

**REPORT TO THE CAPITAL REGIONAL DISTRICT TRANSPORTATION SELECT COMMITTEE
MEETING OF WEDNESDAY JUNE 27, 2012**

SUBJECT **Victoria Regional Rapid Transit (VRRT) Task Force – Draft Technical Report**

ISSUE

To report to Committee on the draft technical report and seek direction on next steps.

BACKGROUND

In 2011, the Victoria Regional Transit Commission and the Capital Regional District Board established a special Task Force to investigate and recommend preferred local public transit funding options. The study was originally established to identify potential funding for a Light Rail Transit line, but most results can be applied to any regional transport improvements. Task Force terms of reference and related information can be found on the website dedicated to this undertaking, <http://www.lrtlocalfunding.ca/>. As indicated in the Terms of Reference, the draft technical report was to be presented to Committee prior to holding public hearings.

The Task Force retained the Victoria Transport Policy Institute (VTPI) to assist with the evaluation of potential local funding options. VTPI relied on literature reviews and surveys to identify 17 potential local funding options and 9 evaluation criteria. A survey of 10 peer communities was undertaken as part of the research. In addition, an online survey and three focus groups were held with members of the public to get a sense of public response to the funding options and the criteria to evaluate them.

As a first step, the benefits of public transit service improvements were identified, and include improved user convenience and comfort, traffic and parking congestion reductions; road and parking facility cost savings, user savings, improved traffic safety and public health, energy conservation, emission reductions and increased regional economic development. These are documented on pages 12-13 of the appended draft report.

The draft technical report appended to this report includes an Executive Summary that provides an overview of the process and findings of the research to date. As indicated in the Executive Summary:

“Implementing these planned transit improvements will require additional funding. Although federal and provincial governments generally provide special grants and transfers, significant new local funding is likely needed. Victoria regional public transit services currently cost about \$100 million annually in total (about \$265 annually per capita), of which \$34.8M (35%) is from fares, \$34.4M (35%) is provincial funding, and \$29.9M (30%) is from locally-generated taxes. Although there is currently no specific transit improvement financial plan, a typical scenario will require about \$1 billion in additional funding over twenty years, or about \$45 million in annualized costs. If divided about equally between federal, provincial and local governments, this implies that the region will need to raise about \$15 million (about \$40 per capita) in additional revenue, an increase of approximately 50% over current levels.”

Recent Canadian transit capital project funding shares are illustrated in a graph on page 14 of the appended report. The peer community survey indicated that the most common local funding options to finance public transit include fares, property taxes, fuel taxes and development fees.

In the VTPI draft report, key observations for each of the 17 funding options leads to preliminary indications of additional local funding options with the most potential, including: *parking levies* (special property taxes on non-residential parking spaces throughout the region), *vehicle levies* (an additional fee on vehicles registered in the region) and *employee levies* (a levy on each employee, often only collected from larger employers). The draft technical report indicates that these can generate relatively large amounts of revenue, distribute costs broadly and have a logical connection to transit improvements.

ALTERNATIVES

1. That the Transportation Select Committee authorize the VRRT Task Force to proceed to public hearings on the draft VRRT Task Force Technical Report, in accordance with the Terms of

Reference, prior to finalizing the report.

2. That the Transportation Select Committee authorize the VRRT Task Force to proceed to public hearings on the draft VRRT Task Force Technical Report, in accordance with the Terms of Reference, and utilize the draft report as the basis for negotiating with the Province on the Region's role in transit governance and funding.
3. That the Transportation Select Committee advise the VRRT Task Force to finalize the draft technical report without holding public hearings at this time to facilitate earlier negotiations with the Province on the Region's role in transit governance and funding.

STRATEGIC IMPLICATIONS

Alternative 1 would follow the Terms of Reference for the VRRT Task Force in that the next step in the process is to hold public hearings on the draft technical report in order to gain public insight into the local funding options and the criteria used to evaluate them. If Committee agrees that these hearings should proceed, they would be held in September and avoid the summer vacation season. The report would be finalized after the hearings have concluded later in the fall. This timing would not be ideal for negotiating with the Province on CRD's future role in transit funding and governance.

Alternative 2 would direct that the technical report proceed to public hearings as outlined in Alternative 1. However given the status of the Independent Review of BC Transit following public consultation, the draft report would primarily serve as the basis for negotiating with the Province on the Region's role in transit governance and funding in support of the strategic objections of the Board.

Alternative 3 would direct that the technical report be finalized without going to public hearings at this time. With the in-progress Provincial review of BC Transit anticipated to conclude in August, it is advisable to finalize the report by August in order to be ready for negotiations with the Province upon release of the review panel's findings. Committee may wish the Task Force to finalize the report, adding actions required to implement the preferred local funding options, so that it can be used as the basis for assessing roles between the Region, BC Transit and the Province on transit funding and governance in general. The potential local funding options identified in the technical report may be applied more broadly to regional transportation or transit improvements, not necessarily only light rail transit. Public hearings could be held in the fall, after the Province provides an indication of its willingness to transfer transit authority to the CRD Board and negotiations have commenced regarding governance and funding.

CONCLUSION

The VRRT Task Force and consultant, Victoria Transport Policy Institute, have completed a draft technical report for Committee's consideration. A decision is required as to whether to proceed with public hearings as indicated by the Task Force Terms of Reference or to finalize the document and use it to begin negotiations with the Province and BC Transit regarding future roles in transit funding and governance.

RECOMMENDATION

That the Transportation Select Committee authorize the VRRT Task Force to proceed to public hearings on the draft VRRT Task Force Technical Report, in accordance with the Terms of Reference, and utilize the draft report as the basis for negotiating with the Province on the Region's role in transit governance and funding.

"Original Signed"

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