



TORONTO
BOARD OF TRADE

**Time is of the Essence:
Ensuring Economic Prosperity through
Improved Transit and Transportation in
the GTHA**

**Toronto Board of Trade Comments and Recommendations on
Metrolinx's Draft Regional Transportation Plan
and Investment Strategy**

November 2008

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SECTION 1: EXECUTIVE SUMMARY

Traffic gridlock has been cited as one of the top three concerns of our members for a number of years. Indeed, in a September 2008 survey of the Toronto Board of Trade membership, greater investment in infrastructure was cited as the top priority for action from all levels of government.

The ability of businesses to operate in and around the Greater Toronto and Hamilton Area (GTHA) and the vitality of the economy is dependent upon an efficient regional transportation network. Traffic gridlock is now a regional issue that affects all municipalities and residents in the GTHA. The need for a regional solution is clear.

Equally clear is the need to get shovels in the ground. Chronic underinvestment in our transportation infrastructure over the past three decades has resulted in inadequate transit service in some areas, increasing car dependence and longer delays in the movement of goods. Metrolinx must implement a regional plan now to increase connectivity and lessen congestion within the GTHA.

Investments in infrastructure are widely recognized as an economic stimulant in times of economic downturn. Such investments are also important because they lay the foundation for the productivity gains that can help an economy grow and prosper. As a result, it is especially important in these turbulent economic times that implementation of this regional plan starts as soon as possible.

The Toronto Board of Trade has long called for the creation of a regional agency to help reduce congestion and provide a more efficient flow of goods and services to improve our quality of life and economic competitiveness. In February 2003, and again in November 2005, the Board made recommendations for a regional transportation agency with significant powers. The government created Metrolinx. We welcome the opportunity to help shape its early work.

We have applauded the Government of Ontario for creating Metrolinx and we believe that this authority is critical to the future success of GTHA. We also applaud the Ontario government for making its largest ever investment in infrastructure to help fund this regional transportation plan.

In order to ensure the success of Metrolinx, we believe the Government of Ontario, GTHA municipalities and Metrolinx must act on the following recommendations:

I. The Regional Transportation Plan

1. The Regional Transportation Plan must ensure connectivity, compatibility and a customer focus.
2. Metrolinx should consult with relevant stakeholders, including the Toronto Board of Trade, regional chambers, the academic community and transit users regarding the adequacy of the RTP.

3. The scope of the RTP, the Investment Strategy to fund it, as well as Metrolinx's governance structure and legislative powers, should be reviewed at least every 5 years, rather than the currently legislated 10 years, to ensure they meet evolving needs.
4. To increase Metrolinx's accountability to the public, clearer timelines for project completion and program delivery should be set out in the RTP.
5. More work needs to be done regarding the goods movement strategy. A strategy for the movement of goods should be an integral part of the RTP.

II. Governance – Powers

6. Metrolinx should be able to define the appropriate funding eligibility criteria for transportation projects, including specific planning conditions and density targets for municipalities.
7. Metrolinx should be identified as the authority that receives all government funding and manages the funds incoming through all measures for the regional transportation plan.
8. Regional and municipal official plans should conform to the RTP. Metrolinx should be empowered to withhold transportation funding from municipalities whose plans do not conform to the RTP.
9. Metrolinx should be given the power to approve and implement new projects over a specified threshold size as part of implementing the RTP.
10. The Metrolinx Board should be tasked with land-use planning and development affecting major transportation initiatives.

III. Governance – Structure

11. The Government of Ontario should alter Metrolinx's governance structure to aid in the rapid and effective implementation of the RTP. A new Board of Directors should be constituted to replace the current Board and to reflect Metrolinx's transition from planning to implementation. This Board would have responsibility for hiring a Metrolinx Commissioner, overseeing the implementation of Metrolinx's major capital projects and the financing for these projects, as well as Metrolinx's operations.
12. The Board of Directors should be proposed by a panel representing the interests of the public (both provincial and municipal) and the private sector, who would put forward a list of prospective candidates for appointment. Board members should have experience in financing and implementing major transit and transportation projects and programs, with a majority coming from the private sector.

13. A Council of Chairs and Mayors, representing the GTHA municipalities and regional municipalities, should appoint the Board of Directors and receive its implementation and funding decisions.

IV. Funding

14. The provincial government must provide Metrolinx with dedicated and sustainable funding from their general revenues.
15. In recognition of the national importance of the GTHA transportation corridor, the federal government needs to step up and contribute to the funding of this critical infrastructure on a dedicated and sustainable basis.
16. That the *Greater Toronto Transportation Authority Act* be amended to provide Metrolinx the discretion to use a range of revenue sources to support its activities and that this review take place in advance of 2013.
17. The Investment Strategy should be developed in consultation with financial experts in the private sector and so take advantage of that expertise. The Investment Strategy should also recognize that the private sector will play a large role in funding the RTP and in providing the necessary public infrastructure through alternative financing and procurement models.

SECTION 2: INTRODUCTION

The Toronto Board of Trade welcomes Metrolinx's draft Regional Transportation Plan and Investment Strategy. The Board has been a long-standing and vocal proponent of a regional transportation plan. The Board, in 2003 and in 2005, has also joined with chambers of commerce around the Toronto region to issue a call to action to governments on this issue.

A strong, well-coordinated regional transportation system is an economic necessity and is critical to the region's competitiveness. The present transportation system is inadequate and uncoordinated. The lack of investment in transportation infrastructure in the Toronto region in the last three decades is becoming a competitive disadvantage for our region. For a number of years, Board of Trade members have cited gridlock and congestion as one of their top three concerns. Indeed, in a September 2008 survey of our membership, greater investment in infrastructure was cited as the top priority for action from all levels of government.

The need to get shovels in the ground is clear. Residents and business are anxious to bring this plan to fruition because there is so much to gain from it. The Board's focus, as a result, is on the optimal manner to make this plan a reality and in short order. In the Board's view, there is a need to focus on implementing this vision and doing so quickly. As a result, the Board believes that, in addition to the draft plan and investment strategy, Metrolinx's governance structure and powers need to be addressed.

SECTION 3: THE DRAFT REGIONAL TRANSPORTATION PLAN

Scope

The region's transportation challenges must be addressed to ensure that people and goods can move efficiently. In creating a long term regional transportation plan, it is critical that this plan lays the policy and funding framework for the next 25 years and beyond in protecting transportation corridors.

Metrolinx, in its draft Regional Transportation Plan (RTP), succinctly sets out the challenge. The Greater Toronto and Hamilton Area (GTHA) is expected to grow to 8.6 million by 2031.¹ This is an increase in population of nearly 50% in less than 25 years. As a result of our disconnected transit services and other factors, the number of trips made by car in the GTHA is rising faster than the population.² Even if there hadn't been years of under-investment in our infrastructure, this trend would not be sustainable, as noted by Metrolinx and the Province of Ontario in a 2007 report.³

Thus the challenge for Metrolinx, the Government of Ontario and the affected municipalities, is to plan not just for today, but for our future. The RTP needs to be a comprehensive, forward-looking plan that builds sufficient capacity to meet the expected future demands of the GTHA.

¹ Metrolinx, The Big Move: Transforming Transportation in the GTHA (Draft Regional Transportation Plan – September 2008), pg. 6.

² *Ibid.*, pg. 4.

³ MTO/GTTA, Transportation Trends and Outlooks for the Greater Toronto Area and Hamilton Prepared by the IBI Group for MTO/GTTA (Toronto: MTO/GTTA, January 29, 2007), pg. 15.

The goal should be a significant improvement on our current levels of congestion and gridlock, as well as other relevant metrics. The investment needed for the RTP should be viewed in the light of the costs of gridlock and congestion to the Toronto region. Metrolinx has found that congestion costs the GTHA approximately \$6 billion a year and leads to 26,000 jobs leaving the GTHA. The plan that is put in place should substantially reduce these numbers, even with the projected population increases. The Board believes that Metrolinx should be more active in educating the public about the benefits that will be derived from the RTP.

We know that other jurisdictions have been able to rapidly increase their transit capacity. As frequently cited by Metrolinx, Madrid was able to quadruple its subway network in 10 years. The GTHA should expect nothing less transformational. We need smart, high impact solutions that relieve congestion and create opportunities for expansion.

The Board notes that test concept C in Metrolinx's white paper (the so-called "web" concept) carried a price tag of \$90 billion. The RTP unveiled in September requires an investment of \$50 billion. As a result, a number of projects in test concept C have obviously been left out of the draft RTP.⁴ The Board believes that the RTP should be reviewed more frequently than every 10 years, as currently set out in its legislation, to ensure it is meeting its objectives. In addition, to aid with Metrolinx's accountability to the public, clearer timelines for project completion and program delivery should be set out in the RTP.

Metrolinx has called for a review of its Investment Strategy in 2013. The Board believes that it is not only the Investment Strategy that should be subject to review at this time. As indicated above, the scope of the RTP should be regularly checked to ensure it meets the region's growing needs. In addition, the Board believes that the key area of focus needs to be on how to implement the RTP rapidly and effectively. Consequently, the scope of the RTP, the Investment Strategy to fund it, as well as Metrolinx's governance structure and legislative powers, should be examined on a periodic basis.

The movement of goods is also a critical issue affecting the competitiveness of businesses in the GTHA. The Board appreciates that Metrolinx has identified the need for a comprehensive goods movement strategy as one of its "Big Moves."⁵ This strategy, though, is underdeveloped relative to most of the other elements in the RTP. Equal attention needs to be devoted to the movement of goods as has been given to the movement of people.

Recommendations:

- Metrolinx should consult with relevant stakeholders, including the Toronto Board of Trade, regional chambers, the academic community and transit users regarding the adequacy of the RTP.
- The scope of the RTP, the Investment Strategy to fund it, as well as Metrolinx's governance structure and legislative powers, should be reviewed at least every 5 years, rather than the currently legislated 10 years, to ensure they meet evolving needs.

⁴ While not a complete list, some of these dropped projects include regional express rail along the 401 and along the 403/407 corridors (these would have been new rail corridors), portions of the 407 transitway and new highways.

⁵ Metrolinx, [The Big Move](#), pg. 63-64.

- To increase Metrolinx’s accountability to the public, clearer timelines for project completion and program delivery should be set out in the RTP.
- More work needs to be done regarding the goods movement strategy. A strategy for the movement of goods should be an integral part of the RTP.

Principles

The Toronto Board of Trade endorses Metrolinx’s 8 “Big Moves.”⁶ The Board believes that the RTP must: ensure network connectivity; require modal compatibility; and be customer-focused.

i. Network connectivity

Traffic patterns are no longer a straight line, in and out of one urban centre. Connecting the regions is the way that people live today and this will only increase in the future.

There needs to be connectivity in modes of transit, fares, as well as an ease of transfer. We should not expect transit riders to experience five different modes of transportation to get from A to B – that is, transit users should not have to take a bus, then change to light rail, changing again onto a subway and then another bus in order to reach their destination.

Network connectivity needs to be the backbone of a new regional transportation plan. Because it is a regional plan, connectivity must not stop at any particular municipal boundary, but rather be continuous throughout the region. Further, there should be increased transit services in key east-west corridors across the region. For our purposes we describe network connectivity as:

- Seamless interconnections across all lines – new and existing – and with GTHA-wide rail and bus rapid transit services;
- Reliable and frequent service in dedicated rights-of-way;
- Applicable to all aspects of transportation: road, transit, rail, air and water;
- Network of buses, subways and light rail resulting in much faster travel between major areas of Toronto/GTA and Hamilton; and
- Integrated fare system and integrated fare card.

The Board notes that Metrolinx has recognized the need for connectivity in the draft RTP, in particular Big Move #4.

a. Transit City

The TTC is one of Toronto’s most important infrastructure elements and a fundamental component of the total GTA transportation system.

As the custodian of this system, the City of Toronto must manage the asset in the best interests of Torontonians and the GTHA citizens at large. As the sole provider of transit services within the city and with strategic operating connections with other GTHA transit agencies, the TTC is critical to the economic well-being of the region.

⁶ Metrolinx, The Big Move, pg. vi.

The TTC's proposed Transit City aims to provide seamless connections across Toronto; however it needs to be consistent with the regional transportation vision. There is a need to ensure greater network connectivity between Transit City and the Regional Transportation Plan. Without coordination with Metrolinx, it will be difficult to create a sustainable transportation network that serves all residents and businesses in the GTHA.

b. Fare Card

An updated fare card for Toronto and the GTHA must be implemented. Big Move #4 calls for a region-wide integrated fare system, however in public discussions, Metrolinx has been clear that this does not necessarily mean an integrated fare card. In the Board's view, the fare card is seen as an important step toward updating our transportation technology, allowing for both adult fares and concession rates for seniors, students, and children. The technology should also make it possible to vary fare rates by the time of day and day of the week. Eventually, the system should accommodate a "fare-by-distance" program currently used in many major cities and urban regions in North America, Europe and Asia. In many city regions around the world, transit fare cards are also used for paying incidental travel costs (e.g., coffee and newspaper, etc.) and commuter parking fees.

ii. Modal Compatibility

Building on the system's connections, it is essential that the various transportation modes employed in the RTP are compatible. This means that there should be a smooth integration between the modes of transit required to reach a destination. In addition, the system should be arranged in a manner that minimizes and/or expedites the number of transfers required between modes for a given trip.

In this context, technology and infrastructure are inextricably linked. New technologies should be employed where appropriate for the project in question.

While the Board of Trade recognizes that the capital costs of subway expansion are higher than other transit technologies, the long-term benefits are numerous, including increased land value, increased ridership and the potential reduction of long term operating costs per passenger.

iii. Customer Focus

The transportation system should be designed with the customer in mind. Transit should work for the residents of the GTHA, not dictate where and when they work. The Toronto region's transit system must provide greater choice and suit the schedules of people and business, not the reverse.

Having a customer focus to the RTP involves all of the customer convenience elements outlined in the principles above. In addition, customer service needs to be a key consideration of any new transit model. Metrolinx should consider the establishment of region-wide transit service standards that include:

- Reliable buses, subways and trains with real-time information provided to users based on schedules (currently reflected in Big Move #3)
- Cleanliness and comfort
- Safety
- User-friendly trip planners to determine routes across municipal boundaries
- Parking lot information regarding availability
- Bus connections with GO trains that reduce driving to GO parking lots
- One fare card for multiple municipalities

The consumer should experience one system, with fare and service integration.

Recommendation:

- The RTP must ensure connectivity, compatibility and a customer focus.

SECTION 4: LEGISLATIVE POWERS

The Board believes that rapid and effective implementation of the RTP is critical for the economic competitiveness of the GTHA. Transportation and transit planning powers are critical to the success of Metrolinx.

Currently Metrolinx is legislatively established as the authority to create a regional transportation plan. Specifically, Metrolinx has the powers to:

- Hold, manage, operate, fund and deliver any local transit system or other transportation service within or outside the GTHA **by agreement** with the relevant municipality (emphasis added – Metrolinx cannot operate, fund or manage without the agreement of the local municipality);
- To develop and implement management strategies and programs relating to transit and transportation demand;
- Pass by-laws to authorize the payment of grants, loans or other financial assistance;
- Expropriate land in order to carry out the regional transportation plan.

Metrolinx has now set out a vision for a regional plan, but without adequate legislative powers to enforce compliance with this plan, Metrolinx could be rendered impotent to realize an integrated regional transportation vision. For example, at present, regional and municipal official plans must conform to the Provincial Policy Statement and the Growth Plan. Arguably, this should include Metrolinx's RTP (once approved by the Province). However, this is not explicitly set out under current legislation. As can be seen from the example of TTC's Transit City above, without a coordinating body focused on the regional vision, fundamental goals such as regional connectivity will be much more difficult to achieve. It is the Board's recommendation that regional and municipal official plans also conform to the RTP.

For Metrolinx to be truly effective, it requires stronger legislative powers; this requirement was also recently recognized by TD Economics.⁷ To make the RTP a reality, the GTHA needs one transportation coordination body to set priorities, encourage integration of the regional transportation system and receive and manage investment. Further, to ensure that

⁷ TD Economics, *Time for a Vision of Ontario's Economy* (September 29, 2008), pg. 12.

municipal and regional official plans conform to the RTP, Metrolinx should have the power to withhold funds from those municipalities whose plans do not conform to the RTP.

Metrolinx has the potential to be one of the largest transit and transportation boards in North America. It should be empowered to manage its operations and affairs as an independent body, with the focus on long-term transportation planning and investment.

Land use planning is inextricably linked to the viability of the RTP. It is our expectation that all future rapid transit corridors and areas around stations, as well as the stations, will be designed so as to support high density and thus provide the basis to support additional transportation investment. Metrolinx should be able to review and provide guidance on all significant development applications within 500 metres of a designated transit corridor or station to ensure that all future development is as transit supportive as possible.

GTHA transportation proposals currently compete for funding from a number of governments and other funding sources. As Metrolinx has the authority to create a regional transportation and transit plan, it should also be legislatively identified as the transportation authority that would receive and manage all government funding. This would simplify and streamline the proposal and approval process. It would act as a conduit for funding from the provincial and federal levels of government. Thus Metrolinx would have the power to withhold funding for transit and transportation projects in jurisdictions that do not comply with the regional transportation plan. Metrolinx would coordinate public funding for priority projects that are not commercially viable and seek sources of private sector capital for commercially viable projects.

Recommendations:

- Metrolinx should be able to define the appropriate funding eligibility criteria for transportation projects, including specific planning conditions and density targets for municipalities.
- Metrolinx should be identified as the authority that receives all government funding and manages the funds incoming through all measures for the regional transportation plan.
- Regional and municipal official plans should conform to the RTP. Metrolinx should be empowered to withhold transportation funding from municipalities whose plans do not conform to the RTP.
- Metrolinx should be given the power to approve and implement new projects over a specified threshold size as part of implementing the RTP.
- The Metrolinx Board should be tasked with land-use planning and development affecting major transportation initiatives.

SECTION 5: GOVERNANCE STRUCTURE

The Toronto Board of Trade believes that the governance structure of Metrolinx will potentially be the most important determinant of how effectively the agency is able to realize its objectives and mandate. In addressing the gridlock and congestion in the GTHA, it is imperative that Metrolinx's governance structure does not lead to gridlock in decision-making.

Metrolinx has the potential to redefine the future of regional transportation and transit in the GTHA. Its broad vision for regional infrastructure could result in it being one of the largest infrastructure bodies in North America. As a result, it is imperative that the composition of the board represent the interests of and delivers results for the benefit of the regional community. The Board believes the best way to achieve these results is by leveraging those, including in the private sector, with expertise relevant to the projects in the RTP.

As it stands, the *Greater Toronto Transportation Authority Act* stipulates that the Metrolinx board consist of 11 members, two of whom are appointed by the Province, and the others recommended by regional and municipal councils in the GTHA. Of the 11 members, 3 are non-elected.

For Metrolinx to be truly effective, it must be an independent body focused on long-term (e.g., 20 to 25 years) transportation planning and infrastructure investment. It is imperative that the agency's priorities remain focussed through election cycles and changes in political agendas. A recent report by TD Economics suggests that the current governance structure makes it unlikely that Metrolinx's plan will succeed.⁸

The Metrolinx Board must be legally bound to the contracts it signs with private sector investors for its capital infrastructure projects and to ensure that Metrolinx is held accountable for the management of its affairs. Such requirements will help to enhance investor confidence in transportation projects and attract private partnerships.

Research indicates that primary emphasis in the composition of transit agency boards must be placed on the unique contribution that each potential member can bring to the board.⁹ Members are often recruited with business, finance, transportation, planning and legal backgrounds. The members should also have a strong interest in public transit to adequately support the system's mission and vision. Transit agency Board members should also be committed to carrying out their roles and functions to enhance the transit system over the long-term.

The Conference Board of Canada indicates that best governance practice and accountability is achieved through a board comprised of independent individuals that are answerable to elected officials, but that elected officials should not sit on the board.¹⁰

Since its creation, Metrolinx has been a planning organization. The RTP should be adopted by the Province within the next few months. At this point, Metrolinx's main task will change from planning to implementation. There is a large difference between planning and implementation. The Board believes that a new implementation board, with a majority of members from the private sector having expertise in areas such as project management, financing and implementation, should be created to oversee this critical aspect of the plan.

⁸ TD Economics, *Time for a Vision of Ontario's Economy* (September 29, 2008), pg. 12.

⁹ Conference Board of Canada, *Canada's Transportation Infrastructure Challenge: Strengthening the Foundations* (Ottawa: Conference Board of Canada, 2005), pg. iii – iv.

¹⁰ *Ibid.*

A review of implementation practices used in other jurisdictions shows that good governance is best achieved through bodies that are structured to provide executive oversight in ways that are sensitive to long-term needs, guarantee objectivity, and offer a diversity of relevant experience and expertise. These agencies were governed by either a fully private sector board or a mixed board. In particular, Metropolitan Transit Authority (New York), Edmonton Transit System and Société de Transport de Montreal (SMT) are governed by mixed transit boards. Chicago and Portland transit agencies have fully private sector boards.

Two specific Canadian examples, one from Ontario and one from British Columbia, demonstrate the utility of having private sector expertise on a Metrolinx implementing board.

The example from Ontario is Infrastructure Ontario. The Government of Ontario has created Infrastructure Ontario to deliver infrastructure projects using the best of private and public sector expertise to deliver projects on budget and on time, using an Alternative Financing and Procurement model.¹¹ To date, Infrastructure Ontario has been assigned more than 40 major infrastructure projects by the Province of Ontario.

Infrastructure Ontario works with the Ministry sponsor (e.g. elected official) to lead procurement and implementation of the project by preparing the request for qualifications; inviting bids through the request for proposals; negotiating with bidders; and overseeing the construction project with the local sponsor. To properly handle this mandate, the Province has appointed a Board of Directors that has private sector expertise, especially in managing large complex infrastructure projects.

Infrastructure Ontario has shown itself to be a very effective organization, delivering results for Ontarians and demonstrating value for money through its operations. In fact, the Government of Ontario's *Building a Better Tomorrow Framework* establishes clear guidelines for public sector bodies in choosing the best options for planning, financing and procuring public infrastructure assets. The key criterion in this framework is that value for money must be demonstrable. Alternative financing and procurement models will not be employed if value for money is not shown. Infrastructure Ontario's website lists 21 projects currently under construction, with value for money being shown in each of these projects. On average, these projects have been assessed by independent auditors to demonstrate a value-for-money savings of approximately 10.25% under the AFP approach compared to the traditional delivery approach.¹²

The agency is proving to be advancing new types of public-private partnership thinking and is adept at making things happen. This is certainly a function of the leadership that is in place. The appointment to the Board of Directors of private sector actors with extensive experience relevant to the undertakings of Infrastructure Ontario has been a critical component of this success. The Board believes that Infrastructure Ontario is a valuable agent in identifying effective approaches to fund, through private and public means, necessary infrastructure projects. We believe that Infrastructure Ontario should work

¹¹ Infrastructure Ontario, <http://www.infrastructureontario.ca/en/about/mission.asp>.

¹² Infrastructure Ontario, <http://www.infrastructureontario.ca/en/projects/index.asp> (calculation made by review of Value for Money reports available on website for each project).

closely with Metrolinx in this regard and should be viewed as a partner in achieving the rapid and effective implementation of the RTP.

The British Columbia example is TransLink, the Greater Vancouver region’s equivalent of Metrolinx. Originally, TransLink had a Board comprised of municipal and provincial officials. Decision-making at the TransLink board was proving “to be difficult, slow and marked by the division of local political interests rather than regional consensus building”¹³ since “[b]oard members [had] divided responsibilities – to their municipalities and the voters who elected them, and to TransLink.”¹⁴ Indeed, the Conference Board of Canada had identified TransLink as a possible best practice template for a Metropolitan Transportation Agency – with the exception of its board comprised of elected officials.¹⁵

Consequently, the B.C. government undertook a governance review of TransLink, with an independent review panel submitting its report in January 2007. The independent review panel recommended a three-part governance structure, comprising a new, non-political TransLink Board of Directors, a Council of Mayors and an independent TransLink Commissioner.¹⁶ The TransLink Board of Directors has responsibility for hiring, compensating and monitoring the performance of the TransLink CEO, as well as overseeing TransLink’s strategic planning, finances, major capital projects and operations. The Council of Mayors appoints Board members and the TransLink Commissioner, as well as approves plans made by the Board of Directors (including the transportation plan, regional funding and borrowing limits). It should be noted that, under TransLink’s new legislation, the Board developed a long-term (30-year) transportation strategy, as well as 10-year transportation and financial strategic (base) plans. The Council of Mayors receives these plans from the Board; any proposal for the expansion of programs or funding beyond the long-term (30-year) strategy or base plan must be approved by the Council of Mayors.¹⁷ Finally, the TransLink Commissioner approves various customer satisfaction performance issues (satisfaction surveys, fare increases, etc.) and reports annually to the Council of Mayors on its decisions and the performance of TransLink.¹⁸

The review panel felt this structure was appropriate because it allowed for long-term planning and a Board with greater expertise appropriate to their role, while also providing enhanced public accountability and significant checks and balances.¹⁹ The new TransLink Board of Directors is composed of nine members. Appointments are for three years, with three of the Board members coming up for nomination every year. Nominations are made by a panel of five who represent the Province of British Columbia, the regional municipalities, the Gateway Council, the Vancouver Board of Trade and the Institute of Chartered Accountants of B.C. This panel puts forward a list of five candidates. Board members are selected based on their skills and expertise. The Council of Mayors picks three individuals from this list.

¹³ TransLink Governance Review Panel, [TransLink Governance Review](#) (Vancouver: Government of British Columbia, 2007), pg. 1.

¹⁴ *Ibid.*, pg. 19.

¹⁵ Conference Board of Canada, [Canada’s Transportation Infrastructure Challenge](#), pg. iii, 30-31.

¹⁶ TransLink Governance Review Panel, [TransLink Governance Review](#), pg. 2.

¹⁷ TransLink, “New TransLink Board of Directors Announced” (December 13, 2007), http://www.translink.bc.ca/About_TransLink/News_Releases/news12130701.asp.

¹⁸ TransLink, <http://www.translink.bc.ca/WhatsNewandBoardMeetings/default.asp>

¹⁹ TransLink Governance Review Panel, [TransLink Governance Review](#), pg. 16.

The Board believes that the TransLink governance model is one that should be seriously considered for Metrolinx. In terms of a governance structure, a new Board of Directors should be constituted to replace the current Board and to reflect Metrolinx’s transition from planning to implementation. Similar to TransLink, this Board would have at least a majority of members from the private sector and would have responsibility for overseeing the implementation of Metrolinx’s major capital projects and the financing for these projects, as well as Metrolinx’s operations.²⁰ As with TransLink, a panel representing the interests of the public (both provincial and municipal) and the private sectors would put forward the slate of individuals for appointment. A Council of Chairs and Mayors, representing the GTHA municipalities and regional municipalities, should appoint the Board and receive their implementation and funding plans. Such a structure would allow Metrolinx to leverage the private sector’s expertise, capital and technology to bring about the RTP’s vision and will allow executive efficiency while leaving political accountability in place.

Finally, the Board also has some concerns about Metrolinx as currently constituted becoming a development body. Strategic Directions #8, 9 and 10 in the draft RTP²¹ suggest this to be the case. The Board believes that the implementation board, properly staffed with individuals having experience in land-use planning and development, is best placed to oversee this function.

Recommendation:

- The Government of Ontario should alter Metrolinx’s governance structure to aid in the rapid and effective implementation of the RTP. A new Board of Directors should be constituted to replace the current Board and to reflect Metrolinx’s transition from planning to implementation. This Board would have responsibility for hiring a Metrolinx Commissioner, overseeing the implementation of Metrolinx’s major capital projects and the financing for these projects, as well as Metrolinx’s operations.
- The Board of Directors should be proposed by a panel representing the interests of the public (both provincial and municipal) and the private sector, who would put forward a list of prospective candidates for appointment. Board members should have experience in financing and implementing major transit and transportation projects and programs, with a majority coming from the private sector.
- A Council of Chairs and Mayors, representing the GTHA municipalities and regional municipalities, should appoint the Board and receive its implementation and funding decisions.

SECTION 6: FINANCING

Metrolinx has presented a plan requiring a \$50 billion investment over 25 years. The Province of Ontario has committed \$11.5 billion to this project; the federal government has been asked to contribute \$6 billion. The Board calls on governments to provide dedicated,

²⁰ The Board notes that there are successful examples of such a board composition in the Toronto region. Two such examples are Toronto Hydro (comprised of 8 members from the private sector and 3 elected officials) and the Toronto Economic Development Corporation (comprised of 6 citizens and 4 municipal councilors).

²¹ Metrolinx, *The Big Move*, pg. 41-50.

predictable funding for transportation infrastructure. Even with funding of this sort, though, public funds will not cover all of the approximately \$32 to \$39 billion remaining.

The Board strongly believes that Metrolinx must have a more robust funding model to be effective and undertake the long-term transportation planning and expansion required to support the economic and population growth of the region. The Board recognizes the vital need for all levels of government to commit dedicated, predictable funding for transportation infrastructure; the private sector has an equally, if not more, important role to play in financing the RTP. Metrolinx's plan can only go so far on public funding. Private sector partnerships can take the RTP the rest of the way.

Dedicated, Predictable Public Funding

Metrolinx requires predictable funding to support its activities. While dedicating a portion of the existing federal and provincial fuel tax to the transportation authority provide a stream of stable funding for long-term transportation planning and expansion needs, more needs to be done.

In this regard, the Board believes it is imperative that the federal government contribute at minimum the \$6 billion sought in *MoveOntario2020*. Public transit investment benefits all sectors of the economy and a cross section of Canadian communities. The federal government needs to recognize that public transit is a key driver of economic competitiveness. A dedicated, long-term commitment to public transit should be regarded as a critical element of our national economic and environmental policy.

Canada remains the only OECD country without a long-term, predictable federal transit investment policy.²² The GTHA is a critical corridor for the movement of people and products across the country. Therefore, there is a compelling national impetus for the federal government to contribute to the RTP and help to ensure the plan's success. The Board notes that the federal government contributes to transit funding through a number of programs, such as the Building Canada Fund, the Gas Tax Fund and the Public Transit Capital Trust.²³ The Board further notes that the federal government has in recent years committed funds to important regional transportation projects in other Canadian urban centres. For example, the federal government provided \$450 million for the Vancouver region's Canada Line and funds have also been devoted to modernize Montreal's Metro.²⁴

Throughout the recent federal election campaign, the Toronto Board of Trade identified federal investments in urban transportation and infrastructure as one of our key priorities. The Board has raised this issue with the federal government and will continue to advocate for the federal government to commit the proper funds to the GTHA's transit needs.

²² Federation of Canadian Municipalities, National Transit Strategy (prepared for the Federation of Canadian Municipalities' Big Cities Mayors Caucus) (Ottawa: Federation of Canadian Municipalities, 2007), pg. 3.

²³ Canadian Urban Transit Association, Issue Paper 27 – An Evolving Picture: Federal Transit Investments Across Canada (February 2008).

²⁴ Canadian Urban Transit Association, Issue Paper 21 – Building Success: Federal Transit Investments Across Canada (February 2007), pg. 3 and 8.

New Revenue Tools

Metrolinx must be armed with adequate financial capacity to provide the incentives required to garner cooperation amongst the municipalities for the support of the agency's transportation infrastructure priorities. Access to dedicated revenue sources, as well as the proper governance structure that facilitates quick and efficacious implementation, will enhance investor confidence in Metrolinx's transportation projects and thus attract the necessary partnerships to deliver the infrastructure.

Looking at other models of regional transportation authorities, a key to their success is the availability of reliable and robust sources of funding. Vancouver's TransLink is an excellent example of an agency that has access to a wide range of fiscal tools that are specified by its legislation, which has allowed the region to effectively plan and expand its transportation network. The Board suggests that Metrolinx consult with the private sector, the academic community and Infrastructure Ontario to identify the most useful revenue tools for Metrolinx to employ in this regard and to undertake this review in advance of 2013.

Private Sector Role

By necessity, private sector funding will play a large role in bringing about the RTP. Indeed, a recent TD Economics report commenting on Metrolinx notes that "there needs to be greater recognition that the massive funding requirements will require a draw on private resources."²⁵ However, the private sector receives little attention in the draft Investment Strategy. The Board believes that a strong role for private sector funding and investments must be entrenched both in Metrolinx's plan and in the legislation.

The Toronto Board of Trade believes that the private sector can play an important role in providing public infrastructure. When structured properly, there are clear benefits to having private sector involvement. Some benefits include the sharing of risk, faster delivery of infrastructure and lower overall project cost.

Alternative financing and procurement (AFP) models for infrastructure development, also known as public-private partnerships (P3s), are recognized in many jurisdictions as the best way to undertake certain infrastructure development. Within the last five years, this model for infrastructure development has received explicit recognition from a number of Canadian governments, among them the federal government and the provinces of Ontario, British Columbia and Quebec, as a positive alternative to public financing of projects.²⁶ By involving the private sector, governments are able to set a budget and a timeline and then transfer operational risks to the private sector investor.²⁷ The essence of such partnerships is to allocate risk to the party that is best able to manage it. AFP models of infrastructure development are a winning proposition – "[p]eople benefit from the infrastructure; it keeps people in jobs, keeps the economy strong and the public deficit down."²⁸

²⁵ TD Economics, *Time for a Vision of Ontario's Economy* (September 29, 2008), pg. 12.

²⁶ Kathryn Leger, "Billions Promised for Projects," *National Post*, October 8, 2008, LP2.

²⁷ Conference Board of Canada, *Canada's Transportation Infrastructure Challenge: Strengthening the Foundations* (Ottawa: Conference Board of Canada, 2005), pg. 25.

²⁸ D'Arcy Nordick quoted in Lorraine Mallinder, "Surviving the Credit Crunch," *National Post*, October 8, 2008, LP2.

In Ontario, the government has established Infrastructure Ontario to manage AFP projects. The success that Infrastructure Ontario has experienced in building hospitals and other infrastructure projects is a reflection of the benefits that can be gained from private sector involvement in funding the RTP.

As the transportation infrastructure gap is growing quickly, private sector investment must be part of the equation, as governments cannot (or will not) do it alone. Metrolinx could be the single entity to coordinate and facilitate private sector involvement in capital projects. Metrolinx, as one multi-jurisdictional decision-making body, would facilitate the participation of the private sector both in terms of capital and ideas better than the current process where the private sector must deal with multiple governments and departments. More importantly, private involvement must be matched with adequate transfer of risk to the private sector to protect the public interest.

Future transportation and transit goals can only be achieved if the private sector is engaged. Business has an increasingly important role to play in the future of our transportation infrastructure.

The private sector continues to play a critical, and growing, role in transportation construction in many jurisdictions. Indeed, private sector funds are often helping in seeing transportation projects realized. For example, the Las Vegas Monorail was built using private funding only.

Other projects, built using both private and public funds, reflect the benefits that can be derived from such approaches. For example, an extension of Portland's MAX light rail system to provide a connection to the airport was completed through a public-private partnership. As a result, the project was completed within budget (and it is estimated that there was a \$10-15 million building materials cost savings), with construction ending 9 weeks earlier than expected. More importantly, a private company provided 23% of the project costs upfront in exchange for some land development rights adjacent to the project and for being able to lead the design-build activities for the project. Not only did this upfront private capital reduce the amount of public funds needed for the project, it also enabled the project to begin over 3 years earlier than if no upfront private capital had been provided.²⁹ Similarly, a project for the Bay Area Rapid Transit system (BART) to provide a connection to the Oakland international airport is now being undertaken because 50% of the project's capital costs have been provided through upfront private capital. Without this private capital, it is not clear if the project would have ever been built.³⁰

While the Canada Line in Vancouver is Canada's first public transit public-private partnership,³¹ partnerships with the private sector have also been used to good effect on transportation projects in Canada. The Confederation Bridge linking Prince Edward Island to New Brunswick, one of Canada's first such transactions, Before the bridge was built, the federal government heavily subsidized a ferry service between the provinces. The federal government decided to cap this annual subsidy and transfer these public monies to a

²⁹ U.S. Department of Transportation, Report to Congress on the Costs, Benefits and Efficiencies of Public-Private Partnerships for Fixed Guideway Capital Projects (Washington, D.C.: Federal Transit Administration, 2007), pg. 9-14.

³⁰ *Ibid.*, pg. 8-15.

³¹ Mario Iacobacci, Steering a Tricky Course: Effective Public-Private Partnerships for the Provision of Transportation Infrastructure and Services (Ottawa: The Conference Board of Canada, 2008), pg. 5.

private consortium in return for the construction and operation of the Confederation Bridge. The private consortium was able to take this annual federal funding commitment and apply its own funds to bring about the project. The bridge is widely viewed as a success story – a source of local pride that was built on schedule and has not incurred additional costs for the federal government.

Recommendations:

- The provincial government must provide Metrolinx with dedicated and sustainable funding from their general revenues.
- In recognition of the national importance of the GTHA transportation corridor, the federal government needs to step up and contribute to the funding of this critical infrastructure on a dedicated and sustainable basis.
- That the *Greater Toronto Transportation Authority Act* be amended to provide Metrolinx the discretion to use a range of revenue sources to support its activities and that this review take place in advance of 2013.
- The Investment Strategy should be developed in consultation with financial experts in the private sector and so take advantage of that expertise. The Investment Strategy should also recognize that the private sector will play a large role in funding the RTP and in providing the necessary public infrastructure through alternative financing and procurement models.

SECTION 7: CONCLUSION

The Toronto Board of Trade welcomes Metrolinx's draft Regional Transportation Plan. Our members view putting in place the transportation infrastructure that will alleviate our region's congestion and gridlock as being of the highest priority.

As a result, our comments have been focused on how best to make this plan a reality. We believe that Metrolinx's success is dependent upon its ability to effect change in how the region plans, finances, builds and utilizes the transportation network. Without the requisite powers and fiscal tools to prioritize and fund long-term transportation infrastructure projects, the opportunity to create a sustainable, attractive and efficient regional transportation network for the future could be compromised.

The recommendations put forward in this submission are aimed to empower Metrolinx with a range of responsibilities and tools for it to be an effective implementation vehicle to produce results. The Toronto Board of Trade looks forward to continued work with the Province of Ontario to ensure that the recommendations in this report are put in place.