

**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

CAPITAL REGIONAL DISTRICT
BYLAW NO. 4630

A BYLAW TO ESTABLISH A REGIONAL TRANSPORTATION SERVICE

WHEREAS:

- A. Under section 332 of the *Local Government Act* a regional district may, by bylaw, establish and operate any service the Board considers necessary or desirable for all or the part of the regional district;
- B. The Board of the Capital Regional District wishes to establish a service for the purpose of addressing transportation needs within the Capital Regional District;
- C. Participating area approval is required and elector approval has been obtained for the entire service area by alternative approval process, pursuant to s. 342(4) of the *Local Government Act*; and
- D. The approval of the Inspector of Municipalities has been obtained under section 342(1)(a) of the *Local Government Act*;

NOW THEREFORE the Board of the Capital Regional District in open meeting assembled enacts as follows:

Service

- 1. (a) The service being established and to be operated is a regional transportation service (the "**Transportation Service**") for the purpose of providing services in relation to transportation, including, without the limiting the foregoing:
 - i. Development of transportation policies, plans, programs, projects, and studies, including but not limited to public transit, active transportation, mobility hubs, transportation demand management, and road and trail safety;
 - ii. Provision of transportation information and data services;
 - iii. Management of regional trails that serve a regional transportation purpose, as determined by the Capital Regional District Board, including regional trail planning, policy development, constructing, operating and maintaining regional trail infrastructure, capital planning, and management of land tenure;
 - iv. Acquiring and holding land and interests in land required for the purpose of providing transportation services, including for the establishment and operation of transportation corridors and regional trails;
 - v. Acquiring, receiving, holding, distributing, and granting funding for transportation infrastructure and programs, including by entering into funding agreements, grant agreements, and partnering agreements with other public authorities;
 - vi. Construction, operation, and management of capital works and facilities that

- support transportation, including but not limited to active transportation, mobility hubs, and other transportation infrastructure;
- vii. Providing services and support to municipal participants and other public authorities relating to transportation services, including but not limited to public transit, active transportation, mobility hubs, transportation demand management, and road and trail safety;
 - viii. Managing, operating, and maintaining other transportation systems that serve a regional transportation purpose and are within the jurisdiction of the Capital Regional District.
- (b) Subsection (a) is not intended to alter or affect the dedication as regional trail of any designated regional trail nor to impair the use of the designated regional trails for the purpose of public recreation and enjoyment and ancillary nature conservation.
- (c) Subsection (a) is not intended to alter or affect the statutory powers of the Province of British Columbia or of any municipal participant in respect of a public highway within their respective jurisdictions.

Boundaries

2. The boundaries of the Transportation Service are the boundaries of the Capital Regional District.

Participating Areas

3. All municipalities and electoral areas within the Capital Regional District are the participating areas for this service.

Cost Recovery

4. As provided in Section 378 of the *Local Government Act*, the annual cost of providing the Service shall be recovered by one or more of the following:
 - (a) property value taxes imposed in accordance with Division 3 of Part 11 of the *Local Government Act*;
 - (b) fees and charges imposed under Section 397 of the *Local Government Act*;
 - (c) revenues raised by other means authorized by the *Local Government Act* or another Act;
 - (d) revenues received by way of agreement, enterprise, gift, grant or otherwise.

Cost Apportionment

5. The annual costs for the service, net of grants and other revenues, shall be apportioned among the participating areas on the basis of the converted value of land and improvements in the participating areas.

Maximum Requisition

- 6. In accordance with Section 339(1)(e) of the *Local Government Act*, the maximum amount that may be requisitioned annually for the cost of the Service is the greater of:
 - (a) Twenty Million (\$20,000,000); or
 - (b) An amount equal to the amount that could be raised by a property value tax rate of \$0.10834 per ONE THOUSAND DOLLARS (\$1,000.00) that, when applied to the net taxable value of the land and improvements within the Service Area, will yield the maximum amount that may be requisitioned for the Service.

Citation

- 7. This Bylaw may be cited as “Regional Transportation Service Establishment Bylaw No. 1, 2024”.

READ A FIRST TIME THIS _____ day of _____, 2024

READ A SECOND TIME THIS _____ day of _____, 2024

READ A THIRD TIME THIS _____ day of _____, 2024

APPROVED BY THE INSPECTOR OF MUNICIPALITIES THIS _____ day of _____, 2024

RECEIVED PARTICIPATING AREA APPROVAL UNDER SECTION 342(4) OF THE *LOCAL GOVERNMENT ACT* THIS _____ day of _____, 2025

ADOPTED THIS _____ day of _____, 2025

CHAIR

CORPORATE OFFICER

FILED WITH THE INSPECTOR OF MUNICIPALITIES THIS _____ day of _____

Participant Cost Apportionment Simulation

Service Participants	Converted Assessments 2024	Percent of Total	Current Requisition (\$)	Current Cost per Avg. Residential Assessment *	Maximum Requisition (\$)	Maximum Cost per Avg. Residential Assessment *
Municipalities						
Central Saanich	940,613,176	4.5%	458,615	\$55.17	890,514	\$107.12
Colwood	826,945,685	3.9%	403,194	\$48.84	782,900	\$94.83
Esquimalt	687,695,262	3.3%	335,299	\$51.48	651,067	\$99.97
Highlands	133,874,982	0.6%	65,273	\$63.31	126,744	\$122.93
Langford	2,186,331,024	10.3%	1,065,989	\$46.35	2,069,881	\$90.00
Metchosin	228,180,080	1.1%	111,254	\$64.47	216,027	\$125.19
North Saanich	928,795,732	4.4%	452,853	\$77.78	879,326	\$151.04
Oak Bay	1,262,567,858	6.0%	615,590	\$90.54	1,195,320	\$175.81
Saanich	5,433,968,140	25.7%	2,649,438	\$57.56	5,144,540	\$111.77
Sidney	769,254,206	3.6%	375,065	\$45.14	728,282	\$87.65
Sooke	582,186,138	2.8%	283,856	\$39.10	551,177	\$75.91
Victoria	5,022,381,103	23.8%	2,448,761	\$51.81	4,754,876	\$100.60
View Royal	506,524,168	2.4%	246,966	\$52.18	479,545	\$101.32
	19,509,317,554	92.4%	9,512,152		18,470,199	
Electoral Areas						
Juan de Fuca	369,767,091	1.8%	180,287	\$44.41	350,072	\$86.24
Salt Spring Island	695,133,309	3.3%	338,926	\$51.12	658,109	\$99.27
Southern Gulf Islands	550,966,010	2.6%	268,634	\$39.11	521,620	\$75.94
	1,615,866,410	7.6%	787,848		1,529,801	
Total	21,125,183,964	100.0%	10,300,000		20,000,000	

Prepared September 2024

Assessment data is based on information used for 2024 Final Budget, subject to annual update

* The cost per average residential assessment is a theoretical calculation that provides a directional indicator on impacts to residential rate payers only. It can be used as an approximation of cost for a residential household if a home's assessment value is at or near the 'Average Residential Assessed Value'



Base Governance and Operating Model For a Regional Transportation Service

Capital Regional District

KPMG LLP

September 2024

Background & purpose:

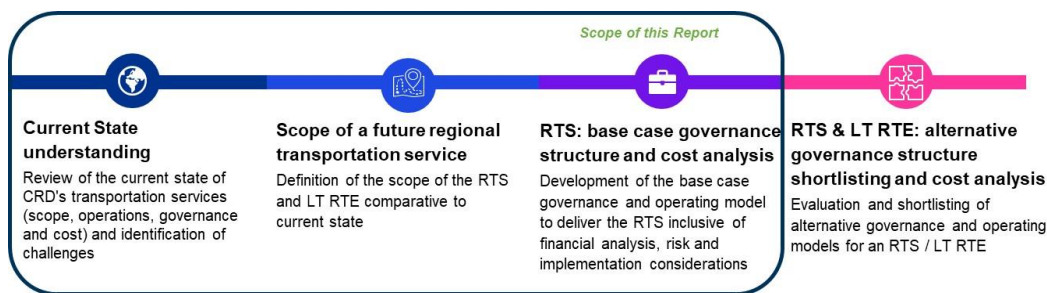
KPMG has been engaged to support the Capital Regional District (“CRD”) in developing governance and operating models to deliver a transportation service for the Region (the "Project"). The service is intended to accelerate the adoption of, and enhance coordination, among the member jurisdictions towards the outcomes and objectives of the Regional Transportation Plan (“RTP”). This includes the development of:

- 1 A base case governance and operating model to deliver the scope of a Regional Transportation Service (“RTS”), intended to be a first step towards formalizing delivery of a coordinated regional service. The RTS expands the depth and breadth of the existing transportation service, delivered by the CRD, within the bounds of the existing CRD legislation. Not all outcomes of the RTP will be delivered through the scope of the RTS.
- 2 A concept operating and governance model for RTS and alternate models to deliver the scope of a Long-Term Regional Transportation Entity (“LT RTE”). The scope of services delivered by the LT RTE will require legislative change and cannot be delivered within the existing CRD authorities. All outcomes of the RTP can be achieved through the scope of an LT RTE.

The overview of the Project is shown in Figure 1 below, with the scope of this Report outlined. This Report provides an overview of the scope of the RTS, the required base case governance and operating model for delivery of the RTS and the cost analysis undertaken to estimate the steady state operational cost of the service and the maximum requisition. It has been estimated to support the RTS Establishment Bylaw submission to the Board in September.

Further analysis is ongoing to shortlist and evaluate the alternative governance and operating models for the scope of an RTS and LT RTE and will be submitted for Board consideration at a future date.

Figure 1: Overview of the Project



RTS: scope and base case governance structure

The RTS consolidates the existing transportation activities performed through both the Regional Parks and Regional Planning Services whilst increasing the breadth and depth of these activities. Expansion of activities is limited by the bounds of existing legislation (i.e., CRD's current authorities). Whilst not all outcomes of the RTP can be fully realized through the scope of an RTS, the increased scope and focus on regional transportation activities will enable greater ability to deliver on multi-modal priorities. Implementing the RTS does not require legislative change and can be delivered within a similar design to the current governance and operating model.

Scope

The scope of the RTS was defined by the CRD to span eight transportation service categories. These categories expand the breadth and depth CRD's transportation activities within current legislation and forms the foundation for achieving the multi-modal priorities within the RTP. An illustrative summary of the expansion of activities across each transportation category, from current state to the RTS, is shown in Table 1.

Table 1: Summary of the expansion of breadth and depth of activities in RTS across the pre-established transportation categories *

Standard transportation activities	Transportation categories	Active Transportation & Road Safety	New Mobility	Behaviour Change	Transit & Mobility Hubs	Multi-modal Network & Connectivity	Transportation Plans
Develop Regional Strategy							
Define standards and levels of service							
Coordinate policy / bylaws							
Develop multi-modal bylaws							
Develop and monitor policy							
Prioritize & agree on priorities							
Design & execute projects							
Operate & maintain assets							

Current State

RTS

Not within the bounds of the CRD legislation

* The current state transportation activities are also to be performed in the RTS.

The additional transportation categories of Data Management & Traffic Analysis, and Funding & Grants, 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.

Governance model to deliver the proposed RTS

The proposed RTS governance model leverages existing transportation-related committees (e.g., Transportation Standing Committee) and supporting structures from the current state governance model. For the purposes of this Project's base case definition, the RTS is established as a new division reporting to the existing Transportation Standing Committee.

The consolidation of the existing CRD transportation activities into one division with a single governance body will support the CRD to achieve the goals of the RTP. The Transportation Standing Committee will provide transportation recommendations to the Board based on a single, coordinated transportation vision for the Region.

Operating model to deliver the proposed RTS

The proposed RTS expands the depth and breadth of the existing transportation service delivered by the CRD. Through discussions and working sessions with the CRD, it was estimated that the additional support required to deliver the RTS scope equates to approximately a 40% uplift in the number of full-time equivalents ("FTEs"), when compared to current state resources. An increase in funding is also required for the provision of goods and services to implement and run the expanded breadth and depth of transportation activities. This is captured in the cost analysis below.

The uplift of 40% was determined in consultation with the CRD and through analyzing the expected increase in effort for each of the proposed activities and programs across the eight transportation categories. This uplift reflects the steady state FTE requirement to sustain the RTS.

Cost analysis of the RTS

An indicative and directional exercise was conducted with CRD inputs and guidance to develop a high-level cost analysis that estimates a range for the:

- approximate steady state cost of the RTS operating under the base case operating and governance model; and
- maximum requisition* of the RTS for the purposes of CRD creating a new service establishment bylaw, with a contingency included.

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

The basis of the RTS cost comprises four broad segments of cost categories (see **Error!** Reference source not found. for details):

- 1 operating expenditures;
- 2 growth contingencies;
- 3 capital expenditures; and
- 4 one-time implementation costs to manage the process of establishing the service.

RTS Maximum Requisition	Reference costs for RTS
RTS operating expenditure	Capital expenditure – not considered in the RTS maximum requisition. Funded through a combination of capital reserve funds, equipment reserve funds, and debt servicing
Salaries and benefits	
O&M (excluding labour)	One-time implementation cost – not considered in the RTS maximum requisition. Amount captured by the 'growth contingency' in the maximum requisition calculation.
Provision of Goods & Services	
Other operating costs	
Future governance costs	
Reserve funds: ORF, CRF, ERF	
Debt servicing costs	
Cost-sharing regional significant projects	
RTS Growth contingency	

Figure 2: Overview of RTS cost categories

Note: Only #1 operating expenditures (includes reserve funds and debt servicing costs) and #2 growth contingency contribute to the maximum requisition calculation. The #4 one-time implementation cost is assumed to be captured under the #2 growth contingency amount. #3 Capital expenditures are funded through #1 operating expenditures, either through capital reserve funds ("CRF"), equipment replacement funds ("ERF") or debt servicing costs. As such, #3 capital expenditures and #4 one-time implementation costs are not separately accounted for in the RTS maximum requisition calculation; instead, their costs are captured under #1 operating expenditures and #2 growth contingency, respectively.

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.

Limitations of this analysis

All information and data used in the development of this cost analysis was either provided by the CRD finance team, developed iteratively in conjunction with the CRD finance team and other key staff, or gathered from publicly available resources. The information was continuously reviewed, refined, and validated with relevant CRD staff throughout the analysis. As such, inputs gathered and used for this Project represent a point-in-time assessment of the cost estimations. The reader is advised that variability will exist year-to-year, and will change subject to macro- and micro-economic shifts in the political, commercial, and public realms.

KPMG did not independently verify information provided by the CRD for this analysis, and, accordingly, the analysis and results presented herein do not constitute auditable results or forecasts. KPMG expresses no opinion regarding the accuracy of the cost and operational information provided by the CRD. CRD management has been responsible for directing KPMG on inputs used and adjustments applied for this analysis.

Methodology

Three methodologies were used to derive the cost inputs for the RTS, where applicable.

1 Use CRD's historical averages as the base, apply a factor of current state to scale up.

This methodology is applicable to cost categories where historical financial data is considered sufficiently representative to serve as a basis for future projections. Therefore, the 5-year historical averages between 2019 and 2023 are used as the starting point, and the RTS cost input is determined based on the effort required to deliver services in comparison to the current state.

2 Use CRD's planned future cost, or industry benchmarking price.

In certain instances, planned future costs were available and provided by the CRD, which was deemed to serve as a more accurate benchmark for the RTS cost input. Hence, a 5-year average cost between 2024 and 2028 was taken to estimate a steady state annual cost for the RTS. For staff paygrades, benchmarking rates from the Canadian Union of Public Employees ("CUPE") were applied.

3 Use CRD's directional input.

For cost items where neither of the first two approaches (i.e., method #1 or method #2) were applicable or deemed representative for the RTS projection, the CRD's directional input was used to generate a more realistic estimate.

Analysis

As presented in Figure 2, eight (8) cost items make up the total estimated operating costs for the RTS. These eight items plus growth contingency make up the total estimated maximum requisition to be considered for establishing the RTS. Below, a description of input sources, adjustment factors, and rationales for adjustments applied for each of the cost categories are described.

Salaries and benefits

This cost item includes salaries and wages, including benefits paid to staff. The annual costs for the RTS have been derived using the *2024 Staffing Cost Estimate for High Level IBC's*, based on the 2025 rates for managers and CUPE rates for non-management staff. Non-management staff costs are divided into CUPE paygrades J13-17, and J18-21 to reflect the pay difference between lower-level staff responsible for operations and maintenance related work for trails, and senior-level non-management staff responsible for planning and strategy related activities.

From the current state, an estimated 40% uplift in total FTE is required to deliver the expanded breadth and depth of activities of the RTS. To support the 40% increase in the number of FTE required, a 55%* uplift in salaries and benefits is required to support this. Refer to notes above on how the uplift amounts were estimated and validated with CRD.

Salaries and benefits	# FTE	RTS estimated annual cost ('000s and rounded to nearest thousand)	Compared to Current State
Management staff	3	\$483	↑ 55%
Non-management staff CUPE J13-17	13	\$1,326	
Non-management staff CUPE J18-21	10	\$1,316	
Seasonal staff	2	\$85	
Total salaries and benefits	28	\$3,210	↑ 55%

* 55% increase due to hiring more senior level staff. As well, average paygrades calculated using industry benchmark, which are slightly higher than current CRD pay rates.

Operations and Maintenance ("O&M") (excluding labour)

O&M encompasses costs related to vehicles & equipment, maintenance & repairs, excluding labour-related costs (captured under *Salaries and benefits*). Historically, O&M spending has been operating at a deficit due to constrained funding, as indicated by CRD staff (i.e., actual annual O&M for the service exceeds annual budget). Hence, a 20% uplift has been applied in the RTS, at CRD's directional input, to reflect both the historic deficit and increase in O&M required to support the shift of trails from recreational to active transportation corridors.

O&M (excluding labour)	RTS estimated annual cost ('000s and rounded to nearest thousand)	Compared to Current State
O&M (excluding labour)	\$209	↑ 20%

Provision of goods and services

The provision of goods and services is comprised of contracts for services, program development costs, and the Traffic Safety Commission. Consistent with the estimated 40% uplift in FTE required to support the increased breadth and depth of activities, a 40% uplift is also applied to contract for services for the RTS.

Program development costs encompass costs for existing and new programs to be delivered. The CRD finance and regional planning teams have constructed a bottom-up plan that outlines the uplift for program development cost based on the eight transportation categories.

Provision of goods and services	RTS estimated annual cost ('000s and rounded to nearest thousand)	Compared to Current State
Contract for services	\$213	↑ 40%
Traffic Safety Commission cost	\$75	.*
Program development cost	\$1,024	↑ 445%
Total provision of goods and services	\$1,312	↑ 216%

*The Traffic Safety Commission has no additional uplift in cost as the additional breadth and depth of its scope in the RTS is captured in the bottom-up planning for program development costs.

Other operating costs

Other operating costs consists of all other operating costs, including allocations, insurance, utilities & disposal, operating supplies, legal, and more. Similar to FTEs and contract for services, a 40% uplift has also been applied to capture the increase in cost required to deliver the increased breadth and depth of new activities in the RTS.

Other operating costs	RTS estimated annual cost ('000s and rounded to nearest thousand)	Compared to Current State
Other operating costs	\$1,014	↑ 40%

Future governance costs

In consultation with the CRD and consistent with the current state, members of existing advisory committees, commissions and working groups are not compensated separately as related costs are captured in their salaries. As the current state governance is adopted for the RTS governance model, no additional *future governance costs* are estimated to be incurred in the RTS.

Future governance costs	RTS estimated annual cost ('000s and rounded to nearest thousand)	Compared to Current State
Future governance costs	-	n/a

Reserve funds

There are three categories of reserve funds: Operating Reserve Fund (“ORF”), CRF and ERF. The ORF is designed to build up a reserve to fund future one-time initiatives, cyclical and unexpected program costs, and leverage cost-share grant opportunities for non-capital projects and programs. The CRF and the ERF, along with debt servicing costs, will fund the RTS capital expenditures.

The ORF for the RTS has been based on the *CRD Operating Reserve Guidelines*. For the CRF, the CRD’s Regional Parks Service provided planned figures for 2024-2028 and the 5-year average, with additional contingency to build up a long-term reserve as the projection for the RTS.

Similar to the CRF, the ERF also uses a 5-year average of the planned 2024-2028 expenditures provided by the Regional Parks Service, plus the 5-year historical average from 2019-2023 provided by the Regional Planning Service. An additional contingency has also been added to the ERF for the RTS. The magnitude of contingency defined with guidance by the CRD.

Costs are indicative only and based on historical planning with no major trail or leasehold improvements included. Future reserve transfers will be determined based on future capital and program planning activities.

Reserve funds	RTS estimated annual cost ('000s and rounded to nearest thousand)	Compared to Current State
ORF	\$100	.*
CRF	\$1,500	↑ 44%
ERF	\$250	↑ 63%
Total reserve funds	\$1,850	↑ 32%

*For comparison purposes, the Current State indicates no budgeted ORF transfers due to sufficient Regional Planning ORF balance. Past transfers from 2019-2023, comprising of surplus budget and grant funds, are inconsistent and unreliable for future planning.

Debt servicing costs

Debt servicing costs are dedicated to capital costs of leasehold improvements, specifically the expansion and widening of regional trails for active transportation. The average annual cost for debt servicing in the current state is \$5.6 million and this is expected to remain consistent in the RTS, as directed by the CRD finance team.

Debt servicing costs	RTS estimated annual cost ('000s and rounded to nearest thousand)	Compared to Current State
Debt servicing costs – trails	\$5,600	-

Cost-sharing regional significant projects

This is a new cost category, identified by the CRD, to leverage future capital cost-sharing projects or initiatives for regionally significant projects as identified in the RTP. The CRD has advised that \$5 million should be set aside annually to contribute to cost-sharing initiatives.

Cost-sharing regional significant projects	RTS estimated annual cost ('000s and rounded to nearest thousand)	Compared to Current State
Cost-sharing regional significant projects	\$5,000	↑ new cost category

Summary

The annual steady state expenditure for the RTS in 2030 and onwards ranges between \$18.0 million and \$18.4 million. For the purposes of this summary, the average annual steady state operating cost of RTS is assumed to be approximately \$18.2 million.

Cost categories	RTS ('000s and rounded to nearest thousand)
Annual expenditure at steady state (annual operating expenditure)	
Salaries and benefits	\$3,210
O&M (excluding labour)	\$209
Provision of goods and services	\$1,312
Other operating costs	\$1,014
Future Governance costs	-
Reserve funds	\$1,850
Debt servicing costs	\$5,600
Cost-sharing regional significant projects	\$5,000
TOTAL annual operating expenditure	\$18,195 (\$17,953 - \$18,418)

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 incorporated into the calculation of the maximum requisition to accommodate for any unforeseen capital or operating expenses and ensure there is room for future growth of the new RTS. A 5 – 10% amount of the annual operating expenditure was recommended by the CRD for the *Growth contingency* to round the maximum requisition to the nearest million.

Makeup of maximum requisition	RTS ('000s and rounded to nearest thousand)
Maximum steady state annual expenditures	\$18,418
Growth contingency*	\$1,582
Maximum requisition	\$20,000

*In practice, the growth contingency could range between \$1.6 million and \$2 million, depending on the actual steady-state annual expenditures within the projected range (i.e., range of \$18.0 - \$18.4 million).

Limitations to the RTS

This Report focuses on the estimated financial implications to deliver the RTS. The figures presented in this Report reflect the approximate, associated steady-state operating costs for the purposes of understanding a potential maximum requisition for CRD's service establishment bylaw. Whilst the RTS is expected to drive an integrated and consolidated transportation service for the region, it is limited by existing legislation and is unable to deliver on all the outcomes of the RTP. Further analysis is being conducted to explore longer-term governance and operating models to support the delivery of the scope of an LT RTE, which will require legislative change. Analysis on options of governance and operating models for an LT RTE will be submitted for Board consideration at a future date.

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