

TransLink Governance Review

An Independent Review of the
Greater Vancouver
Transportation Authority

by the
TransLink Governance Review Panel

January 26, 2007



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TransLink Governance Review Report to Minister

The Honourable Kevin Falcon
Minister of Transportation
The Province of British Columbia

Dear Minister Falcon:

We are pleased to submit our report, based on our review of the governance of the Greater Vancouver Transportation Authority (TransLink).

Our recommendations for a new planning framework, governance structure and sustainable funding measures rest on our conviction that we must act boldly to create a forward-thinking, proactive and fiscally accountable organization.

We held more than 30 meetings with stakeholders and received 120 submissions. We also received expert advice on a range of topics, including legal, governance, marketing, finance and revenue measures. While our recommendations were informed by this input, they are the Panels' alone.

We cannot overstate the importance of planning appropriately for the future. Our economic, social and environmental health depends on whether we have the foresight to anticipate and serve significant transportation needs over the next 30 to 60 years and beyond.

A new planning framework, governance structure and balanced, sustainable funding measures will build a solid foundation for an integrated transportation system that will ultimately move people and goods in the region from Pemberton to Hope.

We hope that you will seriously consider our recommendations as we believe they will create an integrated transportation system that supports the economic, social and environmental interests of the region and the province.

Finally, thank you for the opportunity to play a role in shaping the future of transportation in the Lower Mainland and beyond.

Sincerely,

Marlene Grinnell (Chair)
Dan Doyle
Wayne Duzita

TransLink Governance Review Panel

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Executive Summary

The Honourable Kevin Falcon, Minister of Transportation for the Province of British Columbia, appointed a three-person Panel to undertake an independent review of the Greater Vancouver Transportation Authority (GVTA). This executive summary briefly describes our key recommendations and the benefits that will result if they are implemented.

It is important to note that the GVTA, commonly known as TransLink, has improved Greater Vancouver's transportation system since it was created in 1999. However, since that time, transportation needs have changed. We believe that transportation infrastructure and services lag far behind the growing needs for efficient movement of people and goods throughout the Lower Mainland. In addition, decision-making at the TransLink Board has proven to be difficult, slow and marked by the division of local political interests rather than regional consensus building.

The Lower Mainland's population was just over a million in the mid-1970s. Thirty years later, the population was about 2.4 million. By 2031, population is expected to increase to about 3.4 million. Since 1976, Abbotsford has grown by over 200%, Surrey by 228% and Pitt Meadows by 247%. Even more startling, Pemberton has grown by 868% and Whistler has grown by 1543%.

A million more people every thirty years –these are big increases that present significant challenges to our highways and municipal roads, bus systems, rapid transit lines, railways, airports and other systems.

The movement of goods is severely impeded and commuter frustration is reaching new levels.

As a Panel we strongly believe that there is merit in continuing to have a Regional Transportation Authority with a mandate similar to TransLink's current mandate, but serving a broader region.

In the course of our review, it became clear that the geographic boundaries of TransLink's service region need to be expanded to improve future effectiveness. Ultimately, a region from Pemberton to Hope needs a transportation authority that is forward-thinking, proactive in building infrastructure, fiscally accountable and supported by sustainable funding.

To encourage future-focused planning for an integrated transportation system, we recommend a new three-stage planning framework. The first stage includes a 30-year provincial vision for transportation in an expanded region. The second stage consists of a 10-year TransLink strategic plan that is consistent

with the provincial vision and the third stage consists of a three-year TransLink operating plan based on the 10-year strategic plan. This hierarchy of planning ensures that economic, social and environmental goals are considered and that provincial and regional interests are integrated.

In addition to a new planning framework, we recommend a new three-part governance structure. We recommend a new Council of Mayors who will be accountable for approving TransLink's 10-Year Strategic Plans, including revenue measures. We recommend a new, non-political TransLink Board of 11 directors. This Board will be responsible for planning, constructing and operating the regional transportation system.

To further improve public accountability and confidence in TransLink, we recommend the establishment of an independent TransLink Commissioner responsible for approving fare increases, for assessing and reporting on the consistency of TransLink's 10-year strategic plans with the provincial vision (as well as the reasonableness of the financial assumptions included in the 10-year plans) and for auditing TransLink's customer satisfaction performance.

In reviewing TransLink finances, we have concluded that the organization requires a sustainable funding framework. Significant new revenue is required if a renewed TransLink is to implement even the current 10-Year Outlook plan, let alone meet longer-term needs. TransLink will start incurring significant deficits by 2009 unless additional revenue is in place to deliver planned services and infrastructure.

We recommend a sustainable funding framework with two major objectives: first, consolidate revenue measures to improve the transparency and efficiency of TransLink's funding, and second, establish a balanced, predictable funding framework that allows TransLink to meet future demand.

We are confident that our recommendations will create a system that:

- plans effectively to address future transportation needs;
- provides for efficient transportation infrastructure and services in a growing region;
- is accountable to taxpayers and users; and
- is financially sustainable.

1.0 The Importance of Transportation

Cities and regions active in the global economy are fast-tracking airport developments, seaports, rail lines, new highways, rapid transit lines and other major projects to move people and goods in an expanding, competitive, international economy.

Transportation needs have changed since TransLink's start-up in April 1999. Transportation services and infrastructure are lagging behind demand. Goods movement is choked and commuter frustration is reaching new heights. Our review indicates that concerted action must be taken to avoid a serious economic, social and environmental decline in our region. If we act now, we will establish a regional transportation authority that can effectively meet future needs, thereby supporting the economic and social fabric so vital to families who live and work in the region.

1.1 REGIONAL POPULATION GROWTH, MORE TRIPS

Casting our minds back to the mid-1970s, the Lower Mainland's population was about 1.3 million. Now, thirty years later, our population has grown to more than 2.4 million people. According to BC Stats, it is projected to grow to almost 3.4 million by 2031. A million more people every thirty years – these are big increases that present significant challenges to our road networks, bus systems, rapid transit, railways, airports and other systems. Perhaps not surprisingly, we have not kept up to the transportation needs of this growing population.

Thirty years from now, we will live in a very different region. By then, the Lower Mainland will comprise 60% of British Columbia's population. The greatest increases will be in the southern and eastern parts of the region: Richmond, Surrey, the Langleys, Abbotsford, the Tri-Cities, Pitt Meadows and Maple Ridge. Significant increases will also occur as far east as Hope and as far north as Pemberton.

1.2 THE ECONOMY

Along with the population boom, there has been an economic boom. Since 2001, B.C.'s Gross Domestic Product has averaged 3.4 percent annual growth¹

1. Study: The West Coast Boom, Statistics Canada, May 11, 2006

with the Greater Vancouver region now contributing more than 55 percent of the Province's GDP². Regional GDP growth is expected to average four percent annually, from 2006 to 2010³. According to Statistics Canada, BC's unemployment rate reached a 30-year low in June 2006. Credit Union Central of BC forecasts unemployment will be only slightly above three percent between 2008 to 2010, compared to 4.6 percent for the first six months of 2006. Even with the natural ups and downs of economic cycles, the overall economy is expected to grow as the population grows.

Everything we do in our economy can be done by a competitor. So, we must be competitive. Transportation networks of roads, transit lines, bus routes, and railway lines that connect seaports, airports, industrial zones, commercial centres, and neighbourhoods are all necessary to ensure our economy is efficient. Labour and goods have to be available where they are needed. With labour shortages forecast for the next decade or longer, we cannot be complacent about the need to look ahead and build transportation systems that support a vibrant, competitive economy and an attractive and liveable community that allows us to recruit and retain a diversified and skilled workforce.

A human analogy may demonstrate the importance of transportation networks. We need unobstructed blood flow to keep our heart, lungs, brain, muscles, and indeed our whole body operating properly. Similarly, transportation networks are the lifeblood of families who have jobs or run businesses. Without an integrated transportation network to move people and goods effectively, our social and economic fabric breaks down. When the economy suffers, tax revenues decline and less money is available for education and social programs. Our economic and social systems are connected just as our heart and lungs are connected. All systems need to be healthy.

1.3 MOVING PEOPLE

There is increasing demand for inter-municipal travel. A 2004 travel survey of Lower Mainland residents by TransLink and the Ministry of Transportation found that traditional suburban-to-downtown commuting patterns are increasingly being replaced by more complex everywhere-to-everywhere patterns, particularly among outlying municipalities such as Surrey, Delta, White Rock, Pitt Meadows, Maple Ridge and the Langleys. This is being driven in part by relatively greater growth in job opportunities outside the central areas. In fact, the growth in Vancouver residents working in the suburbs has exceeded the growth in suburban residents working in Vancouver by a factor of nine to one. The 2004 travel survey report concluded that this increasingly multi-directional travel is challenging the regional transportation system.

2. A Bold New Partnership for Regional Prosperity: Five-Year Strategic Plan (Executive Summary), Greater Vancouver Economic Council.

3. Robust Growth Seen for B.C. Economy, Credit Union of Central BC, August 4, 2006.

The growth in population, goods movement and automobile use, combined with changes to commuting patterns, is creating aggravating and unworkable congestion on the region's roads. It affects everyone and everything that moves – whether it's residents traveling on public transit or commercial vehicles on roads. Idling vehicles also contribute to air pollution. Extended and unpredictable travel times affect motorists and transit riders alike, and add to traveller and driver stress. There is no longer a *rush hour*. In fact, the transportation system is congested most of the day.

Transportation in the region is clearly not keeping pace with demand. Road congestion has become chronic. For example, transit users are waiting at bus stops, only to see fully loaded buses pass them by. The Patullo Bridge badly needs replacement. Other bridges and tunnels are also choked with congestion. Currently, an additional 26,000 automobiles travel the roads every year.⁴

Vancouver International Airport forecasts passenger volumes will increase to 28.4 million from 16.4 million over the next 15 years. Other regional airports, such as Abbotsford International and Boundary Bay, also expect large increases in flights, passengers, and freight volumes.

People have told us that an efficient transportation system that effectively moves people and goods is needed to support the Lower Mainland as an attractive place to live, work and play.

1.4 MOVING GOODS

At the same time, Vancouver, the Lower Mainland and the entire Province have become an important and rapidly growing gateway for international traffic and trade, particularly with the Asia-Pacific region. The implications of this are felt across Canada, as industries like agriculture, forestry, mining and manufacturing, ship their goods out of B.C. ports, and retailers across North America await the arrival of goods from Asia.

British Columbia is now less dependent on commodity exports to the American market than the rest of the country. Our exports to Asia (at 24 percent) are nearly five times greater than the five percent rate in the rest of Canada.⁵

The Port of Vancouver has seen a 56 percent growth in trade with China in the past year. The volume of B.C. port container traffic has the potential to more than quadruple by 2020, to 9 million TEU (Twenty-foot equivalent unit) from 2 million TEU in 2005. Over the same period, bulk freight is expected to increase to 95 million tonnes from 70 million tonnes.

Truck traffic is expected to increase by 50 percent between now and 2021, as goods move across the U.S. border and through the region's airports and sea ports. The growth of local retail markets also contributes to growing demand

4. Number of vehicles insured annually, 2002-2005, ICBC.

5. Study: The West Coast Boom, Statistics Canada, May 11, 2006.

for efficient goods movement. The B.C. Trucking Association reports that goods movers are stopped or slowed in Lower Mainland traffic 75 percent of the time. It estimates the cost of systemic congestion in the Lower Mainland to be about \$1.5 billion per year and expects this cost could double by 2021.

The Province and the federal government propose to address these pressures and take advantage of the opportunities this growth presents through their Pacific Gateway Strategies. These strategies aim to improve and expand the road and bridge network, ports, railway infrastructure and border crossings to ease the movement of people and goods throughout the region, increase transportation choices, and foster economic growth, especially trade with active Asian economies. All of these improvements must work together. Therefore, the need for an efficient, integrated transportation system has never been greater.

2.0 The Panel & Our Assignment

2.1 THE PANEL

On March 8, 2006, the Honourable Kevin Falcon, Provincial Minister of Transportation, appointed a three-person panel to undertake a review of TransLink's governance. The following provides a brief biography of each of the panel members:

Marlene Grinnell is the Chair of the TransLink Governance Review Panel. She has 25 years of experience in public office, including 12 years as Mayor of the City of Langley from 1993 to 2005 and 13 years on the Langley School Board, the last seven as Chair. Ms. Grinnell has also served on committees for the B.C. Transit Commission, TransLink, the Municipal Finance Authority and the Greater Vancouver Regional District. In 2006, Ms. Grinnell received British Columbia's Community Achievement Award.

Dan Doyle has 37 years of experience in transportation, most recently as Deputy Minister of B.C.'s Ministry of Transportation. He was chair of Rapid Transit 2000, a provincially-owned company responsible for construction of SkyTrain's Millennium Line. He was named the 2005 Canadian Transportation Person of the Year, received the Lieutenant-Governor's Silver Medal Award for Excellence in Public Administration, and was recognized with a Lifetime Achievement Award from the Institute of Transportation Engineers. Dan Doyle is currently executive vice-president of VANOC, responsible for construction of major Olympic venues.

Wayne Duzita has 35 years of experience in business and all aspects of commercial goods transportation. He is vice-president of AMB Property Canada Ltd. and International Aviation Terminals Inc., a member of the Economic and Air Cargo Security committees of Airports Council International (North America), a past member of the advisory council for the Calgary International Airport and co-chair of the Richmond Chamber of Commerce CEO Exchange Forum. Wayne Duzita is a director of the 2010 Olympic Games Operating Trust Society, vice-chair of the Richmond Olympic Business Advisory Committee and immediate past Chair of Canuck Place Children's Hospice Foundation.

2.2 OUR ASSIGNMENT

In fulfilling our terms of reference, the panel held more than 30 meetings with stakeholders and other interested parties and received 120 written submissions. We also retained technical experts to advise us on legal, governance, marketing, finance and revenue measures.

Our terms of reference were to examine:

- The appropriate division of responsibility and control between the Province and TransLink for transportation matters in Greater Vancouver.
- The appropriate size, composition and appointment processes for the Board of Directors of TransLink.
- The appropriate responsibilities, authorities and powers of the GVRD in relation to TransLink under the *GVTA Act*.
- The appropriate responsibilities, authorities and powers of TransLink to institute revenue measures for funding service delivery and capital projects.
- How to ensure the Province will have effective input into and oversight of TransLink activities and decisions as they affect provincial interests.

3.0 Regional Transportation Authority

We strongly believe that responsibility for planning, constructing, and operating regional transportation should remain with a regional transportation authority with a mandate similar to TransLink's current mandate.

Generally, the functions and responsibilities of TransLink should remain the same. Our recommendation for a restructured transportation authority builds on the vision of an integrated regional transportation system that supports the economic, social and environmental well being of the region, the Province and the nation.

3.1 RECOMMENDATION – REGIONAL TRANSPORTATION AUTHORITY

3.1.1 A regional transportation authority with the responsibility to plan, construct and operate a regional transportation system should be maintained under a new governance structure.

3.2 RATIONALE

A regional transportation authority with responsibility beyond simply operating transit services, as exists in many other jurisdictions, is a key element to ensure the region's needs are well-served. A regional authority can better understand and meet regional needs. Combining responsibility for planning, owning, and funding region-wide transportation infrastructure into a single organization will better ensure the integration of infrastructure and services and lead to more sustainable long-term solutions. Maintaining effective regional governance will also protect the critical link between regional land-use planning and provision of transportation systems and thus optimize mobility in the region.

Within a new governance structure, the regional transportation authority (TransLink) should have responsibility for the following major areas:

- **Public transit** – responsibility for buses and mass rapid transit systems such as SkyTrain, West Coast Express, SeaBus, and Albion Ferry.
- **Major road and bridge network** – responsibility for an integrated system of arterial and other major roads and bridges that cross the region as a major road network. These roads are managed day-to-day by the municipalities in which they are located, but TransLink is responsible for setting standards for their use and development and for financing major road development.

- **Transportation demand management** – responsibility for developing and implementing programs aimed at reducing traffic congestion and the need for transportation infrastructure by making better use of existing facilities (e.g., development of HOV networks, promotion of car and van pools, bicycles and other alternatives to the single-occupant vehicle).

3.3 BENEFITS

- Provides local control over public transportation and transit planning;
- Provides the opportunity for integrated decision-making regarding transportation systems.

4.0 Expanding the Transportation Region

TransLink's mandate is generally sound; however, some changes are needed to better position TransLink to build on its successes and meet the region's future transportation needs. Given challenges such as population growth, increasing demands to move people and freight, limited availability of land for competing residential, industrial, commercial, agriculture and transportation uses, as well as concerns about high energy costs and global warming, it is essential that we plan ahead to serve a growing, expanding region.

*"Transportation does not end at the GVRD borders."*⁶

The movement of people and goods crosses municipal boundaries. Transportation systems must be efficient and integrated and respond to demand over a much larger area, likely from Pemberton to Hope, to meet the future needs of commuters, students, seniors, pedestrians, cyclists, businesses and goods movers.

The Pemberton-Hope region will grow in population by a million by 2031, from over 2.4 million in 2005 to 3.4 million in 2031. Jobs are projected to increase by about 600,000. Roads, bridges, buses, rapid transit, rail and ferries all need improvements to accommodate and support this population and job growth, while protecting livability through protection of green space, densification and the promotion of transportation alternatives.

4.1 RECOMMENDATIONS – EXPANDING THE TRANSPORTATION REGION

- 4.1.1 TransLink's transportation service region should immediately expand to include Abbotsford, Mission and Squamish subject to transitional arrangements being negotiated. These communities are already part of the transportation patterns and economy of the wider service region.
- 4.1.2 Provision should be made to enable the expansion of TransLink's service region from Hope to Pemberton to encourage delivery of an integrated transportation system for this rapidly expanding region. The timing of this expansion would be a decision of the new TransLink Board in negotiation with the interested municipalities.
- 4.1.3 To facilitate transition to a larger service region, TransLink should be enabled to provide transportation services outside its service region with appropriate negotiated contributions to TransLink's budget.

6. Italicized comments are excerpts from written submissions to the Panel.

4.2 RATIONALE

The rapidly growing population of the Lower Mainland – a million people every 30 years – is increasingly leading to goods and people moving over a larger area, creating a pressing demand for an integrated transportation network. The 2001 Census showed that more than 17,000 residents of Abbotsford and Mission, representing about one-third of all workers living in the Central Fraser Valley, commute to jobs in the GVRD, primarily the Langleys and Surrey, and nearly 6,000 GVRD residents commute to jobs in the Central Fraser Valley, accounting for 14% of all jobs there.⁷ Lack of integrated transportation services between the two regions forces everyone to travel by private vehicle.

“...TransLink should be expanded to include communities outside the GVRD including Abbotsford, Chilliwack, Mission and perhaps even as far up the valley as Hope.”

Regional services such as the Abbotsford International Airport, (which is becoming an alternative to the Vancouver International Airport for communities south of the Fraser River) or regional hospitals such as the Abbotsford Regional Hospital and Cancer Centre, and post-secondary education institutions such as the University College of the Fraser Valley, (which has campuses in Abbotsford, Chilliwack, and Mission), and the new Quest University in Squamish, serve residents from Hope to Pemberton.

Section 1(2) of the *GVTA Act* allows TransLink to enter into agreements to add municipalities and regional districts to its transportation service region. We believe negotiations about the addition of Abbotsford, Mission, and Squamish should begin as soon as the full TransLink Board is appointed. Other municipalities extending from Hope to Pemberton should be added in the future as they become more closely integrated into the economy and the transportation patterns of the wider service region.

It will be necessary to negotiate transitional arrangements for the immediate inclusion of Abbotsford, Mission and Squamish. These should balance service improvements and integration into TransLink’s service region with appropriate revenue contributions to TransLink’s budget.

4.3 BENEFITS

- **Better planning** for a larger region will support more effective transportation investments and support more efficient and effective allocation of transportation corridors and rights-of-way for future transportation infrastructure.
- **Improved, integrated transportation networks** over a larger region.
- **Better service** for goods shippers, commuters, seniors, students, and others who want to move across the boundaries of the current service area.
- **Better access** to colleges, universities, hospitals, culture, and sport facilities over a larger region.

7. City of Abbotsford, District of Mission, BC Transit, Transit Business Plan for the Central Fraser Valley, March 2004, page 47.

5.0 A New Transportation Planning Framework

“The province should assume the leadership role of facilitating the integration of all modes of transportation planning (transit, roads, marine, rail, and air) in the region among the three levels of government (regional, provincial, and federal).”

We have concluded that a regional transportation authority should continue to exist. However, it should exist within a new transportation planning framework.

A 30-year vision for an integrated transportation system for the Lower Mainland and beyond needs to be built on a strong provincial foundation. Therefore, we recommend that the Province be responsible for establishing the provincial vision under which TransLink will be responsible for developing 10-Year Strategic Plans and Three-year Operating Plans.

As a panel, we understand that transportation planners and service providers face difficult challenges. Population growth, land use constraints posed by existing development and agricultural land, changing employment patterns and environmental challenges are just some examples. Further, we recognize that the emerging importance of the Pemberton-to-Hope region exists within a provincial and even a national context. Therefore, we recommend that regional transportation planning be guided by and consistent with a provincial transportation vision, which will create a solid foundation for integrated transportation planning.

5.1 RECOMMENDATIONS – A NEW TRANSPORTATION PLANNING FRAMEWORK

5.1.1 The Province should establish and regularly update, as appropriate, a 30-year vision for integrated transportation from Pemberton to Hope. The vision should:

- Be articulated within 12 months of establishing the new governance structure for TransLink;
- Establish clear goals to guide TransLink and other transportation agencies in preparing their respective plans; and
- Be informed by local and regional economic, social, and environmental goals.

5.1.2 TransLink should develop and operate within rolling 10-year strategic plans that are consistent with the provincial vision and that clearly identify the revenue measures and borrowing requirements needed to fund the infrastructure and services for which they are responsible.

5.1.3 TransLink should develop and implement rolling three-year operating plans for the transportation infrastructure and services for which they are responsible, consistent with their approved 10-Year Strategic Plans.

“A formal mechanism needs to be developed that would allow the province and TransLink to share information in the development of strategic transportation plans.”

“The provincial government must have the ability to ensure that important transportation decisions are taken for the good of the region, the province and the country as a whole.”

“Perhaps formalized communication and collaborative planning processes between TransLink and the province would provide greater comfort to the province that its interests are being met.”

5.2 RATIONALE

TransLink does not operate in isolation. This is explicitly acknowledged in the *GVTA Act*, in section 4(f) requires TransLink to identify the effects on the regional transportation system of the regional growth strategy, municipalities’ official community plans, major development proposals and provincial highway infrastructure plans.

In our opinion, the issue of integrated transportation planning goes further. To effectively support regional economic development, as well as provincial and national development, TransLink must also consider how its systems complement and support other transportation plans, systems and services to support economic growth, environmental sustainability, job creation, trade and livability.

The 30-year provincial vision will provide the framework for TransLink to prepare its 10-year strategic plan and three-year operating plan. This will ensure that TransLink plans are integrated and complement infrastructure and services provided by the Province and other transportation stakeholders.

All levels of government have jurisdiction over aspects of transportation in the region. Unless all these responsibilities are coordinated into an integrated transportation system, individual components of the system will not function effectively, let alone serve future demand.

Outlines for the 30-Year Provincial Vision and TransLink’s 10-Year Strategic Plan are included in the appendices of this report.

5.3 BENEFITS

- **Future transportation needs will be more fully addressed** through this planning framework, which will ensure that the Province and TransLink look ahead and build transportation networks that support a vibrant, competitive economy – one that supports sustainable education and social programs.
- **Improved communications** between TransLink and the Province regarding long-term transportation needs.
- **More effective and efficient transportation investments** will result from more comprehensive, integrated planning.
- **Commuters, transit users, goods movers** and others will receive better transit and transportation services as a result of more timely, integrated improvements. This will address long-term goals as well as short-term needs.
- **The public will more clearly understand** the connection between specific transportation investments and the gas tax, property tax and fares needed to fund them.

6.0 A New Governance Model

Many of the people we talked to during our review had strong views about the need for a new governance model that would:

- Focus the responsibility for regional transportation in one organization;
- Support timely, transparent and accountable decision-making; and
- Support sound financial management, including timely and cost-effective delivery of services and execution of projects.

We recommend a new governance structure, including a Council of Mayors, a restructured non-political TransLink Board and an independent TransLink Commissioner. This new governance structure will create a more efficient, accountable system with the ability to effectively plan and provide for future transportation needs.

As noted in our terms of reference, the Auditor General recommended changes to TransLink's governance in 2001. Briefly, the recommendations included reducing the size of the TransLink Board, eliminating provincially-appointed members, allowing appointment of independent professionals and extending the members' terms to three years from one. The Auditor General also recommended clarifying the roles and responsibilities of TransLink's Board relative to the Province, particularly with respect to revenue-raising measures. Subsequent to the Auditor General's report, the GVRD and others requested changes to TransLink's governance structure. While many recommendations for change have come forward over the years, there has been little consensus.

6.1 RECOMMENDATIONS – A NEW GOVERNANCE STRUCTURE

- 6.1.1 We recommend a new governance structure that includes a Council of Mayors, a TransLink Board, and an independent TransLink Commissioner.
- 6.1.2 A Council of Mayors should be established comprised of Mayors elected to councils in the transportation service region. It is anticipated that the Council of Mayors will grow as the service region grows over the next 30 years.
- 6.1.3 A new TransLink Board should be established, composed of non-elected officials with expertise in areas important to TransLink's mandate. The Board should have 11 members.
- 6.1.4 An independent TransLink Commissioner should be appointed by the Council of Mayors for a six-year term.

6.1.5 The *Greater Vancouver Transportation Act* should be renamed to reflect the broader region the authority will serve.

6.1.6 The TransLink Regional Transportation Authority should replace the Greater Vancouver Transportation Authority.

6.2 RATIONALE

This new governance structure provides enhanced public accountability through the establishment of the Council of Mayors and the independent TransLink Commissioner, while leaving the responsibility to plan, construct and operate the regional transportation system with a professional, non-elected board.

This new governance structure focuses responsibility to plan, construct and operate the regional transportation system in the hands of the TransLink Board. At the same time, it provides significant checks and balances as well as enhanced public accountability, through the establishment of the Council of Mayors and the independent TransLink Commissioner.

We recommend renaming the regional transportation authority to reflect a service region beyond the GVRD.

With the expansion of the region and establishment of the Council of Mayors to provide direct political accountability, the GVRD will no longer have a role in the governance of TransLink.

6.3 BENEFITS

- **Clear delineation of responsibility** between the elected Council of Mayors and the non-elected TransLink Board and independent commissioner.
- **Every municipality** in the service region has representation on the Council of Mayors.
- **Taxpayers will know** that, when they vote for their Mayor, they are also voting for their representative on the Council of Mayors.
- **Timely, transparent and accountable** decision-making.
- **Checks and balances** in planning and decision making are established through clear areas of authority and responsibility for the Council of Mayors, the TransLink Board and the independent TransLink Commissioner.

7.0 Council of Mayors

“TransLink needs greater autonomy to institute revenue measures while remaining accountable through its elected representatives.”

Respecting the fundamental principle of no taxation without representation, we think that TransLink’s 10-year strategic plans, including revenue measures, should be approved by elected representatives in an environment that facilitates a regional perspective.

Public accountability will be provided by a Council of Mayors, representing municipalities in the transportation service region. Mayors will be elected to their Councils and thereby also elected to the Council of Mayors.

We believe it is very important for Mayors to think regionally when they vote at this forum but we also believe that, in the interest of democracy, a weighted voting system similar to that which is currently used at the GVRD should be used.

The Council of Mayors’ fundamental purpose will be to approve TransLink’s 10-year Strategic Plan, including revenue measures and borrowing limits. To facilitate efficient decision-making, we recommend a limit on the time allowed for the Mayors’ consideration of the plan. The Council of Mayors will also be responsible for appointing the independent TransLink Commissioner.

7.1 RECOMMENDATIONS –

COMPOSITION AND MANDATE OF THE COUNCIL OF MAYORS

- 7.1.1 **The Council of Mayors should consider the TransLink Board’s recommended options for a 10-year strategic plan, including specific revenue measures and borrowing limits necessary for implementation of the plan. The Council of Mayors should select an option within 90 days; or failing that, the TransLink Board should plan, construct and operate the system according to a base option, defined as the option within the currently-approved fiscal framework.**
- 7.1.2 **Voting on TransLink’s 10-year strategic plan options, including revenue measures and borrowing limits, should be proportional, based on 1 vote per 20,000 population or a portion thereof. Unincorporated electoral areas can obtain representation by becoming a municipality or joining a municipality.**
- 7.1.3 **The Council of Mayors should appoint an independent TransLink Commissioner.**

7.2 RATIONALE

Public accountability is important, particularly regarding overall service levels and the revenue measures required to support them. We considered different approaches, including the GVRD Board. In the end, however, we decided that representation should come from municipal mayors in TransLink's service region.

We think that the 90-day limit for consideration of the TransLink Board's recommended options for the 10-year strategic plan is reasonable and will encourage timely decision-making.

The Council of Mayors is intended to sit for the sole purpose of annually considering and voting on TransLink's 10-year strategic plan options, including revenue measures and borrowing limits. Funding for up to four meetings per year should be provided for this purpose from TransLink.

The Council of Mayors will streamline decision-making and replace the role of the GVRD Board in the governance of TransLink. The GVRD will no longer have a role in TransLink governance.

7.3 BENEFITS

- **Direct accountability to elected officials** regarding taxation and other revenue measures is provided.
- **Every municipality** in the transportation service region participates in transportation governance through its Mayor, which will improve representation and communication.
- **More efficient decision making** will improve TransLink's ability to meet future transportation needs.
- **The public will more clearly understand** the connection between specific transportation investment and the gas tax, property tax and fares needed to fund them.

8.0 New TransLink Board

Our terms of reference require us to make recommendations on the appropriate size, composition, and appointment processes for the TransLink Board of Directors. Our recommendations for a new TransLink Board will result in more efficient and effective planning, construction and operation of the regional transportation system.

A new board of 11 people will better address specialized issues such as finance, audits, human resources and governance. It is recommended that board members have related qualifications and expertise.

Currently, TransLink's board members are elected municipal officials appointed by the GVRD Board. Board members have divided responsibilities – to their municipalities and the voters who elected them, and to TransLink. This division has created a body that has difficulty making decisions, which causes inefficiencies in planning, constructing and operating the system. TransLink Board members should have clear responsibility for acting in the best interests of TransLink and the regional transportation system.

At the same time, we believe certain decisions such as those concerning taxes should be made by elected officials. Therefore, as described in section 7.0, we recommend that the new TransLink Board should be balanced with a publicly-accountable political body, the Council of Mayors, which will make decisions on TransLink's 10-Year Strategic Plan options, including revenue measures and borrowing limits.

It is our intention that the new TransLink Board would fulfill all the duties it is currently mandated to do, except AirCare, which should be transferred to the GVRD.

8.1 RECOMMENDATIONS – COMPOSITION & MANDATE OF THE TRANSLINK BOARD

8.1.1 The TransLink Board's mandate should be to plan, construct and operate the regional transportation system.

8.1.2 The TransLink Board will have sole responsibility for development of annual 10-year strategic plan options, including an option that stays within the currently-approved fiscal framework. The Board will consult with the Council of Mayors in developing the annual 10-year strategic plan options.

- 8.1.3 The TransLink Board will submit the annual 10-year strategic plan options to the independent TransLink Commissioner for an opinion about the reasonableness of financial elements of the strategic plan and whether it is consistent with the provincial transportation vision.
- 8.1.4 Annually, the TransLink Board will be responsible for presenting the 10-year strategic plan options to the Council of Mayors. The Council of Mayors will be required to select an option within 90 days. If an option is not selected within 90 days, the TransLink Board must adopt the option that is within the currently-approved fiscal framework.
- 8.1.5 The TransLink Board will have sole responsibility for developing, approving and implementing three-year operational plans. These must be consistent with approved 10-year strategic plans.
- 8.1.6 The TransLink Board will be responsible for hiring, compensating, evaluating and, if necessary, replacing the CEO.
- 8.1.7 The TransLink Board will operate according to best practices outlined in the Governance and Disclosure Guidelines for Governing Boards of British Columbia.⁸ It will produce a public annual report and hold public meetings as appropriate.
- 8.1.8 An interim Board of three members should be appointed by legislation to ensure continuity of service and to implement an orderly transition to the new governance structure. The interim Board will appoint the new TransLink Board. The interim Board's term should be no more than six months.
- 8.1.9 TransLink Board members should be appointed for three-year terms, staggered to allow for continuity. No Board member should serve for more than six consecutive years.

8.2 SUPPORTING RECOMMENDATIONS – TRANSLINK BOARD OPERATIONS

- 8.2.1 The TransLink Board should be responsible for the collection of revenues to plan, construct and operate the regional transportation system.
- 8.2.2 The TransLink Board should be given the authority to generate revenue through development of property along its transit lines.

8. Public sector Best Practices Governance and Disclosure Guidelines, prepared by the Board Resourcing and Development Office, a unit in the Office of the Premier, defines "fiduciary responsibility as the duty of board members to be loyal and to act honestly, in good faith, and in the best interests of the organization, and to avoid conflicts of interest. Duty of care requires board members to use care, diligence, and skill in ensuring they do their job well."

The TransLink Board should create a new subsidiary to efficiently manage its property program.

- 8.2.3 The TransLink Board should be given adequate authority and powers similar to those enjoyed by the Ministry of Transportation under the new *Act*, to ensure timely implementation of major capital projects, without being captive to municipal zoning or permitting approvals.
- 8.2.4 TransLink subsidiaries should be governed by independent boards appointed by and accountable to the TransLink Board. The relationship between TransLink and its subsidiaries and contractors should be governed by publicly-available performance-based contracts, approved by the TransLink Board and the subsidiary board. Subsidiaries should be given the autonomy to organize their business operations to fulfill contract requirements.
- 8.2.5 Authority and responsibility for AirCare should be moved to the Greater Vancouver Regional District, which has regulatory authority for air quality in the region.

8.3 RATIONALE

8.3.1 Board Mandate – Plan, Construct and Operate

The new TransLink Board must embrace a vision that appreciates and supports the vital importance of transportation to the economic, social and environmental health of the region, the province and the nation. Fulfilling the Board's mandate to plan, construct and operate TransLink to improve the movement of people and goods will require a system that:

- effectively addresses future transportation needs;
- provides for efficient infrastructure and services in a growing, environmentally-sustainable region;
- is accountable to taxpayers and users; and,
- is financially sustainable.

Better planning, sustainable predictable funding, timely delivery of services and improved customer service and public accountability will unleash the economic and social potential of the region.

8.3.2 Appropriate Board Size

As prescribed in section 8 of the *GVTA Act*, TransLink currently has a 15-member Board. Twelve directors, who are appointed by the GVRD, must be Mayors or members of the GVRD Board who represent specified sub-regions

“They should be highly-qualified individuals with demonstrated expertise in areas such as law, finance, transportation, engineering, and the development and management of major projects.”

of the GVRD.⁹ Three directors must be appointed by the Province. These positions have been vacant since December 2000 when the provincially-appointed directors resigned, citing conflicts of interest between their roles as MLAs and TransLink directors.¹⁰

We recommend 11 Board members, which will facilitate more effective, timely decision-making. We believe this will allow a wide range of skills to be represented without making the Board too cumbersome.

8.3.3 Composition

The TransLink Board should be comprised of seasoned individuals who bring a range of appropriate management, financial and other functional expertise (e.g., experience in accounting and finance, legal, transportation, marketing, tourism, human resources and labour relations, community relations and First Nations, and property development).

In addition, the following should guide selection of TransLink Board members:

- They should not be an employee of TransLink;
- They should not be an active member or officer of any of TransLink’s unions;
- They should not be an employee of a municipality or regional district in the transportation service region; and
- They should not hold any elected public office.

8.3.4 Continuity

Longer-term consistent decision-making requires a minimum of three-year Board terms. Furthermore, to avoid having all directors change at the same time, we think the initial board should be appointed with staggered terms. This will allow the Board to get established and ensure that less than a majority of the Board is up for replacement or renewal in any given year.

We also recommend that the Board may renew directors’ terms when they expire, but that no members should sit for more than six consecutive years. This will allow the Board to vary its mix of management, finance, legal and other skills to match TransLink’s changing needs over time.

8.3.5 Interim Board appoints the New TransLink Board

We recommend that an interim Board of three members be appointed by legislation to oversee an orderly transition to the new governance structure. The interim Board should maintain current operations, not initiate new programs. The

9. In accordance with section 8(3) of the *GVTA Act*, 3 must be from Vancouver or Electoral Area A of the GVRD (UBC Endowment Lands); 3 must be from Burnaby, New Westminster, Coquitlam, Port Coquitlam, Port Moody, Pitt Meadows, Maple Ridge, Anmore, or Belcarra; 1 must be from North Vancouver City, North Vancouver District, West Vancouver, Lions Bay, or Electoral Area C of the GVRD (Bowen Island, Barnston Island); 4 must be from Richmond, Surrey, Langley City, Langley Township, White Rock, or Delta; and 1 must be from the GVRD as a whole.

10. *Transportation in Vancouver: A Review of Agreements Between the Province and TransLink, and of TransLink’s Governance Structure*, Office of the Auditor General of British Columbia, 2001/02.

interim Board would not include the CEO. The interim Board will appoint the new TransLink Board under the new Act.

8.3.6 TransLink Subsidiaries

TransLink has eight subsidiaries, including operating subsidiaries such as Coast Mountain Bus Company (which operates bus services and the SeaBus), British Columbia Rapid Transit Company (which operates the SkyTrain), West Coast Express Ltd. (which operates the West Coast Express), Fraser River Marine Transportation (Albion Ferry), the Transit Police Service, AirCare, Canada Line (which oversees construction of the Canada Line) and Intelligent Transportation System (which develops ways of using information technology to increase the cost-effectiveness of transportation systems).

TransLink's operating subsidiaries should be given more autonomy in delivering services, with corresponding accountability. They meet and interact with their customers daily and therefore have the best knowledge of their customers' needs.

TransLink subsidiaries should be responsible for all aspects of their operation, including preparation of operating plans, communications, customer service, and maintenance. They should operate in accordance with performance standards set by the TransLink Board, consistent with its business and operational plans.

TransLink should negotiate performance-based contracts with its operating subsidiaries consistent with its transportation plans. These agreements would establish payment based on specific service and performance standards, including customer satisfaction measures and reports. Generally, these agreements should leave decisions about how services are delivered up to the subsidiaries as long as they meet expectations outlined in the Provincial vision for integrated transportation and TransLink's 10-year strategic plans and three-year operational plans.

8.3.7 AirCare

The Greater Vancouver Regional District (GVRD) has planning and regulatory authority concerning regional air quality; therefore, we recommend that the AirCare program be transferred to the GVRD. This will improve efficiency by aligning the responsibility of program delivery with the regulatory framework under which it operates. In addition, efficiencies will be realized by reducing the number of agencies the public, businesses and others deal with regarding air quality.

8.4 BENEFITS

- **The new TransLink Board will include directors with expertise** in law, finance, human resources and other relevant areas and will therefore provide sound financial management and timely, cost-effective delivery of services and execution of projects.
- **More efficient and effective planning, construction and operation** of the regional transportation system.
- **Better service and clearly defined roles for TransLink and its subsidiaries** will result from independent subsidiaries and performance-based contracts.

9.0 Independent TransLink Commissioner

To further improve public accountability and confidence in TransLink, we recommend the establishment of a TransLink Commissioner, independent of TransLink, the Council of Mayors and the Provincial Government. The Commissioner would be responsible for assessing and reporting on the reasonableness of the financial assumptions in TransLink's 10-year strategic plans and the consistency of the plans with the provincial vision. The Commissioner would also approve fare increases and audit TransLink's customer satisfaction performance.

The office of the TransLink Commissioner may include a Commissioner and deputy commissioners to ensure the duties of the office are carried out in an efficient and timely manner. To assist in fulfilling the mandate of the office, we recommend that the Commissioner or deputies, at their discretion, hold public hearings, receive public submissions and request information from TransLink, as required. Generally, the Commissioner would hold hearings about fare increase applications or systemic issues related to customer service, rather than on individual complaints. TransLink should submit an annual report based on customer satisfaction surveys and public complaints, which the Commissioner will review. It is not intended that the Office of the Commissioner would field direct complaints. Rather, the Commissioner's annual review of customer satisfaction provides an additional check and balance on the system.

9.1 RECOMMENDATIONS – INDEPENDENT TRANSLINK COMMISSIONER

9.1.1 An independent TransLink Commissioner should be appointed by the Council of Mayors for a six-year term to:

- review and authorize fare increases;
- approve TransLink's practices and procedures for dealing with public complaints, establish TransLink's terms of reference for customer service surveys, and annually review and report on TransLink's customer service performance;
- provide an opinion to the Council of Mayors and the TransLink Board about the reasonableness of the financial elements of TransLink's 10-year strategic plan;
- determine and report to the public about whether TransLink's 10-year strategic plans and three-year operational plans are consistent with the provincial vision;

- annually audit and report on the accuracy of TransLink's reporting of its strategic and operational plan performance; and
- hold public hearings, receive public submissions and request information from TransLink as required to fulfill the above.

9.1.2 The Independent Office of the TransLink Commissioner should be funded by TransLink, based on a legislated formula that provides sufficient resources to fulfill the Commissioner's duties.

9.1.3 The TransLink Commissioner should prepare an annual report to the public regarding the activities of the Commissioner's office.

9.1.4 The TransLink Commissioner should, at the end of his or her six-year term, prepare and present a report to the Council of Mayors identifying any legislative amendments that may be warranted to ensure TransLink continues to fulfill its mandate into the future.

9.2 RATIONALE

It is important to the success of the recommended governance structure that there is an additional element of independent review and reporting on matters such as fares, customer service, financial assumptions, and strategic and operational plan performance.

In particular, we heard from many people that applications for fare increases should be carefully considered with due regard to users of the transportation system.

The office of the independent TransLink Commissioner will provide an annual report to the public regarding the activities of the office.

This review, which is taking place about eight years after TransLink's inception, has identified ways in which TransLink's governance can be enhanced to meet future requirements. As the organisation moves forward under the new structure recommended in this report, it is possible that changing circumstances or experience gained during the next six years may indicate the need for further enhancements to improve regional transportation. The TransLink Commissioner, from undertaking his or her duties, will gain a unique insight into TransLink's operations over the next six years and thus would be ideally positioned to report on any new legislative amendments that may be warranted to position TransLink to continue meeting its goals.

9.3 BENEFITS

- Provides an independent review of proposed fare increases;
- Provides an independent opinion of the reasonableness of the financial elements of TransLink's 10-year strategic plan;
- Provides an independent review as to whether TransLink is meeting its strategic and operational targets; and
- Increases public accountability and transparency through annual reviews of TransLink's customer service performance.

10.0 A Sustainable Funding Framework

“TransLink’s revenue sources should represent a balance between user fees and taxation.”

In reviewing TransLink’s finances, we have concluded that additional revenue is required if TransLink is to meet current service targets and longer-term needs. TransLink will start incurring annual deficits by 2009, which would increase to approximately \$200 million by 2013 unless additional revenue is in place to deliver improvements such as the Evergreen Line, new buses, and road and bridge upgrades. The additional revenue proposed in this report, if requested by the TransLink Board and approved by the Council of Mayors, could cover TransLink’s expenditures, including service enhancements and rapid transit expansion, to at least 2025.

If the need for sustainable funding is not addressed, TransLink will fail to meet the region’s transportation needs, even if all our other recommendations are implemented. We cannot afford to let this happen because the timely and efficient provision of transportation is critical to meeting the mobility, liveability and economic needs of the region, British Columbia and Canada.

In the representations we received, the vast majority of individuals agreed with the need for new transportation infrastructure and services; the differences were primarily about the order of priorities and how they should be funded.

This section of our report includes two objectives:

- to consolidate revenue measures to improve the transparency and efficiency of TransLink’s funding; and
- to establish a balanced, sustainable funding framework that is fair and allows TransLink to meet future transportation needs.

Summaries of financial projections prepared by TransLink and by advisors to this panel are contained in Appendix 11.4.

The three major sources of TransLink revenue are property taxes, fuel taxes and fares, representing about 95% of total revenue, as shown in the graph on the following page.

These revenue sources are reasonable for TransLink to use in that they distribute the funding burden across a relatively broad base of those who use and/or benefit from the system.

Improved access provided by better transportation infrastructure and services generally leads to enhanced property values. Fuel taxes are a user-pay measure for

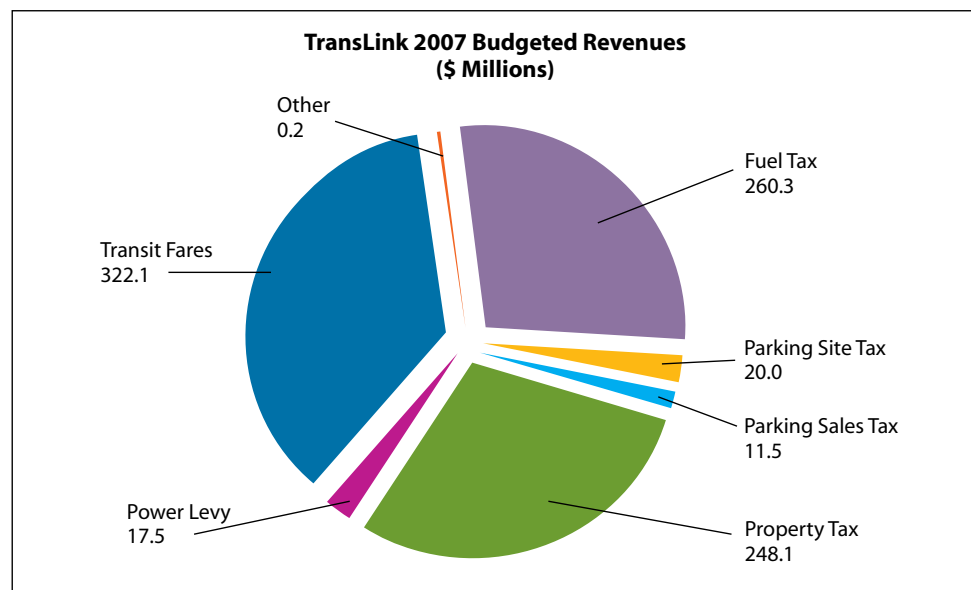
road use and have positive transportation demand management (TDM) effects (e.g., encourage use of transit and other transportation alternatives) and fares are a user-pay measure for public transit users.

The recently-introduced parking site tax, however, is narrowly focused and offers limited revenue potential. In addition, it is very expensive to collect relative to the revenue it produces¹¹ and is viewed as discriminatory by those who are required to pay it.

The power levy, which adds \$1.90 per month (plus GST) to everyone's BC Hydro bill, has no clear link to transportation and is not transparent because few people understand why they are paying it or how it is used.

The parking sales tax which adds 7% to the cost of pay parking in TransLink's service area brings in relatively little revenue, but by raising the cost of parking does have positive TDM features.

"It is simply a fact that the Lower Mainland transit system cannot be funded by the local municipalities alone. Financial support from the provincial government is essential."



An overview of the tax revenue sources currently available to TransLink is contained in Appendix 11.3.

TransLink's three major revenue sources (property taxes, fuel taxes and fares) have the most potential to provide sustainable, predictable funding for the transportation system. We believe that the additional revenue needed to adequately fund the long-term needs of the regional transportation system should come from a balanced use of these sources.

Our study of the various revenue sources used by TransLink has also convinced us that, to increase transparency and accountability, the parking site tax and the Hydro levy should be eliminated. Essentially, they are both property taxes and should be consolidated into TransLink's property tax.

11. The cost of collecting the parking site tax is projected to be in excess of \$3 million in 2007.

“...revenue streams should flow from the federal and provincial governments as well as from broadly-based revenue sources in the region in recognition that an efficient transportation network (both road and public transit) benefits not only local residents and businesses, but the provincial and, to an extent, federal economies as well.”

Our review has also illustrated that TransLink has significant potential to raise revenues from non-tax sources, including advertising, retail kiosks, shops at transit stations, commercial development around transit stations and depot lands, including air-rights for such things as housing and office space. TransLink should be encouraged to maximize revenues from these sources. Furthermore, increased commercial and residential development around rapid transit stations would increase transit ridership and thus, fare box revenues. We encourage the municipalities in TransLink’s service area to support such densification around stations – to maximize the benefits from substantial rapid transit investments, to redirect development away from areas less well served by transit, and to improve TransLink’s financial performance. In addition to improving ridership and revenues, densification around transit stations will contribute to overall improved livability by encouraging compact communities with a range of employment, housing and transportation choices.

10.1 RECOMMENDATIONS – A SUSTAINABLE FUNDING FRAMEWORK

10.2.1 Continue TransLink’s access to property taxes, fuel taxes, and fares to fund delivery and improvement of transportation services.

10.2.2 Eliminate the parking site tax. The net revenue derived from this tax in 2006 (about \$17 million) should instead be raised through TransLink’s property tax levy from commercial, industrial and utility property classes. This will result in a fairer distribution of the tax over a broader base of commercial, industrial and utility property owners, and reduce overall taxes as substantial administration costs will be avoided.

10.2.3 Eliminate the Hydro levy. The annual amount currently collected through this levy, \$22.80 per electricity account, should be collected through TransLink’s property tax levy from residential property classes. This will be revenue-neutral for TransLink, but save taxpayers more than \$1 million per year by eliminating the collection of applicable GST.

10.2.4 TransLink’s additional revenue should be balanced over the long-term on the basis of a 1/3-1/3-1/3 framework – one-third of additional revenues coming from TransLink’s general property tax, one-third from provincial fuel tax, and one-third from other revenue sources (including fares and other miscellaneous sources such as commercial development of properties).

10.2.5 The Council of Mayors should be given the authority to increase the provincial fuel tax within TransLink’s service area by up to 3¢ per litre, subject to the projected annual revenue from the increase being matched by the end of the 10-year strategic plan cycle by at least:

“TransLink must be granted secure and reliable sources of funding in order to carry out its mandate to deliver the transportation system the region needs.”

- the additional annual revenues from TransLink’s property tax; and
- the additional annual revenues from all other TransLink revenue sources (not including contributions from the Provincial Government)

10.2.6 The definition of additional revenues should be:

- For fares, the additional revenue resulting from fare increases in excess of the rate of inflation for Vancouver (CPI);
- For fuel taxes, the additional revenue resulting from any increase in the fuel tax rate per litre dedicated to TransLink (currently 12¢) and,
- For property taxes, revenues in excess of an adjusted base, measured by TransLink’s total property tax revenues in 2007 adjusted annually by a percentage equal to the rate of inflation for Vancouver (CPI) plus the rate of population growth in the service region.

10.2.7 The Province should continue to provide the agreed-to contributions for new rapid transit lines. However, these contributions should be conditional on increases in zoning densities around existing and anticipated rapid transit stations. The density increases would maximize the benefits from rapid transit investments by increasing ridership and by redirecting development away from areas less well served by transit.

10.2.8 To improve public understanding of the connection between property tax and the funding of transportation infrastructure and services, the TransLink property tax levy should be re-named the TransLink Transportation Tax.

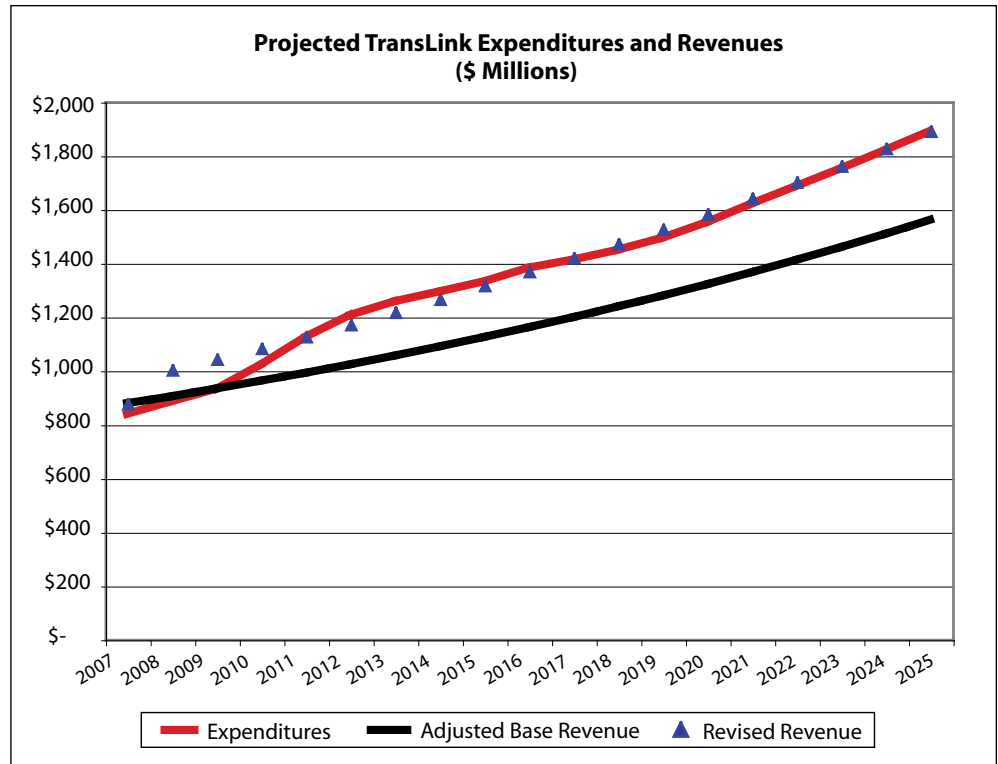
10.2.9 TransLink’s ability to borrow through the Municipal Finance Authority should be maintained to minimize borrowing costs.

10.2 RATIONALE

TransLink’s revenue sources must be sustainable and should provide enough money for TransLink to meet its core long-term requirements, consistent with the provincial vision for integrated transportation and TransLink’s 10-year strategic and three-year operational plans. Funding should grow with transportation demand so that TransLink can expand its services as needed, while remaining affordable to taxpayers. Funding should be relatively stable and predictable to facilitate effective long-term planning and decision-making.

Projections of revenues and expenditures prepared for the Panel, shown in the graph on the following page, indicate that the proposed funding framework should be sufficient to cover expenditures to 2025.

“The revenue streams and decision-making process must be open and transparent. At the same time there needs to be a sustainable funding structure that provides adequate and predictable funding.”



The “Expenditures” line on the graph includes all the initiatives included in TransLink’s current 10-year outlook, such as bus and SkyTrain fleet renewal and expansion, a new SeaBus, service hour increases, and major and minor road improvements. It also includes construction of the Evergreen Line (with a \$170 million provincial contribution after 2010) and extension of the Millennium Line towards Vancouver starting in 2018. Although we also assume the replacement of the Patullo Bridge, it is our view that this would be funded by tolls. In making the aforementioned assumptions, we are not advocating any of the initiatives; these would be decided by the Council of Mayors when they review and approve the options presented in the first TransLink 10-year Strategic Plan. Our purpose is to assess the adequacy of the proposed revenue sources.

The “Adjusted Base Revenue” line shows projected revenues assuming: property tax revenues grow at a rate equal to the rate of population growth (1.5% per annum) plus the rate of general inflation (2% per annum); fuel tax revenues grow at the rate of fuel consumption growth (1% per annum); and fares increase at the rate of ridership growth (1% per annum above the rate of population growth) plus the rate of general inflation (2% per annum).

The “Revised Revenue” line represents “Adjusted Base Revenue” plus the projected incremental revenues from measures proposed in this section. Additional fuel tax revenue is the additional revenue projected from increases, up to 3¢ per litre in the provincial fuel tax rate. Additional fare revenue would arise from fare increases greater than the rate of inflation. The need for fare increases

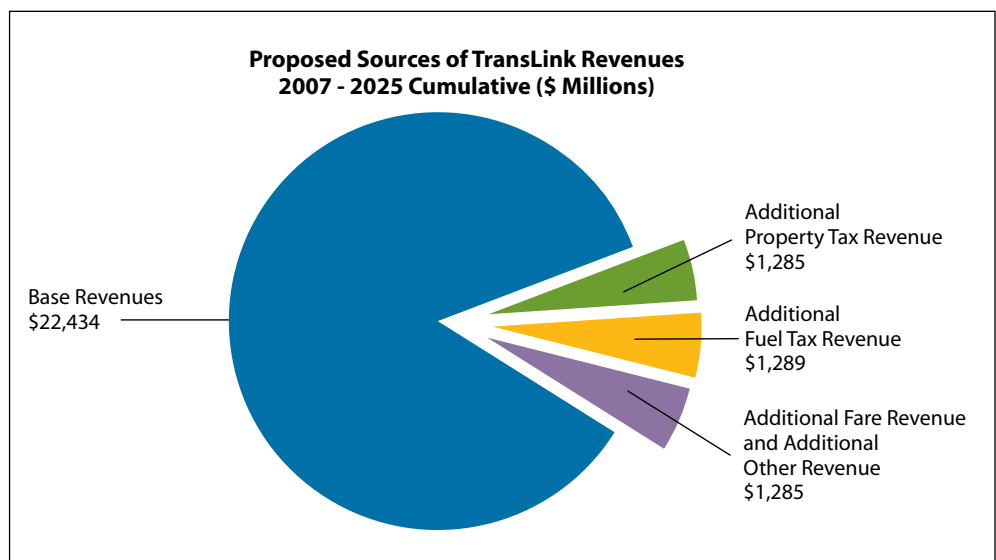
could be moderated by additional revenue derived from sources other than fuel and property taxes.

In any event, we anticipate fare increases would need to average less than 1% above the rate of general inflation. Additional property tax revenue would arise from increases in property taxes in excess of those assumed in the “Adjusted Base Revenue”.

We accept that TransLink’s major revenue streams (property taxes, fuel taxes and fares) are appropriate sources of funding. However, it is not appropriate to rely exclusively on any one of these sources to meet future funding needs. A more balanced approach to funding is needed. The balance we propose will collect revenue over the long-term in approximately equal measures: one-third from additional property taxes, one-third from additional fuel taxes, and one-third from other additional revenue sources (including fares and other miscellaneous sources such as advertising, retail leases in stations, and development of TransLink’s properties). This balance will produce sustainable funding while improving efficiency and fairness.

To provide discipline in achieving this objective, the additional annual revenues from the three sources should be roughly equal by the end of the initial 10-year strategic plan. This is prudent because the additional revenue from any allowed fuel tax increase will likely come in large increments, while the growth in additional revenue from property taxes and other sources will be gradual and spread over the entire plan.

The graph below shows the cumulative projected base revenues from 2007 to 2025 and the cumulative projected additional revenues for each of the three main categories of revenue.



Additional revenues represent a relatively small increase above the base, which appears to us to be a reasonable price to achieve the objectives of having an integrated regional transportation system. Based on our review of TransLink's finances, we are of the view that our recommendations should provide TransLink with sustainable funding through 2025 and possibly beyond.

Provision should be made in the new regional transportation *Act* to retain TransLink's authority to charge user fees and tolls, such as the Golden Ears Bridge toll, and to pay for new infrastructure such as replacement of the Patullo Bridge.

We encourage TransLink, the GVRD, municipalities, and the Province to work together proactively to obtain additional federal funding for transportation systems.

Finally, TransLink's plans, as they relate to regionally significant infrastructure, should be consistent with provincial plans as a condition for provincial funding.

10.3 BENEFITS

Implementation of these recommendations will benefit the transportation service region in the following ways:

- **Sufficient, predictable and sustainable revenues** will be produced by this sustainable funding framework, which will appropriately fund transportation infrastructure and services to meet future needs.
- **Improved efficiency and fairness** will result from lower tax-collection costs and the 1/3-1/3-1/3 balance among revenue raised through the TransLink Transportation fee (property tax), other revenue sources (revenue from property and the fare box), and revenue raised through the provincial fuel tax.
- **The public will more clearly understand** the connection between specific transportation investment and the fuel tax, property tax and fares needed to fund them.

11.0 Appendices

This section of our report includes;

- 11.1 TransLink Governance Review Recommendations
- 11.2 Recommended Board Member Skills and Experience
- 11.3 Current TransLink Revenue Measures
- 11.4 Projected TransLink Expenditures and Revenues
- 11.5 Transportation Plan Outlines
- 11.6 Overview of Transportation Infrastructure
- 11.7 Panel Terms of Reference

REGIONAL
TRANSPORTATION
AUTHORITY

11.1 TRANSLINK GOVERNANCE REVIEW RECOMMENDATIONS

1. A regional transportation authority with the responsibility to plan, construct and operate a regional transportation system should be maintained under a new governance structure.
-
2. TransLink's transportation service region should immediately expand to include Abbotsford, Mission and Squamish subject to transitional arrangements being negotiated. These communities are already part of the transportation patterns and economy of the wider service region.
 3. Provision should be made to enable the expansion of TransLink's service region from Hope to Pemberton to encourage delivery of an integrated transportation system for this rapidly-expanding region. The timing of this expansion would be a decision of the new TransLink Board in negotiation with the interested municipalities.
 4. To facilitate transition to a larger service region, TransLink should be enabled to provide transportation services outside its service region with appropriate negotiated contributions to TransLink's budget.
-

EXPANDING THE
TRANSPORTATION
REGION

5. The Province should establish and regularly update, as appropriate, a 30-year vision for integrated transportation from Pemberton to Hope. The vision should:
 - Be articulated within 12 months of establishing the new governance structure for TransLink;
 - Establish clear goals to guide TransLink and other transportation agencies in preparing their respective plans; and
 - Be informed by local and regional economic, social, and environmental goals.
 6. TransLink should develop and operate within rolling 10-year strategic plans that are consistent with the provincial vision and that clearly identify the revenue measures and borrowing requirements needed to fund the infrastructure and services for which they are responsible.
 7. TransLink should develop and implement rolling three-year operating plans for the transportation infrastructure and services for which they are responsible, consistent with their approved 10-Year Strategic Plans.
-

A NEW TRANSPORTATION
PLANNING FRAMEWORK

8. We recommend a new governance structure that includes a Council of Mayors, a TransLink Board, and an independent TransLink Commissioner.
9. A Council of Mayors should be established comprised of Mayors elected to councils in the transportation service region. It is anticipated that the Council of Mayors will grow as the service region grows over the next 30 years.

A NEW
GOVERNANCE MODEL

A NEW
GOVERNANCE MODEL

10. A new TransLink Board should be established, composed of non-elected officials with expertise in areas important to TransLink's mandate. The Board should have 11 members.
 11. An independent TransLink Commissioner should be appointed by the Council of Mayors for a six-year term.
 12. The *Greater Vancouver Transportation Act* should be renamed to reflect the broader region the authority will serve.
 13. The TransLink Regional Transportation Authority should replace the Greater Vancouver Transportation Authority.
-

COUNCIL OF MAYORS

14. The Council of Mayors should consider the TransLink Board's recommended options for a 10-year strategic plan, including specific revenue measures and borrowing limits necessary for implementation of the plan. The Council of Mayors should select an option within 90 days; failing that, the TransLink Board should plan, construct and operate the system according to a base option, defined as the option within the currently-approved fiscal framework.
 15. Voting on TransLink's 10-year strategic plan options, including revenue measures and borrowing limits, should be proportional, based on 1 vote per 20,000 population or a portion thereof. Unincorporated electoral areas can obtain representation by becoming a municipality or joining a municipality.
 16. The Council of Mayors should appoint an independent TransLink Commissioner.
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NEW TRANSLINK BOARD

17. The TransLink Board's mandate should be to plan, construct and operate the regional transportation system.
18. The TransLink Board will have sole responsibility for development of annual 10-year strategic plan options, including an option that stays within the currently-approved fiscal framework. The Board will consult with the Council of Mayors in developing the annual 10-year strategic plan options.
19. The TransLink Board will submit the annual 10-year strategic plan options to the independent TransLink Commissioner for an opinion about the reasonableness of financial elements of the strategic plan and whether it is consistent with the provincial transportation vision.
20. Annually, the TransLink Board will be responsible for presenting the 10-year strategic plan options to the Council of Mayors. The Council of Mayors will be required to select an option within 90 days. If an option is not selected within 90 days, the TransLink Board must adopt the option that is within the currently-approved fiscal framework.

NEW TRANSLINK BOARD

21. The TransLink Board will have sole responsibility for developing, approving and implementing three-year operational plans. These must be consistent with approved 10-year strategic plans.
22. The TransLink Board will be responsible for hiring, compensating, evaluating and, if necessary, replacing the CEO.
23. The TransLink Board will operate according to best practices outlined in the Governance and Disclosure Guidelines for Governing Boards of British Columbia. It will produce a public annual report and hold public meetings as appropriate.
24. An interim Board of three members should be appointed by legislation to ensure continuity of service and to implement an orderly transition to the new governance structure. The interim Board will appoint the new TransLink Board. The interim Board's term should be no more than six months.
25. TransLink Board members should be appointed for three-year terms, staggered to allow for continuity. No Board member should serve more than six consecutive years.
26. The TransLink Board should be responsible for the collection of revenues to plan, construct and operate the regional transportation system.
27. The TransLink Board should be given the authority to generate revenue through development of property along its transit lines. The TransLink Board should create a new subsidiary to efficiently manage its property program.
28. The TransLink Board should be given adequate authority and powers to those enjoyed by the Ministry of Transportation under the *Act* to ensure timely implementation of major capital projects without being captive to municipal zoning or permitting approvals.
29. TransLink subsidiaries should be governed by independent boards appointed by and accountable to the TransLink Board. The relationship between TransLink and its subsidiaries and contractors should be governed by publicly-available performance-based contracts, approved by the TransLink Board and the subsidiary board. Subsidiaries should be given the autonomy to organize their business operations to fulfill contract requirements.
30. Authority and responsibility for AirCare should be moved to the Greater Vancouver Regional District, which has regulatory authority for air quality in the region.

INDEPENDENT
TRANSLINK
COMMISSIONER

31. An independent TransLink Commissioner should be appointed by the Council of Mayors for a six-year term to:
- review and authorize fare increases;
 - approve TransLink’s practices and procedures for dealing with public complaints, establish TransLink’s terms of reference for customer service surveys, and annually review and report on TransLink’s customer service performance;
 - provide an opinion to the Council of Mayors and the TransLink Board about the reasonableness of the financial elements of TransLink’s 10-year strategic plan;
 - determine and report to the public about whether TransLink’s 10-year strategic plans and three-year operational plans are consistent with the provincial vision;
 - annually audit and report on the accuracy of TransLink’s reporting of its strategic and operational plan performance; and
 - hold public hearings, receive public submissions and request information from TransLink as required to fulfill the above.
32. The Independent Office of the TransLink Commissioner should be funded by TransLink, based on a legislated formula that provides sufficient resources to fulfill the Commissioner’s duties.
33. The TransLink Commissioner should prepare an annual report to the public regarding the activities of the Commissioner’s office.
34. The TransLink Commissioner should, at the end of his or her six-year term, prepare and present a report to the Council of Mayors identifying any legislative amendments that may be warranted to ensure TransLink continues to fulfill its mandate into the future.

A SUSTAINABLE
FUNDING FRAMEWORK

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35. Continue TransLink’s access to property taxes, fuel taxes, and fares to fund delivery and improvement of transportation services.
36. Eliminate the parking site tax. The net revenue derived from this tax in 2006 (about \$17 million) should instead be raised through TransLink’s property tax levy from commercial, industrial and utility property classes. This will result in a fairer distribution of the tax over a broader base of commercial, industrial and utility property owners, and reduce overall taxes as substantial administration costs will be avoided.
37. Eliminate the Hydro levy. The annual amount currently collected through this levy, \$22.80 per electricity account, should be collected through TransLink’s property tax levy from residential property classes. This will be revenue-neutral for TransLink, but save taxpayers more than \$1 million per year by eliminating the collection of applicable GST.

A SUSTAINABLE
FUNDING FRAMEWORK

38. TransLink's additional revenue should be balanced over the long-term on the basis of a 1/3-1/3-1/3 framework – one-third of additional revenues coming from TransLink's general property tax, one-third from provincial fuel tax, and one-third from other revenue sources (including fares and other miscellaneous sources such as commercial development of properties).
39. The Council of Mayors should be given the authority to increase the provincial fuel tax within TransLink's service area by up to 3¢ per litre, subject to the projected annual revenue from the increase being matched by the end of the 10-year strategic plan cycle by at least:
 - the additional annual revenues from TransLink's property tax; and
 - the additional annual revenues from all other TransLink revenue sources (not including contributions from the Provincial Government)
40. The definition of additional revenues should be:
 - For fares, the additional revenue resulting from fare increases in excess of the rate of inflation for Vancouver (CPI);
 - For fuel taxes, the additional revenue resulting from any increase in the fuel tax rate per litre dedicated to TransLink (currently 12¢) and,
 - For property taxes, revenues in excess of an adjusted base, measured by TransLink's total property tax revenues in 2007 adjusted annually by a percentage equal to the rate of inflation for Vancouver (CPI) plus the rate of population growth in the service region.
41. The Province should continue to provide the agreed-to contributions for new rapid transit lines. However, these contributions should be conditional on increases in zoning densities around existing and anticipated rapid transit stations. The density increases would maximize the benefits from rapid transit investments by increasing ridership and by redirecting development away from areas less well served by transit.
42. To improve public understanding of the connection between property tax and the funding of transportation infrastructure and services, the TransLink property tax levy should be renamed the TransLink Transportation Tax.
43. TransLink's ability to borrow through the Municipal Finance Authority should be maintained to minimize borrowing costs.

11.2 RECOMMENDED BOARD MEMBER SKILLS AND EXPERIENCE

The following skills and experience would be appropriate for the new TransLink Board:

1. Leadership – experience at a senior level managing the operations of a large or complex commercial or non-profit entity.
2. Business – experience in operating a business in British Columbia.
3. Board Experience – previous experience as a member of a Board of Directors for a commercial or non-profit entity.
4. Accounting and Finance – accounting or financial expertise.
5. Legal – a law degree or experience in managing legal issues of a complex commercial nature.
6. Transportation – knowledge of and experience in addressing transportation issues, including environmental and safety issues, issues associated with persons with special needs.
7. Marketing – experience in developing and/or leading marketing or customer service initiatives.
8. Tourism – knowledge of and experience in the tourism industry in British Columbia, including the hospitality and retail sectors.
9. Labour Management – knowledge of and experience in human resources and labour relations practices in British Columbia.
10. Regulatory - experience working in or significant knowledge of the issues associated with, a commercial entity regulated by statute.
11. Community Relations and First Nations – experience in leading consultation processes with local governments and/or First Nations in British Columbia.
12. Property Development – experience leading property development for commercial or non-profit entities.

11.3 CURRENT TRANSLINK REVENUE MEASURES

The *Greater Vancouver Transportation Authority (GVTA) Act* currently authorises the Greater Vancouver Transportation Authority (TransLink) to raise revenues as follows:

A. Fuel Tax: In accordance with Sections 4(1)(c)(iv) and 10(1)(c)(iv) of the *Motor Fuel Tax Act*, the Provincial Government has enabled TransLink to collect a 12¢ per litre tax on gasoline and other motive fuel (i.e., diesel) sold in the Greater Vancouver transportation service region. In 2005, this generated \$255 million in revenues.

Tax rates have increased as below; any further increases would require legislation by the Province.

- 01 April 1999: 8¢ per litre
- 01 April 2001: 9¢ per litre
- 01 April 2002: 11¢ per litre
- 01 April 2003: 11.5¢ per litre
- 01 April 2005: 12¢ per litre

Revenue will grow in the future depending on the volume of fuel purchased in the transportation service region. Fuel volumes generally have been increasing with growth in population, numbers of vehicles, and average kilometres driven. Recent high fuel prices have resulted in some reduction in fuel volumes.

B. Parking Sales Tax: In accordance with Sections 61(1) and 61(2) of the *Social Service Tax Act*, TransLink collects a 7% tax on the sale of parking rights in the Greater Vancouver transportation service region. In 2005, this generated \$11 million in revenues.

In accordance with section 30.1 of the *GVTA Act*, TransLink may increase this tax rate to a maximum of 21% without further approval or ratification.

There is little growth in revenue, aside from that which would be afforded by a tax rate increase.

C. Parking Site Tax: In accordance with Section 133 of the *GVTA Act*, TransLink may levy a tax on parking area or per parking stall in the transportation service area. TransLink implemented a tax on parking area in 2006, which it estimates will bring in revenue of \$20 million in 2006.

Any increase in the tax rate must be ratified by the Board of Directors of the Greater Vancouver Regional District (GVRD), to a maximum rate specified in the Act.

Revenue growth, aside from increases in the tax rate, would be stable – perhaps in line with general growth in business activity (population growth).

D. Property Tax: In accordance with Sections 25 to 27 of the *GVTA Act*, TransLink may assess and collect taxes on the net taxable value of lands and improvements in the Greater Vancouver transportation service region.

Increases to tax assessments must be approved by the Board of Directors of the GVRD. Increases were approved in 2002 and 2005; a marginal decrease was approved in 2006.

In addition to increases due to higher tax rates, revenue has increased due to growth in population (i.e., numbers of properties) and to changes in assessed values – in recent years values have been increasing much faster than inflation. In 2005 this generated \$217 million in revenues.

E. Power Levy: In accordance with Section 28 of the *GVTA Act*, TransLink may collect a power levy of \$1.90 per month from each electric service account in the transportation service region.

The monthly power levy is fixed by legislation. In 2005 this generated \$17 million in revenues. Revenue would increase with number of electricity accounts (e.g., general growth in number of households).

In addition to the tax and levy measures noted above, TransLink has the following authorities for generating revenue:

F. Project toll charges: In accordance with Section 29(1) of the *GVTA Act*, TransLink may levy toll charges to recover costs of improvements to the major road network (e.g., a network of major municipal roads in the transportation service region for which TransLink sets operating and maintenance standards and to which it contributes funds for improvements to maintain or enhance capacity).

Implementation of or any increase in toll charges must be approved by the Board of Directors of the GVRD. This authority currently is not used. However, tolls have been authorized to recover the costs of the Fraser River Crossing Project (the Golden Ears Bridge).

G. User fees: In accordance with Section 29(2) of the *GVTA Act*, TransLink may collect user fees (fares) from transit users (i.e., bus, rail, ferry users) in the transportation service region.

TransLink may increase fares, following public consultation, without need of further approval or ratification.

H. Motor vehicle charges: In accordance with Section 29(3) of the *GVTA Act*, TransLink may assess motor vehicle charges on owners/operators of motor vehicles primarily used in the transportation service region.

Implementation of or any increase in the vehicle levy must be approved by the Board of Directors of the GVRD. This authority currently is not used.

In 2005, tax and levy revenues provided 63% of TransLink's revenues. Most of the remainder came from transit fares.

Summary of TransLink Revenue (in \$ millions)

	Transit Fares	Fuel Tax	Property Tax	Hydro Levy	Parking Sales Tax	Parking Site Tax	Mission Other	Total
2006*	302,800	257,500	235,300	16,800	11,500	20,000	145	844,045
2005	292,402	254,628	216,824	16,620	11,500	–	144	792,118
2004	264,448	252,294	130,358	16,806	11,500	–	128	675,534
2003	248,571	242,748	121,857	16,374	11,125	–	127	641,177
2002	232,748	227,657	114,927	16,070	11,500	–	11	602,538
2001	145,604	184,855	92,490	15,926	10,000	–	128	449,003

**Budgeted*

11.4 PROJECTED TRANSLINK EXPENDITURES AND REVENUES

The Panel commissioned the development of financial models to project TransLink's revenues and expenditures. These models were used to assess TransLink's responsibilities, authorities and powers to institute revenue measures for funding service delivery and capital projects, and to assess the Panel's recommendations pertaining to the creation of a sustainable funding framework.

Financial Projections for Full 10-year Outlook

In October 2006, TransLink's Board received the following financial projections:

Year	Revenue \$M	Expenditure \$M	Surplus/Deficit \$M
2007	881	854	28
2008	917	905	12
2009	941	972	(31)
2010	966	1,072	(106)
2011	1,006	1,116	(110)
2012	1,026	1,195	(169)
2013	1,046	1,239	(193)

The projections include all projects and programs previously identified as transportation priorities in TransLink's 10-year outlook. These include Evergreen Line construction, transit fleet and service expansion, a third Sea-Bus, SkyTrain station upgrades, and various road, transit, and bicycle related infrastructure improvement projects.

On the revenue side, it is assumed that property tax revenues would increase by 3% per year, that fuel tax revenues would increase by 1% per year and that fares would increase by the rate of inflation. No new taxes or levies are assumed.

Table 1 indicates TransLink will start incurring annual deficits by 2009, increasing to nearly \$200 million by 2013, unless priority projects and programs are cancelled and current initiatives or service levels are cut back, or new revenue measures are put in place.

TransLink's projections were reviewed by an independent expert retained by the Panel, who concluded that the assumptions were reasonable and the results reliable.

Financial Projections with Revenue Measures Proposed by the Panel

To test the ability of the proposed sustainable funding framework to meet TransLink's longer-term needs, the panel commissioned financial projections through 2025. A potential scenario based on TransLink's full 10-year outlook plus future service expansion and capital improvements is summarized in Table 2.

Table 2: Projected TransLink Revenues and Expenditures – Full TransLink Plan Scenario

Year	Base Case Revenues (\$M)	TransLink Full Scenario Expenditures (\$M)	Fuel Tax		Property Taxes		Other		Total Additional Revenue (\$M)	Surplus/Deficit	Reserve (\$M)	Estimated Debt Servicing Cost (\$M)
			Rate (\$/Litre)	Additional Revenue (\$M)	Mil Rate Increase above Base Level	Additional Revenue (\$M)	Additional Fares and Other Revenue (\$M)					
2007	877	837	0.1200	0	0.0%	0	0	0	40	152	152	
2008	903	884	0.1500	66	1.5%	4	30	100	119	270	169	
2009	931	930	0.1500	66	2.0%	10	35	111	112	383	188	
2010	960	1,021	0.1500	67	2.0%	16	40	124	63	445	224	
2011	990	1,124	0.1500	68	2.0%	23	45	136	2	448	304	
2012	1,021	1,205	0.1500	68	2.0%	31	50	150	-34	414	349	
2013	1,054	1,256	0.1500	69	2.0%	39	55	163	-39	375	372	
2014	1,088	1,292	0.1500	70	2.0%	48	60	178	-26	349	379	
2015	1,123	1,330	0.1500	70	2.0%	58	65	194	-14	335	387	
2016	1,159	1,381	0.1500	71	2.0%	69	70	210	-12	323	394	
2017	1,197	1,411	0.1500	72	1.0%	75	75	222	8	332	402	
2018	1,236	1,448	0.1500	73	1.0%	83	80	235	24	355	417	
2019	1,277	1,492	0.1500	73	1.0%	91	85	249	34	390	432	
2020	1,320	1,551	0.1500	74	1.0%	99	90	263	32	421	446	
2021	1,364	1,620	0.1500	75	1.0%	108	95	277	21	443	461	
2022	1,410	1,685	0.1500	76	1.0%	117	100	293	17	460	470	
2023	1,458	1,751	0.1500	76	1.0%	127	100	303	10	470	479	
2024	1,507	1,819	0.1500	77	1.0%	138	105	320	8	478	488	
2025	1,559	1,890	0.1500	78	1.0%	149	105	332	1	479	497	
Total Additional Revenue 2007 - 2025				1,289		1,285	1,285					

For the period through 2013, the total expenditure projection is comparable to that in TransLink's 10-year outlook, with the exception of the start of construction on the Evergreen Line being delayed to 2010, the provincial contribution towards the project remaining at the \$170 million already announced, and lower debt servicing charges as a result of maintaining a lower reserve in the initial years. A reserve requirement based on maintaining an amount equal to one year's interest and principal repayment is assumed. This would be a typical reserve requirement for an entity like TransLink.

After 2013, total expenditures – except for those associated with the Evergreen Line and an extension of the Millennium Line – are assumed to increase by an average of 3.3% per year. Expenditure projections also assume that a 6 km Millennium Line extension (westward) would be built between 2018 and 2021 at a cost of approximately \$850 million, of which TransLink would be responsible for 40%, with the balance coming from senior governments. It is further assumed that any replacement of the Pattullo Bridge would be paid for through tolls.

The base case revenue projection up to 2013 is comparable to that presented to the TransLink board in October 2006, with the exception that total property tax revenue is projected to grow at an annual rate equal to 3.5% instead of 3%. The 3.5% rate is equal to the assumed 2% rate of general inflation plus a projected 1.5% rate of population growth. Beyond 2013, it is assumed that property tax and fuel tax revenues would continue to grow at 3.5% and 1.0% per year respectively, and that fares would continue to increase at the rate of inflation. Transit ridership is assumed to continue to grow at 1% above the rate of projected population growth. In the base case revenue projection, no federal government funding contributions are assumed.

Table 2 suggests that with mill rate increases averaging less than 2% per year above the rate of general inflation, fare increases averaging less than 1% per year above the rate of general inflation and 3 cents per litre in additional fuel tax, the proposed funding framework should be able to cover needed expenditures to 2025. Furthermore, the table shows that additional revenue generated from the three sources would be approximately equal in 2017, the tenth year of the initial 10-year strategic plan, and would also be balanced in total over the period to 2025.

The additional fare and other revenues contained in Table 2 could be derived from a scenario such as the one implied by Table 3, on the next page.

Table 1: Additional Fare and Other Revenue

Year	Fare Increase above Base Level	Additional Revenue (\$M)	Other Revenue
2007	0.0%	0	0
2008	1.0%	3	27
2009	1.0%	7	28
2010	1.0%	11	29
2011	1.0%	16	29
2012	1.0%	21	29
2013	1.0%	26	29
2014	0.5%	29	31
2015	0.5%	33	32
2016	0.5%	37	33
2017	0.5%	42	33
2018	0.5%	46	34
2019	0.5%	52	33
2020	0.5%	57	33
2021	0.5%	63	32
2022	0.0%	66	34
2023	0.0%	69	31
2024	0.0%	72	33
2025	0.0%	75	30

In Table 3, the increase in fares would average 0.56% if about \$30 million per year in additional revenue could be generated from all other revenue sources. The other sources could include revenue from property and advertising, and from federal and municipal funding contributions. The higher these revenues, the lower would be the needed increase in fares.

11.5 TRANSPORTATION PLAN OUTLINES

The purpose of the 30-year vision is to provide a foundation for the development of an integrated transportation system in the region extending from Pemberton to Hope. The vision should establish long-term goals and set strategic directions for the entire transportation system, within the context of guiding principles. The development of specific plans for implementing transportation measures would be the responsibility of individual agencies or authorities.

Consultation will be vital to the successful development of both the vision and the plans.

The following is a suggested high level outline for the vision.

1. A context statement describing:
 - a. Local, regional and provincial social, environmental and economic goals and policies;
 - b. Demographic, transportation and other trends; and
 - c. Other factors impacting the transportation system of the region.
2. A statement of principles used to guide the development of the vision.
3. A set of long term goals and strategic directions for the transportation system.
4. A description of key investments and other measures that will be required.

TransLink's 10-year Strategic Plan

The following is a suggested outline for TransLink's 10-year Strategic Plan

1. A context statement describing:
 - a. Local, regional and provincial social, environmental and economic goals and policies;
 - b. Demographic, transportation and other trends; and
 - c. Other factors impacting the transportation system of the region.
2. A description of current transit facilities and services, and of the major road network.
3. The strategic goals of the plan, including transit ridership and market share, and major road network performance.
4. How the strategic goals relate to the 30-year vision and to local, regional and provincial social, environmental and economic goals and policies.
5. Infrastructure, service and other initiatives contained in the plan, the timeframes for implementing them and their estimated costs.
6. How the initiatives will contribute towards achieving the strategic goals.

7. The social environmental and economic impacts of the initiatives.
8. The financial requirements to implement the plan, including:
 - a. New tax and other revenue measures that will be required, and the time-frames for implementing them, and
 - b. Borrowing requirements over the term of the plan.
9. Key assumptions pertaining to:
 - a. The estimated costs, impacts on strategic goals, and social, environmental and economic impacts of infrastructure, service and other initiatives, and
 - b. The financial requirements of the plan.
10. Key changes in strategic goals, infrastructures/service initiatives or revenue measures from the previous plans, if any, and a description of why they were needed.
11. Financial projections, by year, for the 10-year term of the plan.

11.6 OVERVIEW OF TRANSPORTATION INFRASTRUCTURE IN THE LOWER MAINLAND REGION

Governed by Federal Legislation:

• Airports	Abbotsford International Airport Boundary Bay Airport Chilliwack Municipal Airport Langley Township Regional Airport Pitt Meadows Regional Airport Vancouver International Airport
• Maritime Ports	Fraser Port North Fraser Port Vancouver Port
• Railways	Canadian National Canadian Pacific BNSF
• Other Infrastructure	New Westminster Rail Bridge (Own)

Governed by Provincial Legislation:

• Numbered Highways	1, 7, 9, 10, 11, 13, 15, 17, 91, 91A and 99
• Other Roads	Bridgeport Road (Highway 99 to Vancouver International Airport) Deltaport Way Mt. Lehman Road (Highway 1 to Abbotsford International Airport) Roads in unorganized areas including Barnston Island and University Endowment Lands
• BC Ferries:	Route 1 – Tsawwassen to Swartz Bay Route 2 – Horseshoe Bay to Departure Bay Route 3 – Horseshoe Bay to Langdale Route 8 – Horseshoe Bay to Bowen Island Route 9 – Tsawwassen to Gulf Islands Route 30 – Tsawwassen to Duke Point
• Railways	BC Rail Ports Subdivision Southern Railway

Owned or Funded by TransLink:*

• Transit Facilities	SkyTrain WestCoast Express SeaBus Albion Ferry Coast Mountain Bus Company Canada Line**
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• Bridges	Pattullo Knight Street Westham Island Golden Ears**
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• Roads	Major Road Network***

* *Also governed by provincial legislation*

** *Under construction*

*** *Network of major municipal streets and TransLink Bridges (TransLink provides funding for maintenance and improvements)*

Municipalities:

• Airports	Abbotsford International Airport (own) Boundary Bay Airport (own) Chilliwack Municipal Airport (own) Langley Township Regional Airport (own) Pitt Meadows Regional Airport (own)
<hr/>	
• Roads	Municipal Streets

11.7 PANEL TERMS OF REFERENCE

A three-person panel will conduct a review of the Greater Vancouver Transportation Authority (TransLink) governance structure. The creation of an independent panel follows through on government's earlier commitment to examine TransLink's governance.

The three panel members are Chair Marlene Grinnell, Dan Doyle and Wayne Duzita.

The panel will review past recommendations on TransLink governance (Auditor General, 2001 and Greater Vancouver Regional District (GVRD) Board, 2005) and review input from interested members of the public. The panel will be invited to make recommendations on the appropriate division of roles and responsibilities between TransLink, the GVRD, and the Province over local transportation-related matters, including revenue-raising measures. It will also make recommendations from those discussions on the appropriate size, composition, and appointment processes for TransLink's Board.

Terms of Reference

The Panel will prepare and submit a report, with recommendations, to the Minister of Transportation on the following matters:

- * The appropriate division of responsibility and control between the Province and TransLink for transportation matters in Greater Vancouver.
- * The appropriate size, composition and appointment processes for the Board of Directors of TransLink.
- * The appropriate responsibilities, authorities and powers of the GVRD in relation to TransLink under the *GVTA Act*.
- * The appropriate responsibilities, authorities and powers of TransLink to institute revenue measures for funding service delivery and capital projects.
- * How to ensure the Province will have effective input into, and oversight of, TransLink activities and decisions as they affect provincial interests.

In addressing these matters, the Panel will:

- * Review the proceedings of the Task Force established by the GVRD in 2002/03, as well as the recommendations of the GVRD Board in 2005.
- * Review the recommendations of the Auditor General in his 2001 Report and 2003 follow-up as they relate to TransLink governance.
- * Retain technical experts as it may deem appropriate.
- * Meet with the GVRD and TransLink Boards, and with other interested parties as it may deem appropriate.

A web page will be established to receive public input on the matters referred to the panel, and written submissions will also be received. This input is to be considered by the panel in the preparation of its report.

The panel will submit a final report to the Minister of Transportation by this fall.

