

CAPITAL REGIONAL DISTRICT SUBMISSION TO THE INDEPENDENT REVIEW OF BC TRANSIT

Public transit service in the Capital Regional District (CRD) is currently governed and operated by BC Transit, a provincial Crown Corporation with decisions about fares, routes and service levels made by the Victoria Regional Transit Commission (VRTC) based on information and planning provided by BC Transit.

At its meeting held on June 15, 2011, the CRD Board passed a resolution asking the Minister responsible for BC Transit to allow the CRD Board to assume the authority and powers of the VRTC pursuant to the *BC Transit Act*. The following resolutions that were passed with respect to assuming the Transit Service:

1. *The minister responsible for the British Columbia Transit Act be requested to consider amendments to that Act as are necessary to constitute the members of the CRD Board representing the Greater Victoria regional transit service area, as elected or appointed from time to time, as the Regional Transit commission in place of the current members of the commission;*
2. *The minister responsible for the Local Government Act, and the minister responsible for the British Columbia Transit Act, be requested to consider the grant to the CRD of the additional transit-related powers referred to in Appendix 6 to the CRD staff report dated June 15, 2011, whether by legislative amendment or the grant of additional powers by regulation.*

In response to the request, the Minister of Transportation and Infrastructure advised the Board that the BC Transit Independent Review Panel will specifically identify the pros and cons of having the CRD perform the functions of the VRTC. The panel will provide its findings and recommendations to the Minister to allow for the consideration of any provincial actions.

In support of the above noted resolution, the Board has established a Regional Transportation Select Committee. The Committee will examine current transportation and public transit governance and funding arrangements in the region to determine how these should be changed to facilitate a greater role for the region in transportation planning and investment decisions.

The CRD Regional Transportation Select Committee together with all CRD Board members who have been invited to attend and participate, submit the above noted request to the BC Transit Independent Review Panel with the following information in support of the request.

WHY THE CRD BOARD SHOULD ASSUME THE ROLE OF THE VICTORIA REGIONAL TRANSIT COMMISSION?

The CRD Board has identified Regional Transportation and Planning as a strategic priority and wishes to assume regional transit governance to enable increased collaboration and leadership on major transportation decisions that affect the region.

With respect to regional transit the Board has specifically identified the need to:

- Improve confidence in regional governance on matters of regional interest such as transit.
- Increase the level of effective and transparent regional cooperation on transit.
- Integrate the regional transportation and land use system to achieve the goals and objectives of the Regional Growth Strategy (RGS) and its strategic priorities.
- Advance defined regional transportation goals, agreed on by all member municipalities and electoral areas.
- Negotiate directly with the Province to determine transportation and transit investment priorities.
- Negotiate directly with BC Transit and the Province to secure and agree on equitable future funding.
- Directly pursue alternative local funding options and partnership funding agreements.
- Ensure that key transportation decisions and/or investments do not compromise the regional network with unintended consequences.

The current governance arrangements establishing the VRTC results in local taxation without representation from all the CRD municipalities and the Juan de Fuca electoral area that participate in the VRTC service area.

Under the current authority structure, the CRD cannot effectively implement the decisions made by the VRTC and BC Transit Board. The CRD and VRTC are not adequately consulted on the BC Transit capital plan that enables transit service in the region. As local representatives they are unable to make recommendations on decisions with respect to capital investment that may influence operating costs.

The VRTC has no independent staff to ensure local interests are adequately represented and assessed. The VRTC relies on the advice from BC Transit staff. The CRD has the capacity and experience to provide independent financial, managerial and planning advice in support of the local decision makers. The CRD also already successfully participates with Provincial agencies and authorities on major investments and capital planning.

There is no Annual Operating Agreement between BC Transit and Local Government within the CRD. There is no service agreement or memorandum of understanding that adequately sets out local service expectations for contribution agreements such as the UPASS. The CRD is legislatively enabled to establish services and regularly defines service levels and expectations as part of its core function. The CRD governance structure provides a weighted representative decision making model that is more representative and equitable than the VRTC structure.

THE FUTURE OF TRANSIT SERVICE WITHIN THE CRD

For the CRD the transit system must be integrated with other transportation modes and be supported and aligned with the policies that guide significant land use decisions as set out in the CRD RGS.

Planning and policy direction for the regional transit system must be the responsibility of the CRD, and decisions with respect to overall regulation and oversight should be the responsibility of the Board.

The regional transportation vision is defined in TravelChoices, the regional transportation strategy for the CRD. This vision is currently being implemented through various CRD regional transportation initiatives. All of these initiatives are being integrated through the Regional Transportation Plan which will be supported and aligned with the RGS.

The CRD Board Strategic Plan has identified regional transportation and land use as a key priority with various actions that will be reflected in the RGS and municipal and electoral area official community plans.

With the Board assuming responsibilities for the regional transit system, the critical need to integrate regional land use decisions with transit planning, funding and service prioritization can be facilitated through the regional governance framework the CRD provides.

With the growth and change in the region as a whole, it is time to move to a new model for planning, funding and governing regional transit to enhance responsiveness and accountability to local governments.

VICTORIA REGIONAL TRANSIT SYSTEM (VRTS) WITHIN THE CRD

The *BC Transit Act* authorizes the BC Transit Board to establish a regional transit commission. The VRTS provides service to all incorporated municipalities in the CRD and parts of the Juan de Fuca Electoral Area. The VRTC consists of seven local elected representatives appointed by the Lieutenant Governor in Council according to the following:

- The Mayor and a councilor from the City of Victoria
- The Mayor and a councilor from the District of Saanich
- The Mayor of either Oak Bay or Esquimalt
- A Mayor from either Sidney, North Saanich or Central Saanich
- A Mayor from either Colwood, Langford, Metchosin, View Royal, Highlands, Sooke or the Juan de Fuca Electoral Area Director.

Transit service is planned, managed and operated by BC Transit. The VRTC is required to prepare plans and, consistent with the operating budgets set by the BC Transit Board, set fares and determine service and performance standards. The VRTC must review and make recommendations to the BC Transit Board respecting the annual operating and capital budgets for the service.

Under its authority and its current structure, the VRTC is able to approve a service plan that has not received any formal endorsement from the affected municipality or the CRD. As the VRTC does not include representation from all municipalities and the electoral area in the CRD, information and implications of changes may not be adequately communicated. The CRD Board and staff are not included in this process unless advised by Commission members who may inform the Board.

Local government staff and decision makers do not actively or meaningfully participate in transit planning processes, but simply referred plans for comment. There are inherent risks that BC Transit decisions may not fit well with regional and municipal transportation plans and priorities. BC Transit may incorporate local comments in decisions but is not obligated to do so under current legislation. The current governance structure and decision making authority does not provide for a regional transportation perspective or enable the integration of regional or local land use priorities. BC Transit, not the VRTC consults independently with local municipalities on specific transit facilities. The BC Transit Board is authorized to act independently with respect to the acquisition of land within a municipality and may not consult the VRTC or the municipality.

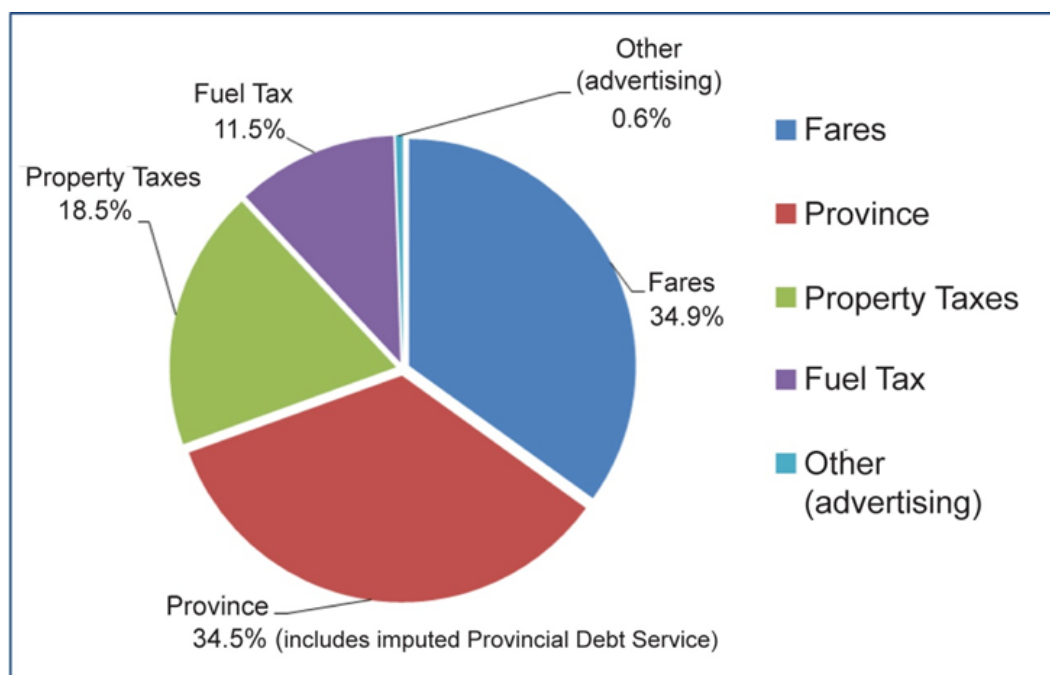
BC Transit may accommodate municipal concerns but does not have direct accountability or reporting responsibility to the region or municipal councils. Councils and the CRD Board have no authority over transit service planning or operations, and no powers to make BC Transit comply with municipal and regional priorities. There is a limited appreciation of the overarching legislated requirements the local governments must follow and comply with. For example, the CRD has a RGS to provide a planning framework for future growth and development in the region as set out in the *Local Government Act*, and which is agreed on by its member municipalities. However, the RGS is not binding on BC Transit as the transit planning authority.

VICTORIA REGIONAL TRANSIT SYSTEM BUDGETING AND FINANCE

The VRTC reviews and recommends BC Transit budgets for the service area, route configurations and transit service levels, changes to fares and changes to local funding sources (property tax). Some members of the VRTC may also be CRD Board directors; however while the Board may be consulted there are no formal links between the VRTC and CRD Board. BC Transit has on occasion made presentations to the Board regarding major regional transportation initiatives such as the Victoria Regional Rapid Transit Project (VRRTP) and is currently participating in the Local Funding Options Task Force. (It is noted BC Transit has also recently requested participation by the CRD and affected municipalities to advance transit priorities on key corridors.)

For the VRTS, decisions regarding policy direction, service delivery and funding should be under the responsibility of the CRD Board to ensure more transparency and local accountability. There are many examples in other areas of Canada where local and regional governments have more direct authority over public transit policy direction, service delivery and funding. These governance structures ensure a high degree of transparency and local accountability regarding transit service.

Currently the VRTS consists of over 50 routes offering a full range of services including regular bus, express bus, commuter services, community bus and accessible services. Capital and operations funding comes from revenue (fares and advertising), local contributions (property tax and fuel tax) and direct provincial contributions. The share of conventional operating costs, accessible operating costs and capital costs are defined in Section 2 of the *BC Transit Act* Regulations. This graph represents a blend of all three types of sharing arrangements for the current fiscal year. The majority of funding is generated locally and decisions would be more fairly represented by the CRD Board.



REGIONAL TRANSPORTATION AND TRANSIT INFORMATION AND DATA SHARING

Data sharing agreements between the CRD and BC Transit have been discontinued however the CRD is required to undertake transportation data collection and monitoring on behalf of the region pursuant to the *Local Government Act*. If there is no mutual agreement on data sharing new CRD source information on regional travel patterns and population and travel demand forecasts may result in inconsistent decisions by BC Transit and region. The CRD funds the collection, processing and analyses of transportation information in partnership with municipalities but without a formal relationship with BC Transit. BC Transit is not a comprehensive transportation or planning agency and has previously relied on this information to support its transit planning decisions. The CRD is unaware of how this information is now being collected. For example the CRD believes that the five year Origin Destination Household Travel Survey provides information on regional travel patterns important to BC Transit's short and long term planning decisions.

CRD input has not been sought on performance metrics until this review. There are insufficient measures of administration and management costs to evaluate performance of BC Transit as a corporate entity. Many of the services provided by BC Transit are funded by the pooling of funds allocated from individual systems. While there should be efficiencies in this model there is insufficient accountability to measure the performance, particularly with corporate functions such as communications, IT, general administration, finance, planning, and investment management. Generally speaking, BC Transit corporate priorities have not been formally aligned with regional and local priorities, and may be out of context with regional transportation initiatives and priorities.

Some of the key metrics or performance measures that are currently being used by transit agencies across Canada (including some of those currently being used by BC Transit) should be used to assess regional transit services are outlined below.

For overall system performance

- Cost Efficiency
 - Operating cost per revenue service hour and revenue kilometer
- Cost Effectiveness
 - Operating cost per revenue passenger
- Service Effectiveness
 - Revenue passengers per revenue service hour
- Cost Recovery Ratio
 - Percentage of operating costs covered by fare revenue
- Administrative Cost Ratio
 - Percentage of administration costs to operating costs
- Fleet performance
 - Fleet Cost per service kilometer
 - Maintenance cost per service kilometer
 - Fleet retention metrics and full cost accounting

Corporate Overhead, System Comparison and Community Service Metrics

- Costs by corporate function such as administration, IT and communications
- Corporate overhead growth compared to service hour growth
- Corporate overhead costs as a percentage of total revenue
- Size of system, geography and population density as system functional characteristics that may present disadvantages or advantages
- Number of households within 400 metres of transit service of at least 15 minutes frequency

CRD SALT SPRING ISLAND (SSI) TRANSIT SERVICE

Transit service on SSI is a result of a CRD Service Establishment Bylaw and is operated as a partnership between BC Transit, the CRD (acting on behalf of the Salt Spring Island Electoral Area) and a private contractor who operates the service. Funding the service is from fare revenue and property tax. As part of the three party agreement between the CRD, BC Transit and the Contractor, the CRD collects property tax and fare revenue and pays the Contractor for service operations and BC Transit for management and planning services.

CRD manages transit service on SSI and collects the fare revenue and property tax assessments for transit service. The CRD Board provides oversight and regulation in terms of service levels, fares and property tax with input from a local advisory commission on SSI and administrative and financial management from the CRD Planning and Protective Services Department. BC Transit requires participation in a fleet management system, leases vehicles to the transit service and reviews scheduled maintenance. The service is delivered by a private operator under contract. Roles and responsibilities are defined in an Annual Operating Agreement (AOA) signed by all three parties which is integrated into a Master Operating Agreement between the CRD and BC Transit.

SSI service plans and some fare analysis is undertaken by BC Transit staff in consultation with CRD staff and presented to the CRD SSI Transit Commission and Board for approval. BC Transit staff assist with fare analysis, however revenue collection, monitoring and budgeting are done by CRD staff. Service levels, fares and budgets are recommended for approval to the CRD Board by the SSI Transportation Commission. The CRD Board undertakes and completes provisional budgeting by November of the prior year with input from Commission, and must approve a final budget by the end of March in the current fiscal year.

- The draft AOA is typically not received until after the CRD approves the budget. The requested timeline for approval of the AOA does not recognize the timeline for the contract approval process.
- BC Transit has not been able to prepare an effective multi-year financial plan. The CRD is required to prepare a five year financial plan and is required to provide opportunities for public consultation.
- Projected increases in operating costs are not available prior to Regional District budgeting and allowances must be provided for within the CRD budget. BC Transit has suggested that local governments should budget operational reserves to accommodate unpredictable operational cost increases such as fuel and maintenance. There is inadequate time to consider or provide alternatives to manage increases in operating costs.
- Fleet costs have been non-negotiable and major component replacement costs and major maintenance is projected annually. Fleet replacement lifecycles have not been adequately explained and rationalized to local governments and have resulted in significantly increased operating costs.