



ADMINISTRATIVE REPORT

Report Date: September 30, 2011
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VanRIMS No.: 08-2000-20
Meeting Date: October 4, 2011

TO: Special Standing Committee on Transportation and Traffic
FROM: General Manager of Engineering Services
SUBJECT: Proposed TransLink 2012 Supplemental Plan and Outlook

RECOMMENDATIONS

- A. THAT Council endorse TransLink's 2012 Supplemental Plan and Outlook as a key step in making needed progress towards both:
 - near-term regional transportation objectives, and
 - sustainable funding strategies for regional transportation.
- B. THAT Council direct the Mayor to support TransLink's 2012 Supplemental Plan at the October 7th 2011 vote on the Plan at the Mayors' Council.
- C. THAT Council acknowledge and endorse the commitment of the BC Minister of Transportation and Infrastructure to:
 - i. bring forward legislation in this session of the provincial legislature to increase the gas tax by 2 cents per litre in support of the priorities in the TransLink 2012 Moving Forward Supplement;
 - ii. support the work of the Joint Technical Committee who have been charged with expedited delivery of a funding solution for the 2012 Moving Forward Supplement which will remove the need to raise property taxes and a sustainable funding strategy which will define the approach to investment and funding over the long term for TransLink's regional needs, which include key regional priorities such as the Surrey and Central Broadway/UBC rapid transit lines.
- D. THAT Council direct the City Manager to work with senior officials on the Joint Technical Committee to expedite the deliverables on their work plan as approved by the Mayors' Council. These deliverables include:

- i. A funding solution for the 2012 Moving Forward Supplement which will remove the need to raise property taxes,
- ii. A sustainable funding strategy which will define the approach to funding and investment over the long term for TransLink's regional needs.

COUNCIL POLICY

For many years, Council has expressed concerns about the reliance on property tax for funding TransLink plans. During past reviews of TransLink governance and funding plans, Council passed the following motions:

- 2006 - that funding move away from property tax and be based on secure, sustainable, adequate funding coming from federal and provincial contributions including fuel tax collected from this region, as well as fares, tolls, private funding, and other road-pricing charges.
- 2007 - that funding needs to defray related property tax increases that would inequitably impact Vancouver business and residential property owners. Instead, support a balanced distribution of revenue sources throughout the region (e.g. fuel tax, tolls and other user charges).
- 2009 - reiterated the Mayors' Council call for a major increase in senior government funding support through such measures as provincial carbon tax, federal gas tax, a potential shipping container tax, and other new revenue sources; no support for property tax increase.

PURPOSE

The main purpose of this report is to seek Council's support for TransLink's 2012 Moving Forward Supplemental Plan. This report also seeks Council's support for the work of the Mayors' Council and the Joint Technical Committee, in finding sustainable funding solutions that meet TransLink's short and long-term needs, while avoiding increases in property taxes.

BACKGROUND

Under the 2008 legislative framework for TransLink, Supplemental Plans are brought forward to increase TransLink's funding from existing or new sources. The plan describes new transportation services and major capital projects and outlines their sources of funding. Before a Supplemental Plan can be implemented, there are a number of approvals necessary including a vote by the Mayors' Council on Regional Transportation and a review by the Regional Transportation Commissioner. Priorities for Supplements are guided by TransLink's Transport 2040 long-term goals, and incorporate opportunities to leverage funding from senior levels of government and strategies to optimise the use of existing infrastructure and fleets to meet the needs of the region.

Lack of consistency and clarity in regard to funding methodologies and decision-making in regard to TransLink's priorities has been a longstanding issue for the Metro Vancouver area. Efforts to find a solution have continued in recent years, including:

2009

In reviewing options for their proposed 2010 10-Year Plan, TransLink identified a funding shortfall of \$450M/year if they were to stay on track to achieve their Transport 2040 goals, including the goal that by 2040 most trips in the region would be by walking, cycling, and transit. Although Council supported the need to identify suitable new funding sources to fill this gap, TransLink was only able to secure additional annual funding of \$130M/year through a "Stabilization" Supplemental Plan. This level of funding was sufficient to avoid cuts to most existing services and programs, although system expansion was deferred.

2010

In September 2010, the Province of British Columbia and the Mayors' Council signed a liveable cities Memorandum of Understanding intended to provide a long-term strategy to create a sustainable transportation network in Metro Vancouver. The MOU proposed consideration of a wide array of potential new and innovative revenue sources which could fund future supplemental plans to address regional transportation needs. It is viewable on-line at http://www2.news.gov.bc.ca/news_releases_2009-2013/2010PREM0169-001129.htm.

In November 2010, TransLink presented a 2011 Moving Forward Supplemental Plan that included the Evergreen Line, Rapid Transit Station Upgrades, a package of transit service improvements, and the restoration of roads and cycling cost-sharing programs (for a total of \$76M/year in new funding). With a risk of significant federal funding expiring (including \$417M for the Evergreen Line), TransLink set an objective of having a supplement approved by the end of 2010. With the short time frame set for approval of the 2011 Moving Forward Supplement, TransLink was only able to identify property taxes as a funding source - an option which was rejected by the Mayors' Council and the Plan did not proceed.

2011

In early July 2011, the Mayors' Council and the Minister of Transportation and Infrastructure agreed to work together to find other sustainable funding sources for the long-term regional transportation needs, avoiding the need to continue to increase property tax.

The 2012 Base Plan and Outlook was approved by the TransLink Board in July 2011. The Plan outlined several planning initiatives that TransLink now has underway, including:

- Planning for the Central Broadway/UBC Line and Surrey Rapid Transit studies to examine improvements to the high-speed transit backbone of the region,
- Development (as required under TransLink's legislation) of Transport 2045, which would provide a detailed long-term transportation strategy, and
- Work to develop a sustainable funding strategy to study alternative funding mechanisms for regional transportation improvements.

Concurrently, TransLink also developed a new 2012 Supplemental Plan which is the subject of this report.

DISCUSSION

1) 2012 MOVING FORWARD SUPPLEMENTAL PLAN

The proposed 2012 Supplemental Plan and Outlook is entitled "Moving Forward: Improving Metro Vancouver's Transportation Network". An August 9th 2011 draft was circulated for public input, and the current version was tabled with the Mayors' Council for discussion on September 23rd 2011 and submitted to the Regional Transportation Commissioner at the same time. If the Supplement is approved by the Mayors' Council on October 7th, the Commissioner will provide to the Mayors' Council and the TransLink Board, within 30 days, his opinion on the reasonableness of its parameters and assumptions.

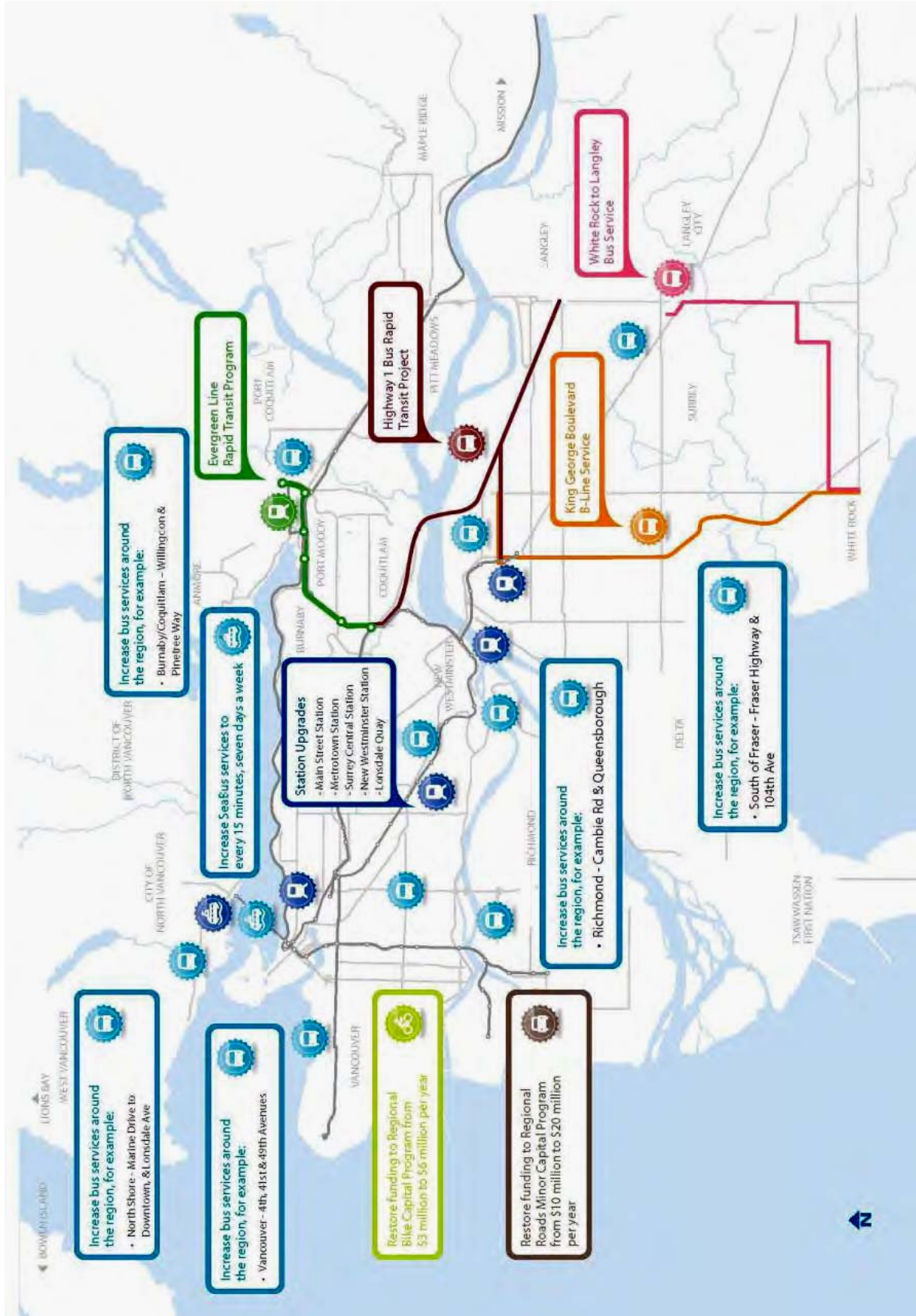
The Supplemental Plan's content is largely the same as the unapproved 2011 Supplement. However, rather than relying solely on property tax increases, as outlined in the agreement with the Minister of Transportation and Infrastructure, it incorporates a new fuel tax as one of the main revenue sources. A copy of TransLink's 2012 Supplement Backgrounder is attached as Appendix A to this report and a full copy of the Supplement is available online at: http://www.translink.ca/~media/documents/bpotp/plans/10_year_plan/2012_plans/2012_supplemental_plan_moving_forward.ashx

As shown in Figure 1, transportation investments prioritized in the 2012 Supplement address a broad range of transportation needs across the region. Although the Evergreen Line Program is the single largest component, every municipality in the region will receive benefits from this package.

Elements of particular interest to Vancouver include:

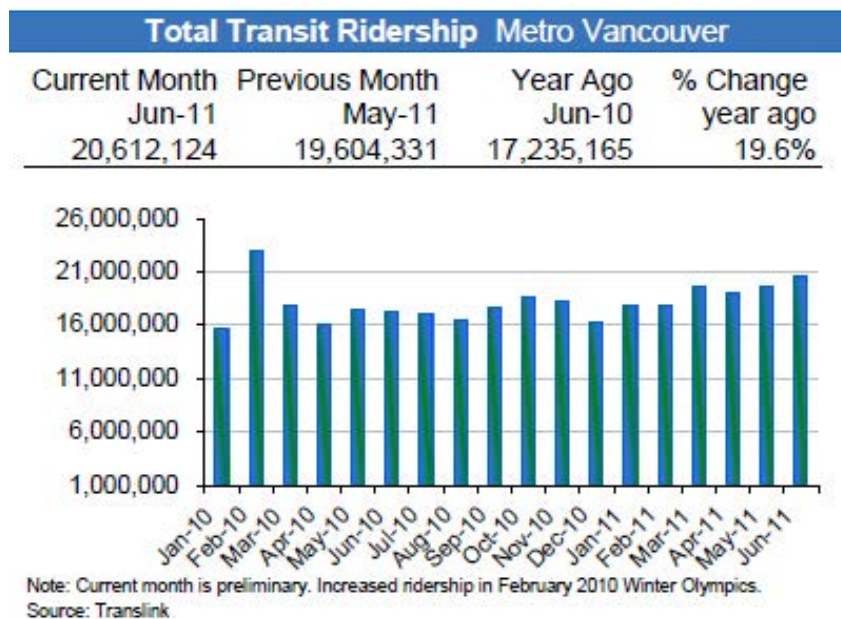
- **The Evergreen Line Program**, which will improve transit access for Vancouver residents and employees, as well as provide improved frequency and capacity for the existing Millennium Line in Vancouver and a major upgrade to the Commercial-Broadway Station
- **Highway 1 Rapid Bus Transit Service**, which will allocate some of the Gateway Program's expanded road space on the Highway 1 corridor to transit, potentially helping reduce the number of single-occupant vehicles entering Vancouver
- **Bus Service Hours to Meet Minimum Guidelines**, which will address existing overcrowding with additional service from 2012 to 2014, including route improvements on corridors such as 4th Ave., 41st Ave., and 49th Ave.
- **Bus Service Hours to Meet Population Growth**, beginning in 2013, this program would address allocating bus service to areas with population growth
- **Bus Service Hours and Infrastructure on U-Pass Routes**, which supports Council's resolution from the 2010 Supplement process to expand the U-Pass program
- **Main Street Station (Vancouver) Upgrades** to address existing deficiencies, and
- **Restoration of Funding to Roads & Cycling Programs**

Figure 1 - Map of Priority Investments Across Metro Vancouver Region



The 2012 Supplement's proposed near-term expansion of transit is critical for both meeting existing demands and shaping growth. Figure 2 provides a summary of the most recently available data on transit ridership in the region. The spike in February 2010 reflects the mode shift achieved during the 2010 Winter Olympic Games. A 19.6% ridership increase was seen between June 2010 and July 2011, with 2011 likely to be another record-breaking year for regional transit ridership. This is strong evidence that TransLink is successfully trending in the direction of the goals laid out in Transport 2040. The incremental transit capacity delivered by TransLink between 2005 and 2010 will soon be near capacity, signalling the need to continue to expand the transit network.

Figure 2 - June 2011 Update on Transit Ridership Growth



The Financial Strategy for the 2012 Supplemental Plan identifies approximately \$70M/year in additional funding. The increase of the fuel tax by \$0.02/litre is expected to generate an average of about \$40M/year in new revenues. The remainder of approximately \$30M/year is planned to be generated from a new long-term funding source that the Province and the Mayors' Council would agree on in time for the Province to introduce enabling legislation in the spring of 2012. If the new funding source is not implemented, the three-year plan period could be funded by a time-limited property tax increase in 2013 and 2014. Should a new funding source still not be identified by later in 2012, TransLink will also consider capping service hour increases, placing most upgrades to rapid transit stations on hold, and reducing roads and cycling funding back to their original 2011 levels. A more detailed funding summary is contained in the FINANCIAL IMPLICATIONS section of this report.

In summary, the 2012 Supplement will allow the region to proceed with urgently needed near-term transit expansion and upgrade projects, including the Evergreen Line rapid transit project. The Supplement will secure over \$400M in federal government funding and approximately \$600M in provincial government funding for the Evergreen Line Program, and provide a range of other service and cost-sharing benefits to all municipalities across the region. Although there is still a potential risk of up to two years of future property tax increases, there is a strong commitment to expedite the work of the Joint Technical

Committee to find viable alternatives which can be introduced into provincial legislation if necessary.

Should new alternatives not be identified in time to replace the time limited property tax increase, the property tax amount would be significantly less than what was proposed to be raised in the 2011 Supplement. With the new fuel tax covering the majority of needed funding, the annual 2013 and 2014 property taxes would be about 43% of the amount in the 2011 Supplement.

2) FUTURE SUPPLEMENTS AND LONG-TERM SUSTAINABLE FUNDING

Although the 2012 Supplement represents a key step forward, it doesn't provide the additional revenues required to meet the goals adopted in Transport 2040. In 2009, TransLink estimated that \$450M/year in new revenues would be required to achieve these long-term goals. The increases in the 2010 Supplement and 2012 Supplement total approximately \$200M/year, or about 44% of the 2009 estimate of need. Future supplements, with new sustainable funding sources will be required to achieve success in meeting Transport 2040's goals.

For transit mode share to continue to grow in the region, the rapid transit backbone as identified in Transport 2040 and the Provincial Transit Plan needs to be improved. The Central Broadway/UBC Line Study and Surrey Rapid Transit Study are examining options for the next rapid transit priorities in the region after the Evergreen Line. Detailed design and construction of these projects are not included within the TransLink 2012 Base and Supplemental Plans.

Of particular interest to Vancouver, the Central Broadway/UBC Line Study is examining rapid transit alternatives along the Broadway corridor between Commercial Drive and UBC. Central Broadway has the second highest concentration of employment in the region and the province, second to the Downtown core. Broadway is among the busiest bus corridors in North America with over 110,000 boardings on the corridor each weekday (similar level of ridership as Canada Line), but falls well short of its transit ridership potential because of the lack of capacity on the corridor. Boardings will grow significantly with the introduction of the Evergreen Line, making the Central Broadway/UBC Line key for the City, region and Province to meet their transportation goals and GHG emission reduction targets. The study is expected to conclude in early 2012 and will evaluate a short list of alternatives to provide information for decision-makers to choose an alignment and technology.

Staff strongly recommend that Council support both the 2012 Supplement and the work of the Mayors' Council and the Joint Technical Committee to establish a long term Sustainable Funding Strategy. This phase would identify feasible alternatives to property taxes for funding TransLink programs and services that meet medium to long-term Provincial, regional and City transportation objectives.

FINANCIAL IMPLICATIONS

The proposed funding package for the Supplemental Plan requires an additional \$32.8 million in 2012, \$73.4 million in 2013, and \$74.6 million in 2014. The Province and the Mayor's Council have agreed to a staged introduction of measures that would generate the additional revenues for this Plan: 1) fuel tax increase, 2) new long-term revenue source(s), and 3) time-

limited property tax increase in 2013 and 2014 if new revenue sources cannot be secured by the end of 2012.

Fuel tax - A \$0.02/litre increase in regional motor fuel tax, from 15 cents/litre to 17cents/litre, will be enabled by the Province in the Fall of 2011 and go into effect on April 1, 2012 to generate an estimated \$32.8 million in 2012, \$44.3 million in 2013, and \$44.7 million in 2014.

Council in the past has supported user charges as a funding source for regional transportation projects. In the longer term, fuel tax revenues are expected to be flat or decline due to reduced fuel sales. As such, this funding source would need to be supplemented as part of the Sustainable Funding Strategy to maintain stable revenue.

New revenue sources - The remaining funding, \$29 million in 2013 and \$29.9 million in 2014, would come from new long-term revenue source(s) to be agreed to by the Province and the Mayors' Council in time for the Province to introduce enabling legislation in 2012. The intent is to provide the balance of funding required for the investments identified in the Plan, as well as to provide the region additional capacity to fund transportation investment needs in future Supplemental Plans.

Property tax - If new revenue source(s) are not implemented before the end of 2012, the Plan would be funded by a time-limited property tax increase in 2013 and 2014 that would generate \$29 million in 2013 and \$29.9 million in 2014 across all property classes.

Over the years, Council has repeatedly expressed significant concern about relying on property tax as the source of funding for regional transportation projects due to following:

- It does not promote sustainable travel behavior, land use and mode choice, which is counter to TransLink's Transport 2040 goals and strategies.
- It does not meet the fairness and equity principle as this charge is property assessment-based (Vancouver bears the largest share (35%) in the region) and has nothing to do with ability to pay and usage of the system.
- Municipalities have very limited revenue sources and rely heavily on property tax to fund city services and programs. The proposed additional tax requisition will further reduce the flexibility and capacity in our tax base.

As such, the City will be relying on the Province and TransLink to move forward with implementing new revenue sources developed through TransLink's Sustainable Funding Strategy. If any interim property tax increase must be implemented, partner discussions should continue to reverse and replace them with new revenue sources in subsequent years.

PROPERTY TAX IMPLICATIONS FOR VANCOUVER RESIDENTS AND BUSINESSES

The Base Plan has already factored in an inflationary 3% increase each year for the TransLink portion of property taxes. Any additional tax requisition to fund the Supplemental Plan is above and beyond the 3%. Should new revenue sources not be secured before the end of 2012, additional property tax will be required to fund the Plan in year 2013 (\$29 million) and 2014 (\$29.9 million).

The following table summarizes the incremental TransLink tax impact for a sample residential/business property valued at \$880,000:

	2011 Property Tax	2012 Incremental Tax Impact	2013 Incremental Tax Impact		2014 Incremental Tax Impact	
	Base Plan	Base Plan	Base Plan	Base + Supplemental Plan	Base Plan	Base + Supplemental Plan
Residential Property @ \$880K ¹	\$295	\$9 (3%) ²	\$9 (3%) ²	\$40 (13%)	\$9 (3%) ²	\$41(12%)
Business Property @ \$880K	\$1,297	\$39 (3%) ²	\$40 (3%) ²	\$175 (13%)	\$41 (3%) ²	\$180 (12%)

¹ Average value of residential property in Vancouver in 2011

² Assume no new property added to the Assessment Roll and the 3% increase is borne entirely by existing property owners

CONCLUSION

The proposed TransLink 2012 Supplemental Plan and Outlook provides a critical step towards implementing near-term regional transit expansion priorities and establishing long-term sustainable funding for transportation. It will help secure over \$400M in federal cost-sharing and \$600M in funding from the Province, and bring tangible benefits to municipalities throughout the region. Although property tax increases have not been eliminated as a funding source, they are significantly reduced from the level previously proposed and have been identified only as temporary fall back option, pending continued discussions between the Mayors' Council and the Province.

Staff strongly recommend that the City show leadership and support for both the current 2012 Moving Forward Supplemental Plan and the work toward finding a sustainable funding strategy for Translink's long term needs for regional transportation. Resolving these critical issues is essential to successful regional growth, regional economic well-being and achieving key public policy goals which include environmental sustainability and a high quality of life and liveability in the region.

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APPENDIX A

Backgrounder - TransLink 2012 Supplemental Plan and Outlook

**Backgrounder****Updated August 2011**

MOVING FORWARD**First proposed in 2010, the supplemental plan recommends improvements that benefit the entire Metro Vancouver region**

In October 2010, following extensive public consultation, TransLink proposed a supplemental plan entitled *Moving Forward* to the Mayors' Council on Regional Transportation for their approval. Consultation on the plan was conducted through webinars, online forms and Transportation Fairs, which were interactive and informative "drop-in" sessions held around Metro Vancouver. TransLink received nearly 1,000 questionnaires, 2,150 comments as well as input from more than 2,200 members of the TransLink Listens online panel.

The *Moving Forward* plan received strong endorsement both from stakeholders and members of the public, who were very clear about the level of transportation service they expect and how they were prepared to pay for it. More than 80 per cent of people consulted felt that the improvements to our bus schedule, SeaBus schedule, SkyTrain stations, Major Road Network, Bike Capital Program and other improvements outlined in the *Moving Forward* plan were important to the Metro Vancouver region, while 75 per cent of respondents told TransLink that the Evergreen Line was important to help the Metro Vancouver region reach TransLink's Transport 2040 goals.

The plan, which includes significant improvements to Metro Vancouver's transportation network, was put aside temporarily due to a lack of funding, but is now being revisited in light of an agreement between the provincial government and Mayors' Council on a formula that will secure the sustainable funding necessary for the improvements, if approved, to go ahead. The agreement stipulates that the Mayors' Council will address the questions of funding through a proposal to raise \$44 million annually by increasing the gas tax beginning in 2012 and another \$29 million through means to be decided by the mayors and to begin in 2013.

Moving Forward reflects TransLink's vision, which is to "create a better place to live built on transportation excellence," but more importantly, the plan is based on public input and feedback about their transportation priorities for their region. Here are the benefits TransLink believes *Moving Forward* can provide.

Moving Forward Backgrounder | 2

Regional

- Approximately 7 per cent increase in conventional service hours, including a 415,000-hour annual increase in bus and SeaBus service, by 2014 to improve services experiencing overcrowding and pass-ups, growing and U-Pass-related demand- with approximately half of those hours bound for South of Fraser.
- A nearly 9 per cent increase in total transit service hours, including 138,000 new annual rapid transit hours, with the launch of Evergreen Line.
- A nearly 10 per cent increase in transit boardings by 2021, representing more than 40 million rides per year, eliminating over 70,000 daily private vehicle trips.
- The number of personal vehicles kilometres travelled per capita would decline by 2014, reversing historic trends.
- Major Road Network funding would be increased by \$10 million per year, and Bike Capital Program funding would be increased by \$3 million per year, allowing the region to keep up with multi-modal network needs and improve safety.

South of the Fraser

- More than 200,000 additional transit service hours – nearly twice as many as during the last service expansion in 2009
- King George Boulevard B-Line bus service, connecting White Rock Centre to Guildford via Surrey Central
- Highway 1 Bus Rapid Transit from Langley to Lougheed SkyTrain Station via the new Port Mann Bridge (when completed) and to Surrey Central with 10 minute peak hour frequencies
- White Rock to Langley bus service
- Service improvements along busy and growing corridors including Queensborough and Fraser Highway
- Upgrades to Surrey Central SkyTrain Station

Tri-Cities

- The Evergreen Line expected to be operational after successful bidding and a four year construction period.
- Quick, frequent (every 3 minutes during peak periods) and reliable connections to Millennium Line and Burnaby and Vancouver
 - Saves almost 45 minutes a day in travel time compared to driving between Coquitlam City Centre and downtown Vancouver
- Strategic investments in additional bus service to accommodate higher demand once the Evergreen Line is launched.
- Increased capacity and more frequent service on core routes including those on **Pinetree Way and Lougheed Highway.**

Moving Forward Backgrounder | 3

Vancouver, Burnaby & New Westminster

- More bus service along corridors experiencing overcrowding and pass-ups, such as U-Pass BC routes, including trouble spots along **4th, 41st and 49th Avenues** in Vancouver and **Willingdon and Production Way** in Burnaby.
- Upgrades to Main Street, Metrotown and New Westminster Stations to improve customer accessibility and station capacity for these high growth areas.
- Upgrades to Commercial-Broadway Station to accommodate the increases in passengers due to the Evergreen Line

North Shore

- SeaBus increased to service every 15 minutes, all day, seven days a week.
- Renovations to the SeaBus terminal at Lonsdale Quay to improve safety and passenger waiting areas.
- Improved service on Marine Drive to Downtown, SeaBus and Lonsdale Ave.

Revisiting *Moving Forward* with the public first got underway in July, 2011. Additional feedback on *Moving Forward* was gathered through an online questionnaire, and via a webinar on July 19.

Following the consultation period, a report on the consultation will be prepared and sent to the Board of Directors and the TransLink Commissioner in late September. While the Board of Directors will vote to approve or reject the Supplemental plan, the Commissioner will review the materials and determine whether the funding solutions and plan assumptions are reasonable.

The *Moving Forward* plan would then be sent to the Mayors' Council – as requested by them – for consideration approval to be followed by the Commissioner's report. Should the Mayors' Council approve the plan, Hon. Blair Lekstrom, Minister of Transportation and Infrastructure, stated earlier this month that he will in turn introduce legislation this fall, enabling the 2-cent-per-litre increase to the motor fuel levy, effective April 2012. The Mayors' Council and the Province will work together, with the support of TransLink, the public and key stakeholders to come up with both a new source(s) by 2012 to fulfill the funding framework for this Supplemental Plan and a longer term plan for sustainable transportation funding by early 2013.