



**Metro Vancouver Mobility Pricing Independent Commission
Minutes – Meeting 6
March 21, 2018**

Minutes of the Metro Vancouver Mobility Pricing Independent Commission (MPIC) Meeting held Wednesday, March 21, 2018 at 10:30 a.m. in the Doctors of BC Health Boardroom, 1665 West Broadway, Vancouver, British Columbia.

PRESENT:

Allan Seckel, Chair

Joy MacPhail, Vice-Chair

Jennifer Clarke

Paul Landry

Graham McCargar

Lori MacDonald

Michael McKnight

Elizabeth Model

Bruce Rozenhart

Philip (Pip) Steele

Grace Wong

REGRETS:

Iain Black

Harj Dhaliwal

Gavin McGarrigle

ALSO PRESENT:

Dirk van Amelsfort, WSP

Lee Failing, Compass Resource

Management Research

Daniel Firth, Mobility Pricing Independent

Commission Staff Secretariat

Vincent Gonsalves, Mobility Pricing

Independent Commission Staff Secretariat

Raymond Kan, Mobility Pricing Independent
Commission Staff Secretariat

Fearghal King, Mobility Pricing Independent
Commission Staff Secretariat

Lindsay Neufeld, Mobility Pricing

Independent Commission Staff Secretariat

Sally Rudd, Compass Resource Management
Research

PREPARATION OF MINUTES:

Roberta Pak, Recording Secretary, Raincoast Ventures Ltd.

1. Chair's Welcome

Allan Seckel, Chair, called the meeting to order and explained the meeting would be a lengthy working session focused on identifying the principles for the final report. Commission members were encouraged to use this opportunity to share ideas, including points of disagreement, and especially to focus on identifying any missing points for consideration at this stage of the process. It was noted that the documents circulated have been drafted for the purpose of this discussion.

The final report will be completed by the end of April 2018 and the Joint Regional Mobility Pricing Steering Committee (Steering Committee) will receive the report the first week of May 2018. The report will be released to the public and will be considered by the Mayors' Council on Regional Transportation (Mayors' Council) in late May 2018.

2. Review of Previous Minutes January 29, 2018 (Meeting 4) and February 14, 2018 (Meeting 5)

Related information provided with the distributed agenda material:

- *Draft Minutes of the January 29, 2018 meeting*
- *Draft Minutes of the February 14, 2018 meeting.*

It was MOVED and SECONDED

That the January 29, 2018 and February 14, 2018 Mobility Pricing Independent Commission Minutes be approved as presented.

CARRIED

3. Review of Preliminary Results from Phase 2 Engagement

Vincent Gonsalves, MPIC, offered highlights from the second phase of engagement:

- 11,518 responses were received to the online public survey on multiple language platforms
- 9,000 comments were received over social media platforms
- Increase in responses from females, with 34% received in Phase 1 and 36% received in Phase 2
- 2% increase in responses from the 55+ age group
- The 18-34 years age group had 28.2% participation
- Municipal participation:
 - Both Maple Ridge and the North Shore were extremely well represented
 - Vancouver was somewhat less represented
 - Surrey was represented less than expected
- Sample of feedback statements on the various pricing scenarios, including comments on the fuel tax.

Discussion ensued on:

- Elements which contributed to changes in public opinion from other cities in Europe, which have implemented similar programs
- Overwhelming level of negative feedback from citizens who appeared to have considered the information presented and taken the time to formulate responses
- Requirement for the data from consumers and those with a particular interest in moving goods to be separated
- Suggestion to include the age and region of the respondent, if available, when presenting the analysis on comments received
- Time restraints restricted the ability to increase opportunities for personal interaction
- If a theme becomes evident from social media comments, it should be identified in the analysis
- Public perception that this is a taxation exercise versus a solution to congestion to improve the well-being of communities
- Disconnect between data showing public transit is not the solution and the public perception that it is the solution
- Public concern for protecting low income individuals and fairness
- Potential recommendation for future public engagement to be focused on commuters who are generally not available during weekdays
- Importance of identifying the trade-offs and educating the public on the complexity around the issue of congestion.

4. Concepts for Addressing Equity and Affordability

Ray Kan, TransLink, presented preliminary concepts targeting affordability and social equity impacts for various marginalized groups, highlighting the following:

- Use of decongestion revenues for non-transportation purposes
- The first use of decongestion charging revenues should be to pay for regional transportation investments in Metro Vancouver (MV), as set out in approved regional transportation investment plans
- What should the remaining revenues be used for and to achieve what objectives?
 - Affordability
 - Direct versus indirect transfers to households
 - Universal versus targeted transfers to households
 - Transport versus non-transport expenditures
- Fairness:
 - Lower income people use 2/3 of their income for housing and transportation
 - Lower income people have a higher use of transit
- Sample concepts:
 - Replace, in part, TransLink's taxation and user pay revenues
 - Annual tax credit to lower income households

- Annual rebate to lower income individuals, based on distance-based or point charges
- Contribution to support affordable rental housing development in transit locations
- Contribution towards rent supplements for lower income households
 - Precedent for this social equity benefit with Sound Transit in Seattle contributing to a revolving affordable house fund
- Potential uses for conditional grant to municipalities:
 - Provide rebates to lower income households
 - Local transport and affordable rental housing development
 - Fund capital projects.

Discussion ensued on:

- Providing an annual transit pass as determined by income levels
- Recognition that a certain amount must be charged in order to change behavior and in doing so, excess revenue is generated:
 - Directing these revenues to municipalities is an example of wealth redistribution would not be the desired outcome
 - Other taxes and fees, relative to transportation, should be reduced given the potential for excess revenues
- A sizable reduction in taxes would greatly enhance the favorability of this type of project
- Goal to reduce the number of cars on the road, allowing increased mobility and managing the issue of affordability
- Public distrust of TransLink managing the revenues
- Need to keep the focus on transit and transportation, not affordable housing
- The redistribution model captures many of the problems within the current market
- Land value capture tactics around SkyTrain stations and the Development Cost Charges (DCCs) used for social housing.

Recess

The meeting recessed at 12:02 p.m. and reconvened at 12:38 p.m.

5. Round 3 Scenarios and Implications for Key Findings and Trade-Offs

Related materials distributed at the meeting:

- *Presentation titled “Round 3 Scenario Results”*
- *Confidential draft document titled “Round 3 Consequence Table (Selected Scenarios)”.*

Sally Rudd, Compass Resource Management Research, presented summaries of the data analysis completed to date and offered an update on how the direction received at the February 14, 2018 meeting was incorporated into the creation of this third round of scenarios.

Highlights of the data analysis included:

- 23 scenarios, representing six different systems, were modelled for how decongestion charging could occur in Metro Vancouver
- 17 of the 23 scenarios have undergone comprehensive analysis at this point
- The methodology allows for the comparison of different point charge locations and rates, plus impact analysis
- Each of the following systems were run with five different rate structures:
 - Bridges + fuel tax
 - Bridges + North Road + fuel tax
 - Distance-based Charge (DBC) 2 Zones + no fuel tax
 - DBC 8 Zones + no fuel tax
 - Flat DBC = fuel tax
 - Hybrid (Point Charges and DBC) + no fuel tax.

Dirk van Amelsfort, WSP, introduced the Marginal Social Cost (MSC) Scenario which is a traditional economic theory used in analysis to identify the ideal charge for each of the roads being considered. This is used to establish base scenarios and is considered a very good first attempt for the creation of charging scenarios. Best practices have shown it can take up to eight iterations to optimize a scenario and the scenarios presented here are round three of that process.

Mr. van Amelsfort reviewed the results and highlighted:

- Potential for net economic benefits of decongestion charging to be significant
- Comparison to other investments, including the George Massey Replacement Projects, shows economic benefits vary and it is not a given that results will be positive
- The scenarios create benefits similar to other investments being considered in the region
- The implementation of charges changes the distribution between societal benefits and individual/consumer benefits
- Scenarios with lower charge rates have:
 - Higher operating costs
 - Lower economic benefits
 - Lower revenues
 - Lower out of pocket costs for users
 - Lower inconvenience costs for users

- Taking into account uncertainty in system costs, a flat Distance Based Charge (DBC) of 10 cents /km and hybrid scenarios may not have economic benefits
- All scenarios, at a minimum, should provide net economic benefits for MV.

Discussion ensued on:

- Health and road safety issues
- Accidents are random occurrences, however 40% of all traffic collisions occur in congestion
- The method needed to apply to this data to justify the reduction in the range of options.

Mr. van Amelsfort explained congestion metrics and how congestion pricing will make a significant difference in congestion problems:

- There will be a reduction in congested time
- There will be a visible time saving
- Reliability will improve 4-20% during peak hours.

Discussion ensued on the need for a map depicting total congested minutes by route during afternoon peak hours for the scenarios being considered, as the number of scenarios is reduced.

Ms. Rudd reviewed how the scenarios address revenue objectives for the region and explained that all scenarios will raise sufficient revenue to cover the costs associated with TransLink's 10-Year Vision for Metro Vancouver Transit and Transportation (10-Year Vision). The DBC scenarios will generate higher revenue, will have higher implementation costs and will have increased uncertainties associated with it.

Discussion ensued on:

- Excess revenues that could be generated by some scenarios
- Potential for \$4 billion of excess revenues that could eliminate fuel tax, property taxes associated with TransLink services and streamline transportation costs for individuals
- Revenues could go directly to impacting congestion
- Consideration must be given to the net personal cost of "what is" versus "what it could be"
- Although a consumer surplus is being generated, this is considered a net loss because people are being asked to change their behavior in order to obtain some time benefits.

Ms. Rudd continued with an assessment of fairness and how the scenarios aligned with transparent and consistent pricing criteria:

- Bridges scored the highest in terms of aligning charges with time savings

- A flat DBC has the highest alignment with use
- Bridges and DBC 2 Zones and DBC 8 Zones align with the trips contributing to congestion
- A hybrid balances charges with time savings and time of use
- Even scenarios that score the best in terms of alignment of charges with transit still charge people that have poor access to transit
- People prefer other adaptations rather than modal changes
- Having access to transit is important to fairness.

Mr. van Amelsfort offered an overview of income equity, based on data compiled from household travel diaries, with the following highlights:

- High-income people travel twice the distance and spend more time in congestion
- If the system is designed to align more with user costs than with user pay, you will have few equity issues to solve.

Discussion ensued on:

- Issues relating to employers moving closer to employees and employees moving closer to employment
- Relationship between housing and transportation
- Not all municipalities support the Regional Growth Strategy (RGS)
- Need for a structured preference assessment to eliminate some proposed scenarios.

Recess

The meeting recessed at 3:00 p.m. and reconvened at 3:24 p.m.

6. Discussion of Draft Commission Principles

Daniel Firth, MPIC, spoke to the overall report structure, which would include the following components:

- Letter from the Chair
- Background and context
- Process and method
- Key findings
- Principles
- Examples and scenarios
- Recommended next steps
- Appendices:
 - How MPIC has fulfilled the Terms of Reference
 - Research and evaluation process including results
 - Engagement process and results
 - Implementation considerations
 - Meeting minutes.

Discussion ensued on:

- The importance of the report remaining relevant over the period of the upcoming municipal elections and becoming a valuable resource
- The Provincial Government is also the audience
- Expectation that there will be clear recommendations and not only next steps
- Clear benefits for the expense of undertaking the project
- The report should show value and purpose to the general public
- The report should depict how the MPIC has grappled with the issues of raising revenue and tackling congestion
- The quantity of data is difficult to digest and should be further synthesized to facilitate the decision-making process
- Net annual out of pocket costs should be added
- Necessity of utilizing good guidance from the specialized consultants and the Commissioner members exercising their judgement
- The data has allowed for the understanding of the complexity of the issues.

Action Item: Staff to circulate copies of any formal submissions received to MPIC members for review.

Lee Failing, Compass Resource Management Research, initiated an exercise to establish a full set of draft principles. Proposed statements (shown below in bold) were presented for consideration and each MPIC member cast a vote by showing a green, yellow or red card. A record of the votes follows each statement. Comments offered relative to yellow cards are shown below the proposed statement.

Decongestion charging must be aligned with all the other ways we pay for mobility in MV to achieve the goals. – 10 green, 1 yellow

Decongestion charging should seek to have a significant impact on traffic congestion across the region. This must be guided by appropriate congestion reduction targets for MV. – 9 green, 2 yellow

- Further wordsmithing is required as this implies it is the only impact.

Everyone who uses the transportation system should pay something for it – and those contributing to traffic congestion should pay more. – 11 green

Mr. van Amelsfort noted that agreement with the second and third statements would eliminate a flat-rate DBC or a hybrid charge.

Fairness needs to be considered over many different dimensions. – 11 green

- Further wordsmithing is required so this does not imply it supersedes congestion.

Mobility is a basic right and so fairness principles should apply to everyone irrespective of whether they choose to drive, use transit, walk or cycle. – 5 green, 7 yellow

Differences in charges across users must be consistent and explainable. – 11 green

The design of a decongestion charging scheme should seek some alignment of charges with access to transit. This could be supported through targeted improvements, where appropriate. – 6 green, 5 yellow

- Concerns regarding the second sentence being too vague.
- Suggested amendment: ***The design of the decongestion charging scheme should seek alignment with access to transit and this can be supported through targeted improvements.*** – 11 green

Complimentary measures could be used to address some of the concerns about the affordability of both transit fares and decongestion charges. 10 green, 1 yellow

- Concern this is not a principle.

Discussion ensued on:

- This statement speaks to the issue of revenue redistribution
- Focus should be on the affordability of the decongestion charge
- All things being equal, it would be better to have less income inequality
- Balancing congestion with out of pocket costs
- Whether an element should be included to ensure the most vulnerable can afford mobility.

The first use of revenues raised from decongestion charging should be to pay for the regional transportation system. – 8 green, 3 yellow

- This appears to be more of a next step rather than a principle
- Public engagement made it clear people want to have a clear understanding of who is ensuring the efficient use of these investments and direct accountability for revenues generated.

The entity that collects and manages revenues from decongestion charging must ensure effective and transparent use of revenues. – 11 green

The design of a decongestion charge needs to be based on a good understanding of how people currently pay for mobility and how the charge design will influence the distribution of costs and benefits across road users. 10 green, 1 yellow

Raising revenues should not be the primary purpose of decongestion charging. – 11 green

Any decongestion charging system implemented must recognize and respect an individual's interests and rights to privacy and use of personal information. – 11 green

Decongestion charging systems can and should evolve over time to more effectively address congestion. MV should actively seek out opportunities for pilots. – 11 green

- The statement regarding pilots seems like a next step rather than a principle.

7. Synthesis

Ms. Failing led a discussion focused on capturing key issues from the meeting. During the course of the discussion, several other principles were raised and voted in the same manner as the previous exercise.

Decongestion charging should be charged region wide to ensure geographic fairness. – 11 green

Net economic benefits must be the result. – 11 green

Action Item: Staff and consultants to redraft the selected principles and circulate the list for MPIC's review. An online vote or survey could be undertaken to prioritize the principles, if necessary.

Discussion ensued on:

- Need for data to address weekend congestion
- Need to include health and environment in the proposed principles
- Reference in the report to regional transportation studies currently being undertaken by TransLink to diffuse public confusion with decongestion studies
- Consideration of caps on charges will need to be further analyzed in future studies.

Action Item: Consultants to provide guidance in narrowing scenarios and identifying possible considerations for the decision-making process. Value choices will be identified for the purpose of transparency.

8. Close/ Other Business

The Chair reminded MPIC members of the need to allocate time over the next several weeks to review drafts and provide direction to staff, in a timely manner, as the final report is being completed.

9. Conclusion

The March 21, 2018 Meeting of the Mobility Pricing Independent Commission concluded at 5:50 p.m.

Certified Correct:

Allan Seckel, Chair

Roberta Pak, Recording Secretary
Raincoast Ventures Ltd.