



Corporate Report

NO: R056

COUNCIL DATE: APRIL 2, 2007

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **March 30, 2007**

FROM: **General Manager, Engineering**

FILE: **0500-01**

SUBJECT: **TransLink Governance Review**

RECOMMENDATIONS

The Engineering Department recommends that Council:

1. Receive this report as information;
2. Authorize the Mayor to forward a letter to the Minister of Transportation with the comments and concerns as outlined in this report; and
3. Authorize the City Clerk to forward a copy of this report to the TransLink and the GVRD Boards.

INTENT

The purpose of this report is to brief Council on the results of the TransLink Governance Review and obtain Council's approval to forward comments to the Minister of Transportation, TransLink and the GVRD.

FINDINGS OF REVIEW PANEL

The TransLink Governance Review Panel has completed its review and submitted its report to the Minister of Transportation. A full copy of the Panel's report is available in the Engineering Department or on-line at www.th.gov.bc.ca/translinkreview and a summary of the recommendations is documented in Appendix I. The Panel's recommendations involve substantial change and are more briefly summarized as follows:

- **Board/Governance**

The existing 12-person board of GVRD representatives to be replaced by:

- an 11-person “expert” or technical board;
- a Council of Mayors to set overall direction (Mayors to have population-weighted vote);
- a Transit Commissioner to be appointed by the Council of Mayors;
- Transit Commissioner will review fares, approve processes for dealing with public complaints and determine if TransLink conforms to the Province’s transportation vision;
- GVRD to no longer vote on revenue sources or TransLink’s 3-year and 10-Year Plans (i.e., no GVRD involvement in TransLink’s business);
- New expert Board to have the power to overrule municipal by-laws for major projects.

- **Service Area**

- expansion of service area to include Fraser Valley municipalities, Squamish and Whistler, etc.

- **Funding**

Additional funding over current sources to be balanced as follows:

1/3 property tax increase;
1/3 fuel tax increase; and
1/3 other (fares, development revenues, etc.).

- Council of Mayors to have the authority to increase fuel taxes up to 3¢ a litre;
- parking tax to be eliminated; and
- B.C. Hydro levy to be eliminated.

- **Relationship of Transportation Plan to Land Use and Other Plans**

- TransLink’s plans no longer directly linked to GVRD regional plans;
- TransLink’s plan to be in conformity with the Province’s transportation “vision”;
- Delivery of major new transit projects to be linked to commitment by host municipalities to densify around transit stations.

Minister’s Intentions/TransLink’s Board Comment

Staff understands that the Minister of Transportation intends to bring forward legislation this spring to implement a substantial proportion of the Panel’s findings with the following adjustments to the recommendations of the Governance Review Panel:

- Interim board will not be used. (It is understood that the new Board will likely be appointed by the Council of Mayors.)

- Transit Commissioner will assess whether TransLink's plans are consistent with the GVRD Livable Region Strategic Plan.
- Hydro levy not eliminated.
- AirCare not transferred to GVRD.
- Expansion of service area only by mutual agreement.

The Chair of TransLink's Board, Mayor Malcolm Brodie of Richmond, has set up a committee of existing board members, including Councillor Hunt, to study the Review Panel's Report and recommendations and to advise the TransLink Board and the Provincial Government as it crafts the new legislation.

A copy of a letter to Chair Brodie from the Minister of Transportation, providing more commentary, is attached as Appendix II.

COMMENTS ON PROPOSED GOVERNANCE MODEL

The concept of the Panel's recommendations is that the Council of Mayors will set overall direction and priorities, and the appointed "technical" board will put this direction, using business case decision making, into practice. This model is similar to some extent with the YVR (airport), Crown Corporation and Port authorities' model where an appointed board is established for the day-to-day and year-to-year running of a public asset and function.

Staff Comments/Concerns with the Governance Review Panel Recommendations:

Surrey's Relative Influence on Mayor's Council:

Despite the fact that each of the Mayor's will have a "population-weighted" vote, representation on the Council of Mayors by all of the Mayors in the TransLink service area will tend to diminish the voice of the larger municipalities such as Surrey, who by their geographic area and population, have greater transportation needs than smaller municipalities. On the Council of Mayors, Surrey will have one voice out of an initial complement of 21 Mayors, potentially expanding to 30 Mayors over time as the TransLink service area expands to take in more municipalities. Currently, Surrey has two (2) out of twelve (12) members on the TransLink Board. Even with this level of representation, the area south of the Fraser is comparatively underserved by transit on a per capita basis. The reduced representation by Surrey on the Council of Mayors does not inspire confidence that this situation will improve even with the weighted vote that is assigned to Surrey's Mayor.

Adequacy of Proposed Funding

Council's original submission of the Review Panel established that funding was a fundamental issue for the delivery of transportation (roads and transit) services, regardless of the exact form of governance. Current projections, with existing revenue sources, call for TransLink to move into significant deficit towards the end of this decade. To cover this deficit, the Panel does propose additional funding, namely 3¢ a litre fuel tax, property tax, and other sources.

The revenue generated by 3¢ a litre is approximately \$60 to \$70 million region-wide. To match this, TransLink property tax would have to increase by approximately 27%, suggested to be phased in at 2% a year. This, together with fares, development and other revenues, would raise \$180 to \$210 million a year which would fully fund TransLink's 10 Year Plan to 2013 and allow for 3% annual increases thereafter. The Minister's letter (Appendix II) states that existing provincial funding commitments for the Evergreen Line and extension of the Millennium Line remain in place.

The additional fuel tax and property tax funding would require the approval of the Council of Mayors before they could be applied.

Concern with Use of Property Taxes as a Funding Source

Property taxes are used to fund most municipal services ranging from policing and other public safety services to maintaining local roads and the construction, operation and maintenance of other City infrastructure such as parks, recreation centres, etc. Rising costs are already forcing Municipal Council's to make tough decisions in order to minimize property tax increases. Additional property tax increases to fund TransLink will make City Council decisions on property taxes that much harder.

For example, in 2006, average property taxes in Surrey for City purposes were \$944 and for TransLink were \$163. With the 27% increase needed to match the 3¢ a litre gas tax increase, TransLink's component, on an average property, would increase from \$163 to \$207. This increasing component makes it more difficult for cities to increase their component of the property taxes to cover increases in costs of the core City services.

In 1999, when TransLink was created, municipalities were assured that property taxes were not going to be used as a major funding source for TransLink. This transfer of transit costs to property taxes is, in some ways, part of the continuing downloading of costs from the Province as transit has been funded traditionally at the Provincial level. Similar downloading of costs has occurred with the school site acquisition charges which infringe on traditional municipal areas of revenue, namely development fees and charges.

Additionally, there is the concern that in expanding TransLink's service area to include Fraser Valley and municipalities on, and north of, Howe Sound more demand for service will be added than property taxes and fuel taxes from these new areas will offset. This is based on these additional areas being generally of lower density population and likely to be more expensive to fund for transit and regional road needs than core metropolitan areas; however, as expansions are only by mutual agreement, this concern may not arise.

Linkage Between Land Use and Transportation Planning

There has been an ongoing concern, under the current TransLink governance model, that there is insufficient coordination between transportation planning and land use planning. Under the new governance structure, the Panel has recommended that the GVRD, which is responsible for the development of the Regional Growth Strategy, will no longer have a role in the governance of TransLink. However, the Minister's letter attached to this report notes that "the legislation governing TransLink will still stipulate that TransLink's plans must be consistent with the region's growth management plans". There will be a

need for a collaborative effort between the Province, the Region (GVRD and TransLink) and the municipalities to ensure that the Provincial 30-Year Vision will be linked to Regional Growth Management Strategies, and that mechanisms are in place to ensure that TransLink's 10-Year and 3-Year Plans are consistent with GVRD and municipal land use plans. A well developed and broadly supported Provincial transportation vision would be a positive addition for the region.

The Minister's letter indicates that Provincial funding for future rapid transit lines will be contingent on denser zoning around stations; however, the Minister states that TransLink will not be able to override municipal zoning by-laws.

Concern with the Composition of the Technical Board:

There is a concern that the appointed 11-member Board, which will reflect the needs of "transportation stakeholders", may tend to reflect mainly economic considerations. There needs to be diversity on the Board to also reflect social (i.e., transit users) and environmental consideration. Additionally, other examples of boards for public facilities (i.e., YVR, Port, etc.) all have a representation appointed by local municipalities which could also be appropriate for the new TransLink Board.

It will be important that the Council of Mayors be able to provide meaningful direction and input to the Board in relation to municipal concerns and needs.

CONCLUSIONS

The funding proposals of the Governance Review Panel do allow for TransLink's 10 Year Plan to be fully funded; however, the concern over the increasing use of property taxes remains. To make the new governance proposals work, there will need to be collaborative efforts from all levels of government to develop a "vision" which will meet the needs of the different stakeholders.

A meeting of the TransLink Board, regional Mayors and CEOs has been set for April 3 to discuss this issue and further information will be forwarded on to Council thereafter.

Based on the above discussion, it is recommended that Council authorize the Mayor to forward a letter to the Minister of Transportation outlining the concerns that are raised in this report and request that the City Clerk forward a copy of this report and the related Council resolution to the TransLink and the GVRD Boards.

Paul Ham, P. Eng.
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PH:brb

c.c. - General Manager, Planning & Development

Appendix I: Summary of TransLink Governance Review Panel Recommendations

Appendix II: Minister's Letter to Chair Brodie

Summary of TransLink Governance Review Panel Recommendations

Service Area

- Potential expansion, by mutual consent, of the service area to include Abbotsford, Mission and Squamish with potential further expansions to Pemberton and Hope.

Mayor's Council

- A new Council of Mayors (with a population weighted vote) to oversee and approve TransLink's 10 Year Strategic Plans, revenue measures, and borrowing limits.
- Council of Mayors to appoint an independent TransLink Commissioner (6-year term).

New Board

- Current TransLink Board to be replaced with an interim three-person Board (appointed by Provincial legislation but timing not specified) to operate for 6 months.
- Interim Board to appoint an 11-person TransLink Board (Board members to have background in law, finance, human resources, transportation, property development, etc.). Board members to have 3-year term with a maximum of 2 terms.
- New TransLink Board is responsible for collection of revenues, planning, construction and operation of the transportation system.
- New Board will develop 10 Year Strategic Plans in consultation with, and for approval by, the Council of Mayors.
- For major transit projects, new Board to have authority to override municipal zoning or permitting approvals.

TransLink Commissioner

- The Independent TransLink Commissioner will:
 - review fares;
 - approve TransLink's practices and procedures for public complaints;
 - provide opinion to the Mayors' Council on the 10 Year Strategic Plans;
 - report to public on TransLink's 10 Year and 3 Year Plans and annual performance;
 - determine if the 10 Year and 3 Year Plans are consistent with the Provincial vision.

Funding & Revenue Sources

- TransLink to use property taxes, fuel taxes and fares to fund its services.
- Parking site tax and Hydro levy to be eliminated.
- TransLink be given the authority to generate revenue through development along transit lines.
- Additional TransLink revenues to be balanced between:
 - 1/3 property tax
 - 1/3 fuel tax
 - 1/3 other (fares, development revenues, etc.)
- Council of Mayors to have the authority to increase fuel taxes up to 3¢ a litre.
- Air Care is transferred to the GVRD (who are responsible for regional air quality).

