



**Submission to the Standing Committee on
General Government**

**Public Hearings on traffic congestion in the
GTA, NCR and connected regions**

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Residential and Civil Construction Alliance of Ontario**

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Thank you for the opportunity to appear today. My name is Andy Manahan, Executive Director of the Residential and Civil Construction Alliance of Ontario (RCCAO.) RCCAO is pleased to make a submission to Standing Committee on General Government with respect to traffic congestion in the Greater Toronto Area, the National Capital Region and connected regions.

RCCAO was formed in 2005 as an alliance composed of management and labour groups that represent all facets of the construction industry. Our members include companies and workers who build both low-rise and high-rise homes as well as roads, sewers and watermains, bridges and transit-related infrastructure.

RCCAO consults with governments, the private sector and the construction industry to devise solutions to issues related to public infrastructure and advocate for adequate investment in public transit, roads and highway, water and sewer systems and other public infrastructure essential to economic growth and quality of life. We provide research and reports, and make recommendations on how to realistically ensure adequate infrastructure for the province.

RCCAO members are:

- Joint Residential Construction Council
- Heavy Construction Association of Toronto
- Greater Toronto Sewer and Watermain Contractors Association
- LIUNA Local 183
- Residential Carpentry Contractors Association
- Carpenters' Union
- Toronto and Area Road Builders Association
- International Union of Operating Engineers, Local 793
- International Union of Painters & Allied Trades, District Council 46

RCCAO has commissioned a number of studies related to transportation infrastructure and transit investments. A full list of 19 major reports is appended to this submission. These reports are available on our website and contained on the blue USB wrist band. The subject matters include:

- Transportation planning in the GTHA
- Financing public transit and transportation
- Regional transit governance
- Environmental assessment regulations for transit projects
- Optimum levels of public infrastructure investment
- MTO's transit supportive guidelines

These reports form the core of our submission to the Committee, since I will have time to touch on only a few points today.

Going beyond studies, we have supported: (1) Transport Futures in a series of seminars and conferences examining alternative means to finance road and

transit expansion and manage demand, (2) University of Toronto Cities Centre to develop better travel demand forecasting models for the GTHA and (3) very recently, we partnered with the Ministry of Transportation and the Ontario Good Roads Association on a pilot project in Wellington County to look at bundling of bridges to facilitate faster and more cost-effective evaluation and rehabilitation.

Why Gridlock Matters

RCCAO members and stakeholders in the construction and infrastructure sector have had a longstanding interest in the “gridlock” issue. This arises from our support for sustained, consistent infrastructure investments generally as a critical economic foundation for the province.

Obviously, job creation in the construction sector is an important consideration for our members on both the union and management sides. Infrastructure investment is one of the best forms of economic stimulus available in the government toolbox, as recent experience has proved.

Our interest, however, goes far beyond just sectoral concerns. We believe that addressing gridlock is critical for society as a whole. I would like to touch on just four of the most important:

Ontario is one of fastest growing jurisdictions in North America

- As just one example, more condominiums are under construction in Toronto than in the three largest North American cities combined
- Transportation investment is needed to keep up with that growth and keep gridlock from worsening

We are critically dependent on the movement of goods and services

- Ontario is an export dependent economy – road links to the border are essential for trade
- So too are internal links to our cities and across regions for movement of food, construction materials and many other products
- This situation has intensified over recent decades due to just-in-time approaches to manufacturing and distribution

Lost productivity due to gridlock is an ever increasing challenge

- The Toronto Board of Trade has put forward, based on an OECD report, that the cost of reduced productivity due to gridlock is \$6 Billion annually
- Unless alternative transportation policies are developed, the losses across the province will rise dramatically in coming years

The health and environmental effects of gridlock are considerable

- Longer commute times due to gridlock contribute to reduced health and greater health care costs in several ways: most notably, increased air pollution through extensive idling, but also slower response times for emergency vehicles, more sedentary hours for drivers and greater stress
- The environmental impacts are similarly negative due to emission of CO₂, NO_x, particulate matter and other pollutants, which raise smog levels and contribute to Greenhouse Gas effects.

Roads and Transit

To a certain degree, road congestion is a sign of success in that the highest ranked cities in the world all have this phenomenon. But there comes a tipping point where too much congestion becomes a drag on the provincial economy. When commute times in the GTHA are projected to worsen by 45% in 2031 we are clearly headed for serious dysfunction unless appropriate investments are made.

Some people believe the answer to gridlock is to “stop the war on cars.” Others think it can only be resolved by a massive increase in transit investment.

The evidence clearly demonstrates that investments in road systems (including bridges) and transit are both vital. We are never going to be able to move all of our people or any of our goods on buses and subways; but if we don't get more people on to public transit, the congestion on the roads will only worsen and further impair movement of goods and people.

Today, I would like to focus on three approaches which we believe are essential for government to follow if gridlock is to be minimized in the future.

(1) A consistent, long-term commitment to funding necessary infrastructure

First of all, it is important to commend the government on the major steps it has taken to make more strategic infrastructure investments and move to a longer-term planning horizon. For example:

- The ReNew Ontario infrastructure program in the 2004-2009 period was an excellent step forward.
- The adoption of Places to Grow and the creation of Metrolinx will enable better linkages between regional land use and transportation planning.
- The establishment of a 10-year infrastructure plan last year was unprecedented and very forward-looking.
- The 2012 Budget recommitment to a three-year, \$35 billion expenditure framework sends a strong signal that infrastructure is a priority even when government finances are not as robust as we would like.

Since the early years of the new millennium the Ontario government has moved from spending approximately \$2 billion per year on infrastructure to an average of about \$11 billion and a peak of \$14.1 during the stimulus program of 2010-11. While we believe that there is room for improvement, such as detailing the individual projects created over the 10-year time frame of the *Building Together* plan, there's no denying the significance of these steps.

Still, we believe more can and should be done to address infrastructure needs from current growth as well as the huge backlog of maintenance and upgrades resulting from prior decades of neglect under governments of all stripes.

In December 2011 we released a report on *Public Infrastructure Investment in Ontario: The Importance of Staying the Course*. Using detailed econometric modeling, economic experts at the firm RiskAnalytica quantified the benefits in terms of job creation and enhanced economic growth of even greater infrastructure investment.

The report noted that recent increases in Ontario public infrastructure investment can increase average annual real GDP growth by over 1% compared to historic trends. Moving infrastructure commitments from the current 3% level of GDP to approximately 5% of GDP per year would optimize economic growth.

RCCAO recommends that the Committee call on the Ontario government to implement four specific policies in this regard:

- 1) To maintain a rolling, annually updated ten-year infrastructure forecast
- 2) At a minimum annual spending for the foreseeable future should be kept at the current level of \$11-\$12 billion per year
- 3) As soon as the financial circumstances allow, the target level should be increased to achieve an annual reinvestment of approximately 5% of GDP infrastructure (both new spending and maintenance)
- 4) The Ministry of Infrastructure should annually release a detailed list of all infrastructure projects completed to date and those currently in active development stages.

(2) Alternative approaches to funding infrastructure investments

There is an increasing recognition in the province that there is insufficient funding from traditional sources to support the level of infrastructure investment we need, particularly in the transportation sector. Financing alternatives that were once considered too “sensitive” are now being openly discussed by stakeholders and politicians from diverse perspectives. In fact earlier this year the Drummond Commission recommended that there be “an open, public dialogue on how best to create new revenue sources for future transportation capital needs.”

The gas tax revenue commitment to municipalities is a perfect example of the changes that occurred in attitudes in recent years.

We have actively encouraged public dialogue about the merits of such approaches including electronic road tolls, allowing HOT lanes on new and existing HOV lanes, GPS-based road usage charges and dedicated parking, license or other revenues.

We believe there is real merit in looking at a mix of alternatives that is significantly (though not totally) based on the user pay principle in transportation. This can take many forms.

For example, road tolling or congestion charges can ensure that everyone using the most congested access routes contributes to funding alternative transit and/or road developments. At the same time, the very existence of such charges will reduce demand and shift some consumer preference to rail or bus transit. Transportation demand management approaches such as employer van pooling or priority lanes for truck traffic will help to create additional capacity in our transportation network.

Every year, technology is opening up new opportunities to help manage traffic capacity while increasing revenues. The potential now exists to utilize smart apps with GPS capability across entire road networks. This could facilitate dynamic road pricing by imposing charges by time of day or route used (i.e. highway vs. arterial roads, as a way to minimize the spillover effect that would happen when only major corridors are tolled).

While we believe new revenue sources are needed to fund infrastructure, if such usage charges threatened to become too high to be justified or politically unacceptable these could be rebated in other ways or alternative taxes eliminated. Oregon has run a successful pilot project to demonstrate that paying distance-based and/or congestion-based road tolls using GPS devices could replace the state fuel tax, raising the same revenue while also helping to manage capacity in peak periods and areas.

Recent polling suggests that support for new revenue tools rises when funds are paid into a dedicated fund to be used only for transportation purposes. For example, a recent poll commissioned by The Pembina Institute found that up to 58 per cent of GTA drivers are at least moderately supportive of tolls, sales taxes and parking fees but that support rose to 69%-70% for pricing policies that are fair, transparent and dedicated to building rapid transit in the region. A survey conducted by Leger Marketing indicated that half of Canadians said they would pay \$3 a day for road tolls.

While we recognize that dedicated funds present challenges under public sector accounting rules, these are not insurmountable. Money can be flowed to an

external, multilateral operating agency, or directly to municipalities for specific projects, to cite just two possibilities.

We are also very supportive of exploring options for further use of Alternative Financing and Procurement for financing, building and managing public-private ventures. We do not believe there is one right solution for delivering public infrastructure; the keys are to establish a procurement framework that ensures competitive bidding and transparency in terms of costs and public benefit.

Consider the difference between the original terms of sale for Highway 407 and the recent public-private arrangement between Ontario and the 407 consortium for the eastern 407 extension to see the difference attention to public accountability can make. In the first instance, the public has remained angry about a deal that was consummated without adequate evaluation of alternatives to ensure competitive bidding and protection of public interests, and transparency in the process. Learning from that experience, the most recent contract for private construction and operation of the extension with public ownership has raised barely a ripple.

Minimizing gridlock is not only about building new roads and subways; it is also very much about maintaining what we have. The recent instances of concrete falling from the Gardiner Expressway or continuing episodes of massive potholes arising from watermain breaks in several municipalities demonstrate clearly that nothing can bog traffic down more than complete closure for emergency repairs.

Of course, in the back of our minds we all fear the disastrous scenarios we've seen with infrastructure collapses in Montréal or the Mississippi bridge. Getting a handle on maintenance needs now and ensuring that they can be financed and executed on a consistent basis is critical to all of us.

As I mentioned earlier, we recently entered into a partnership with MTO and the Ontario Good Roads Association for studying bridges in Wellington County. Based on experience in other jurisdictions, this model will look at the benefits of aggregating repair needs for hundreds of municipal bridges into a single bundle in order to better manage and repair of these often neglected municipal assets. It is just one example of the potential for new approaches wedding the best of public and private expertise.

(3) Streamlining of regulations that impair progress and increase the cost of infrastructure construction

RCCAO fully recognizes the value of many types of regulation. At the same time though, there are real opportunities to reduce infrastructure development costs which are ultimately born consumers and taxpayers.

We have produced studies on the government procurement process and the municipal class environment assessment process for minor projects, identifying ways in which timelines can be accelerated and costs reduced to everyone's benefit.

But we are not ideological de-regulators. Indeed in some cases what is needed is not de-regulation but rather smart regulation.

Issues related to the testing, transport and disposal of soil from construction sites are a perfect example.

The Ministry of the Environment has developed a regulated standard for managing soils coming from contaminated brownfield sites. However since there is no regulation for impacted soils from other construction sites - such as fill removed from road beds to facilitate water and sewer repairs, with some levels of salt and other residues – municipalities, lenders and their lawyers typically require the brownfield standards to be applied all soils.

The result is that tens of thousands of tonnes of soil are shipped to the few acceptable disposal sites at great cost to all of us and great negative impact on our congested roadways.

We have proposed that a new regulatory standard be developed for non-Brownfield construction soils presenting a lower level of risk.

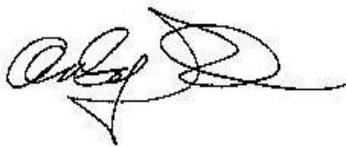
We urge the committee to press the MOE to act on this initiative and more generally to recommend that government identify opportunities for beneficial regulatory streamlining or reform.

Conclusion

Maintaining and increasing transportation infrastructure investments in a planned and sustained way over the long-term is the only real solution to taming gridlock. We look forward to working with members of all parties and with many organizations across the region that are offering realistic options and solutions.

Thank you for the opportunity to present to the Committee. I look forward to your questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andy Manahan', with a stylized flourish at the end.

Andy Manahan, Executive Director