



Treasury Board Submission – Request for Decision

Minister: Honourable Blair Lekstrom

Ministry: Transportation and Infrastructure

Date: 26/07/2012

Ministry Document #: TB/06/13

Title: Port Mann/Highway 1 Improvement Project Tolling Framework

Issue:

The Board of Transportation Investment Corporation ("TI Corp") has proposed a final tolling framework for the new Port Mann Bridge that has financial implications to TI Corp, BC Transportation Financing Authority ("BCTFA") and to government's fiscal plan. Treasury Board approval is required to proceed.

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Background / Context:

TI Corp was established under the *Transportation Investment Act* with the primary purpose of engaging in and conducting business related to delivering, managing, operating, tolling and funding transportation projects. TI Corp's sole shareholder is the Minister of Transportation and Infrastructure, Province of British Columbia. As a Crown Corporation, TI Corp is responsible for achieving specific annual objectives, which are laid out in the Government Letter of Expectations ("GLE").

TI Corp has an obligation under its Concession Agreement with the Province to consult with and, if required, obtain consent from the Province before acting where there is the potential to expose the Province to risk or liability.

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Honourable Blair Lekstrom

July 25, 2012

Date Signed

PMH1 Project Update: *Tolling Framework*

July 2012



Port Mann / Highway 1
Improvement Project

www.pmh1project.com

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Transportation Investment Corporation
Port Mann / Highway 1 Improvement Project

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July 2012

EXECUTIVE SUMMARY

Transportation Investment Corporation (TI Corp) is a provincial Crown Corporation responsible for implementing the Port Mann/Highway 1 Improvement Project (the Project), which includes overseeing construction and collecting toll revenue to pay for the Project. TI Corp has entered into a Concession Agreement with the Province, which lays out the terms and conditions under which TI Corp must deliver, manage, operate, toll and fund the Port Mann/Highway 1 Improvement Project. As the Project nears toll commencement and construction completion a primary focus of the management team has been to ensure a toll price framework that yields desired customer behaviours for families, commuters and small businesses.

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TI Corp Mandate

As a Crown Corporation, TI Corp is responsible for achieving certain objectives, which are laid out in the Government Letter of Expectations (“GLE”). These objectives include:

- Delivering, managing, operating, tolling or funding transportation projects as described in the Port Mann/Highway 1 Concession Agreement. The Concession Agreement requires TI Corp to:
 - a) Collect sufficient toll revenues within the prescribed tolling period (expiring in 2050) to fully retire the project debt.
 - b) Collect sufficient toll revenues within the tolling period to fund ongoing maintenance, rehabilitation and any required improvements through to the end of the concession period (expiring in 2090).
- Transportation Investment Corporation is to be in a positive net income position by 2017/18
- Ensure families are provided with services at the lowest cost possible.

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1 TI CORP MANDATE

TI Corp's primary mandate with respect to the Port Mann/Highway 1 project is to deliver a completed, fully funded asset as well as manage and operate the asset, which includes the collection of tolls.

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TI Corp believes that the proposed tolling framework, Option 2, better meets the desired consumer behaviour characteristics, while still adhering to the obligations under its Government Letter of Expectations, the Concession Agreement and requirements of operating as a Government Business Entity. In addition, Option 2 keeps toll rates lower throughout the tolling period.

1.1 Government Letter of Expectations

As a Crown Corporation, TI Corp is responsible for achieving certain objectives, which are laid out in the Government Letter of Expectations ("GLE"). (See also: *Appendix A – Transportation Investment Corporation Obligations*)

These objectives include:

1. Deliver, manage, operate, toll or fund transportation projects as described in the Port Mann/Highway 1 Concession Agreement.
2. Be in a positive net income position by 2017/18.
3. Ensure families are provided with services at the lowest cost possible.

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