



# **MAYORS' COUNCIL**

*On Regional Transportation*

## **ENSURING THE SUSTAINABILITY OF PUBLIC TRANSIT IN METRO VANCOUVER**

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Submission to the Select Standing Committee on Finance and Government  
Services of The Legislative Assembly Of British Columbia

June 26, 2020

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# Introduction



Over the past four years, the Province of B.C. and the Mayors' Council on Regional Transportation, alongside the federal government, have enjoyed a strong partnership that has led to historic investments in the expansion of Metro Vancouver's public transit system. As a result, TransLink has had the resources required to respond to record-setting ridership growth by increasing the frequency of service on buses, SkyTrain, Westcoast Express and SeaBus.

In a highly transit-oriented region like Metro Vancouver – which represents 61% of the province's GDP – safe and reliable transit is an essential service that is critical for getting workers to their jobs and is the only mobility option for many who are unable to afford other means of transportation.

With the onset of the COVID-19 pandemic, and the physical distancing measures required to prevent transmission of the virus, transit ridership dropped dramatically, and TransLink has introduced new public health measures that limit passenger volumes. This led to an 83% decline in ridership at its lowest point, and a corresponding drop in fares that makes up a significant proportion of TransLink revenues. Nevertheless, 75,000 people – many of them essential workers in healthcare, food production and retail – continued to rely on the system every day during the pandemic. Transit ridership has recovered to 33% of normal with the onset of Phase 2 of the BC Restart Plan, and this is expected to continue to increase as more of the economy reopens.

For TransLink to continue delivering the services and mobility the region needs as our economy recovers over the coming months and years, the region will need the support of the Provincial Government more than ever before.

Unlike some other government services which can be reduced due to lower demand, 100% of normal transit service has to be maintained to meet current and projected ridership demand given the physical distancing measures in place that reduce transit vehicle capacity. The requirement to maintain 100% service but limited to just a fraction of ridership revenue means that as of late March, TransLink had only been able to reduce expenses by a small amount, and yet has seen monthly revenues decline by almost 60%, or \$75 million, due to reductions in fare revenues and fuel and parking sales taxes. Losses in 2020 and 2021 are currently projected between \$550 million and \$1.4 billion, depending on the trajectory of the pandemic and economic recovery.

The uncertainty surrounding the future impacts of the pandemic and potential for a 'second wave' of infections makes it very difficult to define the specific financial support TransLink will require from senior governments. The Province must protect vital services such as transit from the negative impacts of this unprecedented public health crisis.

A recovery strategy to help resolve COVID-19 related financial impacts on TransLink in 2020 and 2021 is needed. This work will require participation by all levels of government, including the region, the federal government and the Province.

On May 8, 2020, the Government of British Columbia announced a commitment to ensure transit service will be available to British Columbians. In this announcement, the Province, the Mayors' Council and TransLink all recognized that transit is an essential service, critical for providing public mobility during the acute phases of COVID-19 and for supporting the social and economic recovery of the region and the province as part of the BC Restart Plan. Following this announcement, the Province and TransLink started working on a plan to address the financial sustainability challenges that TransLink faces due to the COVID-19 pandemic. The assurance of support from the Province is a welcome step towards recovery and has enabled TransLink and its operating companies to avoid service reductions.

In the short term, TransLink is drawing down on its reserve funds and identifying ways to be more efficient in the delivery of service while continuing to implement health and safety measures. TransLink is also benefiting from the province's changes to the Provincial School Tax to ensure local governments can remit TransLink property taxes on schedule by July 1, 2020. Although TransLink's reserves are being used to maintain transit service levels required to meet demand, TransLink's financial sustainability relies on concluding its work on a recovery plan with the Province initiated in its May 8 announcement.

Recently, the Government of Canada announced \$14 billion in funding will be distributed to Provinces to support communities, including for the provision of transit services. The Mayors' Council looks forward to working with the Province to determine how these new federal resources can be directed to sustaining transit services in Metro Vancouver and across B.C.

**As the B.C. Government considers spending priorities for Budget 2021 to support individuals, businesses and communities in the wake of the pandemic, the Mayors' Council urges the Province to continue working closely with TransLink on a recovery strategy, and to prioritize mobility as a critical component of the Province's long-term economic recovery.**

In the Budget 2021 Consultation Paper, the Minister of Finance, the Honourable Carole James, identified the need to "invest in people, communities and a clean future to ensure a strong recovery works for everyone"... and she described a return to a resilient economy "where no one is left behind, and opportunities are available to everyone."

The transit service provided by TransLink is essential to the lives of hundreds of thousands of people in the Metro Vancouver region, and is an integral part of the transportation network that keeps our economy functioning. The fundamentals of our region have not changed: transit demand will return, and continued transit expansion, like the Surrey-Langley Skytrain, will be required to serve a growing population and diverse economy. Transit is also key to reducing congestion and limiting GHG emissions.

Working together, the Mayors' Council and the Governments of British Columbia and Canada must ensure that TransLink is financially sustainable and able to continue delivering critical transit services safely and efficiently. And in doing so, we must avoid downloading the costs of responding to and recovering from COVID-19 solely onto regressive revenue sources such as property taxes or transit fares in a way that will hinder economic recovery and income equity.

If we want to leave no one behind in B.C.'s economic recovery, we must protect and support essential transit service. For TransLink this will require:

- Continuing to address the immediate emergency by keeping transit service on the road – supporting the continued functioning of the Metro Vancouver region;
- Recovering TransLink's financial capacity to support transit in Metro Vancouver which is being depleted due to sustained revenue loss during the pandemic;
- In the longer-term, expanding TransLink's revenue tools to reduce its reliance on transit fares and address declining fuel tax revenues; and,
- Investing in new capital projects and programs that will help to stimulate the economy and meet future mobility needs.

Today, the TransLink team is working hard to provide safe, reliable service as people return to work. As the region's mayors, we want to continue our partnership with the Province to ensure transit will continue to be there as the economy recovers.

## Recommendations

The Mayors' Council recommends that the Select Standing Committee on Finance and Government Services calls on the Government of British Columbia to:

- 1. Commit to the Mayors' Council's **Principles for Rebuilding Regional Transit and Transportation**:**

  - a. The COVID-19 pandemic and resulting near- and longer-term economic and community shocks require unprecedented action by all levels of government working in partnership.
  - b. Transit is an essential service critical for providing mobility during the acute phases of the pandemic and to support the social and economic recovery of communities as part of the BC Restart Plan.
  - c. Avoid downloading the costs of responding to and recovering from COVID-19 onto regressive revenue sources like the property tax or transit fares in a way that will hinder economic recovery.
  - d. A transit recovery and rebuilding strategy must be responsive to continued pandemic and economic shocks and potential shifts in travel behaviour and safe transit operating guidelines as the COVID-19 crisis evolves.
  - e. Metro Vancouver's Regional Growth Strategy, Regional Transportation Strategy, 10-Year Vision and related strategies for climate change and affordability are still relevant and must continue to guide regional and provincial decision-making and investment during post-pandemic rebuilding.

- 2. Develop a **multi-year recovery plan**, with participation by all levels of government, including the region, the federal government and the Province, to help resolve COVID-19 related financial impacts on TransLink.**
- 3. Develop a **Provincial Rebuilding Strategy for B.C.'s Transit and Transportation Sector** in 2021 that will strengthen TransLink's funding models by expanding transit revenue tools to reduce reliance on transit fares so that TransLink can:**

  - Sustain, improve and grow transit as the economy and population grows; and,
  - Rebuild transit ridership and provide mobility alternatives to support economically competitive, sustainable and livable communities.

# Transit: The backbone of Metro Vancouver's transportation system



Prior to the arrival of the COVID-19 pandemic in March 2020, TransLink was in the midst of several continuous years of record-breaking growth with a 20% increase in transit ridership over the four-year period from 2016 to 2019. One in five commute trips in Metro Vancouver was being made by transit.

Thanks to decades of effective regional growth management and transit-oriented land-use planning, strong investment in transit and a strong economy, Metro Vancouver's transit performance is continent leading:

- Compared to US & Canada metro areas of a similar size, the Metro Vancouver region records higher total annual transit boardings than the other 9 regions combined.
- Although Metro Vancouver is the 24th largest metropolitan region in the US & Canada, it records the 4th highest per-capita transit ridership behind only New York City, Montreal and Toronto. Calgary is close behind with the 5th highest per-capita transit ridership.

In a highly transit-oriented region like Metro Vancouver, public transit is an essential service that is critical for the ongoing functioning of the economy – especially in getting essential workers to their jobs.

# COVID-19 impacts on Metro Vancouver's transit system

Transit ridership began a precipitous decline beginning in mid-March 2020 as a result of the call for social distancing and the closing of job sites and schools. As of mid-May 2020, ridership had fallen to approximately 83% below the same period last year. This was despite the removal of fare collection on bus routes starting on March 20, for safety reasons. Transit ridership declines were matched by drops in automobile use, while regional fuel consumption was about 60% lower than the same period in 2019.

While limits on non-essential travel have resulted in a significant drop in ridership, in April and May prior to the BC Restart Plan, TransLink continued to provide an essential service to 150,000 unique users every week, or 75,000 unique daily users, including:

- Eight in ten (82%) current riders have been using transit for essential trips like getting to work, buying groceries and for personal business purposes like medical appointments.
- About four in ten of all current transit users self-categorize their jobs as essential. The most common occupations are in health care services, law enforcement and first response.
- Transit use is quite high amongst the region's hospital workers. For example, about 30% of Vancouver General Hospital workers rely on public transit to get to work, which represents about 1,550 workers at that one health care facility.
- 30% of people from households with an income of \$40,000 or less are currently using transit versus 18% of \$40,000-\$60,000

and 11% of \$60,000+ households. Transit ridership has also declined less among lower income neighbourhoods during the pandemic.

- About one-in-ten current users say that they do not have any other options to get to and from work. Seven percent don't have any alternatives for their food and grocery shopping trips.

During this pandemic, transit has continued to perform a vital role in supporting essential functions of people's daily lives and making sure frontline workers can perform the jobs our communities rely on for our health and safety. TransLink has taken extraordinary measures to maintain services at 100% normal levels – required to avoid overcrowding – despite mounting costs. But it does not have the financial capacity to do so indefinitely, which underscores the urgency of securing a commitment from the provincial government to cover TransLink's losses as we emerge from this crisis.

## Preventing a return to congestion

Prior to the onset of the pandemic, the number of people choosing transit as their primary mode of transportation for commuting and other trips had been growing rapidly. With regional and municipal policies encouraging sustainable and active forms of transportation, Metro Vancouver was making progress in addressing traffic congestion, improving access to more affordable housing, and reducing GHG emissions. COVID-19 threatens to reverse this trend, unless we continue to maintain and improve transit services and make investments in active transportation.

To meet the goals of the Clean BC plan and maintain the livability of Metro Vancouver and other regions, it will be critical to limit congestion. Already we have seen troubling signs of a shift in travel patterns:

- As of May 31, in the early days of Phase 2 of BC's Restart Plan, trips by car in Metro Vancouver had already returned to 75% of normal volume – despite ongoing physical distancing requirements and limited reopening of workplaces. Experience from other jurisdictions, and the trends observed in June, suggests automobile mode share will soon recover to 100% of normal.
- A survey by Mustel Group for the Greater Vancouver Board of Trade showed that 36% of respondents in Metro Vancouver said they plan to increase their car use or ownership because of the pandemic. Respondents also said they expect to decrease their use of transit (34%), car sharing (13%) and ride-hailing (12%).
- The Mustel survey showed that 32% of respondents in Metro Vancouver want to increase active modes of transportation.

### The 10-Year Vision

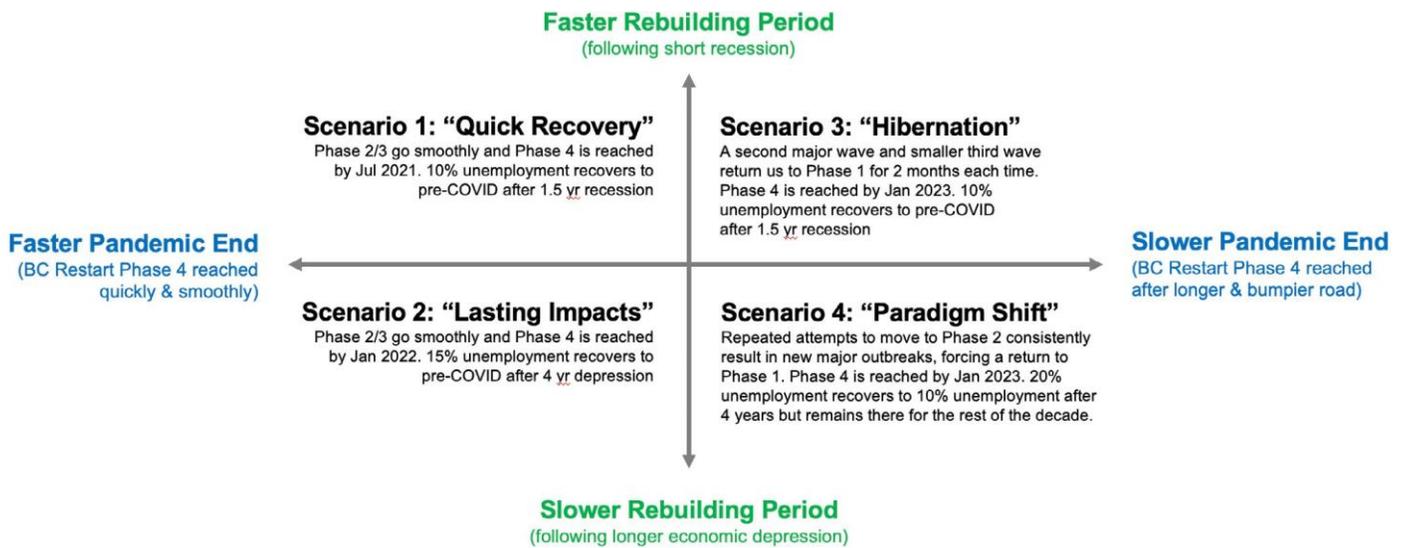
Until TransLink knows what financial support it can expect from senior governments to help offset COVID losses, replenish reserves and fund new projects, it will be difficult to initiate planning and public consultation for TransLink's next Investment Plan, which includes the Surrey-Langley SkyTrain project.

Future planning also depends on having greater stability in terms of TransLink's revenue tools and having an ability to forecast future financial capacity. The planned projects included in the **10-Year Vision** remain vital to meeting the region's future travel needs and to support economic and population growth, and delay should be avoided.

# Planning for an uncertain future

On May 6, 2020, the Province announced BC’s Restart Plan which outlines a process to ease physical distancing requirements and re-open the economy in four phases. TransLink has initiated its own planning to ensure transit service continues to be safe, reliable, and responsive to shifting demand. This includes detailed modeling to predict how travel demand – and revenues – will be affected by the different phases of BC’s Restart Plan.

Given the potential for a resurgence of COVID-19 cases, or a second or even third ‘wave’ of the virus, TransLink is modeling the potential financial impacts of four different scenarios that may play out through the rebuilding and recovery period, as shown below. The losses for 2020/2021 will range from \$544 million in the best-case Scenario 1 (Quick Recovery) to as much \$1.4 billion in Scenario 4 (Paradigm Shift).



TransLink Scenario	2020								2021											
	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec
Scenario 1: Quick Recovery	Phase 1/2	Phase 2 → 3	Phase 3						Phase 3						Phase 4					
Scenario 2: Lasting Impacts	Phase 1/2	Phase 2 → 3	Phase 3						Phase 3											
Scenario 3: Hibernation	Phase 1/2	Phase 2 → 3	Phase 3			Phase 1		Phase 2	Phase 3						Phase 1					
Scenario 4: Paradigm Shift	Phase 1/2	Phase 2 → 3	Phase 1		Phase 2		Phase 1	Phase 1	Phase 2		Phase 1			Phase 2		Phase 1				

The chart below shows the cumulative revenue forecast losses associated with each of the above scenarios over a two-year period, in 2020 and 2021, with ranges based on either high or low ridership (travel demand). Even in the best-case scenario, TransLink will face crippling financial losses and will need to deplete its reserves in order maintain service.

### Cumulative 2020-2021 revenue forecast losses

(against pre-COVID financial planning)

(\$millions)	<b>Scenario 1: Quick Recovery</b>		<b>Scenario 2: Lasting Impacts</b>		<b>Scenario 3: Hibernation</b>		<b>Scenario 4: Paradigm Shift</b>	
	Current (May 28) Forecast		Current (May 28) Forecast		Current (May 28) Forecast		Current (May 28) Forecast	
	High Travel Demand	Low Travel Demand	High Travel Demand	Low Travel Demand	High Travel Demand	Low Travel Demand	High Travel Demand	Low Travel Demand
Fare Revenue (@100% SH)	-368	-651	-407	-778	-601	-825	-795	-881
Fare Pass Programs	-67	-67	-145	-145	-145	-145	-145	-145
Fuel Tax	-70	-157	-99	-177	-99	-177	-241	-260
Parking Tax	-26	-57	-36	-66	-36	-66	-90	-98
Std Property Tax	-3	-3	-3	-3	-3	-3	-3	-3
DCC	-10	-10	-13	-13	-16	-16	-19	-19
<b>Totals</b>	<b><u>-544</u></b>	<b><u>-945</u></b>	<b><u>-703</u></b>	<b><u>-1182</u></b>	<b><u>-900</u></b>	<b><u>-1232</u></b>	<b><u>-1285</u></b>	<b><u>-1406</u></b>

The Mayors' Council and TransLink are prepared to continue using our own resources to maintain service for as long as possible, understanding that the Province is currently focused on investing in the most urgent health and social supports associated with its pandemic response. However, given the financial projections shown above, a multi-year recovery plan is required, with participation by all levels of government, including the region, the federal government and the Province, to help resolve COVID-19 related financial impacts on TransLink.

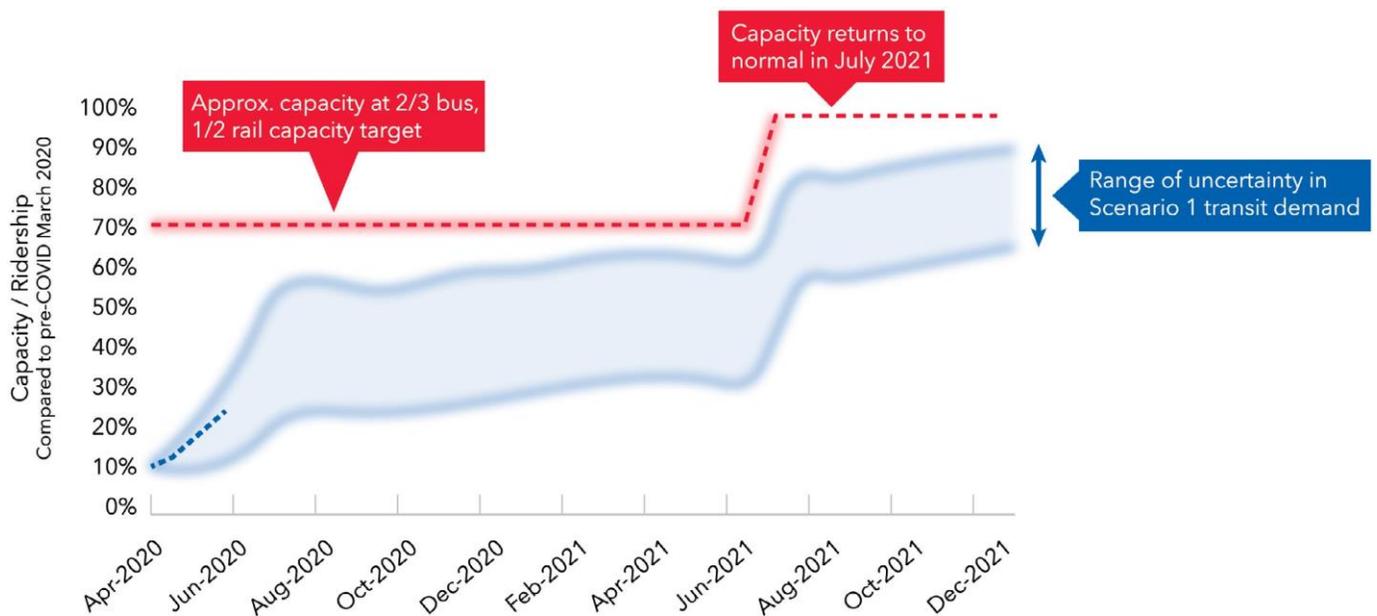
## Managing transit supply and demand in a pandemic

One of the key challenges for transit during this pandemic is that the physical distancing requirements associated with enhanced health and safety protocols have reduced the functional capacity of transit vehicles. On March 23, TransLink introduced measures to limit passenger numbers to approximately 30% of regular vehicle capacity.

Although transit ridership during the early stages of the pandemic was at about 20% of normal, crowding continued to occur on many routes. For this reason, service has been maintained at 100% of normal levels, which has made reducing costs to offset ridership revenue declines impossible. Most of TransLink's costs are fixed in the near-term and cannot be easily reduced without significant lay-offs and service reductions.

TransLink and BC Transit have worked with the Province to develop health and safety plans to protect employees, customers and the general public and accommodate more demand for travel. This includes increasing capacity guidelines for vehicles from 30% to 50-66% in Phase Two and Three of the BC Restart Plan. 100% capacity will need to wait until Phase 4, after a vaccine or treatment becomes widely available. Until then, TransLink will need to monitor crowding carefully as ridership slowly recovers but vehicle capacity is limited to much less than 100%.

While there is a need to increase service hours and capacity as travel demand returns, the specific pace and duration of the recovery is uncertain. TransLink will need to be nimble to respond and adapt as the region transitions into Phase 2 and Phase 3 of BC's Restart Plan.



# Transitioning to more a sustainable revenue model



As part of a Rebuilding Strategy for TransLink to support the region in a post-pandemic world, the Mayors' Council wants to work with the Province to modernize TransLink's revenue tools in order to reduce its reliance on transit fares and the long-term decline in fuel taxes.

TransLink's farebox recovery rate of 57% is the third highest in North America, behind only New York and Toronto, which means that the dramatic ridership declines experienced so far and projected to continue until COVID-19 travel and job site restrictions are substantially lifted (in BC Restart Phase 4), have substantial implications on fare revenues. Making the situation worse, 25% of TransLink's revenues comes from an 18.5 cent-per-litre regional fuel tax which declined by 60% in the March to May period and were expected to decline in the coming decade anyway due to lower automobile use and improving fuel efficiency and electrification. There are smaller financial impacts from lower parking sales tax revenues, and the delay of a planned July 1 fare increase due to the crisis.

TransLink is providing an essential service to workers who must get to their workplaces even in these conditions.

## Combating climate change

## Providing equitable access to mobility

## Boosting local economies

In the wake of COVID-19, transit agencies worldwide are joining forces to call on governments to invest in transit as a fundamental public service. According to the **International Association of Public Transport**:

*"Decision makers must act now to prevent the current health crisis leading to a much bigger social, environmental and economic crisis. Public transport, as the backbone of urban mobility, is fundamental to building resilient cities, to combating climate change, preventing the 'bounce back' of air pollution, encouraging healthy, active lifestyles, and boosting local economies leaving no one and no place behind. All these challenges will not be met without a clear priority given to public transport as a vital pillar for economic, social and environmental recovery, both in the short and long term."*

British Columbia has been recognized as a leading jurisdiction in the global fight to eliminate the spread of COVID-19. As we reopen and recover our economy in this province, we need to ensure our urban centres can compete with other jurisdictions to attract international investment and support economic growth. Governments around the world are recognizing that public transit is essential to maintaining productivity and we need to do the same here in British Columbia.



# MAYORS' COUNCIL

*On Regional Transportation*

The Mayors' Council is composed of representatives from each of the 21 municipalities within the transportation service region, as well as Electoral Area 'A' and the Tsawwassen First Nation, and collectively represents the viewpoints and interests of the citizens of the region.

**Chair - Jonathan Cote**  
Mayor of the City of New  
Westminster

**Vice Chair - Jack Froese**  
Mayor of the Township of  
Langley

**Gary Ander**  
Mayor of the Bowen  
Island Municipality

**Ken Baird**  
Chief of the Tsawwassen  
First Nation

**Neil Belenkie**  
Mayor of the Village  
of Belcarra

**Mary-Ann Booth**  
Mayor of the District  
of West Vancouver

**Malcolm Brodie**  
Mayor of the City  
of Richmond

**Linda Buchanan**  
Mayor of the City of  
North Vancouver

**Bill Dingwall**  
Mayor of the City  
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of Delta

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**Mike Little**  
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of North Vancouver

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**Jen McCutcheon**  
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**Ron McLaughlin**  
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Mayor of the City of  
Langley

**Darryl Walker**  
Mayor of the City  
of White Rock

**Brad West**  
Mayor of the City  
of Port Coquitlam

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