

ITEM	13
MANAGER'S REPORT NO.	71
COUNCIL MEETING	1979 10 22

Re: REPORT OF THE GVRD SUB-COMMITTEE ON TRANSIT NEGOTIATIONS -  
1979 OCTOBER 02 - PRESENTED TO GVRD BOARD OCTOBER 03

RECOMMENDATIONS:

1. THAT the recommendations of the Sub-Committee of the GVRD on transit matters as outlined in the Committee report presented to the GVRD Board on 1979 October 03 be adopted; and
2. THAT an on-going review be conducted by the GVRD on the overall political organizational format subsequently established by the Province.
3. THAT local municipal councils maintain a degree of say on new internal routes, service extensions, transit stops and transit priority measures involving traffic control; and
4. THAT objective criteria be developed by the GVRD to equitably allocate transit services throughout the GVRD region; and
5. THAT the organizational form for local municipalities to provide input into the GVRD decision-making process be studied by the GVRD Regional Administrative Advisory Committee (Committee of Managers) and recommended to the GVRD Board for its consideration; and
6. THAT a copy of this report be forwarded to the GVRD Board of Directors for its consideration; and
7. THAT a copy of this report be forwarded to the City of Vancouver and the Minister of Municipal Affairs for their information.

REPORT

The Municipal Manager has reviewed the above report and attended the meeting called for 19:30 h 1979 October 10 by the GVRD in the Royal Towers, New Westminster to discuss the report.

The recommendations of the Sub-Committee are basically as outlined in the attached letter dated September 25 from Mayor I. E. Young, Chairman, Negotiating Sub-Committee addressed to the Honourable William N. Vander Zalm.

The subject is extremely complex largely because of the number of variables involved and the scope of the entire undertaking. This report will therefore not deal with the subject in great depth, as the subject has already been covered by others. The attached report by the Vancouver City Manager to the Vancouver City Council dated 1979 October 11 should consequently be used as a background and supplement, rather than your Manager repeating what has been said in it.

In short:

1. The cost sharing formula is superior to what had originally been specified by the Province. This is particularly so as the formula is better (i.e., 2/3 and 1/3), in the final years, when debt costs will begin to mount, and cost sharing now includes costs of capital debt retirement as part of the deficit. It is true that the proportion of debt load may be greater, but this is not a problem in a utility of this magnitude, with the life time over which it will have to amortize costs. If there is a choice between debt and operating costs, it should be noted that the capital is a once only outlay, but the operating costs go on forever. In other words, we should buy the car as long as someone else will put the gas in it.

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2. The Manager was concerned that the method of financing the deficit is to be tied to a fixed sum per litre gasoline tax and a power utility charge which will not fluctuate with the costs of operation of the transit utility. It is noted that the Minister has agreed to the general proposition that a percentage on the sale of gasoline be charged as the municipally levied surtax, and we must continue to pursue this aspect, as it will be a critical factor on if and when there will need to be a draw on the property tax for funding the utility. It is felt the Minister should be taken at his word so that we can move ahead with the implementation of LRT.
3. The matter of organization of the transit function in the GVRD, however, is of considerable concern to the Municipal Manager. With this latest proposal, the Transit Commission has been eliminated, which is an improvement over the original proposal, but there is still a difficult, cumbersome and awkward organization proposed. On the other hand, without knowing the motives of the Provincial Government for this organization, it is difficult to constructively make suggestions for changes with any feeling of security. Your Manager is inclined to the view that we have gone about as far as can be gone at this time, and that we should accept the recommendation made by the Sub-Committee, again so we can get started and can presumably modify the structures as we grow with the system.
4. The relationship between the District of Burnaby and the GVRD as the "Municipality", as defined under the UTA Act, is of greater concern to the Municipal Manager. There must be ample opportunity for a healthy input by Burnaby into the planning and implementation process, and from this point of view, the Manager supports the concerns expressed by the Vancouver City Manager on pages 4 and 5 of his report. He is not so sure, however, that the establishment of yet another committee, a technical advisory committee directly responsible to the GVRD Board, is the way to accomplish this local involvement. Perhaps, these duties can be added to an existing staff committee. Whatever is done, it is conceded that there needs to be a municipal component of Municipal Engineers involved as well as Planners. Further, if such a committee is needed, one can question whether or not it needs to be set up in the Letters Patent when the function is established in the GVRD.

The committee is needed at least to establish a formula or agreed upon criteria to objectively allocate transit services in the area. Obviously any decision to add a new transit line or even extend a line can have an impact on the whole regional plan. Hopefully, one could set criteria that at the one end of the spectrum would involve decisions that must be made by the region and at the other extreme, decisions that must be made by the local municipality. In between there will be decisions that should be made jointly by the region and the local municipality. This whole area requires further study, and it is not a subject addressed by the GVRD Sub-Committee in its report, because of course the Committee has had larger problems to deal with up to now.

Attach.

\* \* \* \*

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**GVRD** Greater Vancouver Regional District  
 2294 WEST TENTH AVENUE VANCOUVER, BRITISH COLUMBIA V6K 2H9 TELEPHONE 731-1155

Please refer to our file number: 00401

1979 September 25

Honourable William N. Vander Zalm  
 Minister of Municipal Affairs  
 Parliament Buildings  
 VICTORIA, B.C.

Dear Mr. Minister:

RE: PARTICIPATION OF GVRD AS THE "TRANSIT MUNICIPALITY IN GREATER VANCOUVER"

The Transit Negotiating Sub-Committee is prepared to recommend to the GVRD Transportation Committee and the Board that the GVRD take on the transit function for this area under the Urban Transit Authority (UTA) Act according to the conditions which you discussed with us yesterday, and which we expect will be included in "letters patent", the Transit Service Agreement or other appropriate documents as follows:

1. The cost-sharing formula of the Urban Transit Authority (UTA) Act under B.C. Reg. 412/78 will be amended so that
  - (a) All costs of transit operation and capital are included in calculating the annual budget and deficits,
  - (b) Based on the above, annual operating deficit shall be shared between the Urban Transit Authority and the "Transit Municipality" (GVRD) over the five-year period of the initial Transit Service Agreement as follows:

	Provincial Share	Transit Municipality Share
Year 1	75%	25%
Year 2	75%	25%
Year 3	70%	30%
Year 4	66 2/3%	33 1/3%
Year 5	66 2/3%	33 1/3%

The cost sharing in subsequent years will be the same as Years 4 and 5.

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Hon. William N. Vander Zalm

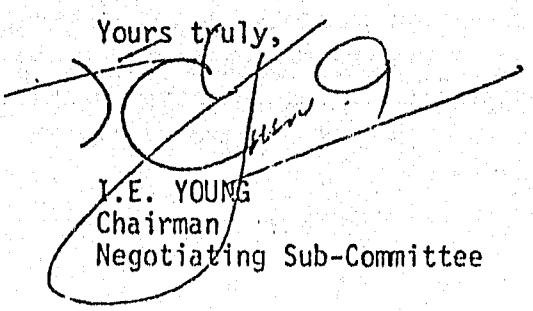
1979 September 25

2. GVRD will be afforded the use of the municipally imposed gasoline tax and power rates under Sections 12 and 14 of the UTA Act with the clear understanding that it is Provincial Government policy that the funds generated from these sources of revenue shall keep pace not only with the population growth of the area but with the purchasing power of the dollar so that real transit tax revenues are not diminished by inflation. The Government therefore intends to review the UTA Act bi-annually in order to implement this policy, and will assure us of this in writing.
3. Recognizing that both parties need effective and efficient management of the Metropolitan Transit Operating Company (MTOC) and recognizing that labour costs will likely make up 85% of the annual budget of the MTOC for which the Province, through the UTA, and GVRD will share in funding, it was agreed that the Regulations under the MTOC Act be amended to provide for the establishment of a committee to guide and ratify labour negotiations composed of one representative of the Provincial Government, one representative of GVRD, and one representative of the Operating Company. (Presumably if the Capital Regional District wish to be similarly represented, this would be provided.)

Both parties are also of one mind in recognizing the desirability of having a Board of Directors of MTOC composed of persons skilled in the management of transit operations. Accordingly, it was agreed that three representatives of the Board of GVRD will meet with the Minister responsible for MTOC and his colleagues comprising the Committee of the Executive Council mentioned in Section 3.(3) of the UTA Act for the purpose of preparing a mutually agreed list of potential directors for MTOC for recommendation to the Lieutenant Governor in Council.

We believe your suggestions are a workable basis for a transit partnership in Greater Vancouver, and we look forward to a successful resolution of this matter by Executive Council and the GVRD Board of Directors.

Yours truly,

  
I.E. YOUNG  
Chairman  
Negotiating Sub-Committee

NOTE: Upon your advising of confirmation of this understanding by the Executive Council we will transmit this understanding with our recommendation to the GVRD Board for their consideration.

## MANAGER'S REPORT

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COUNCIL MEETING	1979 10 22
DATE	October 11, 1979

TO: Vancouver City Council

SUBJECT: Transit Cost-Sharing and Organization Proposals

CLASSIFICATION: RECOMMENDATION

RECEIVED  
1979 OCT 15

The Director of Finance and the City Engineer report as follows: MUNICIPAL MANAGER'S OFFICE

"The GVRD Negotiating Sub-Committee, formed to negotiate with the Province on transit matters, reported to the GVRD Board on October 2, 1979. They felt that their proposals, if accepted, would enable the operation of transit in the Lower Mainland to be passed over to the local area on March 31, 1980, a year later than envisaged when the UTA Act was passed last year.

Council will recall that this delay occurred partly because the financing formula for cost-sharing of the transit deficit was unacceptable to the GVRD Board. The Negotiating Sub-Committee have proposals for change in three areas.

- 1) the cost-sharing formula
- 2) the method of financing the local share of the deficit
- 3) the organization of transit administration.

The purpose of this report is to explain these changes to Council and explore some reservations about the proposals which may lead to qualified acceptance of the Negotiating Sub-Committee proposals.

#### The Cost-Sharing Formula

The Urban Transit Authority Act of 1978 provided that the UTA and several local transit commissions would 'provide and maintain public transportation systems in the Province'. To accommodate this, the local municipalities in which the transit system operated were to become responsible for service levels and for a portion of the deficit. It was stated in the cost-sharing regulations of the Act that, for the Greater Vancouver metropolitan area, the revenues of the system should account for 35% of the annual operating costs. The remaining 65% would be paid in the following proportions:

	<u>Greater Vancouver</u>	<u>Province</u>
Year 1	25%	75%
2	25	75
3	30	70
4	35	65
5	40	60

The regulations did not deal with subsequent years.

Attachment A provides a definition of annual operating costs. In summary, it included all of the normal operating costs for a transit system, but excluded annual debt charges for the 'roadbeds and rights-of-way that are the responsibility of the authority, and the operating expenses of multi-purpose terminals'. These roadbeds, etc. have never been defined, but have been assumed to include a portion of an LRT system built within the GVRD.

There were also provisions for the eventuality that the revenues of the system exceeded or fell short of 35% of annual operating costs. These revenues or deficits were essentially 100% responsibility of the local area. This provision remains the same under the new proposals. The areas of difference are the sharing of the deficit and the definition of annual operating costs.

The revised proposal is that the 65% assumed deficit of the transit system would be shared as follows:

	<u>Greater Vancouver</u>	<u>Province</u>
Year 1	25%	75%
2	25	75
3	30	70
4	33-1/3	66-2/3
5	33-1/3	66-2/3

note

and the annual operating costs would now include any debt charges for roadbed and rights-of-way and multi-purpose terminals. That is, all costs of LRT would be paid for through the cost-sharing formula, whereas before, a portion, estimated to be between 1/2 and 3/4 of the total capital cost, would have been paid outright by the Province and only the remainder cost-shared. Thus, from the City's point of view, the new formula increases capital expenditures (eg. LRT), but decreases annual operating costs as a trade-off. 134

Staff have conducted a brief analysis of the impact of this changed formula. There are many assumptions involved in projecting costs and a small change in an assumed growth rate can affect the total cost share by 1 or 2 million dollars easily. Therefore, small differences between the payments under each formula are not seen to be significant (see Appendix 1). Therefore, if LRT is constructed in the GVRD, the two formulae seem about equal.

If LRT is not built, the new formula is obviously better. Also, by cost-sharing LRT costs, we will be in a better position to decide on its implementation. There are also benefits in tying down the cost-sharing of LRT at this time, rather than leaving for future negotiations.

Council may still have reservations about what sharing will be in effect in the second five years and may wish to tie this down now. However, there may also be some advantage in negotiating the second five years in 1984.

#### The Method of Financing the Local Share of Transit Deficit

The UTA Act allowed three sources of funds to the local area to finance the transit deficit. These were:

- 1) a .66¢ per litre (3¢ per gallon) gasoline tax
- 2) a power utility surcharge
- 3) the municipal property tax.

The first two revenue sources were seen as inadequate under the old cost-sharing formula and it was felt that the property tax would quickly be drawn upon to finance the operation of even a bus-only transit system.

This remains true under the new cost-sharing formula. The gas tax revenue would be tied under the above formulation to the number of gallons of gasoline sold and this is not expected to grow rapidly in the future. Further, the hydro surcharge is limited to an amount equal to the gasoline tax. Therefore, neither source would grow at the same rate as costs.

The Negotiating Sub-Committee attempted instead to set the gas tax at 3% of the dollar value of gas sales, which would therefore match inflation in the transportation industry much better than many other indices.

The GVRD Negotiating Sub-Committee have reported that:

'The Minister has agreed to the general proposition that a percentage on the sale of gasoline be charged as the municipally levied surtax in lieu of a number of cents per gallon or litre, but has advised that legal difficulties make the attainment in that form impossible.'

No satisfactory explanation has been provided of the legal difficulties seen by the Minister. In fact, the Director of Legal Services sees no reason why this should be so. Clarification on this point is being sought from the Minister.

If the gas tax remains at a set cents per gallon or rises with some indefinite rate of inflation set by the Province from year to year, the revenues from the gas tax and hydro surcharge are unlikely to fund the entire regional share of the transit deficit. With the gas tax set at 3% (or 4%) of gas sales revenue, there is much less likelihood of having to draw on the property tax, although that is still a possibility. The analysis conducted by City staff employs some more conservative assumptions about the future than the GVRD estimates, and is shown in Appendix 1, and the property tax is required to support transit in 1984.

Staff feel that the issue of an escalating gas tax revenue is critical for the success of the new cost-sharing formula, to the point where it is felt that unless the gas tax revenue is ensured at an adequate escalation rate, it is recommended that no sharing formula be approved.

The GVRD Transit Negotiating Sub-Committee has stated that the proposed cost-sharing provisions are as good, if not better, than any in North America. In a recent Road and Transportation Association of Canada Conference document, the Province of Quebec was recorded as paying 45-55% of operating deficit, while the Province of Ontario paid about 14% of the operating cost. The proposed formula has the Province paying 2/3 of the operating deficit and about 43% of the operating cost.

#### ORGANIZATION OF THE TRANSIT FUNCTION

The Provincial Urban Transit Authority Act and Regulations provide for various relationships and responsibilities between the different levels of government. During the recent negotiations, these inter-relationships were further clarified. Essentially, the organization, as presently understood, is summarized below:

##### Provincial Cabinet

The Cabinet retains control over the transit function by having final approval authority over the capital and operating budgets. This provides a degree of control consistent with the two-thirds Provincial contribution to the operating deficits.

##### Urban Transit Authority Board

The UTA Board is created by the Province and represents both the Provincial and local interests since all members are local politicians. Its basic responsibilities are to monitor and review transit service plans within each region and coordinate transit plans and services between regions. It also negotiates on behalf of the Province various agreements, undertakes the necessary audits to ensure that the agreements are carried out, and undertakes various technical studies of a general nature as required by the municipality.

##### Commission

The new proposal includes no provision for a Transit Commission for the Lower Mainland. The duties for a Commission as provided by the UTA Act would be shared to some extent between the GVRD and the UTA. Elimination of a Commission for the Lower Mainland appears to represent a positive step in that it eliminates confusion and duplication created by another group of decision-makers. It does, however, restrict the City's influence in transit and LRT matters as the City's vote in the GVRD is about 35% now and dropping.

##### Metropolitan Transit Operating Company (MTOC)

The MTOC has been established to take the place of B.C. Hydro as the operating company. Its responsibility will be to provide the transit service and ensure that there is performance according to the operating agreements. The Board of Managers for the MTOC will be selected jointly by the GVRD and the Urban Transit Authority and will consist of people experienced in management and transit. The function of the Board will be to provide managing direction for the operating company and to select the general manager.

##### Municipality

The Municipality, as defined under the UTA Act, will be the Greater Vancouver Regional District. As a result, the GVRD Board will establish policies and direction for transit services in the Lower Mainland. The major part of the GVRD's responsibilities will be to establish levels of service, operating plans, service expansions and cutbacks and fare policies.

##### Local Municipalities

The role of the local municipalities is not defined under the Act or any discussions to this point in time. They would, however, retain input to the decision-making process, based on their political representation on the GVRD.

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Finalization of Transit Responsibilities

If the GVRD Board decides to take on the transit function, the duties and responsibilities will be defined in the Letters Patent and the Transit Service Agreement. It is anticipated that these documents will be drafted and executed in the next few weeks along the cost-sharing and organizational framework noted above. Current schedules provide that B.C. Hydro will likely be responsible for transit operation until March 31st, 1980. At that time, the Metropolitan Transit Operating Company will assume responsibilities for operations and the GVRD will become responsible for transit along the lines established in the Transit Service Agreement and the Letters Patent.

Attachment B lists the various Municipal and Authority responsibilities under the Transit Service Agreement. As noted above, the Municipality (GVRD) retains the key role in establishing transit services for the Lower Mainland. The Urban Transit Authority, on the other hand, retains a coordinating and monitoring role.

Two other points are worth noting about the current arrangement for transit services.

1. Custom transit services for the handicapped are not included as a part of these agreements. Handicapped transit services are currently being re-examined and proposed policies must await approval by the Lieutenant-Governor in Council.
2. It was cautioned that dramatic changes should not be expected in the provision of transit services for the first couple of years. This is due to the number of matters which require attention in the operating company.

Comments on the Organization

The Urban Transit Authority Act and subsequent negotiations create an organizational framework which establishes some very complicated inter-relationships. The arrangement is unique among transit properties in Northern America and provides a difficult format for managing the transit function. Changes in the organizational framework recently negotiated are noted below:

1. The Transit Commission has apparently been eliminated in the Lower Mainland, reducing complexity.
2. The Municipality (GVRD) will be given the responsibilities necessary to provide decision-making in the provision of transit services.
3. A labour negotiating committee with representation from the GVRD, Provincial Government and the Operating Company is created to oversee and to ratify all labour negotiations. This committee will be responsible for ensuring that labour costs, which represent the single most costly item, are kept at a fair and equitable level.
4. The GVRD retains some control over the operating company by helping to select the Board of Directors. Further work is needed in this area by creating an operating agreement which requires the company to measure and report on its performance under the terms of the agreement.

Local Representation on the Transit Function

Although the role of the local municipalities has not yet been defined, it is clear that the City of Vancouver is less represented than the current arrangement. In the past, the City has dealt with B.C. Hydro directly on such matters as routes, programs, additional services, bus stop locations and many other transit issues, with Council approval required on these matters. Although the City was not able to accomplish all of its objectives related to transit, many worthwhile services such as the False Creek service, 49th Avenue crosstown, FreeBus, etc. were implemented. The new arrangements will require the City of Vancouver to negotiate with the GVRD. The City will then be represented in the final decision process to the extent of its representation on the Board. The City's current representation is 35%, but will be less in the future.



The need to have strong local representation in the transit planning and operating decision process is particularly important in Vancouver. Transit plays an important role in providing a balanced transportation system, as indicated by the following statistics:

1. 60% of the transit trips within the Lower Mainland transit service area occur entirely within the City of Vancouver. In addition, 85% of the transit trips either start or end (or both) within Vancouver.
2. Vancouver generates approximately 225 000 weekday transit trips, which account for .55 weekday transit trips per capita. This amounts to twice as many rides per capita as any other community in the Lower Mainland.
3. Over 45% of the Vancouver ridership do not hold valid driver's licenses, which is an indication of captive riders with limited alternate means of transportation.

The 35% or smaller vote in the GVRD does not seem to give the City a voice commensurate with the importance of transit outlined above. Council has previously recognized the role of transit in providing a balanced transportation system within Vancouver. Council has adopted several policy statements in the past which serve to encourage the maximum use of transit and divert travel from cars to transit. In addition to the significant role transit plays in Vancouver, the residents of the City will contribute a large proportion of the fare-box revenues and other taxes to fund the deficit. As a result, the City should ensure that it has good representation in order to ensure that its policies and programs are achieved.

In order to achieve good local involvement, several aspects should be incorporated into the decision-making process. These aspects are summarized below:

1. The decision process should allow time to provide the local Councils an opportunity to review and recommend actions to the GVRD Board on transit matters. This local review role should occur prior to consideration by the GVRD Board. Council should also retain approval on certain items which go to the GVRD Board. For example, approval of new routes or service extensions, transit stops, and transit priority measures involving traffic control, should remain at the local level. In addition, Council should retain an advisory role on service modifications, budgets, agreements, capital and operating plans and specific proposals involving fares, studies, etc.
2. A technical committee should be formed from the various staffs of the local municipalities to provide input into the GVRD decision-making process and this should be constituted formally as is the technical committee of planning. This technical committee could help ensure that various inputs from the local municipalities are coordinated. In addition, a central forum of technical representatives is needed to provide a technical and administrative review function and as a mechanism to formulate policy choices for the decision makers. The technical committee would report to the GVRD Board on all matters requiring major policy decisions, but its members would also be responsible to their local municipalities or cities through their normal staff positions.
3. In order to ensure that transit services are allocated in the Lower Mainland on a fair and equitable basis, a formula or agreed upon criteria is required to allocate transit services objectively. Without a formula or specific criteria for service additions and deletions, the allocation of service could become a very time-consuming process, leading ultimately to poor decisions. This could result in an ineffective system, providing poor service or unneeded service with large deficits. Objective criteria based on needs within the available resources must be used to evaluate and allocate new or existing transit services. Obviously, creation of such criteria will be a complex and controversial matter which the noted technical committee should address as soon as it is formed.

It is important to ensure that the retention of local powers, whether on an approval or advisory basis, and the formation of a technical committee should be incorporated into the Letters Patent. This will help to ensure local input and enable transit services to be allocated in a manner consistent with local policies and objectives.

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RECOMMENDATIONS

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The Director of Finance and the City Engineer recommend:

- A. That the proposed 1/3 Local - 2/3 Provincial cost-sharing formula be approved;
- B. That gas revenues be based on a gas tax which escalates in line with the cost of living or preferably at 3 percent of the total gas revenues;
- C. That local municipal councils retain existing approval rights on new routes, service extensions, transit stops and transit priority measures involving traffic control;
- D. That a technical committee be formed from the staffs of local municipalities to provide input into the GVRD decision-making process and that this be formally incorporated into the Letters Patent; and
- E. That criteria be derived to allocate transit services objectively by this technical committee for approval by the GVRD."

The City Manager RECOMMENDS that the recommendations of the Director of Finance and the City Engineer be approved.

## EXCERPT FROM UTA ACT REGULATIONS

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## B. Annual Operating Costs

14. The following are the annual operating costs that shall be taken into account under section 10 (1) of the Act in determining the annual operating deficit:

- (a) an annual lease fee for the leasing of revenue equipment from the unified provincial fleet of the authority where the annual lease fees are included in the annual operating agreement;
  - (b) lease fees of a bus loop, or a passenger terminal, including a multi-purpose terminal, where the lease fee is contained in an annual operating agreement and the terminal or bus loop is
    - (i) owned by the person carrying on a transit service, or
    - (ii) is owned by a municipality or the authority and is leased to a person carrying on a transit service;
  - (c) the amount required to amortize the following capital items, where the capital expenditure is provided for in the transit service agreement and the capital items are owned and operated by the person carrying on a transit service:
    - (i) substations and overhead wires of trolley systems that are owned by the person carrying on a transit service;
    - (ii) miscellaneous capital items such as vehicle storage yards, bus garages, administration buildings, automobile fleets for transit supervision, and trucks that are used as tow trucks, but not including the amount required to amortize the capital expenditure for road beds and rights of way that are the responsibility of the authority, or the operating expenses of multi-purpose terminals;
  - (d) the amount required to amortize the cost of bus shelters where the capital expenditure is provided for in the annual operating agreement and the bus shelters are owned and maintained by the municipality;
  - (e) the direct costs of the operation of a scheduled public passenger transportation service where the service is contained in the service specifications;
  - (f) the cost of municipal administration charges up to a maximum of 2 per cent of the direct costs of the public passenger transportation services that are contained in an annual operating agreement;
  - (g) the share that is contained in an annual operating agreement of the total annual operating costs of the authority and its commissions up to a maximum of 3 per cent of the direct costs of the public passenger transportation services;
  - (h) the cost of merchandising the scheduled services, including public timetables, advertising and general promotion of transit services.
- (2) For the purposes of 10 (3) of the Act, the portion that is required to be paid under that section shall equal the total annual operating costs of the authority and its commissions.

RESPONSIBILITIES UNDER TRANSIT SERVICE AGREEMENT

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MUNICIPAL RESPONSIBILITY

- 1) Carry out technical studies as may be required and prepare transit plans, which shall include but not be limited to the annual preparation or updating of Conceptual Plans, Service Plans and Service Specifications for inclusion in Annual Operating Agreements.
- 2) Establish tariffs for transit services provided under the Annual Operating Agreements.
- 3) Determine appropriate transit service levels to be provided under the provisions of Annual Operating Agreements.
- 4) Prepare annual operating budgets and five-year capital budgets in consultation with Transit Operating Companies, which shall be submitted to the Authority for approval prior to October 31st each year.
- 5) Participate in developing merchandising plans and budgets for inclusion in the Annual Operating Agreements.
- 6) Develop administration and planning programs and budgets necessary for the Municipality to fulfill its responsibilities.
- 7) Negotiate Annual Operating Agreements with Transit Operating Companies and the Authority.
- 8) Establish Transit Stop Plans.
- 9) Enter into agreements to provide traffic controls and other measures for the effective operation of the Public Passenger Transportation System on public streets and highways.
- 10) Establish and maintain a Transit Fund as required by the Urban Transit Authority Act.
- 11) Initiate and carry out financial and service audits and inspections of service, as the Municipality deems necessary to fulfill its responsibilities.

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AUTHORITY RESPONSIBILITY

- 1) The Authority shall establish lease rates for transit service vehicles from the Unified Provincial Fleet, used in the provision of the public passenger transportation service in the Metropolitan Vancouver Transit Service Area.
- 2) The Authority:
  - a) Provide technical and planning advice to the Municipality as requested;
  - b) Carry out technical studies as may be required for the Authority to fulfill its responsibilities under the Urban Transit Authority Act;
  - c) Coordinate negotiations and enter into Annual Operating Agreements;
  - d) Participate in developing merchandising plans and budgets, and execute approved plans in accordance with annual budgets;
  - e) Initiate and carry out financial and service performance audits;
  - f) Provide a financial management information system for use by the Municipality, the UTA and the Transit Operating Company; and
  - g) Review and approve capital and annual operating budgets.

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A P P E N D I X I

ECONOMIC ANALYSIS

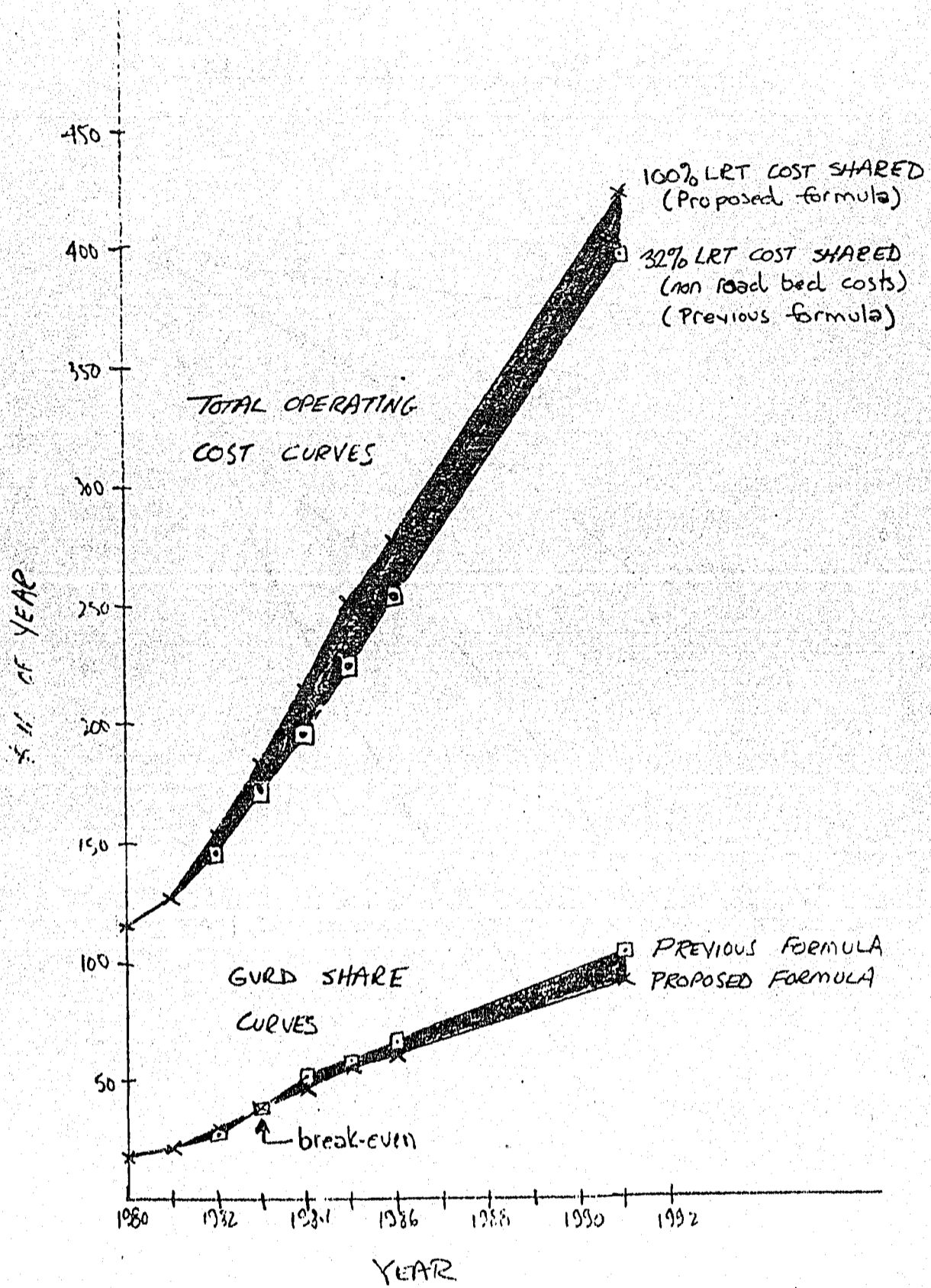
	\$M CASH FLOW IN \$ OF YEAR							
	1980	1981	1982	1983	1984	1985	1986	1991
1. Total Operating Cost <sub>1</sub>	113	126	143	164	186	211	236	386
2. LRT Construction Bonds <sub>2</sub>	--	--	9	18	28	38	38	38
3. Total Cost	113	126	152	182	214	249	274	424
4. 35% Farebox Revenues <sub>3</sub>	40	44	53	64	75	87	96	148
5. Deficit	73	82	99	118	139	162	178	276
6. GVRD Share <sub>4</sub> :								
Previous $\frac{①}{②} + (.32) \frac{②}{③} (.65)$ (formula%)	18	21	28	39	50	58	64	104
Proposed $\frac{①}{②} + \frac{②}{③} (.65)$ (formula%)	18	21	30	39	46	53	59	91
7. Gas Revenues <sub>5</sub> :								
3¢ per gallon	15	15	16	16	17	17	17	20
3% of gas revenues	15	16	18	20	22	24	26	41
5% of gas revenues	25	27	30	33	36	39	43	68

1. Includes bus system operating costs, vehicle lease fees and the interest and depreciation on operating centres (see Figure 3-22 of Report 3, Short Term Bus Improvements for Greater Vancouver). NOTE: LRT will be implemented in 1986. There will be about a \$10M drop in the operating cost due to the efficiency of LRT.
2. First priority line (about \$300M) - 30 year bonds at 10½% interest compounded semi-annually and issued over four years to cover one quarter of the cost each year with the remainder inflating.
3. NOTE: Farebox revenues over or less than the 35% requirement affects the analysis.
4. Previous formula requires GVRD to share in non-roadbed costs of LRT construction (about 32% to total LRT cost).
5. 9½% inflation (7% due to cost escalation, 2½% due to consumption increases).

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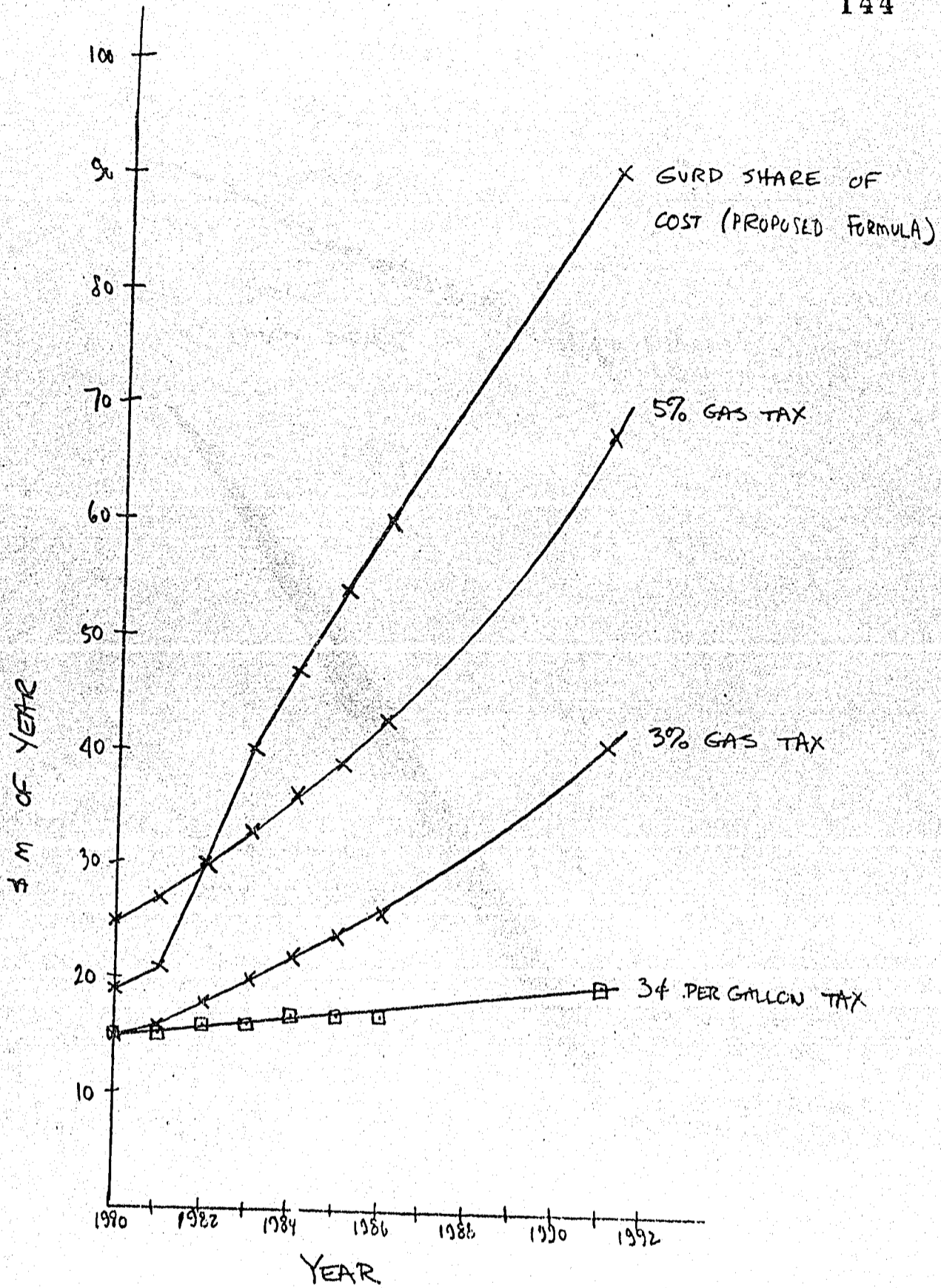
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EFFECT OF PREVIOUS (40-60) AND PROPOSED (1/3-2/3) COST SHARING FORMULA



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GAS TAX ALTERNATIVES





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EFFECT OF 3% GAS TAX REVENUE

