



November 9, 2010

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

Dear Chair Fassbender,

Re: 2011 Supplemental Plans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Yours truly,

A handwritten signature in black ink, appearing to read "Dale Parker", followed by a period.

Dale Parker
Board Chair

Enclosures