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

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IMFG 2017-2018 Postdoctoral Fellow
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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

Ontario Municipal Elections 2014
(Google Trends)
COSTS OF CONGESTION

LOS ANGELES
- $19.2 BILLION (2017)

VANCOUVER
- $1 BILLION (2015)

Source: INRIX 2017; HDR 2015
## Some Perspective

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<tr>
<td>Los Angeles</td>
<td>3,971,883</td>
<td>102</td>
<td>18.3</td>
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<tr>
<td>New York City</td>
<td>8,550,405</td>
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<td>Chicago</td>
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<td>9.2</td>
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<td>Houston</td>
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<td>Toronto</td>
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<td>Vancouver</td>
<td>2,463,431</td>
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<tr>
<td>Calgary</td>
<td>1,239,220</td>
<td>16</td>
<td>2.9</td>
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Source: INRIX (2017)
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)
  o Is this a desirable way to set public policy?
  o Need to better understand the forces that shape public receptivity
  o 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?
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
• Geographic/economic divisions are key
• Some rapid transit infrastructure but “polycentric” pattern of economic development
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)

Source: Adapted from LACMTA (2012)
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 at least two-thirds of voters in CA
- Institutional hurdles: required approval by various state/local bodies
“Traffic was the single most important issue for voters... At the time, traffic conditions had just hit a breaking point” - Head of MoveLA

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

Source: Bernstein and Liu 2015
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)

Source: LACMTA (2008)
Transit in LA (2016)
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 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

- Metro uses tax dollars wisely
- Metro cares about providing quality service
- Metro's image is better than last year

Source: Los Angeles County Metropolitan Transportation Authority (2006)
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

Source: Adapted from Luberto (2016)
THE CASE OF 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?

Source: St. Denis and Orton (2015)
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
Total Revenues: $1.4B (2013)

TransLink Revenue Sources (2013)

Transit Fares: 35%
Fuel Tax: 23%
Property Tax: 22%
Parking Rights Tax: 7%
Senior Government Contributions: 6%
Toll Revenues: 4%
Other: 3%

Source: TransLink (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
What’s in it for “me”?

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

Source: Mayors’ Council on Regional Transportation (2015); Better Transportation and Transit Coalition
The Competing Coalitions

**Better Transit and Transportation Coalition**

- Mayors, BC govt, and 120 civil society organizations
- ~$6.8 million budget
- Strategy: educate the public

**Canadian Taxpayers Federation**

- The Canadian Taxpayers Federation (CTF) and a couple allies in the business community
- ~$40K budget
- Strategy: trust and TransLink
Public Support for Mayors' Council Plebescite

Dec/14: Yes = 57, No = 43
Jan/15: Yes = 52, No = 48
Feb/15: Yes = 58, No = 42
Mar/15: Yes = 63, No = 37
Apr/15: Yes = 62, No = 38

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

“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?”

- TransLink cannot be trusted with the extra funds: 60%
- I don't want a tax increase: 40%
- There is no benefit for me at all: 10%
- Don't trust the mayors on the "YES" side: 10%
- The proposed projects don't benefit my area: 10%

Source: Angus-Reid 2015
If the “YES” side loses, who do you think is most responsible?

- Premier Clark
- Translink
- "YES" campaign organizers
- "NO" campaign organizers
- The mayors that supported "yes"

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

- Devising a Plan B strategy for infrastructure development
- Ensuring Adequate funding from senior levels of government
- Reforming the way Translink Operates

Source: Insights West 2015
Turnout by Age Group

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<tr>
<th>Age Group</th>
<th>Turnout (%)</th>
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<tr>
<td>18-24</td>
<td>5.00</td>
</tr>
<tr>
<td>25-34</td>
<td>10.00</td>
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<tr>
<td>34-44</td>
<td>15.00</td>
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<td>45-54</td>
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<td>55-64</td>
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<tr>
<td>65-74</td>
<td>15.00</td>
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<tr>
<td>75+</td>
<td>10.00</td>
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Source: Elections BC 2015
## Summary of Findings

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

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Measure R Capital Projects

[Image of a map showing proposed rail and rapid transit projects in Los Angeles County]