



TORONTO  
REGION  
BOARD OF TRADE



**THINK TWICE  
VOTE ONCE**

Decision 2014



## DISCUSSION PAPER

Build Regional Transportation Now

EXECUTIVE SUMMARY



Founded in 1845, the Toronto Region Board of Trade is the chamber of commerce for Canada's largest urban centre, connecting more than 12,000 Members and 250,000 business professionals and influencers throughout the Toronto region.

The Board fuels the economic, social and cultural vitality of the entire Toronto region by fostering powerful collaborations among business, government, thought leaders, and community builders. Toronto Region Board of Trade plays a vital role in elevating the quality of life and global competitiveness of Canada's largest urban centre.

Membership with the Board offers the opportunity to be part of a network of our region's most influential business leaders, who are working together to help shape the future of the Toronto region.

## MESSAGE FROM THE PRESIDENT AND CEO

With a provincial election now behind us and municipal elections just around the corner, we are excited to release *Build Regional Transportation Now*, the latest paper in our *Think Twice, Vote Once – Decision 2014* campaign.

Much has changed since the Board launched our campaign in January, but getting the Toronto region moving again remains a top priority for Members and the public. Whether we're polling our Members, or media is polling the public, poll after poll reveals that transit and transportation are right at the top of voters' minds.

In June, the Provincial Liberals won re-election with a majority and a commitment to invest \$15 billion over the next 10 years in transportation in the Toronto region. This historic commitment builds on provincial, federal and municipal dollars already being invested across the region. It offers hope that our decades' long quest to wrestle with traffic gridlock is moving in the right direction.

It is encouraging then to see public transportation take such a prominent role in the platforms of municipal mayoral candidates across the region. In just a few short weeks municipal leaders will be elected and re-elected with a clear mandate from voters to resolve this issue.

It's commonly agreed that gridlock is a regional issue whose solutions will require a new level of cooperation and coordination among our region's municipalities and Queen's Park. Today, we have a unique blend of alignment, opportunity and urgency.

Outlined in our report are some actionable ideas to break our region's crippling gridlock. With funding secured we must ensure we spend this money wisely. We have the momentum to finally realise our region's transportation vision, but getting there does mean we have some tough choices ahead. The stakes are high. We are making investments that are multi-generational. Our regional transportation vision must be able to withstand the winds of political change.

As we reveal in this report, regional transportation solutions don't happen by chance. They are carefully planned, consulted upon, and executed. There must be discipline in place to see these plans through to completion and a structure to ensure that discipline is enforced. We are putting forward a range of globally proven approaches for delivering regional transportation solutions. More than ever, we need to find ways to develop a common plan for our region.

Our thanks to our Board of Directors, policy pillar committees, most notably our Infrastructure Committee, and Advisory Council for their important contributions to the final paper. Our thanks as well to a number of external stakeholders for their peer review of this important report.

The time to build regional transportation is now.



**Carol Wilding, FCPA, FCA**

President & CEO

Toronto Region Board of Trade

## EXECUTIVE SUMMARY

2014 promises to be a pivotal year in the political and electoral history of the Toronto region. Municipal campaigns are gathering major steam and a provincial election is now history, with a majority government in place for the next four years. With this political landscape in mind, in January 2014, the Toronto Region Board of Trade (the Board) launched its campaign, *Think Twice, Vote Once - Decision 2014* with the objective of getting candidates, Members and the public focused on the issues that matter most to the long-term competitiveness of the Toronto region.

Few issues loom as large in the region's public psyche as transportation, the subject of this paper. Specifically, how do we get on with building a truly regional transportation system and begin to break the stranglehold of traffic gridlock and congestion? For more than a decade, the Board has championed solutions to this challenge. The numbers speak for themselves - up to \$11 billion per year in productivity sapping losses for the Toronto region (Dachis 2013, HDR 2008). Not surprisingly, for the region's businesses, traffic gridlock is their number one public policy concern, a message the Board has heard loud and clear from its membership.

Each day, millions of people move across the region to work, study, shop and entertain. Yet getting to one's destination is often an exercise in frustration and stress, due to our clogged roadways and crammed transit systems. This massive movement of people across municipal boundaries demonstrates that this is a *regional* problem, requiring *regional* solutions. Congestion does not recognize municipal borders. Traffic flows don't suddenly stop at Steeles Avenue; a fact that urban regions the world over understand by planning and delivering transportation solutions at a metropolitan level. Just as we have argued that a regional

economy needs one regional body to coordinate inward investment and cluster development, so too must public transportation, which traverses jurisdictional boundaries, be planned for and delivered on a regional basis.

Unquestionably, some progress has been made in advancing regional solutions to these transportation challenges. The development of, *The Big Move*, the region's transportation plan, is a notable milestone. Similarly, the rollout of major regional transit projects such as, the Union-Pearson Express, York Viva Bus Rapid Transit and the Toronto-York Spadina subway line extension are more than welcomed after years of under-investment and little development of new transportation infrastructure. Yet these are merely a small down payment toward a more fully built out and integrated transportation system.

Just recently was the 60<sup>th</sup> anniversary of the opening of the Yonge subway line, Canada's first. News reports at the time talked breathlessly about a new ticketing technology, known as the token, that worked flawlessly on its 1954 debut (Filey 2014). Six decades on, it is highly revealing that the region's largest transit system, the Toronto Transit Commission (TTC), trudges on with the venerable old token, the last major transit system in North America to do so (Garlock 2013); surely a sign that change is needed. Getting the region back on track and into the 21<sup>st</sup> century will not be easy. It will require a bold vision, based on what the Board believes are three critical and interrelated pillars of public transportation.



## Leveraging Transportation Investment to Drive Economic Growth

In this year's *Toronto as a Global City: Scorecard on Prosperity* and our recently released report, *Toward a Toronto Region Economic Strategy*, the Board spoke directly to the economic imperative of developing efficient transportation systems in the Toronto region. What they highlighted were very troubling economic trends such as lagging productivity growth (the worst performance of any major city-region in North America) and high unemployment. Although the causes of this are varied, the biggest drag on our global economic competitiveness is our region's frayed transportation networks. When making decisions on transportation projects, it means giving strong weight to criteria like connectivity to major employment hubs and the potential for high-value commercial and residential development around major transportation hubs. Key to making this happen is a joint development strategy, which brings together the public and private sectors to look at how they can optimize the economic value of investments in new transportation infrastructure. A good example of this kind of approach was the collaborative relationship nurtured between London's business community through the organization, London First, and all levels government. This helped give impetus to the realization of major projects such as, the Crossrail line connecting eastern and western portions of the London region. In a Toronto context, the region's business community can potentially play a similar role by proactively engaging government and transportation officials regarding opportunities for the promotion and development of critically needed transportation projects such as, the Yonge Relief Line and electrification of GO train services.

## Leadership and Organization Matter

Second, is the issue of leadership and governance; in particular, how we go about making decisions on public transportation and actually implementing them in a cost-effective way. As any savvy investor will tell you, before investing in any company there are some basics you need to know. Do you have a credible business plan? Is the financing in place? Do you have the right people, organization and systems to make it happen? When it comes to transportation, these are the same questions the Board's membership is asking. It is simply untenable that we be asked to make contributions toward major infrastructure investments without safeguards to ensure it will be spent wisely.

Unfortunately, the ongoing Scarborough rapid transit debate is just one of several examples which highlight major shortcomings in leadership and governance. Most notably, who is the final decision maker on transportation projects? The Province? The municipalities? The Metrolinx board? There is also little clarity around the roles and responsibilities of Metrolinx versus local transit services like the TTC. If this is the template for future transit projects, such as the Yonge Relief Line, we will never develop the kind of regional transportation system we need to compete with the world's best-in-class city regions.

Added to these concerns are major operational challenges such as, a lack of cross-GTHA boundary service and fare integration, two serious barriers to getting people out of their cars. All of this calls into question the ability of the region's transportation agencies to effectively work together to deliver region-wide transportation benefits.

“ Who is the final decision maker on transportation projects? The Province? The municipalities? The Metrolinx board? ”

## It's About the Money

Lastly, there is the basic question of how to fund and finance needed public transportation improvements in the region and what revenue sources we are prepared to tap to cover these costs. It is vital that a financial framework be in place that can allow us to make these much needed investments, without threatening the long-term fiscal health of the province and its municipalities. We, thus, reaffirm the Board's core position on the need for dedicated revenue tools that will generate annual revenues in the range of a minimum \$2 billion per year. Indeed, the province's commitment to provide substantial, long-term and dedicated funding (\$15 billion over 10 years) to support transportation infrastructure expansion in the Toronto region marks very real progress. It is a generational opportunity we cannot squander by having transportation infrastructure dollars lost to competing fiscal pressures, whether it is deficit reduction or health and education spending.

## SUMMARY OF KEY RECOMMENDATIONS

### Pillar 1: Leverage Transportation Investment to Drive Economic Growth

1. **Economic criteria must be given priority weighting in selecting future transportation projects** - Given the strong linkages between economic growth and transportation connectivity, strong weighting must be given to economic factors, including:
  - labour market impacts
  - connectivity to major employment districts and
  - potential for driving high-value commercial and residential development.

2. **Robust and transparent cost-benefit analyses** -

The consideration of these economic benefits needs to be in the context of robust and transparent cost-benefit evaluations of each transportation project. These analyses must be readily and easily available to the public to review and comment on.

3. **Public-Private Joint Development Strategy** - Metrolinx, municipalities and private sector partners, including the development industry, should work together on land-value capture (LVC) and other joint development strategies to drive high-value residential and commercial growth and private sector contributions toward the cost of stations and other infrastructure. This collaboration could be facilitated by the creation of a public-private advisory council, which would bring together government representatives, transportation officials and business leaders from across the region to explore opportunities for the promotion and joint development of critically needed transportation corridors such as, the Yonge Relief Line.

4. **Joined-up transportation and land-use planning** -

In order to optimize the economic potential of transportation projects, provincial and municipal planning rules must be reviewed to ensure they direct high-density residential and commercial development adjacent to major transportation hubs and corridors. Vancouver, London, Copenhagen, Stockholm, Frankfurt and Hong Kong, to name just a few, are among the major urban regions with policies that direct commercial/industrial employment development to hubs on the regional rail system.

## Pillar 2: Governance and Leadership

1. **Maximize commuter convenience and transit system efficiency** by integrating transit route planning and creating one regional network, fare system, schedule and public transportation brand for the Toronto region. An important element in supporting this integration should be effective marketing and promotion to encourage increased uptake of public transportation and providing easily accessible user information.
2. **Clarify accountability and de-politicize transportation decision making** - If the region is to move toward a truly integrated transportation system, political responsibility for final decisions on investment strategies and transportation plans need to reside in one place, whether provincial (e.g., minister), municipal (e.g., council of GTHA leaders) or joint provincial/municipal governing board.

With that in mind, consideration also needs to be given to:

- **Clear time-bound “debate and decide” decision-making processes** that allow for political input well before project development processes are launched; thus allowing for the effective rollout of multiple projects on a concurrent basis. This could be achieved through a strong legislative and planning framework that requires the approval of a long-term transportation plan (e.g., 20 years) with a suite of projects, which, once approved, are delivered on a concurrent basis, with changes only subject to prescribed plan review periods (5 years).
- **Encourage the de-politicizing of decision-making by insisting that elected officials** do not approve projects unless they are validated through solid, thorough business detailed case analyses (Transit Investment Strategy Investment Panel 2013).

3. **Review governance options for improved coordination and integration of transportation related planning, management and operational functions** - Consistent with international best practices, there must be improved coordination and integration of all public transportation related strategic planning and operational management responsibilities now undertaken by distinct municipal and provincial bodies. As a first step, there needs to be an independent assessment of the role and mandate of Metrolinx and the region’s other transit bodies. A review of this nature should explore a continuum of approaches outlined more fully in Appendix 1. This would include at one end “an enhanced status-quo scenario” that maintains existing transit agencies in the region but imposes a stronger regime of coordination in key areas of planning (strategy and operations) and service delivery. At the other end, would be a consolidation of all transit providers into one provincial or municipal special purpose body.
4. **Review project management and delivery governance structures to ensure projects are delivered on time and on budget** – This should examine all issues related to the delivery of major transportation infrastructure investments, including the best public, private sector and P3 approaches for managing major project procurements. Drawing on international best practices (e.g., Crossrail), the review should look at ways of building up this kind of specialized expertise in the Toronto region.
5. **Consider opening up regional transportation operations and maintenance to competitive tendering** - As part of any review of regional governance structures, there must be a consideration of opportunities for open and competitive tendering processes, which allow private companies to bid on fee-for-service contracts to deliver maintenance and operations of vehicles (e.g., subway trains, buses) and facilities(e.g., stations, lines, tracks). When implemented properly, these contracts



establish and maintain high service quality standards and reward operators based on meeting and exceeding agreed upon benchmarks.

**6. Draw on national and international transportation related expertise** - In stark contrast with the Toronto region, the past two decades have seen leading American, Asian and European city-regions massively expand their transportation networks under highly integrated regional governance models. Any consideration of reforms outlined in our paper will necessitate drawing on the experience and expertise of top international transportation specialists from these regions for advisory and operational support.

- **Openness and transparency** about how and where public money is being spent
- **Rigorous cost-benefit analyses** to evaluate all of the potential economic, social and environmental implications of any new revenue tool or transit project
- **Ensuring maximum value-for-money for taxpayer dollars spent** through the adoption of best-in-class project management models and practices
- **Fairness and equity related considerations must be part of any revenue tool** evaluative framework; this includes assessing the impacts of a revenue tool on economically vulnerable individuals

### Pillar 3: Long-term and Sustainable Funding

1. **Apply dedicated revenue tools (Parking Space Levy, Sales Tax, Fuel Tax, HOV pay lanes)** - to fund Metrolinx's, The Big Move (the region's transportation plan), delivering, in some combination, the necessary minimum \$2 billion annually to build out The Big Move over the next two decades.
2. **Transportation investment strategy** must adhere to the following principles:
  - **Dedicated and time-bound revenue streams**, meaning that all monies collected through any new tool must only be used for public transport infrastructure and subject to a sunset review (e.g., after a 20-year timeframe)
  - **Absolute clarity on what are the policy and revenue generation objectives** of each of the revenue tools