

**Remarks by Pat Jacobsen
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**To the House and Senate Transportation Committees
of the Washington State Legislature**

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Introduction

Chair and Members of the Committee.

Thank you for inviting me to give my observations on integrated transportation authorities. Members of the Committee should be aware that my perspective is based on my experience as CEO of the Greater Vancouver Transportation Authority since 2001, and as a former deputy minister of transportation for Canada's largest province, Ontario until 1992. During my term, the Ontario Government looked at the creation of a Greater Toronto Area transportation agency, but it wasn't until this spring, fourteen years later, that the Province is ready to move forward.

To understand the significant benefits of an integrated transportation structure and plan, one needs to understand the reality of 2001, when I joined TransLink.

- The financial strategy of a vehicle levy had just failed to be approved by the Province after the region had narrowly approved it;
- Transit services were being cut, and staff laid off; transit ridership was stalled; market share declining;
- North America's longest transit strike (4 months) was in full force, with decades of poor labour/management relations of BC Transit;
- The transit system was seen as inefficient – empty 40 feet buses, wrong projects;
- Only 34% of the public thought TransLink was doing a good job;
- There was decades of under-investment in transportation infrastructure – with a \$700 m capital plan;
- Transportation was the #1 regional public issue;
- 21 municipalities and the Provincial government were fighting over priorities;
- The organization, first of its kind in Canada, was two years old, with all the teething problems of a very different organizational structure;

Now, five years later:

- A \$4 billion capital expansion plan of regional roads and transit has been approved by Greater Vancouver Regional District (21 municipalities) with 98% of the public thinking we have the right projects; 78% approve of our plan based on three waves of public polling;
- \$500 million in private capital has been attracted to British Columbia, through use of public/private partnerships and tolls;
- \$1 billion in senior government capital has been invested (approved before the successful Olympic bid);
- The expansion plan includes one-third more bus capacity, two new rapid transit lines, one new bridge, 7 road expansion projects, many marketing initiatives and replacement of aging infrastructure (250 trolleys, 2 depots);
- 73% of staff believe that TransLink is effective in setting a clear overall direction;

- 74% of the public "have a favourable impression" of TransLink, (in the month that property tax notices hit)
- Transit's market share has grown from 10% to 12% regionwide (13% by 2007) and today transit carries around 45% of commuters into downtown, most of which is on zero emission rapid transit and trolleys.
- Ridership is up 25% since 1999 and as much as 40% in some corridors. At the same time, transit use in other major urban regions in Canada, except Calgary, has been falling.
- Average transit fares have remained constant, while at the same time we cover over 36% of our Total Costs from fares;
- Both BC Business Council and BC Federation of Labour were major advocates of the plan, despite specific challenges for both in the plan (first commercial parking tax and North America's first privately operated transit line respectively);
- There have been \$25 million in annual efficiencies achieved with 15% bus expansion in a lower cost community shuttle service model;
- TransLink has been a successful advocate for the new national Pacific Gateway program which will put almost \$600 million of federal money into road and rail infrastructure for port and competitiveness; for federal money for cities, for extended port hours, and for the Olympic games; and
- Direct jobs have grown by 1,000; with significant additional jobs in construction and vehicle procurement in Canada.

This transportation transformation would not have been possible without both the integrated transportation structure and the consensus building approach to the plan.

Why create an integrated agency

Transportation structure has a critical impact on the mobility of goods and services in urban centres, particularly in port cities. Travellers and shippers do not differentiate state from city roads. These investments are long term fixed assets that ultimately shape the economy and liveability of our regions.

In reviewing American, Canadian and European models, there are common drivers that lead to the development of integrated authorities over the last few decades in many urban regions:

- Alarming growth of congestion;
- Limited land mass;
- Transportation dependent economies, eg ports, manufacturing;
- Plethora of governmental agencies;
- Lack of long term sustainable funding;
- Competition for limited capital;
- Need for new transportation vision not just efficiencies, and
- Desire to have transportation user fees and taxes fund transportation improvements.

Agency mandates

There is no single agency model in the agencies reviewed. I have attached a brief outline of these agencies for the Committee's review. They vary by structures, funding tools, and the political appetite for modest benefits or wide-reaching impact. The greater the impact (agencies such as Transport for London and TransLink in Greater Vancouver), the greater the political will required to implement.

In general, the first level of integration leaves transit and road services dispersed, but integrates transit marketing and customer information services.

The second level integrates city, regional and state transit operations, including fares.

The third level integrates regional transit with all other modes, including roads, bridges and urban ferries.

The fourth level integrates transportation delivery with the planning, financing and capital development, and expands the financial tools available, such as toll revenues, gas taxes, parking fees, property taxes and sales taxes.

The fifth level has the highest form of integration – it takes the integrated transportation authority and strategically links it, in plan approval requirements but not organizational amalgamation, to the land use policy and zoning authorities to ensure transportation and land use policies are complementary. The scope of this integration provides the greatest ability to impact transportation in the future.

Agency funding

Dedicated, legislated funding tools are essential to enable a transportation agency to fulfill its mandate. Without them, the agency will fail and the organizational cost of integration has no payback.

Unlike port and airport authorities that can recover their costs from user fees and commercial revenues, transportation authorities require direct taxation revenues, with transit fees rarely covering 40% of operating costs.

Funding sources include transit fees, toll revenues, sales taxes, parking taxes, payroll taxes, property taxes, congestion fees, real estate development and fuel taxes. While the ratio varies with the political and financial taxation structure, what is common is that the stream of revenue be dedicated and sustainable, complemented by state and federal programs for capital development.

Jurisdictions vary from direct public approval of plans and funding (by ballot measures) to indirect approval (by municipally elected representatives).

Agency governance

Board composition in the ten agencies reviewed varies from fully independent representatives appointed by elected bodies, to fully elected (either directly or as a result of their urban elected mandate), with a few hybrid boards. In the United States, directors tend to be non-elected representatives appointed by state and local agencies with agency plans and funding approved through ballot measures.

In Canada, the directors tend to be appointed as a federated Board who have the direct powers to approve plans and funding. In Vancouver, we anticipate a review this year, between the region and the province on the size of the Board and whether directors should be appointed or continue to be first elected and then later appointed to the TransLink Board.

Ultimately board composition depends on the mandate, taxation powers, state/municipal negotiations and whether the public directly approves the transportation plan and funding.

What is the mandate of the Greater Vancouver Transportation Authority?

To give committee members a specific understanding of an agency, I will review the GVTA model, TransLink. TransLink has the broadest level of integration (Level 5). We have the mandate to plan, fund and deliver all modes of transportation for the region with its 2.3 million residents and serve an urbanized area of around 700 square miles.

TransLink was created by provincial statute, and came into effect April 1999. The Province transferred all bus, rapid transit and commuter operations, the SeaBus, certain non-highway provincial roads, three bridges, the Albion Ferry and air emission testing. The Greater Vancouver Regional District, responsible for regional planning, transferred the transportation planning function and the 21 cities identified “regionally significant” roads which, when matched with the provincial “down loaded” roads became the Major Road Network.

New functions had to be created – freight policy, major road network policy, transportation demand management, a major finance function capable of identifying financial approaches beyond provincial grants, and a major capital management unit. As well, a major new function of public affairs had to be created to reflect the significant public engagement required for raising revenue for a plan and to use strategic marketing initiatives, such as our U-Pass for university students and employer passes, to increase transit ridership.

TransLink’s legislation gave it significant financial powers, but required extensive public debate and approval, as well as the formal approval of the municipalities through the Regional District. Some taxation instruments require provincial approval, such as any increase to fuel taxes or the implementation mechanisms for certain taxes through the property assessment or vehicle registration systems.

In dedicated funding, TransLink raises 36% of its revenue from transit fares and advertising, 31% from 12 cents per litre on fuel tax, 28% from municipal property tax, 4% from parking (taxes) with a variety of smaller ongoing revenue streams.

In the last five years, TransLink has been successful twice in raising revenues --- first in 2001 to sustain current programs, then in 2004 to fund the \$4 billion capital and operating expansion plan.

TransLink's Governance Structure

The TransLink Board is a "federated board". The Greater Vancouver Regional District appoints 12 directors, who are either members of the District Board or a Mayor of one of the 21 municipalities. The Province has the right to appoint 3 elected members of the Legislative Assembly of BC, although these seats have historically not been used.

TransLink operates as a "holding company" to plan and finance the transportation network and involve the public, users and stakeholders in those decisions. Transit operations are delivered through a series of subsidiaries. Road operations are delivered through municipal operations.

Our Six Year Check Up

I have outlined earlier the successes of the TransLink structure, financial powers and public engagement strategy. As with any organizational structure, there are still challenges, partly due to structure, partly due to mandate.

There is debate within the region on whether our Board should be appointed from municipally elected sources or be independent directors appointed by the political bodies. This decision hinges on the mandate and powers of taxation.

Secondly, there is increasing need to exercise more influence over the regional road network, which is owned and administered locally, as trucking routes, transit priority measures and road capacity expansion become more critical.

As with many agencies, capital funding is easier to secure from senior levels of funding than operating funds and transportation agencies have significant operating costs. Our major revenue streams (fares, fuel tax, property tax) do not grow at the same rate as our expenditures and operating costs.

Lastly, with decentralizing employment, it is critical to the success of our transportation plan, that land use policies have the strength to influence commercial, in addition to residential, growth.

Points for Washington State's consideration

Transportation is key to the economic success of Puget Sound, Washington State and, with the tripling of China container traffic, key to the national economy. You cannot afford to have your economic hub choked. Addressing this will require a new transportation plan, a new agency structure to develop and build alliances for the plan, and new dedicated revenue sources.

The American Public Transportation Association (APTA) did a study in 2001 of several successful ballot initiatives for major transportation expansions and found five key common themes:

1. Significant traffic congestion
2. A multi-modal (vs project) focus
3. Confidence in the implementing agency
4. High public involvement in the plan development
5. Enthusiastic advocacy of business

In tackling such fundamental change, I would like to suggest four key building blocks over the next 18 months, all of which are essential and interdependent.

1. Build the case – We spent one full year in the region talking about the “do nothing” case – What it would be like moving around Greater Vancouver in 2020 with our current network. We took key corridors and let people go on our website to determine, with the help of a Vancouver planning software used also by Monterey County, how long it would take them to drive to work in 2020, to get to their favourite ski hills, or to ship goods.

Triple container traffic on your road infrastructure and calculate how long it would take to get goods from the Port of Seattle or Tacoma into or out of the metropolitan region.

Engage business, individual travellers, shippers and workers in understanding how congestion is time and money and that it is going to get worse with population growth, decentralized employment, just-in-time shipping, and agencies competing for limited resources.

2. Invest in data – Change the transportation dialogue from one of which agency or project should get funded; whose constituency is rewarded; or a road vs transit fight, to transportation planning based on actual need and impact. Good quality data includes traveller and truck origin and destination statistics, port volumes, employment projections, population projections, and official city plans.

Good data enabled us to tell people in the various cities that 57% of Greater Vancouver work in another municipality, that everyone has a stake in the whole network, not just their local bus or road; it helped us translate why one community got rapid transit, another got light rail, another got rapid bus and many got community shuttles.

Investment in public opinion is also essential input data to the transportation plan, and particularly the funding strategy. Three waves of public opinion data helped shape the nature of our plan (emphasis on roads and transit) and particularly our choice of funding strategies.

3. Develop a Plan – Developing a bold regional plan and funding strategy is essential. Creating an integrated agency takes serious, complex organizational restructuring. It is not worth the time, effort and staff distraction to re-arrange the under-funded entities. The goal is not marginal efficiencies (while there are some) but greater impact and a greater capacity to raise revenues to implement the plan.

Transportation planners are used to being the “experts”. For an aggressive, integrated, expansive plan that rationalizes priorities, how the plan is developed matters as much as what the plan is. Collaborative planning is not having a plan and showing it to a group of people, and asking “how do you like it”. It must be built collaboratively with all interests – environment groups, road users, business, labour, transit, cycling.

Four years ago our region was deeply divided – transit vs road, transit technology wars, urban vs suburban, business vs labour. Building common priorities is not easy – especially with the fight for limited scraps of funding. We utilized a transportation roundtable of 15 stakeholders, a series of 3 large public dialogues, an interactive web strategy, 30 municipal town hall meetings, and probably close to 50 business, labour and transportation stakeholder meetings.

The benefits of this investment was evident last month in a panel where the head of the trucking association said we absolutely had to invest in rapid transit on key corridors. The provincial automobile association was our partner in a survey of their members on their use of transit and a transit advocate was saying the expansion of the Port Mann bridge, our biggest road choke point, was essential, particularly for goods movement.

4. Empower an integrated transportation agency – A transit only agency will be seen as serving the needs of 10 to 15 per cent of the population. To have the power to create public support for an expansion plan, the agency needs to have a mandate to plan and finance all modes of transportation, and to oversee the delivery in subsidiaries, contracted services or municipally-delegated services.

With such a broad mandate, the agency will also need to be financially empowered, subject to public approval of the instruments. Those agencies which plan only still wrestle with the fact that in most cities we have an absence of funding, not an absence of planning. In addition to user fees, such as transit fares and tolls, the agency needs to be empowered to raise private capital, and act as a commercial developer to maximize revenue.

The creation of such an agency, which crosses many municipal, regional and state authorities, will need a very strong state political champion, as well as a very strong regional political advocate. They need to be matched with senior administrative leadership, adept at structural reform as well as building public and stakeholder support. Of the North American models, I would suggest you particularly look at Greater Vancouver, Orange County, and New York City as agencies with the planning, financing and delivery of transportation services with dedicated revenues.

In developing the agency mandate, I would suggest close cooperation and mandated mutual plan approvals, but not integration of the regional land use planning powers and the regional transportation powers.

Conclusion

There is an urgency now to act on structural and plan reform in the Puget Sound urban area. A series of project initiatives have failed, agency projects compete for revenue streams, and the public, who has not been steeped in the need for infrastructure, could be open to the next initiative to roll back even current revenues. This is a good time in the political cycle, to be ready for November 2007.

Interestingly, the competitors of your regional ports --- Greater Vancouver, San Francisco and Long Beach --- all have integrated planning structures. Judging by the level of discussion in state, regional and business circles, there is a perceived public desire for a "solution" now.

Such complex structural reform destabilizes agencies so urgency is important in this uncertain period. For example, labour was not supportive originally in the creation of TransLink as it was seen as a way to create efficiencies or "downsize". By its power and advocacy on a new plan, however, we have been able to stabilize the organization but also grow it substantially in the new model.

While it will take political courage and leadership, the pay back to the region and state will be enormous –

- Mobility of people, goods and services;
- Economic competitiveness;
- Employment growth;
- Sound priority setting;
- Investments in transportation infrastructure; and
- Public support.