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REPORT TO TRANSPORTATION COMMITTEE MEETING OF WEDNESDAY, SEPTEMBER 11, 2024

SUBJECT **Bylaw No. 4630: Regional Transportation Service**

ISSUE SUMMARY

To approve the establishment of the Regional Transportation Service (RTS) for the purpose of providing transportation-related services within the Capital Regional District (CRD).

BACKGROUND

Transportation is a priority for residents and the CRD Board. The region has three transportation goals: reduce carbon pollution; support higher rates of walking, cycling and transit use; and address congestion. A 2023-2026 CRD Board strategic priority is to present options for transportation governance change so residents can access convenient, green and affordable multi-modal transportation systems to enhance livability.

On July 10, 2024, the CRD Board unanimously directed staff to draft an establishment bylaw for a RTS that allows for the implementation of all eight service categories, to be brought back for readings by Q4 2024.

Establishing a Regional Transportation Service

The proposed RTS aims to provide more tools to advance regional connectivity and integrated mobility. CRD's existing transportation functions are focused on a coordinating and monitoring role, limited to planning, data collection and analysis, and policy support, and collaboratively working with local governments, the Province and partner agencies to advance actions in the 2014 Regional Transportation Plan (RTP).

This new service would grant the CRD expanded authority to create programs, develop project offerings, and provide funding opportunities to drive transformative changes in transportation behaviour and advance the development of a robust Regional Multi-modal Network (RMN). Unlocking new functions through establishing a regional transportation service will lead to better and more reliable services, unified advocacy and messaging, enhanced regional consistency, better integration between land use and transportation and efficient service delivery through economies of scale and removal of repetition.

A successful service will demonstrate to the Province of British Columbia that the CRD is ready to take on the additional responsibilities necessary to achieve the regional vision for transportation. The RTS will provide resources for a greater range of tools to support and complement both regional and local government-led initiatives.

Local Government Engagement

In the summer and fall of 2023, the CRD engaged with member local governments, electoral areas and partner agencies to solicit feedback on regional transportation governance. The feedback provided the CRD with a baseline understanding of the aspects of transportation governance that local governments are interested in exploring further.

On December 13, 2023, the CRD Board directed staff to initiate concept development and analysis work on an inclusive list of potential transportation service categories. The CRD Board also directed staff to plan for engagement activities and schedule a workshop for Q2 2024.

Staff from each of the local governments, electoral areas, BC Transit, Ministry of Transportation and Infrastructure (MoTI), BC Ferries, Victoria Airport Authority, and Island Corridor Foundation continue to participate in ongoing discussions related to this work through the Transportation Working Group (TWG) and/or one-on-one meetings.

Transportation Governance Workshop

Mayors, councillors, electoral area directors, First Nations, and senior local government staff provided feedback at a transportation workshop hosted by the CRD on May 24, 2024, supported by senior staff from BC Transit, MoTI and Island Health. Workshop participants gained clarity and discussed the benefits and concerns of potential new functions related to establishing an RTS. Roundtable discussions covered eight potential service categories:

- Active Transportation and Road Safety
- New Mobility Services
- Behaviour Change
- Transit and Mobility Hubs
- Multi-modal Network and Connectivity
- Data Management and Traffic Analysis
- Grants and Funding
- Transportation Plans

Feedback received at the workshop indicated that participants generally supported the eight categories. Participants recognized the significant dependencies between each category. As such, all eight categories play a vital role in meeting the region's integrated transportation aspirations. Based on the feedback from the workshop and direct stakeholder engagement, the RTS establishment bylaw (Appendix A) has been written with a broad scope to allow for policy, plans, administration, programming, projects and studies to be developed.

Transportation Service Priorities

In the first two years of the RTS, the top priority will be to update the 2014 RTP including the vision, goals and priorities guiding long-term transportation planning and direct the integrated actions and programs undertaken by the RTS. Local government partners, the Province, BC Transit, BC Ferries, Victoria Airport Authority, Island Corridor Foundation, Island Health, First Nations, other stakeholders and the general public will be engaged to ensure a wide range of perspectives and interests are represented. Existing programs currently delivered by the CRD will be expanded to support the needs of an updated integrated RTP, including data collection, monitoring, behaviour change and transportation demand management (TDM) programs.

Concurrent with the RTP update, new programs that align with regional priorities can be developed, including feedback from the TWG. All new programs will be approved through the standard CRD service planning and financial planning processes, where CRD Board members provide input, refine program design, and ensure alignment with regional priorities.

With an updated and integrated RTP with other relevant transportation and transit plans, the CRD will have provided an opportunity to create a unified and consistent long-term vision for transportation, transit, and complete communities across the region. Through the ongoing implementation of the RTS, the CRD will be well-positioned to support local governments in developing transit-oriented communities and to work with BC Transit, the Province, and the federal government to pursue expressions of higher-order transit for the region, including working collaboratively as a regional partner in pursuing Canada Public Transit Fund investment opportunities.

As a growing number of commuters shift to active transportation modes, continual improvement of the portion of the regional trail network being consolidated into the RTS will be an ongoing strategic consideration. Balancing the increasing use of the three regional trails as transportation corridors with continuing recreational uses will remain important, such as through the infrastructure improvements approved through the Regional Trail Widening and Lighting Project.

Supporting Local Projects of Regional Significance

In addition to developing new programs and projects run by the CRD, the RTS will seek to partner with local governments to provide capital project cost-shared grant funding for local government infrastructure investments of regional importance. These capital projects primarily focus on advancing multi-modal infrastructure projects on the RMN yet will also consider improved connectivity to regional trails, mobility hubs, and facilities at mobility hubs. Through the RTP update, assessment criteria will be developed to guide the prioritization of RMN and connectivity projects for regional funding support. This program intends to provide supportive funds to local governments, ideally with additional partner support funding from senior-level governments for high-priority capital projects of regional significance.

The proposed maximum requisition for the service includes \$5 million (M) of requisition space that would allow for either direct grant support for capital projects or for annual debt servicing costs that would enable approximately up to \$80.0M of borrowing based on current rates from the Municipal Finance Authority (MFA). It should be noted that regional districts can only take out loans to support capital projects and assets for which they have ownership of or use agreement for. For capital projects in which the CRD does not have a controlling interest, such as local bike lanes or transit facilities, supporting grants can only come from requisition or other revenue sources.

Governance and Service Design Study

A service design and feasibility study is underway to provide potential governance for best delivering the CRD's current services and expanded functions.

Until otherwise directed, a new RTS would report to the CRD Board through the Transportation Committee, supported by the TWG and Traffic Safety Commission, with consideration for updated Terms of Reference to best support the expanded RTS mandate. A separate bylaw would be passed if subsequent governance change is desired, to be informed by the final recommendation from the governance and service design study.

In the future, it may be determined that additional transportation functions beyond the current legislative ability of the CRD would be beneficial. Establishing and implementing the RTS prepares the region to lead discussions with the Province to create this type of new regional scale entity (e.g., provincial authority or crown corporation). At that time, the CRD, local governments and affected agencies will be able to assess what governance model beyond what the CRD is able to implement itself would best deliver on the regional transportation goals.

ALTERNATIVES

Alternative 1

The Transportation Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4630, "Regional Transportation Service Establishment Bylaw No. 1, 2024", be introduced and read a first, second and third time;
2. That participating area approval be obtained by regional alternative approval process;
3. That Bylaw No. 4630, be forwarded to the Inspector of Municipalities for approval; and
4. That staff be directed to continue to consider governance options and report back in Q1, 2025.

Alternative 2

That this report be referred back to staff for additional information based on Transportation Committee direction.

IMPLICATIONS

Alignment with Board & Corporate Priorities

A 2023-2026 CRD Board strategic priority is to present options for transportation governance change so residents can access convenient, green and affordable multi-modal transportation systems to enhance livability. This priority shifts focus from goal setting to implementation through a new CRD transportation service. Initiative 4a-1 in the CRD Corporate Plan is to develop governance options, including consideration of a new transportation service or authority.

Alignment with Existing Plans & Strategies

CRD plans and strategies have informed concept development and analysis for service design. Relevant plans are the Regional Growth Strategy (RGS), the RTP, the Regional Parks and Trails Strategic Plan, the Regional Trails Management Plan, the Climate Action Strategy, and the Intergovernmental Relations Policy. The service establishment bylaw will align with the overall visions, objectives, and actions of CRD's existing plans.

Climate Implications

The CRD Board has declared a climate emergency. In 2022, on-road transportation accounted for 42% of all carbon pollution in the region. Encouraging new travel behaviours is among the solutions to get more people to take transit, walk and cycle, which will reduce carbon pollution. A significant aspect of the new service is enabling the CRD to offer an expanded regional role to support behaviour change and TDM with new tools and programs.

By better coordinating transportation and housing development, the goal is to align future plans to efficiently locate services and guide growth. From an environmental and climate perspective, focusing growth in areas well served by transit and active transportation can significantly reduce greenhouse gas emissions from travel.

Equity, Diversity & Inclusion Implications

Actions taken through the RTS will consider the needs of equity-seeking groups through concept development and analysis. Ensuring equitable access to transportation will be an important lens through which the new service will analyze and propose solutions to improve travel for all residents of the region.

Financial Implications

The proposed service bylaw includes a 2025 maximum requisition equaling \$20.0M, inclusive of a 10% long-term contingency. The components that have informed this threshold are:

	Current / Baseline	Increase	RTS Max Requisition
Operating Expenses	\$1.3M	\$1.3M	\$2.6M
Staffing Resources	\$2.1M	\$1.1M	\$3.2M
Debt Servicing Costs (Trails Widening and Lighting Project and E&N Trail loan servicing)	\$5.6M	-	\$5.6M
Reserve Transfers	\$1.3M	\$0.5M	\$1.8M
Cost Sharing Regional Significant Projects	-	\$5.0M	\$5.0M
Contingency for Long-Term Growth	-	\$1.8M	\$1.8M
Total	\$10.3M	\$9.7M	\$20.0M

Table 1: Draft Financial Model

The future maximum requisition amounts will be adjusted based on the net taxable value of the land and improvements within the Service Area.

The “Current / Baseline” costs represent the combined CRD expenditures for existing transportation functions from both the Regional Planning and Parks divisions. This includes planning, data management, and behaviour change programs, as well as regional trails management, operation, and maintenance.

The “Increase” column represents the projected budget required to expand on existing programs, develop new programs and undertake capital investments to accomplish the region’s transportation goals. This includes increases in operating expenses of \$1.3M, staffing resources to increase service capacity of \$1.1M, and a \$1.8M contingency for long-term growth of the service. The financial model was developed by analyzing the expected increase in effort for each of the proposed activities and programs across the eight transportation categories and was informed by KPMG’s work which is summarized in appendix C.

Also included in the “Increase” column is a \$5.0M allocation to provide cost-sharing grants through requisition or debt servicing to support local transportation projects of regional significance. This granting or borrowing will be guided by the prioritization criteria that will be developed through an updated RTP, which will be a top priority for the RTS in the early years of the service.

Cost control for new and expanded programs will be accomplished through the annual service planning process. Larger capital investments beyond simple grant support will also require a loan authorization bylaw for each project. Regarding operating expenses and staffing resources, the values provided in Table 1 are the best possible budget estimates, supported by Appendix C. Before service commences, validating these estimates with Parks Services to determine an operational model for the RTS will be essential. In particular, the operational management of regional trails shifting from Parks to the RTS will be a complex process and more details will be provided when staff reports back in Q1 2025.

It should be noted that the baseline debt servicing costs for the Regional Trails Widening and Lighting Project and the E&N Trail loan are accounted for in the maximum requisition, as the intent of the RTS is to service the loan for these projects. These loans will continue to be held by the Regional Parks service and are expected to remain with them for the duration of the loans, with the RTS transferring funds for loan repayment.

The “RTS Max Requisition” column provides a breakdown of the maximum requisition for the service. This maximum does not represent the initial budget allocation for the service, intended to grow over time from the “Current / Baseline” as programs are expanded or added. Expansion of the service is expected to occur over approximately a minimum of five years (i.e., 2030 or later), with updating the RTP being a critical early step to reconfirm and update strategic priorities and to develop an approach for prioritization of new programs and capital investments.

Given that the CRD is always the title owner of regional trails, asset transfer resulting from the shift of regional trails from Parks to the RTS can be considered at a future date as a final operating model for delivering the RTS is informed by validated budget estimates, inclusive of the proportion of Parks services serving regional trails as compared to the balance of the trail system. In the short term, regional trail assets will be held by the Parks division where the loan authorization needs to remain until the RTS is ready to take over the responsibility of the asset, including renewal of leasehold agreements. From the perspective of continuing to serve the public, it is important to maintain the current level of service and ensure there is no disruption to the management and operations of the regional trails during the interim period where the RTS is being established.

Regarding the cost apportionment model, staff recommend that the costs for the RTS be apportioned based on converted assessment for the participating partners. This apportionment is consistent with that of existing Regional Planning and Regional Parks services. The proposed cost apportionment for participants for 2025 is presented in Appendix B.

Wherever possible, the CRD will take a leadership role in seeking to secure funding streams from senior levels of government on behalf of the region to further leverage local government and/or CRD funding in achieving RTP goals. Speaking with a unified regional voice on transportation will strengthen the case for permanent funding streams and bring essential resources to the region.

First Nations Implications

Staff will continue to inform and engage with First Nations through government-to-government meetings and will be considering additional outreach later in 2024 or early 2025.

Intergovernmental Implications

Local governments, the CRD, BC Transit and MoTI each have different areas of responsibility for planning, regulating, operating and maintaining roads and pedestrian and cycling infrastructure. The responsibilities and authorities included in the RTS establishing bylaw are not intended to alter or take on responsibility for authorities currently held by local governments, BC Transit, or the Province.

The RTS will act only within CRD areas of responsibility and staff will work closely with partners to implement policies and programs. In some cases, such as standardizing wayfinding signage across the region, the RTS could lead the development of these standards or model bylaws, which local governments would adopt and implement. In other initiatives, such as education and awareness programs, the RTS could engage local government staff to develop the materials and then be responsible for running the program regionally.

Legal Implications

A regional district may operate any service it deems desirable, provided that on establishment of the service by way of service establishing bylaw, it received participating area approval. There are three options to obtain participating area approval: regional alternative approval process; municipal consent on behalf with alternative approval process (AAP) in the electoral areas; and referendum/elector assent.

As a regional service focused on transportation is most effective if all municipalities and electoral areas participate, a regional AAP is recommended. This approach would put the responsibility of objecting to the service on the electors, who, if 10% were not in favour, could determine not to proceed. Should an AAP approach be selected, a communications plan will be developed to inform the public about the proposed new service prior to the AAP process.

An alternative is the municipal consent process, which requires unanimous approval of all local governments and electoral areas (EA). This approval process was not recommended as any one municipality or EA can effectively and indefinitely veto the creation of the service. Finally, while a referendum would give voters a direct say on the service, it is significantly more costly than an AAP and has a longer timeline than the other options.

From a timing perspective, following third reading, the bylaw is referred to the Inspector of Municipalities for approval. Once approval is received, then it is expected the AAP process would begin in Q1 2025.

Governance Implications

When the RTS commences, the Transportation Standing Committee will be the single governance body that advises the CRD Board on decisions related to transportation, from planning to programs, to capital infrastructure and operation and maintenance. Regional trail active

transportation-related matters were previously reported to both the Regional Parks Standing Committee and the Transportation Standing Committee. In the RTS governance model, the Regional Parks Standing Committee will no longer be responsible for reporting on the active transportation use of regional trails; instead, it will focus on trails and parks for recreation.

A specific governance and operational model for how the RTS will function is being developed; staff recommends reporting back to the Board in Q1 2025 with greater clarity on more operating details on the continuation of the existing Transportation Standing Committee governance model as well as other potential governance options. Another governance model being explored within the legislative abilities of the CRD is that of a delegated commission, which could be empowered with decision-making authority and could include non-elected membership. These governance model considerations will be addressed in a staff report to be considered by the Board in Q1 2025.

Regional Growth Strategy Implications

The RGS is the key expression of the region's long-term vision for guiding growth. Objective #4 of the RGS is focused on transportation and improving multi-modal connectivity and mobility.

Through the creation of the RTS, existing transportation functions within the Regional Planning and Regional Parks divisions will be consolidated and expanded upon, and new programs will be developed. The service will offer new tools to better deliver on the transportation objectives of the RGS.

With a mandate to integrate transportation and land use planning, the service will be well-positioned to support the alignment of regional transportation options with the development plans of local governments. With the future need to update the RGS in addition to the RTP, the RTS will strengthen the region's capacity to integrate transportation and land-use planning.

Service Delivery Implications

CRD's Legislative Services, Legal, Finance and Regional Parks divisions are working together to create the service and ensure all aspects are considered and addressed efficiently. This is a significant interdepartmental effort that will help set up the service for long term success. The project timeline assumes that the implementation of a new RTS will begin in the second half of 2025.

Regional Trails will continue to operate its current mandate under CRD Regional Parks until a transportation service is established and a transition process has been finalized. This approach includes all capital projects such as CRD Regional Trail Widening and Lighting.

By growing incrementally and delivering tangible benefits to the region, local governments will have the time and opportunity to see how the service has benefitted their community and to consider their support of further expansion of programs or potential capital investments, including new RMN and regional connectivity cost-sharing funding programs with the CRD. This incremental approach would not limit the CRD's ability to continuously study and plan for future programs and investments and new service offerings as the RTS would still follow the normal service and financial planning and Board approval process.

CONCLUSION

The CRD is seeking approval for the establishment of the RTS for the purpose of providing transportation related services within the capital region, and that participating area approval be obtained by the regional alternative approval process.

The goal of creating a RTS is to create more tools to advance regional connectivity and integrated mobility. CRD's existing transportation functions are focused on a coordinating and monitoring role, limited to planning, data collection and analysis, and policy support, collaboratively working with local governments, the Province and partner agencies. A new transportation service would

consolidate existing CRD transportation functions, with additional scope to develop new programs in approved service categories that the CRD can deliver without requiring legislative change. The draft RTS establishment bylaw (Appendix A) has been written with a broad scope to allow for policy, plans, administration, programming, projects, and studies to be developed.

RECOMMENDATION

The Transportation Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4630, “Regional Transportation Service Establishment Bylaw No. 1, 2024”, be introduced and read a first, second and third time;
2. That participating area approval be obtained by regional alternative approval process;
3. That Bylaw No. 4630, be forwarded to the Inspector of Municipalities for approval; and
4. That staff be directed to continue to consider governance options and report back in Q1, 2025.

Submitted by:	Noah Brotman, Research Planner, Regional Planning
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Luisa Jones, MBA, General Manager, Parks, Recreation & Environmental Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

- Appendix A: Bylaw No. 4630, “Regional Transportation Service Establishment Bylaw No. 1, 2024.” (draft)
- Appendix B: Participant Cost Apportionment Simulation
- Appendix C: KPMG Base Governance and Operating Model for a Regional Transportation Service