



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: July 11, 2007
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TO: Standing Committee on Transportation and Traffic

FROM: General Manager of Engineering Services in consultation with the Director of Finance and Director of Planning

SUBJECT: TransLink Governance Review and Related Provincial Legislation

RECOMMENDATION

THAT the Mayor write the provincial Minister of Transportation outlining concerns about the following aspects of Bill 36:

- 1) The need to defray related property tax increases that would inequitably impact Vancouver business and residential property owners, and pursue a balanced distribution of TransLink revenue sources throughout the region's geographic area, using sources such as fuel taxes, tolls or other vehicle user charges.
- 2) The need to review whether it provides adequate sustainable funding to support transit services needed in the region for the period of TransLink's next 10-Year Plan (2009-2018), and beyond to the last year of TransLink's proposed 30-Year Vision.

COUNCIL POLICY

The City of Vancouver Transportation Plan (1997) Plan addressed regional transportation governance through Major Initiative T12 which stated that the City "Request reform of transit governance to be more responsive to the needs of areas of ridership concentration." The

Plan also noted that this was subject to work with the Greater Vancouver Regional District and the Provincial Government to establish governance and funding arrangements.

In February 1998, Council recommended that the GVRD Board endorse implementation of a new agreement on Transportation Funding and Governance for Greater Vancouver. The Greater Vancouver Transportation Authority was established under Provincial Government legislation in July 1998. Council, through the Greater Vancouver Regional District, has appointed members to the Board of Directors for the Greater Vancouver Transportation Authority.

In 2005 Council adopted the Community Climate Change Action Plan to reduce GHG emissions to 6% below 1990 levels by 2012.

In May 2006 Council approved a motion on the TransLink Governance Review requesting that the review embrace principles that included:

- Consistency with GVRD growth management and air quality objectives,
- Representation by the Provincial and Federal Governments on the TransLink Board,
- Retention of locally elected Directors as the majority of votes on the TransLink Board,
- Board representation and votes weighted by population and transit use,
- Continuation of the appointment of Directors by the GVRD Board,
- GVRD and TransLink Board review of strategic land use and transportation plans, and
- TransLink funding that moves away from property taxes and parking area taxes to sustainable federal and provincial contributions, including fuel taxes collected in this region, as well as fares, tolls, private funding and other road-pricing charges.

SUMMARY

In March 2007 the Provincial Government's Ministry of Transportation released a Review Panel report on reorganizing the current TransLink governance and funding structure. Council at its meeting on April 3, 2007, passed a recommendation to write the existing TransLink Board expressing concerns about the Review Panel's recommendations and related legislative changes being planned by the Province. At this meeting, Council also passed a recommendation for staff to report back on the impacts the new TransLink structure will have on Vancouver.

The changes being contemplated to TransLink's structure are lengthy and complex. Since the release of the Review Panel Report, there has been additional information released by the Ministry of Transportation providing clarifications and planned amendments. At the end of April 2007, the Provincial Government introduced Bill 36, legislation to amend the GVTA Act in response to the TransLink Governance Review Report. While staff attempted to document the proposed changes, the Provincial Government announced that further consideration of the bill would be delayed until the fall sitting of the Legislature. At the time this report was written, it was unclear what the timing will be for final legislative changes to be completed, and when actual implementation of the changes to TransLink will begin.

Two specific concerns regarding Bill 36 and the Review Panel Report that that staff recommend the City raise with the Minister of Transportation are:

- 1) The need to defray related property tax increases that would inequitably impact Vancouver business and residential property owners, and pursue a balanced distribution of TransLink revenue sources throughout the region's geographic area, using sources such as fuel taxes, tolls or other vehicle user charges
- 2) The need to review whether it provides adequate sustainable funding to support transit services needed in the region for the period of TransLink's next 10-Year Plan (2009-2018), and beyond to the last year of TransLink's proposed 30-Year Vision.

Staff comments on additional issues, presented for information, or to help inform future discussions with the Provincial Government and TransLink, are presented in the Discussion section and appendices of this report.

PURPOSE

The purpose of this report is to respond to Council's April 3rd, 2007 request for a report back on the likely impacts that the new TransLink governance and funding structure will have on Vancouver.

BACKGROUND

Vancouver Transportation Plan

The City of Vancouver Transportation Plan (1997) recognized the need for the City to support a governance and funding structure for transit which would be more responsive to the needs of the City and region. The structure in place at this time was the BC Transit model, where transit governance and funding decisions were made centrally in Victoria.

The Greater Vancouver Transportation Authority Act [SBC 1998] Chapter 30

In July 1998 the provincial legislature passed legislation establishing the Greater Vancouver Transportation Authority (GVTA). The Greater Vancouver Transportation Authority Act included the:

- Structure and responsibilities of the authority; GVRD approval was required for its Strategic Transportation Plan, financial plans and loan authorizations.
- Designation of a Major Road Network, including standards and cost-sharing.
- Sources of funding available to the Authority (property taxes, power levy, tolls, parking tax, etc.).

The Greater Vancouver Transportation Authority began operation in 1999 and adopted the working name of "TransLink".

Appointment of TransLink Governance Review Panel

In March 2006, the Provincial Minister of Transportation appointed a three-person panel to undertake a review of TransLink's governance. The terms of reference of the panel are outlined in Appendix 1. In May 2006, Council approved a motion providing comments for the TransLink Governance Review Panel on principles that TransLink's governance should embrace. Council's motion is attached as Appendix 2.

TransLink Governance Review Panel Recommendations

On March 8, 2007, the Ministry of Transportation released the Review Panel's report on the TransLink Governance Review. The Panel's report is posted on the Ministry's website at http://www.th.gov.bc.ca/TransLinkreview/documents/TransLinkReport_070126.pdf. A summary and list of the Review Panel recommendations is shown in Appendix 3.

The Provincial Ministry of Transportation showed general support for the recommendations of the Panel, however, some amendments were proposed. The Minister directed that new legislation be drafted and introduced in the Legislature in 2007 that would make the changes to TransLink's governance and financing structure.

At its meeting on April 3, 2007, Council passed recommendations that:

- a letter be sent to the existing TransLink Board asking them to include various points addressing Vancouver issues in their recommendations to the Minister of Transportation, and
- That staff report back on the impacts that the new TransLink structure will have on Vancouver.

The text of Council's motion is attached as Appendix 4.

Bill 36: The Greater Vancouver Transportation Authority Amendment Act

On April 26, 2007, the Provincial Government introduced new legislation to reorganize the current TransLink governance and funding structure. A copy of the Ministry of Transportation Backgrounder on amendments to the GVTA Act, is attached as Appendix 5.

Due to the length of Bill 36 (78 pages when printed out) and the complexity of the legislative drafting (amendments require cross referencing to the existing GVTA Act, which in itself is a similar sized document), the full text of the Bill 36 has not been included in this report. Bill 36 can be viewed on-line at http://www.leg.bc.ca/38th3rd/1st_read/gov36-1.htm. At the time of the writing of this report, a copy of the new consolidated GVTA Act was not available.

DISCUSSION

Overview

This report focuses primarily on Bill 36's amendments to the existing GVTA Act, rather than the TransLink Governance Review Panel report. Bill 36 supersedes the Review Panel's recommendations since it omits some of them and amends others. Staff's comments are based on cross referencing the Bill with the existing GVTA Act. Not all implications of Bill 36 may be clear until the Provincial Government releases a copy of the new amended GVTA Act.

Staff's review of the implications of the amendments proposed to TransLink's governance and funding structure has had to take into account ongoing changes and uncertain timelines. Soon after the release of the Review Panel's recommendations on March 8, 2007, the Provincial Minister of Transportation wrote to TransLink (March 13th, 2007 and April 2nd, 2007) clarifying the government's intent on some aspects of the Panel's recommendations and plans to implement the governance and funding structure changes. Some additional verbal comments to City staff on expected changes were also provided by TransLink staff.

The introduction of Bill 36 in the provincial legislature on April 6, 2007 further clarified the Provincial Government's plans for changing TransLink's governance and funding structure. Timelines in Bill 36 assumed that the legislation would be approved in the spring sitting of the Legislature and come into effect for 2008. However, prior to adjourning the spring session, further discussion on Bill 36 was deferred to the next sitting. As it is not known at this time whether there will be a Fall sitting of the Legislature, it is unclear whether these timelines can be achieved.

Among the changes that Bill 36 proposes is to rename the Greater Vancouver Transportation Authority to the "South Coast British Columbia Transportation Authority". The purpose of this successor organization would be amended to include support of:

- (i) the regional growth strategy,
- (ii) provincial and regional environmental objectives, including air quality and GHG emission reduction objectives, and
- (iii) the economic development of the transportation service region.

Items (i) and (iii) retain wording from the existing GVTA Act, while Item (ii) expands the environmental objectives to include both provincial and regional greenhouse gas emission reduction objectives.

Implications for Vancouver

Based on comparison of Bill 36 to the existing GVTA Act, the new legislation supports most, but not all of the recommendations of the TransLink Governance Review Panel. However there are also some different approaches to the governance structure than were recommended by the Review Panel. Some impacts of the new legislation may not be clear until the new amended GVTA Act is available and the timing of its implementation appears dependent on the legislative schedule.

Further comments on the Bill 36 are outlined below under the headings of:

- 1) NEW PLANNING FRAMEWORK,
- 2) FINANCIAL IMPACTS,
- 3) NEW GOVERNANCE STRUCTURE,
- 4) EXPANDED SERVICE AREA, and
- 5) MAJOR CROSSINGS.

1) NEW PLANNING FRAMEWORK

Along the lines of the Review Panel recommendations, the legislation requires TransLink to produce three planning documents - a Long Term Strategy, Base Plan and Supplemental Plans. These documents are discussed further below:

A. Long Term Strategy

The Long Term Strategy, to be prepared by TransLink, is to cover a period not less than thirty years and be updated every five years. Although not referenced in Bill 36, staff understand that the Provincial Government still plans to develop a complementary long-term Provincial planning document recommended by the Review Panel and described in their report as the Province's "30-Year Vision".

The Long Term Strategy would contain TransLink's goals and directions, a description of key initiatives, and a statement of underlying principles. No detailed financial plans would be required for the Long Term Strategy.

In preparing the Strategy, TransLink is required to consider:

- a) regional land use objectives,
- b) provincial and regional environmental objectives, including air quality and greenhouse gas emission reduction objectives, and
- c) anticipated population growth in, and economic development of, the transportation service region.

Before completing a Long Term Strategy, TransLink is required to consult with the following groups:

- a) the Greater Vancouver Regional District,
- b) the public in the transportation service region,
- c) municipalities in the transportation service region,
- d) agencies of the Provincial and Federal governments involved in transportation within the service region,
- e) the Minister of Transportation, and
- f) any other persons TransLink considers appropriate.

B. Base Plan

A Ten-Year Base Plan is to be prepared by TransLink every fiscal year, and is to describe how for each applicable year TransLink proposes to:

- a) provide transportation services,
- b) manage transportation demand, and
- c) meet all the Authority's financial requirements .

In preparing the Base Plan, TransLink is required to consult with:

- a) the public in the transportation service region,
- b) the Mayor's Council (see section 3) NEW GOVERNANCE STRUCTURE),
- c) the Greater Vancouver Regional District, and
- d) any municipality and other organization that TransLink considers will be affected.

Considerations in preparing the Base Plans must include:

- a) major actions for TransLink to undertake during the plan period
- b) the relationship between the major actions planned by TransLink and:
 - (i) the regional growth strategy
 - (ii) Provincial and regional environmental objectives, including air quality and greenhouse gas emission objectives,

- (iii) anticipated population growth in, and economic development of, the transportation service region, and
- (iv) TransLink's current Long Term Strategy.

Base Plans may use only existing funding resources. They cannot propose new or enhanced services or programs which will require additional revenues.

C. Supplemental Plans

The legislation allows for TransLink to prepare, in addition to the Base Plan, one or more Supplemental Plans which can contemplate additional initiatives not covered in the Base Plan. The Supplemental Plan must indicate the incremental expenditures associated with the initiatives, as well as the proposed associated funding sources (e.g., transaction taxes, property taxes, fares, and/or borrowed funds). The incremental costs of the proposed new initiatives must be completely offset by forecasted new revenues sources, borrowing and/or accumulated funding from prior years.

Consultation requirements and considerations in preparing Supplemental Plans would be the same as for Base Plans.

Once a Base Plan or Supplement Plan receives final TransLink approval, it becomes TransLink's current Strategic Plan.

Staff comments:

The Long Term Strategy should play a key role in shaping future transportation and land use in the region, including guiding TransLink's Base and Supplemental Plans. Similar to the way Transport 2021 helped guide Vancouver's Transportation Plans and Community Climate Change Action Plan, the Long Term Strategy should also have a significant influence on completion of these City plans and their future updates.

Although the new legislation removes the GVRD from any formal oversight in ratifying TransLink strategic plans or funding bylaws, it does acknowledge a consultation role for the GVRD on both the Long Term Strategy and the Base and Supplemental Plans. Accordingly, it appears that this will be an opportunity to continue to coordinate regional strategies and actions around transportation and land use, as well as greenhouse gas emission reduction measures.

Subsequent to the Terms of Reference for the TransLink Governance Review, the Premier's 2007 Throne Speech announced the Provincial Government's interest in "establishing targets, actions, and processes aimed at reducing B.C.'s greenhouse gases by at least 33 per cent below current levels by 2020". Achieving a reduction of this magnitude could require both more TransLink funding and more transportation demand management measures than Bill 36 currently provides for.

So far, there has been limited opportunity for the City to participate in or formerly comment on the changes being proposed to TransLink's structure. Accordingly, it is hoped that through the development of the Long Term Strategy and Base and Ten-Year Plans, that a process for more collaborative planning between Provincial ministries, municipalities, TransLink, the GVRD, federal ministries and other stakeholders will take place.

2) FINANCIAL IMPACTS

This section provides an overview of the proposed changes to TransLink's funding framework, and the implications for Vancouver taxpayers. Bill 36 incorporates a number of the recommendations made by the TransLink Governance Review Panel. The text of the legislation related to the revised TransLink funding framework proposed in the legislation is extremely complex. The descriptions provided in this section and its related appendix provide a high level summary of the proposed funding framework. The revenue estimates referred to have been taken from the TransLink Governance Review Panel's report, or have been provided by TransLink staff.

A. Planning and Financial Approvals

A general description of the TransLink Base Plan and Supplemental Plans was discussed in Section 1) above. Further considerations with regard to the possible financial impacts of these plans are noted in below.

BASE PLANS

Base Plans are to contain detailed financial information:

- How for the current year, TransLink proposes to meet their financial requirements, using established funding resources, funding resources accumulated from prior years, and borrowing within established limits,
- A list of total revenue anticipated from each revenue source (including transaction (e.g., sales) taxes, property taxes, fares, other user fees, tolls, contributions from senior governments), and
- A list of total planned expenditures, which cannot be greater than current year revenue and borrowing, plus accumulated funds from prior years.

Rules about how each of TransLink's various revenue sources can be increased through Supplemental Plans are discussed below.

SUPPLEMENTAL PLANS

In addition to the Base Plan, one or more Supplemental Plans can contemplate additional initiatives not covered in the Base Plan.

- The Supplemental Plan must indicate the incremental expenditures associated with the initiatives, as well as the proposed associated funding sources (e.g., transaction taxes, property taxes, fares, and/or borrowed funds).
- The incremental costs of the proposed new initiatives must be completely offset by forecasted new revenues sources, borrowing and/or accumulated funding from prior years.

B. Borrowing

The legislation lays out the total outstanding debt balance that can be held by TransLink at any one time, as not greater than:

- \$1.5 billion,
- A figure proposed by the TransLink Board and ratified by the GVRD Board of Directors, or
- A figure in a TransLink's Supplemental Plan that has been approved by the Mayors' Council, and is subject to consultation with the GVRD Board of Directors.

Staff comments:

The City is jointly and severally liable for TransLink debt, so as TransLink borrowing increases, so does the City's potential liability. Also, because TransLink debt is secured by the same property tax base as is City of Vancouver debt, an increasing TransLink debt load may impact the City's credit rating.

C. Revenue Sources

The legislation allows for a number of revenue sources, and provides controls as to how each are increased over time. Sources include:

- Fuel taxes,
- Transaction taxes (i.e. parking sales tax, motor vehicle charge, etc.),
- Property taxes,
- Fares,
- Other user fees, and
- Tolls.

Revenue sources are described and discussed in detail in Appendix 6, Bill 36 Revenue Sources - Summary and Staff Comments.

Staff comments:

The major funding sources available to TransLink per the new legislation are fuel taxes, property taxes, fares and transaction taxes. Of these, only the fuel tax has a legislated upper limit. All others can be increased with no upper limit, via Supplemental Plans. How TransLink opts to structure its revenues within the legislated options will determine the impacts for Vancouver taxpayers.

Generally consistent with the Review Panel's recommendations, TransLink will have the ability to collect up to an additional 3 cents per litre in fuel taxes, subject to matching the amount collected with double an additional amount from other revenue sources. A full 3 cent per litre increase would generate in the order of \$66-75 million in incremental revenues per year. This would help finance a number of significant projects and services. However, the requirement to match twice as much funding from other revenue sources, which could include property tax and parking sales tax increases, is a significant concern.

Non-residential property tax increases are also a concern due to the elimination of the Parking Site Tax. The legislation would shift \$18M in annual revenues collected from the Parking Site Tax to non-residential property taxes. It is estimated that this would result in a net increase to Vancouver non-residential taxpayers of approximately \$3.7M per year, an increase of almost 20% above the current TransLink levy.

Due to the complexity of the legislation, and that it is not known how the new TransLink Board will utilize the new legislation, it is difficult to quantify anticipated impacts for Vancouver. However, with only the fuel tax capped, there will likely be further pressure to increase both property taxes and the parking sales tax, both of which would disproportionately impact Vancouver residents and businesses. Accordingly, staff recommend (Recommendation A.1)) that the Mayor write the Minister of Transportation expressing concern about the need to reduce Bill 36's impacts on affordability for Vancouver residential and business property owners.

In the TransLink Review Panel Report, prior to Bill 36, there were suggestions of TransLink using land development near stations as another funding source. Staff note that TransLink as a land developer would be treated like other developers in terms of rezonings and CACs.

D. Medium to Long Term Funding Sustainability

For the most part, Bill 36 implements the funding framework recommended by the TransLink Governance Review Panel. The Review Panel's report states that with the 3 cent per litre increase in the fuel tax, and the requirement to provide twice as much matching funding from other revenue sources, this should provide sustainable long term funding for TransLink expenditures. In particular, the Review Panel report notes that the additional funding should provide for service enhancements and rapid transit expansion to at least 2025, including the westerly extension of the Millennium Line starting in 2018.

Staff Comments:

Although staff agree that full implementation of Bill 36's additional revenue sources should provide adequate regional funding to the end TransLink's current 10-Year Outlook to 2013, further information and review is required to substantiate the Review Panel's claim of the adequacy of the funding through to 2025. The cost of the westerly extension of the Millennium Line alone could take up a large share of the additional funding (even with 2/3 of the capital costs funded by senior governments).

Further, the Millennium Line start date of 2018 mentioned in the Review Panel report is significantly later than what would be needed to serve the transit needs of this corridor. It also appears that the Review Panel made the assumption that there would be no need for any additional rapid transit extensions or new lines after 2021 (i.e. after the end of the long term planning horizon for the region's current long range transportation plan (Transport 2021). As noted above, staff also has concerns with the ability of the City and other municipalities in the region to afford the matching property taxes and parking sales taxes that could be needed to obtain the full 3 cent per litre increase in the fuel tax.

Accordingly, staff recommend (Recommendation A.2) that the Mayor write the Minister of Transportation with regards to the need to review whether Bill 36's revenue sources will provide adequate sustainable funding to support transit services needed in the region for the period of TransLink's next 10-Year Plan (2009-2018), and beyond to the last year of TransLink's proposed 30-Year Vision.

3) NEW GOVERNANCE STRUCTURE

Overall, compared to what was recommended in the original TransLink Governance Review report, the legislation proposed in Bill 36 gives increased emphasis to consultation with the GVRD on land use and to the responsibilities of the Mayors' Council. Although Council has expressed concerns about the governance structure recommended by the TransLink Governance Review Panel, several of these issues have not been addressed by the Provincial Government in Bill 36.

The legislation's new Governance Structure is described and discussed in detail in Appendix 7, Bill 36 Governance Structure - Summary and Staff Comments.

4) EXPANDED SERVICE REGION

The Review Panel's recommendations included expanding TransLink's service region immediately to include Abbotsford, Mission and Squamish (subject to transitional agreements) and to enable the expansion of TransLink's service region from Hope to Pemberton to encourage delivery of an integrated transportation system. References in Bill 36 relate to requiring TransLink agreements to include:

- Ratification by the applicable municipality, or if a rural area, the regional district,
- Approval by the Provincial Government's Lieutenant Governor, and
- Options to phase agreement transportation services and revenue collections over a period of up to 10 years.

Staff Comments:

A potential issue with expanding the service region is that new areas may have significantly lower levels of existing density and services, and therefore be more costly for TransLink to provide transit service, or to cost-share expenses such as road maintenance and upgrades. TransLink staff has stated that this issue should be addressed by applying existing service guidelines and negotiating service agreements funded from the additional TransLink revenues collected in the new area.

Other potential issues include:

- *TransLink transit services could become overly complex and inefficient if a patchwork of fragmented service areas emerged in the broad service area from Pemberton to Hope.*
- *Vancouver's overall percentage of property taxes could increase as municipalities with lower average assessed values are added to the expanded TransLink service area (see section 2) FINANCIAL IMPACTS for further discussion of property taxes).*

Expansion of the service area could provide opportunities to add new services for Vancouver residents, such as TransLink connections to Whistler, Abbotsford, etc.

5) MAJOR CROSSINGS

The legislation includes a new section on Major Crossings that was not referenced in the TransLink Governance Review Panel recommendations. This section is noted as giving TransLink the same powers for major crossings that a municipality would have in relation to highways. "Major Crossing" is defined in the legislation as:

"A bridge or tunnel of at least 50m in length that spans a body of water, and includes a system of infrastructure, structures, crossings and approaches connecting the bridge or tunnel to the Provincial highway system or municipal highways."

Staff comments:

Staff will attempt to clarify the intent of this new section as more information becomes available. It appears that the above description could apply to TransLink's Knight Street Bridge connection to Vancouver.

CONCLUSION

For the most part, Bill 36 implements the recommendations of the Provincial Government's TransLink Governance Review Panel. The changes to TransLink's structure that are being contemplated are lengthy and complex, and the timeline for the final legislative changes needed to implement them is uncertain. Staff have interpreted implications to Vancouver based on the information that is available - details have continued to evolve since the release of the Review Panel's report. Staff will continue to monitor progress towards implementation of the changes to TransLink's structure and update Council when appropriate.

At this time, staff recommend that the Provincial Government reduce impacts on affordability to Vancouver residential and business property owners, and review the adequacy of revenue sources for transit service and rapid transit expansion needed in the medium and long term.

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Appendix 1

Terms of Reference - TransLink Governance Review Panel

In March 2006, the Provincial Minister of Transportation appointed a three-person TransLink Governance Review Panel.

The Terms of Reference for the Panel included the requirement that the Panel 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.

Appendix 2

Council Motion - May 25, 2006, on Upcoming TransLink Governance Review

WHEREAS:

The three person panel reviewing the Governance of the Greater Vancouver Transportation Authority (GVTA, also known as TransLink) has officially requested comments from local municipalities on five issues:

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

THEREFORE BE IT RESOLVED

THAT TransLink's Governance should embrace the following principles:

- A. THAT regional transportation plans be consistent with GVRD growth management plans and air quality objectives while enabling economic growth and Provincial and National goods movements.
- B. THAT major TransLink funders, including representatives appointed by the Provincial and Federal Governments, be present on the TransLink Board.
- C. THAT the TransLink Board be responsible for road-based transportation planning in the region, including major highways and bridges and transportation demand management, in addition to its current responsibilities, and that Provincial and Federal representatives on the TransLink Board ensure that Provincial and Federal needs are addressed.
- D. THAT the majority of votes on the TransLink Board remain with locally-elected Directors to ensure accountability to the majority of citizens affected by TransLink decisions.
- E. THAT the number and choice of locally-elected Directors on the Board reflect population, sub-regional areas, and areas with heavy transit use; and that alternate Directors be allowed; and weighted votes used.

F. THAT these locally-elected Directors continue to be appointed by the GVRD Board to ensure consistency with GVRD land-use planning.

G. THAT the terms of appointment to the TransLink Board be three years.

H. THAT the TransLink Board review and provide comment on the GVRD's strategic land use plans to ensure Provincial and National transportation needs are adequately addressed.

I. THAT TransLink strategic plans continue to be subject to GVRD approval.

J. THAT TransLink funding move away from property taxes and parking area taxes and be based on secure, sustainable, adequate funding coming from federal and provincial contributions including fuel taxes collected from this region, as well as fares, tolls, private funding, and other road-pricing charges.

Appendix 3

Summary - TransLink Governance Review Panel Recommendations

Among the recommendations in the Review Panel report are proposed changes regarding:

- Maintaining a regional transportation authority under a new governance structure that includes:
 - A Council of Mayors (each member municipality given a weighted vote based on population),
 - A TransLink Board composed of non-elected professionals, and
 - An independent TransLink Commissioner (responsible for reviewing fare increases, assessing 10-year plans and auditing customer satisfaction).
- Removing the Greater Vancouver Regional District (GVRD) from a direct role in TransLink governance.
- Expanding TransLink's geographic boundaries to eventually include municipalities as far north as Pemberton and as far east as Hope; the municipalities of Abbotsford, Mission and Squamish are identified as priorities for immediate expansion.
- Implementing a new three-stage planning framework:
 - 30-year vision - responsibility of the Province,
 - 10-year strategic plan - options drafted by the new TransLink Board and selected by the Council of Mayors,
 - 3-year operational plan - responsibility of new TransLink Board.
- Implementing a future funding framework that consolidates existing revenues and is intended to be balanced and predictable:
 - Shifting the parking site tax to commercial property taxes,
 - Increasing the regional fuel tax by up to \$0.03 per litre, subject to the additional revenues being matched by equal amounts from both property taxes and from other revenues (fares, property development around transit station areas, etc.).

Continuing to provide the agreed-to contributions for new rapid transit lines, but making the contributions conditional on increases in zoning densities around rapid transit stations.

List, TransLink Governance Review Panel 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.
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.
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.
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.
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.
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.
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.
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.
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.

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.

Appendix 4

Council Motion - April 3, 2007, in Response to TransLink Governance Review Report

WHEREAS the recent TransLink governance changes announced by Transportation Minister Kevin Falcon will have a large impact on Vancouver businesses, home owners and transit users;

AND WHEREAS legislation is in the final stages of drafting, requiring a prompt response from municipalities if they wish to have any impact on the new TransLink structure;

AND WHEREAS the full impact of these changes on the City of Vancouver is still unclear;

THEREFORE BE IT RESOLVED THAT Vancouver City Council direct staff to provide a full report to Council as soon as possible on the impacts that the new TransLink structure will have on Vancouver;

AND BE IT FURTHER RESOLVED THAT Council send a letter to the existing TransLink Board asking it to include the following points in its recommendations to the Minister:

30-year plan:

- THAT the Province's 30-year Transportation Plan
 - adhere to the Greater Vancouver Regional District's Liveable Region Strategic Plan and latest revisions, favouring dense development in compact regional centres;
 - acknowledge the need to expedite the movement of goods to and from the Port of Vancouver;
 - promote walking, transit and cycling as the preferred transportation modes for people movement;
 - achieve the goal of reducing greenhouse gases from transportation by at least 33 per cent by 2020;
 - take into account the expected rise in fuel prices due to peak oil production and its impact on the affordability of automobile use and the volume of freight traffic.

Accountability to taxpayers:

- THAT the 10-year plans should originate with the Council of Mayors rather Than the appointed TransLink Board.
- THAT the Council of Mayors approves the three-year plans as well as 10-year plans.

- THAT the Council of Mayors should appoint the TransLink Board as well as the independent commissioner based on a process of their choosing and absent any statutory restrictions.
- THAT the voting structure of the Council of Mayors should reflect not just population but also financial contributions of individual municipalities' residents through fuel taxes, transit fares, property taxes and other revenues.
- THAT the new TransLink board embraces municipal input and accountability to municipalities at an operational level.
- THAT TransLink Board meetings be public

Expanded funding sources:

- THAT fare increases are contrary to the goals of increasing transit mode share and achieving environmental sustainability.
- THAT the parking site tax should be replaced by an increase in the fuel tax, not an increase in business property taxes which disproportionately burdens Vancouver businesses.
- THAT proposals to raise TransLink funding from increased density at transit stations
 - do not cut into municipal funding sources for community amenities currently collected through density bonuses, development cost levies and community amenity contributions;
 - do not raise the cost of development such that construction of desired density is discouraged;
 - do not result in downloading essential transportation infrastructure costs to developers;
 - do not override municipal land use and zoning decisions;
 - credit existing density that makes transit improvements financially sustainable.
- THAT funding options available to TransLink be expanded to include road pricing other than tolls on new bridges.

Appendix 5

Ministry of Transportation Backgrounder on Bill 36



BACKGROUNDER

2007TRAN0017-000525
April 26, 2007

Ministry of Transportation

AMENDMENTS TO THE GVTA ACT

The government is moving forward with amendments to the Greater Vancouver Transportation Authority (GVTA) Act, with Bill 36. This bill will provide for the continued regional responsibility for planning, constructing and operating the regional transportation system.

The following outlines the reasons for moving forward, along with the key components of the legislation:

- Renaming of the act to the South Coast British Columbia Transportation Authority Act.
- The current structure is not accountable to the public:
 - Less than half of the municipalities are represented on TransLink's board at any given time;
 - One-year board terms are not conducive to effective long-term planning and make it difficult for all board members to gain an understanding of a complex operation;
 - The public doesn't generally know who their representative is;
 - It's not clear who the ultimate decision maker is – TransLink or the GVRD. (The two organizations have been on opposite sides on some key transportation issues such as Gateway, and the priority of Canada Line vs. Evergreen Line.); and
 - The expenditure side of TransLink plans is often fully developed, while the sources of revenue necessary to fund those plans are usually not identified beyond the immediate short-term requirements.
- Bill 36 includes a new governance structure that involves:
 - The creation of a Mayors' Council on Regional Transportation that will appoint the Authority's board and approve the Authority's strategic plans involving new taxation measures, transit fare increases and new borrowing;
 - The creation of a new board of directors that will have appropriate expertise to provide effective governance. They will also oversee planning, construction and operation of the regional transportation system in line with the strategic plan. They will not be elected officials.
 - The board of directors will be appointed by the Mayors' Council from a list of qualified individuals submitted by a screening panel. The screening panel will consist of five persons representing all key transportation sectors in the region, plus appropriate financial and business experience.
 - Each of the of the following will appoint one member to this board:
 - Minister of Transportation;
 - Mayors' Council;
 - Institute of Chartered Accountants of BC;
 - Vancouver Board of Trade;
 - Greater Vancouver Gateway Society.

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- The creation of an independent Commissioner, appointed by the Council of Mayors, that will consider proposed increases in transit fares and provide for transparency and due diligence in respect of the Authority's plans and initiatives.
- An audit of TransLink's finances indicates the current funding structure is unsustainable and will increasingly rely on property tax revenues to achieve its 10-year plan. Under the existing funding framework, TransLink's portion of property taxes has risen over 150 per cent in the last five years and a further increase of 40-50 per cent could be required in the next 4-5 years.
- Bill 36 includes a new sustainable funding framework that involves:
 - Enabling the Authority to increase the fuel tax rate in the service region by up to three cents per litre in the coming years, on the condition that additional revenues from any increase in fuel taxes is balanced with increases in property taxes and other revenues including fares. This will ensure funding requirements are met for the next two decades and be balanced fairly between road users, transit riders and property tax payers; and
 - Eliminating the parking stall tax, saving taxpayers about \$3 million per year in administration costs alone; and enabling the Authority to replenish the revenues through a property tax specific to business, commercial and industrial properties.
 - This new funding framework would avoid the need to increase TransLink's property taxes by 40-to-50 per cent over the next four-to-five years, on top of the over 150 per cent increase in these taxes in the last five years.
- The Panel found that the current structure doesn't support long-term planning or lend itself to the development of long-term plans that are integrated with those of the Province. Bill 36 includes a new comprehensive planning framework that involves:
 - Preparing a long-term strategy covering at least 30 years;
 - The Province developing a long-term vision for the transportation system between Pemberton and Hope, as recommended by the Review Panel, in parallel with TransLink's development of its long-term strategy;
 - The proposed strategic plans to be reviewed by the commissioner who will advise the Mayors' Council on the reasonableness of projections and parameters in the plans.
- The Province will be consulting with local governments outside of, as well as within, TransLink's service region, and with other entities responsible for components of the transportation system; and preparing 10-year strategic plans, to be updated annually, that set out how the Authority plans to provide transportation services in the transportation service region, manage transportation demand in the transportation service region; and meet all of the Authority's financial requirements.

Bill 36 also provides for measures to:

- Facilitate the extension of the Authority's boundaries, if and when neighbouring municipalities want to join and can reach agreement on arrangements with the Mayors' Council.
- Allow the Authority to do land banking in anticipation of potential future requirements.
- Provide the Authority with some powers comparable to those enjoyed by municipalities or the Province with respect to major transportation projects. These include exemption from the Builders Lien Act for highway, major bridge and busway projects.

- 3 -

Environmental Benefits

- The new funding framework will provide TransLink with access to sufficient revenues to proceed with the Evergreen Line Project and re-establish, for the first time in decades, a comprehensive express bus service across the Port Mann Bridge to serve commuters on both sides of the Fraser River.
- The fuel tax will also more fairly allocate transit costs to road users and not just property tax payers.
- Provincial contributions to rapid transit projects will be conditional on increased zoning densities around rapid transit stations to result in better utilization of expensive transit facilities; producing significant environmental benefits and additional revenues to help defray the capital costs of the projects.

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Appendix 6

Bill 36 Revenue Sources - Summary and Staff Comments

The legislation for Bill 36 allows for a number of revenue sources, and provides controls as to how each are increased over time. Included are:

- Fuel taxes,
- Transaction taxes (any tax other than property tax; includes parking sales taxes and motor vehicle charges),
- Property Taxes,
- Fares,
- Other User Fees, and
- Tolls.

These revenues are discussed in further detail below.

FUEL TAXES

TransLink currently collects a fuel tax of 12 cents per litre, which totalled approximately \$257.5 million in 2006. Bill 36 allows TransLink to access an incremental 3 cents per litre, if the Board so chooses. The three-cent increase could be introduced all at once, or phased in over time. This incremental 3 cent per litre fuel tax is estimated to generate an incremental \$66 million per year in 2008. TransLink's projections anticipate this incremental revenue to grow relatively slowly over time, increasing by 1% per year, to \$75 million by 2018.

There are a number of conditions that TransLink has to meet in order to be able to levy this incremental 3 cent fuel tax:

- The Commissioner must approve any increase to TransLink's fuel tax rates, considering whether the incremental fuel tax generated meets the "outcome revenue" formula that is defined in the legislation.
- This formula, laid out in Sections 27.1(4)(b) and 27.1(5), defines "outcome revenues" as:
[(tenth year revenue - tenth year fuel tax revenues)] - [1.35 x (plan year revenue - plan fuel tax revenue)], where the outcome revenue must be at least twice as great as the tenth year additional fuel tax revenue.
- The formula as laid out in the legislation is quite complicated, and it is not easy to understand what it is intended to accomplish. In simple language, this formula says that in order to access the incremental fuel tax revenues (up to a maximum of 3 cents per litre), over the time period covered in the ten-year plan:
 - TransLink's revenues other than the fuel tax have to grow at an average of 3.0% per year, plus
 - An amount that is two times the increase (in dollars) resulting from the additional fuel tax.

- What this translates into, in practical terms, is that in order to access the full additional 3 cent per litre fuel tax (estimated to be \$75 million in year ten of the ten-year plan), TransLink would have to raise an incremental \$150 million per year through other revenue sources.
- The intention of the “outcome revenue” formula is to ensure that TransLink relies on its other revenue sources for additional income, and not just the incremental fuel tax.
- This “outcome revenue” formula reflects the recommendation of the Governance Review Panel, that new revenues be raised in roughly the same one-third proportions among incremental fuel taxes, incremental property taxes and incremental revenues from fares and other sources.

Staff comments:

The ability to increase the gas tax by up to 3 cents per litre will give the region greater a significant new revenue source that should help fund new major capital projects and service enhancements in Vancouver and the rest of the region. To the extent the incremental fuel tax revenues essentially must be matched in a 2:1 ratio by other revenues, TransLink will continue to rely heavily on property taxes, fares and/or transaction taxes as funding sources, and many of these revenues sources are paid disproportionately by Vancouver taxpayers.

TRANSACTION TAXES

Transaction taxes are defined in the legislation as “... any tax, other than property tax, that is or may be imposed by the authority under this Act, and includes a motor vehicle charge ...”. The 7.0% parking sales tax currently charged by TransLink is another example of a transaction tax. The legislation requires that in the Base Plan, any transaction tax rate is no greater than what has been authorised in the Strategic Plan for that applicable year. TransLink is not allowed to assess a transaction tax greater than the tax rate that is indicated for the applicable year in the Base Plan, unless a Supplemental Plan for this has been approved by the Mayors’ Council.

Staff comments:

The requirement for TransLink to raise matching revenues from other revenue sources in order to access incremental fuel tax revenues, may be an incentive for TransLink to increase the parking sales tax. While currently at 7%, TransLink has the authority to increase the parking sales tax to 21%. The General Manager of Engineering estimated that 80% of the parking sales tax is paid by Vancouver businesses, due to the concentration of paid parking. To the extent that TransLink opts to increase this revenue source, this would disproportionately impact Vancouver businesses and residents.

PROPERTY TAXES

The legislation indicates that the property taxes levied by TransLink cannot be greater than the sum of 103% of the previous year's tax levy plus \$18 million. It should be noted that the legislation does not provide any absolute dollar cap on property taxes TransLink can collect over time. While year-over-year property tax increases are limited to 3.0% in the Base Plan, they can be increased more than 3.0% per year (with no upper limit) via Supplemental Plans.

The \$18 million referred to in the legislation reflects the transfer of revenues that are currently collected from the parking site tax (which is to be eliminated) to property taxes. This is not a cap on property tax revenues.

Staff comments:

In 2006, TransLink collected approximately \$235.3 million in property taxes, \$80.6 million (34%) of which was paid by City of Vancouver taxpayers. Of this, 44% was paid by non-residential property classes, and 56% by residential property classes.

The two changes in the legislation that will affect the amount of property tax paid by Vancouver residents and businesses are:

- *the elimination of parking site tax, and*
- *the ongoing reliance by TransLink on the property tax as a major funding source.*

Elimination of the Parking Site Tax

Staff estimate that the elimination of the parking tax will have a markedly negative impact on non-residential property taxpayers in Vancouver. In 2006, TransLink collected approximately \$20 million through their parking site tax. With the new funding framework proposed in Bill 36, this parking site tax is eliminated. (This is not to be confused with TransLink's 7.0% parking sales tax, which remains in place.) Netting out the administration costs associated with the parking site tax, the legislation directs that \$18 million be added to TransLink's non-residential tax levy to offset the net losses associated with the elimination of the parking site tax.

How Vancouver's non-residential taxpayers will ultimately be affected by the elimination of the parking site tax depends on how TransLink decides to redistribute this \$18 million among the non-residential classes (utilities, light industrial, major industrial and business). The legislation indicates that the revenue to offset the elimination of the parking site tax is to be collected from the non-residential classes, but does not dictate in what proportions.

If the \$18 million is added to the non-residential tax classes in the same proportion that property taxes are currently collected from TransLink, this will add approximately \$6.6 million to Vancouver's share of the TransLink tax levy. The parking site tax has been collected on the basis of area, and City of Vancouver taxpayers account for 14.5% of this total, or \$2.9 million. Under the scenario described above, the net increase to Vancouver's non-residential taxpayers will therefore be approximately \$3.7 million (\$6.6 million property taxes vs. \$2.9 million parking site taxes, based on 2006 figures).

Using 2006 figures, increasing TransLink's non-residential levy by \$6.6 million would result in the following estimated impacts for City of Vancouver taxpayers:

Class 2 Utilities 0.6% increase to total property tax levy
 Class 4 Major Industry 1.1% increase to total property tax levy
 Class 5 Light Industry 1.9% increase to total property tax levy
 Class 6 Business 1.4% increase to total property tax levy

Under Bill 36, the elimination of TransLink's parking site tax would have no impact on residential taxpayers. The "total property tax levy" above refers to property taxes collected by the City for the City's general purposes levy, the provincial school taxes, TransLink, the BC Assessment Authority, the Municipal Finance Authority and the GVRD.

Incremental Property Taxes

While allowing the potential for up to 3 cents a litre for incremental fuel taxes (estimated to generate an incremental \$66 million in 2008), the new funding framework in the legislation has TransLink continuing to rely heavily on property taxes continuing to increase. This is of particular concern to Vancouver, as the single largest contributor to TransLink's property tax revenues, illustrated in the following table.

TABLE 1. SHARE OF 2006 TRANSLINK PROPERTY TAX LEVY, BY CLASS (\$000s)

	CLASS 1 RESIDEN- TIAL	CLASS 2 UTILITIES	CLASS 4 MAJOR INDUSTRY	CLASS 5 LIGHT INDUSTRY	CLASS 6 BUSINESS	CLASS 8 RECREAT- IONAL	CLASS 9 FARM	TOTALS
\$ SHARES								
COV	\$42,058	\$537	\$570	\$928	\$36,398	\$57	< \$1	\$80,551
All Others	\$90,186	\$928	\$2,732	\$7,966	\$53,837	\$215	\$93	\$155,960
Total	\$132,245	\$1,465	\$3,302	\$8,895	\$90,236	\$273	\$93	\$236,511
% SHARES								
COV	32%	37%	17%	10%	40%	21%	0%	34%
All Others	68%	63%	83%	90%	60%	79%	100%	66%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Vancouver's share of TransLink's total tax levy may change over time, as a function of changes in relative taxable values throughout TransLink's service area, and/or changes in TransLink's tax distribution policies (e.g., how much tax is collected from each property class), so the impact of these annual increases on Vancouver taxpayers cannot be projected with precision.

Property Tax Distribution

Though not directly addressed in the TransLink Governance Review Panel's report nor the legislation, how TransLink collects taxes from among the various property classes plays a large role in how TransLink's property taxes impact taxpayers. Currently, approximately 52% of TransLink's property tax revenue comes from residential taxpayers, and 48% from non-residential taxpayers (not including parking site tax revenues). With the proposed increased reliance on property tax revenues, it is important that TransLink's tax distribution policy is equitable.

FARES

The legislation requires that fares are no greater than the targeted fare applicable to that revenue transit service in that applicable year. TransLink is not allowed to raise fares higher than the levels set out for that year in the Base Plan, unless the new fare levels are approved by the Commissioner (for information on the proposed role of the TransLink Commissioner, see Section 3) New Governance Structure under DISCUSSION in the main report). Fares can also be raised incrementally via Supplemental Plans.

Staff Comments:

Raising fares by the rate of inflation would be consistent with existing TransLink practices.

OTHER USER FEES

The legislation requires that all other user fees other than fares must be assessed as set out in the Base Plan.

TOLLS

The legislation allows for the Base Plan to set out toll charges for "designated projects" or "major crossings". It is assumed that "designated projects" refers to new infrastructure such as the Golden Ears Bridge. "Major crossings" are defined in the legislation as "bridges or tunnels over 50 m in length that spans a body of water , ...".

Appendix 7

Bill 36 Governance Structure - Summary and Staff Comments

Bill 36 implements the general directions of the TransLink Governance Review Panel by creating the following new governance structure:

- Mayors' Council - comprised of all Mayors in the transportation service region,
- New TransLink Board - composed of non-elected officials,
- Screening Panel, and a
- Regional Transportation Commissioner - appointed by the Mayor's Council.

The new governance structure under Bill 36 removes the GVRD from any statutory role in approving TransLink plans and funding bylaws, but does require the GVRD to be consulted with in the development of TransLink 30-Year and 10-Year plans.

MAYORS' COUNCIL

Following is a summary of roles and procedures for the Mayors' Council contained in Bill 36:

- Receives Long Term Strategies for information. No statutory approval or review process by the Mayors' Council appears to be incorporated in Bill 36.
- Consulted with and approves Base Plan and the Supplemental Plans:
 - Final TransLink approval of Supplemental Plans is subject to referral and ratification by the Regional Transportation Commissioner with regards to any proposed fare or fuel tax increases.
 - Plans are to be received by the Mayors' Council by August 1st of each year and the Mayor's Council would be required to approve or reject any Supplemental Plans by October 31st of the same year (rejection of the Supplemental Plans or missing the October 31st deadline would result in defaulting to the Base Plan),
- Approves any agreements to expand the transportation service region (see section 4) EXPANDED SERVICE REGION under Discussion, in the main report),
- Ratifies any additions to the Parking Sales Tax,
- Generally, must be composed of Mayors in the transportation service region, although if a Mayor is not able to attend a meeting, they can appoint a delegate; the Mayors' Council appoints one of their members as Chair (this position cannot be delegated).
- Mayors participating in the Mayors' Council must take an oath that when exercising their powers and duties that they consider the interests of the transportation service region as a whole,
- Appoints 9 new TransLink Board Directors (described further below),
- Appoints and can terminate the Regional Transportation Commissioner (described further below),
- For general votes, each Mayor will receive 1 vote per 20,000 or portion of the population of that municipality,

- For the following specified votes, each Mayor receives only one vote:
 - Appointment and termination of the Regional Transportation Commissioner (termination requires a resolution to be passed by at least $\frac{3}{4}$ of the members), and
 - Appointment of the TransLink Board of Directors.
- Appoints one of the five members of the Screening Panel (described further below) that selects candidates for the Board of Directors

Staff Comments:

Although there does not appear to be a statutory agreement to consult the Mayors' Council on Long term Strategies, conceivably TransLink could decide to include the Mayors' Council in the legislation's consultation definition of "any other persons the authority considers appropriate". The population based general voting for Mayors on the Mayors' Council should give Vancouver approximately the same percentage of votes that it currently has with the existing GVTA Board (25%). Vancouver will have considerably less influence, relative to its large portion of the region's population, for the non-weighted votes for appointing Directors and the TransLink Commissioners. It should also be noted that Vancouver's vote percentage of 25% is significantly less than the proportion of revenues that it contributes through sources such as Property Taxes and the Parking Sales Tax.

SCREENING PANEL

The role of the Screening Panel is to prepare a list of 15 candidates for the TransLink Board. The Mayor's Council will use this list to select 9 Directors. Besides the Mayors' Council making one appointment to the Screening Panel, the remaining 4 appointments will be made by the:

- Minister of Transportation,
- Council of the Institute of Chartered Accountants,
- Board of Directors of the Vancouver Board of Trade, and
- Greater Vancouver Gateway Society.

NEW TRANSLINK BOARD

As noted above, the Mayors' Council will appoint the 9 Directors of the new TransLink Board from a list of 15 candidates provided by the Screening Panel. Directors will serve a maximum term of 6 years, and be appointed on staggered 3 year terms. Duties of the Directors are to include:

- Developing a skills and experience profile that must be represented on the Board
- Appointing a Chair and TransLink Chief Executive Officer,
- Supervising management of TransLink, and
- Determining procedures for Board meetings.

Staff Comments:

The skills and experience profile for the new Board directors would benefit from the inclusion of more professional engineering experience in transportation planning, design and construction, as well as more experience relating to land use planning.

The new TransLink structure is not expected to result in any significant changes to the way that municipal staff currently provide advice to the TransLink Board. TransLink's Major Roads and Transportation Advisory Committee (MRTAC) is expected to continue its process of regularly scheduled meeting between TransLink staff and municipal staff, with reports to the TransLink Board when appropriate.

REGIONAL TRANSPORTATION COMMISSIONER

As noted above, the Regional Transportation Commissioner is appointed by the Mayors' Council. Generally, the length of the Commissioner's term is to be 6 years. In addition to approving transit fare and fuel tax increases that have been endorsed by the Mayors' Council, the Commissioner would also have the following responsibilities:

- Approve TransLink's annual Customer Satisfaction Survey process and any amendment to it,
- Approve TransLink's Complaints process and any amendments to it,
- Approve the disposition of major facilities and assets,
- Appoint a person to conduct an inspection of TransLink or any of its subsidiaries, if TransLink fails to provide a requested record or report, or if the record or report is considered to be incomplete or incorrect, and
- Provide an annual report to the Mayors' Council for the previous fiscal year including:
 - a) Summary of all applications and requests to the Commissioner,
 - b) Summary of all related decisions made by the Commissioner,
 - c) Financial statements applicable to the office of the Commissioner,
 - d) Commissioner's opinion on whether or not the operations of TransLink were, in accord with TransLink's Strategic Transportation Plan (previously approved 10-Year Base or Supplemental Plan),
 - e) Any other information the Commissioner considers appropriate.

Staff Comments:

The current wording of the legislation around transit fare and fuel tax increases is quite complex - staff will continue to monitor the possible implications for Vancouver as more information becomes available. In general, the proposals for an annual Customer Satisfaction Survey, Complaints process and Annual Report should help improve TransLink accountability, assuming that there is a dialogue with municipalities and other stakeholders on the implementation details.