

# City of Toronto/TTC Expert Advisory Panel on Ontario-Toronto Realignment of Transit Responsibilities Review

## Governance/Funding

### Meeting Five – Minutes

August 22, 2019 – 4:30PM to 6:30PM  
Munk School of Global Affairs & Public Policy  
1 Devonshire Place, Room 208N, Toronto

#### Attendees

Chris Murray  
Kathleen Llewellyn-Thomas (for Rick Leary)  
Enid Slack  
Joe Berridge  
Debbie Gillespie  
Drew Fagan  
Steven Farber  
Shirley Hoy  
Andy Manahan  
Joe Pennachetti  
Shoshanna Saxe  
Matti Siemiatycki  
Hana Syed  
Patricia Wood

#### Absent

Pedro Barata  
Bill Robson

#### Presentations

The Expert Advisory Panel heard a presentation from the City of Toronto on transit funding. The presentation highlighted the significant portion of the City's operating and capital budget that is directed to transit-related expenses. The current shortfall of funding for state of good repair and expansion needs is large -- \$60 to 70 billion is needed over the next 15 years. Finally, the presentation summarized options for increasing the City's revenues to pay for transit that have been previously studied.

#### Panel Discussion – Key Points

The Expert Advisory Panel continued its discussion from the previous meeting on a governance model for a potential regional transit authority. It then moved to a discussion of funding transit in Toronto and the GTHA. The following are the main themes, ideas, and comments from the panel's discussion. They do not necessarily reflect a consensus position from the panel.

#### Long-term Transit Governance Model for Toronto and GTHA

- Transport for London (TfL) was put forward as a potential model for a regional transit authority in the GTA. This model places more authority for planning transit expansion and setting service levels at the regional level than at the local level and allows for

extensive private franchising for operations. The result is greater fare and service integration, and franchising can lead to efficiencies.

- The Panel discussed the ability to apply the TfL model to Toronto given the lack of a regional governing structure in the GTA.
- Panelists suggested that many good transit systems tend to exist in places where cities have greater autonomy and where there are regional governments.
- New York's MTA model (with state ownership of the system) was highlighted as a model that has resulted in poor maintenance of the transit system. Panelists expressed concern that the subway upload could result in similar challenges in Toronto and the GTA.
- In a two-tier model for the GTA, there could be a regional authority and local systems. The regional authority should be a collective of the local systems (i.e. an outcome of local coordination), not a separate entity with no relationship to, or complete authority over, the local bodies.
- Similar to TfL, the regional authority in a two-tier transit system would ideally be in charge of integration of the system, including all aspects of mobility such as planning for transit, roads, pedestrians, and cycling. The regional authority should also have oversight of capital planning and expansion.
- The distribution of power and accountability at the regional level needs to be determined. Since Toronto has the largest share of riders, it should have a significant voice at the table of a regional transit authority.
- Local voices at the table also ensure that important leverage local knowledge for decision-making.
- Other municipalities will need to play a key role in designing a regional model to ensure the regional transit authority meets local needs.
- The biggest obstacle toward moving toward a regional model is getting buy-in from current players. The advantages of such a model need to be clearly articulated and incentives offered.
- A move toward a regional model could be seen as an evolution of Metrolinx. If the subway is uploaded to the Province and/or Metrolinx, a new governance model to ensure local accountability should come with it.

#### Funding Transit in Toronto and the GTHA

- There have been numerous reports that have analysed the suitability of specific revenue tools to pay for transit. Findings of these reports can be leveraged to design a funding model.
- There is a need for dedicated, stable, and predictable funding to build, operate, and maintain transit in Toronto and the GTHA. For example, a gas tax, road pricing, motor vehicle registration, and parking tax or fees are appealing options because they not only provide needed revenues, they also alter economic behaviour.
- In other jurisdictions, revenue is collected at a county or regional level for a regional transit authority. However, other possibilities exist. Individual municipalities could contribute a certain amount of funding per rider or per resident to a regional authority's budget. A dedicated sales tax (or other taxes) in the GTA could also provide funding.
- The participation of other orders of government in funding the transit system in Toronto and the region is needed.

- Prior to 1998, the province contributed 50% of operating costs and the majority of transit expansion. One suggestion was that the province cover the full costs of expansion and leaving state of good repair costs to municipalities.
  - The potential role of the federal government in funding expansion was also raised.
- The question of how much decision-making authority belongs to the province if it provides a significant amount of funding was discussed. In some other jurisdictions, the regional transit authority may get funding from other sources but it still has ultimate decision-making authority. Funders should have a seat at the table as part of governance model.
- The TTC and other transit systems should also be looking for efficiencies. Construction costs per transit station are significantly higher in Toronto than in other cities around the world. Using the market and private sector is a potential way to bring those costs down.

### Next Meeting

Tuesday, September 17 – 4:30pm to 6:30pm

City Hall, 23<sup>rd</sup> Floor, East Tower, Large Boardroom

Topic: Funding and Implementation