



**TransLink Commission**  
**ANNUAL REPORT 2010**

For the year ending December 31 2010

*Prepared and submitted in accordance with Section 233 of the  
South Coast British Columbia Transportation Authority Act  
[SBC 1998] Chapter 30*



Comox, B.C.  
April 30, 2011

To the Mayors' Council on Regional Transportation:

**Regional Transportation Commissioner's Annual Report  
For the Fiscal Year Ending December 31 2010**

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I am pleased to submit to you my third Annual Report.

As required by section 233 of the *South Coast British Columbia Transportation Authority Act*, the Report summarizes all decisions made and all orders issued in 2008, presents the financial statements of my office along with full disclosure of the expenses of, and associated with, the office of the commissioner, and provides my opinion as to whether or not the operations of the authority and its subsidiaries for that year were in accord with the authority's strategic plan and applicable service, capital and operational plans.

Yours truly,

Martin Crilly  
Regional Transportation Commissioner

# Regional Transportation Commissioner's Annual Report 2011

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# 1 Message from the Commissioner

I am pleased to present my third annual report since being appointed Regional Transportation Commissioner by the Mayors' Council under the South Coast BC Transportation Authority Act.

As required by the Act, this report records the activities of my office, and presents its financial statements. It covers the calendar year 2010.

## *Main Tasks of 2010*

During 2010, the Commission's main tasks were to deliver its independent view on each of three transportation and financial plans that were prepared by TransLink during the year:

- a **2011 Base Plan and Outlook**, which was approved by the TransLink Board on July 15, 2010, and
- two Supplemental Plans which were proposed by TransLink on November 8, 2010:
  - **Delivering Evergreen line and North Perimeter Road** and
  - **Moving Forward: Improving Metro Vancouver's Transportation Network.**

In its opinion on each of these three plans, the Commission found that their underlying assumptions and parameters were broadly reasonable.

The Mayors' Council did not vote to approve either of the two supplemental plans. Therefore, TransLink is required to operate through 2011 according to the 2011 Base Plan and Outlook.

## *Holding TransLink Accountable to Strategic Plan*

Under the Act, this Annual Report must address an important question, holding TransLink to account: *looking back over the past year (in this case, 2010), did TransLink operate in accordance with its own strategic plan applicable for the year?*

The applicable strategic plan for 2010 was titled **Funding Stabilization**, which was approved by the Mayors' Council on 23 October, 2009.

That Plan followed several years of expansion in transit service, with operations subsidized by drawing down on TransLink's accumulated surplus from previous years. This reserve was nearly exhausted and no longer enough to sustain the service levels: *Funding Stabilization* aimed to forestall drastic cuts in transit service that would become necessary. The goal was to keep the level of service to that of the previous year, 2009.

*Finding re: Service Level*

After inspecting TransLink's reports, the Commission finds that **during 2010 TransLink did maintain the 2009 transit service level**, as was intended by the Mayors' Council when it approved the *Funding Stabilization* plan.

*Funding Stabilization* halted the annual drawdown on TransLink's reserves by adding some \$130 million/year in revenue from tax- and fare-payers, by means of:

- a 25% higher fuel tax rate (being an extra 3 cents per litre on motor fuel sold in TransLink's service area) in a single step;
- ten years' worth of fare increases at roughly twice the expected rate of inflation; and
- tripling the parking sales tax rate to 21%.

These rate increases were factored into **TransLink's 2010 Budget**, passed by its Board in December, 2009 with the *Funding Stabilization* plan as its foundation. The Budget had to address the economic downturn and a soft travel market which depressed ridership, and therefore fare revenues, in 2009. It committed TransLink to improving its financial position and maintaining its cumulative reserves to a level appropriate to manage risk.

To achieve cost reduction targets to support the 2010 *Funding Stabilization* plan, hiring was frozen and a deep cut in professional services was made. Some capital spending was cancelled or deferred. These cost reductions were a consideration in the Commission's approval in January 2010 of TransLink's proposed fare increases, which were put in place in April, 2010.

*Opinion*

***After examining TransLink's operations in 2010 as stated in its Statutory Annual Report for 2010, it is my opinion that were in reasonable accord with TransLink's 2010 10-year plan.***

*Reflections on TransLink's  
challenges for the future*

The approval of the *Funding Stabilization* plan was intended, in part, to give time to explore funding options in pursuit of TransLink's long-range plan. In this endeavour, a signed Memorandum of Understanding with the Province was an achievement. It has yet to bear fruit by identifying new funding sources.

I continue to believe that urban densification and transport demand management (especially pricing reforms) are key to effective transit spending by TransLink. TransLink's current 30-year vision presents a vastly greater expansion challenge than the gentler increase that would follow just population growth, forecast at 45% by 2040. Without either (a) an accelerated advance to user pay (all modes) and/or (b) public acceptance of much higher levels of per-capita taxation for transit, the current long-range vision of TransLink is not attainable.

*Further opinion from the  
Commission due in August  
2011*

In the coming months, my office will issue another formal opinion as part of its oversight responsibilities for TransLink's planning, addressing a different but related question.

This future opinion will look forward in time, rather than backward, to address the question: *is the current version of the 10-year plan, i.e. the 2012 version, which TransLink is formulating at time of this writing, reasonable, as to its assumptions and parameters?*

Due in August 2011, this opinion, like the one in my report today, will assist decision makers in determining how much confidence to place on TransLink's plans. Their decisions will determine the future level of transit fares, tolls, taxes and other sources of funding—and the quantity and quality of transportation services and infrastructure that they will buy.

Respectfully submitted,



Martin Crilly  
Regional Transportation Commissioner  
April 30, 2011

## 2 Legal Requirement

### 2.1 Section 233 of the SCBCTA Act

The South Coast British Columbia Transportation Authority (SCBCTA) Act, passed November 2007, created a new governance structure for the Authority (TransLink). It established a new Board of Directors, a Mayors' Council on Regional Transportation, and a Regional Transportation Commissioner.

Section 233 of the Act requires the Commissioner, within 120 days after the end of each fiscal year, to provide the Mayors' Council a report for the previous fiscal year. The Act states that the Commissioner "must include in the report:

- a) a summary of all applications and requests for decisions to the Commissioner in that year,
- b) a summary of all decisions made and all orders issued by the Commissioner in that year,
- c) the financial statements applicable to the office of the Commissioner for that year along with full disclosure of the expenses of, and associated with, the Office of the Commissioner,
- d) the Commissioner's opinion as to whether or not the operations of the authority and its subsidiaries were in accord with the authority's strategic transportation plan or strategic plan, as the case may be, and applicable service, capital and operational plans, and
- e) other information the Commissioner considers appropriate."

### 2.2 Accountability

In the Commissioner's view, clause d) above exists to hold TransLink accountable: as TransLink prepares its plans each year, it does so in the knowledge that those plans, which should include margins for error that TransLink considers appropriate, will be compared with *actual* operations.

Furthermore, one would expect that the Commissioner's Opinion (as to whether TransLink operated according to plan in the past year) will affect TransLink's credibility: funding decisions, notably the votes of the Mayors' Council held in the future, rely on the integrity of TransLink's planning and

follow-through to implementation using its best efforts. If TransLink presented plans and then did not implement them without adequate explanation, its planning process would come under doubt, undermining the foundation for decisions.

**2.3 Commission Approach and Team**

In forming an Opinion on TransLink’s operation for 2010, Commissioner Martin Crilly was assisted by Mr. Robert Irwin, MEng, President, Irwin Transportation Services, Inc.

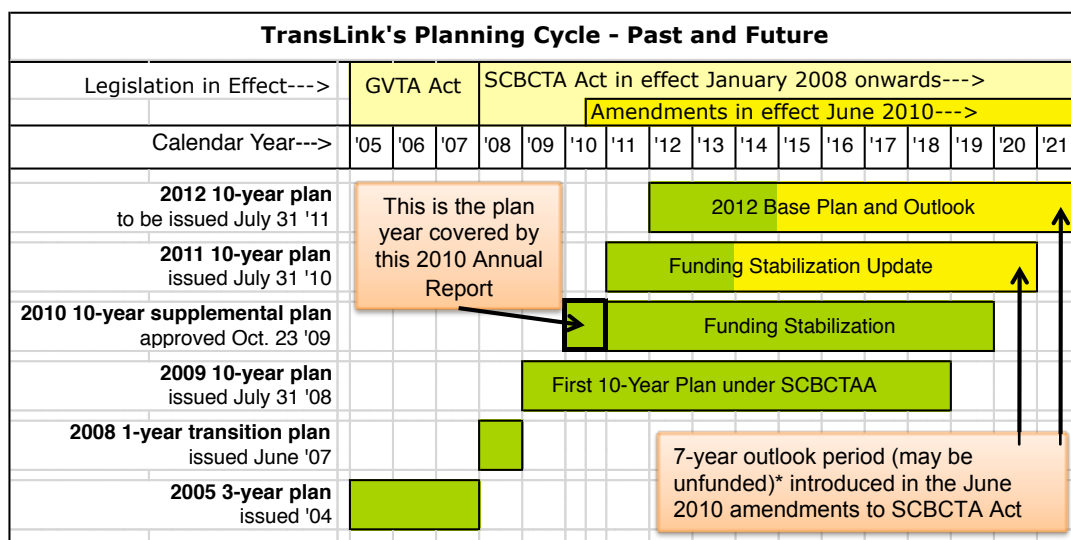
The Commission had access to TransLink staff to discuss the content of TransLink’s 2010 Statutory Annual Report, which provides details its operations compared to its 2010 10-Year Transportation and Financial Plan.

**2.4 Limitation**

This report does not comment on whether TransLink’s plans for 2010 aligned with its long term goals, or were reasonable in other respects. Neither is it the Commission’s intent here to comment on TransLink’s allocation of resources to implement the plans for 2010. Rather, the Commission is rendering an opinion on whether or not TransLink’s operations were in accord with its Plan.

**2.5 2010 Amendments to SCBCTA Act**

Amendments to the Act in Bill 20, which received Royal Assent on June 3, 2010, changed requirements for TransLink’s planning cycle. Instead of having to prepare annually a 10-year transportation plan and financial plan which is *fully funded for the ten years*, TransLink is now to develop a *fully funded three year base plan and a seven year outlook*. The outlook must show what activities TransLink contemplates, but they need not be shown as fully funded. The Funding Stabilization plan was the last plan required to be fully funded for ten years. The chart below captures the evolution of TransLink’s planning cycle.



## 3 Decisions and Orders in 2010

### 3.1 Summary of Applications and Requests for Decisions

There were no applications or requests for decisions sought from the Commissioner during the year.

At the start of the year, however, two applications were outstanding for applications made by TransLink in 2009. One related to any Commission objection to certain land sales. The other was an application to increase short term transit fares in accordance with the *Funding Stabilization* plan approved by the Mayors Council on 23 October 2009.

Both these items were addressed and completed in 2010, as explained below.

### 3.2 Summary of Decisions and Approvals Made and Orders Issued

The Commission made the following decisions and issued the following orders during 2010.

#### 3.2.1 No Objection to Land Sales

Following an inquiry from TransLink, on **22 March 2010** the Commissioner stated no objection to certain land sales, After an exchange of letters with TransLink starting 4 November 2009, Commission Memorandum 4 stated that (1) real estate assets with a value of \$10 million or more should be considered “major” for the purposes of the SCBCTA Act s. 226, and that (2) the Commission will not be objecting to the sale of four specific major real estate assets. The Commissioner noted that TransLink plans to sell five properties to fund operations under the its *Funding Stabilization* plan; he had reservations on the wisdom of selling assets to fund operations, and noted that TransLink intends to start a segregated revolving fund for real estate acquisitions and sales.

#### 3.2.2 Canada Line YVR Add Fare Decision

On **7 January 2010** the Commission published the Canada Line YVR Add Fare decision that had been made on 23 December 2009.

The Commission approved a one-way (east-bound) \$5.00 Canada Line premium. This will be paid by passengers who need to buy a transit ticket from a ticket machine at the three stations on Sea Island (YVR-Airport, Sea Island Centre and Templeton). Exempt from the premium are passengers

travelling with FareSaver tickets (purchased in books of 10), monthly FareCards and U-Passes. For detail and background, see the page Canada Line YVR Add Fare Decision on the Commission web site.

### 3.2.3 FareSaver Ticket Decision

On **29 January 2010** the Commission published its FareSaver ticket decision.

The Commission approved an increase in the price of FareSaver transit tickets (purchased in books of 10) effective 1 April 2010. Cash fares are unaffected. For detail and background, see the page [FareSaver Increases](#) on the Commission web site.

On **11 February 2010** the Commissioner addressed the Mayors' Council and published reasons for FareSaver ticket decision that was published on 29 January, attached to Commission Order 10-01.

### 3.2.4 Complaints-Handling Process Approval

On **28 July 2010** the Commission approved TransLink's complaints handling process.

By law, TransLink must obtain the Commission's approval of its **process for handling customer complaints**. In December, 2008, the Commission had *conditionally* approved the process, and said that, in order to obtain *unconditional* approval, TransLink must show that it is identifying and learning from the patterns and trends in complaints. On May 1, 2010, TransLink made a submission with evidence that it was doing so. In its Order 10-02, the Commission gave unconditional approval of the process.

## 3.3 Summary of Opinions Rendered

The Commission gave four formal Opinions in 2010, as follows.

### 3.3.1 TransLink's Operations vs. Plan in 2009

On 30 April 2010 the Commission issued its Annual Report for 2009. The report formally confirmed that TransLink operated according to its approved plan for 2009, based on a review of TransLink's 2009 Statutory Report.

### 3.3.2 Reasonableness of 2011 Base Plan and Outlook

On **13 September 2010** the Commission published its opinion on TransLink's 2011 Base Plan & Outlook.

Every year, TransLink must update its transportation and financial plans, looking forward 10 years; also every year, the Commission must give the Mayors' Council and TransLink a formal Opinion on the reasonableness of the assumptions and parameters of these plans.

On **July 15 2010**, TransLink's Board of Directors approved TransLink's 2011 Base Plan and Outlook. Titled *Funding Stabilization Update*, the plan detailed transit services, capital projects and other initiatives, with financial projections, through the year 2020. The Commission reviewed the 10-Year

Plan, as required by the Act, and concluded that the significant parameters and assumptions, including expenditure and revenue estimates, were reasonable.

The Commission's Report on TransLink's 2011 Base Plan and Outlook addressed the question: had TransLink provided an update which remains true to the intent of the Mayors' Council when in 2009, the Council approved the Funding Stabilization Plan and agreed to extra funding for TransLink, in considerably higher fares and taxes? The Commission's answer was in the affirmative. A complete version of the Commission Report on TransLink's 2011 Base Plan and Outlook is available on the Commission's website at [http://translinkCommission.org/html/useful\\_link.html](http://translinkCommission.org/html/useful_link.html).

### 3.3.3 Opinion on TransLink's Supplemental Plans

On **9 November 2010** TransLink proposed two 2011 supplemental plans which would expand the capacity of Metro Vancouver's transportation system. They added to the above Base Plan. The cost would be met by higher-than-otherwise property taxes across the region starting in 2012 unless another funding source were identified in the meantime. The smaller supplement was titled Delivering Evergreen Line and North Fraser Perimeter Road; the larger, which embraced the smaller and added significant bus service and other infrastructure, was titled Moving Forward: Improving Metro Vancouver's Transportation Network.

As with its review of TransLink's Base Plan and Outlook, the Commission examined the supplements as to the reasonableness of the parameters and assumptions and found them so. On **8 December 2010** the Commission issued its Report on TransLink's two 2011 Supplemental Plans, finding their assumptions and parameters broadly reasonable. On **9 December** the Commissioner appeared before the Mayors' Council with a presentation of his findings.

The Mayors' Council did not vote to approve either of the supplements.

## 4 Opinion on TransLink's Operations in 2010

### 4.1 Discussion

The Commissioner is required to render an opinion on whether or not TransLink's operations for the past year were in accord with its strategic plan. In order to do so, the Commission Team referenced three documents, namely:

- TransLink's **2010 10-Year Transportation and Financial Supplement Plan** titled *Funding Stabilization*; the Base Plan was approved by the Board of Directors on 31 July 2009 and the Supplement Plan by the Mayors' Council on 23 October 2009.
- The **2010 Budget and Business Plan Summary** which was approved by the Board at its 4 December 2009 meeting.
- TransLink's **2010 Statutory Annual Report** which was approved by the Board of Directors at its 31 March 2011 meeting. The report provides a review of operations during 2010 with a comparison to the strategic transportation plan and the annual transportation plan. It also includes audited financial statements for the year.

The three documents referenced above can be found on the Commission's website at [www.translinkCommission.org](http://www.translinkCommission.org).

As noted above, the Supplemental Plan, titled Funding Stabilization, was approved by the Mayors' Council on 23 October 2009. The purpose of the Supplement (together with the Base Plan) was to increase revenues from existing sources that TransLink had available to it in order to minimize reductions to service and programs while TransLink continued to pursue sufficient funding and to develop further supplemental plans that would renew progress toward Transport 2040 goals.

#### 4.1.1 Operations and Operating Expenditures

Operationally, services delivered and their associated costs were essentially in line with budget projections. On a positive note, average operating costs for both bus and rail were below planned expenditures (by 3.8% and 7.0% respectively). Service hours and revenue passengers were essentially on budget. The

only area where significant variances occurred was in the delivery of Access Transit Service, the result, however, of a work stoppage that began 25 October 2009 and continued to 11 January 2010.

#### 4.1.2 Major Initiatives and Capital Programme

TransLink successfully completed several major initiatives in 2010, including the following:

- the delivery public transportation during the Olympic Games;
- increased rail service, with 48 new SkyTrain vehicles placed in service, along with 5 more West Coast Express rail cars (plus 2 spares);
- replacement of 44 diesel buses;
- completion of the Coast Meridian Overpass;
- the establishment of a task force to address concerns over declining average fare revenue;
- continued restructuring and cost containment initiative; and
- the start of a service optimization initiative.

TransLink's 2010 Budget warned that the cutbacks meant that many TransLink projects would be either cancelled or delayed. TransLink's Statutory Report for 2010 reports that, for capital spending<sup>1</sup> in 2010, of the \$386 million planned in Funding Stabilization, only \$190 million (or 49%) took place. TransLink has provided an account by project and by category of the reasons for the variance, some of which are beyond TransLink's control. The Commissioner considers that this variance from the planned capital programme, though large, does not warrant the conclusion that TransLink diverged from Plan without satisfactory explanation.

TransLink was unsuccessful in securing its share of funding that would allow for construction of the Evergreen Line to begin. The two Supplemental Plans mentioned in section 3.3.3 (either of which would have allowed the line to proceed, along with other transportation improvements) were considered by the Mayors' Council on 9 December 2010, but neither was approved.

## 4.2 Key Finding

Overall, the Commission is satisfied that TransLink's operations were in accord with its 2010 Plan. This opinion is rendered in recognition that, given the size and complexity of the organization, some variations are inevitable. Further,

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<sup>1</sup> In terms of capital cash flows in 2010

several activities are dependent on third-party involvement and therefore not necessarily entirely within TransLink's control.

### **4.3 Other Information**

The Commission notes that on 23 September 2010 the Mayors' Council and the Province signed a Memorandum of Understanding agreeing to work together to address issues such as long-term sustainable funding, integrating land use and transportation planning and influencing travel behaviour. TransLink is engaged in research and technical work to assist in identifying a near-term funding solution for the Evergreen Line and other projects.

In this regard, the Commissioner notes that in his report on TransLink's 2010 Ten Year Plan he observed the time has arrived for policy makers to follow through with carefully crafted measures to influence travel choices.

## 5 Financial Statements of the Commission for 2010

The Commission is required to include in its report the financial statements for the past fiscal year.

The South Coast British Columbia Transportation Authority Act, section 237(5) requires that, in preparing a budget for the entire fiscal year, the Commissioner must ensure that the budget for that fiscal year does not exceed 1/5 of 1% of the previous year's farebox revenue.

In 2009, farebox revenue was \$366,768,000, of which 1/5 of 1% is \$733,536. In comparison, the Commission budgeted expenditures of \$300,000 for 2010. Actual expenditures for 2010 were in turn below budget, totaling \$132,000.

For FY 2010 the Commission carried forward \$70,000 in surplus from 2009 and received \$230,000 in revenue. A surplus of \$168,000 was carried forward into fiscal 2011. Summary financial statements follow.

**South Coast BC Regional Transportation Commission  
Financial Statements**

*December 31, 2010*

*(Unaudited - see Notice to Reader)*

## Notice To Reader



MEYERS NORRIS PENNY LLP

On the basis of information provided by management, we have compiled the summary financial statements of South Coast BC Regional Transportation Commission for the year ended December 31, 2010. We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon. Readers are cautioned that these statements may not be appropriate for their purposes.

Courtenay, British Columbia

January 18, 2011

A handwritten signature in black ink that reads 'Meyers Norris Penny LLP'.

Chartered Accountants



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**South Coast BC Regional Transportation Commission**  
**Summary Financial Statements**  
for the year ended December 31, 2010  
(In \$ thousands)  
(Unaudited – see Notice to Reader)

|                               | FY 2010  |            |
|-------------------------------|----------|------------|
|                               | Budget   | Actual     |
| <b>Statement of Operation</b> |          |            |
| Revenues                      | 300      | 230        |
| Expenditures                  |          |            |
| Operating Costs               | 300      | 132        |
| <b>Surplus</b>                | <b>0</b> | <b>98</b>  |
| <hr/>                         |          |            |
| <b>Change in Net Assets</b>   |          |            |
| Opening balance               |          | 70         |
| Surplus                       |          | 98         |
| <b>Net Assets end of year</b> |          | <b>168</b> |
| <hr/>                         |          |            |

Under Sections 237 and 239 of the South Coast BC Transportation Authority Act, the Commissioner must prepare an annual expenditure budget, payable to the Commissioner by TransLink, which must not exceed 1/5 of 1% of TransLink's previous year's fare box revenue.

The budgeted expenditure for fiscal 2010 was \$300,000. The actual expenditures were \$132,215. These were incurred for Commissioner's fees and expenses, the cost of consultants engaged to assist and advise the Commissioner, advertising and accounting fees.

In fiscal 2010, these expenditures were funded by TransLink payments of \$230,000.

The Commissioner is paid a per-diem fee for his services. The Commissioner received \$66,788 in fees during the year. In addition he was reimbursed \$8,337 for expenses incurred during the year, including travel, dedicated office equipment, office supplies, telephone, web site and other communications expenses.

The difference between the amounts received from Translink and expenditures is carried forward for use in the next fiscal year. \$168,000 was carried forward into fiscal 2011.