

Attachment B – Smart Commute Workplace Program Value

Business Case Review

The following is a brief summary of Metrolinx's Smart Commute Workplace Program Business Case Review, released in March of 2015. The full report can be found on Metrolinx's website.

The Review's benefit-cost ratio (BCR) was calculated by Metrolinx over a 5.5-year evaluation period, the average interval between Smart Commute surveys (4.5 years) plus one additional year. With no detailed data available to describe how workplace transportation mode shift changed over time, several scenarios were tested. The most conservative scenario assumed no mode shift occurred until immediately before the follow-up survey, and held this shift constant for the remaining year.

The most likely workplace transportation mode shift scenario demonstrated an approximate 6:1 benefit cost ratio for the Smart Commute workplace program. In this case, a shift was realized gradually in the years ahead of the 4.5-year average completion of a follow-up survey. See Table 1 for the report's summary of the Smart Commute program's estimated annual economic benefits and program costs, encompassing all participating workplaces across the Greater Toronto and Hamilton Area.

Table 1 Summary of Economic and Financial Evidence

Economic Benefits – Annual		Financial Costs	
Road congestion reduction	\$6.3 M	Annual costs	\$4 M
Safety benefits	\$3.1 M	5.5 years of costs*	\$22.2 M
Vehicle operating cost savings	\$24.6 M	Estimated Benefit Cost Ratio	6:1
Active Transportation health benefits	\$21.5 M	Net Present Value	\$123.4M
TOTAL	\$55.5 M		

*Average elapsed time between baseline & follow-up surveys + one year of cost while benefit occurs

Metrolinx's economic valuation of the Smart Commute workplace program was considered conservative, as several key program benefits were only assessed in qualitative/descriptive terms. Additionally, if transportation mode shift was realized shortly after program launch, the estimated BCR ranged up to 11:1; however, using more conservative assumptions (mode shift was realized the day before the follow-up survey occurred), the BCR reached 2:1.

Non-Monetized Workplace Program Benefits

Some Smart Commute workplace program benefits that have not been monetized for consideration with the BCR assessment included:

- Operational efficiencies (e.g., elimination of parking shortages, reduced maintenance fees, increased visitor parking);
- Employee benefits (e.g., increased work-life balance, travel options, staff satisfaction, contribution to recruitment & retention);
- Business results (e.g., idea generation resulting from cross -department agglomeration of staff in carpools or shuttles);
- Potential real estate savings for employers (e.g., avoided construction of new parking, reduced land requirements for parking);

- Lower government capital and maintenance costs for roadways over time;
- Fewer air pollutants and greenhouse gas emissions;
- Value of employer-level commuting data that supports development of other transportation projects and programs; and,
- Increased economic productivity stemming from reductions in regional congestion.

Impacts of Not Investing

The report noted that without investing in improving alternative and more efficient travel options for employees commuting to work, firm attractiveness and productivity could decline, particularly in those areas away from higher order transit.

It also highlighted studies that have shown that many areas with the greatest capacity to accommodate office growth are not currently in proximity to higher order transit. These locations are mostly found in suburban municipalities outside of the City of Toronto, adjacent to 400 series highways, where road congestion is acute and travel times are increasing.