

AGENDA FOR GROWTH

Policy playbooks to elevate the region



TORONTO
REGION
BOARD OF TRADE



TRANSIT

POLICY PLAYBOOK

2018 PROVINCIAL ELECTION





THE CURRENT STATE OF TRANSPORTATION IN THE REGION

One of the fastest growing metros in North America, Toronto is a vibrant, global city, consistently ranking among the world's top cities for quality of life.

However, once deemed an enviable strength, the region's transit system (encompassing the Greater Toronto & Hamilton Area plus the Waterloo Region) has become a significant weakness despite progress made and billions of dollars committed to expansion.

Political debates and interference fuel delays. Progress has slowed from cities' inability to fund new projects and services. There is no evidence-based approach for prioritizing what to build and along which routes. Fragmented transit oversight also contributes to poor service integration and a lacklustre rider experience. Land and transit planning are not jointly done causing critical opportunities to be missed—including the commercialization of transit-related real estate that would generate new housing and transit revenues.

Congestion is getting worse as more residents commute regionally across multiple lines. The Toronto region requires a regional transit agency with the authority to integrate the one million residents who have moved into the region over the past ten years, and the millions more who will arrive in the coming decade.

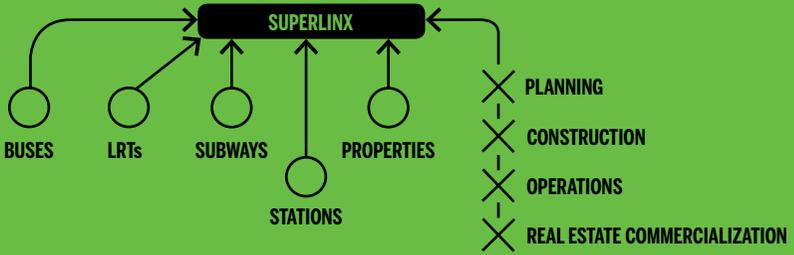
Read our complete analysis & recommendations:

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WHAT ARE WE PROPOSING?

Whether it's Hong Kong, London, Paris or New York, leading global cities have world-class transit systems, enabling them to compete and prosper. These cities have addressed similar transit challenges through regional transit agencies with the authority and expertise to act. Inspired by these cities and others, the Board has developed a playbook for creating a high-performing transit authority made for the Toronto region.

UPLOAD THE REGION'S 11 MUNICIPAL TRANSIT SYSTEMS TO A PROVINCIAL TRANSIT AGENCY – SUPERLINX.



Uploading overcomes the Toronto region's specific transit challenges by:

- Securing the funding required to deliver transit faster, by connecting local services and projects to the Province's growth revenues and borrowing capacity
- Integrating transit and land use planning to unlock the housing and revenue potential of transit-related real estate while addressing our region's housing supply requirements
- Creating the certainty and credibility pension fund partners demand
- Establishing a unified, scalable platform to deploy integrated fares, commercial services and smart technologies to positively impact service quality and ridership
- Centralizing funding, planning and decision making to fast-track expansion

HOW WE CAN MAKE IT HAPPEN

Incorporating insights from the business community, the playbook can:

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|---|---|
| Depoliticize decisions to enhance independence & transparency | Integrate fares |
| Commercialize transit related real estate | Unlock the Province's growth funding & borrowing capacity |
| Attract pension fund partners | Prioritize projects with evidence-based benefits |
| Expand commercial services & smart technologies for riders | Improve Provincial policy coordination |
| | Implement a rider-based funding formula |

WHY IT SUPPORTS THE AGENDA FOR GROWTH & THE BOARD'S GLOBAL CHAMPION VISION

Making wise decisions today ensures a better transit system in the future.

To thrive, we must move people quickly and efficiently through our region. Quality of life is a major factor influencing where businesses choose to invest, and where people choose to work. A world-class transit system is an essential part of making Toronto and the region one of the most competitive and sought-after regions in the world. Uploading provides the vision, scale and resources needed to finally create the modern transit system our region needs to compete globally.

SUPERLINX CAN TRANSFORM OUR REGION'S TRANSIT NETWORK BY:

Building lines & service, better & faster than currently possible

Delivering needed funding relief for municipalities

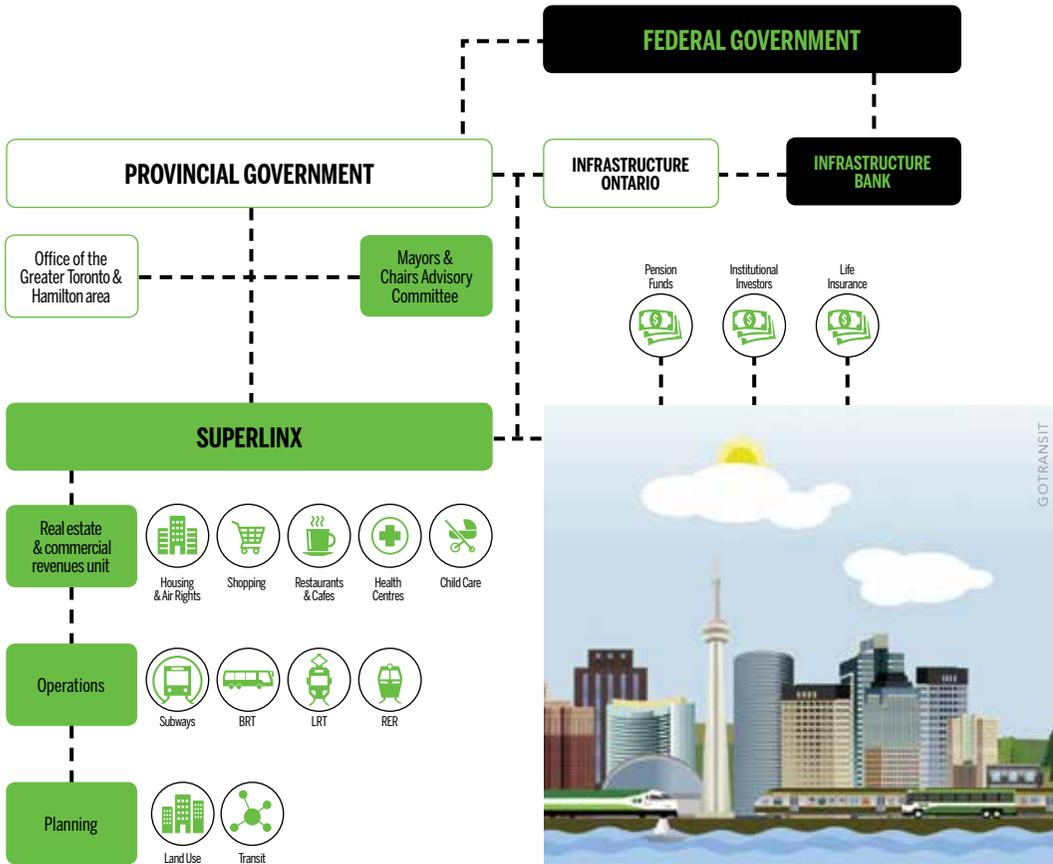
Creating a united, scalable platform for spreading innovation, smart technologies & integrated fares

Delivering clear accountability for services, rider experience & construction

Maximizing public land for affordable housing, commercial revenues & other public services

THE FUTURE STATE OF TRANSIT

Read our complete analysis & recommendations:
[BOT.COM/AGENDAFORGROWTH](https://www.bot.com/agendaforgrowth)



Board of Directors

Based on international best practices, Superlinx's governance structure requires a board of directors that operates independently and is driven by expertise: at least half of its members should be independent, drawn from business leaders and transit experts; and the remaining would be elected representatives from the Provincial and Municipal governments, and from the executive team.

Real Estate & Commercial Revenues Unit

Seizing opportunities to create new revenues from better land use at and around transit stations, this unit would be tasked with leveraging public land for mixed-use housing and generating new revenues from commercial leases, air rights, advertising and asset sales.

Government Input

This structure ensures more independence and accountability as well as meaningful input and oversight from provincial and municipal elected officials. Provincial and municipal government provide direct input through the board of directors, and municipal leaders deliver local input via a Mayors & Chairs Advisory Committee. The Province is responsible for budget approval and overseeing its policy framework. Consistent with similar transit agencies in other global cities, the Province would not influence day-to-day operations. All communications between Superlinx and government officials would be publicly tracked. A new office of the Greater Toronto & Hamilton Area, led by a new Deputy Minister, would improve provincial policy coordination.

FINANCIAL MODEL:

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NO INCREASE TO TAXES OR TRANSIT FARES

The numbers add up. The Province can upload and oversee the Toronto region's municipal transit operations within its current fiscal position, without raising taxes or transit fares.

The region's total annual transit operating cost (\$3.4 billion) and state of good repair (SOGR) can be covered using the following 3-step approach:

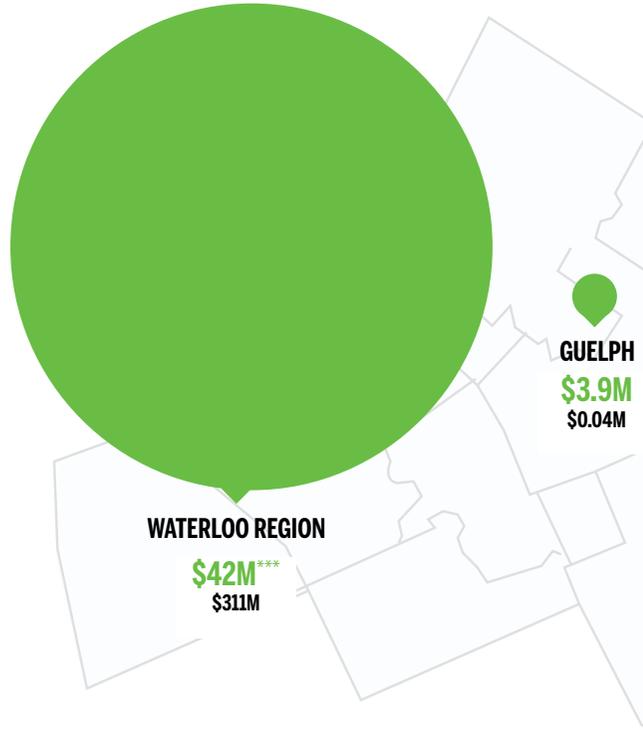
- ✓ **STEP 1:** Upload each operation's transit fares and all applicable government transfers.
- ✓ **STEP 2:** Recover a portion of each operation's property tax supported transit revenue by introducing a new provincial payment in lieu (PIL) of taxes.
- ✓ **STEP 3:** The Province covers the outstanding in-year cost of each transit operation by repurposing existing general revenues, planned increases to gas tax transfers or commercialized real estate revenues.

This offers municipalities the long-term fiscal capacity, relieves them from one of their fastest growing operational expenses and releases them from the current responsibility of funding one-third of future transit expansion projects—more than \$20 billion for Toronto alone.

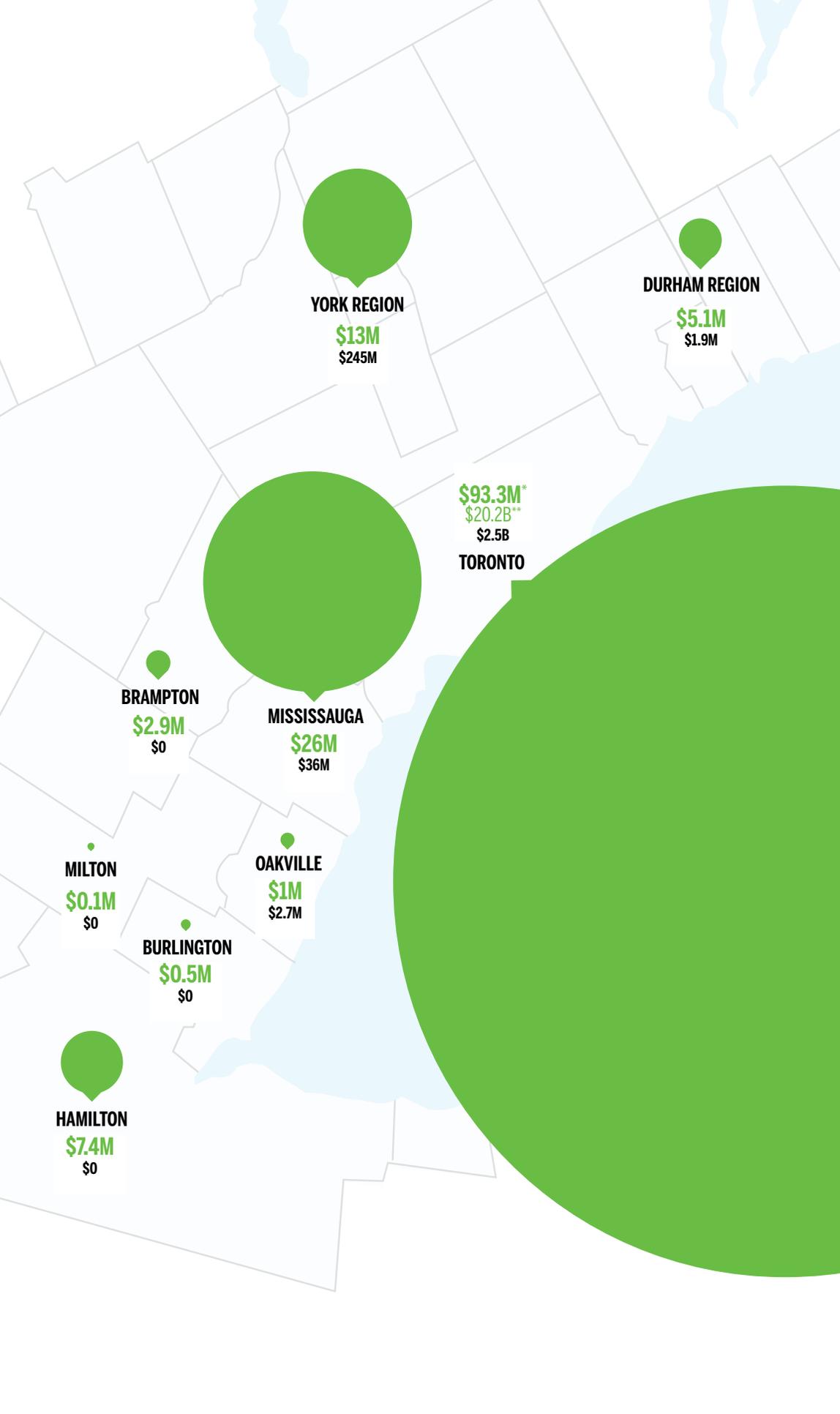
FUNDING & DEBT RELIEF FOR MUNICIPALITIES



-  Funding Relief for Municipalities
-  Debt Relief for Municipalities



• Total In-year Funding Relief for Municipalities = Total Previous Tax Supported Transit (Operations & SOGR) – New Provincial PIL
* Includes \$40.6-million generated annually by Toronto's City Building Fund Levy
** Toronto would also benefit from a one-time release from its \$20.2-billion in unfunded capital projects
*** Includes \$30-million released from the RTMP Reserve Fund
Sources: Municipality's 2016 Provincial Financial Information Returns & Operating/Capital Budgets (Funding Relief)
Municipalities 2016 Provincial Financial Information Returns (Debt Relief)



YORK REGION

\$13M
\$245M

DURHAM REGION

\$5.1M
\$1.9M

\$93.3M*
\$20.2B**
\$2.5B
TORONTO

BRAMPTON

\$2.9M
\$0

MISSISSAUGA

\$26M
\$36M

MILTON

\$0.1M
\$0

OAKVILLE

\$1M
\$2.7M

BURLINGTON

\$0.5M
\$0

HAMILTON

\$7.4M
\$0

NEW REVENUE FROM REAL ESTATE COMMERCIALIZATION AND PENSION FUND PARTNERS

“We’re seeing Canadian pension funds investing in transportation projects everywhere but here.”

Clark Savolaine, Senior Manager, Deal Advisory, Infrastructure, KPMG

Depoliticizing transit decisions, among other things, would attract pension funds and other institutional investors to the table. As a result of its oversight and capabilities, Superlinx would be advantageously positioned to work with Infrastructure Ontario and the Canada Infrastructure Bank. It could engage globally renowned pension funds—many of them Canadian—and institutional investors to partner on future transit projects by delivering the certainty, scale and business case analysis these pooled funds demand. Engaging pension funds and other institutional investors in future projects means our region can build better projects with lower risk and costs.

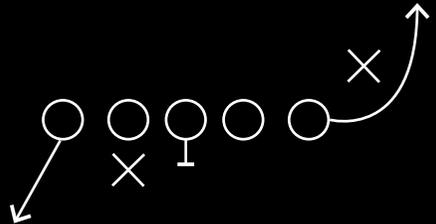
Our region’s transit related real estate assets are an untapped source of commercial revenues. The substantial revenues that could be generated by air rights, lease agreements, property development and asset sales could contribute to the cost of new transit lines and superior service enhancements. For instance, London’s Crossrail project is expected to generate £500 million from the development of 12 properties. There is no reason this sort of smart development cannot happen here.

TIMELINE: 2-4 YEARS

The consolidation and transformation of the Corridor’s transportation systems into Superlinx will take time. Similar mergers of major regional transit organizations—such as the merger of LACMTA to create the Metro system in Los Angeles—took between two and four years to complete. During this period, operations can be managed autonomously as before, with policy issues and major capital decisions forwarded to a transition board for review. During this consolidation period, all contracts would be preserved and operations continued.



Transit networks are the lifeblood of a global city, but our system is not meeting the needs of riders, taxpayers and the business community. The Board’s transit playbook can help solve this. Our businesses are focused on growth. To excel, they require the foundation a global city can provide: a best in-class energy system, transit network and talent pool. The Board’s Agenda for Growth will fuel the competitiveness of the region that drives Ontario’s success.



Read our complete
analysis & recommendations:
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THE PROVINCE NEEDS AN AGENDA FOR GROWTH

The Toronto region is Ontario's economic engine. Accounting for more than half of the province's economy, it is the centre of globally competitive sectors such as financial services and automotive manufacturing. Our labour force of more than three million is highly educated and supported by leading educational institutions, internationally renowned for training new workers and driving innovation.

Despite these advantages, our region faces challenges. High energy prices, uncompetitive labour laws and rising payroll taxes increase the cost of doing business. Young professionals struggle to find affordable housing with easy access to work, and persistent congestion delays the movement of people and goods.

If Toronto is the Province's economic engine, its citizens and workforce are its fuel. To realize the full potential of the Toronto region and Ontario, we need a thoughtful strategy for the economy and its residents. This election, we're calling on the campaigning parties to champion our *Agenda for Growth*.

Read our comprehensive policy playbooks on Energy, Transportation, Housing & Economic Competitiveness: bot.com/AgendaforGrowth

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