



Mind the Funding Gap: Transit Financing in Los Angeles County and Metro Vancouver

Matthew Lesch

IMFG 2017-2018 Postdoctoral Fellow

June 26, 2018

 @imfgtoronto | #IMFGtalks

IMFG
Institute on Municipal
Finance & Governance

at the

MUNK
SCHOOL
OF
GLOBAL
AFFAIRS



UNIVERSITY OF
TORONTO

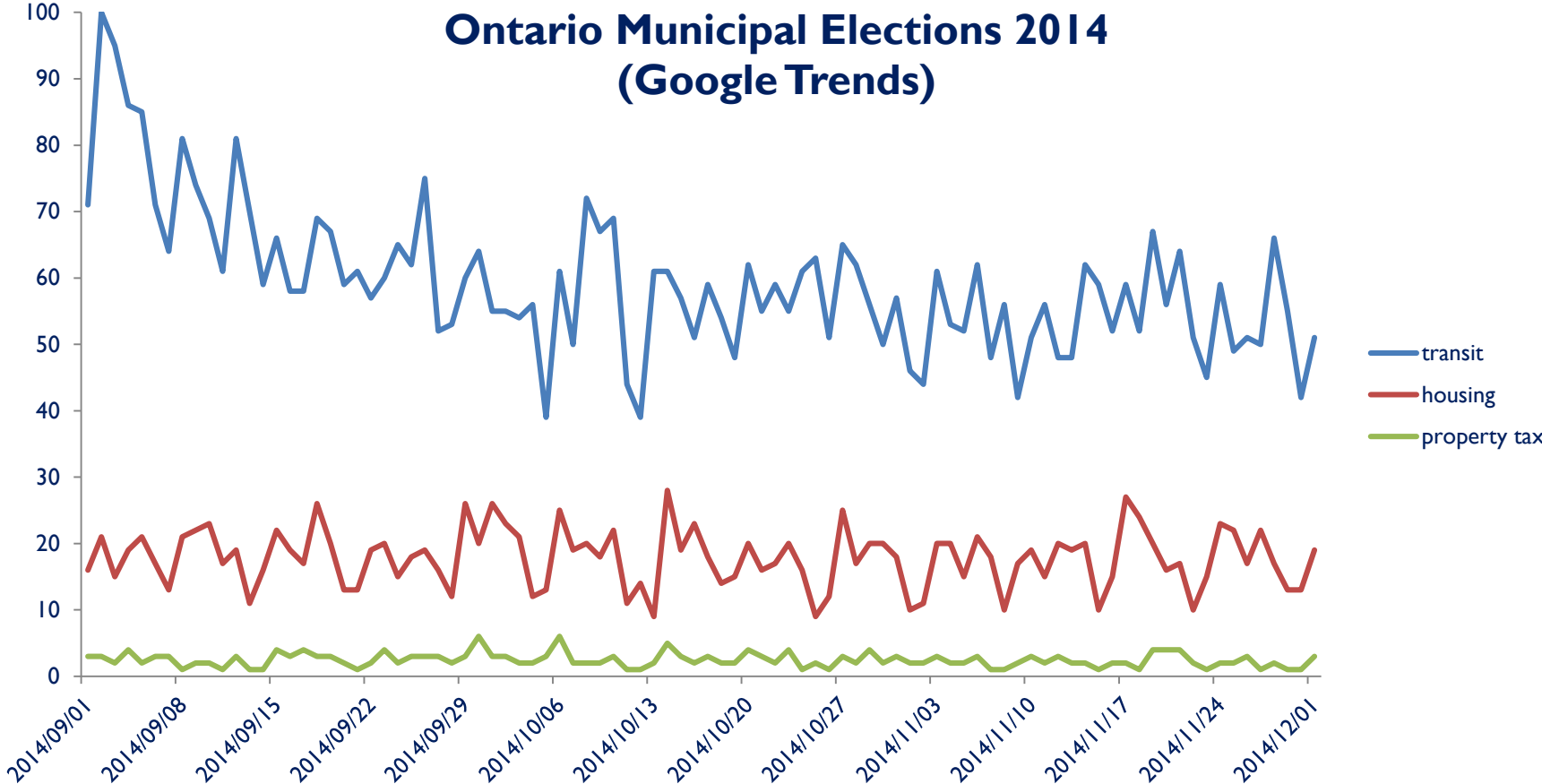
Outline

- The policy context – “the questions”
 - Why transit and congestion?
 - The policy and politics of infrastructure financing
 - The research question and case selection
- The empirical findings – “some of the answers”
 - Los Angeles County’s Measure R (2008)
 - Metro Vancouver’s Congestion Improvement Tax (2015)
- Summary and implications

WHY TRANSIT INVESTMENT?



A Perennial Municipal Issue





**COSTS OF
CONGESTION**

LOS ANGELES

- **\$19.2 BILLION (2017)**

VANCOUVER

- **\$1 BILLION (2015)**

ECONOMIC

ENVIRONMENTAL

PUBLIC HEALTH

Some Perspective

City	Population (2015)	Time Spent in Peak Traffic	Congestion Index (ICI)
Los Angeles	3,971,883	102	18.3
New York City	8,550,405	91	17.4
Chicago	2,720,546	57	10.3
Montreal	1,753,034	50	9.2
Houston	2,296,224	50	8.4
Toronto	2,826,498	47	8.9
Vancouver	2,463,431	29	5.2
Calgary	1,239,220	16	2.9

The Policy Options



Build more roads



Make parking costlier



Make driving costlier



Provide transportation alternatives



How do we reconcile the need for better public transit/transportation infrastructure with loss-averse citizens and risk-averse politicians?

Building Public Support for Taxes

- Sales tax financed infrastructure investment is a case of “good policy, bad politics”
- How to overcome this? “Letting the people decide” (i.e., referenda)
 - Is this a desirable way to set public policy?
 - Need to better understand the forces that shape public receptivity
 - Opponents are “learning” how to defeat these measures



“Early polling here had suggested that the \$5.4 billion transit plan would easily pass. It was backed by the city’s popular mayor and a coalition of businesses...But the outcome of the May 1 ballot stunned the city: a landslide victory for the anti-transit camp ...”
– Tabuchi, NY Times, June 19, 2018



Why have some jurisdictions been more successful in building public support for sales tax-financed infrastructure investments than others?

Los Angeles County

- **67% of voters approved Measure R (2008)**
- **Unprecedented investment in public transit**



Metro Vancouver

- 62% of voters rejected a similar proposal (2015)
- Failed to replicate LA's success. Why?



Kern County

Ventura County

San Bernardino County

Islands not in actual location

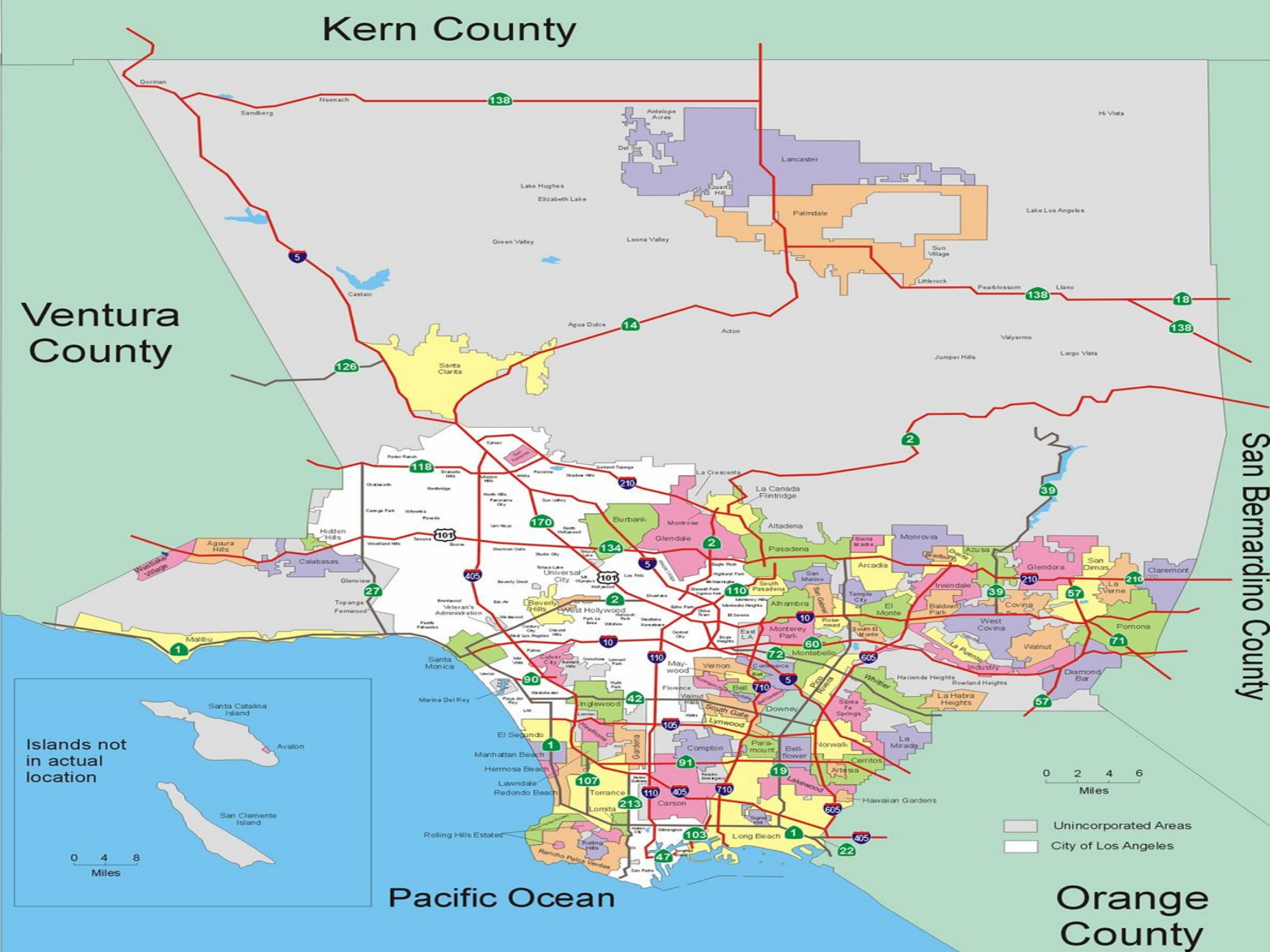
0 4 8
Miles

0 2 4 6
Miles

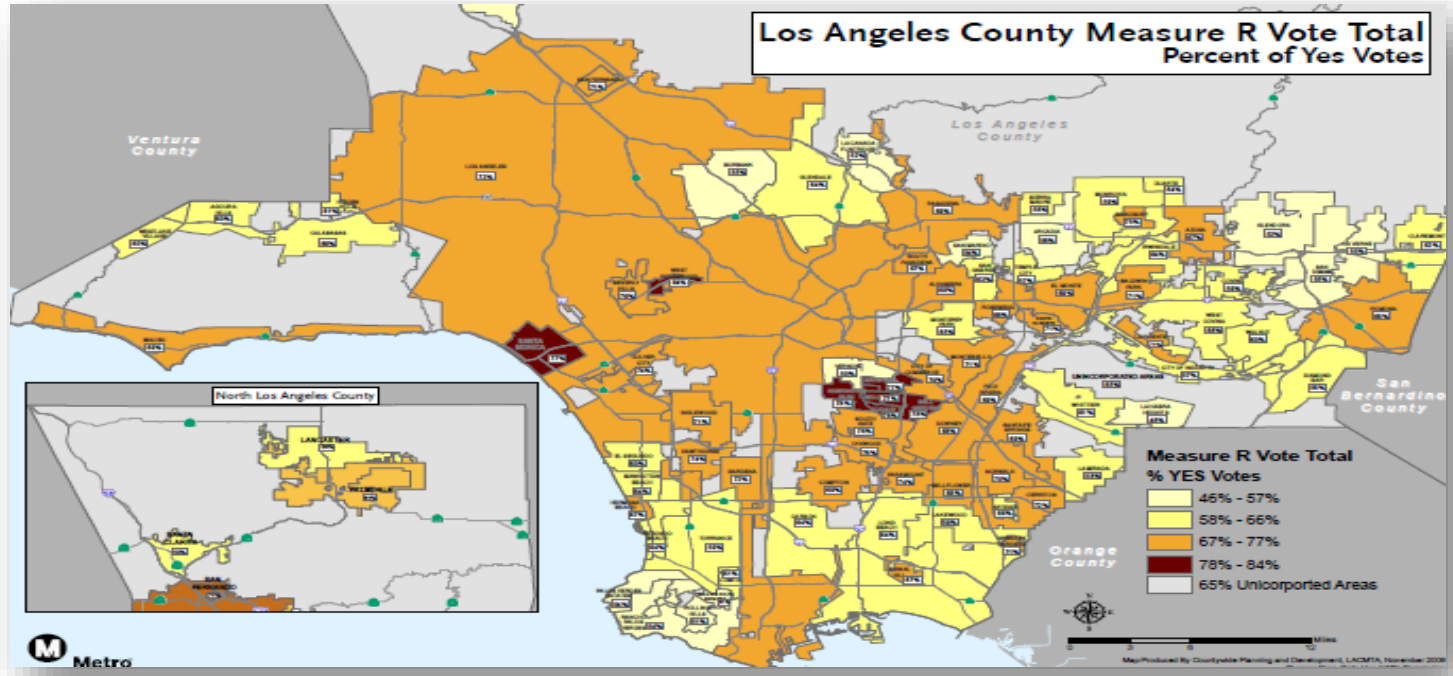
- Unincorporated Areas
- City of Los Angeles

Pacific Ocean

Orange County



Measure R Results



County-wide total:

YES – 67.93%

NO – 32.07%

82% of eligible voters

Cross-class, multi-ethnic coalition:

- Eastside cities
- West Los Angeles
- South LA

Source: Los Angeles County Registrar (2012); Luberoff 2016

LA and Transportation Governance

Pervasive automobile culture

- Only 11% use transit to commute to work (NYC – 56%; Chicago – 27%)

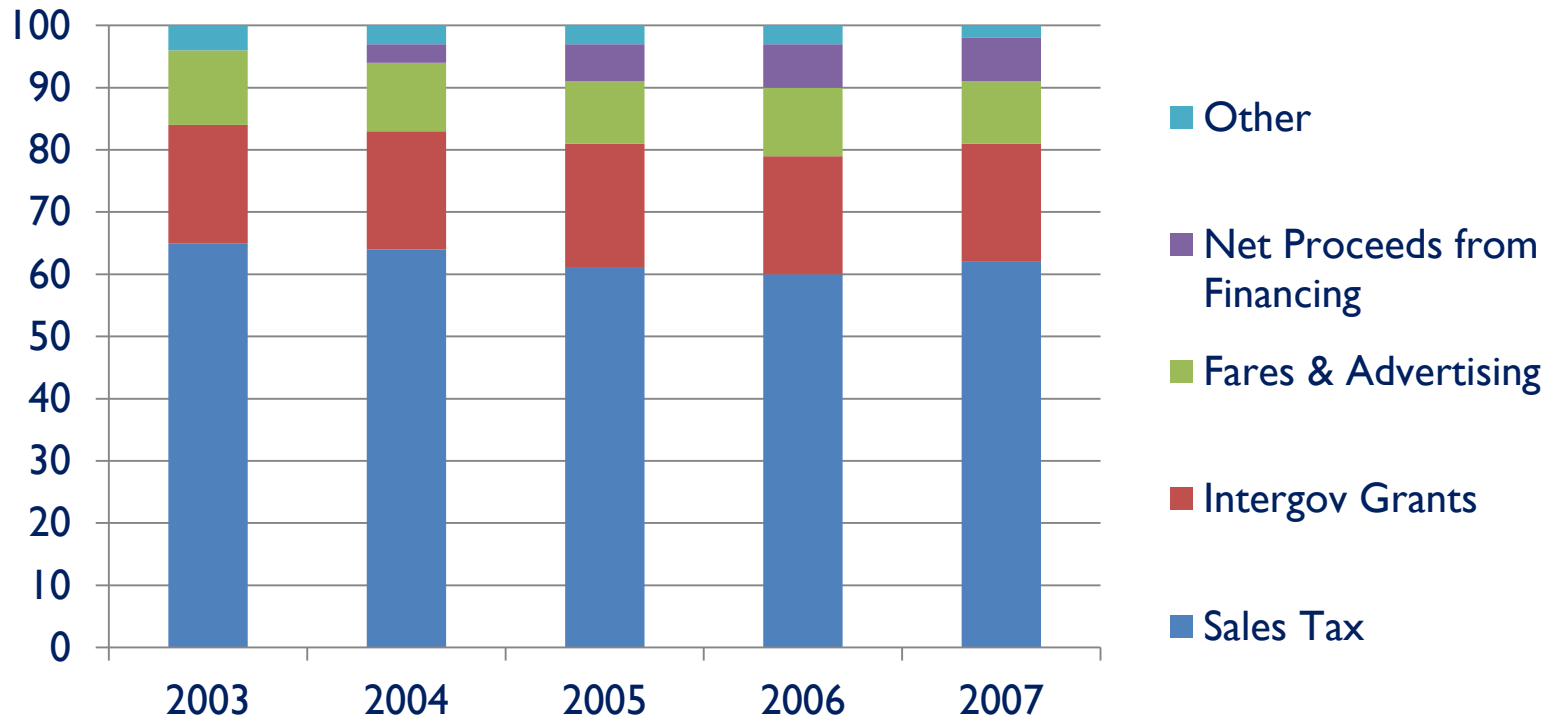
Transportation governance

- Los Angeles County Metropolitan Transportation Authority (Metro), 1993
- Governed by a 13-member board of directors, including LA mayor – central transportation planner, designer, builder and operator

A turbulent history with financing transit

- Failure and success with ballot measures – Prop A, 1980 and Prop C, 1990
- Geographic/economic divisions are key
- Some rapid transit infrastructure but “polycentric” pattern of economic development

Metro Revenue Sources (Before Measure R)



Sales taxes are Metro's most important revenue sources...

- Four 0.5% sales taxes dedicated to transit operations/capital spending
- Prop A (1980), Prop C (1990), Measure R (2008), and Measure M (2016)

How did we get here?

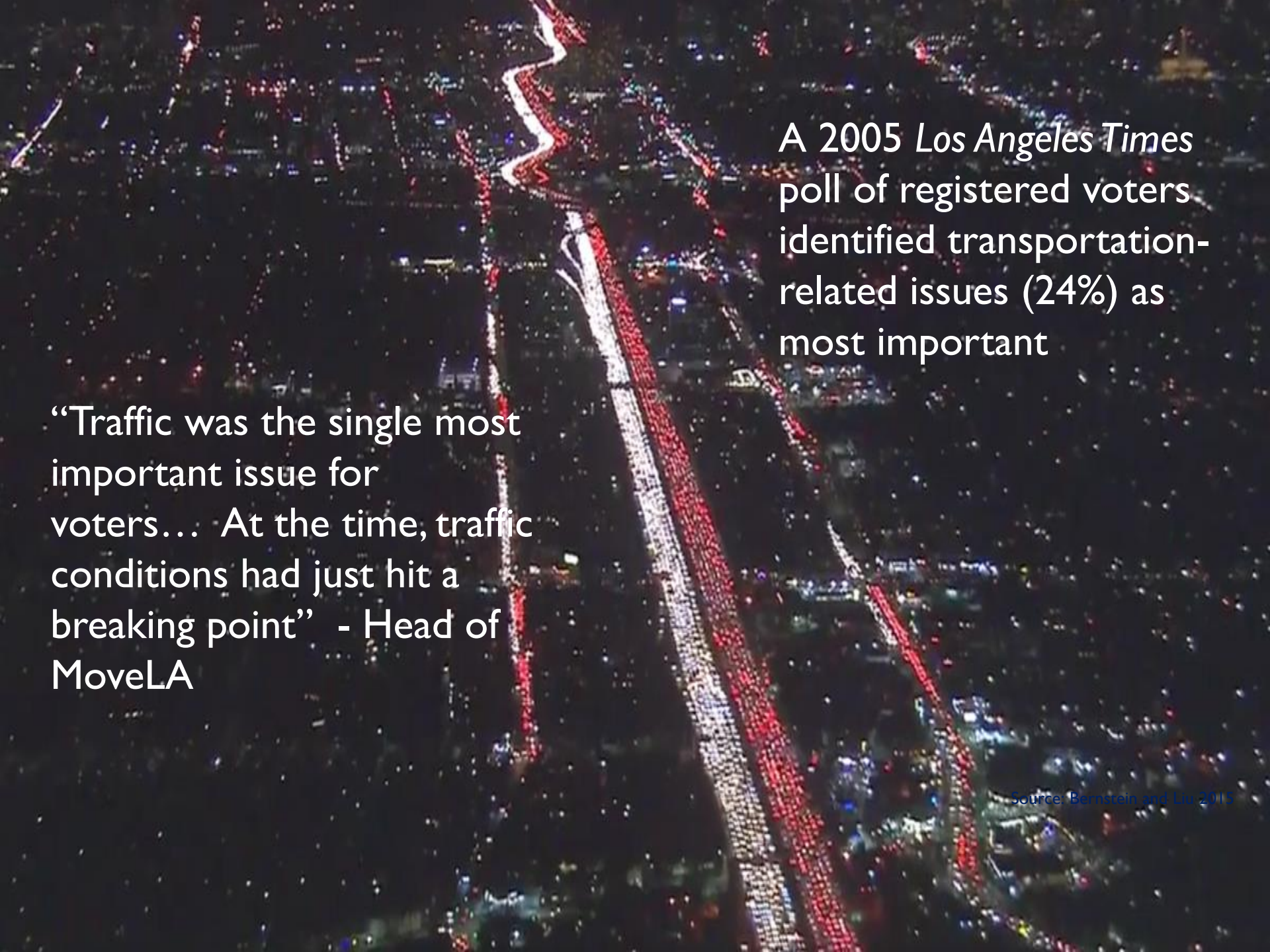
Broader context

- Congestion problems and climate change
- Election of Mayor Antonia Villaraigosa and Metro's Long-Range Transportation Plan (LTRP)
- Anticipation of a transit coalition in 2008 Presidential campaign

Various challenges confronted the pro-transit coalition

- Tax increases require support of a least two-thirds of voters in CA
- Timing: 2007/2008 economic crisis and its local impacts
- Institutional hurdles: required approval by various state/local bodies





A 2005 *Los Angeles Times* poll of registered voters identified transportation-related issues (24%) as most important

“Traffic was the single most important issue for voters... At the time, traffic conditions had just hit a breaking point” - Head of MoveLA

The Proposal

Increasing county sales tax by 0.5% (8.25% to 8.75%)

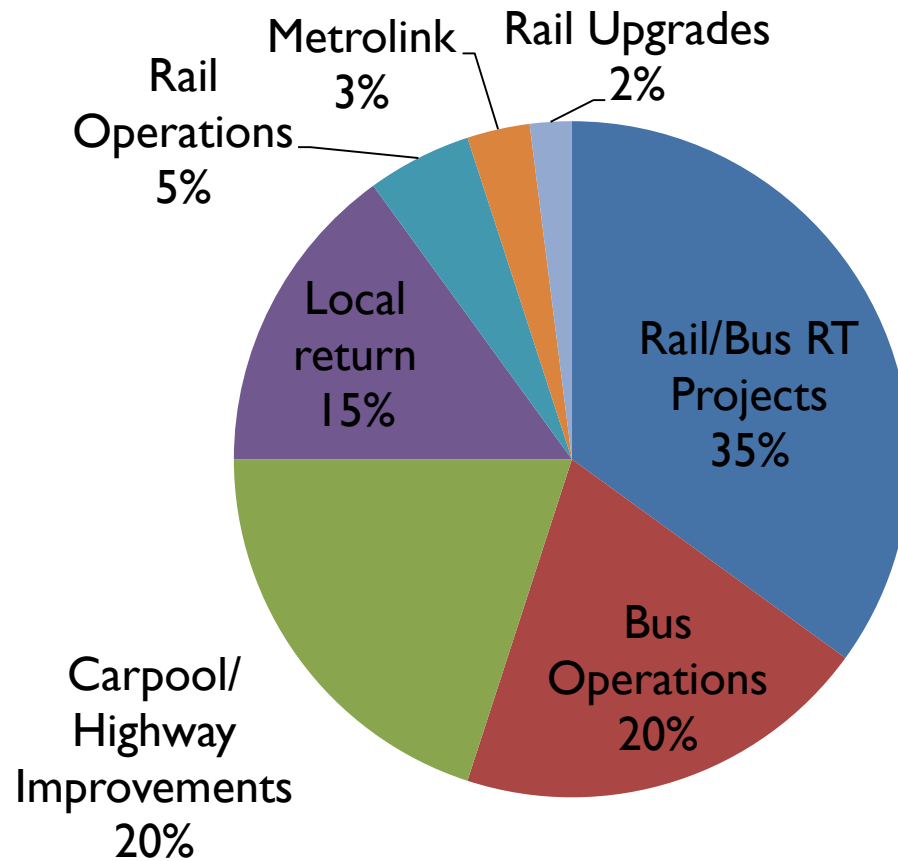
- 30-year tax sales tax increase, expected to raise \$40 billion over lifespan
- Applies to all taxable sales in Los Angeles County
- Establishes independent Oversight Committee to conduct annual audit to ensure expenditure plan is being met; and a lock-box provision

Key benefits of tax increase

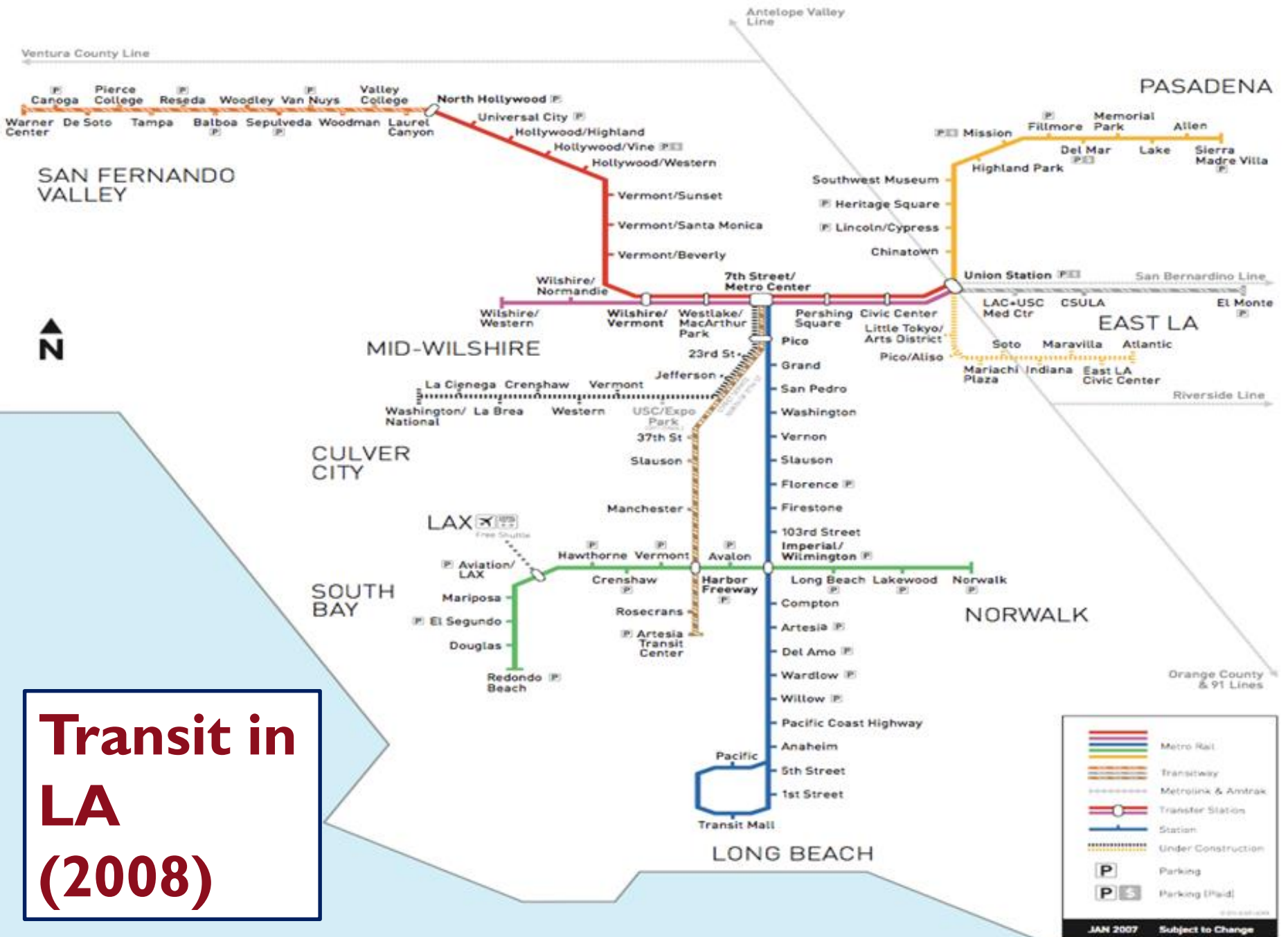
- Finance dozens of subway, light-rail, bus upgrades and highway improvements
- ~210,000 jobs (Los Angeles Development Corporation)



Getting the Spending Balance Right



Source: Adapted from LACMTA (2008)



**Transit in
LA
(2008)**



Transit in LA (2016)

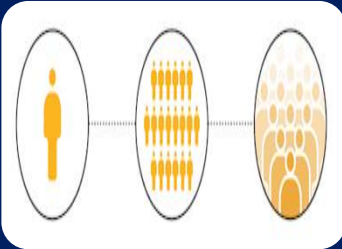
Source: LACMTA (2015)

Source: LAMTA (2017)



The Future

The Success of Measure R



Coalition building

- Business, labour, environmental groups (Move LA)
- Educating the stakeholders and public



Political leadership

- Mayor Villaraigosa and county supervisors
- Navigating the institutional hurdles



Issue framing/Problem definition

- Linking Measure R to traffic congestion

Policy Design and Trust

Getting the design right

- Not just about *what* is funded but how funds are managed; earmarking/ provision and the creation of a citizens' oversight committee
- Measure R campaign featured transit users rather than visible political figures

Dealing with the trust issue through institutional reform and policy design

- A restructuring and re-branding of the agency (late 1990s-mid 2000s) – witnessed considerable improvement in public image
- The “Imagine” campaign – laying the ideational groundwork for public support



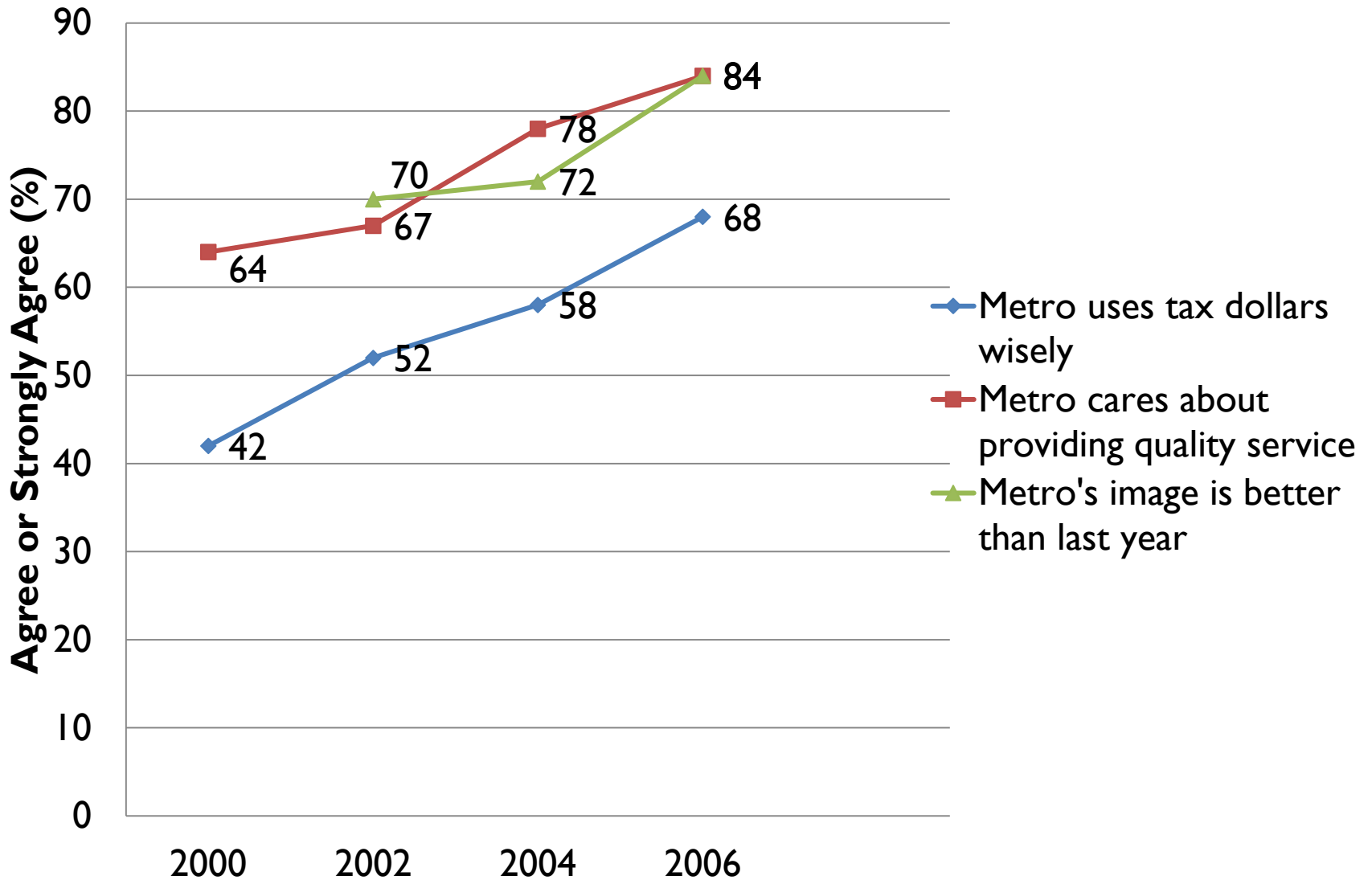
Regaining the Public's Trust

- Construction problems, cost overruns, race relations and political corruption at the agency in the mid- to late 1990s – public rebuking of agency in 1008
- A change in leadership in 1999 – emphasis placed on improving organizational culture and customer service
- By 2006, Metro is awarded Outstanding Public Transportation System Award by by the American Public Transportation Association

“Roger Snoble led Metro to new heights... What was a troubled and moribund agency... is now recognized as one of the highest performing bus systems in the nation”

- Former Los Angeles County Supervisor Zev Yaroslavsky

Public Perceptions of Metro's Reputation

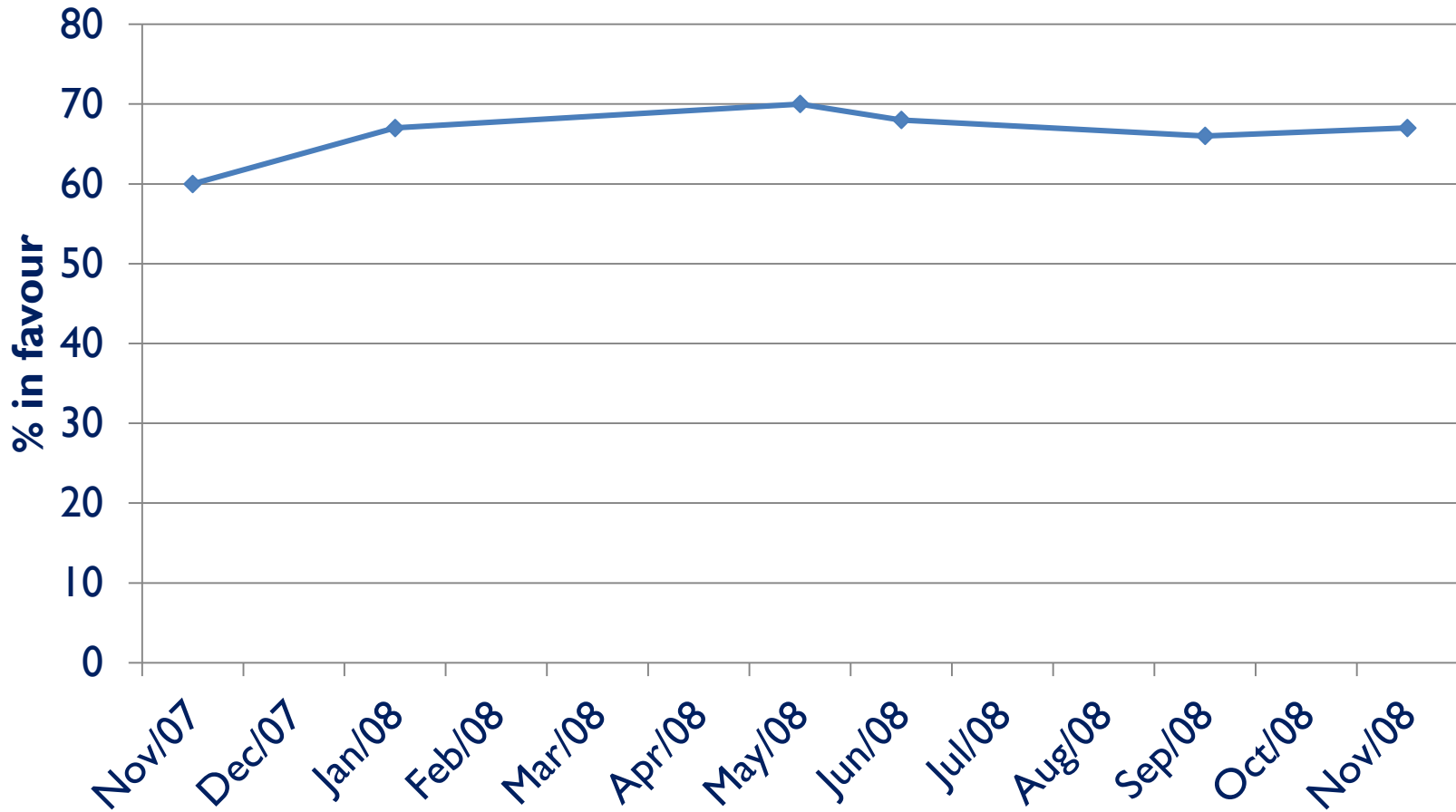


The “Imagine” Campaign

- A highly innovative civic engagement tool in March 2008 (bus/rail, web, and billboards)
- Marketed Metro’s LRTP, while getting residents to “imagine” a better future
- Highly successful – drew 60 million visitors to its website, 14,000 downloads of LRTP
- Interviewees suggested the campaign helped frame public transit as the response to congestion crisis and engaged the public early-on



Public Support in LA County for a Sales Tax Increase

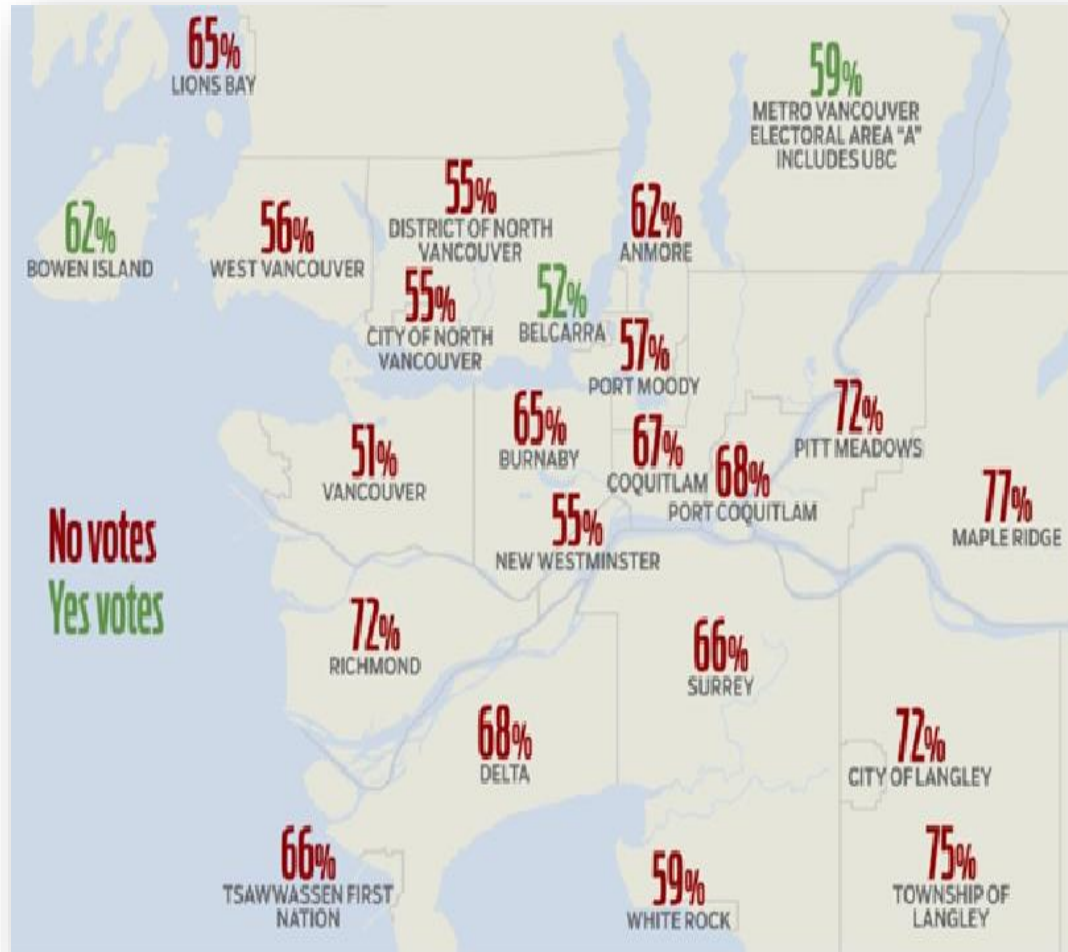


THE CASE OF METRO VANCOUVER

Metro Vancouver



Transit Plebiscite Results



- 62% (NO) vs. 38% (YES)
- Only 3 of 23 districts voted in favour of the Mayors' transit plan
- Opposition most pronounced south of the Fraser River and other eastern suburbs

So what happened? Why couldn't Vancouver replicate LA's success?



Translink Network

-  Skytrain Expo Line
-  Skytrain Millennium Line
-  Canada Line
-  West Coast Express (Commuter trains only)
-  Intercity Rail Station (Pacific Central Stn)
-  Intercity Bus Station (Pacific Central Stn)
-  Passenger Rail
-  Ferry (SeaBus)

Abbreviations

- | | |
|---------------------|-----------------------------|
| Joyce..... | Joyce Collingwood |
| Main St..... | Main St Science World |
| New West..... | New Westminster |
| Production Way..... | Production Way University |
| Sperling..... | Sperling Burnaby Lake |
| Stadium..... | Stadium Chinatown |
| VCC..... | Vancouver Community College |
| T.C..... | Town Centre |

N  **Transportation Network in Metro Vancouver**

Governance

Moderate success in building rapid transit

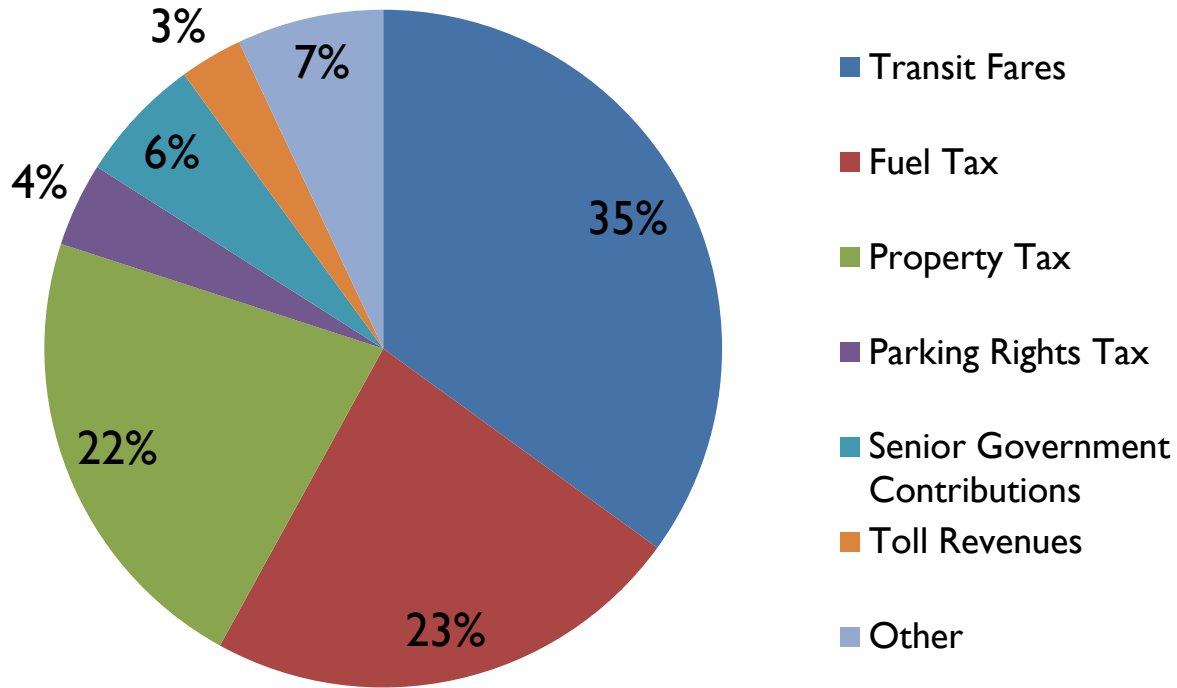
- Daily ridership 20%
- 3 rapid transit lines (Expo, Millennium and Canada Line) SeaBus, West Coast Express and bus service
- No experience with transit referenda

Transportation governance is set by TransLink (1998)

- The Mayors' Council on Regional Transportation (21 mayors + Tsawwassen First Nation and rep from Electoral District A)
- Board of Directors (7 members appointed by Mayors Council)
- CEO



TransLink Revenue Sources (2013)

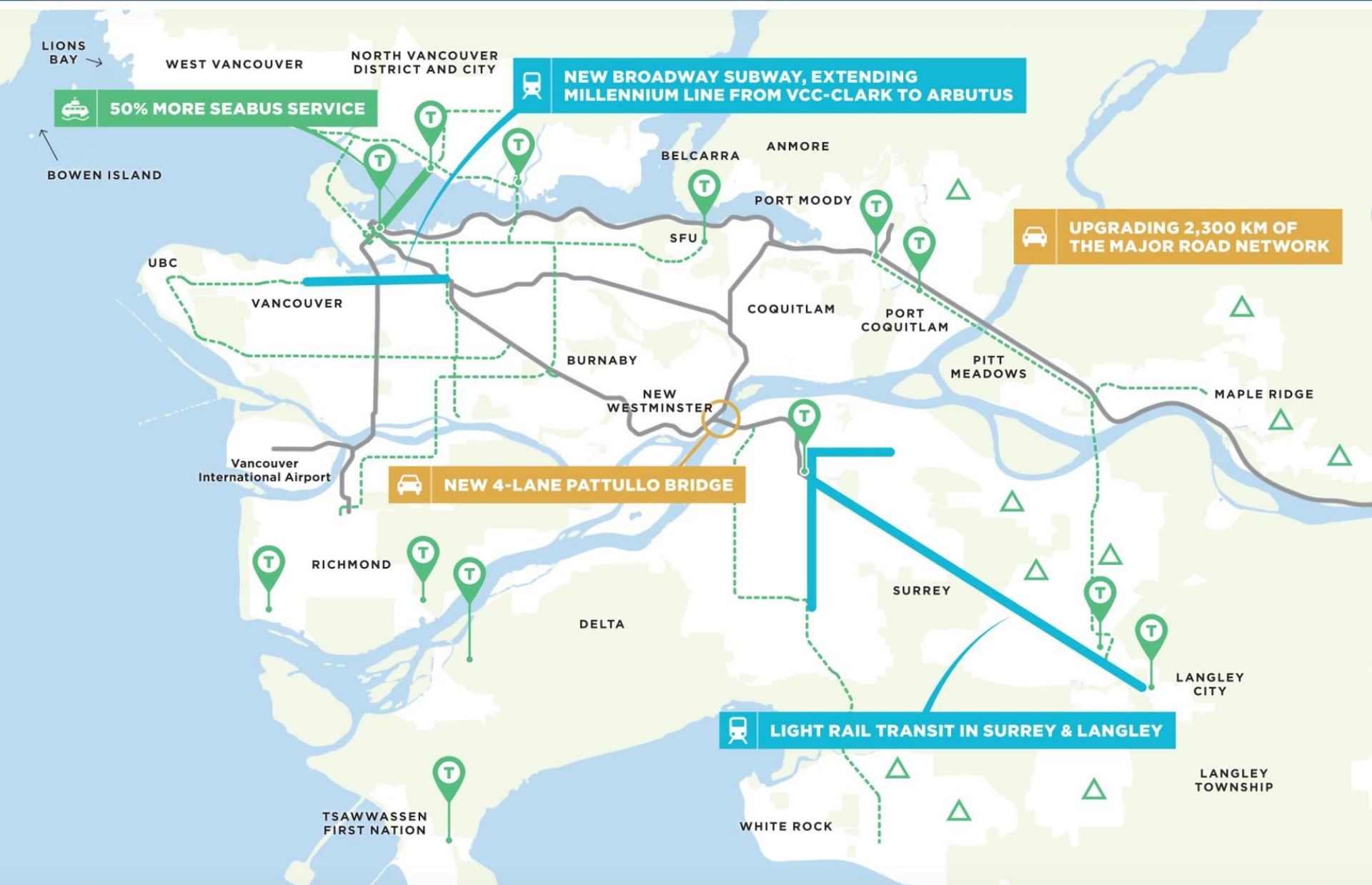


Total Revenues: \$1.4B (2013)

How did we get here?

- Population growth and congestion problems prompt discussion among mayors
- During 2013 provincial election, Clark Liberals commit transit vote
- Mayors' Council finalize projects (\$7.5B), outline various funding options
- December 2014: Mayors' Council decide to follow LA model, proposing a 0.5% regional sales tax in a spring 2015 mail-in plebiscite





50% MORE SEABUS SERVICE

NEW BROADWAY SUBWAY, EXTENDING MILLENNIUM LINE FROM VCC-CLARK TO ARBUTUS

UPGRADING 2,300 KM OF THE MAJOR ROAD NETWORK

NEW 4-LANE PATTULLO BRIDGE

LIGHT RAIL TRANSIT IN SURREY & LANGLEY

--- 200 KM of new B-Line rapid bus routes

T 13 new or expanded transit exchanges

△ Transit service to new and growing neighbourhoods

What's in it for "me"?

WHAT'S IN THE MAYORS' PLAN FOR VANCOUVER?

Vancouver will welcome 170,000 more residents & 120,000 new jobs by 2045. The Mayors' Plan tackles unreliable commute times & over crowding now then grows with us for the future.

BUILDING A BROADWAY SUBWAY
to shorten transit time between Commercial Drive & Arbutus by 50% while reducing congestion.

FIVE NEW B-LINE RAPID BUS ROUTES

MORE SEABUS SERVICE EVERY 10 MINS
during rush hour & every 15 mins at all other times.

80% MORE NightBus service

30% MORE HandyDART service

220 NEW SKYTRAIN RAIL CARS
for 50% more service on the SkyTrain system.

25% MORE BUS SERVICE
including W. 4th Ave, SE Marine Drive & Kingsway.

UPGRADES TO MAJOR ROADS
to quadruple investment in regional road improvements over the next 10 years.

VOTE YES FOR BETTER TRANSIT

MAYORSCOUNCIL.CA

WHAT'S IN THE MAYORS' PLAN FOR SURREY?

Surrey will welcome 300,000 residents & 160,000 new jobs by 2045. The Mayors' Plan grows with us.

3 NEW B-LINE BUS ROUTES
Plus new bus service for Morgan Creek, Anniedale & Clayton Heights.

27 KMS OF NEW LIGHT RAIL TRANSIT
connecting Surrey City Centre, Guildford, Newton, Fleetwood, Clayton & Langley.

26 KMS OF UPGRADES
to the BC Parkway/Surrey Parkway for pedestrians & cyclists.

\$36M ANNUALLY to upgrade major regional roads.

30% MORE HandyDART service.

220 NEW SKYTRAIN RAIL CARS
across the Canada, Millennium and Expo lines.

REPLACING THE 75+ YR OLD PATTULLO
with a new one that withstands seismic events.

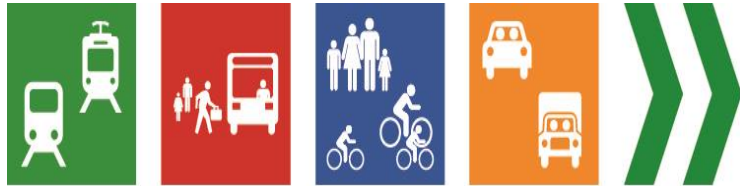
VOTE YES FOR BETTER TRANSIT

MAYORSCOUNCIL.CA

Additional benefits:

- 20-30 minutes shorter travel times on busiest routes
- 4,400 jobs (+ construction) and a stronger economy
- Sales tax would be collected by province and earmarked

The Competing Coalitions



Better Transit and Transportation Coalition

for our economy, our environment and your quality of life



- Mayors, BC govt, and 120 civil society organizations

- ~\$6.8 million budget

- Strategy: educate the public



Canadian
Taxpayers
FEDERATION
Stand Up. Be Heard!

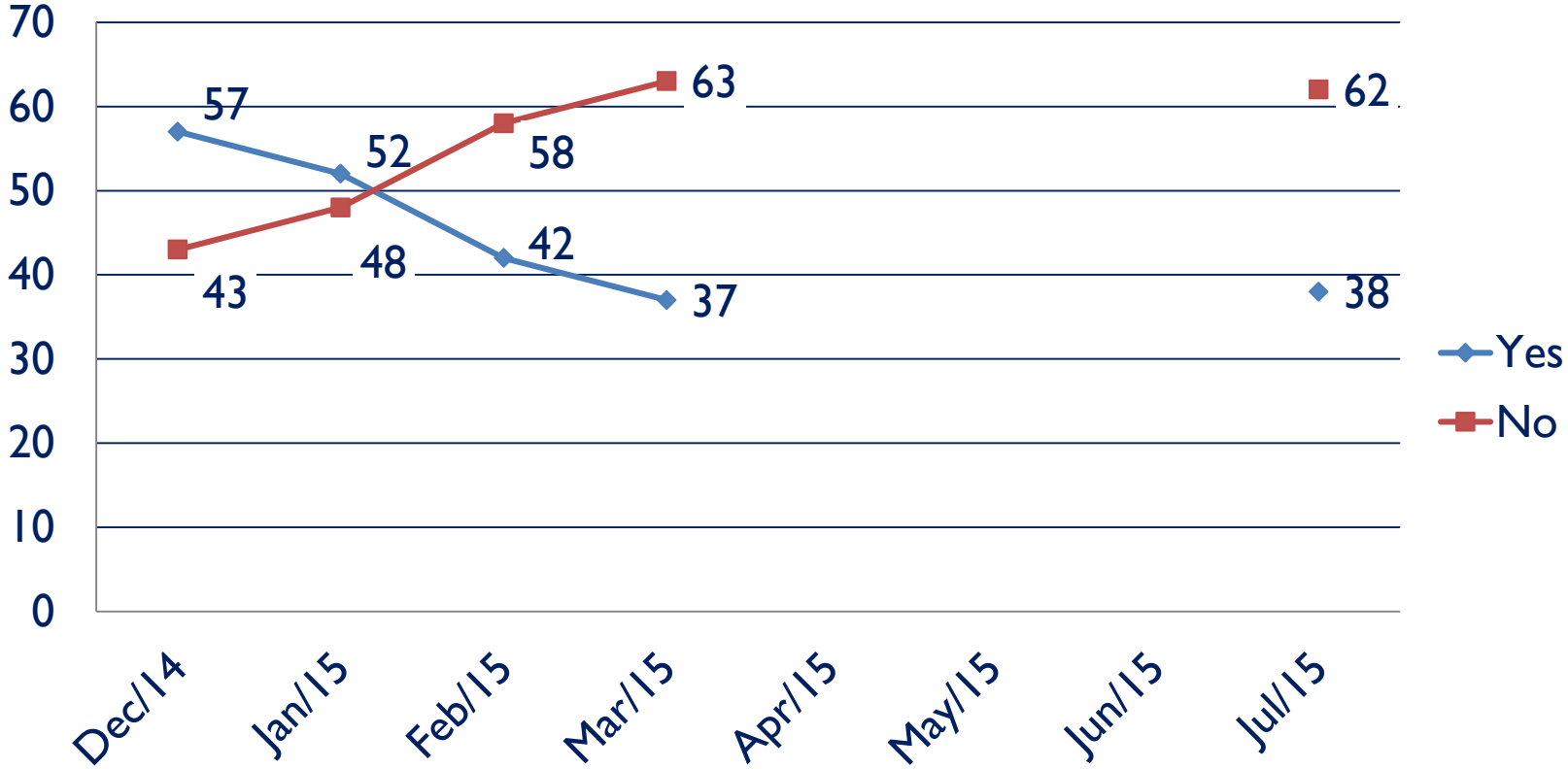
- The Canadian Taxpayers Federation (CTF) and a couple allies in the business community

- ~\$40K budget

- Strategy: trust and TransLink



Public Support for Mayors' Council Plebecite



Source: Insights West (2015) and Elections BC (2015)

So What Happened?

- Highly effective, even if under-resourced, NO side
- Conducted polling early – most voters most believed TransLink was wasteful and inefficient – CTF reinforced this idea
- Used websites, traditional media, social media to frame this a referendum on TransLink's management
- The YES side inadvertently reinforced the NO side's framing



TRANSLINK WANTS TO IMPOSE A 0.5% SALES TAX ACROSS THE LOWER MAINLAND!

It will take about \$250 million a year out of our pockets, that's \$258 per household.

Do you have an extra \$258 just lying around to give away each year to TransLink?

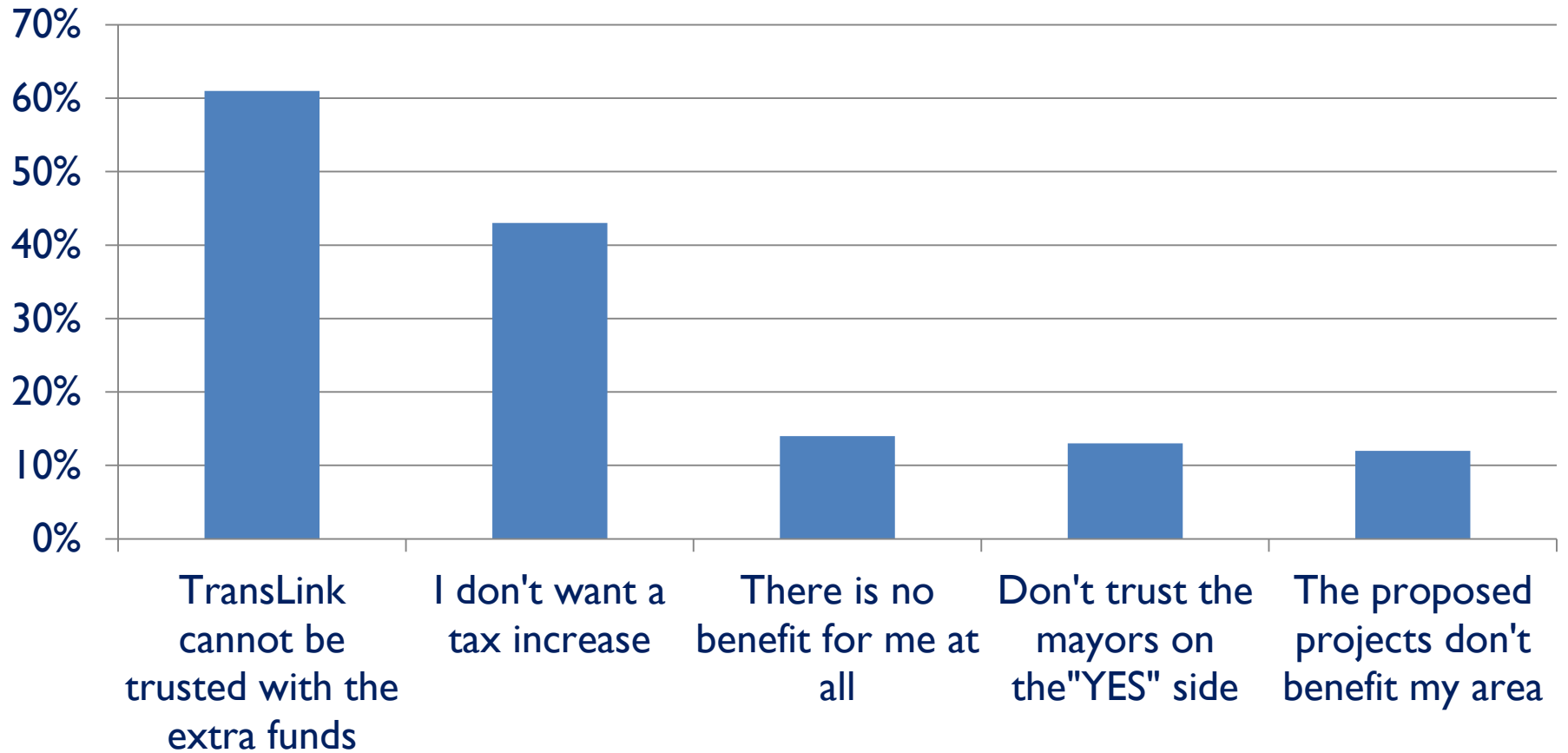
TRANSLINK WASTE OF THE DAY AWARDS

In 2012, it was revealed that TransLink bus drivers pressed a "fare not paid" button more than 2.1 million times - meaning more than 2 million free rides for fare evaders. By 2014, that number was 2.9 million.

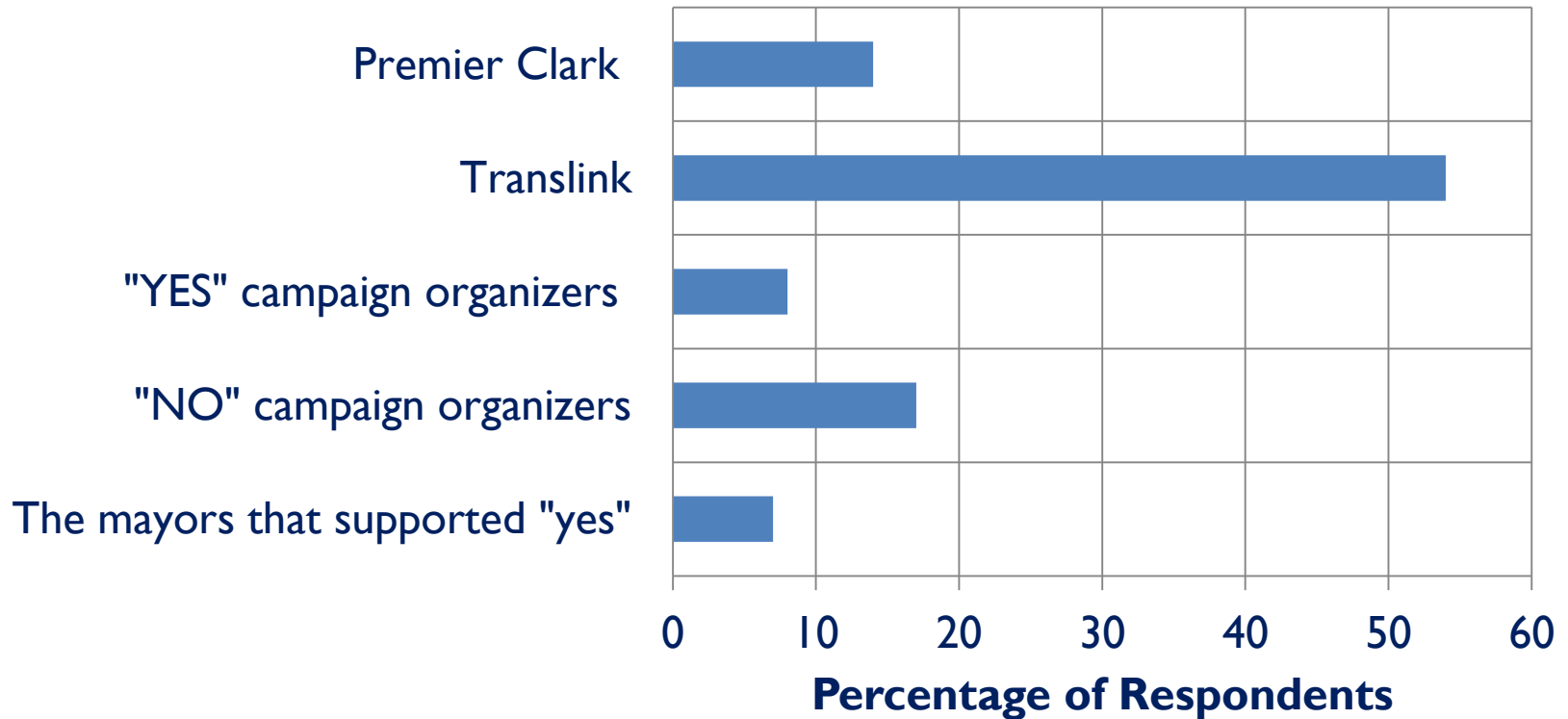
VOTE NO TO THE TRANSLINK TAX

“We focused on a single key message: TransLink is too wasteful, too badly-run of organization to be trusted with any more of voters' money”
– Jordan Bateman, Canadian Taxpayers Federation

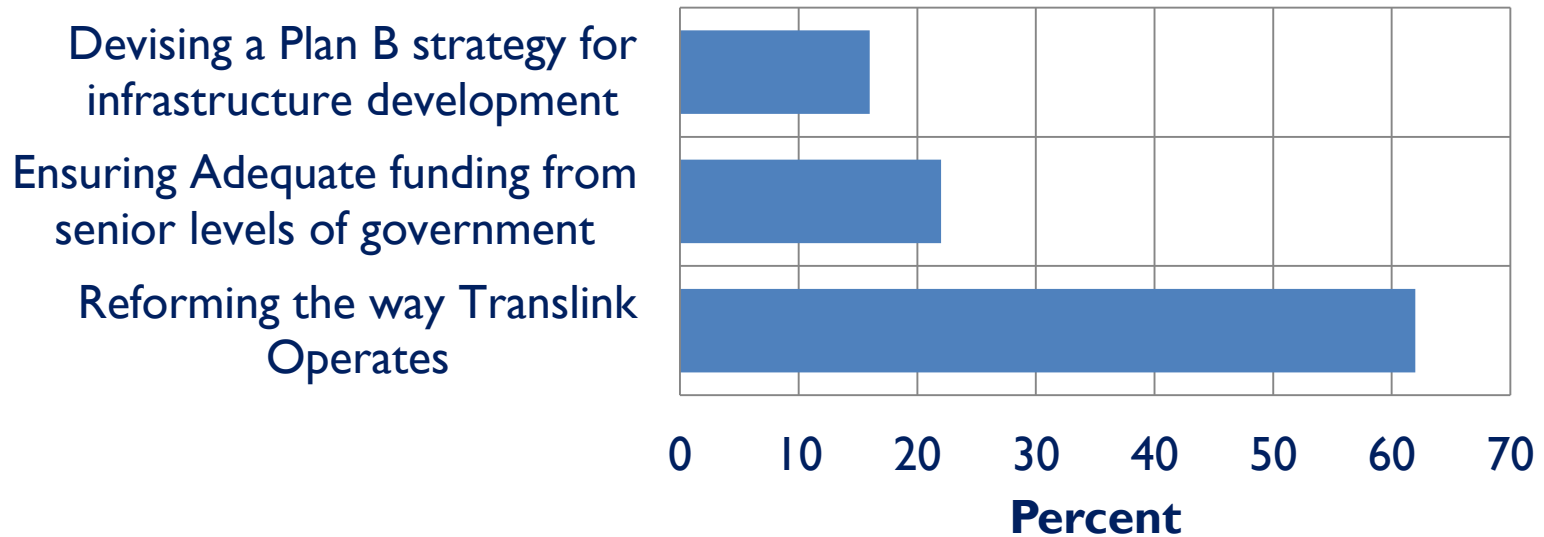
March 2015: "What are the main reasons you're voting 'No' on the referendum question?"



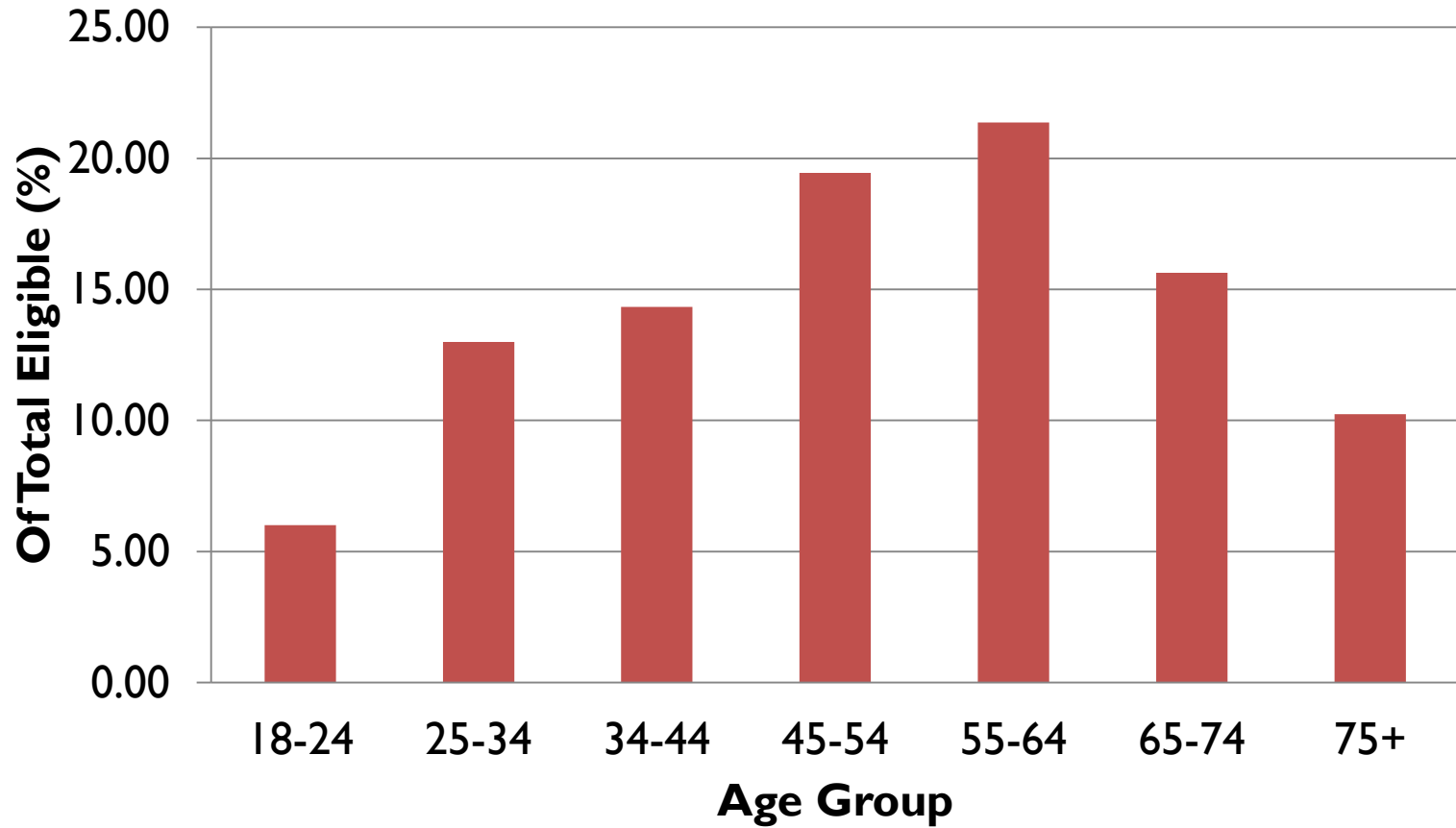
If the “YES” side loses, who do you think is most responsible?



Exit Poll July 2015: “Thinking about transit, what are the most pressing concerns that should be dealt with in Metro Vancouver?”



Turnout by Age Group



Summary of Findings

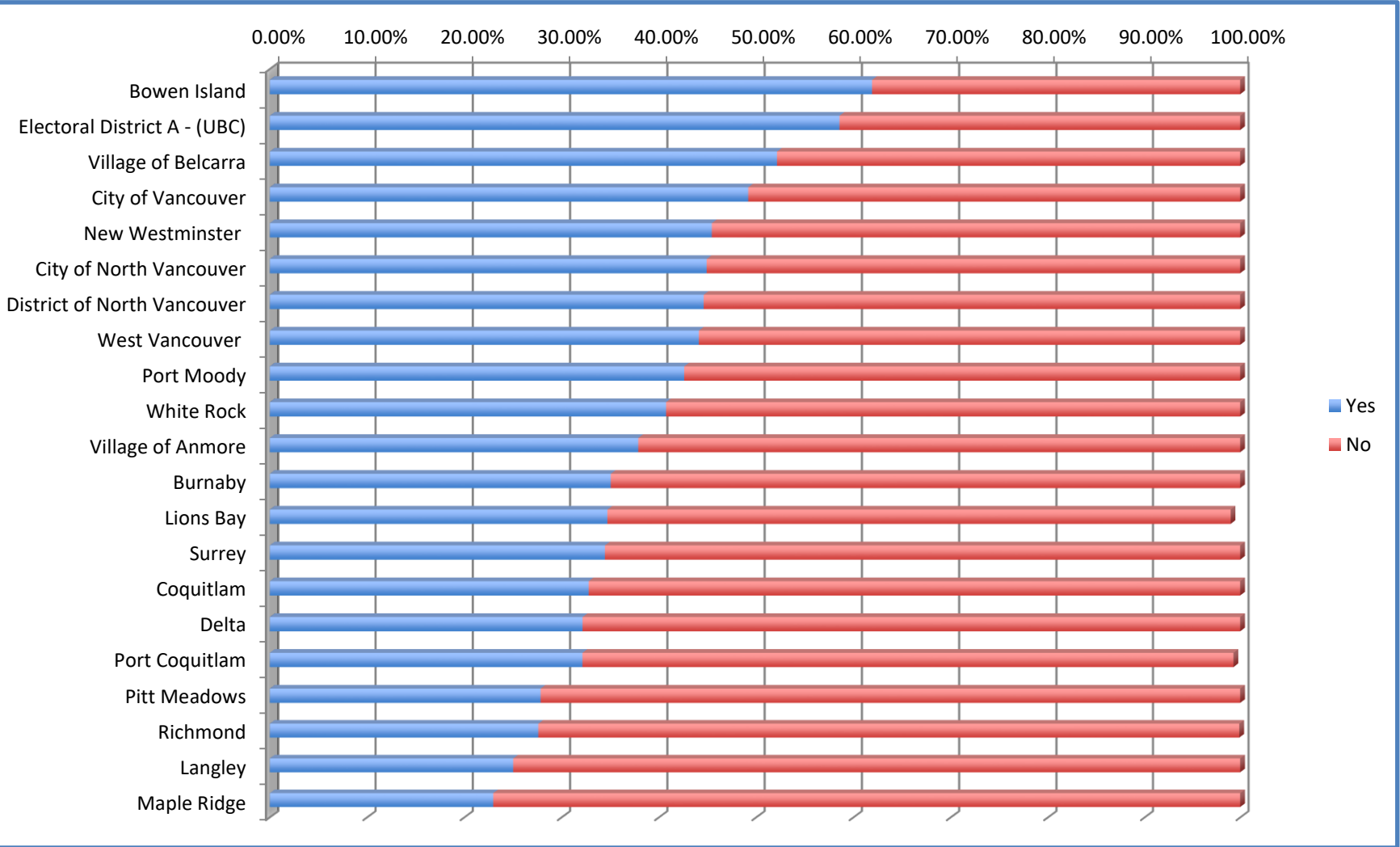
Variable	Los Angeles County	Metro Vancouver
Perception of congestion crisis	High	Moderate
Expenditure plan with regionally diffuse policy benefits	High	Moderate
Broad-based support across civil society groups	High	High
Trust in transit agency	Moderate	Low
Strength of anti-tax coalition (i.e., power resources)	Low	Low

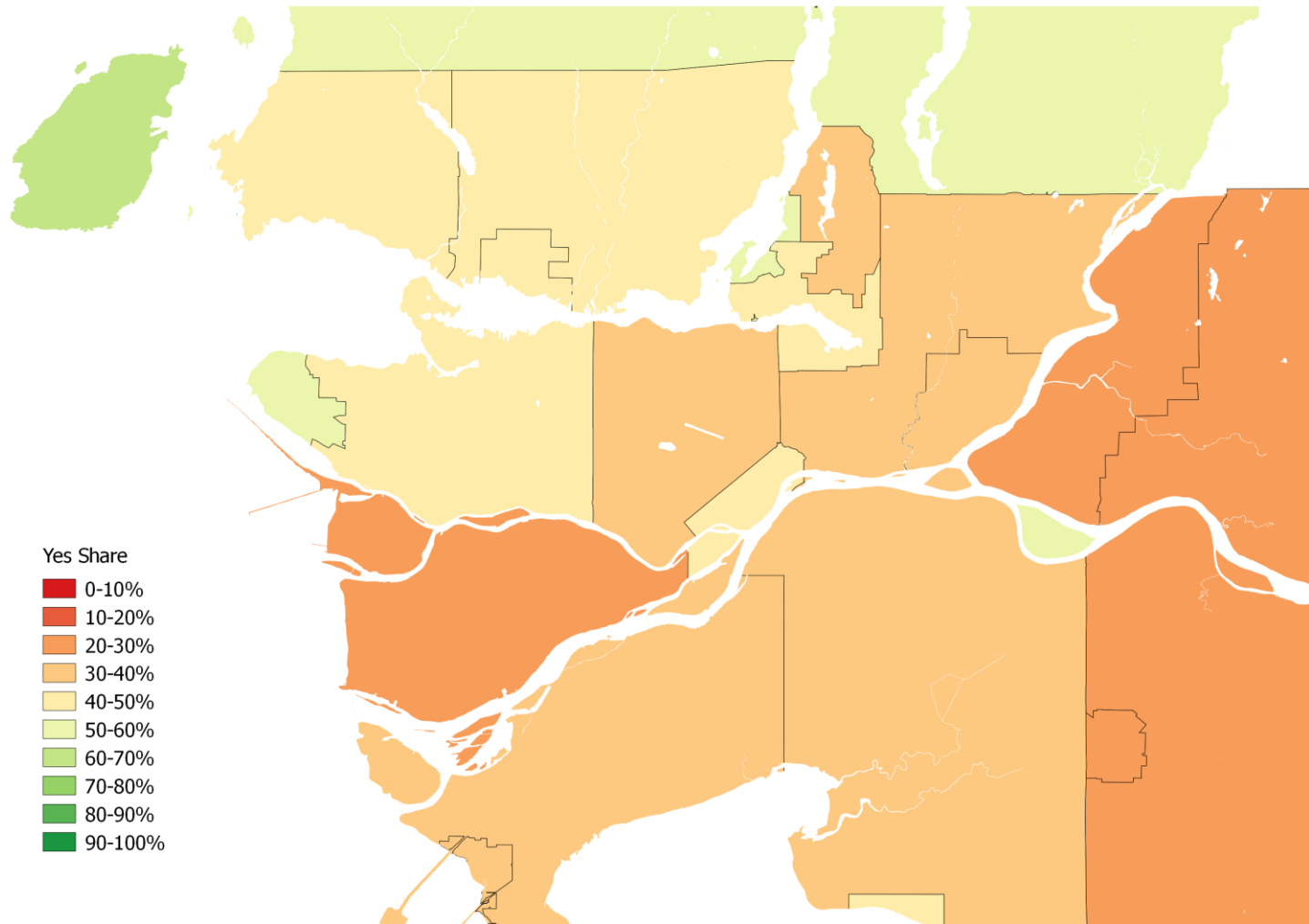
Implications and Takeaways

- Building public support for tax increases is hard ... but not impossible
- Coalition-building is necessary but insufficient
- Perception of the policy problem is important – congestion crisis reached a tipping point in Los Angeles, less clear in Vancouver
- Buy-in requires combination of getting design right and trust in government agency – these two elements are interrelated
- Campaigns matter ... but there is value in examining case studies – enables attention to sequencing, why ideas gain traction

Thank you!
Questions?

matt.lesch@mail.utoronto.ca





Source: Dawe (2015)



Source: Insights West (2015)

Measure R Capital Projects

