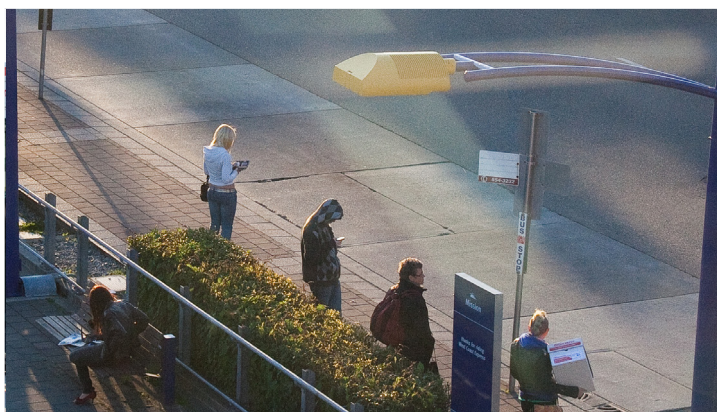


# Strategic Review of Transit in the Fraser Valley

## Foundation Paper #3



Financing and Managing Transit in the Fraser Valley

Prepared by:  
**URBANSYSTEMS.**



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## SUMMARY

Today, the funding and managing transit services and facilities in the Fraser Valley Regional District are jointly handled by BC Transit and the local area municipalities. Transit services are provided in Abbotsford/Mission, Chilliwack and Agassiz-Harrison; however, each of the transit systems is planned and funded separately so there is very limited inter-municipal service with the exception of the trips between Abbotsford and Mission, which is largely planned as a single system.

Over the last decade or so, BC municipalities, including those in the Fraser Valley, and BC Transit have been faced with funding challenges. In the absence of funding that is both stable and predictable, it is challenging to plan the phased and steady improvement of services. As a consequence, without a higher degree of certainty for local and provincial funding sources, medium and long-term plans have proven to be difficult to advance on a consistent and predictable basis.

In undertaking a Strategic Review of Transit in the Fraser Valley, it is essential that all agency and public stakeholders have a complete understanding of the current framework for managing and financing transit services and facilities today as well as the challenges to making significant enhancements within the system over the next 20 years. This study will **NOT** define a specific management and funding strategy for the Fraser Valley, but this third Foundation Paper provides context around the following matters:

- How transit is managed and governed today and other arrangements under provincial legislation that allow for alternative arrangements for the Fraser Valley communities.
- The historical costs for operating transit services in the Fraser Valley for local and regional services.
- The existing sources of funding used to finance transit services and facilities in the Fraser Valley.
- The challenges and opportunities to funding and managing long-term transit services and facilities in the Fraser Valley.

### How Transit is Governed in BC

There are essentially three forms of governance for transit in BC today – Municipal Systems, Transit Commission and the South Coast British Columbia Transportation Authority (TransLink). Each of these models is briefly highlighted below:

- **Municipal Systems.** This form of governance for transit is in place in the Fraser Valley and in all BC municipalities outside the Capital Region (where there is a Commission). Transit is provided through a partnership between BC Transit, local government, and a transit management company and uses two agreements: a Master Operating Agreement (MOA) and an Annual Operating Agreement (AOA).





The latter is renewed on an annual basis. The arrangements provide for BC Transit to plan, fund, manage, market and contract for the operation of the system. This is carried out in partnership with the municipality, and for the each respective council to approve particular aspects of the transit service such as hours of service, routes, service levels, fares and funding. The selection of the transit management company is conducted through a public 'Request for Proposal' process and is undertaken on a five-year cycle.

- **Transit Commission.** The BC Transit Act provides for two forms of a Commission, which may be either a local or regional model. In both cases, the Commissions represent transit service areas designated by BC Transit, which in turn must provide the staff resources necessary to enable the Commission to carry out its purposes. In both cases, the transit service area may contain all of, part of or more than one regional district. In effect, Commissions fulfill a somewhat similar role to that of a municipality, as described earlier, but offer a mechanism for providing service in larger areas and across regional district borders. The only Transit Commission in BC today, is the Victoria Regional Transit Commission (VRTC) which provides service to municipalities in the Capital Regional District. Decisions about fares, routes and service levels are made by the Commission, based on information and planning provided by BC Transit.
- **South Coast British Columbia Transportation Authority (TransLink).** TransLink is governed by a different Act of the Legislature, the South Coast British Columbia Transportation Authority Act. The arrangements for providing transit and other transportation services that TransLink provides are more complex than those of municipal systems or the VRTC. It is beyond the scope of this study to deal with the arrangements in detail. There are however, several entities involved with the general governance and funding structures, which include the Mayors' Council on Regional Transportation, TransLink Board of Directors, and Regional Transportation Commissioner. It is possible under the legislation to expand the service area for TransLink with the consent of municipalities to be included in the service area. TransLink also has access to the broadest range of funding sources including transit fares, a hydro levy, property taxes, a parking sales tax and a fuel surcharge, which is currently 12 cents/litre, (6 cents surcharge and 6 cents from the provincial fuel tax). It also has other powers to raise revenues by several other means including tolls (under specific circumstances). However TransLink receives no funding from the provincial government for transit operating costs.



## The Cost for Transit

The costs for conventional, paratransit and custom transit services in the Fraser Valley include an annual operating cost for the services as well as the local debt servicing costs. Since the financial year 2002/03, the annual costs for conventional and paratransit services for Fraser Valley communities have incrementally increased relatively slowly on a year over year basis until the last two or three years. In 2002/03, the total cost for conventional and paratransit services were reported to be slightly more than \$5.2 million and increased by approximately \$2.2 million to \$7.4 million in the five years to 2008/09.

Abbotsford and Mission accounted for most of the change with an increase of \$1.75 million or 42%. During the same five year period, the cost for conventional and paratransit services in Chilliwack increased 39%, an increase of almost \$0.4 million per year, while the costs in Agassiz-Harrison increased by \$30,000, or 25%. As shown in Table 1, the budget for Custom Transit services has not increased at the same rate in any of the Fraser Valley communities. Overall, the annual operating and debt service costs in 2007/08 were \$9.2 million.

**Table 1**  
**Summary of Historical Annual Costs for the Fraser Valley Transit**  
**(Operating and Local Debt Services)**

	Historical (\$,000)			Projected (\$,000)	
	2002-03	2007-08	5 Year Increase	2008-09	One Year Increase
<b>CONVENTIONAL &amp; PARATRANSIT</b>					
Abbotsford – Mission	4,141	5,890	1,749 (42%)	7,290	1,400 (24%)
Chilliwack	1,000	1,390	390 (39%)	1,770	380 (27%)
Agassiz-Harrison	120	150	30 (25%)	180	30 (20%)
<b>TOTAL</b>	<b>5,261</b>	<b>7,430</b>	<b>2,169 (41%)</b>	<b>9,240</b>	<b>1,810 (25%)</b>
<b>CUSTOM TRANSIT</b>					
Abbotsford – Mission	1,030	1,210	180 (17%)	1,390	180 (15%)
Chilliwack	470	570	100 (21%)	590	20 (4%)
Agassiz-Harrison	n.a.	n.a.	n.a.	n.a.	n.a.
<b>TOTAL</b>	<b>1,500</b>	<b>1,780</b>	<b>280 (19%)</b>	<b>1,980</b>	<b>200 (11%)</b>
<b>TOTAL TRANSIT SERVICES</b>					
Abbotsford – Mission	5,171	7,100	1,929 (37%)	8,690	1,580 (22%)
Chilliwack	1,470	1,960	490 (33%)	2,360	400 (20%)
Agassiz-Harrison	120	150	30 (25%)	180	30 (20%)
<b>TOTAL</b>	<b>6,761</b>	<b>9,210</b>	<b>2,449 (36%)</b>	<b>11,220</b>	<b>2,010 (21%)</b>

In 2008/09, the anticipated annual costs for conventional transit in the Fraser Valley are \$11.2 million representing an increase of 25% from the previous year's figure of \$9.24 million (in comparison to an



average increase of approximately 8% annually for the previous five years). Approximately 75% of the increase this year is to occur in the Abbotsford and Mission area which is projected to grow by \$1.4 million over 2007-08. Today, the cost for services within Mission and Abbotsford area account for approximately \$7.2 million (almost 80% of the total for the Fraser Valley). The projected 2008-09 cost for Chilliwack and Kent systems are \$1.77 and \$0.18 million respectively. It should be recognized that the increasing costs have come with significant service increases during these periods.

### How Transit is Funded

The funding for transit services in the Fraser Valley are generally shared between local government and the Provincial government. In fact, the operating costs for conventional transit and custom transit are shared between both levels of government: provincial share is 46.69% and 66.69% for conventional and custom transit services respectively. The remaining local government share consists of revenue from both the farebox as well as property taxes, the split of which is determined by each municipality. Debt service costs are shared on the same percentage basis as for operating costs with local governments covering 100% of the local share of debt services for capital items, through property taxes and farebox revenues.

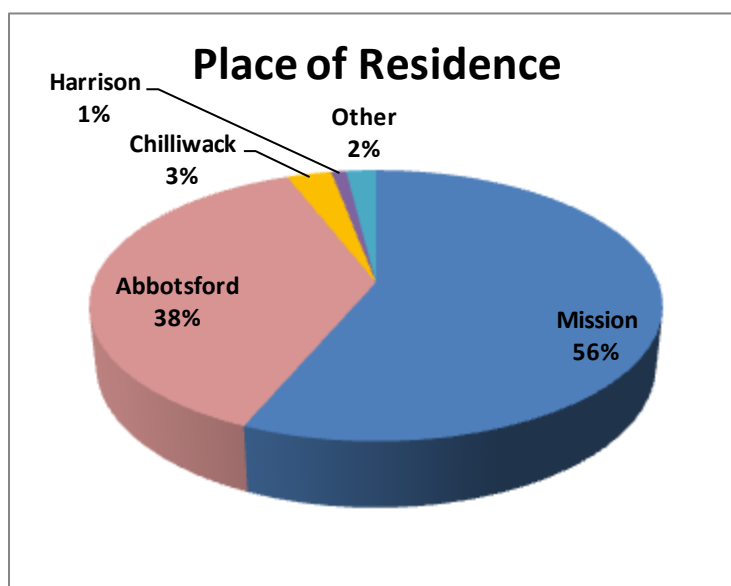
For the ValleyMax and Chilliwack conventional transit Systems, the Province funds about 45% of the overall costs (i.e. operating plus local debt costs) and for the of the local share farebox revenues cover about 50% with the remaining share being funded through local property taxes. For the Agassiz-Harrison transit system this proportion is about 60% of the local share coming from fares and 40% from property taxes. This is likely reflective of the higher fare structure in the Agassiz-Harrison system compared to the other two systems.

The ValleyMax Transit System funding is shared between Abbotsford and Mission based hours of service provided for the year which is current set at approximately 75% and 25% respectively. For the Agassiz-Harrison paratransit system, the local property tax portion is shared between Kent (55%), Harrison (24%), Chilliwack (19%) and FVRD (2%). This historical cost sharing approach does not reflect current service hours provided in the different communities or likely current ridership.



In addition to the municipal transit system costs, the District of Mission also provides funding to TransLink for West Coast Express train and train-bus service. The current annual funding is approximately \$160,000 for the train and \$110,000 for the train-bus service, or approximately 1% of the total annual operating costs of the West Coast Express (\$13.28 million budgeted in 2009) and 10.5% of the cost of the train-bus service (\$1.044 million budgeted in 2009).

The most recent passenger surveys conducted as part of this study indicate that approximately 600 passengers board West Coast Express at the Mission Station (approximately 10% of the system ridership). Of these passengers, over 80% are travelling to Waterfront Station. As these riders make the longest trips, in effect they 'consume' more than 10% of the service. In addition, not all of the passengers boarding at Mission Station are Mission residents. In fact, this regional service is comprised of both Mission (56%) and Abbotsford (38%) residents as well as people from Chilliwack (3%) and Harrison (1%).



### Comparing with other Communities

This section summarizes the range of costs and funding sources for transit in the Fraser Valley in comparison to other communities.

- **Comparing costs & farebox recovery.** Costs per service hour and per ride provide a means of comparing system efficiency and effectiveness for Fraser Valley communities with each other and for similar scale systems in the country. Table 2 summarizes the 2007 costs per service hour and ride for Fraser Valley communities in comparison with other systems in BC. Overall, the cost per service hour and per ride in the Fraser Valley compare favorably with costs elsewhere in BC and are in fact lower than the average BC Transit costs for the province. Additionally, the overall cost recovery from fares is also in line with other communities in BC. A further comparison between communities located adjacent to core metropolitan areas in other parts of Canada also suggests that the costs and farebox cost recovery in the Fraser Valley compare reasonably.



**Table 2**  
**Comparison of Cost Effectiveness and Recovery (2007)**

	Total Population	Cost per Service Hour	Cost per Ride	% Farebox Recovery
<b>FRASER VALLEY</b>				
Abbotsford-Mission	168,500	\$82.67	\$3.46	31%
Chilliwack	74,800	\$75.97	\$2.94	34%
Agassiz-Harrison	6,300	\$49.37	\$5.30	36%
<b>OTHER BC COMMUNITIES</b>				
Prince George	71,000	\$83.77	\$3.50	30%
Kelowna	172,900	\$88.25	\$3.56	31%
Kamloops	85,700	\$89.75	\$2.77	39%
Victoria	343,700	\$89.20	\$2.64	52%
BC Transit Average	n.a.	\$87.47	\$3.49	32%
TransLink	2,250,000	\$111.19	\$3.44	55%
<b>ELSEWHERE IN CANADA</b>				
Strathcona Ab.	86,700	\$82.12	\$3.98	38%
Oakville Ont.	169,800	\$72.73	\$5.20	34%
Guelph Ont.	118,000	\$85.23	\$3.52	38%
Durham Region	603,900	\$102.07	\$5.26	38%
York Region	983,000	\$95.43	\$5.91	40%

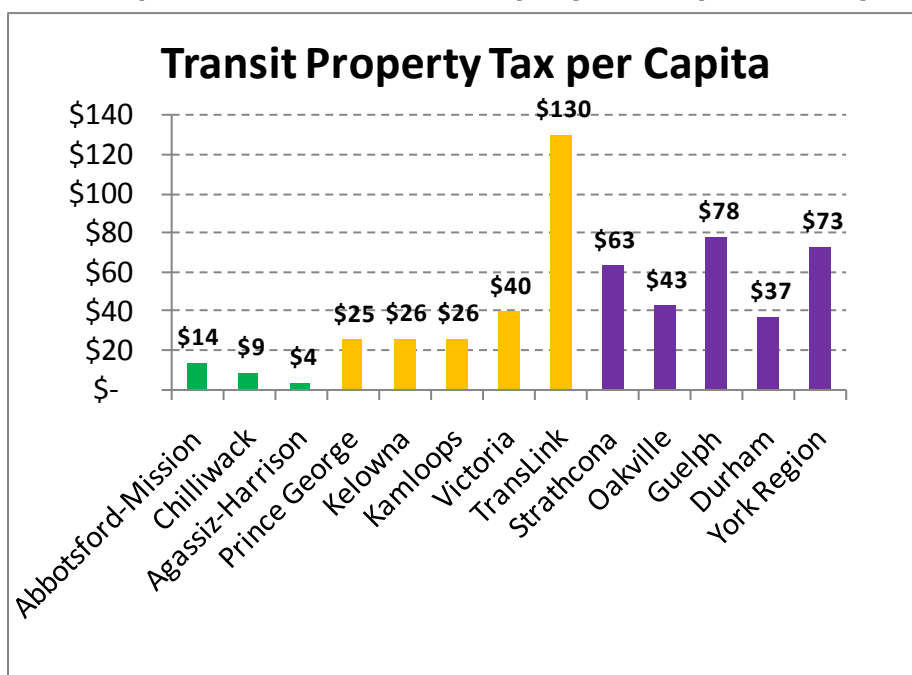
- Funding Sources.** As noted earlier, the province funds 46.69 % of conventional transit costs and 66.69 % of custom transit costs with the remaining share being paid by BC Transit's local partner from transit fares and property taxes. Under the current legislative arrangements, the property tax is the only source that is available for transit operational costs beyond the farebox. Figure 1 below provides a comparison of the property tax for Fraser Valley communities with other communities in BC and Canada. These figures clearly show that the absolute cost per capita for residents in the Fraser Valley is among the lowest of the mid-size to large systems in BC and well below that of other communities across the country. When compared to the two largest metropolitan areas in BC, namely Metro Vancouver and the Capital Region, the per capita property taxes in the FVRD are much lower than these metropolitan areas. It should be recognized that the provincial funding of operating costs for transit does not exist in Metro Vancouver or any province outside BC.





**Figure 1**  
**Comparison of Transit Based Property Taxes by Community**

Other jurisdictions in BC, namely Metro Vancouver (TransLink) and the Capital Region have legislative authority for other sources of funding such as a Hydro levy and parking tax in Metro Vancouver and fuel surcharge in the Capital Region and Metro Vancouver. Under the legislation that established the Greater Vancouver Transportation Authority, (since changed by subsequent legislation to



the South Coast BC Transportation Authority) authority also existed for an annual per vehicle charge; while this was approved in 2000, it was not put into effect because the then provincial government did not pass the regulations needed to collect the charge through ICBC. Figure 2 below summarizes the revenue generated by TransLink and the Capital Region from their fuel surcharges and provides an indication of the level of funding that would be generated in the Fraser Valley by a one cent fuel surcharge.

**Figure 2**  
**Summary of Fuel Surcharge Revenues**

	Fuel Tax (cents per litre)	Fuel Sold (million litres)	Revenue (million \$)
Metro Vancouver (TransLink)	12	2,245	\$269.4
Capital Region (BC Transit)	3.5	300	\$10.5
<b>Example for</b> Fraser Valley Regional District	1	410	\$4.1

Additionally in Metro Vancouver, all the Federal Gas Tax funding, which flows to cities/municipalities under the New Deal for Cities and Communities Program, is directed to fund capital costs for transit. For other communities in BC, this funding is directed toward municipalities, through the UBCM, to specific



projects, which could include the capital costs for transit related items should a municipality choose to request funding for such a project.

### The Challenges and Opportunities

Once a long-term vision and strategy for transit is developed, the local, regional and provincial agencies will need to examine these challenges for the governance, funding and delivery of transit services within, between and to and from communities in the Fraser Valley. It is anticipated that the following challenges and opportunities will serve to increase the dialogue among all affected agencies in order to begin implementation of improvements to the transit system once the Transit Strategy is complete.

- *Relative 'newness' of FVRD municipal systems contributes toward being underserved by transit, and resources for significant expansion are not defined.*
- *Long-term investments in both services and infrastructure have been inconsistent and unpredictable.*
- *There is not a consistent approach to providing regional services.*
- *There is no framework for expanding inter-regional services.*
- *Funding sources – property taxes and fares – are not responsive to increasing costs.*
- *Significant investments in transit are needed to achieve goals for mobility, in addition to shaping land use patterns and creating a sustainable Fraser Valley for the long-term.*
- *More reliable and predictable long-term funding sources are required to make transit successful.*
- *Several models of managing transit in the Fraser Valley are available to support, local, regional and inter-regional transit services and facilities (including a made-in-FVRD solution).*



## 1.0 INTRODUCTION

The Fraser Valley Regional District (FVRD) offers residents, workers and visitors a high quality of life, with a mixture of urban, suburban, rural, and natural environment experiences. The region is home to approximately 255,000 residents living within its six municipalities and eight Electoral Areas. Residents in the region benefit from growing employment opportunities closer to home and affordable housing prices relative to other parts of the Lower Mainland. Over the next 25 years or so, the region's population is expected to increase by approximately 80%, or an additional 200,000 people. Much of this growth is anticipated to occur within the region's urban growth boundary. As such, managing this growth and fostering the sustainability of these communities is essential to not only the future of the Fraser Valley, but the entire Lower Mainland and province of British Columbia.

One of the key growth management goals identified in the FVRD's Regional Growth Strategy (RGS) is to 'Increase Transportation Choice and Efficiency', which includes reducing dependency on single-occupant vehicle travel and enhancing commitments toward the provision of attractive bicycle and pedestrian facilities, as well as a broader range of transit services. This includes not only the provision of additional conventional transit services and facilities between communities, but consideration of community shuttles using fixed and demand responsive services for local travel within Fraser Valley communities. A broader range of local and regional transit services supported by critical attractive support policies and measures – such as increased mixture of uses and density, attractive and accessible pedestrian facilities, park-and-ride facilities, transit exchanges, etc. – will complement the RGS goal for a 'network of sustainable communities.'

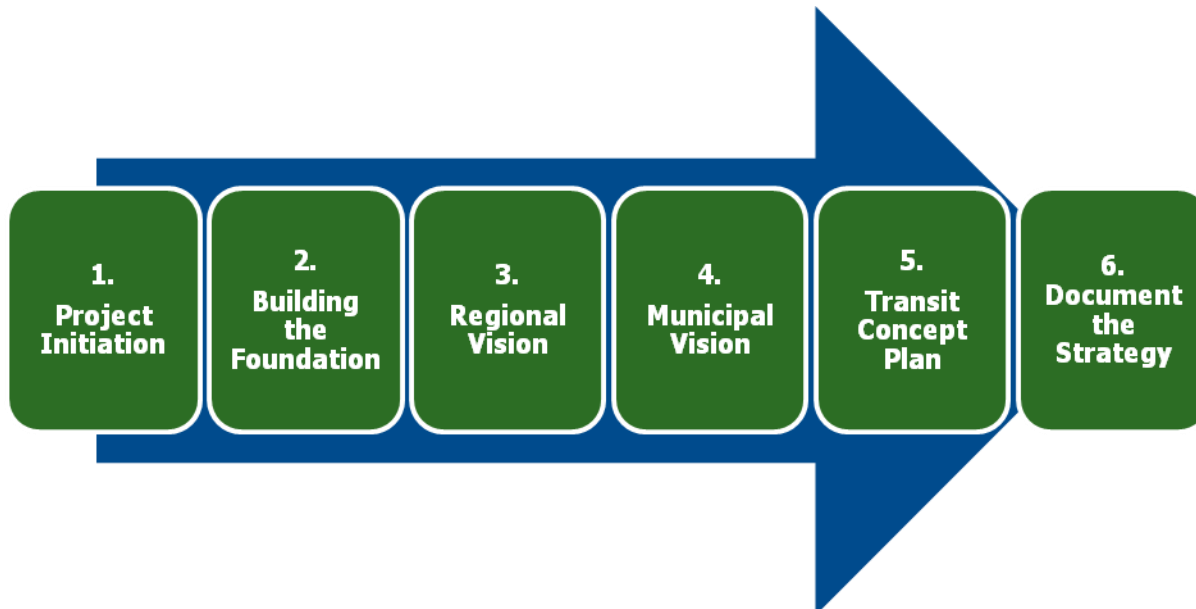
Significant strides have already been made toward enhancing transit services in the Fraser Valley in recent years. BC Transit, in connection with local municipalities, has undertaken comprehensive assessments of transit markets and the performance of transit services for the Fraser Valley, and has identified needs for improvement through their 5 year planning processes. Although the Provincial Transit Plan does not specifically identify transit strategies for the Fraser Valley, the foundation goals for reduced greenhouse gases, increased transit mode share and complete communities are used to guide the development of a long-range transit strategy for the Fraser Valley.

### 1.1 The Strategy Process

The ***Strategic Review of Transit for the Fraser Valley*** represents an opportunity to address historical issues and challenges of making transit attractive for the Valley. It will include the development of a long-term strategy for local, regional and inter-regional transit services, facilities and supportive infrastructure over the next 20 years. The Strategic Review will also identify implementation priorities for the next 5 and 10 years as well as the responsibilities for advancing the shorter-term initiatives. The



process for developing the Strategy is separated into six phases, with the development of three integrated Foundation Papers being developed as part of this second study phase.



The Foundation Papers included in Phase 2 are intended as 'think pieces' to build on historical work and to shape the development of Municipal and Regional Visions for transit in the Fraser Valley.

- **Foundation Paper #1 – Transit Market Analysis.** In order to develop an effective long-term strategy for transit in the Fraser Valley, it is important to identify transit services and facilities that are targeted toward enhancing the experience for existing customers, may attract new transit customers that are traveling today and will be aligned with long-term travel markets. This Foundation Paper provides a comprehensive assessment of the local, regional and inter-regional transit markets in the Fraser Valley. Ultimately, the transit services and strategy for the Fraser Valley will be aligned with those markets where there is the greatest potential to increase transit ridership.
- **Foundation Paper #2 – Summary of Relevant Practices.** The success of transit in the Fraser Valley requires a unique combination of transit services and facilities (that are best suited to the transit markets being served), transit supportive land use patterns and the provision of transit supportive facilities and infrastructure. This Foundation Paper examines the relevant practices in other communities that should be considered in developing a long-range strategy for the Fraser Valley.
- **Foundation Paper #3 – Managing and Financing Transit in the Fraser Valley.** The historical means of governing and funding transit is a ongoing challenge as communities in the Fraser Valley have grown significantly over the last 10 or so years. Although the Strategic Review of Transit in the





Fraser Valley will NOT be identifying and evaluating alternative forms of governance and financing transit, this Foundation Paper provides an overview of the current models for governing transit in British Columbia, and highlights some of the historical facts about funding transit in the Fraser Valley in comparison to other communities in Canada.

## **1.2 Key Features of This Foundation Paper**

Today, the funding and management of transit services and facilities in the Fraser Valley Regional District is jointly handled by BC Transit and the local area municipalities. Transit services are provided in Abbotsford/Mission, Chilliwack and Agassiz-Harrison; however, each of the transit systems is planned and funded separately so there is very limited inter-municipal service with the exception of the trips between Abbotsford and Mission.

Over the last decade or so, BC municipalities, including those in the Fraser Valley, along with BC Transit have been faced with funding challenges that have limited the ability to improve and expand services. In the absence of funding that is both stable and predictable, it is challenging to plan the phased and steady improvement of services. As a consequence, without a higher degree of certainty for local and provincial funding sources, medium and long-term plans have proven to be difficult to advance on a consistent and predictable basis.

In preparing a Strategic Review of Transit in the Fraser Valley, it is essential that all agency and public stakeholders have a complete understanding of the current framework for managing and financing transit services and facilities today as well as the challenges to making significant enhancements within the system over the next 20 years. In an effort to provide some context for Strategic Review of Transit in the Fraser Valley, this Technical Memorandum is designed to achieve the following objectives:

- To discuss how transit is managed and governed today and to identify any other arrangements under provincial legislation that may allow alternative arrangements for the provision of services in the Fraser Valley communities and how these services may be governed and funded.
- To summarize the total costs for operating transit services in the Fraser Valley (including a summary of historical capital, operating, maintenance and debt service costs) for local and regional services.
- To outline the existing sources of funding used to finance transit services and facilities in the Fraser Valley.
- To summarize the challenges to funding and managing long-term transit services and facilities in the Fraser Valley.



- To identify opportunities for other sources of financing and governing transit in the Fraser Valley to address those challenges that may be discussed among all agencies once the Strategic Review is complete.

Once again, it is important to recognize at the outset that the purpose of this Foundation Paper and study is NOT to define a specific management and funding strategy for transit in the Fraser Valley. Rather, the intent is to provide a fact based overview of the current circumstances for managing and financing transit services and facilities in the Fraser Valley. In fact, it would be premature to do so and would require extensive input from all agencies, and discussions on everything from guiding principles through to various organizational and funding models. All key agencies may wish to address these matters through separate processes following the completion of the Strategic Review.



## **2.0 OVERVIEW OF HOW TRANSIT IS GOVERNED IN BC**

BC Transit has responsibility for transit throughout BC and was also responsible for public transportation in Metro Vancouver until 1999. The agency plans, funds, manages, markets, and typically contracts with the private sector for the operation of transit systems in more than 50 British Columbia communities. It also manages and operates the Victoria Regional Transit System.

Three types of transit service are provided by BC Transit: conventional transit, paratransit and custom transit.

- Conventional transit serves the general population in urban settings using mid-sized, large or double deck buses - mostly fully accessible and low-floor - with fixed routes and fixed schedules.
- Paratransit offers flexible routing and schedules for passengers using minibuses, taxis and vans in small town, rural and suburban areas.
- Custom transit serves those who cannot use conventional transit because of a disability, using vans and minibuses for dial-a-ride, door-to-door handyDART service and through contracted Taxi Supplement and Taxi Saver (discounted coupon) programs.

It should be noted that not all of these services are necessarily in each of the municipalities with which BC Transit has agreements.

With the exception of Metro Vancouver, where services are provided by the South Coast British Columbia Transportation Authority (TransLink), public transit in British Columbia is governed under the BC Transit Act and planned by BC Transit whose mandate, under the Act, is to "to plan, acquire, construct or cause to be constructed public passenger transportation systems and rail systems that support regional growth strategies, official community plans, and the economic development of transit service areas", [and] "to provide for the maintenance and operation of those systems".

Services are provided in partnership with municipalities and there are two basic forms. Under the provisions of the BC Transit Act the forms of partnership with municipalities include agreements with either individual municipalities or a regional transit commission. In both cases there is an annual operating agreement which sets out the arrangements for the provision of services and the cost-sharing arrangements between BC Transit and its local partner.



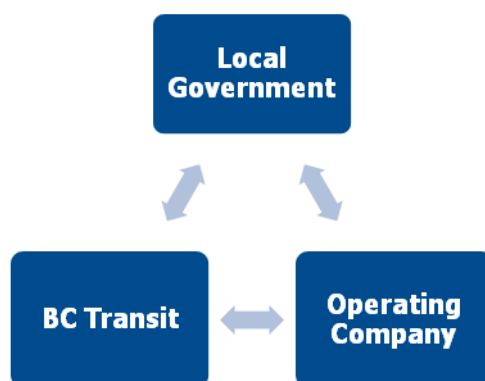
## 2.1 Municipal Systems

The Municipal Systems form of governance is in place in the Fraser Valley and in all BC municipalities outside the Capital Region (where there is a Commission). Transit is provided through a partnership between BC Transit, local government, and a transit management company and uses two agreements: a Master Operating Agreement (MOA) and an Annual Operating Agreement (AOA). The latter is renewed on an annual basis. The arrangements provide for BC Transit to plan, fund, manage, market and contract for the operation of the system. This is carried out in partnership with the municipality, and for the each respective council to approve particular aspects of the transit service such as hours of service, routes, service levels, fares and funding. The selection of the transit management company is conducted through a public 'Request for Proposal' process and is undertaken on a five-year cycle<sup>1</sup>.

The annual costs comprise of a number of classes of expenses, including the annual operating costs and the amounts required to amortize capital expenditures under the transit service agreement between the authority and the municipality. A funding formula is set out in Provincial regulations that identify what percentage of the annual cost is to be paid by each party. Today the Provincial share of costs in the Fraser Valley is 46.69% for conventional transit and 66.69% for custom transit, while paratransit is a blended rate. The local partner has to fund the balance of costs using a combination of fares and property taxes.

Figure 2.1 illustrates the arrangements that exist in each of the Fraser Valley communities.

**Figure 2.1 – The Structure of the Partnership for Municipal Systems**



<sup>1</sup> The exceptions to this process are systems operated by the Regional District of Nanaimo, City of Nelson, District of Powell River and the Sunshine Coast Regional District as well as non-profit societies with small annual transit budgets (<\$200,000).





## 2.2 Transit Commissions

The BC Transit Act provides for two forms of Commission, either a local or Regional. In both cases the Commissions represent transit service areas designated by BC Transit, which must provide the staff resources necessary to enable the commission to carry out its purposes. In both cases the transit service area may contain all of, part of or more than one regional district.

A local transit commission must consist of not fewer than 5 members appointed by the Lieutenant Governor in Council from among persons holding elected office on a municipal council or regional district board, and a regional commission must have a minimum of 7 members. In both cases the minister responsible for BC Transit may designate the Chair of the commission.

In effect Commissions fulfill a somewhat similar role to that of a municipality, as described earlier, but lends itself for providing service in larger areas and across regional district borders. (This was the case with the Vancouver Regional Transit Commission, which provided transit service to Maple Ridge and Pitt Meadows, which were not in Metro Vancouver (GVRD) when services started.

The only Transit Commission in BC today, is the Victoria Regional Transit Commission (VRTC) which provides service to municipalities in the Capital Regional District. (There used to be a Commission in Metro Vancouver prior to the creation of TransLink). Decisions about fares, routes and service levels are made by the Commission, based on information and planning provided by BC Transit.

The VRTC is responsible for the local share of funding. The VRTC is responsible for the local share of funding. The BC Transit Act provides Commissions with one additional source of funding other than property taxes – a motor fuel tax. If a Commission recommends a motor fuel tax, it can only be implemented by an act of the Provincial legislature. Since April 1, 2008, the tax collected by the province for the Victoria Regional Transit Commission, to fund part of the local share of transit services was increased by 1¢ per litre to 3.5¢ per litre.

The cost sharing formula, which changed when the fuel tax was introduced, sets the Provincial share for Victoria is at 31.70% for conventional transit and 68.30% for custom transit.

## 2.3 South Coast British Columbia Transportation Authority (TransLink)

As noted earlier, TransLink is governed by a different Act of the Legislature, the South Coast British Columbia Transportation Authority Act. The arrangements for providing transit and other transportation services that TransLink provides are more complex than those of municipal systems or the VRTC. It is beyond the scope of this background paper to deal with the arrangements in detail. There are several



entities involved with the general governance and funding structures, which is shown in Figure 1. The various roles are summarised below<sup>2</sup>:

- a. ***The Mayors' Council on Regional Transportation.*** The council is composed initially of the 21 mayors of municipalities within Metro Vancouver. More mayors can be added from within the south coast, with the agreement of the provincial government and the Mayors' Council. The Mayors' Council appoints the Board of Directors for TransLink and the Commissioner. It approves plans prepared by TransLink, including the transportation plan, regional funding and borrowing limits.
- b. ***TransLink Board of Directors.*** Directors are selected based on their skills and expertise and must act in the best interests of TransLink. They do not represent any other interests or constituencies. They are responsible for hiring, compensating and monitoring the performance of the CEO and providing oversight of TransLink's strategic planning, finances, major capital projects and operations.
- c. ***Regional Transportation Commissioner.*** The Mayors' Council also appoints a Commissioner who is separate from the Council, TransLink Board of Directors and TransLink staff. The Commissioner approves cash fare increases above inflation. The Commissioner also approves TransLink's plans for annual customer satisfaction surveys, its customer complaint process and any proposed sale of major assets. The Commissioner reports annually to the Mayors' Council on Commissioner's decisions and the performance of TransLink.

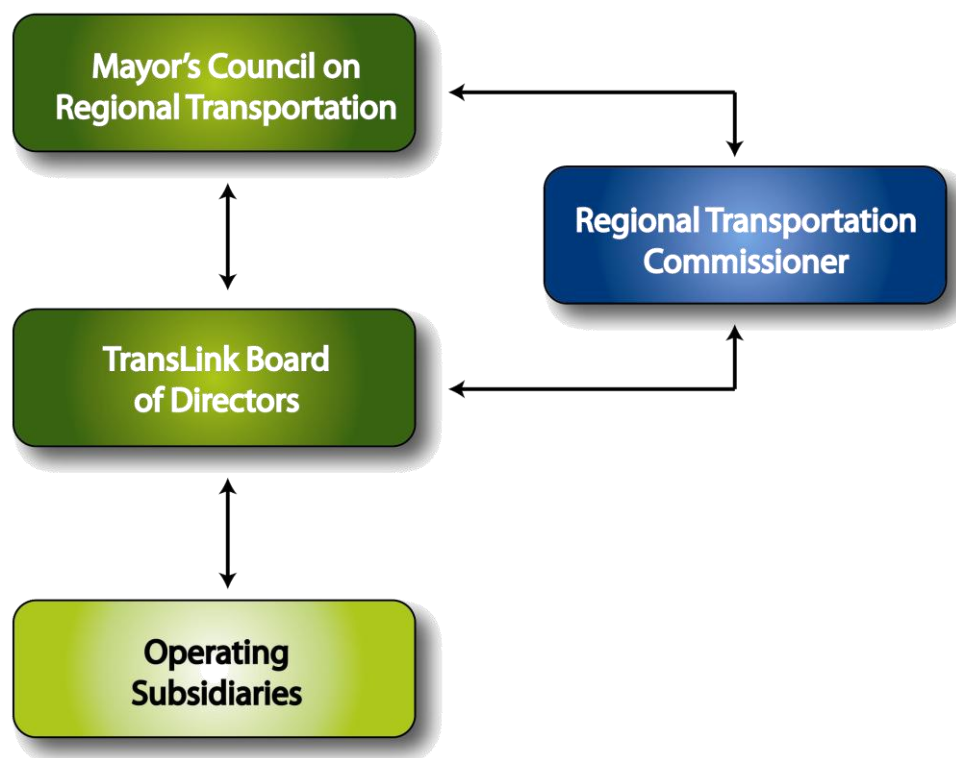
It is possible under the legislation to expand the service area TransLink with the consent of municipalities to be included in the service area. TransLink also has access to the broadest range of funding sources including transit fares, a hydro levy, property taxes, a parking sales tax and a fuel tax, which is currently 12 cents/litre, (6 cents surcharge and 6 cents from the provincial fuel tax). It also has other powers to raise revenues by several other means including tolls (under specific circumstances). However TransLink receives no funding from the provincial government for transit operational costs.

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<sup>2</sup> Based on material at <http://www.translink.bc.ca/WhatsNewandBoardMeetings/default.asp>



Figure 2  
TransLink Structure<sup>3</sup>



<sup>3</sup> Adapted from <http://www.translink.bc.ca/files/pdf/TranslinkChart.pdf>



### **3.0 THE COSTS AND FUNDING FOR TRANSIT**

As part of the municipal systems for BC Transit, the costs and funding for transit in the Fraser Valley is separated into the three distinct arrangements that are briefly described in this section of the report.

#### **3.1 The Cost for Transit**

The costs for conventional, paratransit and custom transit services in the Fraser Valley include an annual operating cost for the services as well as the local debt costs. As summarized below in Table 3.1, the annual costs for conventional and paratransit services for Fraser Valley communities have incrementally increased year by year. In 2002-03, the total cost for conventional and paratransit services were reported to be slightly more than \$5.2 million and increased to \$7.4 million over the next five years. Of this increase of over 40%, Abbotsford and Mission accounted for the most significant change which increased by \$1.75 million per year. During that same period, the cost for conventional and paratransit services in Chilliwack increased by a similar percentage, a boost of almost \$0.4 million per year, while the costs in Agassiz-Harrison increased by \$30,000. Custom transit services have not increased at the same rate in any of the Fraser Valley communities. Overall, the annual operating and debt service costs today for the Fraser Valley system is over \$11.2 million.





**Table 3.1**  
**Summary of Historical Annual Costs for the Fraser Valley Transit**  
**(Operating and Local Debt Services)**

	Historical (\$,000)			Projected (\$,000)	
	2002-03	2007-08	5 Year Increase	2008-09	One Year Increase
<b>CONVENTIONAL &amp; PARATRANSIT</b>					
Abbotsford – Mission	4,141	5,890	1,749 (42%)	7,290	1,400 (24%)
Chilliwack	1,000	1,390	390 (39%)	1,770	380 (27%)
Agassiz-Harrison	120	150	30 (25%)	180	30 (20%)
<b>TOTAL</b>	<b>5,261</b>	<b>7,430</b>	<b>2,169 (41%)</b>	<b>9,240</b>	<b>1,810 (25%)</b>
<b>CUSTOM TRANSIT</b>					
Abbotsford – Mission	1,030	1,210	180 (17%)	1,390	180 (15%)
Chilliwack	470	570	100 (21%)	590	20 (4%)
Agassiz-Harrison	n.a.	n.a.	n.a.	n.a.	n.a.
<b>TOTAL</b>	<b>1,500</b>	<b>1,780</b>	<b>280 (19%)</b>	<b>1,980</b>	<b>200 (11%)</b>
<b>TOTAL TRANSIT SERVICES</b>					
Abbotsford – Mission	5,171	7,100	1,929 (37%)	8,690	1,580 (22%)
Chilliwack	1,470	1,960	490 (33%)	2,360	400 (20%)
Agassiz-Harrison	120	150	30 (25%)	180	30 (20%)
<b>TOTAL</b>	<b>6,761</b>	<b>9,210</b>	<b>2,449 (36%)</b>	<b>11,220</b>	<b>2,010 (21%)</b>

In 2008-09, the anticipated annual costs for transit in the Fraser Valley increased by 25% from the previous year to \$9.24 million (in comparison to an average increase of approximately 8% annually for the previous five years). Approximately 75% of the increase this year is to occur in the Abbotsford and Mission area which is projected to grow by \$1.4 million over 2007-08. Today, the cost for services within Mission and Abbotsford area account for approximately \$7.2 million (almost 80% of the total for the Fraser Valley). The projected 2008-09 cost for Chilliwack and Kent systems account for \$1.77 and \$0.18 million respectively.

As can be seen in Figure 3.1 the annual costs for custom transit services in the Fraser Valley is approximately 20% of the conventional and paratransit services. Between 2002-03 and 2007-08, the costs for custom transit services increased by approximately 19%, or at an average of 3.8% per year. However, the projected annual costs for 2008-09 are expected to increase by 11% over the previous fiscal period.



### 3.2 Transit Resources and Ridership

Table 3.2 below summarize the changes in transit resources as measured by service hours and vehicles as well as corresponding growth in ridership between the operating years of 2002-03 and 2008-09. These results show that the historical rates of growth in service hours increased by slightly more than an average of 3% per year between 2002-03 and 2007-08, and experienced a dramatic boost for this year by approximately 18%. Today, the Fraser Valley receives slightly more than 0.4 service hours per capita. Although the summary of vehicle resources indicate that the number of buses increased by 27% for the 5 years, much of this increase occurred in the Abbotsford system in final year prior to the increase in service hours (2007-08).

**Table 3.2**  
**Summary of Transit Resources & Ridership in the Fraser Valley**

	Historical			Projected	
	2002-03	2007-08	5 Year Increase	2008-09	One Year Increase
<b>SERVICE HOURS</b>					
Abbotsford – Mission	58,000	71,200	13,200 (23%)	84,500	13,300 (19%)
Chilliwack	16,600	18,200	1,600 (10%)	21,400	3,200 (18%)
Kent	3,000	3,000	0 (0%)	3,000	0 (0%)
<b>TOTAL</b>	<b>78,400</b>	<b>92,450</b>	<b>14,050 (18%)</b>	<b>108,900</b>	<b>16,450 (17%)</b>
<b>BUSES</b>					
Abbotsford – Mission	17	22	5 (29%)	32	10 (45%)
Chilliwack	4	5	1 (25%)	6	1 (20%)
Kent	1	1	0 (0%)	1	0
<b>TOTAL</b>	<b>22</b>	<b>28</b>	<b>6 (27%)</b>	<b>39</b>	<b>11(39%)</b>
<b>RIDERSHIP (,000 passengers)</b>					
Abbotsford – Mission	1,282	1,703	4218 (33%)	1,840	137 (8%)
Chilliwack	337	471	134 (40%)	480	9 (2%)
Kent	25	28	3 (12%)	30	2 (7%)
<b>TOTAL</b>	<b>1,644</b>	<b>2,202</b>	<b>558 (34%)</b>	<b>2,350</b>	<b>148 (7%)</b>

Even though the transit service hours only increased by 18% between 2002-03 and 2007-08, transit ridership reportedly increased by 33% during that same period. This impressive growth in ridership was experienced in both the Chilliwack and ValleyMax systems.

### 3.3 How Transit is Funded

The funding for transit services in the Fraser Valley are generally shared between local government and the Provincial government. In fact, the operating costs for conventional transit and custom transit are shared between both levels of government as summarized below in Table 3.3. The local government



share consists of revenue from both the farebox as well as property taxes, the split of which is determined by each municipality. Debt service costs are shared on the same percentage basis as for operating costs with local governments covering 100% of the local share of debt services for capital items, primarily the buses and through property taxes and farebox revenues.

**Table 3.3**  
**Cost Sharing for Transit**

	Local Government	Provincial Government
<b>Conventional Transit</b>	53.31%	46.69%
<b>Custom Transit</b>	33.31%	66.69%
<b>Debt Service</b>	Same %'s as above	Same %'s as above

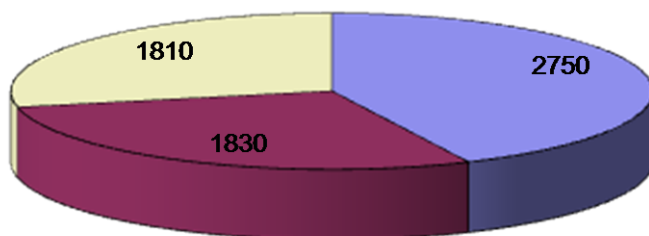
The anticipated 2008-09 funding sources for each of the transit systems are summarized below in Figure 3.4. As can be seen, for the ValleyMax and Chilliwack conventional transit Systems the Province funds about 45% of the overall costs (i.e. operating plus local debt costs) and for the of the local share farebox revenues cover about 50% with the remaining share being funded through local property taxes. For the Agassiz-Harrison transit system this proportion is about 60% of the local share coming from fares and 40% from property taxes. This is likely reflective of the higher fare structure in the Agassiz-Harrison system compared to the other two systems.

The ValleyMax Transit System funding is shared between Abbotsford and Mission based hours of service provided for the year which is current set at approximately 75% and 25% respectively. For the Agassiz-Harrison paratransit system, the local property tax portion is shared between Kent (55%), Harrison (24%), Chilliwack (19%) and FVRD (2%). This historical cost sharing approach does not reflect current service hours provided in the different communities or likely current ridership.

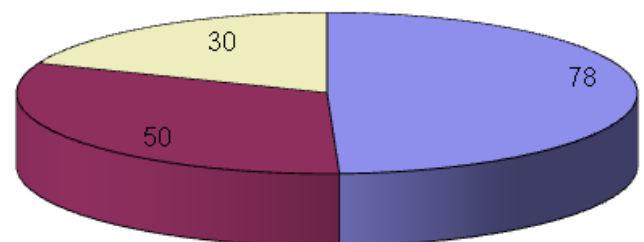


**Figure 3.4**  
**2007-08 Transit Funding Sources by System (\$,000)**

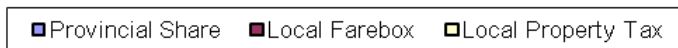
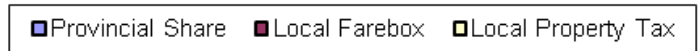
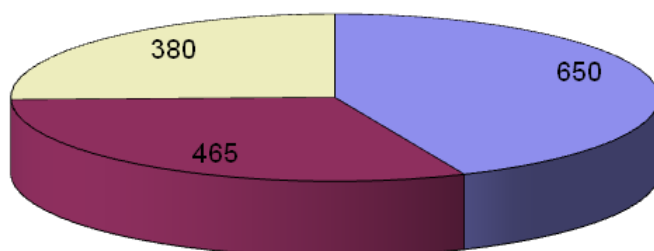
**ValleyMax**



**Agassiz-Harrison**



**Chilliwack**







In addition to the municipal transit system costs, the District of Mission also provides funding to TransLink for West Coast Express train and train-bus service. The current annual funding is approximately \$160,000 for the train and \$110,000 for the train-bus service, or approximately 1% of the total annual operating costs of the West Coast Express (\$13.28 million budgeted in 2009) and 10.5% of the cost of the train-bus service (\$1.044 million budgeted in 2009). The most recent passenger figures available (2007) show that 6% of the total WCE ridership had an origin or destination at the Mission Station.

### 3.4 Planned Funding

In 2009, the City of Abbotsford will be implementing a new transit exchange at Clearbrook and South Fraser Way and will also be expanding, or replacing, with a new facility the current on-street downtown bus exchange. The overall cost of these improvements are estimated to be approximately \$5.9 million which is being partly funded through Federal Gas Tax funding programs with the balance coming from Abbotsford's capital budget. No other planned capital funding initiatives were identified for the Fraser Valley.

Admittedly, while there is no long-term funding strategy for transit in the Fraser Valley, local area municipalities and BC Transit have anticipated the next year of funding for the system that includes an increase in operating and debt service costs of approximately 25% as summarized in Figure 3.5 below. These preliminary projections are currently under review as part of the 2009/10 budget process. Preliminary projections were for this increase to be implemented in a two stage process, the first stage of which was in September 2008 in Abbotsford and the second stage will potentially be in March 2009 in Mission, but is currently under review as part of the detailed 2009/10 budget process. The total increase, if fully implemented, would result in a 27 % increase in service hours and add 13 new buses. As of the end of 2008 the fleet was increased by 10 buses. The federal government is contributing \$1.4 million towards these new buses. The extra service hours will improve the frequency on a number of the main routes in Abbotsford and potentially Mission to 15 minutes; it will also allow the introduction of a new route in the Auguston area of Abbotsford and some other more minor service improvements.

These investments in transit for the Fraser Valley will be funded by local and provincial governments consistent with agreements that are in place today. Beyond that, local governments and BC Transit are not able to identify a longer-term funding strategy for increased transit services or facilities in the Fraser Valley. As experienced in most communities, the absence of predictable medium and long-term funding sources for transit is a barrier to planning significant system expansion. This obviously affects the ability of communities such as in the Fraser Valley to provide attractive transportation alternatives to driving, to shape growth patterns and to move toward sustainability goals.



**Figure 3.5**  
**Preliminary Transit Funding for 2009-10**  
**(\$,000)**

	Operating & Debt Service Costs (\$,000)		
	2008-09	2009-10	Increase
CONVENTIONAL & PARATRANSIT			
Abbotsford – Mission	7,290	9,370	2080 (29%)
Chilliwack	1,770	1,990	220 (12%)
Kent	180	180	0 (0%)
<b>TOTAL</b>	<b>9,240</b>	<b>11,540</b>	<b>2,300 (25%)</b>

The Provincial Transit Plan (PTP) includes the provision of \$14 billion in investments in transit to reduce greenhouse gases, increase transit ridership and shape growth patterns. Over the next 10 years, significant capital investments are to be made in three areas as follows: rapid transit; rapidbus BC; and fleet expansions. Although the largest capital investments have been earmarked for specific projects, many investment opportunities are yet to be confirmed and part of ongoing studies such as the Strategic Review for Transit in the Fraser Valley.



## 4.0 HOW THE FRASER VALLEY COMPARES

This section of the Foundation Paper provides a broad level overview of the range of costs and funding sources for transit in the Fraser Valley in comparison to other communities.

### 4.1 Comparing Costs & Farebox Recovery

Costs per service hour and ride provide a means of comparing system efficiency and effectiveness for Fraser Valley communities with each other and for similar scale systems in the country. Figure 4.1 summarizes the 2007 costs per service hour and ride for Fraser Valley communities in comparison with other systems in B.C. Overall, the cost per service hour and per ride in the Fraser Valley compare favorably with costs elsewhere in B.C. and are in fact lower than the average BC Transit cost for the province. Additionally, the overall cost recovery from fares is also in line with other communities in BC. A further comparison between communities, located adjacent to core metropolitan areas, in other parts of Canada also suggests that the costs and farebox cost recovery in the Fraser Valley compare reasonably.

**Figure 4.1**  
**Comparison of Cost Effectiveness and Recovery (2007)**

	Total Population	Cost per Service Hour	Cost per Ride	% Farebox Recovery
<b>FRASER VALLEY</b>				
Abbotsford-Mission	168,500	\$82.67	\$3.46	31%
Chilliwack	74,800	\$75.97	\$2.94	34%
Agassiz-Harrison	6,300	\$49.37	\$5.30	36%
<b>OTHER BC COMMUNITIES</b>				
Prince George	71,000	\$83.77	\$3.50	30%
Kelowna	172,900	\$88.25	\$3.56	31%
Kamloops	85,700	\$89.75	\$2.77	39%
Victoria	343,700	\$89.20	\$2.64	52%
BC Transit Average	n.a.	\$87.47	\$3.49	32%
TransLink	2,250,000	\$111.19	\$3.44	55%
<b>ELSEWHERE IN CANADA</b>				
Strathcona Ab.	86,700	\$82.12	\$3.98	38%
Oakville Ont.	169,800	\$72.73	\$5.20	34%
Guelph Ont.	118,000	\$85.23	\$3.52	38%
Durham Region	603,900	\$102.07	\$5.26	38%
York Region	983,000	\$95.43	\$5.91	40%



## **4.2 Comparing Funding Sources**

As outlined previously, the province funds 46.69 % of conventional transit costs and 66.69 % of custom transit costs with the remaining share derived from transit fares as well as property taxes. Under the current legislative arrangements, this is the only source that is available for transit operational costs. Figure 4.2 below provides a comparison of the property tax for Fraser Valley communities with other communities in BC and Canada.

It can be seen from Table 4.2 that while the levels of property tax used to support transit in Abbotsford-Mission are in line with the average in BC, but the levels in Chilliwack and Agassiz-Harrison are lower. This comparison is even greater when compared with property taxes used for transit operations in other similar communities in other provinces, where provincial funding for transit services is at a lower level.

When compared to more urban metropolitan areas in BC, namely Metro Vancouver and the Capital Regional District (metro Victoria) local property taxes in the FVRD are very much lower than the per capita property taxes and local fuel tax surcharge revenues in these metropolitan areas.



**Figure 4.2**  
**Comparison of Transit Based Property Taxes by Community**  
**(Using Latest Data Available)**

	Transit Fuel Tax Per Capita	Transit Property Tax per Capita	Total Per Capita Local Funding
<b>FRASER VALLEY</b>			
Abbotsford-Mission	-	\$14	\$14
Chilliwack	-	\$9	\$9
Agassiz-Harrison	-	\$4	\$4
<b>OTHER BC COMMUNITIES</b>			
Prince George	-	\$25	\$25
Kelowna	-	\$26	\$26
Kamloops	-	\$26	\$26
Victoria	\$35	\$40	\$75
TransLink	\$60 <sup>1</sup>	\$130	\$190 <sup>1</sup>
<b>ELSEWHERE IN CANADA</b>			
Strathcona Ab.	-	\$63 <sup>2</sup>	\$63 <sup>2</sup>
Oakville Ont.	-	\$43 <sup>2</sup>	\$43 <sup>2</sup>
Guelph Ont.	-	\$78 <sup>2</sup>	\$78 <sup>2</sup>
Durham Region	-	\$37 <sup>2</sup>	\$37 <sup>2</sup>
York Region	-	\$73 <sup>2</sup>	\$73 <sup>2</sup>

<sup>1</sup> Based on the net differential fuel tax of 6 cents/l

<sup>2</sup> Based on CUTA 2007 Fact Book Data for net municipal operating costs and municipal debt service cost but does not include municipal capital cost contributions

Metro Vancouver (TransLink) and the BC Transit in the Capital Region have legislative authority for other sources of funding such as a Hydro levy and parking tax in Metro Vancouver and fuel surcharge in the Capital Region and Metro Vancouver. Under the legislation that established the Greater Vancouver Transportation Authority, (since changed by subsequent legislation to the South Coast BC Transportation Authority) authority also existed for an annual per vehicle charge; however this has not been put into effect. Figure 4.3 below summarizes the revenue generated by TransLink and the Capital Region from their fuel surcharges and provides an indication of the level of funding that would be generated in the Fraser Valley by a one cent fuel surcharge.



**Figure 4.3**  
**Summary of Fuel Surcharge Revenues**

	Fuel Tax (cents per litre)	Fuel Sold (million litres)	Revenue (million \$)
Metro Vancouver (TransLink)	12	2,245	\$269.4
Capital Region (BC Transit)	3.5	300	\$10.5
<b>Example for</b> Fraser Valley Regional District	1	410	\$4.1

Additionally in Metro Vancouver all the Federal Gas Tax funding, which flows to cities/municipalities under the New Deal for Cities and Communities Program, is directed to fund capital costs for transit. For other communities in BC, this funding is directed toward municipalities, through the UBCM, to specific projects, which could include the capital costs for transit related items should a municipality choose to request funding for such a project.

It can be seen from some other communities in BC that different approaches can be established for funding the local share of transit costs depending on the governance arrangements (and associated legislation) that are put in place to administer the delivery of transit services.





## 5.0 CONSIDERING THE CHALLENGES & OPPORTUNITIES

The purpose of this Foundation Paper and study is not to assess and identify alternative funding and governance arrangements for public transit in the Fraser Valley. Rather, the objective was to take stock of the current approaches and means to managing and funding transit in the Fraser Valley, provide comparisons with other areas of the province and country and to identify the challenges and opportunities that will need to be considered to significantly enhance transit in the Fraser Valley. Once a long-term vision and strategy for transit is developed, local, regional and provincial agencies will need to examine those challenges and opportunities with funding and managing transit in the Fraser Valley as summarized within this section of the report. It is anticipated that these observations of challenges and opportunities will serve to increase the dialogue among all affected agencies in order to begin implementation of improvements to the transit system.

### 5.1 The Challenges

The following summarizes some of the primary short- and long-term challenges to managing, funding and developing transit services and facilities to serve the communities in the Fraser Valley.

- i. Today there is no regional approach to services in the Fraser Valley – while the current municipality by municipality approach was adequate when services were first established, times have changed and so has the Region.
- ii. There are no governance or funding arrangements established for inter-municipal and inter-regional transit services (with the exception of the West Coast Express, for which Mission pays a nominal amount to TransLink).
- iii. Any revised governance arrangements would have both upsides and downsides with regard to the issues such as municipal autonomy, degree of local input, relative priority of needs, the balance of who pays vs. who benefits, etc.
- iv. The current service levels of 0.4 service hours per capita are not capable of offering many residents real choices for how they choose to travel.
- v. With one or two exceptions, there are very limited on no inter-municipal services or connections to the TransLink system in Metro Vancouver. This also greatly limits the utility of existing services.
- vi. Historically funding long-term system investments in both services and infrastructure has been inconsistent.
- vii. Without increased funding which is also more stable and predictable, the needs of the valley residents cannot be planned or developed in an optimum way.



- viii. There is a need to link the task that transit is to achieve in supporting smart growth and addressing broader issues such as climate change to the resources available.
- ix. Property taxes are the only source of local funding for transit so transit has to compete with all other needs within a community. This funding source is not responsive to inflationary factors such as rising fuel, capital and wage costs.
- x. Funding is inconsistent across the region and there are no mechanisms to fund services other than at a local municipal scale.
- xi. Local municipalities have a reasonably high degree of influence and autonomy on the provision of transit services and facilities that would likely be expected with any changes to governance or funding strategies.

## **5.2 The Opportunities**

While there are many challenges to be addressed, there are also examples, primarily in BC, of how alternative governance/management arrangements and funding mechanisms might be applied.

- It is clear that there are alternative governance arrangements that may allow a more systematic approach to addressing the region's transit needs. It should be recognized however, that there is not perfect solution.
- Both a Transit Commission for the FVRD or the expansion of TransLink's service area are available for examination.
- There is a precedent for the use of fuel tax with a commission in the CRD where a 3.5 cents/litre tax applies.
- The expansion of TransLink's area may largely be self-funding through the application of the authority's existing revenue sources to the valley.
- The current system may evolve relatively readily into a 'Commission –like' arrangement with the least amount of change. BC Transit already plans all the valley systems and it has a precedent in the Victoria Regional Transit Commission's service, which offers services to a diverse range of communities.
- The larger FVRD municipalities are likely to revert to relatively high levels of growth after the current recession and the concurrent development of transit services of real utility will also offer the opportunity for much of this development to be transit-oriented.
- With appropriate governance and funding arrangements, an approach should be able to be developed that maintains significant local input, is able to address transit needs at the local, inter-municipal and inter-regional level.



- If the FVRD remains outside TransLink's service area, a relatively modest fuel tax would be able to provide an adequate funding stream to allow significant improvements to be implemented.

In summary, while there are many challenges, there is nonetheless the opportunity to put in place a system which can create real choices for FVRD residents, decrease car dependence and make a contribution to the reduction of greenhouse gases.

This section of the Technical Memorandum discusses the scale of transit resources that would need to be available to provide services in the Fraser Valley communities.

#### **a. Desirable Features of Future FVRD Transit**

The material presented in earlier sections of this paper illustrate need to craft an approach to transit in the FVRD that can:

- (i) provide better services within FVRD communities,
- (ii) transit between FVRD municipalities, and
- (iii) Inter-regional links to connect with TransLink services.

The scale of expansion of existing municipal services and the addition of new inter-municipal and inter-regional services will need to be considerable. This is clear from the need to offer residents a service levels where transit becomes a viable option for 'choice' riders who have other alternatives. In addition the targets set by the Province for greenhouse gas reductions, will also drive the need for a quantum expansion service over the next 5+ years.

While there is considerable appetite for much more service of all three types, it is generally accepted that the 'status quo' is not a situation that can meet the needs of the FVRD residents. The present 'patchwork' of arrangements is simply not capable of tackling the challenges in terms of transit service levels as well as local funding capacity, which, unlike both TransLink and the VRTC, relies solely on property taxes. Indeed, continuing on the current funding and governance arrangements presents one scenario that some observers have already determined is incapable of addressing the pressing issues.

#### **b. Need For Stable and Predictable Funding**

As noted above and illustrated in 2.2 and 2.3 earlier, one of the major challenges will be funding. This funding will be needed not only to expand local services and to add new services between FVRD communities and to TransLink; there will also be a need to fund capital improvements. These later expenditures will be in terms of both vehicles, improved technology for passenger information, etc. and fixed facilities. This latter group includes transit depots, passenger interchanges as well as on-street



improvements ranging from simple bus stop investments through to the potential application of transit priority lanes.

In order to plan phased development of the system(s) in the FVRD, as is the case anywhere, this can best be carried out where there is more certainty about the availability and amount of financial resources. In turn, to some degree this determines some of the desirable features of a funding program:

- (i) **Adequacy:** the available funding resources should be adequate to fund the program to achieve the desired outcomes in the FVRD.
- (ii) **Stable and Predictable:** the funding must be stable and predictable to allow an orderly program of expansion and investment to be planned and implemented.
- (iii) **Appropriate:** while today some might argue that property taxes are an appropriate source, it is known that they are not adequate and do not necessarily help to achieve the desired travel choice outcomes, as would be the case with transportation-related sources such as a motor fuel taxes.
- (iv) **Consistency:** creating a regional approach to a system comprising of the three service elements of local, inter-municipal and inter-regional transit, can be aided by the provision and application of the same funding and taxation requirements across the region.

These four aspects of a desirable funding program suggest that the current system of local governments relying on property tax alone is not adequate and has contributed to creating the current challenges and inconsistency across the region. In addition, the provincial government has not yet fully established a long-term funding program for transit to match the provincial transit plan nor are cost sharing agreements in place with other funding partners. This plan, along with ghg-reduction targets for transportation, anticipates a certain level of investment in transit in the province.

In summary, in order to improve and expand services across the region there will need to be new funding arrangements. It is also clear from the earlier sections that some governance arrangements may lend themselves more readily to addressing the issues. For example, a shift to the commission or commission-like arrangement, such as exists in the Capital region would see the addition of fuel tax as a local funding source.



Attachment A

TransLink Structure

