

NO: R246

COUNCIL DATE: November 29, 2010

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **November 26, 2010**

FROM: **General Manager, Engineering**

FILE: **0500-01**

SUBJECT: **TransLink 2011-2013 Supplemental Financial Plan**

RECOMMENDATION

The Engineering Department recommends that Council endorse the following positions with respect to the proposed TransLink 2011-2013 Supplemental Financial Plan and its related funding:

1. Support for the list of projects contained in the *Moving Forward* Supplemental Financial Plan based on the regional benefits of completing the Evergreen Line and the North Fraser Perimeter Road, the substantial improvements in bus transit service and station upgrades throughout the region including in the South of Fraser area and the restoration of funding for the maintenance and enhancement of the regional road network and bicycle priorities;
2. Oppose the use of property taxes as the sole source to fund the proposed 2011-2013 Supplemental Plan; and
3. Support the Mayors' Council engaging with the Province and TransLink in developing a long term sustainable funding model for TransLink, including the required funding for 2011-2013 Supplemental Plan, based on the Memorandum of Understanding that was recently signed between the Province and the Mayors' Council, a copy of which is attached to this report as Appendix I.

INTENT

The purpose of this report is to summarize and highlight the key elements of the options for TransLink's 2011-2013 Financial Supplemental Plan and to make recommendations in relation to the Plan and related funding.

BACKGROUND

The Province enacted Bill 20 earlier this year that acted to amend TransLink's requirements in relation to developing a Ten Year Plan. The amendments enabled TransLink to prepare a Supplemental Financial Plan at any time without regard to the timeline of the Base Financial Plan. In July of this year, the TransLink Board approved the 2011 Ten-year Base Plan, essentially an update of the 2010 Base Plan known as the Funding Stabilization Plan.

During October, TransLink consulted with stakeholders and the public on a *Potential 2011 Supplemental Financial Plan*. In a letter dated November 9, 2010, the Chair of the TransLink Board wrote to the Chair of the Mayors' Council outlining the optional courses of action related to the 2011-2013 Supplemental Financial Plan as prepared by TransLink (see letter attached as

Appendix II). The letter articulates two basic options with respect to the Supplemental Plan, these being:

1. *Delivering the Evergreen Line and the North Fraser Perimeter Road; or*
2. *Moving Forward.*

The option *Delivering the Evergreen Line and North Fraser Perimeter Road* is confined to the implementation of rapid transit to the Northeast Sector and the North Fraser Perimeter Road project.

The scope of *Moving Forward* incorporates the two projects contained in the first option while adding a significant list of bus transit and station improvements throughout the region. It will also restore the annual funding level to \$20 million for the Minor Capital Program earmarked for regional road improvements and \$6 million for the capital funding of bicycle infrastructure throughout the region.

The projects contained in each of the above-referenced options for the Supplemental Financial Plan are listed along with their respective budgets in Appendix III to this report.

The TransLink Board has recommended that funding for the Supplemental Financial Plan be generated solely from an increase in the municipal property tax revenues directed to TransLink. In its consideration of alternative revenue sources, TransLink and the TransLink Board have ruled out the application of the Transportation Improvement Fee and other potential funding sources such as transit fare increases, additional fuel taxes and/or facility tolls.

In discussions to date regarding the proposed Supplemental Financial Plan, many members of the Mayors' Council have indicated that funding the Supplemental Plan using property taxes is not acceptable. In recognition of the Mayors' reticence to using property tax increases to fund the Supplemental Plan, TransLink has indicated that it can bridge finance the *Moving Forward* option by providing \$40 million to fund the first year of the program. This would allow time for discussions to occur between TransLink, the Mayors' Council and the Province related to developing a long term sustainable funding model for TransLink based on the Memorandum of Understanding (MOU) that was recently signed between the Province and the Mayors' Council. A copy of the MOU is attached as Appendix I. The proviso that TransLink has placed on this approach is that if in a year's time the parties have not reached an alternative approach for funding the Supplemental Plan that the Mayors' Council would commit to approving a property tax increase for the remainder of the funding for the *Moving Forward* Supplemental Plan.

DISCUSSION

“Moving Forward” Supplemental Plan – Programming and Benefits

In addition to implementing the Evergreen Line and the initial phase of the North Fraser Perimeter Road, the *Moving Forward* Supplemental Plan will allow for the delivery of a more efficient and effective transportation system across the region. TransLink has estimated that *Moving Forward* will provide up to 425,000 new bus service hours per year to the region, of which 50 percent of the new hours are dedicated to the South of the Fraser services. The list of transit-related projects is intended to provide additional transit service in areas of the region that are

currently underserved in comparison to the remainder of the region, increase the utilization of existing infrastructure, improve bus service productivity, enhance reliability and safety for cyclists, road users and goods movement, and increase the cost-effectiveness of travel mobility in the region.

Station upgrades have been programmed for Metrotown, Lonsdale Quay, Main Street, Commercial/Broadway, and New Westminster and Surrey Central. The station upgrades will add capacity and support ridership growth, improve station accessibility and promote transit-oriented development and neighbourhood integration.

The following are specific South of the Fraser projects included in the *Moving Forward* Supplemental Plan as outlined in Appendix III:

- New B-Line service on King George Boulevard and 104 Avenue between Guildford, City Centre and the Newton Town Centre;
- Highway 1 bus rapid transit between Langley and Burnaby;
- Upgrades to Surrey Central Station adjacent to the new City Hall and Library;
- New bus service between Langley and White Rock (via 24 Avenue and 192 Street);
- Increased local bus service hours on Fraser Highway;
- Increased local bus service hours on 104 Avenue;
- Minor Capital Program funding for Surrey restored to \$4.2 million per year for the road network; and
- Bicycle capital program funding for Surrey increased from the current \$320,000 per year to \$500,000 per year.

In terms of inclusiveness and overall regional and local benefits, the *Moving Forward* option is clearly superior to the *Delivering the Evergreen Line and North Fraser Perimeter Road* option and it should be supported as the preferred Supplemental Plan.

New Revenue Sources and Implications

The following property tax increases would be required to fund the optional Supplemental Plans if they were to be funded exclusively by property tax increases:

	Increase Per Year Per Average Single Family Dwelling in the Region (\$600,000 assessment)	Additional Revenue Generated Per Year
<i>Delivering the Evergreen Line and the North Fraser Perimeter Road</i>	\$36.36	\$44.7 million
<i>Moving Forward</i>	\$61.65	\$75.8 million

It is noted that the approved current 10-Year Base Financial Plan for TransLink already includes a property tax increase of 3% per year. If the *Moving Forward* Supplemental Plan is approved and funded exclusively with property taxes, the total property taxes collected for TransLink from the

average single family home in the region would reach \$274.65 per year in 2011. The value of the average single family home in Surrey is approximately the same as the regional average.

TransLink's current funding sources can be categorized into taxation and user fees as set out in the provincial SCBCTA Act. The following table summarizes the TransLink revenue sources, their status and TransLink's assessment of their availability for funding the proposed Supplemental Plan:

FUNDING SOURCE	STATUS	AVAILABILITY FOR 2011 SUPPLEMENTAL PLAN
User fees		
Transit Fares	Increased in 2010; Base Plan includes increase in 2013	Further increases would likely erode ridership.
Transit Advertising	Projected to rise to \$13M in 2013	Existing products currently maximized.
New Facility Tolls	GEB rate increases included in Base Plan	Currently permitted as cost recovery only.
Vehicle Registration Fee	Not currently implemented	To be evaluated as part of a sustainable funding strategy.
Taxation		
Fuel Tax	Increased in 2010 to 15 cents/litre	Rate at legislative maximum.
Parking Sales Tax	Increased in 2010 to 21%	Rate at legislative maximum.
Hydro Levy	\$1.90/month per account	At legislative maximum.
Replacement Tax	\$18M/year	At legislative maximum.
Benefitting Area Tax	Not currently implemented	To be evaluated as part of a sustainable funding strategy.
Property Taxes	Grows 3% annually	Available source for the 2011 Supplement.

Source: Table 5: Alternative Options for Supplemental Funding Moving Forward: Improving Metro Vancouver's Transportation Network, November 8, 2010

Based on the complexity and time to implement new forms of taxation, TransLink has concluded that the only viable revenue source for the Supplemental Plan at this time is a property tax increase. This is based on the premise that the funding commitment for the Evergreen Line and North Fraser Perimeter Road must be in place before the end of 2010, which may not be the case.

Recent Development

On November 25, 2010, the Chair of the Mayors' Council forwarded a letter to the Minister of Transportation and Infrastructure (a copy of the letter is attached in Appendix IV) that advised that the supplement plan review process will be suspended until early spring to allow time for discussions under the MOU. The letter noted that the suspension of the approval process is supported by the TransLink Board and management. The letter also advised that the Mayors will be engaging with the Province to explore new revenue sources according to the principles of the MOU signed between the Province and the Mayors in September 2010.

The Chair of the Mayors' Council has also forwarded a memorandum to the members of the Mayors' Council, dated November 23, 2010, (a copy of the memorandum is attached in Appendix IV) in which the rationale for suspending the Supplemental Plan review process is documented and a process is outlined to guide the discussions between the Province, the Mayors' Council and TransLink as contemplated by the MOU.

Staff understands that the request for qualifications process has begun for the Evergreen Line, but the procurement has not reached the proposal stage, and is far short of the critical phase of financial negotiations with contractors. It would be reasonable to assume that minor delays can be introduced into this early stage of procurement. The relaxation of the end-of-the year deadline will allow the Mayors' Council to engage the Province, in a manner consistent with the spirit set forth in the MOU signed between the parties on September 23, 2010. This MOU, attached as Appendix I, anticipated discussions between the Mayors' Council, the Province and TransLink toward developing a sustainable long term funding model for TransLink. It was anticipated that such discussions would explore a mix of new sustainable long term revenue sources, some of which could be beyond TransLink's currently available sources. This could also include potential new and innovative sources that shape travel patterns and choices, support Transportation Demand Management (TDM) objectives and reduce greenhouse gas emissions.

Concern with the Expanded Use of Property Taxes to Fund TransLink

The expanded use of property taxes to fund the proposed Supplemental Plan is not considered reasonable since municipalities rely on property taxes as their only source of discretionary revenue to fund the broad range of services for which they are responsible. The services that municipalities are mandated to provide and which must be funded from this source are increasing on a year by year basis. It is also noted that using property taxes does not provide the potential benefits of other sources in relation to achieving TDM objectives and reducing greenhouse gas emissions.

CONCLUSION

Based on the above discussion, it is recommended that Council endorse the following positions with respect to the proposed TransLink 2011-2013 Supplemental Plan and its related funding:

- Support for the list of projects contained in the *Moving Forward* Supplemental Financial Plan based on the regional benefits of completing the Evergreen Line and the North Fraser Perimeter Road, the substantial improvements in bus transit service and station upgrades throughout the region including in the South of Fraser area and the restoration of funding for the maintenance and enhancement of the regional road network and bicycle priorities;
- Oppose the use of property taxes as the sole source to fund the proposed 2011-2013 Supplemental Plan; and
- Support the Mayors' Council engaging with the Province and TransLink in developing a long term sustainable funding model for TransLink, including the required funding for 2011-2013 Supplemental Plan, based on the MOU that was recently signed between the Province and the Mayors' Council, a copy of which is attached to this report as Appendix I.



Vincent Lalonde, P.Eng.
General Manager, Engineering

VL/PCL/JB/brb/jkb

- Appendix I: Memorandum of Understanding between the Province and the Mayors' Council on Regional Transportation, dated September 23, 2010
- Appendix II: Letter from the TransLink Board to the Mayors' Council, dated November 9, 2010
- Appendix III: Projects in the Options for the 2011-2013 Supplemental Financial Plan
- Appendix IV: Letter from Chair of Mayors' Council to Minister of Transportation and Infrastructure, dated November 25, 2010; and memorandum from Chair of Mayors' Council to members of the Mayors' Council titled "Funding Alternatives for the 2011 Supplement", dated November 23, 2010

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Sept. 23, 2010

Office of the Premier
Mayors' Council on Regional Transportation

MEMORANDUM OF UNDERSTANDING BETWEEN THE PROVINCE AND THE MAYORS' COUNCIL ON REGIONAL TRANSPORTATION

A. The Province of British Columbia and municipal governments in the Metro Vancouver area are committed to developing a long term strategy for promoting “Livable Cities” in the region that are designed for sustainable growth and British Columbians’ needs in the 21st Century;

And

B. “Livable Cities” will require new and innovative policies that integrate a wide variety of federal, provincial, regional and local initiatives and policies that ensure the achievement of this overall goal;

And

C. Efficient, affordable, carbon smart transportation infrastructure and services are an integral part of a “livable city” strategy that aspires to help plan for as well as shape population growth in new ways that create cleaner, safer, healthier communities and the efficient movement of people, goods and services;

And

D. The combined resources of senior governments together with that of Metro Vancouver’s 21 municipalities are required to sustain and support the development of a transportation system that efficiently integrates the movement of people and goods across the entire region. This will be done at the lowest cost possible for taxpayers within a comprehensive network that will:

- Support environmentally sustainable cities with healthy populations and growing economies.
- Provide a gateway for international commerce for Canada.
- Foster lower carbon emissions, better air quality, reduced traffic congestion, and more convenient travel options.
- Encourage relatively lower housing costs, more affordable housing, and new municipal infrastructure and services;

And

E. The Province, the Mayors’ Council, and TransLink wish to work together to achieve the following goals represented in the transportation plans of the Province and TransLink, and the goals of the proposed Metro Vancouver “Livable Region Strategy” all of which have been broadly embraced by the public, stakeholders, and governments:

- Provide efficient, reliable, carbon reduced transit that contributes to the majority of trips made by public transit, walking, and biking; all allowing and encouraging people to reduce dependence on their vehicles, especially single occupancy trips, and offering healthy lifestyle choices.
- Aggressively reduce GHG emissions and air contaminants from transportation to assist the province and municipalities in meeting their GHG and clean air targets.
- Support population and employment density near transit hubs and along transit corridors, so the majority of jobs and housing are located along a frequent transit network, a network that needs to expand to accommodate existing needs/priorities and to shape sustainable future growth.

- Promote vibrant neighbourhoods and communities that are more responsive to modern needs, including new demands for affordable housing, appropriate health services, as well as “green” residential and commercial development.
- Provide safe, secure, accessible and affordable travel for the region’s population;
- Facilitate economic growth, productivity gains, and international trade through the efficient and effective management of the transportation network.
- Ensure that operating costs will be controlled by making use of existing administration and/or infrastructure systems in support of new revenue sources whenever possible rather than developing new ones;

And

F. TransLink requires access to sufficient and stable long-term funding, for both capital and operating requirements, to help achieve these goals and change behaviours which will help shape transportation choices in the future.

NOW THEREFORE, the parties set out in this memorandum agree:

1. To work together in a cooperative and collaborative way to address the goals of “Livable Cities”, including the development of a long term, sustainable funding strategy that maximizes TransLink’s available revenue sources and invites open and ongoing dialogue between the parties on potential new funding solutions.

2. That transportation planning is a key component of successful livable cities and should include principles as listed below:

- a. Investments in transit should be appropriate to support higher population densities that are designed to best utilize land at the lowest cost possible for taxpayers and the environment.
- b. Transportation planning should be an integral component of community planning.
- c. Communities should be developed to encourage alternatives to vehicle traffic, with direct emphasis on pedestrian, cycling and transit.
- d. Transit investments must be justified through a comprehensive business case which considers all factors including; ridership, expenses and revenue sources to name a few.
- e. Transportation Demand Management principles should be developed that will assist in the achievement of the overall transportation goals.
- f. Transit and road and bridge improvements need to be coordinated and implemented in a timely and expedited fashion to support the success of TransLink’s 2040, the Provincial Transit Pacific Gateway and other Provincial plans that will help stimulate growth and job creation.

3. To recognize that any strategy for livable cities with a viable long-term transportation plan will anticipate open dialogue on transportation funding sources that may include, but not be limited to, the items listed below:

- a. Funding sources included in current and future legislative authority.
- b. Reallocation of existing revenue sources.
- c. Potential new and innovative revenue sources that will shape transportation choices in favour of transit, cycling and walking, as well as greenhouse gas emission reductions.

- d. A means of capturing some of the increase in land value created by the provision of rapid transit along the region's strategic corridors.
 - e. Other revenue generating activities that take advantage of the market created by transit users.
 - f. Efficient and effective use of "Smart Card" technology to increase ridership beyond peak periods, improve efficiencies (reduce operating costs and increase the productivity of the transit fleets), reduce fare evasion and in general, generate greater fare revenue (user pay).
4. To recognize that BC has a significant comparative advantage in generating clean and green renewable electricity that could be used to reduce the carbon footprint of the transportation sector in the region.
 5. To continue to engage the Federal Government in ongoing discussions on funding support, including future capital contributions for new transit and transportation infrastructure and/or the potential reallocation of existing funding (i.e. federal fuel tax).
 6. To review existing regulatory and policy frameworks to enhance the achievement of provincial, regional or local transportation goals as listed below:
 - a. Joint review of planning and engineering of municipal and provincial arterial roads to ensure safety and efficiency in operations.
 - b. Review of procurement practices related to transit and road and bridge projects to ensure transparency, value and appropriate structure.
 - c. Review of contracting process to ensure innovation in contracting methods including components of financing, design and standardized contract language.
 - d. Efficient methods of obtaining appropriate zoning on publicly owned holdings to maximize benefits and minimize taxpayer or user costs.
 7. To review best practices from other jurisdictions and seek expert advice to help develop a "Made in BC" solution.
 8. To leverage existing processes including the Steering Committee, Joint Technical Committee and any other appropriate new mechanisms to ensure follow-up to this MOU.
 9. To consult with a wide and diverse list of public and private stakeholders in order to ensure maximum acceptance of the outcome of the deliberations undertaken by the parties under this MOU.



November 9, 2010

Mayor Peter Fassbender
Chair, Mayors' Council on Regional Transportation
c/o City of Langley
20399 Douglas Crescent
Langley, BC V3A 4B3

Dear Chair Fassbender,

Re: 2011 Supplemental Plans

On behalf of the Board of Directors of the South Coast British Columbia Transportation Authority (TransLink), I am forwarding the two enclosed Transportation and Financial Supplemental Plans for 2011 to 2013, and Outlooks for 2014 to 2020, both approved by the Board, to the Mayors' Council on Regional Transportation.

The purpose of presenting these supplemental plans is to provide the region's mayors with an opportunity to exercise their authority under the South Coast British Columbia Transportation Authority Act to approve one of the options to expand Metro Vancouver's transportation network and confirm it as TransLink's 'base plan' for the next three years. Alternately, the Mayors Council may choose to not approve either of them and maintain the program in the current base plan.

Both options include funding for the Evergreen SkyTrain Line connecting the Lougheed and Coquitlam town centres and for an extension of United Boulevard in Coquitlam as the first phase of the North Fraser Perimeter Road goods movement corridor from the Queensborough Bridge in New Westminster to Highway #1. One option, 'Delivering the Evergreen Line and the North Fraser Perimeter Road,' is confined to the two highest priority projects. The other, 'Moving Forward,' proposes additional road and transit improvements across Metro Vancouver, notably in the South of Fraser and North Shore sub-regions.

All of these projects have been long-standing priorities and offer enormous benefits to the people of Metro Vancouver. Over the past two years TransLink's financial position has stabilized due to the \$130 million supplement approved in 2009 and new sources of debt financing negotiated. Significant operational improvements have permitted TransLink to operate well within its budget in 2009 and is once again better than budget to date in 2010 – hence reserves have not been depleted to the extent forecasted in the 2009 supplement. Nearly all key

performance indicators are trending in the right direction and customer satisfaction is at all time highs.

In view of these improvements, our Board is recommending that the Mayors' Council approve the Moving Forward plan. This recommendation is based on the strategic value of these additional network improvements in ongoing efforts to achieve Metro Vancouver's economic, environmental and livability objectives. 'Delivering the Evergreen Line and North Fraser Perimeter Road' makes good on time-sensitive regional commitments for the Northeast Sector but 'Moving Forward' would fund outstanding commitments in many more communities, and in doing so address the needs of more people. While the Mayors' Council successfully addressed the challenge to sustain current levels road and transit services with the 2010 Supplemental Plan a year ago, our region continues to grow and the pressures to move forward with more network improvements is no less time-sensitive.

The projects included in the Moving Forward plan are more than a simple wish list. They represent time-sensitive needs with solid business cases that were prioritized based on a rigorous evidence-based professional analysis which balanced the region's long-term goals with its short-term needs. Daily, we hear demands for additional transit in under-served areas or where daily demand is overloading the system.

The recommended option would add over 425,000 hours of annual transit service to bus routes. Based on current usage, that represents the capacity to provide over 23 million more transit trips per year. The South of Fraser would receive half of the additional bus service hours, which would make over 11 million more rides per year available in that area.

There will be other important projects that will justify future supplements as the region continues to grow. Most notably they include three key rapid transit studies, as well as other major road and transit improvements. TransLink, the province and the municipalities are working in partnership to develop the business cases for these.

With respect to the options before the Mayors' Council, the public consultation process, required in the development of TransLink's supplemental plans, revealed strong support for the suite of projects in the Moving Forward plan. This had a significant influence on the Board's decision to recommend it.

The SCBCTA Act directs TransLink to identify the amount and source of the funding needed to pay for its supplemental plans. Plans submitted to the Mayors' Council must also be provided to the Regional Transportation Commissioner, who evaluates their contribution to Metro Vancouver's strategic growth management strategy, the soundness of the financial assumptions used to determine the budgets over the following three years and the efficacy of the funding mechanism that must generate the additional revenue.

In order to meet the Commissioner's test of the funding mechanism, TransLink must propose using only those revenue sources available to it when the Board approves a supplemental plan. As well, the public's views, gathered through the consultation process, must be used to inform the Board's decision.

Funding is a critical issue, and the Board respects the sensitivity of the Mayors' Council on this matter. For these supplemental plans, TransLink consulted the public on the only two mechanisms available to it that could produce sufficient revenue: property taxes, which were not relied upon for the 2010 supplement, and a Transportation Improvement Fee, a charge on motor vehicles registered in Metro Vancouver that would vary according to their environmental impacts that could be measured by engine size, kilometres travelled or other metrics.

The Transportation Improvement Fee is permitted in the Act and TransLink consulted on it, in part at the request of the Mayors' Council due to its strong objection to the use of property taxes. After carefully considering all of the issues raised by the fee, the Board believes it is not a practical option at this time. Opposition to it is particularly strong.

Further, it is not within TransLink's means to implement the Transportation Improvement Fee in a timely, effective or efficient manner without provincial assistance. Without it, the fee would be more difficult and costly to collect, which would mean either lower revenue for transportation improvements or the need to charge a higher amount. But there is more than the collection mechanism to consider.

There are unique synergies that can be created between the fee and TransLink's 'smart card' transit fare payment technology, due to be on-line in early 2013, which have great potential to build public support for a vehicle charge and amplify its overall benefits beyond revenue generation.

As such, the Board believes that the Transportation Improvement Fee deserves the time needed to be examined and discussed in more detail. Done correctly, it can help manage demand on the transportation network and contribute to greenhouse gas reduction while producing revenue to support a better transportation network.

In that respect, the fee is in the same class as other potential revenue sources that could emerge as the region and the province move forward on the Memorandum of Understanding (MOU) signed in late September. The MOU acknowledges the need for new sources of transportation funding and the parties committed to dedicating the time needed to develop viable options in a process that 'puts everything on the table.'

However, for purposes of the proposed supplemental plans, the MOU process will not deliver funding alternatives in time to satisfy the Regional Transportation Commissioner or a deadline

that exists to fulfill the region's standing commitment to the Evergreen SkyTrain Line and Phase One of the North Fraser Perimeter Road.

In preparing the supplemental plans, the Board has operated under the assumption that funding agreements on these two projects must be signed before the end of 2010 in order for the procurement process to go forward. Unless, particularly in the case of the Evergreen Line, this deadline can be relaxed, the Board, the Commissioner and the Mayors' Council must all complete their work on the plans before the end of December. However, we must advise that the public's sentiment, very evident in our consultation, is that we all 'need to get on with it.'

It is the Board's understanding that the federal program contributing to the Evergreen Line stipulates that the funds must be applied to the project by 2016. The province, as lead on the project, has commenced procurement with the issuance of a request for qualifications earlier this year and will issue a Request for Proposals to build the line in early 2011. This can't happen without a signed funding agreement in place and consequently, if TransLink is to be an equal partner in the project, the Board is compelled to resolve the matter of the region's contribution now by submitting the supplemental plans.

However, the Board does not believe that this necessarily positions the Mayors' Council, against its wishes, to accept an increase in property taxes as the funding source. As a result of TransLink's ongoing efficiency measures, it expects to have managed down its 2010 budget deficit by close to \$40 million and the Board is prepared to dedicate those funds to cover commitments in the first year of the proposed 2011 to 2013 Moving Forward supplemental plan.

We submit that this will provide the time required for the region and the province, acting in good faith under the terms of the Memorandum of Understanding, to develop a new revenue alternative by 2012 that can support the remainder of the plan and replenish the reserve funds TransLink will use over the first year. To be clear, I must advise that in order to meet the Commissioner's test that the supplemental plan has the sure source of funding it needs, it would be necessary for the Mayors' Council to approve a property tax bylaw for 2012 that would have to be used if no alternative revenue source emerges.

The Board is recommending this course of action to the Mayors' Council as the most practical way to meet the imminent deadline for preserving the federal contributions now available to help us build the Evergreen Line and Phase One of the North Fraser Perimeter road.

Our Board has a responsibility to advance strategies and plans to achieve the Transport 2040 goals that have the region's endorsement. The improvements proposed in either of the supplemental plan options will help us accomplish these long-range goals. The plan we

recommend, Moving Forward, will respond positively to the public's current needs more broadly across Metro Vancouver.

Beyond this, there is an opportunity now to make important progress toward securing new sources of revenue that can enable the region to move forward more strategically and effectively toward a transportation network that is better managed and funded.

Yours truly,

A handwritten signature in black ink, appearing to read "Dale Parker", with a small dot at the end.

Dale Parker
Board Chair

Enclosures

APPENDIX III

Supplement Option	Project Description	Financial Impact to TransLink * (2011-2020)	Cumulative Impact to TransLink (2011-2020)
1. <i>Delivering the Evergreen and North Fraser Perimeter Road (NFPR)</i>	Evergreen Line	\$412.1 M	\$465.3 M
	NFPR (Phase 1)	\$ 53.2 M	
2. <i>Moving Forward</i>	Evergreen Line	\$412.1 M	\$802.9 M
	NFPR (Phase 1)	\$ 53.2 M	
	King George Boulevard (B-Line)	\$ 12.6 M	
	Highway 1 Bus Rapid Transit Service	\$ 40.9 M	
	Langley to White Rock Bus Service	\$ 7.5 M	
	Additional Bus Service Hours to Accommodate Population Growth (incl. Fraser Highway & 104 Avenue services)	\$ 36.7 M	
	Additional Bus Service Hours to Meet Minimum Service Guidelines (incl. Fraser Highway & 104 Avenue services)	\$ 51.3 M	
	Additional Bus Service Hours and Infrastructure on U-Pass Routes	\$ 85.1 M	
	Surrey Central Station Upgrade	\$ 5.9 M	
	Lonsdale Quay Station Upgrade	\$ 4.2 M	
	New Westminster Station Upgrade	\$ 9.2 M	
	Metrotown Station Upgrade	\$ 12.9 M	
	Main Street Station Upgrade	\$ 16.3 M	
	Restore Funding to Minor Capital Program for Regional Roads	\$ 37.9 M	
Restore Funding to Bike Capital	\$ 17.0 M		

* Net Annual Impact to TransLink (2011-2020) values take into account the related cash flows for the 2011-2020 period while debt servicing may occur over a longer period.

Source: Table 5, Cumulative Impact to TransLink of the Full Suite of Projects Potential 2011 Supplement by Ian Jarvis, October 1, 2010

Mayors' Council on Regional Transportation

Mayors' Council on
Regional Transportation
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November 25, 2010

Honourable Shirley Bond
Minister of Transportation and Infrastructure
P.O. Box 9055 Stn Prov Govt
Victoria, British Columbia
V8W 9E2

Dear Minister Bond:

As you are aware the Council of Mayors and the Commissioner are currently reviewing two supplements designed to provide the regional share of funding for improvements to the regional transportation system including the Evergreen Line. The supplements were scheduled to be voted upon on December 9, 2010. Today I am writing to you to advise that the supplement process will be suspended until early spring in an effort to seek consensus among the members of the Council of Mayors. This position is supported by both TransLink Board and Management.

I am encouraged that the Mayors continue to support the building of the Evergreen Line as the number one priority, improving other transportation priorities and creating liveable cities in our region. I am also encouraged by the opportunity for positive collaboration between the Mayors and the Provincial Government in exploring innovative ways of funding transit through the principles contained in our new livable cities MOU.

However, the current situation is that the Mayors have divergent views on the two supplements and have expressed a desire to have more time to sit down and seriously discuss other options for funding not only for the Evergreen Line but also the other priorities in the Region that are critical to the objectives in the MOU.

I recognize that this decision creates uncertainty regarding the mechanism to provide the regional share of funding for the Evergreen Line, but I feel it will ensure we move ahead on the objectives of the MOU even at a time of transition.

I want to assure you that the Council of Mayors is prepared to work immediately with you and your staff to begin discussions under the MOU and work toward sustainable funding for not just the Evergreen Line, but also the transit needs of our growing region.

Yours Sincerely,



Peter Fassbender
Mayors' Council Chair
Mayor Peter Fassbender
Office (604)514-2801
Cell (778) 549-2473

- c. Peter Milburn, Deputy Minister, Ministry of Transportation and Infrastructure
Mayors' Council Members
Dale Parker, TransLink Board Chair
Ian Jarvis, Chief Executive Officer, TransLink

To: Mayors' Council on Regional Transportation
From: Mayor Peter Fassbender, Chair
Date: November 23, 2010
Subject: Funding Alternatives for the 2011 Supplement

As a result of the recent signing of the MOU between the Province of British Columbia and the Mayors' Council there is a need to develop a framework for moving forward in the discussions on developing sustainable funding for transportation in Metro Vancouver and indeed for the Province of British Columbia as a whole.

Our challenge is to find a solution that serves the region appropriately in the near term with projects such as the Evergreen Line but which also sets the foundation for a sustainable funding approach for the longer term.

The commitment to joint planning and collaboration as contemplated by the MOU should achieve a long term sustainable transportation funding strategy for putting in place and operating a transportation system in this region that moves the region toward the objectives of Transport 2040. As stated in the MOU our ultimate objective is to build "Livable Cities" that meet the needs of all our citizens. As has been obvious over the last few years there is significant discontent with developing new sources of funding every time a new project or initiative is proposed.

The path to achieving a fully integrated funding strategy has both challenges and opportunities. We have discussed and agreed that the pragmatic and prudent path to follow is to examine best practices around the world to see how regions have grappled with funding the provision of transportation infrastructure and services and to tailor the appropriate measures to Metro Vancouver. As we move forward, there is agreement that we need to develop a process where we review these best practices, engage a wide variety of experts/stakeholders and ensure that all options are "on the table" for review, analysis and discussion.

Approaches vary widely and include existing sources such as property tax, road pricing and congestion tolls, gas tax, vehicle levies, and value added propositions involving differential fare structure and service delivery. None will be without issues or critics, which is why it may be valuable to have an early consensus to proceed on the bases of objective analysis, good public policy and accountability to the region as a whole.

Our advantage is that, through TransLink, we have a mechanism to take a pragmatic look at best practices around the world to see how regions have grappled with funding the provision of transportation infrastructure and services. While there is a wealth of expert opinion and experience available to us, the public is going to expect their municipal and provincial leaders to establish a principled approach to how we collectively, with TransLink, go about deciding regional priorities and the funding mechanisms to support them.

Deferral of Decision on 2011 Supplemental Plan

As a result of recent discussions with Provincial officials, the need for the Mayors' Council to make a decision regarding the 2011 Supplemental Financial Plan has been deferred to the spring of 2011. This is intended to allow the parties to the MOU time to undertake research and hold discussions consistent with the intention of the MOU.

Key Questions

At this time, there are two key questions that we must work together to answer:

- *What funding sources are potentially available to implement in the near term to fund the projects and services identified in the 2011 Supplement(s)?*
- *What funding sources have longer term potential and should be further examined as part of a mix of sources to provide sustainable funding for future investments and encourage more sustainable travel patterns?*

The resolutions passed by the Mayors' Council at the October 12th meeting outlined our desire for TransLink to undertake further study on the potential of carbon pricing policies, higher gas taxes, road pricing, vehicle levies, and other sources. There are other options as well that can impact travel behavior; a principle that may resonate with stakeholders and the public by allowing them to control their personal costs by exercising discretion.

A Way Forward

What is quickly needed is a process that allows discussion on specific funding concepts and suggestions, and leads to a decision on what can be advanced in the time available to resolve current needs identified in the proposed 2011 supplemental plan. A proposed way forward outlines who needs to be engaged in this dialogue and how clear outcomes can be developed. The process that is described below can be adjusted as other perspectives are added.

The Mayors' Council, the Province, and Board and Management of TransLink must work as partners with a vested interest in the outcomes. We must agree to, establish and commit to sound business and partnership principles as we address both immediate funding challenge and sustainable funding over the longer term.

Identifying a funding alternative for the 2011 Supplemental Plan will require intense discussion of immediate solutions that can be implemented in 2012. This will require substantial discussions during the first quarter of 2011 that are founded upon the research and analysis on funding that TransLink has done to date together along with an assessment of what other options should also be examined. As such, an intensive engagement process is proposed, as follows:

1. Agree on the guiding principles, identify the funding source options and rely on input from technical people at TransLink and other consultant expertise to determine what can be done now and what is more suitable for the longer term. (to be completed in January 2011)
2. For the funding sources with near-term potential, establish a framework for their evaluation and undertake such an evaluation to establish which sources can best be implemented in the short

term for use in funding the 2011 Supplemental Plan. (to be completed by the end of March 2011)

3. After the more immediate needs of funding the 2011 Supplemental Plan are resolved, undertake a similar exercise for the longer-term funding options that will form the basis for a long term TransLink funding strategy (to be completed in 2011 and 2012)
4. Incorporate the results of 2. and 3. into a TransLink Sustainable Funding Strategy.

Potential funding sources require analysis and development using a consistent evaluation framework. The evaluation framework would need to address criteria such as linkage to transportation, equity, distribution of benefits and costs, affordability, stability, ease of implementation, etc.

The role of TransLink staff is to inform the dialogue with research and analysis and to ensure policy alignment of longer term funding solutions, future investment needs, and impacts on travel demand.

Equally important is the process of considering the trade-offs between different approaches.

Collaboration between the Mayors' Council, the province, TransLink, transportation experts, the Joint Technical Committee, and other stakeholders is expected to continue through 2011 and 2012 throughout the process of developing the long term sustainable funding strategy.

The need for dialogue on roles and responsibilities within the governance structure has also been identified as necessary. We need to have concurrent discussions on what changes should be made in operating procedures, communication and other responsibilities between all the parties in order to ensure a strong and effective working relationship.

Members of the Mayors Council will need to be prepared to commit time to this process, particularly in the first three months of 2011. We've wanted to have a dialogue with the province to identify new funding sources for a number of years now. We now have that opportunity. Let's take advantage of it.

Recent Development

On November 25, 2010, staff received a copy of the letter prepared under the signature of Mayor Peter Fassbender, Chair of the Mayors' Council addressed to Minister Shirley Bond advising that the "supplement process will be suspended until early spring in an effort to seek consensus among the members of the Council of Mayors." The letter noted that the suspension of the approval process is supported by the TransLink Board and management. The letter also indicated that the Mayors will be engaging the Province to explore new revenue sources according to the principles of the MOU signed between the Province and the Mayors in September 2010. A copy of the letter is attached in Appendix IV.

Staff also received a copy of memorandum from Mayor Fassbender to members of the Mayors' Council dated November 23, 2010 in which the rationale of suspending the Supplement review and the steps to engage the Province and TransLink were outlined. A copy of the memorandum is also attached in Appendix IV.

This latest development is consistent with points raised in the Corporate Report and the recommendation that Council endorse the Mayors' Council to engage the Province and TransLink for the development of a long term sustainable funding model for TransLink.