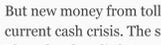


# Mayor Tory's road toll pitch praised as bold move

New taxes, fees and tolls still leave operating gap, billions in unfunded capital projects

Mayor John Tory explains his support for tolls. (STEVE RUSSELL/TORONTO STAR)

By **JENNIFER PAGLIARO** City Hall reporter  
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Mayor John Tory is being praised for a bold move in backing road tolls on the Gardiner Expressway and the Don Valley Parkway as a way to pay for needed road and transit infrastructure.

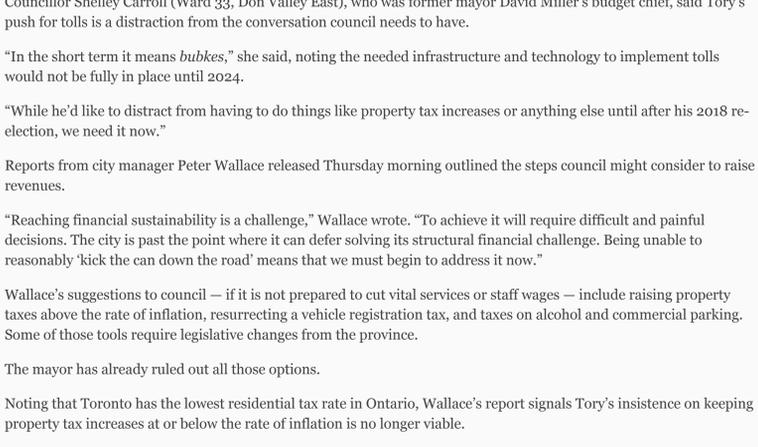
"I have a plan to make the most significant investment in transit and infrastructure in decades, to cut congestion and get this city moving," Tory told a lunchtime crowd at the Toronto Region Board of Trade on Thursday.

"For decades, we have been under-investing as a city in almost everything and those under investments are having an impact on our residents and on our city. We all see it and we all feel it everyday."

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But new money from tolls, if approved by council, won't contribute to the city's current cash crisis. The sum of all taxes and fees Tory is backing as of Thursday does little to cover growing operating gaps. In the long-term, tolls would contribute to but not close the gap on billions needed for new transit and other capital projects the city has already committed to, including Tory's own SmartTrack plan.

A suggested \$2 toll on the city-owned highways would leave little left over for transit after paying to rehabilitate the Gardiner. That cost has now ballooned by a billion dollars, from \$2.6 billion to \$3.6 billion — a fact that was announced halfway through a staff report released Thursday. Those costs include a now estimated \$1.4 billion to rebuild the Gardiner East, a plan Tory pushed and council supported last year.



On Thursday Mayor John Tory said the city can't expand transit and improve the highways without a new source of revenue and a toll on drivers is the fairest way to do it. (STEVE RUSSELL / TORONTO STAR) | ORDER THIS PHOTO

The city faces significant short-term financial struggles, including an initial \$516 million operating gap in next year's budget, and long-term challenges — \$33 billion in unfunded capital projects that include repairing or crumbling social housing and expanding the existing transit network.

Councillor Shelley Carroll (Ward 33, Don Valley East), who was former mayor David Miller's budget chief, said Tory's push for tolls is a distraction from the conversation council needs to have.

"In the short term it means *bubkes*," she said, noting the needed infrastructure and technology to implement tolls would not be fully in place until 2024.

"While he'd like to distract from having to do things like property tax increases or anything else until after his 2018 re-election, we need it now."

Reports from city manager Peter Wallace released Thursday morning outlined the steps council might consider to raise revenues.

"Reaching financial sustainability is a challenge," Wallace wrote. "To achieve it will require difficult and painful decisions. The city is past the point where it can defer solving its structural financial challenge. Being unable to reasonably 'kick the can down the road' means that we must begin to address it now."

Wallace's suggestions to council — if it is not prepared to cut vital services or staff wages — include raising property taxes above the rate of inflation, resurrecting a vehicle registration tax, and taxes on alcohol and commercial parking. Some of those tools require legislative changes from the province.

The mayor has already ruled out all those options.

Noting that Toronto has the lowest residential tax rate in Ontario, Wallace's report signals Tory's insistence on keeping property tax increases at or below the rate of inflation is no longer viable.

"While homeowners have become wealthier since amalgamation, the city is taxing them for a diminishing share of that wealth," Wallace wrote. "At-or-below inflation property tax increase strategy is keeping the city from accessing an important revenue option and is moving the city further from the norm among other Ontario municipalities."

Tory's plan to raise immediate revenues includes a tax on hotel accommodations and short-term rentals like Airbnb at a rate that would see returns of \$20 million annually. He also wants to cancel a property tax rebate for owners of vacant commercial and industrial buildings, which could save the city up to \$20 million annually.

While those are solutions that could be implemented quickly, they won't cover the city's growing financial pressures. The TTC alone has submitted an operating budget with a \$61-million shortfall for next year, after finding savings and increasing fares.

In the long-term, Tory has proposed a property tax levy that will compound to 2.5 per cent by 2021, at that time raising up to \$70 million annually.

Road tolls, depending on the price, could see revenues of between \$160 million and \$330 million annually (in 2016 dollars), with a \$2 to \$5.10 flat fee or a \$0.20 to \$0.52 per kilometre fee. Toll could be introduced in stages, starting in 2019, staff reported, but tolls weren't assumed to be fully implemented until 2024.

On Thursday, Tory acknowledged tolls won't be enough to cover all costs.

"A good chunk of that money should be coming, as I believe it will, from the other levels of government," he said.

But Wallace's report notes that the city's unwillingness to tap into its own available revenue by increasing property taxes may prevent other governments from wanting to pitch in. A new staff report on the Gardiner also notes that neither the federal or provincial government has agreed to cover any costs of that project.

Sean Meagher, executive director of Social Planning Toronto, said it is "really encouraging" that Tory has framed a long-term vision that identifies a major revenue stream to deal with some of the capital problems.

But Tory's plan doesn't address the fact "there's an enormous operating pressure right now."

"The good news of today is the very real recognition that we have a serious, serious revenue problem that we cannot run the city for free and we cannot try to solve that problem on the backs of the vulnerable," he said. "It's really important to determine how we get through this term of council because pretty much everything that he talked about today comes in the next term, and there are real pressures between now and then that we have to tackle."

*With files from David Rider, Betsy Powell, Robert Benzie and Rob Ferguson*



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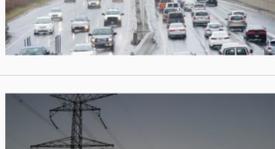
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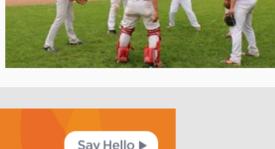
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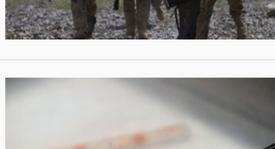
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