



Corporate Report

2003

NO: R243

COUNCIL DATE: November 24,

REGULAR COUNCIL

TO: Mayor & Council DATE: November 19,
2003

FROM: General Manager,
Engineering FILE: 0500-01

SUBJECT: TransLink 10 Year Transportation Outlook and
3-Year Financial Strategy

RECOMMENDATIONS

1. That City Council advise TransLink that it generally supports the 10 Year Transportation Outlook and Three-Year Financial Strategy but has a number of comments and recommendations as outlined in this report.
2. That Surrey, UBCM and TransLink continue to press the Federal Government for funding support to address urban transportation issues;
3. The Council request TransLink to develop other sources of funding to meet the projected shortfall in the 10 Year Outlook.

INTENT

To provide Council with a brief overview and comments on TransLink's "10 Year Outlook and Three Year Financial Strategy" discussion paper.

CONTEXT

TransLink has produced a discussion paper entitled 'Keeping Greater Vancouver Moving - A 10 Year Transportation Outlook and Three-Year Financial Strategy' which outlines:

- A 10 Year Outlook or vision for the regional transportation system. The Outlook proposes a significant expansion in transportation services, including increased expenditures for transit, and selective development and maintenance of the regional roadway system. It also includes improvements for transportation demand management (TDM), cycling and goods movement. TransLink's overall annual costs are projected to increase from \$640 million in 2003 to \$1.18 billion in 2013.

- A 3 Year transportation implementation and funding package(2005-2007) based on the Outlook that includes a 6% increase in transit fares and increases to property and parking taxes.

TransLink recommends the 2005-2007 service enhancements and strategy be implemented noting that funding beyond 2007 would be addressed through discussions with senior governments. TransLink is further preparing for the

development in 2004 and 2005 of a new long-term (2030 horizon) transportation plan in coordination with the GVRD's updating of the Livable Region Strategic Plan (LRSP).

The 10 Year Outlook and Three-Year Financial Strategy document provides a number of road and bus service improvements that are consistent with the City's Transportation Plan.

BACKGROUND

TransLink was created in April 1999 by the Province and GVRD in order to rationalize and localize Regional transportation planning and service delivery. TransLink's mandate includes transit, regional roads, bridges, ferry routes, cycle paths, transportation demand management (TDM), goods movement, AirCare and other facilities.

When TransLink was originally established, it was understood new revenue sources would be needed to fund regional transportation. However, when the vehicle levy was not introduced in 2000/2001, the original long range transportation and funding strategy could not be implemented. As an interim measure, prior to developing a revised plan, TransLink initiated service reductions and approved revenue measures (including additional fuel and property taxes, and fare increases) in order to stabilize programs and funding for a minimum of three years. A 2002 to 2004 Transportation Plan was approved based on this funding; however, it did not provide the level of investment required to more fully accommodate future transportation needs.

TransLink requires a new service and funding plan in order to proceed with necessary transportation improvements after 2004. TransLink's discussion paper presents a detailed 2005-2007 plan within the context of a longer term Outlook. The schedule is for the plan to be approved by TransLink in December 2003 and by the GVRD in January 2004.

TransLink also intends to develop a new long-term (2030 horizon) transportation plan coordinated with the updating of the GVRD Livable Region Strategic Plan (LRSP).

TEN YEAR TRANSPORTATION OUTLOOK

The 10 Year Transportation Outlook represents a significant expansion in transportation services. It commits to an expanded rapid transit network, significantly expanded conventional bus and community shuttle bus services, improved regional roads and more bicycle facilities. Key elements of the plan are outlined below, with those of particular relevance to Surrey highlighted:

Transit

Transit service delivery is TransLink's primary responsibility, currently representing about 89% of its annual budget. Regionally, transit services would be greatly expanded over the 10 year period with a projected ridership increase of 34% from 135 million to 181 million. Currently only 24% of Surrey residents are within 400 metres of a 10 minute (or better) rush hour bus frequency, compared to 83% in Burnaby/Vancouver. About 75% of the \$3.3 billion Ten Year Transportation Outlook capital improvements would be directed towards transit service, part of which would go to increase to 54% the number of Surrey residents served a good bus service by 2013. Until a larger proportion of the community is within walking distance of good bus service, the move from auto to transit usage will not likely occur. The improvement by TransLink of bus service, plus the expansion of community shuttle service to increase the proportion of residents with access to good transit service, is strongly supported.

Some of the planned service improvements regionally and locally include:

(a) Bus Transit

- bus fleet increased by about 33% from 1200 to 1600, with over 1500 in service by 2010
 - replacement of 1300 bus, community shuttle and HandyDart vehicles
 - Community Shuttle expansion in all areas - 12% of bus hours
 - **A broad range of service improvements for Surrey**
 - **King George Highway Busway**
 - **Queue jumper lanes at the Port Mann Bridge**

- **Community shuttles in various areas of Surrey including Fraser Heights, Panorama Ridge and on 88 Avenue connecting to Annacis Island.**

(b) Rail Transit

A 60% increase in rail transit service is planned including:

- completion of the Richmond Airport Vancouver (RAV) line in 2009
- completion of the North East Sector (NES) line in 2013
- Expand the SkyTrain fleet by 34 vehicles to accommodate increased demand
- Phased replacement of Mk1 SkyTrain vehicles with Mk2 vehicles
- Planning/engineering studies for the westward extension of the Millennium Line to Central Broadway and potentially UBC.

(c) Marine Transit

- 3rd SeaBus
- potential new Burrard Inlet passenger services
- use of Seabus Terminal for marine service between Nanaimo and downtown Vancouver

(d) Accessible Transit

With the replacement of older buses, the transit system will become 100% accessible to people with disabilities. The HandyDart service would be improved by about 30%.

Cycling

TransLink plans to expand funding for bicycle routes, from \$3 million to \$6 million per year. Bicycles would be accommodated on all buses and on the new Fraser River crossing. The proposed increase in funding for bicycle routes is a positive step.

Regional Major Roadway Network (MRN)

The region's municipalities own and operate their own component of the MRN. TransLink owns and operates the Knight, Pattullo and Westham Island Bridges. TransLink also provides a planning and funding role for the MRN by coordinating municipal efforts and allocating cost sharing for MRN maintenance and new capital projects. All of this activity is carried out on a co-operative basis, coordinated through a co-management structure of staff and municipal representatives. Currently, TransLink spends about 7% of its annual budget on roads.

As part of the 10 Year Outlook, TransLink is planning capital expenditures of about \$440 million for major roadway projects (originally intended for partnerships with senior governments) and about \$470 million for MRN maintenance and Minor Capital projects. In addition to the \$600 million expenditure planned for the new Fraser River Crossing, items proposed for major capital funding by TransLink include:

- New Fraser River Crossing (tolled)**
- Fraser Highway Widening (Surrey)**
- North Fraser Perimeter Road (New Westminster)
- Dollarton Bridge Twinning (North Vancouver)
- Coast Meridian Overpass (Port Coquitlam)
- 204th Street Overpass (Langley City)
- Main Street Widening (North Vancouver)
- Murray-Clarke Connector (Port Moody)

The inclusion of significant regional road works in the Outlook is of particular significance for both improved movement of goods and people. It will help, in conjunction with Provincial Programs, to keep the region competitive and improve the regional economy and is consequently supported.

Since the establishment of the MRN, there has been no dedicated funding source for MRN structures. This oversight has become so critical that some municipalities, including Surrey are using the MRN Minor Capital program to fund the rehabilitation of structures (such as the Colebrook Overpass on KGH). This program should be established on a "needs" basis only, i.e., a general pool of funding, available to all municipalities but is assigned to projects on an "as-needed" basis such that municipalities receive funding on the basis of prioritized or critical need. Consequently, it is recommended that TransLink establish a funding program to address the issue of structures on the MRN.

Historically, major roads planning within the region was undertaken either by the Province or by municipalities in conjunction with TransLink. This system was inefficient and raises the possibility that one agency could plan and implement a project that could be contrary to regional objectives. It is therefore recommended that TransLink continue to partner with the Provincial Government in the planning and implementation of an integrated system of regional major roads and highways, including those funded by the Province.

Financial Plan

The 10-Year Outlook proposes to increase expenditures by 85%, from \$640 million annually in 2003 to \$1.18 billion in 2013. TransLink would have a shortfall of \$370 million in annual revenue in 2013 if there are no new sources of funding or increases to existing revenue sources .

From 2005 to 2007, TransLink plans to fund the growth in annual expenditures by increasing the revenue generated from existing sources, starting in 2005, as follows:

- 6% transit fare increase (based on the rate of inflation, 10 cents on the base fare) - This would generate about \$15m per year by 2007.
- parking charges - TransLink is considering applying an additional 14% tax on pay parking or possibly an area-wide parking tax applicable to all non-residential parking stalls. The additional 14% would generate about \$26 million per year by 2007.
- property tax increase - the proposed increase is \$20.00 per \$100,000 of assessed value rate, i.e. an average of \$61 per household regionally and an average of \$46 for Surrey. Commercial property taxes would be increased as well at levels above the residential rate. This measure would generate about \$58 million per year.

These measures would increase annual revenues by over \$90m by 2007, resulting in a balanced budget, and an accumulated reserve or 'Transportation Trust' of \$151 million. The reserve would provide more flexibility in capital funding and cover any unforeseen budget shortfalls.

Following 2007, if no new revenues are identified, the annual deficit would increase to about \$220 million in 2013 (assuming fares keep pace with inflation). To close this gap without cutting back on programs, TransLink would have to raise more revenue locally or obtain senior government assistance, such as a share of the Federal fuel tax.

DISCUSSION

Discussion on Proposed Funding Sources

Fares

A 6% fare increase is proposed for April 2005 which reflects inflation since fares were last increased in 2002.

TransLink plans to carry out a broad review of the fare system later in the 10 Year Outlook period, including the potential for 'smartcards' which could allow fares to reflect the actual distance traveled. It is recommended TransLink

be advised the Surrey wishes to retain the zonal fare structure until such time that this review is complete.

Parking Charges

TransLink proposes to collect an additional \$26 million in parking tax annually starting in 2005. Under the GVTA Act there are two types of parking tax available to it:

- **"ad valorem" tax on parking Fees.** Currently TransLink receives a 7% tax on fees paid for parking in the region. It has the authority to raise this tax by a further 14%, to a total of 21%.
- **Area/Stall Parking Tax** - TransLink has the authority to assess a tax on non-residential parking lots on the basis of either the parking spaces or surface area devoted to parking. However, it would be a considerable undertaking to set up such a system to charge and collect this new tax. Additionally, some new legislation may be required to make such a tax fully functional.

Parking charges can be an effective TDM measure. However, concerns have been raised that the application of ad valorem parking charges, which primarily affect the Vancouver core and to a lesser extent the regional town centres, could act to the detriment of the Livable Region Strategic Plan.

TransLink plans to investigate the feasibility, equity and transportation impacts of the two parking charge options. It is recommended that TransLink, as part of any process to establish regional-wide parking fees or taxes, fully involve potentially impacted stakeholders. Further, TransLink is requested to develop a regional parking strategy as a component of a TDM package (i.e., parking space standards).

Property Tax

When the GVTA was initially set up, the consensus was that while property taxation was allowed, it would only be used to provide security for debt purposes. Indeed, property tax is not generally a recommended revenue source for transportation as it does not reflect the TDM user-pay concept to influence how people travel. Furthermore, it falls unevenly on different communities because assessment rates vary throughout the region. However, realistically under the present circumstances, if TransLink's plan is to be funded, it has to be a prime source of revenue. It is hoped that, with senior government contributions in the future, reliance on property tax as a funding source could be stabilized or reduced.

Funding Gap

The question remains how TransLink will handle the funding gap following 2007. TransLink indicates there is strong potential for Federal assistance. The Federal government raises about \$300 million annually from fuel taxes within the Greater Vancouver region. A 5 cents/litre federal gas tax transfer commencing in 2008 would generate an additional \$130 million per year; however, the relative allocation of this between the municipal and TransLink/regional transportation needs would have to be negotiated. It is recommended Surrey, UBCM and TransLink continue to press the Federal Government for dedicated funding support to address urban transportation issues.

Without Federal assistance, the plan after 2007 is affordable only by increasing or applying the revenue sources available to TransLink. There are many existing and potential revenue sources that the GVTA has the authority, or could request the authority, to access.. The resolution of this would be addressed through discussions with senior governments and the development of the long term 2030 Transportation plan and LRSP updates in 2004-2005.

CONCLUSIONS

The 10 Year Transportation Outlook and Three-Year Financial Strategy presents a mix of transit, roadway, goods movement, bicycle and other investments that will lead to a better transportation system with broader travel choices for both Surrey and all regional residents and is worthy of support. In particular it will significantly increase the

proportion of residents within walking distance of frequent bus service. However, the 10 Year Outlook is only a beginning. The 2004/2005 process to develop a new long range strategic transportation plan and Livable Region Strategic land use Plan will have to address the issue of progress towards achieving population, employment targets and mode splits that will help create a more sustainable transportation system. Additionally, the plans will have to deal with the need for significant additional revenue resources including potentially a share of Federal fuel tax and possible controversial TDM measures to help fund the proposals in the 10 Year Outlook in the period 2007 to 2013.

Paul Ham, P.Eng.
General Manager, Engineering

Attachment

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