

## TRANSPORTATION

## Evolution of a transit authority

High hopes at founding in 1999 have turned into a riddle of costs, ridership and political tensions

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Former Vancouver councillor George Puil was so confident TransLink was the best system for Metro Vancouver 15 years ago that even after knee surgery, he hobbled around on crutches to every mayor and council to sell the idea. The plan, under then-NDP premier Glen Clark, was simple: the unelected BC Transit board would be replaced with local politicians who had both the power to raise taxes for transportation and the accountability to face voters if those taxes weren't wanted.

The 12-member board was responsible for everything from buses and trains to roads and bridges. It got its funding from the fare box and other taxes, and also had a sustainable funding source: a \$75 vehicle levy approved by the province, with revenue to go to TransLink.

"I went to every municipality to get them to agree and they did," said Puil, a former TransLink chairman who met with transportation officials across North America to develop the model. "I thought we had it right."

But TransLink was troubled from the start. The NDP government reneged on the controversial vehicle levy in 2001, leaving the system cash-starved from the beginning, and municipalities have battled successive governments that opted to build their own costly pet mega-projects such as the Canada Line or Millennium Line over cheaper transit like light rail.

This left municipalities with only a handful of unpolitically unpopular ways to generate funds for transit — by raising fares, property taxes and gas taxes.

The problems persisted long after the NDP was voted out in 2001 and the B.C. Liberals took over. Successive governments have continued to reject the vehicle levy, and the Liberals are ordering a public referendum before any new funding sources can go ahead.

The Liberals, claiming the TransLink board was dysfunctional, restructured it in 2007 and instituted an unelected board. TransLink is now on the cusp of another overhaul this spring.

"I'm disappointed," Puil said.

Clark, B.C.'s premier from 1996 to 1999, acknowledges the transportation authority didn't quite work out the way he imagined.

The idea was to bring more accountability to TransLink by giving the elected members of the Greater Vancouver Regional District — now Metro Vancouver — the ability to appoint mayors and councillors to the TransLink board.

But this proved troublesome. Transportation decisions — such as how much money would be spent on transit and roads — had to first pass the hodgepodge of politicians on the TransLink board, but could then be overruled by a second vote by the GVRD, which had veto power on tax and fee increases. Although the NDP set aside three seats on the board for provincial appointees, the Liberals never placed anyone on the TransLink board.

**'Flawed' structure**

"I'd be the first to admit it was flawed in one sense," Clark told The Vancouver Sun in a recent interview. "It still retained the fundamental problem, which was only indirect accountability for their actions."

Money was at the heart of the problem. Provincial politicians argue that when TransLink was created, the province exempted the regional

government from having to pay 40 per cent of local hospital projects on the understanding they would use the property taxes to fund transit projects. But from the start, mayors have been reluctant to raise property taxes for fear of a backlash from tax-weary voters. "I again underestimated the territoriality, the turf protecting, that went on," Clark said. "They don't want to raise the money for big projects. They could theoretically do it, but it's very hard for them to raise that kind of capital. So it ends up them kind of running the bus system."

"And the big-picture stuff, everybody has competing demands. The province has, historically, including when I was there, including when Gordon Campbell was there, including when Bill Bennett was there, simply intervened, paid the money, set the priority and turned it over to them."

That repeated intervention from Victoria is a sore spot among local mayors who feel they get overruled whenever the province wants to push a project.

Tensions came to a head in 2004, a pivotal year for the transportation authority, which was pursuing big-city dreams of light rail cars zinging between Vancouver and Richmond and Burnaby and Coquitlam.

Still reeling from the former NDP's decision to build the \$1.2-billion Millennium SkyTrain, which was losing \$27 million per year, municipal politicians faced intense pressure from the Liberals to build the Canada Line — rather than light rail to Coquitlam — ahead of the 2010 Winter Olympics.

They voted twice to kill it, but it went through anyway.

Former Liberal transportation minister Kevin Falcon, who publicly chastised the mayors for trying to vote the Canada Line down, defended his decision, saying the Canada Line has been incredibly successful since opening day. "At the end of the day the public really gets tired of the infighting and the parochialism and finger-pointing and they really want to see results," Falcon said. "I'm happy to let people criticize myself or government during that process, but I like to be able to look back and say, 'You know what, we got those things launched and we got them built, whether it was the Canada Line or Evergreen Line.'"

Ken Dobell, TransLink's first CEO from 1998 to 2001, said if the province is putting in more than one-third of the money for a project, as it often does, then it's only fair that Victoria get a say in how the project is built, he said. He added that transit-related property tax levels in Metro are lower compared with Toronto or Montreal.

**Falcon takes action**

A frustrated Falcon overhauled TransLink in 2007, taking substantial control away from local politicians and giving it to an unelected board of experts, who met in secret to come up with plans and priorities.

The mayors' main role was downgraded to approve those plans and the



additional taxes to pay for them. For instance, while TransLink is already allotted three per cent of Metro's property taxes for transit, the mayors would have to approve any further hikes to pay for transit infrastructure.

And from the start, they were loathe to boost property taxes any further.

"It seemed to me we needed to have a structure that would give the public more confidence that decisions would be made for the right reasons," Falcon said. "It's not a perfect model for sure, and it's entirely appropriate the province now take a look at it and tweak it to see if they can improve upon that."

The third version of TransLink, unveiled this month by B.C.'s current transportation minister, Todd Stone, flips Falcon's version on its head. Nobody really knows yet what it's going to mean for the region, but it suggests a compromise, with mayors gaining more control over TransLink's policies and priorities, and the board handling the budget and operations.

**Some optimism**

North Vancouver District Mayor Richard Walton, chairman of the mayors' council on regional transportation, is optimistic. Mayors now only have three tasks in their mandate: to appoint the commissioner and the TransLink board — candidates are appointed by the province — and approve large capital budgets.

"If there's no money you can't approve a large capital budget," he said. "There hasn't been a financial model that's worked. For them to turn around and say we didn't have a vision or continued to work to get one left us all speechless."

Former Liberal transportation minister Blair Lekstrom argues both the mayors and Victoria have to take responsibility, but in the end, it all comes back to property taxes.

"At some point, and this is where I differed from many members on the mayors council, property taxes have to be part of that solution," Lekstrom said. "They were adamant they'd paid enough. But you can't reach out to the people of Tumbler Ridge or wherever to say contribute to Metro Vancouver transit."

Metro Vancouver mayors agree that any funding sources should be local. They have pitched pleas to use the vehicle levy, regional carbon tax or tolls on local bridges — rather than property taxes — to raise cash for transit.

TransLink has seen unprecedented growth over the past decade, laying the groundwork in 2005 for more buses, SkyTrain cars and projects like the Canada Line, Coast Meridian Overpass, Central Valley Green Bicycle route and the Golden Ears Bridge.

Expenditures rose from \$630.9 million in 2001 to \$1.4 billion in 2012, according to TransLink figures, which have been converted to 2013 dollars. But that growth came in fits and starts, bolstered in part by increases in property and gas taxes to ensure projects — once started — were built.

TransLink, which had started to see its cash flow shrink in 2009, was dipping into its reserves three years later to pay for several system expansions. These included not only the long-awaited Evergreen Line, linking Burnaby and Coquitlam, but politically motivated projects such as a rapid bus lane along the new Port Mann Bridge and a Compass and fare gate system, after municipal politicians refused to raise property taxes any further.

TransLink CEO Ian Jarvis acknowledges the transportation authority has its work cut out, especially with another million people coming to Metro Vancouver by 2040. Last year, bus routes were already being shifted across the region, with service hours cut in areas like Port Coquitlam and

added to busier routes along Vancouver's Broadway where thousands of people are passed up each day.

And it's not just transit TransLink has to worry about: it is also responsible for several bridges, including the Pattullo and Knight Street, HandyDart and 2,400 kilometres of roads.

"We have adequate funding to cover the services that are there today," said Jarvis, who has been with TransLink since its inception, previously as chief financial officer. "The challenge is what is the appropriate level of investment we need to bite off next and what's a fair and equitable way to pay for that?"

**Mayors want road pricing**

Local mayors have repeatedly called for a road pricing strategy to pay for transit. This could include the vehicle levy, tolls on every bridge or a fee per distance travelled.

Puil, who championed the first vehicle levy, is still pushing the move as a better alternative to raising fares. "You have to have some form of road tax," he said. "I think the municipalities have to be strong enough and they have to step in and say 'this is our business. You can't make decisions for us.'"

But Clark, now a high-level executive in Jim Pattison's business empire, maintains it would be a tough sell, noting voters need to see a direct connection between the tax and service, and a vehicle levy needs at least some level of popularity to survive.

The province should have known a vehicle levy would be unpopular, Dobell said. But by never allowing TransLink to implement the measure, it took away one of their main revenue sources.

North Vancouver's Walton, who met with Stone Friday, said it appears the mayors and province are finally making headway. It's the first time in five years they have been at the table together, he said, a period that has seen public feuding with Victoria suggesting the mayors aren't doing anything to resolve the funding issues.

"Those kinds of comments are personally vindictive and don't do anything to encourage people to work together," Walton said.

Puil argues mayors have to be involved in the system, noting in the early days there was unanimity around the board.

"We never wanted SkyTrain," he said. "The main problem is the lack of money, and the capital projects they take on are huge. The capital expenditure for SkyTrain is far in excess of what it would have been for light rail."

Ken Cameron, a former planning manager with Metro Vancouver, agreed things seemed to be on track before the Canada Line kerfuffle.

Since then, he said, provincial politicians blindsided by the "dream of having their own train" seem to have forgotten the original intention of TransLink: to move goods and people more efficiently.

Both Millennium Line and Canada Line were heavily motivated by politics, he said, noting neither has seen the high-density that was expected to be coupled with transit routes. Although Canada Line has drawn the ridership, highrise development is only now going in along Cambie — four years after the trains started rolling to the airport.

It may be different for the new Evergreen Line, which took so long that Coquitlam and Port Moody had developed high density town centres around it, but it depends on whether people are willing to get out of their cars and take it in 2016.

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## The evolution of a transportation authority



**How to pay for Greater Vancouver transit projects has been a question TransLink, Metro mayors and the provincial government have wrestled with for almost 16 years. Here are some notable moments:**

**1999** TransLink is created by the NDP government, which allows the transportation authority to generate funds through a three-per cent property tax as well as a share of the fuel tax, parking sales tax and transit fares. The province also redirects local hospital taxes to fund transit and approves a \$75 vehicle levy. A \$190-million shortfall is predicted within 10 years, but politicians insist they won't raise property taxes to pay for transit.

**2000** TransLink unveils its first six-year transit plan, to be funded by fare hikes and a \$75 vehicle levy. NDP transportation minister Mike Farnsworth reneges on the levy because



it's unpopular with voters, while the province also rejects TransLink's request to increase the gas tax.

**Sept. 2001** B.C. Liberal government allows TransLink to raise the gas tax by two cents to 12 cents a litre to help the cash-strapped authority operate the new Millennium SkyTrain line and

avoid a \$50-million shortfall.

**Nov. 2001** TransLink approves \$80 million in higher fares and, for the first time, a property tax hike to fund transit.

**2003** TransLink proposes more fare hikes (six per cent), tax increase on paid parking (21 per cent), another property tax increase (\$61 per average home) and a tripling of the sales tax on paid parking. It backs off the parking tax after downtown businesses complain, and proposes a new tax on free mall and office parking stalls.

**2004** Province refuses



to approve TransLink's new \$20-million parking stall tax after mayors twice vote down the Canada Line. After mayors vote a third time to pass Canada Line, the province approves the tax.

**2005** TransLink raises parking tax and property tax again as it wrestles with paying billions for four big

projects: the Canada Line, proposed Coquitlam light rapid transit, Golden Ears Bridge and new trolley buses.

**2006** A group called "Park The Tax" tries to convince TransLink to abandon its \$20-million parking stall tax. TransLink weighs cutting service or cutting the tax, and chooses to keep the tax.