

Capital Regional District

Regional Transportation Service Governance Model Options Project

Executive Summary

KPMG LLP

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Executive Summary

This project explores governance models to support the creation of a new Capital Regional District (CRD) Regional Transportation Service (RTS) or a new provincial entity, with the goal of enhancing regional transportation outcomes.

In 2014, the CRD and its member jurisdictions developed a Regional Transportation Plan (RTP) which outlines the following vision for regional transportation: *“A future where transportation is sustainable, offers choice, enables smart growth and makes livable communities possible.”* The RTP includes eight outcome statements that describe the desired features of a regional transportation system. These statements can be categorized into five themes, which together create a shared vision for transportation (Table 1).

Table 1 RTP Regional Outcome Statement¹

Theme	Regional Outcome Statement	
Integrating Land Use and Transportation	1	Movement between communities, mobility hubs and major destinations is facilitated through a Regional Multi-modal Network of transportation corridors.
	2	Mobility Hubs align with the Regional Sustainability Strategy and provide people with access to housing, employment, services, amenities and transportation choices at a local, sub-regional and regional scale.
	3	Transportation and land use planning tools are integrated at the local and regional levels.
Creating Exceptional Environments for Walking and Cycling	4	Cycling is an appealing, safe, convenient and viable transportation option for residents and visitors of all skill and confidence levels.
	5	Walking is an increasingly popular and desirable mode of transportation that is supported by safe, convenient and accessible pedestrian infrastructure.
Taking Transit to the Next Level	6	Public transit is a preferred choice, attracting new riders through comfortable, safe, accessible and convenient service.
Getting the Most out of Our Roads and Trails	7	Existing regional transportation infrastructure is optimized and enhanced by new technology where appropriate.
Influencing Travel Behaviour	8	Regional programs and initiatives provide residents and visitors with the tools, confidence and knowledge to use active transportation, public transit, care share, taxis, high occupancy vehicle and trip reduction measures.

Project Scope

The success of the RTP is dependent on the region's ability to achieve these outcomes. This requires the establishment of an integrated regional service with a robust governance model. KPMG was engaged to support the CRD in exploring governance models for regional transportation, including:

¹ Capital Regional District. (July 2014). Regional Transportation Plan. Retrieved from https://www.crd.bc.ca/docs/default-source/crd-document-library/plans-reports/planning-development/rtp-july2014.pdf?sfvrsn=531855ca_2

- a base case governance and operating model to deliver the scope of regional transportation within the bounds of existing CRD legislation, and
- alternate governance models to deliver regional transportation, including the exploration of additional scope outside of the existing CRD legislation.

Figure 1: Overview of the project



Current state of Regional Transportation at the CRD

Transportation within the CRD region refers to the multi-modal transportation system that enables residents to access places of employment, leisure, and residence. The CRD predominantly supports transportation activities through:

- Lifecycle management of regional trails: Galloping Goose Regional Trail (GGRT), Lochside Regional Trail and the E&N Rail Trail. This is delivered through the **Regional Parks Service** within the Parks & Environmental Services Department.
- Policy and planning functions, such as long-range planning, interjurisdictional coordination, engagement and education programs, and data services. These functions are delivered through the **Regional Planning Service** within the Planning & Protective Services Department.

A review of the current state was conducted to identify challenges faced by the CRD in delivering an integrated regional transportation service. These challenges have been summarized into three key themes:

1. There is **no single governance for transportation** in the region. Internal to the CRD, transportation responsibilities are distributed across multiple departments. Externally, various organizations manage key transportation assets, with the Ministry of Transportation and Transit (MoTT), BC Transit, and local municipalities each within unique jurisdictions.
2. **Levels of service, standards, bylaws and policies** for transportation are inconsistent across the region. This leads to an inconsistent user experience which is compounded by the presence of **multiple decision makers** without regional alignment.



3. **Investment decisions** in transportation are **decentralized**, with each jurisdiction managing its own funds. This leads to a focus on individual agency assets, limiting incentives for cross-jurisdictional and inter-modal connectivity.

Improving upon these challenges sets forth a clear direction for the design of a future governance model for regional transportation.

The Scope of Regional Transportation

To achieve the RTP outcomes, the region must broaden the scope of transportation activities while enhancing decision-making authority through governance. The limit of scope for an updated or new governance model is bound by the legislation of the entity. For this project, the scope of regional transportation is defined by three states:

- 1 **Current State:** The existing scope of regional transportation services delivered through the Regional Parks Service and Regional Planning Service. It is not a dedicated transportation service and unable to fully achieve the recommended outcomes of the RTP. This current state lacks the internal and external integration necessary to deliver consistent transportation activities across the region.
- 2 **RTS:** The potential scope of regional transportation that can be delivered within existing CRD legislation. This is an increase in the depth and breadth of current transportation activities to be led by the CRD, however it is not the full scope needed to achieve all RTP outcomes. This scope defines the CRD RTS (i.e., the scope that the CRD can deliver within current legislation through the establishment of a new service).
- 3 **Full Scope:** The full scope of regional transportation required to deliver on the RTP outcomes. This scope provides accountability over all transportation assets across all lifecycle phases. Achieving this state necessitates legislative change, as it cannot be delivered within existing legislation and requires the establishment of a new entity.

Figure 2 provides a summary of the differences in the scope of these three states. It highlights the depth and breadth of transportation activities that can be delivered across typical service lifecycle phases and the CRD defined transportation service categories²³.

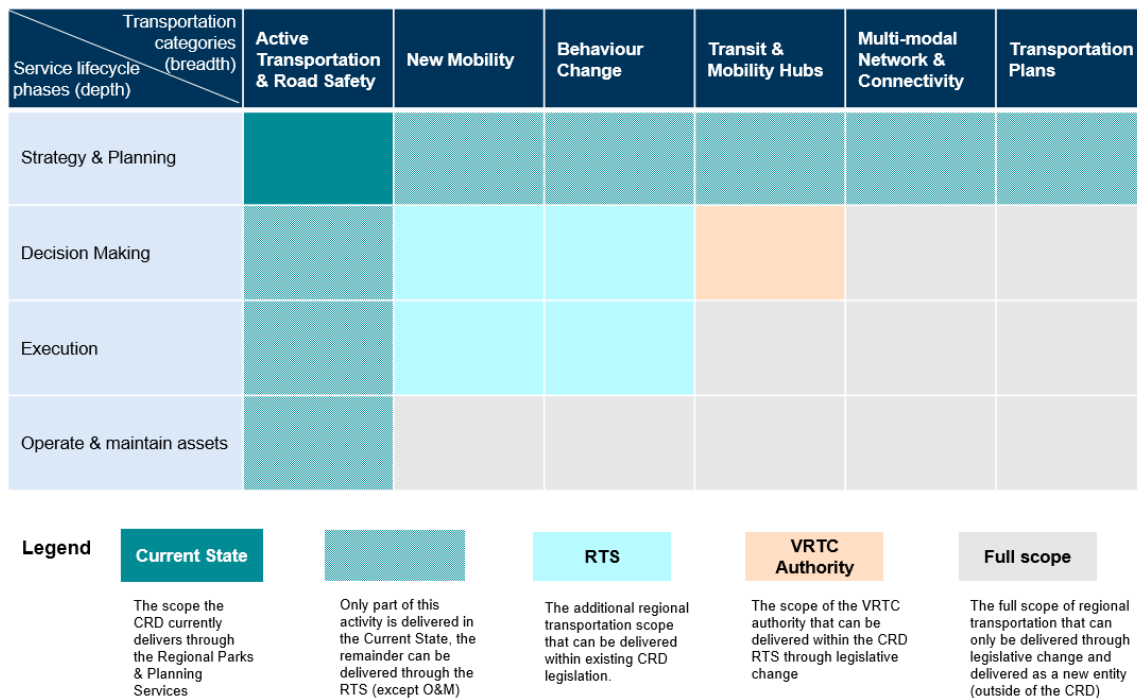
The figure also identifies an additional 'state' of transportation that looks at the incorporation of the Victoria Regional Transit Commission (VRTC) authority within the CRD legislation. This requires a change in legislation; however, it would hold the CRD accountable for transit decision making throughout the region. The execution of transit projects and the operations and maintenance would remain the responsibility of BC

² In 2023, CRD developed a set of transportation categories based on input from elected officials, and senior staff. These transportation categories are illustrative in nature and describe areas that need additional effort to address key challenges affecting transportation in the region. The categories represent the breadth to which transportation activities can be applied to achieve the RTP outcomes.

³ Two additional transportation categories: Data Management & Traffic Analysis, and Funding & Grants, are not shown in Figure 2. These are enabling categories to deliver the other six categories noted. Data Management & Traffic Analysis predominantly increases in depth through the expansion of the existing activities performed such as increased data collection and accessibility, whilst Funding & Grants is envisioned to support new activities such as funding partnerships and joint procurement.

Transit. The incorporation of the VRTC authority was considered as an expansion to the scope of the RTS throughout the project and increases the ability of the CRD to deliver on the RTP outcomes.

Figure 2 The scope of regional transportation⁴⁵



Base governance and operating model for the RTS

The RTS is a new Regional Transportation Service established within the CRD to deliver an increased scope of regional transportation within the existing CRD legislation. A base case governance and operating model was developed, in consultation with the CRD, to deliver this scope.

Base governance model

The base governance model, Figure 3, largely retains the governance design of the current state, with the Transportation Standing Committee remaining as the primary governance body for the RTS. The Transportation Standing Committee provides advice and decision-making recommendations to the Board regarding transportation-related

⁴ The figure provides a general representation to the differences in the scope of regional transportation across the transportation categories and service lifecycle phases. The exact scope of regional transportation will be defined through the establishment of a service bylaw or legislation. Current state transportation activities represented in the figure are also to be delivered in the RTS.

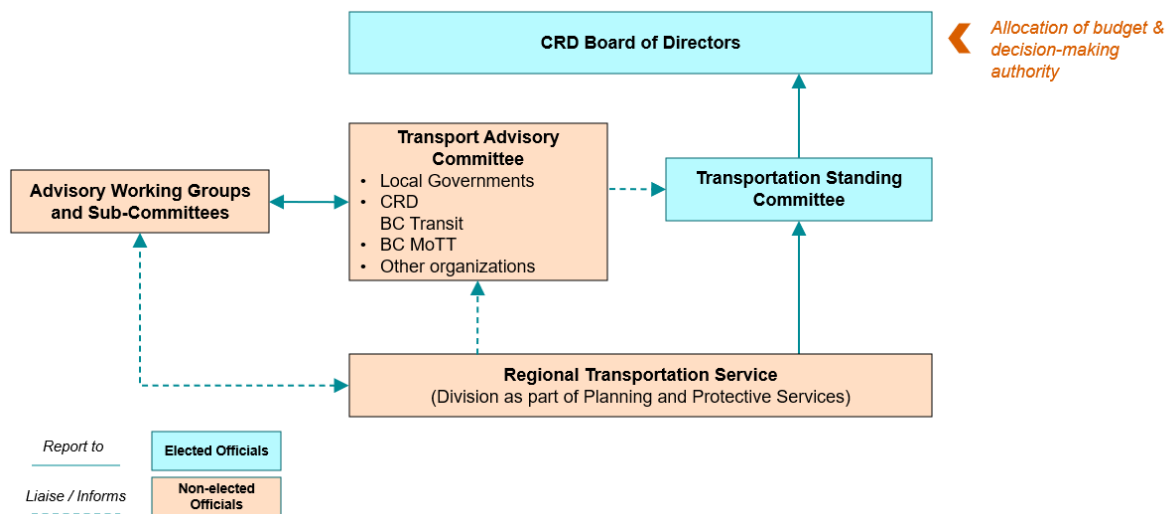
⁵ For the purposes of this study, the summarized definitions of the four service lifecycle phases are: Strategy & Planning: Definition of transportation objectives, targets and outcomes through strategies, guidelines, standards or frameworks. Decision-making: short and long-term approach to achieve the objectives with the prioritization of asset and service investments. Execution: design, implementation and construction of the prioritized investments. Operations & Maintenance: continued operation and maintenance of transportation assets and services to achieve the outcomes.

matters; however, it does not have the authority to make decisions. Key changes from the current state to the RTS governance model include:

- The establishment of a new RTS division. The division will be the accountable owner for all transportation related activities.
- The Transportation Standing Committee as the single governance body to advise the CRD Board on regional transportation decisions.
- The establishment of a new Transportation Advisory Committee (TAC) comprised of representatives from local governments, the CRD, BC Transit, MoTT, and other organizations.

These changes will support the CRD to achieve the goals of the RTP.

Figure 3: Base case governance model



Base operating model

The RTS enhances the scope of regional transportation delivered by the CRD. Implementing the RTS will require approximately a 40% increase in full-time equivalents (FTEs) compared to current resources. This 40% uplift was determined through stakeholder consultation and an analysis of the expected effort for each proposed activity across the eight transportation categories, reflecting the FTEs needed to maintain the RTS. Additional program level funding is also needed to support the expanded transportation activities.



Cost analysis of the base model

A high-level cost analysis⁶ was undertaken with CRD inputs and guidance to estimate a range of the:

- approximate steady state cost of the RTS operating under the base case operating and governance model; and
- maximum requisition⁷ of the RTS for the purposes of the CRD creating a new service establishment bylaw.

The report provides the cost analysis for the RTS and a comparison to the current state cost from both the Regional Parks Service and the Regional Planning Service. The annual steady state expenditure for the RTS at full scope is approximately **\$18.2 million**.

The maximum requisition is calculated as the highest value from the annual steady state RTS cost range (i.e., total annual operational expenditure cost range), plus additional costs allocated for *growth contingency*. *Growth contingency* is included to accommodate any capital or operating expenses related to growth of the RTS. The resulting maximum requisition was set at **\$20 million**.

Limitations to the base model

The base model detailed is limited in its ability to deliver on all the transportation outcomes. This is due to the scope of regional transportation that can be delivered through an RTS, which is constrained by CRD legislation, and the limitations of the existing governance model. Specific limitations of the model include:

- The base model requires two levels of governance approvals for regional transportation decisions – firstly by the Transportation Standing Committee, then secondly forwarded to the Board for final approval of all transportation recommendations (the-decision-maker). In concept, the dual layers of governance could limit the ease, agility, and ability of the Transportation Standing Committee, as recommendations may be overruled or impacted by the CRD Board.
- The scope of the service is bound by the existing CRD legislation, and without legislative change, the base model is unable to achieve the entirety of the regional transportation goals. Specifically, the CRD cannot enforce jurisdictional alignment to the regional policies, plans and priorities or be responsible for transit decision making.

⁶ Estimations developed for this Project are illustrative in nature and relied on cost information provided and assumptions validated by the CRD. Summary values are presented in ranges to reflect the illustrative nature of estimates presented as an order-of-magnitude reference for the purposes of this Project. Variability of actual costs incurred within each year reflect fluctuations of these cost items over the past five years of cost information reviewed.

⁷ Maximum requisition represents the legal upper limit amount the CRD can levy in taxes from member jurisdictions each year.



- The Transportation Standing Committee and the CRD Board are comprised only of elected officials. As a result, there may be a bias for directors to think locally rather than regionally when making decisions.
- The model is bound by the financial constraints of the CRD. There is no stable revenue stream or dedicated financial body to guarantee funding allocation and the execution of multi-modal priorities may be limited by available funding.

Implementation considerations for the base model

The transition from the current CRD operations to the RTS follows a structured bylaw pathway and is anticipated to be operational by mid-2025. Successful implementation will require several key factors, including clearly defined roles and responsibilities, the transition of existing projects and programs, and effective change management.

The amalgamation of transportation activities across the CRD and the respective increase in the breadth and depth of the scope of regional transportation will impact the operating model of both the Regional Parks Service and the Regional Planning Service. The operating model will thus need to be further refined to capture the required process taxonomy, end-to-end processes, organizational design and resource capacity.

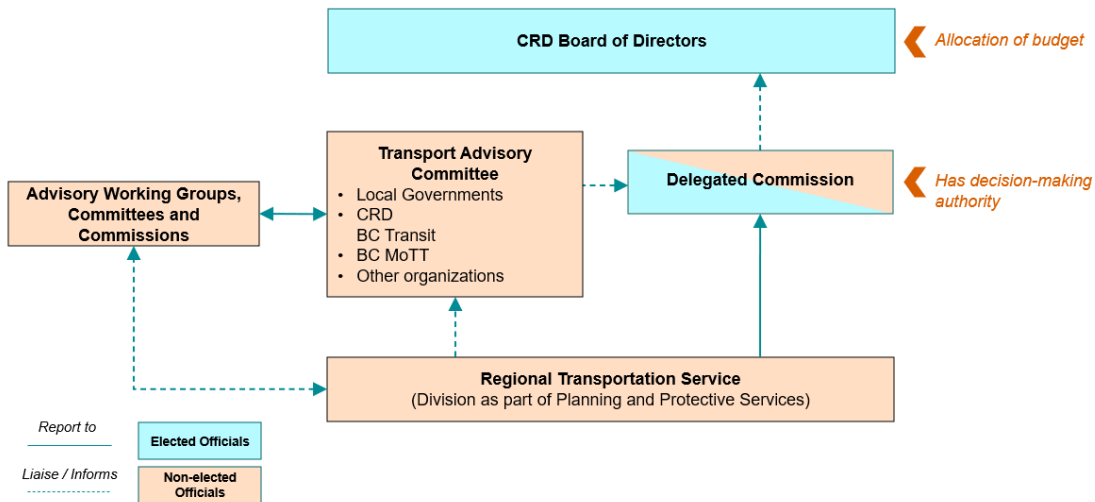
Alternate governance models for regional transportation

Whilst the RTS is expected to drive an integrated and consolidated transportation service, it is limited by existing legislation and the constraints of the governance structure (e.g., the lack of decision making of the existing Transportation Standing Committee).

Alternative governance models were therefore explored to compare their ability to further deliver on the RTP outcomes. Governance models were considered, and their respective limitations and constraints were identified. All models were assessed by their ability to deliver the full scope of regional transportation. Based on this assessment, two models were shortlisted by management:

1. Delegated commission is a governance model within the CRD organization and legislation. Like the base model, it establishes a new transportation division to deliver the RTS. However, in this case the division reports to a new delegated commission. The delegated commission can comprise both elected and non-elected officials and has the authority to make decisions on behalf of the CRD Board (Figure 4).

Figure 4: Delegated commission governance model

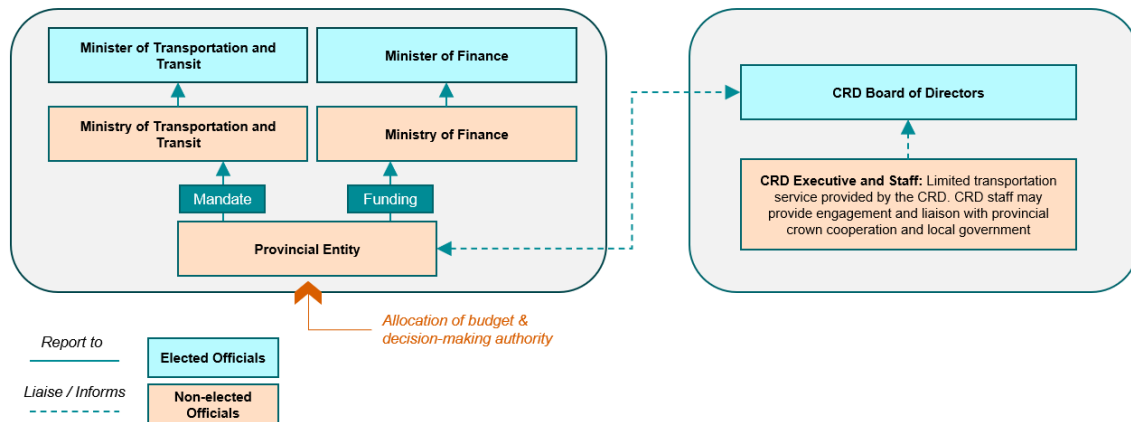


A delegated commission governance model was considered for two scenarios:

- **No legislative change.** The scope of the delegated commission is bound by the existing CRD legislation. The model can achieve the same RTP outcomes as the base case with enhanced efficiency.
- **Incorporation of the VRTC authority, through legislative change.** The scope of the delegated commission expands to include accountability over transit decision making in the region. Whilst this does not achieve the full scope of regional transportation, the incorporation of transit decision making increases the CRD's ability to achieve the RTP outcomes.

2. Provincial entity is a governance model external to the CRD, established and mandated by the province (Figure 5). The provincial entity reports dually to the Minister of Finance and the Minister of Transportation and Transit. The Minister of Finance approves the fiscal plan, and the Minister of Transportation and Transit provides strategic direction on the mandate. Establishing a provincial entity requires legislative change and has complete decision making and funding autonomy to deliver on the full scope of regional transportation and thus, the RTP outcomes.

Figure 5: Provincial entity governance model



Analysis of the two models was performed in comparison to the base governance and operating model.

Cost analysis of delegated commission and provincial entity

A cost analysis was performed to calculate the annual steady-state operating expenditure and one-time implementation costs for both alternate governance models. The cost represents an incremental increase of the base case (see Table 2).

Table 2: Incremental costs of the delegated commission and provincial entity

Cost	Delegated commission	Provincial entity ⁸
Annual steady-state operating expenditure	Small increase in governance costs due to non-elected official membership remuneration	<p>Significant increase in:</p> <ul style="list-style-type: none"> Salaries and benefits as additional staff are required to establish a new entity. Other operating costs as the entity will incur overhead costs Contingencies to support greater cost-sharing and growth initiatives Governance due to the cost of the Board of Directors and additional committees/commissions.
One-time implementation	Small increase to establish new delegated commission and Commission bylaw	Significant increase of policy, legal, financial and external advisory support to establish a new entity

Table 3 summarizes the incremental costs of the two shortlisted models as a percentage increase of the base case for the annual operating expenditure.

⁸ Whilst the provincial entity can deliver the full scope of regional transportation, the increase in scope does not impact the cost to set up and maintain the entity. It is assumed that no new costs will be incurred to deliver the full scope of regional transportation.

Table 3: Summary of the incremental cost analysis for annual steady-state operating expenditure

Governance model	Annual steady-state operating expenditure ('000)
Transportation Standing Committee (base case)	\$18,195
<i>Incremental increase from base case</i>	(%)
Delegated commission is estimated to incur an incremental cost of	0.3%
Provincial entity is estimated to incur an incremental cost of	33%

Comparison of the shortlisted models to the base case

A comparison of the delegated commission and the provincial entity to the base case is provided in Table 4 below. The comparison is presented by considerations relating to governance, scope and implementation.

Table 4: Comparison of the delegated commission and provincial entity

Criteria	Delegated commission	Provincial entity
Governance	<ul style="list-style-type: none"> Transportation Standing Committee is replaced by a new Transportation delegated commission which has delegated authority to make decisions on behalf of the board. This enhances the ease, agility and ability of the model to make decisions. Membership of the Commission can include elected and non-elected officials – allowing diversity of thought, subject matter expertise and a reduction in bias on local issues. 	<ul style="list-style-type: none"> External model to the CRD and has complete authority to make decisions and allocate funds within its legislation. High degree of financial flexibility with more tools to raise debt, charge for, and recover services. The CRD, and member and partner jurisdictions, will not have a direct role in transportation decision making which may reduce the accountability of the entity to address regional and local issues.
Scope	<ul style="list-style-type: none"> Without legislative change, the delegated commission can make decisions on the scope of regional transportation within the existing CRD legislation. Ability to incorporate the VRTC authority (transit decision making) through legislative change and increase the CRD's ability to deliver on the RTP outcomes.⁹ 	<ul style="list-style-type: none"> The provincial entity is established through new legislation and can achieve the full scope of regional transportation. Whilst this is possible, the scope must be agreed to by the Province, the CRD, and its member and partner jurisdictions, to optimize regional collaboration and transportation outcomes.

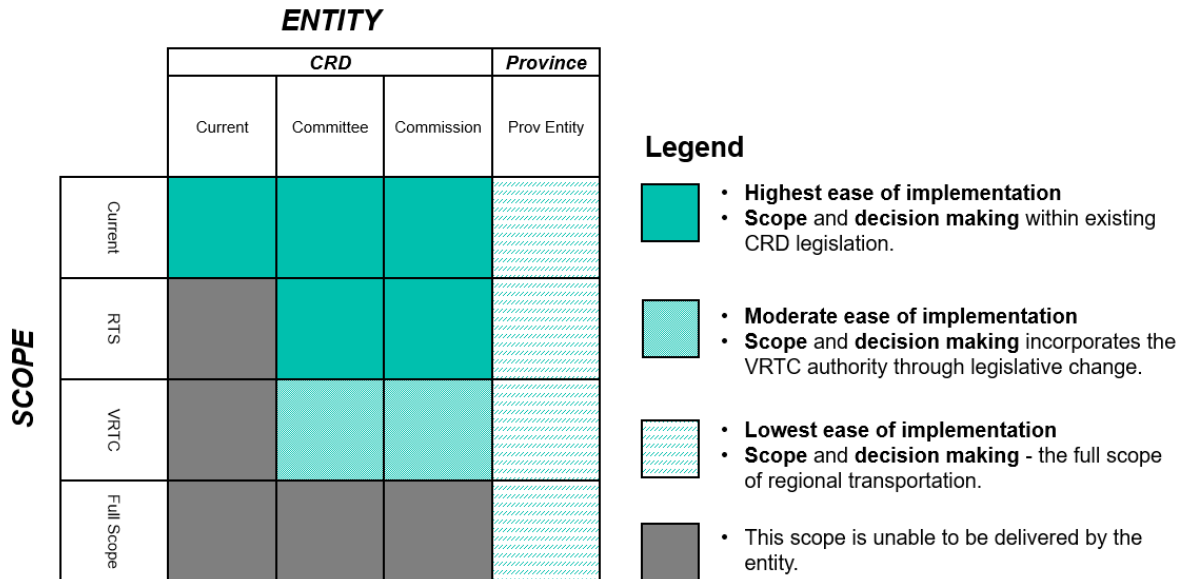
⁹ This is not exclusive to a delegated commission governance model. With legislative change, the authority of the VRTC can be incorporated within the CRD legislation and delivered through any governance model (i.e., delegated commission or Transportation Standing Committee).

Implementation	<ul style="list-style-type: none"> Similar level of effort and cost to implement as the base case (low effort) as the governance model is within the CRD and no legislative change is required¹⁰ Should the VRTC authority be incorporated, an increase in the implementation effort is required to change the existing CRD legislation. The timeline for the drafting and approval of a commission bylaw is two months. 	<ul style="list-style-type: none"> The establishment of a new provincial entity is costly with a high level of effort required due to the amount of work in drafting a cabinet submission and legislation, appointing staff and the Board, obtaining approvals, transitioning activities and designing an operating framework. The timeline to establish a provincial entity is estimated to take between 2 – 4 years
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Summary

Figure 6 provides an illustrative comparison of the current state, base case (Transportation Standing Committee), delegated commission and provincial entity to deliver the scope of regional transportation.

Figure 6: Comparison of the governance models for regional transportation



The cost, risk and implementation considerations identified in this report need to be assessed when determining a suitable governance model for delivering the RTP

¹⁰ Legislative change is required for incorporating the VRTC authority



outcomes. As such there is no single recommendation, however, the following should be considered for a short- and long-term governance approach to regional transportation:

- A delegated commission has a high ease of implementation and the ability to provide increased decision making, funding autonomy and regional representation through the governance composition of elected and non-elected officials. Whilst the authority over regional transportation is limited by the existing CRD legislation, it provides a single, integrated transportation service with a greater breadth and depth in scope than the current state. A delegated commission is an appropriate governance model for realizing immediate short-term benefits and improving the region's ability to deliver on the RTP outcomes.
- Incorporating the VRTC authority as part of the CRD requires legislative change, and a higher level of effort to implement. It does increase the CRD's ability to achieve the RTP outcomes (through transit decision making), however, the authority over all transportation assets remains siloed and while there is substantially more integrated regional transportation decision making, there is no single layer of accountability. A provincial entity is thus the appropriate long-term governance model to realize all the intended RTP outcomes.

Whilst the scale of benefits varies between each model, each supports the consolidation of transportation activities governed by a single decision-making body which will drive integrated and sustainable outcomes for the Region.

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