Country Residential Areas approved by the CRB on September 17, 2009. The following is the grouping of CRB member municipalities:

<table>
<thead>
<tr>
<th>Municipalities with a PGA/CCRA</th>
<th>Municipalities without a PGA/CCRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edmonton</td>
<td>Bon Accord</td>
</tr>
<tr>
<td>City of Leduc</td>
<td>Calmar</td>
</tr>
<tr>
<td>Leduc County</td>
<td>Gibbons</td>
</tr>
<tr>
<td>Sturgeon County</td>
<td>Legal</td>
</tr>
<tr>
<td>Stony Plain</td>
<td>Morinville</td>
</tr>
<tr>
<td>Strathcona County</td>
<td>Redwater</td>
</tr>
<tr>
<td></td>
<td>Wabamun</td>
</tr>
<tr>
<td>Fort Saskatchewan</td>
<td>Bruderheim</td>
</tr>
<tr>
<td>Spruce Grove</td>
<td>Devon</td>
</tr>
<tr>
<td>Parkland County</td>
<td>Town of Lamont</td>
</tr>
<tr>
<td>Beaumont</td>
<td>Lamont County</td>
</tr>
<tr>
<td>St. Albert</td>
<td>New Sarepta</td>
</tr>
<tr>
<td></td>
<td>Thorsby</td>
</tr>
<tr>
<td></td>
<td>Warburg</td>
</tr>
</tbody>
</table>

b. The formula includes a Core Fee, which applies all municipalities, in the first year of a project. The Core Fee is reduced by 90% for Regional Transit projects and is calculated in the same way as the Approved Cost Sharing Formula. The Core Fee is calculated as the lower amount of:

- Ten percent (10%) of the municipal contribution divided by the number of participating municipalities; or
- A maximum of 1% of the smallest member’s operating expenses for the previous fiscal year.

Due to the magnitude of costs for transit projects, the Committee recommends that the core fee for any transit project be limited to 10% of the Core Fee as calculated above to make the fee affordable for municipalities without a PGA/CCRA. For example, the maximum Core Fee under the approved model is $5360.62, based on 2008 data for Total Population and Equalized Assessment. Thus, for a Regional Transit Project, the fee would be $536.06.

c. For all remaining years of a project, municipalities without a PGA/CCRA will pay an annual amount equal to the Core Fee calculated in year one.

d. After the Core Fee paid by all municipalities and the annual contribution from municipalities without a PGA/CCRA have been taken into account, the balance of project cost is shared annually among PGA/CCRA municipalities based on their proportionate share of Total Population and Total Equalized Assessment, each weighted at 50% in the formula.
In introducing the PGA/CCRA concept as a way of accounting for the benefits of transit projects received by a municipality, the Committee believes important considerations, such as the individual and collective ability to pay, are included in the formula. The PGA/CCRA concept distributes 99.67% of total project costs to those municipalities with a PGA/CCRA and 0.33% of the cost to municipalities without a PGA/CCRA. The cost distribution is consistent with the fact that in 2008 the 11 municipalities currently with a PGA/CCRA represent 96.9% of the Region’s Population and 97.94% of the Equalized Assessment. The Committee also believes that the key formula components Population and Equalized Assessment can be simply and consistently measured using annual data available from Alberta Municipal Affairs, which allows calculations to be transparent and easily replicable.

The recommended formula is also consistent with the weighted criteria approved by the Capital Region Board for Priority Growth Areas and Cluster Country Residential Areas. It is assumed that PGAs/CCRAs will have higher densities and more intensified development since they are close to, or form part of, large employment centers. These areas are expected to support a large portion of the Region’s future growth in population and, consequently, will have the population and densities to support and demand increased public transit services.

The consensus of the Committee is that direct benefit models based on ridership is the ideal cost sharing formula and should be considered once the Region’s Intermunicipal Transit Network is more fully integrated and once the Region has the ability to measure transit use by municipality. Currently, the Committee does not possess the knowledge to address ridership effectively in the model. More research would be necessary if this model were pursued.
As set out in the CRB Regulation, the CRB must approve all Regional Projects, thereby ensuring the participation of all municipalities in determining which Regional projects go forward, and in what priority, across all CRB responsibility areas. This means that as Regional Transit Projects are identified within the context of the broader 30-year Regional Transit Service Plan, member municipalities will have the opportunity to evaluate and vote on the merits of how a project contributes to building an integrated intermunicipal transit network.

By considering both their ability to pay and their benefit received from Regional Transit Projects, the Regional Transit Cost Sharing Formula equitably addresses all participating municipalities. The consensus of the Committee is that all municipalities in the Region will benefit from an integrated Regional Transit Network, and, therefore, all need to invest in its future. Knowing that transit is expensive to build, expand and maintain, a Regional Transit Network can only be achieved with a commitment from other orders of government.

Those operating transit today know that providing transit to residents doesn’t pay, at least in terms of covering transit operating costs with fares paid by riders. The Committee believes the broader benefits received from an intermunicipal transit system are invaluable, far outweighing financial concerns. Providing more efficient, convenient, safe and affordable public transportation options to residents and visitors will reduce congestion on roads and reduce greenhouse gas emissions, thereby increasing the Region’s competitiveness and sustainability—the key outcomes of the Capital Region Growth Plan. Making public transit more accessible and broadly available throughout the region will ensure public transit is a competitive mode of transportation that can compete with other transportation modes for residents and visitors in the Capital Region.
As the Capital Region becomes increasingly urbanized, investment in the Region’s transportation network becomes increasingly necessary to maintain the Region’s sustainability and competitiveness. The Region must provide its residents and visitors better transit options than driving their cars. At the heart of any urban metropolitan city is an efficient, integrated multi-model transportation system that provides residents and visitors access to convenient, safe public transportation. Achieving this vision requires sustainable funding and a commitment to working together as a Region, but investing in public transit will provide incalculable benefits to the Capital Region, including making jobs more accessible to residents, integrating fares and customer information systems to enable residents to make smarter choices, revitalizing communities by increasing the mobility of residents and visitors.

Critical to achieving an integrated regional transportation system is collaboration with other orders of government, not only for long term sustainable funding, but also to coordinate the planning of roads and other transportation infrastructure, which will enable greater efficiency and mobility of residents within a multi-model transportation network.

What follows is a number of recommendations the Committee has identified as critical to the successful acceptance of the cost sharing model by the municipalities in the Capital Region. More importantly, these recommendations are critical to the successful acceptance of a broader vision, which is focused on building a sustainable region that is both competitive and offers residents a greater quality of life.

### 5.1 OTHER ORDERS OF GOVERNMENT

1. That the Capital Region Municipalities require a commitment of sustainable, long-term, multi-year capital and operating funding from other orders of government to achieve the Capital Region vision for public transit.

2. That the Capital Region Transit Network requires a commitment from the Province to work together with the CRB and RTC to coordinate planning of road and other infrastructure with the Regional Transportation Plan.

3. GreenTRIP Program funding is essential to enabling a more sustainable and competitive region that includes a Regional Transit Network.

### 5.2 CRB MUNICIPALITIES

1. The Regional ability to pay should be a consideration in Regional Transit Projects.

2. Regional Projects are determined by the CRB. Examples of possible projects include new commuter service, new transit infrastructure including LRT, new buses and park and ride facilities.

3. The applicable project costs included in the formula are the net incremental costs (capital and operating) for facilitating future regional transit service (after all fare box, other revenues and grants have been subtracted).
4. Once the Regional Transit Network is more integrated, and when direct operating costs can be measured, the applicable direct operating costs are to be included in the formula.

5. To make Regional Transit Projects affordable, the CRB’s portion of funding should ideally represent about one-third of the Total Project Costs (including capital and operating costs) with two-thirds of the funding coming from other sources.

6. The Regional Transit Cost Sharing Formula applies to all planning for the Regional Transit Network.

7. The Regional Transit Cost Sharing Formula applies to LRT projects.

8. The Regional Transit Cost Sharing Formula would be reviewed at least once every five years as part of the update of the Growth Plan. Consideration shall be given to including ridership in the formula once there is an affordable and acceptable method of measuring ridership across the Region (i.e. Smart Card).

9. The recommended Regional Transit Cost Sharing Formula is the PGA/CCRA Model which uses the components of the Approved Cost Sharing Formula for Regional Projects, modified to include the level of benefit received by municipalities.

5.3 FUTURE WORK

The development of a Regional Transit cost sharing model to meet the project guidelines proved to be a difficult, challenging and complex task, given the significant cost involved. The project was also completed within a very short period, leaving no opportunity to consider Specialized Transit properly. Knowing that Specialized Transit is as complex as conventional transit, with similar goals of integrating it with the Regional Transit Network, the Committee recommends that a similar project be undertaken once a Regional Plan is developed by the Regional Transit Committee for Specialized transit.

1. **Specialized Transit—Cost Sharing Model:** Because of the complexity of issues raised by the Specialized Transit Services, such as the need to define the Regional Service Standards and the Service Integration model, the Working Committee recommends that these issues be resolved before a project be undertaken to identify the appropriate cost sharing formula.

2. **RTC Governance Model:** There may be a need to re-evaluate the RTC membership to ensure that there is fair representation from municipalities paying the larger portion of the costs.

3. **Responsibility for Financing:** Further work is required to ensure that any borrowing on the part of the CRB does not affect the debt limit of any one municipality.
Throughout the discussion on the Cost Sharing Formula, the Committee spent a considerable amount of time discussing implementation considerations for when the Cost Sharing Formula is approved. The following summary of implementation considerations is presented for consideration by the Regional Transit Committee, in part to support the role of overseeing the development and implementation of the Regional Transit Network.

The Committee recognizes that the formula may not be perceived as entirely fair and equitable to all municipalities. In the absence of the full rollout of transit service over the next 30 years, the Committee was unable to determine when the residents of a municipality would have access to public transit service. However, the formula will be reviewed in the future and adjustments will be made to the existing model to address new circumstances. The most important task currently is to ensure that the formula enables the Region to move forward in planning an integrated Regional Transit Network.
### PGA/CCRA Cost Sharing Formula

The PGA/CCRA Cost Sharing Formula should apply to long range planning for Regional Transit Service as opposed to the Approved Cost Sharing Formula for Regional Projects.

### Formula Administration

**Data Source:** AB Municipal Affairs

- Municipal Population, annual; and Equalized Assessment, annual.

The CRB Administration be responsible to:

- Update all variables annually.
- Develop a common template for calculating the municipal share of regional transit projects.
- Invoice and collect the Regional portion of costs.
- Develop the reporting process for member Municipalities to make adjustments to operating expenses based on actual expenditures.
- Generate Financial Reports on approved projects.

### Responsibility for Financing

The CRB municipal portion of Regional Transit Projects is the responsibility of the CRB. The debt limit of the CRB should not affect the debt limit of any one municipality.

### Existing Service Agreements

All Transit Service Agreements in effect would continue until they expire. Upon renewal, they may be considered by the CRB as a Regional Project.

### Review of Regional Transit Cost Sharing Formula

The Regional Transit Cost Sharing Formula is reviewed at least every five years to align with the Capital Region Growth Plan. A review of the formula shall give consideration to including ridership once there is an affordable and acceptable method to measure ridership.

### Regional Public Transit Service Plan

A Regional Public Transit Service Plan is needed that establishes a long-term, 30 year vision for the Regional Transit Network with multi-year projects is necessary to ensure long-term commitment and support from all stakeholders and orders of government.
The following individuals and organizations were consulted throughout the process and contributed valuable information to this report.

1. Blue Ribbon Panellist— Regional Transit Plan
   - Anthony Perl, Simon Fraser University
   - Glen Leicester, Shirocca Consulting

2. Canadian Urban Transit Association (CUTA)
   - Michael W. Roschlau, President and CEO
   - Christopher Norris, Director of Technical Services

3. Intergovernmental Committee on Urban and Regional Research (ICURR)
   - Mark Rose, Librarian and Information Systems Manager
   - Mathieu Rivard, Research Coordinator

4. METROLINX
   - Michael Sutherland, Senior Advisor, Investment Strategy and Projects

5. BC Transit

6. TransLink

7. Capital Region Transit Operators
   - City of Edmonton, City of St. Albert, Strathcona County

8. Capital Region Board, Regional Transit Committee
APPENDIX 2

BEST PRACTICES
## APPENDIX 2: Best Practices

### MONTRÉAL METROPOLITAN REGION

<table>
<thead>
<tr>
<th>AUTHORITY</th>
<th>RESPONSIBILITY</th>
<th>REVENUE SOURCES</th>
</tr>
</thead>
</table>
| One Regional Agency: Agency métropolitain de transport (AMT), under the Québec Ministry of Transportation. | commuter trains, metropolitan wide transit, transit planning, reserved, commuter parking lots, funding of metropolitan services, specialized Intermunicipal transit services, funding for the use of intermodal stations | Regional Fare Revenues is collected by AMT in addition to the following operating revenues. These funds are used to cover off AMT’s operating activities and compensate local transporters for the regional services that they provide.  
1. The AMT receives the equivalent of a 1.5 cent/ per litre surtax collected by the Government of Québec on fuel sold in its territory;  
2. The Government of Québec also collects, on behalf of AMT, a $30 additional fee on private vehicle licenses; and  
| There are 15 other transit transporters in the metropolitan region.         | Surface Transit except commuter trains                                                                                                           | N/A                                                                                                                                             |
| Society de transport de Montréal (STM) is the largest transit operator and covers the City of Montréal: Municipal Transit Authority | STM is responsible for the Montréal Subway System, to which other transit operators contribute through AMT, bus service, specialized public transport and intermodal stations. | N/A                                                                                                                                             |
| 2 sociétés de transport (city of Laval and agglomération of Longueuil) Municipal Transit Authority | Local and intermunicipal bus services                                                                                                           | N/A                                                                                                                                             |
| 12 conseils intermunicipaux de transport (CIT) or conseils régionaux de transport (CRT): Local transit authorities that cover the territory of a regional municipality. | Local and intermunicipal bus services (in Montréal’s second and third ring suburbs).                                                          | N/A                                                                                                                                             |
| Communaute métropolitaine de Montréal (CMM)                                | Metropolitan planning agency covering 82 municipalities. It has planning responsibilities regarding the metro arterial network and planning. Its board is comprised of local officials and chaired by the Mayor of Montréal. | N/A                                                                                                                                             |
### COST SHARING ARRANGEMENTS

<table>
<thead>
<tr>
<th>MONTRÉAL METROPOLITAN REGION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Several different cost sharing arrangement for transit:</td>
</tr>
<tr>
<td>1. Commuter Trains (5 lines and fleet of trains);</td>
</tr>
<tr>
<td>2. Train Stations;</td>
</tr>
<tr>
<td>3. Reserved Lanes; and</td>
</tr>
</tbody>
</table>

| Capital Cost: Provincial Grants from the federal and provincial governments. |

| Commuter Trains are funded through user services, government subsidies and municipal contributions of 40% of the operating budget of commuter service. (The operating budget is net of subsidies of one and a half cent gasoline surtax and the vehicle registration fee). For the first two commuter train railways, which predate the creation of AMT, costs are shared on the basis of trains/km formula. The 40% for the other three lanes is shared on the basis of % of departures per train station. |

| Bus Network: Purchase and replacement of buses (50%); Acquisition and Construction and upgrades of terminals, garages, administrative centers, reserved lanes and commuter parking (75%). Establishing of reserved lanes (75%). Guided Land transportation systems: Establishing of reserved lanes (75%). Construction of extension (100%). Replacement and repairing (75%). |

| Montréal Metro (Subway): SMT receives compensation from AMT for metro services and regional buses. AMT contributes $.20 per user towards operating expenses. To cover off the cost of deficit of the subway, a new formula has been approved based on ridership. Since Montreal has 81% of the ridership, it is responsible for 81% of the cost net of government subsidies. |

| Metro Network: are operated by municipalities and are compensated by AMT for providing regional services. The AMT has two programs. The first program compensates $.50 per user subsidy. The second is an aid program to assure the standardization of user fees across the region. The amounts received are based on a system of zones and on a reference rate for uses fees established by AMT. |

| 40% of the operating costs of the Commuter Trains is based on a different formula for these municipalities. Their formula is based on a combination of the standardized property values, ridership among citizens of each municipality, total population, and the number of train stations. |

| Additional Operating Funding: $.01 cent surcharges is being collected by the Government of Québec from oil companies and other energy producers as part of its Climate Change Action Plan. The receipts from this fund go directly to the Québec Green Fund from which $130M is available to transit authorities to address service improvements. |

### APPENDIX 2: Best Practices
## Appendix 2: Best Practices

### Ontario

<table>
<thead>
<tr>
<th>Authority</th>
<th>Responsibility</th>
<th>Revenue Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Go Transit</td>
<td>Inter-regional Public Transit system links the City of Toronto with the Greater Toronto area</td>
<td>Go transit: 85% of what is needed to run the service is recovered from the fare box. The operating deficit is funded by governmental subsidies. The provincial government also supplies the capital funding needed for rehabilitation and replacement. For growth and expansion, the province provides 1/3 of the funding, with the understanding that the federal and municipal governments will cover the remaining 2/3.</td>
</tr>
<tr>
<td>MetroLinx</td>
<td>Mandate is to provide integrated planning for local transit, GO transit and major roads and new transit infrastructure for the Greater Toronto Area and Hamilton. Also includes responsibilities for GTA Fare card System, GO Transit and the coordination of municipal transit purchases, development of integrated transportation plan for local transit, major roads in the region and 5 year capital and investment strategy.</td>
<td>N/A</td>
</tr>
<tr>
<td>York Regional Transit</td>
<td>Local Transit Authority responsible for rapid transit in the York Region.</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Vancouver

<table>
<thead>
<tr>
<th>Authority</th>
<th>Responsibility</th>
<th>Revenue Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translink</td>
<td>Public Transit in Metro Vancouver with responsibility for major arterial roads connecting 21 municipalities in the region.</td>
<td>Road and Transit operations, improvements and expansion is funded by the province through a portion of fuel tax, transit fares and a portion of property taxes collected in each municipality. Over 70% of the costs are recovered from “user pay” sources and 30% from general taxation sources. Translink’s portion of property taxes is calculated as a rate per $100,000 of assessed value of the property, which is the same for all municipalities. This formula is used for 3 years to estimate the revenue source for the budget. Capital funding is received from a number of Federal and Provincial Government programs.</td>
</tr>
</tbody>
</table>

### Victoria

<table>
<thead>
<tr>
<th>Authority</th>
<th>Responsibility</th>
<th>Revenue Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victoria Regional Transit Commission</td>
<td>Set routes, service levels, fares and local taxes for transit purposes. It is responsible to review and raise the local share of the annual cost of transit in the region.</td>
<td>Revenues from regional property tax and from motor fuel tax that shall be collected are determined by the commission and correspond to the share of expenses not covered by operating revenues and grants. The province collects the fuel tax. The levy on property tax is set in regulation. The rate is the same across the region for each class of property.</td>
</tr>
</tbody>
</table>
## COST SHARING ARRANGEMENTS

<table>
<thead>
<tr>
<th>Region</th>
<th>Authority</th>
<th>Responsibility</th>
<th>Revenue Sources</th>
<th>Cost Sharing Arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>ONTARIO</td>
<td>Go Transit</td>
<td>The municipal share (1/3) is funded through a cost-sharing formula among the upper-tier and single-tier municipalities. The formula has 3 components: usage (number of passengers getting on and off GO Transit vehicles in each municipality), level of service (number and capacity of train and bus trips being made through each municipality), and the ability to pay (share of property assessment across the region).</td>
<td>N/A</td>
<td>Under Development</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Operating deficit and the non-subsidized share of capital costs are funded through the regional tax rate.</td>
</tr>
<tr>
<td>VANCOUVER</td>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>VICTORIA</td>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>AUTHORITY</td>
<td>RESPONSIBILITY</td>
<td>REVENUE SOURCES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------</td>
<td>---------------</td>
<td>-----------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MASSACHUSETTS BAY TRANSPORTATION AUTHORITY (MBTA)</strong>&lt;br&gt;(Public Transit Authority)</td>
<td>Fifth largest transit authority in the U.S. And operates the fourth busiest subway system covering 175 municipalities and averaging 1.1 million passengers every week day. There are 12 lines of commuter trains. The subways has three rapid transit lines, two light rail lines, bus and ferry service, park and ride facilities and its own law enforcement. Operation of the commuter service is contracted out.</td>
<td>As of 2000, the MBTA is required to meet all of its expenditures (Capital and Operating) from a combination of dedicated revenues (a share of the State Sales Tax and Municipal Assessments), federal assistance, the issue of bonds as well as operating revenues. In 2007, fare revenues made up over 87% of the operating revenues of the MBTA.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MASSACHUSETTS BAY COMMUTER RAIL COMPANY</strong>&lt;br&gt;[Private Operator]</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>BOSTON METROPOLITAN PLANNING ORGANIZATION (MPO)</strong></td>
<td>Regional land use and transportation planning.</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY (SEPTA)</strong></td>
<td>Responsible for regional and local transit planning and operations of elevated rail trains, the bus network, trolley buses, tramways and (13) commuter trains.</td>
<td>Operating costs are largely funded by state government from sales tax, bond proceeds and fees for rental cars, vehicle leases, and tires to fund transit. There is no local dedicated source of funding used to pay for transit services. Each division of SEPTA has its own formula. For the division responsible for urban core, the municipal contribution is paid entirely by the City of Philadelphia. For the divisions serving suburban municipalities, SEPTA uses a formula based on the offer of services (Road Miles). Commuter service is based on a 30 year old negotiated agreement formula.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PORT AUTHORITY TRANSIT CORPORATION (PATCO)</strong></td>
<td>Operates a subway line between downtown Philadelphia and Camden.</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NEW JERSEY TRANSIT</strong>&lt;br&gt;(State Owned)</td>
<td>Operates bus routes between New Jersey counties as well as commuter train service to a few cities and towns.</td>
<td>N/A</td>
<td></td>
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</tr>
</tbody>
</table>
## Cost Sharing Arrangements

<table>
<thead>
<tr>
<th>Region</th>
<th>Authority</th>
<th>Responsibility</th>
<th>Revenue Sources</th>
<th>Cost Sharing Arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston</td>
<td>Massachusetts Bay Transportation Authority (MBTA)</td>
<td>Public Transit Authority</td>
<td>Dedicated revenues, Federal assistance, Bond issue, Operating revenues</td>
<td>Municipal Assessments are collected from 175 municipalities and are not contingent upon the Authority’s provision of specified transportation services. The formula to calculate each municipalities contribution is based on a weighted population formula as opposed to the tax base and includes an artificial ceiling of 2.5% of the municipality’s full fair cash value of all real estate and personal property in the municipality. The maximum levy may also not increase more than 2.5% annually. Municipal contributions are deducted from state local payments to municipalities as opposed to paid directly to MBTA. Capital Costs are funded primarily through bonds and federal aid. In 2000, the state replaced its existing grant programs in favour of a share of the state’s sales tax to fund transit.</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>South-eastern Pennsylvania Transportation Authority (SEPTA)</td>
<td>Regional land use and transportation planning.</td>
<td>State government from sales tax, Bond proceeds, Fee for rental cars, vehicle leases, and tires</td>
<td>Capital Cost are funded primarily through federal and numerous state grants. Some state programs require matching local funding.</td>
</tr>
<tr>
<td>New Jersey</td>
<td>State Owned</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX 3

CANADIAN URBAN TRANSIT ASSOCIATION (CUTA): COST CATEGORIES

CANADIAN URBAN TRANSIT ASSOCIATION DIRECT OPERATING EXPENSE CATEGORIES

1. TRANSPORTATION OPERATIONS EXPENSE
   a. Salaries & Wages
   b. Fringe Benefits
   c. Uniforms & Uniform Allowances
   d. License & Vehicle Registration
   e. Fleet Insurance Premiums
   f. Purchased Services
   g. Other
   h. Recoveries/Rebates

2. FUEL & ENERGY EXPENSE
   a. Fuel Expenses
   b. Fuel Taxes
   c. Electric Power Expenses
   d. Other
   e. Recoveries/Rebates
3. VEHICLE MAINTENANCE
   a. Salaries and Wages
   b. Fringe Benefits
   c. Parts, Material and Supplies
   d. Purchased Services
   e. Other
   f. Recoveries/Rebates

4. PREMISE & PLANT MAINTENANCE EXPENSE
   a. Salaries & Wages
   b. Fringe Benefits
   c. Utilities
   d. Parts, Materials and Supplies
   e. Purchased services
   f. Shelter Maintenance
   g. Municipal or Property Taxes
   h. Other
   i. Recoveries/Rebates

5. GENERAL & ADMINISTRATION EXPENSE
   a. Salaries and Wages
   b. Fringe Benefits
   c. Other Liability Expenses and Insurance Premiums other than Fleet Insurance Premiums
   d. Advertising, Promotion and Marketing
   e. Office Supplies
   f. Communications
   g. Other
   h. Recoveries/Rebates

TOTAL DIRECT OPERATING EXPENSE