

**TO:** CITY MANAGER SUPPLEMENTARY

**FROM:** DIRECTOR PLANNING AND BUILDING 1998 FEBRUARY 13  
DIRECTOR FINANCE  
DIRECTOR ENGINEERING Our File: 08.640

**SUBJECT:** **Recommended Agreement on Regional Transportation Governance and Funding: GVRD Report on Ratification.**

**PURPOSE:** To advise Council with regard to the recently received GVRD report to the Transportation and Strategic Planning Committee on the ratification of the Recommended Agreement on Regional Transportation Governance and Funding in Greater Vancouver.

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**RECOMMENDATION:**

1. **THAT** Council receive this report for information.

**REPORT**

**1.0 BACKGROUND**

At its regular meeting of 1998 December 12, Council considered a report from staff regarding the Recommended Agreement on Regional Transportation Governance and Funding. The report predicated Council support for ratification of the Recommended Agreement on GVRD commitment to changes in the Recommended Agreement to satisfy six conditions. Since the submission of this Council report to the GVRD, GVRD staff and the Regional Administrative Advisory Committee (RAAC) have been working on revisions to the Recommended Agreement which would respond to input from municipal councils.

The process for ratification of the Recommended Agreement, however, has been initiated by a report from the Chief Administrative Officer for the 1998 February 18 Agenda of the GVRD Transportation and Strategic Planning Committee. This report, received by staff on February 13, 1998, recommends that the GVRD Board ratify the Recommended Agreement based on the inclusion of a number of provisions in the Provincial enabling legislation which would respond to the issues raised by municipal councils and the public during the consultation process. Cross-referenced in the GVRD report is a set of governance and

funding principles for the Major Road Network (MRN) developed in concert with RAAC. Both of the GVRD report and the MRN principles are attached in Appendix A and B respectively.

This report provides an evaluation of the GVRD report including the supplementary report relative to the conditions established by Council for their support for ratification of the Recommended Agreement.

## 2.0 COUNCIL CONDITIONS FOR RATIFICATION

### 2.1 GVTA Board Membership

#### (i) Council Condition

That the GVRD give assurance that the GVRD-appointed members of the Greater Vancouver Transportation Authority Board be allocated to each municipality based on the ratio of 1 member for each 150,000 population.

#### (ii) Discussion

The Recommended Agreement provides for 12 members to be appointed by the GVRD and 3 members by the Province. The allocation of GVRD appointed members would be as follows:

Vancouver	3 members
Burnaby, New Westminster/ Northeast Sector, Maple Ridge, Pitt Meadows	3 members
North Shore	1 member
South of Fraser	4 members
At-Large	1 member

Council wanted to emphasize that the City of Burnaby, in recognition of its larger size and population and its future responsibility for a large proportion of the regional major road and transit system, is assured a member on the GVTA Board. Council proposed a population based rather than area based formula for Board representation which would assign representation as follows:

1 member for each community over 150,000 population

2 members for each community over 300,000 population

3 members for each community over 450,000 population

Applying this formula, Burnaby and Richmond would be entitled to one member each, Surrey would have two members and the City of Vancouver three members. Other municipalities would be grouped into sub-area units of 150,000 population represented by one member.

(iii) **GVRD Response**

The GVRD report (Appendix A p.2) recommends that the enabling legislation contain a provision that appointments to the GVTA Board be made by the GVRD Board giving appropriate consideration to the following factors:

- the population of individual municipalities,
- the need to represent a broad range of member municipalities,
- traffic volumes and transit usage.
- municipalities experiencing rapid growth or expected to experience rapid growth,
- areas of needed transportation improvements,
- interest, experience and availability of Board members,
- other factors identified and agreed to by the GVRD Board.

It is assumed that this provision would not replace the "area representation" approach defined in the Recommended Agreement but instead further define the selection criteria for GVRD appointed GVTA Board members within each area.

(iv) **Implications**

The selection criteria would appear to be favourable to the appointment of a GVRD Board member from the City of Burnaby to the GVTA Board. In terms of population Burnaby is the third largest municipality with approximately 10% of the population of the Region but the transportation system in Burnaby accommodates 25% of the total trips taken by auto and transit. Through its inclusion in the Growth Concentration Area defined in the Livable Region Strategic Plan, Burnaby will be accepting a large proportion of the expected population growth to 2021. And finally in terms of the need for transportation improvements Burnaby contains approximately 30% of the current Provincial highway network much of which will need upgrading over the next ten years.

Based on the selection criteria Burnaby should qualify for a member on the GVTA Board but the GVRD report offers no assurance that the GVRD Board will objectively apply these criteria. Appendix A p.9 notes that the application of these criteria will ultimately be a political judgment.

## **2.2 LOUGHEED/BROADWAY LRT TIMING**

### **(i) Council Condition**

That the GVRD receive a commitment from the Province to construct the Lougheed Town Centre to Broadway section of the "T" Light Rail Transit line by 2005 as previously announced by the Province.

### **(ii) Discussion**

Under the Recommended Agreement the Provincial commitment to complete the Broadway/Lougheed/Coquitlam Town Centre line by 2005 has been changed to a commitment to construct the entire "T" line by 2008. Under this arrangement the completion of the Lougheed/Broadway section of the line could be delayed until 2008. Council established the condition that the Recommended Agreement be amended to commit the Province to the completion of the Lougheed Broadway section of the line to Lougheed Town Centre by the year 2005 as previously announced.

### **(iii) GVRD Response**

The GVRD has responded to Council's condition regarding the timing of the LRT line by defining the terms "Broadway-Lougheed-Coquitlam-New Westminster LRT" to mean the LRT facilities committed to by the Province in 1995 September as follows:

- LRT to replace Rapid Bus in the Broadway-Lougheed and Lougheed-Coquitlam section by 2005 and
- subsequent extension of LRT from Lougheed Town Centre to New Westminster by 2008.

### **(iv) Implication**

This clarification of the Recommended Agreement satisfies Council's condition regarding completion of the Lougheed/Broadway section of the "T" line by 2005.

## **2.3 Integrated Transit System**

### **(i) Council Condition**

That assurance be given that the transit system will remain integrated and seamless and not be fractionalized into separate municipal systems.

### **(ii) Discussion**

The Recommended Agreement provides that a municipality may establish its own transit service to meet specific local needs if it funds the service from its own resources and if the Authority determines that the service would not materially affect the effectiveness of an integrated transit system. In establishing the above condition Council remained concerned that decentralisation of transit operating functions be compatible with fully integrated planning, scheduling, marketing and fares for the transit system.

### **(iii) GVRD Response**

The GVRD report (Appendix A p.10) notes that "the transit service includes one system currently operated by a member municipality (West Vancouver Municipal Transit) and there is provision for this approach to be used by other municipalities". Therefore the report does not provide additional assurances of a seamless transit system beyond the requirement in the Recommended Agreement that the Authority would only approve establishment of local municipal transit services provided that the service would not materially affect the effectiveness of an integrated transit system.

### **(iv) Implication**

As the Recommended Agreement clearly makes allowance for separate municipal transit systems and it is known that some municipalities are interested in assuming operating control over transit within their jurisdictions it can be expected that over time there is a high likelihood that bus operations will be divided into smaller municipal units. However, the GVTA would be responsible for ensuring that from a functional and user perspective, the transit system continues to be seamless as it is currently with a number of contracted transit services including Sky Train, West Coast Express, West Vancouver Municipal Transit, BC Transit buses and Handidart.

## **2.4 Funding Uncertainty**

### **(i) Council Condition**

Prior to ratification of the Proposed Agreement, the GVRD is to provide a Ten Year Capital and Operating Expenditure and Funding Plan for the transit system, the Major Road Network, TDM, and AirCare.

### **(ii) Discussion**

The funding provided for in the agreement has created uncertainty with regard to funding levels, revenue sources, and priorities. The main reasons for the uncertainty are:

- funding is based on a transit service levels arbitrarily set halfway between BC Transit's Ten Year Capital Plan (current plan) and Transport 2021 requirements (regional strategic plan);
- Without new funding sources, the Recommended Agreement would lead to a funding shortfall; and
- The Recommended Agreement does not specify the funding arrangements for future capital improvements to the Major Road Network and the transit system.

### **(iii) GVRD's Response:**

- The GVTA Board is to initiate negotiations with the Province on implementing the Vancouver-Richmond LRT line. Negotiations are to be based on achieving Provincial capital cost funding at least proportionately the same as is included in the Recommended Agreement for the Broadway Lougheed LRT line (i.e. 60% Provincial capital funding).
- The Provincial contribution should be substantially equivalent, in financial terms, to the arrangement recommended by the negotiators, adjusted to take into account currently available information. That is, the provincial contribution would be based on the most accurate information available and not capped at the level included at the time of negotiations.
- The GVRD is to pursue the establishment of a covenant prohibiting the Province from unilaterally revoking or diminishing the taxation

authorities granted to the GVTA.

- Principles for the funding of the MRN are established in the supplementary report entitled *Transportation Funding and Governance Major Road Network Principles* (Appendix B).
- The GVRD is not willing or able to provide a ten year capital and operating plan at this time but feels that the financial forecasts provided by Marvin Schaefer and Associates are sufficient. The GVRD does not feel the omission of capital requirements for the MRN should be cause for concern.

(iv) **Implications**

The GVRD has addressed a number of minor issues that relate to funding such as establishing negotiating principles for provincial funding for the Richmond LRT, ensuring taxes are not revoked, provincial funding under the agreement are based on updated information, and principles for funding the MRN.

Though these modifications will provide more funding certainty, unfortunately, many of these recommendations are dependent on Provincial acceptance. Further, without a Ten-Year Capital and Operating Expenditure and Funding Plan covering all components of the regional transportation system, funding requirements and sources continue to be uncertain.

**2.5 Property Tax Exposure**

(i) **Council Condition**

Prior to ratification, as part of the Ten Year Capital and Operating Expenditure and Funding Plan, the GVRD is to provide clarification on how the shortfall is to be funded without relying on property taxes.

(ii) **Discussion**

The Recommended Agreement provides the Authority the ability to raise revenue from new funding sources to cover the expected funding shortfall. Should these new funding sources be unavailable or insufficient, property taxes will have to fund the shortfall.

(iii) **GVRD's Response**

As stated previously, the GVRD cannot provide a Ten Year Capital and Operating Expenditure and Funding Program. Further, the GVRD feels that the property tax risk associated with the Recommended Agreement is not different from the current funding structure (Appendix A page 15).

(iv) **Implications**

All parties have agreed that the present funding base is uncertain and that property tax can be utilized to fund transportation in the region under the status quo. However, the issue is not whether the exposure is greater or less under the status quo versus the agreement but whether the Recommended Agreement provides enough assurances that the property tax base is not eroded.

The GVRD has agreed to certain measures, as discussed in Section 2.4, that may reduce property tax exposure. However, without a Ten Year Capital and Operating Expenditure and Funding Program, the GVRD has failed to provide sufficient assurances that property tax exposure is minimized.

At the Council of Councils on January 31, 1998, concern over property tax exposure was expressed by many municipalities. A suggestion was made to that a protocol agreement (or a modification to the Recommended Agreement) be established ensuring that municipal approval (by 2/3 or 3/4 majority) is obtained prior to any substantive property tax increases. Such a provision would ensure that municipalities have control over the exposure to the property tax base.

**2.6 The Major Road Network**

(i) **Council Condition**

Prior to ratification, the municipalities in consultation with the GVRD will develop the principles for defining the Major Road Network. The principles will address:

- The composition of the MRN;
- The maintenance and rehabilitation standards for the MRN;
- The development of a Ten Year Capital and Operating Expenditure and Funding Program;
- The funding of uploaded and downloaded roads distinguishing



- between the short-term incremental burden of downloaded roads versus municipal uploaded roads; and
- Funding for the indirect costs associated with devolution;

(ii) **Discussion**

The Recommended Agreement included a Major Road Network (MRN) which contained Provincial (declassified) roads, Municipal (uploaded) roads, as well as bridge structures and other road services. Council did not review or approve the composition of the MRN prior to its inclusion in the Recommended Agreement. Further, the Recommended Agreement does not specify how the Authority is to assist municipalities in the funding of roads and structures included in the MRN.

(iii) **GVRD/RAAC Response**

The set of governance and funding principles for the MRN developed in concert with RAAC and with REAC involvement (Appendix B) include the following:

***Governance of the MRN***

- The GVTA's role is limited to coordinating, planning and funding the MRN.
- GVTA funding may be conditional on meeting certain criteria, but municipal autonomy over municipal roads is absolute except only where a municipality wishes to decrease the person-trip capacity of an element of the MRN.
- RAAC would serve in an advisory capacity to the GVTA Board.
- A new Major Roads Technical Advisory Committee (MRTAC) would be established. MRTAC would be comprised of staff appointees from each municipality and would provide policy and technical advise to the GVTA Board. The MRTAC would report directly to the GVTA Board on technical matters. On matters of broad significance (capital plans, budgets, and overall policies), MRTAC would report to the GVTA Board through RAAC.

***Composition of the MRN***

- Declassified roads are to be included in the MRN only at the discretion of the municipality in which the declassified road is located.
- Municipal uploaded roads are to be recommended by municipalities and inclusion in the MRN is to be determined by MRTAC based on criteria established by the MRTAC (as approved by the GVTA Board).
- Roads can be removed by mutual consent by the municipality and the GVTA subject to a dispute resolution process.

***Maintenance and Rehabilitation Standards for the MRN***

- During the transition period, MRTAC in conjunction with GVRD staff and RAAC, will: (i) develop overall standards of operation and maintenance for roads in the network; (ii) establish current average condition of the MRN; (iii) develop reliable per lane-km estimates of the costs to operate maintain and rehabilitation road of average condition to the proposed standards; and (iv) estimate the costs of bringing any below average components of the declassified road system up to average condition.
- These proposals are to be approved by the GVTA Board.

***Development of a Five Year Capital Plan***

- Preliminary 5 year capital plan by December 31, 1998 based on the goals of the Livable Region Strategic Plan.
- The GVTA Board is to annually adopt a five year capital plan (to be circulated to all municipalities).
- GVTA should consider establishing an ongoing minimum capital budget allocation - funding to be provided from a dedicated source rather than property taxes.

***Funding of Uploaded and Downloaded Roads***

- Funding contingent that roads are maintained to an agreed standard.
- The GVTA is to fund 100% of the operation, maintenance, and rehabilitation of declassified roads to an agreed to standard.
- The GVTA is to fund 70% of the maintenance and rehabilitation of uploaded roads. The percentage is to increase annually so that 100% is funded after four years.
- Distribution of funds to municipalities to be based on:
  - Lane-km in a municipality to total lane-km of roads in the MRN
  - Initial difference between declassified and uploaded roads
  - GVTA to fund below average declassified roads but not uploaded roads that have not been kept up to a reasonable standard

***Dispute Resolution***

- Third party dispute resolution would be available with regards to almost any possible dispute brought forward by a municipality or the GVTA including but no limited to:
  - Inclusion or removal of a road element
  - Maintenance standards
  - Audited statement of expenses claimed by a municipality
  - A capital projects impacting capacity of the MRN

(iv) **Implications**

The principles developed by RAAC and the GVRD, based on work completed by REAC appear to address most of Burnaby's conditions for ratification.

***Benefits*** - the benefits associated with the proposed principles include:

- Allows for municipal autonomy with an assurance for overall regional coordination with direct input from RAAC and a technical advisory committee (MRTAC) with municipal representation.

- Distinguishes between downloaded and uploaded roads in the short-term
- Allows for broad third-party arbitration

**Omissions** - Some of the omissions from the proposed principles include:

- Rather than Ten-Year Capital and Operating Expenditure and Funding Plan, funding requirements will be based on a Five Year Capital Plan to be developed by December 31, 98.

The exact capital and operating requirement are unknown at this time, however, the principles allow for the establishment of a comprehensive expenditure and funding program with direct input from municipalities.

- Funding for indirect costs is not addressed in the proposed principles.

### 3.0 CONCLUDING STATEMENT

Given the magnitude of the proposed changes to Regional transportation and the differing goals and objectives on member municipalities, the GVRD report goes a long way in addressing the majority of the issues and principles previously identified by Council. The main items not presently resolved in accordance with Council's conditions are:

- GVTA Board representation;
- Ten Year Capital and Operating Expenditure Plan; and
- Property tax exposure.

This report is provided for the consideration of Council in determining its position on ratifying the Recommended Agreement.



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Joint Meeting of Transportation and Strategic Planning  
Committee and Budget and Administration Committee  
February 18, 1998

TO: Transportation and Strategic Planning Committee  
Budget and Administration Committee

FROM: Johnny Carline, Chief Administrative Officer

DATE: February 13, 1998

RE: **Ratification of the Recommended Agreement on Transportation  
Governance and Funding in Greater Vancouver**

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**Staff Recommendations:**

1. That the Transportation and Strategic Planning Committee and the Budget and Administration Committee recommend that the Board ratify the *Recommended Agreement on Transportation Governance and Funding in Greater Vancouver* for implementation on the following basis:
  - a) That the enabling legislation contain the following provisions:
    - The statement of purpose of the GVTA will include, in addition to the items listed in the *Recommended Agreement*, that the authority will:
      - ◊ Promote the economic well-being of the region and facilitate the transportation of passengers, goods and services to, through and within the region, in cooperation with provincial and federal authorities as appropriate; and
      - ◊ Coordinate and support programs, facilities and initiatives to increase the use of bicycles in the region.
    - The GVTA will be required to establish advisory bodies representative of transit users, cyclists, motorists and business and commercial interests and to undertake full consultation with affected parties before adopting strategic, capital or operating plans or implementing any new transportation revenue measures.
    - The arrangements for representation on the GVTA Board will be reviewed two years after the Board is established.

- The transfer of assets, contracts and powers from the province and its agencies to the authority will be complete and free and clear of all outstanding liabilities attributable to decisions made prior to the authority receiving them, other than those specifically provided for in the Agreement or mutually agreed to in the transition process.
  - The GVTA and its subsidiaries will pay property taxes on the same basis as BC Transit has paid them to date.
  - The detailed financial provisions should be consistent with the arrangements and understandings recommended by the negotiators.
- b) That the GVRD Board resolve that:
- in making its appointments to the GVTA Board, the GVRD Board will give appropriate consideration to the following factors:
    - ◊ the population of individual municipalities,
    - ◊ the need to represent a broad range of member municipalities,
    - ◊ traffic volumes and transit usage,
    - ◊ municipalities experiencing rapid growth or expected to experience rapid growth,
    - ◊ areas of needed transportation improvements,
    - ◊ interest, experience and availability of Board members,
    - ◊ other factors identified and agreed to by the GVRD Board.
  - the GVRD Board will establish sub-regional advisory committees for each of the four sub-regions, comprising municipal appointees from each of the municipalities in the respective sub-regions, and require that the GVTA appointees consult on a regularly scheduled basis with their respective sub-regional advisory committees.
  - the GVTA Board be requested to initiate negotiations with the province on implementation of the Vancouver-Richmond LRT line based upon the principle that the funding arrangements for the capital cost should contain at least the same proportionate Provincial contribution as is included in the *Recommended Agreement* for the Broadway-Lougheed-Coquitlam-New Westminster LRT line.
- c) That the establishment, governance and funding of the major road network shall be substantially in accordance with the twenty principles set out in the report from the Chief Administrative Officer of the GVRD, dated February 13<sup>th</sup>, 1998.

d) That the terms used in the *Recommended Agreement* be defined as follows:

- "Broadway-Lougheed-Coquitlam-New Westminster LRT" means the light rail transit facilities as defined in the commitment contained in *In Transit: People Moving People*, the policy statement issued by the provincial government in September, 1995:
  - ◊ *LRT to replace rapid bus in the Broadway-Lougheed and the Lougheed-Coquitlam section of the Coquitlam-New Westminster Corridor by 2005*
  - ◊ *subsequent extension of LRT from Lougheed Town Centre to New Westminster (SkyTrain) by 2008*
- "Property taxes on a benefiting area basis" means a levy on property developable or redevelopable for commercial, industrial or multi-family residential use in an area immediately adjacent to a transit station or similar major transportation facility constructed or financed by the Greater Vancouver Transportation Authority, where the value of such property is deemed to be beneficially affected by the establishment of such a facility.

e) That a covenant by the province not to unilaterally revoke or diminish the taxation authorities granted to the authority be pursued.

f) That the Board accepts with appreciation Minister MacPhail's offer for the GVRD to review and comment on the draft legislation prior to it being finalized and adopted, and confirms that the Board views this as a condition of acceptance of the Agreement.

2. That the Transportation and Strategic Planning Committee and the Budget and Administration Committee recommend:

- that the Board authorize the Chair and the Chief Administrative Officer, in consultation with the RAAC subcommittee designated by RAAC for this purpose, appoint regional and local municipal staff to serve as GVRD representatives on the transition team;
- that the GVRD representatives on the transition team consult with RAAC and report through the Chief Administrative Officer to the GVRD Board via a Board committee (GVTA Steering Committee) to be appointed by the Board Chair for this purpose;
- that the GVRD representatives on the transition team be able to draw on outside resources as needed, subject to overall budget constraints;
- that the transition team, once established, be requested to determine which matters are properly the concern of the entire transition team and which matters may more

properly be the concern of only the GVRD representatives and set out its work program accordingly.

3. That the Transportation and Strategic Planning Committee and the Budget and Administration Committee recommend that the Board authorize staff to conduct such activities as are necessary to represent the region's interests in the transition process, to authorize expenditures of up to \$120,000 from operating reserves to cover the one-time out-of-pocket costs of participating in the transition process, and to seek agreement from the province that such costs will ultimately be assigned to the GVTA transition fund.
4. That the Transportation and Strategic Planning Committee and the Budget and Administration Committee recommend that the Board direct staff to prepare recommendations for the establishment of an advisory committee structure to provide opportunities for direct involvement of:
  - member municipalities in each of the sub-regional areas; and
  - representatives of business and commerce, transit users, motorists, cyclists, motorcyclists, commercial transportation interests and other interests in guiding the establishment and operation of the Greater Vancouver Transportation Authority.

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#### 1. Purpose

To recommend the ratification of the *Recommended Agreement on Transportation Governance and Funding in Greater Vancouver*.

#### 2. Background

On October 31, 1997, the Board received a report and attached *Recommended Agreement on Transportation Governance and Funding in Greater Vancouver* (Attachment A) from the negotiators for the Province and the GVRD. The Board referred the *Recommended Agreement* to member municipalities and the public for review and comment and directed that certain matters related to the proposed major road network and financial and organizational aspects be reviewed and reported to the Board.

The following is the status of the work directed by the Board on October 31, 1997:

- The report on the financial aspects of the *Recommended Agreement* was received by the Transportation and Strategic Planning Committee on January 14, 1998 and by the Board on January 30, 1998.
- The report on the public consultation process was received by the Communications, Education and Culture Committee on February 5, 1998 and by the Transportation and



Strategic Planning Committee on February 11, 1998. The results of that process have been considered in the preparation of this report;

- Representatives of the GVRD Board and staff have met with each of the 20 member municipalities to review the *Recommended Agreement*, and the written submissions received to date are Attachment B to this report. These submissions, the discussions with councils and the discussion at the January 31, 1998 Council of Councils have all been considered in the preparation of this report.
- The report on the major road network will be considered by the Transportation and Strategic Planning Committee on February 18, 1998.
- A report on organizational options for the GVRD will be presented for the Board's consideration if the *Recommended Agreement* is ratified.

### 3. Discussion

#### THE REGIONAL TRANSPORTATION AUTHORITY CONCEPT

The process leading to the establishment of the Livable Region Strategic Plan identified the governance and funding of transit as a major problem. It is a widely held view that transportation is the region's #1 problem. The public consultation process on the proposed Agreement showed near unanimity that some form of regional transportation authority is desirable.

#### GOVERNANCE

##### *Scope of GVTA Purpose*

During the public consultation process, suggestions were made that the mandate of the GVTA Board be expanded to include references to the movement of goods and services to, through and within the region and to the promotion of cycling. References to these aspects of transportation are contained within the policies of the *Livable Region Strategic Plan* to which the authority would be bound by statute to conform. In the light of the comments received, however, there is merit in including these matters in the statement of purpose of the authority.

##### *Composition of the GVTA Board*

The composition of the GVTA Board was one of the major issues identified in the consultation process, attracting comment from the general public, municipalities and interest groups.

Comments from the public frequently identified a need for a more direct relationship between the members of the GVTA Board and the electorate, either through direct election of the

GVTA Board or direct election of the GVRD Board who would appoint the GVTA Board. On the other hand, there was strong representation from the business community that the GVTA Board should include at least some business representation, and others suggested that user groups such as transit users, motorists and cyclists should be represented on this body.

The *Recommended Agreement* dealt with this issue on the basis of the "Recommended Guidelines" emerging from the May 24, 1997 municipal workshop as approved by the Board on July 25, 1997, which say "Regional transportation decisions should be made by a body composed of officials elected locally or appointed by local government." One of the purposes of establishing this authority is to provide a mechanism for the coordination of the decisions on land use, transportation and other related matters made by regional and local bodies. There is also the widely held belief that government bodies and their attendant bureaucracies should be kept to a minimum. Neither of these objectives would be advanced by creating a separately elected governance structure for the GVTA.

The GVTA Board will be making decisions on a wide range of issues, including capital and operating expenditure priorities for a system integral to the daily lives of nearly 2 million people, changes to transit fares, and proposals for new taxes and user fees. This scope of authority and the attendant need for political accountability argues against representation on the GVTA Board by business or user groups or any person not holding elected office.

There is, however, a great deal of scope for the involvement of business representatives and transportation user groups in an advisory structure to the GVTA, on the governing bodies of the GVTA's operating subsidiaries and in the provision of services through contracts. For these reasons, it is recommended that local elected representatives comprise the GVTA Board but also that the appropriate advisory committees be established to accommodate other stakeholders and interest groups who should have input to transportation decision making.

#### *Representation on the GVTA Board*

The formula for sub-regional representation on the GVTA Board has attracted considerable comment from the municipalities. The larger municipalities have expressed a desire to be assured of representation commensurate with their population, while the smaller municipalities have expressed concern that they will have little opportunity to participate directly in the workings of the Board. Concern has also been expressed that the limitation of potential membership on the Board to mayors or GVRD directors may make it difficult to find appointees who are able to devote sufficient time to the direction of this enterprise, which will involve nearly twice the budget of the GVRD and its affiliates.

As a first step in responding to these issues, staff have clarified with the negotiators the intended arrangement for sub-regional representation by population, which is to group communities and assign members as follows:

Area	Number of Members	1996 Census	
		Population of Area	Population per member
Vancouver Electoral Area A	3	522,233	174,078
Burnaby New Westminster Anmore Belcarra Port Moody Port Coquitlam Coquitlam Pitt Meadows Maple Ridge	3	469,367	156,456
North Vancouver City North Vancouver District West Vancouver Lions Bay Electoral Area C	1	170,145	170,145
Richmond Delta Surrey White Rock Langley City Langley Township	4	669,920	167,480
At large	1	1,831,665	

NOTE: Regional average is 1:153,000.

As with all regional government entities, there is a need to strike a balance between representation and effectiveness. At the level where overall policy is made such as the GVRD Board itself, representation of all members takes precedence over effectiveness, resulting in a board that is very large by any standard. At the level of operational policy and implementation such as the Greater Vancouver Housing Corporation, effectiveness is the priority and its achieved by a relatively small board.

The GVTA Board will operate somewhere between these two extremes. It will function under the policy control and direction of the GVRD Board as a result of its financial accountabilities and the requirement to implement the *Livable Region Strategic Plan*, but it will be legally independent to make a considerable range of policy decisions that will have an impact on every resident and every community in the region. An underlying principle of the negotiations was that the policy body must be a working board small enough to make effective decisions.

Achievement of representation is complicated by the fact that the region has a population of 2 million but it is governed by the GVRD federation of 20 member municipalities of varying

size plus two electoral areas, each of which is larger in population than three of the municipalities.

One suggestion put forward some of the larger municipalities is that each municipality with the minimum population unit of 150,000 or more be allocated members commensurate with that population. This reflects the principle of representation by population and it seems reasonable that the larger municipalities be represented on the GVTA Board. However, rigid adherence to this particular principle would result in a number of difficulties. For example, Surrey and Richmond would pre-empt two and one seats respectively of the seats in the area south of the Fraser River, leaving one seat available for Delta, White Rock, Langley City and Langley Township, and Electoral Area A would never be represented on the Board.

If there were to be a "population formula" for representation on the GVTA Board a less problematic one might be based on the proportion of the sub-regional population living in any particular municipality. With this approach those municipalities whose population exceeds the total of their respective sub-region divided by the number of seats assigned to that sub-region be guaranteed membership on the GVTA Board. Thus if a sub-region had two seats a municipality in that region with half or more of the sub-region's population would be guaranteed a seat on the GVTA Board. If the sub-region had three seats, a municipality with one third or more of the sub-regional population would be guaranteed a seat; for a sub-region with four seats, one quarter of the sub-regional population would be the threshold, and so on. Currently Vancouver, Surrey and Burnaby would qualify under this formula.

However, an approach based strictly on a population size can lead to a divisive debate between municipalities, each with a valid claim to representation, forcing the threshold population for membership lower and lower, ultimately undermining the GVTA Board's original purpose, which is to be an effective policy body to provide a vital service under the overall direction of the GVRD Board where all are fairly represented. It is important to recognize the principle of "representation by population" on which the sub-regional allocation is based and which would lead to a reasonable expectation that larger municipalities would be represented on the Board.

Another suggestion has been that an overall body be created on which all municipalities would be represented, which would then appoint the GVTA Board. However, this is essentially what the *Recommended Agreement* proposes, with the GVRD Board being that overall body. The GVRD Board represents all the communities and all the residents of the region on a proportionate basis and has responsibility for the vital links between growth management and transportation policy as well as the planning, delivery and financing of other regional infrastructure and services.

Another version of this latter suggestion, put forward by some of the smaller municipalities, is that the GVTA Board consist of one representative from each municipality with the representation by population principle being accommodated by a weighted vote system. This proposal would result in a Board of 25 members and falls afoul of the same criticism as the

previous version. One result could be the need to create an operating executive and the same representation questions would again arise, resulting in endless regress.

It is important, however, to recognize one of the underlying concerns leading to these proposals. The GVRD, where every municipality is represented, will deal with broad policy issues such as capital plans, financing, etc. But local municipalities are likely to receive concerns from their residents about much more specific issues, such as individual bus routes, schedules and so on, which would not and should not normally ever reach the GVRD Board.

Local municipalities need a mechanism where their voice can be heard on these matters in a more effective and solicitous manner than simply being a delegate to the GVTA Board. In response to these concerns this report recommends the establishment of sub-regional advisory committees for each of the four sub-regions, comprising municipal appointees from each of the municipalities in the respective sub-regions, with the requirement that the GVTA Board members from those sub-regions formally consult with their respective sub-regional advisory committees on a regularly scheduled basis.

Other factors have been raised as criteria for membership on the GVRD Board. Areas with high transit usage have advocated a "representation by customer" rather than representation by population principle on the basis that those areas that use the system more should have correspondingly more say in how the system is planned and operated. Similarly, those areas with a disproportionate amount of traffic have suggested that traffic volumes should be a criterion on both a user and community impact basis.

On the other hand those areas experiencing or anticipating rapid growth, where transportation infrastructure may not be up to the task of servicing such growth, suggest that it is on these areas, rather than the already developed areas with adequate transportation facilities, that the GVTA Board should be focusing a lot of its energies. The inference being that it is from these areas that a significant number of GVTA Board members should be drawn.

Finally, it has been argued that the crucial criterion should not be an area based constituency approach to GVTA Board selection but one which emphasizes the interest, experience and availability of individual Board members on the basis that parochial interests should be secondary to an overall interest and aptitude for dealing with issues facing the entire system.

This report recommends no particular one of the above approaches over the other. Each of the above approaches has its own validity and merit and it is recommended that all of them be taken into account in establishing membership on the GVTA Board. The relative weight to be given to each factor and whether one factor should be seen as pre-eminent over others is a political judgement most properly exercised by the GVRD Board Directors and which will doubtless vary according to the context in which each Director forms that judgement.

Finally it is suggested that experience will be the best teacher. Present fears may not materialize. Problems not now conceived may arise. The ability to reflect on experience and refine and adjust is surely a necessity. Accordingly it is recommended that the legislation

provide for a review of the working of the representation arrangements after two years of experience. It would be appropriate at that time to review the workload of GVTA Board members and determine whether it would be sensible to allow municipal councillors who are not members of the GVRD Board to be eligible for appointment to the GVTA Board.

#### *Accountability, Consultation and Involvement*

Accountability was a major theme in the public and municipal consultation processes.

It should be noted at the outset that the GVTA will be composed entirely of elected officials and therefore a certain degree of direct accountability is involved in the electoral process. The GVTA would also be accountable through its obligations to act consistently with the *Livable Region Strategic Plan* and to secure ratification by the GVRD Board of increases to its borrowing limits and tax measures. The GVTA will thus be a new and important component of the GVRD federation. This federation has been developed to enable municipalities to deliver some services, such as water supply and solid waste disposal, more effectively and economically than they can do on their own. The service delivery model proposed for the GVTA is consistent with that for other regional services. The transit service will include one system currently operated by a member municipality, and there is provision for this approach to be used by other member municipalities. Municipalities will be entirely responsible for operating the major road network, with the GVTA's role limited to funding and coordination. In this context, it is entirely appropriate that the GVTA's accountability be to the GVRD Board, through which member municipalities establish overall policies on growth management, regional infrastructure and financial priorities. The legislation should reflect that accountability requirement.

Considerable concern was expressed during the public consultation process about the need to ensure that the GVTA consult and involve the public and its customers, transportation system users, rate-payers and other groups in conducting its operations. Although the authority could be reasonably expected do so as a matter of good practice, there would be value in ensuring that the legislation make this a requirement.

Member municipalities have also expressed an active interest in direct involvement in the development of organizational and service plans for their sub-regions, and it is proposed that sub-regional advisory committees of municipal representatives be established for this purpose.

To ensure that the use of advisory committees is firmly embedded in the authority's culture from the beginning, it is proposed that this advisory committee structure be established by the GVRD Board to guide the transition to establishment of the GVTA.

## **FUNDING**

### ***Fiscal Capacity***

Analyses have been conducted of whether the GVTA would be able to carry out an expenditure program that responds to the objectives of the *Livable Region Strategic Plan*. These have concluded that the authority would initially be able to mount an appropriate expenditure program utilizing the existing revenue sources that would be made available to it. Over the longer term, the authority would need to secure additional fiscal capacity through productivity improvements, increases in existing revenue rates or utilization of new revenue, or reduce its expenditure program to a more modest level. Sensitivity testing to assess the impact of various unknown factors such as interest rates and inflation has shown this scenario to be reasonably robust.

Although there is a good deal of interest in seeing a 10-year capital and operating plan for the authority, this cannot be produced in detail at this time. The most complete picture of the authority's potential finances is contained in Appendix D of the *Review of Transportation Costs and Revenues to be Assumed by the Greater Vancouver Transportation Authority under the Proposed Agreement*. This analysis presents a forecast of the authority's expenditures (including the annual cost of transit capital expenditures), revenues and net funding requirements for each of the first 10 years of operations.

It has been noted that the forecast does not reflect a capital improvement program for the major road network. This is not feasible at this stage because the definition of the major road network involves agreement by member municipalities and therefore has not been completed and, once the network has been finally established, considerable further analysis would be required to prepare and approve a capital improvement program. This is not considered a significant financial exposure for the following reasons:

- Most of the road facilities that would require capital improvement under the *Livable Region Strategic Plan* are on the provincial highway system or have been identified as proposed projects in the provincial government's recent *Lower Mainland Highway System Report*. Two specific exceptions are the Fraser Highway and Lougheed Highway between Cape Horn, Coquitlam Centre and Mary Hill Bypass. These facilities have been identified in the BCTFAs draft *HOV Network Plan and Implementation Strategy* and would be eligible for provincial cost-sharing for HOV improvements;
- The provincial government has stated (Attachment C) that it is committed to pursuing capital improvements on roads within the region in partnership with local government, including cost-sharing on municipal road improvements where these benefit the provincial system.
- The funding available to the authority for maintenance and rehabilitation of the major road network appears to be adequate and may also be sufficient to permit the establishment of a modest capital fund.

### ***Risk***

As noted above, the risk to the authority's financial viability from various unknown factors has been shown to be in a reasonable range. Whatever that risk turns out to be, the residents of the region are not in a position comparable to buying a company or a piece of property, where there is the option of buying the asset or having nothing to do with it. As was pointed out many times in the public consultation process, there is only one taxpayer and, for better or worse, the region's residents are and will continue to be responsible for paying for the transportation system in one way or another. The provincial government will continue to be involved, particularly in major infrastructure projects, and it will be represented on the Board of the authority. Seen in this context, the risks to the local property tax base from establishing the authority are not materially different from those accompanying the continuation of the status quo, where the Vancouver Regional Transit Commission has property taxing power under existing legislation, and where local funding sources have recently been paying for as much as 100 percent of the cost of some new transit services.

### ***Debt***

An integral part of the ***Recommended Agreement*** is a reallocation of existing debt between the authority and the province and establishment of principles for sharing new debt required to finance the authority's capital programs. These arrangements reflect the reality that debt financing is an appropriate, and in fact the only practical option for the capital expenditures the authority is expected to make. The proposed arrangements for debt ownership and debt service are summarized in the accompanying table.

The allocation of the existing debt assigns to the authority responsibility for \$485 million in net debt, mainly for vehicles and real estate, with the provincial government keeping \$985 million, mainly for SkyTrain and West Coast Express infrastructure. At the same time, all of the hospital debt would be transferred from the region to the province. The net result is a realignment of debt ownership responsibilities to reflect debt service obligations under the new arrangements.

The arrangements for new debt reflect the continued significant involvement of the provincial government in new infrastructure (either through debt sharing for LRT or through direct expenditure on road infrastructure), with the authority responsible for issuing and servicing debt on rolling stock and other operating assets.

The financial analyses and consultation with rating agencies to date indicate a level of comfort with the ability of the authority to raise and service this level of debt financing. They have, however, revealed some differences between the cost estimates used by the negotiators and the latest available figures in BC Transit's cost model and these have been corrected. The Board should adhere to the principle that the final arrangements should be financially equivalent to the terms and understandings recommended by the negotiators.



One suggestion from one of the bond rating agencies and from our financial advisors is that the province should be requested to covenant that it will not unilaterally remove or reduce the taxation authorities provided to the GVTA in the Agreement. It is recommended that this be pursued in the legislation phase.

<u>Existing Debt</u>	<u>Debt Ownership</u> (i.e. whose name is on the mortgage?)	<u>Face Value</u>	<u>Debt Service</u> (i.e. who is making the mortgage payments?)
Transportation	100% Province	\$1,470m (net) \$1,881m (gross)	69.4% Province; 30.6% Regional (VRTC)
	Proposed		67% Province; 33% Regional (GVTA)
Hospitals	100% Regional	\$674m (net) \$900m (gross)	60% Province; 40% Regional (GVTA)
	Proposed		100% Province; 0% Regional
<b><u>New Debt</u></b>			
Transportation (LRT)	60% Province; 40% Regional (GVTA)	\$1,500m	60% Province; 40% Regional (GVTA)
Transportation (Provincial Highway System improvements)	100% Province; 0% Regional (GVTA)		100% Province; 0% Regional (GVTA)
Transportation (Other Major Infrastructure)	To be negotiated		To be negotiated
Transportation (Other)	100% Regional (GVTA)		100% Regional (GVTA)
Hospitals	100% Province; 0% Regional (GVTA)		100% Province; 0% Regional (GVTA)

### ***Property Tax***

Property taxes are among the revenue sources currently used to pay for transportation in the region. Municipalities use this source of revenue to pay for roads, including roads that would be eligible for financial support as part of the major road network; this might provide some minor relief for property taxpayers. The Vancouver Regional Transit Commission applies a levy on non-residential property that raises about \$32 million per year. The Commission has the power to impose a levy on residential property but has never done so.

In addition, Greater Vancouver Regional Hospital District levy of about \$50 million would be eliminated and replaced by a transportation levy imposed by the authority which would provide financing for transportation from an instrument allocated to municipalities based on their share of total assessed values on all taxable classes of property.

It has been suggested that the authority be precluded from using property taxes to fund its services. Implementation of this proposal would produce an additional revenue requirement of more than \$80 million for the authority in its first year. In addition, it has been confirmed by the rating agencies that the authority's access to property taxation is a critical factor in achieving the most favourable credit rating, even if it is never used. A lower credit rating would translate into higher financing costs for the authority, to the detriment of the ability to the authority to provide transportation services.

The objective of the negotiations was to avoid increased reliance on property taxes, and this objective appears to be reflected in the *Recommended Agreement*.

Implementation of the *Recommended Agreement* would consolidate under the GVTA the property taxation powers of both the Greater Vancouver Regional Hospital District and the Vancouver Regional Transit Commission, thus reducing by one the number of authorities with legislated access to the property tax base.

### **OTHER ISSUES**

#### ***The Major Road Network***

This is the subject of a separate report which resulted from extensive discussions with the Regional Engineers Advisory Committee and RAAC and is submitted to the GVRD Board with their endorsement. It sets out the recommended process for defining, funding and operating the proposed Major Road Network including a process for municipal review and refinement of that network. This was a key understanding for a number of municipalities and it is recommended that the Board adopt this as the basis for including major roads in the proposed GVTA sphere of activity.

As a part of the municipal consultation process, a number of Councils proposed some additional roads be included in that network. These include:

- |                        |  |
|------------------------|--|
| 1. Anmore:             | Sunnyside/East Road                                  |
| 2. Maple Ridge:        | Fern Crescent/232 <sup>nd</sup>                      |
| 3. Coquitlam:          | Guildford from Ioco Road to Pinetree                 |
| 4. Township of Langley | 96 <sup>th</sup> Ave. from McKinnon to Glover Road   |
| 5. Township of Langley | 64 <sup>th</sup> Ave. from Fraser Hwy to Glover Road |
| 6. Pitt Meadows:       | Old Dewdney Trunk Road                               |

A preliminary review of these proposals by GVRD staff suggests that they are all candidates for inclusion in the network. The roads in Anmore and Maple Ridge represent special cases in that they both serve to provide access to significant provincial recreation areas, Buntzen Lake and Golden Ears Park respectively. They were classified as secondary highways, under municipal jurisdiction, but receiving substantial provincial funds which will no longer be provided by the province. The original declassification proposal devolved provincial roads accessing the provincial recreation areas of Cypress Bowl and Mount Seymour Provincial Parks to West Vancouver and the District of North Vancouver respectively but subsequent negotiations returned these two roads to provincial jurisdiction. This different treatment of essentially analogous roads represents an inequity which should be addressed through including these roads in the Major Road Network and thus providing funding support to the local municipalities involved.

The RAAC/REAC/GVRD staff committee dealing with the Major Road Network process believed these roads should be dealt with according to the process proposed in the Major Road Network report and supported unanimously by RAAC, rather than as part of any negotiations on conditions for approving the GVTA, thus protecting the integrity of the process. This is appropriate. The municipalities involved, however, should be able to draw some comfort from the foregoing analysis.

#### ***Broadway-Lougheed-Coquitlam-New Westminster LRT***

Concerns have been raised by municipalities in the growth concentration area that the configuration or the schedule for the Broadway-Lougheed-Coquitlam-New Westminster LRT line as described in the *Recommended Agreement* may be interpreted differently from the 1995 announcement, *In Transit: People Moving People*. It is recommended that this term be defined to mean what was announced in September 1995.

#### ***Richmond LRT***

As the negotiators have pointed out in their background report, the Vancouver-Richmond LRT line is part of the *Livable Region Strategic Plan* and therefore must be incorporated into the authority's long-term plans. It is also included in the provincial policy announcement referenced above. It is recommended that the GVRD Board request that the GVTA initiate negotiations with the province to implement this line, based upon the principle

that the funding arrangements for the capital cost should be at least as favourable to the GVTA as those included in the *Recommended Agreement* for the Broadway-Lougheed-Coquitlam-New Westminster LRT line.

#### *Transfer of Assets and Contracts to be Clear of Outstanding Liabilities*

Detailed discussions have revealed that there is a need to ensure that the transfer of assets does not incur Property Purchase Tax, Provincial Sales Tax or Goods and Services Tax. Ratification of the agreement should be based upon the principle that the authority will not be required to pay these taxes on assets it receives from the province, or if liability for GST proves unavoidable, the parties will work together to reduce the liability and share equally any tax payable.

The authority will take over responsibilities of the province in respect to the contractual powers and obligations associated with BC Transit, West Coast Express, the BC Rapid Transit Company and the AirCare contractor, some of whom may have outstanding or potential liabilities. The authority should receive all of the management powers of these organizations, and it should not inherit such liabilities where they are attributable to past events and decisions for which it was not responsible, other than those provided for in the agreement or which are mutually agreed to in the transition process.

BC Transit currently pays property taxes and the authority and its subsidiaries should also pay property taxes on the same basis as BC Transit.

The real estate assets received by the authority would be subject to the provisions of provincial legislation concerning contaminated sites, which leaves financial responsibility for cleanup with the original owner.

#### *Contingency on Alternative Fuels*

The final arrangements should address the issue of GVTA access to taxes on alternative fuels, should such be implemented in the future.

### **CONCLUSIONS**

The review process has demonstrated widespread support for the establishment of a Greater Vancouver Transportation Authority. It has also revealed a number of significant issues concerning the ratification and implementation of the *Recommended Agreement*. This is not surprising in a change of this magnitude and complexity. This report has attempted to address these issues and recommend appropriate actions

## 5. Options

The Transportation and Strategic Planning Committee could recommend that the Board:

- a) Not ratify the *Recommended Agreement on Transportation Governance and Funding in Greater Vancouver*.
- b) Defer ratification of the *Recommended Agreement* to resolve specific issues.
- c) Ratify the *Recommended Agreement* on the basis set out in this report. This is the recommended option.

## 6. Financial Implications

Support for the regional participation in the transition team can be provided from within existing budget allocations for staff time and other minor expenses. There will, however, be a requirement for additional outside assistance, including the continued involvement of the GVRD negotiator, legal advice and other professional management and financial expertise. The estimated costs of this assistance are \$120,000 and it is recommended that these funds be made available from operating reserve funds.

There may be some potential to recover some or all of these funds from the transition fund to be established upon ratification of the agreement. Staff will explore this possibility on the principle that the non-routine costs of the two parties in establishing the authority should be reimbursed on an equitable basis.

## 7. Livable Region Strategic Plan Implications

The *Recommended Agreement* was developed to provide transportation governance and arrangements better able to meet the requirements of the *Livable Region Strategic Plan*. The GVTA would be required by statute to conform with that plan.

## 8. Member Municipalities

All member municipalities have been extensively involved in the development and review of the *Recommended Agreement*. Their views and submissions are contained in Attachment B.

## 9. Intergovernmental

The *Recommended Agreement* is an intergovernmental agreement that, if ratified, would be implemented by provincial legislation.

10. **Communications/Education**

This has been the subject of a separate report to the Board.

12. **Committee Comments**

RAAC gave extensive review of this report in draft and provided the Chief Administrative Officer with considerable help and advice in reaching the final report.

13. **Committee Recommendations**

RAAC unanimously endorsed this report and recommends its adoption by the GVRD Board.

Attachments:

- A. Board Report titled *Proposals for Improved Governance and Funding for Transportation in Greater Vancouver* dated October 31, 1997, updated to December 12, 1997
- B. Municipal submissions concerning the *Recommended Agreement on Transportation Governance and Funding in Greater Vancouver*.
- C. Letter dated December 11, 1997 from Blair Redlin, Deputy Minister of Highways and President and CEO, BC Transportation Financing Authority to Johnny Carline, CAO, GVRD, re: implementation and funding of road improvement or expansion projects in the GVRD in the light of the *Recommended Agreement on Transportation Funding and Governance in Greater Vancouver*.

### TRANSPORTATION FUNDING AND GOVERNANCE MAJOR ROAD NETWORK PRINCIPLES

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#### Recommendations

That the Transportation and Strategic Planning Committee recommend to the GVRD Board of Directors that:

1. The Board endorse the twenty principles set out in the report from the Chief Administrative Officer (CAO), dated February 3, 1998, as the basis on which the Major Road Network will be established, funded and operated pursuant to the ratification of the Proposed Agreement on Transportation Governance and Funding;
  2. The Board authorize the Regional Administrative Advisory Committee (RAAC) to establish an Interim Major Road Technical Advisory Committee (MRTAC), comprising staff representatives from each of the twenty member municipalities and the GVRD, to report to RAAC and then, when established, to the Interim Board of the Greater Vancouver Transportation Authority, in accordance with the twenty principles, to begin to address the issues set out in the CAO's report.
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#### Background, Origin and Purpose

At its meeting of October 31, 1997 the GVRD Board requested the Chief Administrative Officer to consult with the appropriate advisory committees and report back on appropriate procedures for resolving issues related to the establishment, funding and operation of a Major Road Network, including conflict resolution mechanisms.

The groundwork for this report was developed by the Regional Engineers Advisory Committee (REAC) It was further developed by a subcommittee of the Regional Administrative Advisory Committee (RAAC) including the principal REAC authors and was finally reviewed and endorsed by RAAC.

The purpose of the report is to set out the basic principles that should direct the establishment, funding and operation of a Major Road Network.

#### Context

The development of principles respecting the establishment, funding and operation of a major road network rested on even more fundamental assumptions about the division of responsibility and jurisdiction. These recognize that the responsibility for roads should rest with local



municipalities and that the regional (GVTA) role is essentially limited to overall coordination and funding. This is reflected in the first principle:

*Principle #1: The role of the regional transportation authority (GVTA) with respect to roads should be limited to achieving overall coordination, planning and funding of the Major Road Network. GVTA funding may be conditional on meeting certain criteria but the autonomy of the local municipality with respect to decisions concerning municipally owned roads within its boundaries should be absolute excepting only the case where a municipality wishes to decrease the person-trip capacity of an element of the Major Road Network.*

Flowing from this principle, and recognizing the significant role staff can play in informing, advising and influencing the decision making process, it becomes important that the staff of local municipalities, collectively, play a key role in developing the broad principles, policies and plans of the regional coordinating body. While it is recognized that the senior staff (e.g. the Chief Financial Officer) would still provide direct independent advice to the GVTA Board, the key role for local municipal staff is reflected in the second general principle:

*Principle #2: The principal source of staff advice to the GVTA Board, with respect to the Major Road Network, should be the staff of local municipalities gathered together in advisory committee(s). The role of GVTA technical transportation staff, with respect to the Major Road Network, should be to support and complement such advisory committees, rather than be independent and apart from such committees.*

The GVTA Board may require advice at the broad policy level, such as with respect to strategic and capital plans, budgets, and overall policies, and at the more specific and technical level, such as the application of specific policies, service standards, project evaluation and funding. The former may need a broad range of inputs from engineers, planners, treasury staff etc. which is usually overseen by Municipal Managers/Administrators while the latter are more likely to be more narrowly focused and do not require the same level of oversight. The following principle reflects those needs:

*Principle #3: RAAC should serve in an advisory capacity to the GVTA Board similar to the relationship it has with the GVRD Board. A new Major Roads Technical Advisory Committee (MRTAC) should be established, comprising staff appointees from each municipality, to provide policy and technical advice to the GVTA Board. On matters of broad significance, such as capital plans, budgets and overall policies the MRTAC should report through RAAC; on other more specific, technical and day to day matters, such as the application of specific policies and service standards or the evaluation and funding of specific projects the MRTAC should report directly to the GVTA Board.*

### Principles in Establishing the Major Road Network

The Major Road Network addresses the need for regional travel and goods movement. It comprises formerly Provincial Highways devolved to the municipalities by the Province and by the Agreement, and other municipal roads to be designated by municipal Councils and approved by the GVTA. The criteria for defining Major Roads (Attachment C of the Agreement) should

be regarded as a guide rather than definitive criteria. The GVTA should formally adopt criteria after a review and refinement of these guidelines. The following principles, therefore, are advanced to guide the establishment of the Major Road Network:

*Principle #4: Any road declassified by way of the Agreement will be included in the network at the sole discretion of the municipality in which it is located;*

*Principle #5: Any other road may be proposed for inclusion by the local municipality in which it is located; the GVTA will not consider a municipally owned road for inclusion in the Major Road Network unless that road has been so proposed by the local municipality;*

*Principle #6: The GVTA Board, on advice from the MRTAC, will establish criteria for evaluating proposals to include roads in the network and consider proposals to include roads in the network in accordance with those criteria; the six criteria attached to the Agreement should be regarded as an initial guide to this process;*

*Principle #7: Once included in the network, roads can only be removed from the network by mutual consent between the GVTA and the respective local authority. However GVTA funding for roads in the network would be contingent on local municipalities abiding by the agreed upon standards to maintain the functionality of the network.*

While ownership of declassified roads will remain with local governments, the bridges and the Albion Ferry, also proposed to be transferred from the Province to the Authority, are clearly in a different category than roads. Accordingly, the GVTA should have ownership of these elements of the transportation system and fully fund their operation, maintenance and rehabilitation. This would not preclude the possibility of the GVTA contracting out specific works to member municipalities.

*Principle #8: The GVTA will own the three declassified bridges - Patullo, Knight Street and Westham Island (Canoe Pass) - and the Albion Ferry and will provide 100% of the funding necessary to operate, maintain and rehabilitate these facilities to an agreed upon set of standards.*

### **Funding the Operation, Maintenance and Rehabilitation of the Network**

While the proposed Agreement only states that the Authority would “support” the Major Road Network, it is clearly the common wish of local municipalities that there should be no net loss to municipalities from the declassification of Provincial Arterial Highways. This suggests that the GVTA should fully fund the operation, maintenance and rehabilitation of the declassified highways.

*Principle #9: The GVTA will provide 100% of the funding necessary to operate, maintain and rehabilitate declassified roads to an agreed upon set of standards.*

The Regional Engineers Advisory Committee provided a preliminary estimate of these costs as \$10,000 per lane kilometer for operations, maintenance and periodic rehabilitation of the

pavement. The review by ITX Stanley Ltd. suggested the REAC estimate for rehabilitation is somewhat high. The difference in the two estimates may in part be a question of setting the appropriate standards and this needs to be addressed. The current consensus seems to suggest the most realistic figure may lie somewhere between the two estimates. Whatever this figure is, and it may amount to around \$15 million per year, the principle that it should be fully funded from GVTA sources is critical.

However, this raises the question of how to address roads which are currently owned and funded by local municipalities and which will become part of the Major Road Network ("uploaded roads"). In the short run, it is accepted that it would be unreasonable for the new GVTA to immediately assume all the costs associated with roads which were prior to the agreement the financial responsibility of local municipalities. On the other hand, in the long run, it appears illogical and an unnecessary administrative complexity to have two different funding formulas for two different classes of major roads based entirely on their ownership status at one point in history. In principle, therefore, the funding for declassified roads and the funding for uploaded roads should be brought into harmony. Given that it seems necessary to make the commitment to funding declassified roads an ongoing one, consistency will lead to an eventual result where all the roads in the Major Road Network are fully funded by the GVTA. REAC has suggested this phasing occur over a four year period with an initial commitment to seventy per cent funding of the operating, maintenance and rehabilitation costs of roads currently owned by local municipalities which are to be included in the major road network. The same treatment should be applied to the currently municipally funded portion of secondary highways that are to be included in the network.

*Principle #10: The GVTA should initially provide seventy percent of the funding necessary to operate, maintain and rehabilitate other municipally owned roads in the network. This percentage will increase annually so that one hundred per cent funding is provided after four years.*

The actual mechanics of distributing the funds involves some complexities. The basic notion is that a municipality would receive a proportionate share of the GVTA major roads operating, maintenance and rehabilitation budget based on its proportionate share of the lane kilometers in the Major Road Network. In the initial years two separate calculations would have to be made to determine the funding for declassified and uploaded roads respectively; but this would disappear once the funding formula for uploaded roads reached the one hundred per cent level. However, some initial adjustments may have to be made to take into account any differences in the condition of declassified roads. A municipality should not suffer financial penalties for inheriting the worst part of the declassified network. By the same token it should not benefit from having maintained its own roads in a worse state of repair than other municipalities.

The suggested approach, therefore, is that the overall operation, maintenance and rehabilitation budget for the GVTA be calculated on the basis of the estimated costs for these activities to bring a road which is in the average state of repair up to an agreed upon standard, plus an amount to bring any declassified roads which are below the average up to that average level of repair. The funds would be distributed to the municipalities directly based on the proportionate lane kilometer method plus the special initial grants to bring below average declassified roads up to

the average condition. "Catch up" costs for below average uploaded roads would be the responsibility of the respective local municipality.

*Principle #11: Funding for the operation, maintenance and rehabilitation of the major road network will be distributed directly to municipalities on a block funding formula, based on the proportion of lane kilometers in a municipality to the total lane kilometers in the major road system. Adjustments will be made to account for (1) the initial difference in funding principles for declassified and uploaded roads, (2) the need for the GVTA to fund the rehabilitation of below average declassified roads to average standards, (3) the need to recognize the responsibility of local municipalities to fund the rehabilitation of below average uploaded roads to average standards. These funds can only be spent directly on the Major Road Network and the municipalities shall keep a record of all expenditures for audit purposes. The Municipalities will be responsible for seeing that the work is carried out.*

While ITX Stanley has provided some base information, the development of appropriate standards, the determination of current average conditions, and the assessment of the costs of rehabilitating below average declassified roads will take some time and study. However, with agreement on the principles it is entirely appropriate that this be determined during the transition period, should the Agreement be ratified in February. The cost estimates generated to date have provided the confidence that the GVTA would be able to fund the operation, maintenance and rehabilitation of the Major Road Network along these principles.

*Principle #12: During the transition period, the MRTAC in conjunction with GVRD staff, and with input and guidance from RAAC as appropriate, will develop overall standards of operations and maintenance for roads in the network, establish current average conditions of the network, develop reliable per lane kilometer estimates of the costs to operate, maintain and rehabilitate roads of average condition to the proposed standards, and estimate the costs of bringing any below average components of the declassified road system up to average condition; and submit these to the GVTA Board for review and approval as the basis for the operations, maintenance and rehabilitation budget and funding allocations.*

### **Improving the Network**

With respect to capital improvements such as those deemed necessary to increase the capacity of the system, the GVTA would again assume responsibility for providing funds, including negotiating cost-sharing with the Province where applicable. These, however, are clearly not a "per kilometer" calculation. Needs will be different in different parts of the system and the decision on how much funding to provide for what purposes can only be properly determined in the context of an annual budget and short and long term capital plans where competing priorities and the availability and certainty of funding sources can be taken into consideration. Nonetheless, to address the concern that the need to upgrade the transit system may overwhelm the attention paid to the need to upgrade the road system, it is suggested that the GVTA establish some ongoing base level capital budget for capital improvements to the road system.

While it is anticipated that the basic capital planning would be based on funding from GVTA and senior government funding sources, the process should not exclude the possibility of cost sharing

projects with the respective municipality if it were in their mutual interest to do so (e.g. to accelerate the overall road improvement program in any portion of the region).

*Principle #13: The GVTA Board, having fully consulted RAAC and the MRATC, will adopt annual and five year capital plans for the upgrading of the major road network, circulate them to local municipalities for review and comment, provide for input from the public and other levels of government as appropriate, and submit final draft plans to the GVRD Board for ratification;*

*In addition, during the transition period the MRTAC, in conjunction with GVRD staff and with input and guidance from RAAC as appropriate, will prepare a preliminary assessment of a 5 year capital plan for upgrading the major road network giving preferential consideration to declassified roads in the context of meeting the goals of the Livable Region Strategic Plan, with this activity to be completed by December 31, 1998.*

*Principle #14: The capital plans will establish the appropriate funding sources for the projects in the plan, including any cost sharing agreements.*

*Principle #15: To ensure a reasonable base level of funding for ongoing capital improvement to the Major Road System, the GVTA should consider establishing an ongoing minimum capital budget allocation for such purposes from a dedicated source other than the property tax.*

It is important to emphasize that these plans are funding plans and that the responsibility for approving and implementing capital projects lies entirely with the local municipality and that other than for capital projects or changes in operations which would reduce the capacity of a component of the Major Road Network, local municipal responsibility for roads within its jurisdiction would remain unfettered by the GVTA. The following principles are intended to reaffirm this point.

*Principle #16: The approval of the local municipal council is required for a capital project to proceed within its jurisdiction.*

*Principle #17: Local municipalities will be responsible for carrying out the projects contained within the approved capital plan.*

*Principle #18: Local municipalities may carry out other capital projects on the major road network, not provided for in the capital plan(s), without financial support from the Authority, subject to the dispute resolution procedure concerning projects which would reduce the capacity of the Major Road Network.*

### **Dispute Resolution**

There may be a number of circumstances where the GVTA and a local municipality may disagree. In many cases, as set out above, the autonomy of the local municipality should prevail. However, there are circumstances where it is not appropriate to assign absolute jurisdiction to either the local municipality or the GVTA. In these circumstances, which can be referred to as

disputes, a third party dispute resolution procedure may be required. The following principles propose a definition of the scope of this process.

*Principle #19: A dispute is defined as a disagreement between the GVTA and a Municipality on:*

*1) A decision by the Authority not to include a road in the network which has been proposed for inclusion by the local municipality in which it is located;*

*2) A proposal by either the GVTA or a local municipality to remove a road from the network;*

*3) The applicability of the standards of maintenance established for the regional road network to a particular circumstance;*

*4) The audited statement of expenses claimed by a local municipality to operate, maintain and rehabilitate roads in the network;*

*5) A capital project proposed by a local municipality which reduces the capacity of an element of the major road network which is not included in the approved capital plan;*

*6) Any other matter brought forward by the GVTA and a local municipality voluntarily for dispute resolution.*

*Where necessary to achieve resolution, disputes will be referred to a third party dispute resolution mechanism, and decisions shall be binding on both parties, except where such decision would likely create a budget over-run or deficit, in which case the parties shall be allowed to negotiate a phased solution to the satisfaction of the arbitrator to avoid such over-runs or deficits.*

### Consultation

It is expected that the Authority will consult a local municipal council on all matters affecting the network within that municipality and will conduct public consultation processes, or participate in such processes conducted by local municipalities at the latter's request, on major plans, policies or projects of significant public interest.

The Authority is expected to undertake data collection, monitoring, modeling, analysis and other similar activities to inform the decision making process. It is expected that the GVTA staff will consult with and where possible obtain the assistance of local municipal staff through the MRTAC on these matters.

*Principle #20: The GVTA will consult with local municipal councils, consult with the public or participate in local municipality sponsored public consultation processes, and consult with and seek the cooperation of local municipal staff, through MRTAC, on all matters of local municipal or public interest.*

Revised road report - Feb. 5