



# Submission to the Government of Canada on the Permanent Transit Fund

September 29, 2022

## RECOMMENDATIONS

As the Government of Canada prepares its 2023-24 Budget and finalizes the program design of the Permanent Transit Fund, the Mayors' Council on Regional Transportation asks that the Government:

1. **Accelerate the delivery of the Permanent Transit Fund (PTF) by two years** from the original commitment of 2026/27 to 2024/25 to avoid delaying the transit service expansion needed to meet national and provincial GHG emission targets, respond to the housing affordability crisis and serve growing ridership following the pandemic. The need for this accelerated timeline is particularly acute in Metro Vancouver, which has already utilized its share of funding through the Investing in Canada Infrastructure Plan (ICIP) and allocated the extended ICIP funding the Government provided in 2021 in response to the COVID-19 pandemic. An accelerated PTF, matched by provincial contributions, with an annual cost escalator of 3.5% and enshrined in legislation, will enable TransLink to begin planning and delivery of the expanded transit services and active transportation projects outlined in TransLink's [Transport 2050 10-Year Priorities](#), which were approved by the Mayors' Council in July 2022 and set to be implemented starting in 2024.
2. **Support local transportation plans, not just individual projects** by requiring PTF-funded transit projects to be identified and appear in region-wide, long-range transportation plans that are developed through extensive public engagement and consultation, align with land-use plans, and include actionable objectives and targets that meet key national, provincial and local objectives, in particular to address climate change targets and the affordability crisis, and which minimize transportation projects' adverse impact on local communities and businesses.
3. **Permanently double the Canada Community-Building Fund** (formerly known as the Gas Tax Fund) as was done in 2019, 2021 and 2022, and increase its annual escalator to 3.5% to better reflect construction cost inflation. As municipalities look for new fiscal tools to rebuild after the COVID-19 pandemic, the Canada Community-Building Fund is providing direct, reliable infrastructure funding, including for public transit. The Mayors' Council is calling for the Government to continue the current pace of investment through this Fund, to enable communities to continue recovery from the pandemic.
4. Work with the TransLink Mayors' Council and the Province of British Columbia to **develop a new funding model for public transit** that is more resilient and equitable and avoids overreliance on regressive sources such as transit fares and property taxes and ensures that TransLink has new resources to meet the increased operating and capital requirements to deliver the 10-Year Priorities.

Additional, more detailed recommendations on the design of the Permanent Transit Fund can be found in Annex 1, in TransLink's responses to Infrastructure Canada's questionnaire.

## OVERVIEW

### The Role of Public Transit on the Road to Recovery

Public transit plays a pivotal role in the health and prosperity of communities across Canada. As our country continues to recover from the COVID-19 pandemic, transit and other forms of sustainable transportation are helping to address some of the biggest challenges of our time: climate change, housing affordability, immigrant settlement, social equity, reconciliation, economic competitiveness, and productivity.

All orders of government – local, regional, provincial and federal – share similar objectives on these pressing issues, and a renewed focus on investing in the expansion of transit services will be critical to our progress.

Prior to the pandemic, TransLink was in the midst of an historic expansion of transit services across the Metro Vancouver region. By early 2020, public demand had pushed ridership beyond the capacity of the system – at levels not seen anywhere else on the continent. COVID-19 brought unprecedented financial and other challenges that we are still recovering from, but thanks to our region’s strong partnership with the Government of Canada and Government of British Columbia, TransLink has weathered the storm and ridership has returned almost to pre-pandemic levels, as evidenced by recent data:

- By Fall 2021, nearly 2.2 million unique customers were using the transit system – equivalent to 84% of the Metro Vancouver population.
- TransLink’s system-wide ridership recovery has exceeded the average recovery rate across Canadian and American transit agencies in 2021 and 2022.
- Total 2021 boardings exceeded most American transit agencies, including the Boston and Atlanta metropolitan areas *combined*.
- As of July 2022, TransLink ridership reached 75% of pre-COVID levels on weekdays, and 83% on weekends, which puts the system at its ideal capacity, given the overcrowded conditions experienced prior to the pandemic.

There is no doubt COVID-19 has upended transit financing and operations and forced transit agencies across Canada to rethink how services should be planned, funded and delivered. There is now both a need and an opportunity to collaborate across all levels of government to ensure that future investments in public transit continue to contribute to reducing GHG emissions, improving affordability, and advancing equitable access to mobility for all residents of our urban regions.

Currently TransLink is focused on remaining financially stable through 2022-2024 and limiting affordability impacts from ongoing transit improvements, through:

- Utilization of remaining relief funding committed by the Governments of Canada and B.C.;
- Cost-saving measures, such as reduced corporate expenditures, deferred capital projects, and increased investments in bus priority;
- Maximizing non-taxation revenues, such as land development;
- Gradual increases to property tax, consistent with the rate of increase in other growth-related taxes such as income and sales;
- Limited increases to transit fares (2.3% through 2024 – lower than previously planned and below inflation)

The governments of Canada and British Columbia have stepped up to provide pandemic relief funding to keep transit systems operating and to ensure access to mobility for essential service workers. This funding has allowed TransLink to avoid layoffs, ensure ongoing stability of the system and enabled us to recover more quickly and avoid the staffing challenges experienced in other sectors.

## PLANNING FOR THE FUTURE

### Accelerating the Permanent Transit Fund

In 2021, following recommendations of the Federation of Canadian Municipalities and regions including Metro Vancouver, the Government of Canada committed to the creation of a Permanent Transit Fund (PTF) of \$3 billion per year, beginning in 2026-27. This new source of permanent and stable funding was welcomed by communities as it will enable transit agencies to carry out long-term project planning and delivery of services to meet the needs of our growing population.

With the recent approval of TransLink’s [Transport 2050 Strategy](#) and unanimous approval from the region’s mayors for its first phase – the [10-Year Priorities](#) (2024-2033) – our region is ready to come to the table with the provincial and federal governments to determine how the PTF and other sources of funding can be utilized to move forward with new transit projects and active transportation infrastructure to meet the demands of our growing population.

With *Transport 2050: 10-Year Priorities*, TransLink is proposing an expansion of the SkyTrain network, an unprecedented increase in local bus service, and introducing high-capacity Bus Rapid Transit. This new zero-emissions bus-based rapid transit will be deployed along high-demand corridors throughout Metro Vancouver at a fraction of the cost and time compared to rail-based technology.

The first step in implementing the 10-Year Priorities will be approval of a three-year Investment Plan in 2024. Since TransLink has already allocated existing federal infrastructure funding sources to our current 10-year plan ending in 2024, and with the Permanent Transit Fund currently scheduled to begin in 2026, this leaves a two-year gap where no other new source of federal funding has been identified to support transit expansion in Metro Vancouver.

### TRANSPORT 2050

Created as part of TransLink’s largest-ever public engagement, Transport 2050 was adopted on January 27, 2022.

In Transport 2050, we’ve identified five goals for regional transportation: convenient, reliable, affordable, safe & comfortable, and carbon-free. The strategy also identifies over 100 actions to improve transportation across all modes. Some of the transformative actions include:

- Quadrupling the size of the rapid transit network, from 100 to 400 kilometres
- Building out an 850-kilometre traffic-protected Major Bikeway Network
- Putting frequent transit within a short walk of most homes and jobs
- Dedicating more streets to walking, biking, rolling, and transit
- Promoting electrified and shared bikes, scooters, and cars

The new Regional Transportation Strategy responds to residents’ top priorities, such as climate change and affordability, and will create more transportation options for everyone.

By accelerating the PTF to begin in 2024, the Government of Canada has an opportunity to ensure TransLink and other transit agencies are able to continue adding services to meet public demand and avoid delaying new projects that have been identified as a priority.

### 10-Year Priorities 2024-2033

Transport 2050 builds on Metro Vancouver’s solid foundation of regional planning, to deliver the next 30 years of transportation improvements. With a focus on providing the region with more high-quality transit options, Transport 2050 charts a path for delivering cleaner transportation choices and better access to affordable housing close to transit.

In July 2022, the Mayors’ Council unanimously approved the first set of priorities, which takes a “bus-first” approach with an historic investment to more than double local bus service and build approximately 170 km of rapid transit, as well as initiating planning for additional rapid transit corridors across the region, including on the North Shore, the Tri-Cities and Surrey.

Recent public consultations and opinion survey data show that Metro Vancouver residents strongly support the 10-Year Priorities, which include:

- ✓ Double bus service – 114% increase over 10 years.
- ✓ Up to 9 Bus Rapid Transit (BRT) corridors including quickly bringing rapid transit to the North Shore
- ✓ Burnaby Mountain Gondola.
- ✓ Millennium Line UBC Extension.
- ✓ Increase HandyDART service by 60% to meet future ridership demand and improve convenience by increasing to 24-hour service.
- ✓ Improvements to SeaBus, SkyTrain, and West Coast Express.
- ✓ Significant improvements to passenger safety and comfort at transit stops, stations and exchanges.
- ✓ Provide transit service to all First Nation reserves in Metro Vancouver, currently under- or unserved as they are outside of TransLink’s legislated service area.

#### PUBLIC SUPPORT FOR A ‘BUS-FIRST’ APPROACH

In a [survey conducted by Mustel Group for the Greater Vancouver Board of Trade](#), released on September 8, 2022, **81%** of respondents supporting **adding BRTs** throughout the region, and **80%** supported the **expansion of regular bus services** as proposed in TYP. Only **1 in 10** were opposed to **reallocating road space** for BRTs.

### A New Approach to Funding Public Transit

Accessing the Permanent Transit Fund starting in 2024 will help get TransLink started on implementing the first phase of these 10-Year Priorities. But ambitious plans to make unprecedented expansion to bus service and build out one of North America’s largest BRT networks in the coming years of the plan, it is imperative that we get started now to identify sustainable sources of funding that will support future expansion. A number of factors make this shift necessary:

- Fuel tax revenue is declining faster than expected due to adoption of zero-emission vehicles.
- Regressive sources such as property tax are not equitable and put pressure on the cost of living.
- There is limited capacity for transit users to absorb fare increases, especially when considering the need to make transit an attractive alternative to cars.
- There is a need to act quickly to address the climate emergency and affordability crisis, however TransLink’s existing revenue sources and limited ability to deficit finance means that it cannot

ramp up new services quickly enough to meet the targeted needs, without additional funding from federal and provincial governments.

TransLink and the Mayors' Council have initiated discussions with the Government of British Columbia to modernize transit funding sources to support TransLink's continued financial recovery and ensure resources will be available to expand the network as Metro Vancouver's population grows. Only new approaches, with all governments working together in innovative ways will allow us to achieve the objectives described in Transport 2050.

As we work on a future funding model for TransLink, the Mayors' Council is focused on moving forward with our plan for service expansion, while utilizing the resources we have available now. Bringing all levels of government together to chart a new path for funding public transit will be essential for meeting Canada's GHG reduction targets and keeping life affordable for urban communities.

Canada is calling on transit to deliver much more – in services, and benefits – for the nation and its communities than ever before. Transit systems are ready get to work, in partnership with our senior government partners.

# TransLink Response to Permanent Public Transit Funding Questionnaire

*Infrastructure Canada Public engagement on permanent public transit funding in Canada, July 29, 2022 to September 30, 2022*

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Q1: Do you represent an organization? **Yes**

Q2: How would you categorize your organization? **Other – Transportation Authority**

Q3: What region of the country do you live in? **British Columbia**

Q4: What is the name of your municipality? **Metro Vancouver**

**Q5. How can the Government of Canada ensure that public transit programs drive and deliver on social inclusion and accessibility before project construction, during construction and beyond?**

- What measures can be implemented (including through community benefits agreements) during the early stages of project planning and design to support communities through the temporary impacts associated with project construction and to promote additional positive outcomes?
- What consultative activities should be required by governments and transit agencies to inform planning and investment decisions?
- What can be done to mitigate the potential for displacement associated with transit expansion?

**Q5: TransLink Response** (character-limited text box for entry, with a character limit of 4000 – current count is 3557):

TransLink’s commitment to delivering an inclusive transit system is outlined in Transport2050, Metro Vancouver’s long-range transportation strategy, and in [Transport2050: 10-Year Priorities](#). These documents clarify which projects and programs are ready for investment to deliver on social inclusion and improved accessibility objectives as soon as possible.

These plans were developed through TransLink’s largest ever public engagement process and identify actions and investments to support a transit system that is universally accessible, feels safe, and serves the needs of everyone.

- For example, Transport 2050 reaffirms a commitment that TransLink and municipal partners sign Project Partnerships and Supportive Policies Agreements for major transit projects, which require that parties also provide supportive land use, affordable housing, and community benefits. **Greater federal involvement in these agreements is a great opportunity to ensure that transit funding contributes to shared regional and federal objectives of social inclusion.**
- Transport2050 also explicitly commits to “minimize transportation projects’ adverse impact on local communities”; and “at the earliest stages of planning for a major transit project, implement policies aimed at preventing residential and small business displacement.” TransLink and municipal partners are working towards this, where possible, to preserve, protect, and reinvest in existing older, more affordable market and non-market rental housing around transit.

By having this strategic planning framework in place, TransLink continues to ensure that social inclusion and accessibility are considered and enhanced through project design, construction, and operation. Stable funding from the federal government would allow TransLink to pursue projects that best serve the needs of people that have been previously excluded.

Continued and proactive engagement with community members helps ensure that public transit is accessible and inclusive, from strategic plan development to project delivery. We do not recommend that permanent public transit funding be contingent on prescribed steps and measures to assure social inclusion or community mitigations. In our experience, the impacts of a project to a community can be dynamic, making it difficult to determine what is the most appropriate response at a point in time. Rather, we suggest that PTF recipients demonstrate ongoing commitments to engagement through public engagement.

**Recommendations to the Government of Canada:**

1. Require federally funded projects to be identified and appear in long-range transportation plans that were developed through extensive engagement and consultation, and which include specific objectives and targets for social inclusion and accessibility, and which minimize transportation projects' adverse impact on local communities and businesses.
2. For larger projects, require the development of supportive policies agreement between the delivery agency and local government partners that require that parties provide supportive land use, affordable housing, and community benefits.
3. Shift federal involvement in project approvals to earlier in the project development cycle, beginning with the development of long-range regional plans, project objective, and supportive policies agreement so that federal interests may be more easily incorporated into an agency's plans and project business cases.

**Q6. How can the Government of Canada ensure permanent public transit funding contributes to efforts to improve housing affordability?**

- What measures can incentivize appropriate levels of housing density, diversity and affordability near major transit stations?
- What measures can help ensure that objectives in transit and housing development are complementary (e.g., greater transit access and ridership, greater housing supply and affordability)?
- How can the Government of Canada ensure that the development of new transit projects serves the housing needs of communities?

**Q6: TransLink Response** (character-limited text box for entry, with a character limit of 4000, current count is 3553):

Transit, especially in the Metro Vancouver region, is a major catalyst for residential and employment growth. We agree that transit investment can be important leverage to protect and provide affordable housing. Over 90% of new housing development occurs in frequent-transit corridors identified in our long-range transportation plan.

The Government of Canada has a unique opportunity to ensure funding contributes to housing affordability through engagement with planning authorities to ensure strategic growth and transportation strategies reflect federal interests. By endorsing region-wide, integrated land use and transportation plans, the foundation of early tri-lateral program alignment, well in advance of project-specific business cases. This will ensure Government of Canada criteria and measures are reflected in regional plans, which can then identify and prioritize projects that align with objectives.

To capitalize on the transformative potential of transit investments, TransLink develops Supportive Policies Agreements for major transit projects with local authorities. These agreements include commitments from TransLink and local governments to implement policies that encourage transit-oriented communities, affordable housing, and other community benefits. TransLink has used these agreements since 2018, which have already proven successful in delivering a positive feedback loop of greater transit access and ridership, and greater housing supply and affordability near transit.

**Federal involvement in the Supportive Policies Agreements – or similar agreements elsewhere across Canada – is a great opportunity to ensure that transit investments align with federal affordable housing objectives.** The type and scale of housing density and diversity will vary between communities across the country. Therefore, it will be important to consider the timing and nature of local planning commitments concerning transit investments and appreciate that the housing needs of communities will differ.

Finally, First Nations are leading the charge in developing affordable housing projects on urban reserve and treaty lands, including projects like Senakw led by the Squamish Nation. There is a unique opportunity for the federal government to fund and support strong transit access to these developments to advance Indigenous economic development, affordable housing, and emissions reductions through transit-oriented urban communities.

**Recommendations to the Government of Canada:**

1. Require federally funded projects to be identified and appear in long-range plans that include specific objectives and targets for densification and the incentivizing of affordable housing development adjacent to existing and planned transit services.
2. For larger projects, require the development of supportive policies agreements between the delivery agency and local government partners that set specific targets for additional affordable housing development around the planned expansion project.
3. Engaging in regional planning processes as those plans are being developed to ensure plans are in place that support federal housing affordability objectives.
4. Accelerate the delivery of PTF from 2026, as currently proposed, to 2024, in recognition that the scope and urgency of the housing affordability crisis requires quick and ongoing transit expansion beyond that already funded from existing federal programs. Existing federal funding through to 2025 is already fully allocated, but the housing affordability crisis demands greater and faster action.

***Q7. How can permanent public transit funding reduce overall GHG emissions and accelerate Canada's path towards achieving net-zero?***

- What transit-planning, land-use, zoning and related measures can help maximize GHG emissions reduction from Government of Canada investments in public transit?
- How can the Government of Canada account for and encourage the use of cleaner (e.g., low carbon) building materials?
- How can the Government of Canada most effectively support investments in zero-emission transit fleets across the country?
- What environmental impacts, other than GHG emissions, should the Government of Canada consider in the design of the permanent public transit funding envelope?
- How should the growing need for climate resilience inform investments in transit?

**Q7: TransLink Response** (character-limited text box for entry, with a character limit of 4000):

The Government of Canada has set a target of an 11% reduction in transportation-related greenhouse gases by 2030 and net-zero emissions by 2050. **Emissions reductions from light-duty transportation in urban regions offer the most viable pathway to reaching national targets in the transportation sector. This is particularly true in Metro Vancouver:** high population density and viable walking, cycling and transit alternatives that support mode shift; and electricity in the region is nearly-zero carbon.

The massive potential for emissions reductions in this sector is reflected in Transport 2050 and Metro Vancouver Regional District's Climate 2050 – which has an interim target of 65% emissions reductions by 2030 from 2010 levels. While TransLink is making substantial investments to decarbonize our operations and fleet, meeting these regional targets – *and national targets* -- will remain a challenge without significant and early federal investment in transit expansion that is critical to encouraging mode shift. TransLink's adopted Low Carbon Fleet Strategy serves as our baseline program for operating emissions reductions and requires substantial capital funding to deliver on targets as soon as possible.

Transport 2050: 10-Year Priorities has already identified the need for bus service expansion and new bus rapid transit corridors, but these investments remain unfunded. This funding challenge is especially critical as TransLink and other transit providers across Canada face additional funding pressures from lower than anticipated fare revenues.

TransLink welcomes specific climate and emissions reduction criteria for PTF funding to ensure investments must demonstrate clear pathways to zero-emissions economy-wide (e.g. auto VKT reduction, fleet, infrastructure, facilities). This is appropriate given both the shared interest and scale and severity of actions needed to reduce transport emissions.

As this IPCC has pointed out, the next few years will be critical. This is why the timing of the PTF is so important as being able to deliver the transit service levels is vital to lower emissions to meet 2030 targets. The interim targets of 2030 are rapidly approaching and every year of delay in securing stable transit funding will mean more atmospheric emissions and missed opportunities to avoid or limit some of the worst effects of climate change.

**Recommendations to the Government of Canada:**

1. Require federally funded projects to be identified and appear in long-range plans that include specific objectives and targets for quick transition to zero-emission transit fleets, and regional GHG emission reduction targets for the transportation sector in the region.
2. Accelerate the delivery of PTF from 2026, as currently proposed, to 2024, in recognition that the scope and urgency of meeting 2030 GHG emission reductions targets and zero-emission transit fleet transition strategies. Many transit authorities face a precarious situation as ridership levels remain slow to recover relative to personal vehicle travel following the pandemic, and a significant funding gap remains to meet the service levels capable of delivering substantial emissions reductions

**Q8. How can the Government of Canada ensure that permanent public transit funding drives jobs creation and broader economic benefits through planning, construction, and operations?**

- What measures can ensure that transit systems and projects are designed to encourage local economic growth and help workers access jobs more easily?
- How can permanent public transit funding support domestic economic goals (e.g., job creation, support for the manufacturing sector, etc.)?
- What measures can help make sure public transit investments provide local economic benefits for those directly impacted by project construction?

**Q8: TransLink Response** (character-limited text box for entry, with a character limit of 4000):

Though the design and construction of public transit can support some domestic economic goals (e.g., job creation), this should not be viewed as either a primary or secondary driver for transit investment. The primary economic benefits of transit investment are urban productivity, agglomeration, emissions reduction, and improved housing transport affordability. This should be the primary economic rationale for transit investment because:

- During the pandemic, TransLink saw persistent use of our transit system by workers in retail, healthcare, education, etc. The high cost of housing in Metro Vancouver, particularly in the urban core, has also led to eastward movement into lower-cost suburbs. The ability to access work through affordable public transit is critical to ensuring an efficient labour market and reducing combined household and transportation cost burdens.
- Transit investment that meaningfully addresses congestion can have major economic benefits. The CD Howe Institute (2015) estimates that congestion costs the Metro Vancouver region between \$500 million to \$1.2 billion per year. Studies have also shown that there is increased scope for transportation demand management measures (TDM), such as those investigated by the Mobility Pricing Independent Commission in 2018, to provide substantial economic and travel time benefits.
- Transit investment in transportation innovation is also spurring new partnerships with private sector innovators to develop, pilot and incubate new transportation technologies in automation, connectivity, electrification and sharing.

Quantifying the measures and targets to demonstrate these wider economic benefits across regions will be challenging. Without a consistent methodology, assessments will be imprecise, and ultimately, a value judgement (ex. monetary benefit of wage creation vs travel time savings). Furthermore, measuring economic benefits and value for investment raises equity considerations about where and to whom benefits accrue.

**Recommendations to the Government of Canada:**

1. Acknowledge that quantifying and measuring economic targets and wider economic benefits across regions will be challenging. Accordingly, do not include job creation (i.e. construction or manufacturing sector) as an evaluation criteria for disbursing PTF funds.
2. Fund transit plans that take an integrated approach to urban and regional accessibility and that consider broader ranges of interventions (e.g., demand management) to improve social and economic exchange.
3. Support and fund transit plans that aim to strengthen agglomeration economies by improving travel time reliability, connecting workers with jobs, goods with markets, and people with places.

**Q9. How can the Government of Canada, provincial/territorial, municipal and Indigenous governments better coordinate and collaborate with one another to deliver the best public transit for their communities?**

- What approaches are most effective at promoting collaboration among orders of government and among local governments (e.g., neighbouring municipalities)?
- How can the project development and assessment requirements of different orders of government be better aligned to facilitate effective design and delivery of projects?
- What measures can help ensure that public transit planning and design is coordinated for example with land use, or housing policies?
- What measures can encourage communities to integrate active transportation networks more effectively?

**Q9: TransLink Response** (character-limited text box for entry, with a character limit of 4000):

Transit investment is often a collaboration between all levels of government. We agree that greater collaboration across levels of government – including with treaty and non-treaty First Nations – is important. The federal government and permanent transit funding could encourage greater coordination through the following:

- **Federal involvement in regional land use and transportation plans**, as well as in the early business case stage of major projects, to ensure that federal objectives are incorporated into project design.
- **Federal involvement in Supportive Policies Agreements for major transit projects**. These are agreements signed between TransLink and local governments, with involvement from the Government of B.C. to commit parties to policies on land use, affordable housing, active transportation, transportation demand management, and other community benefits. The agreements also include commitments to collaboration, monitoring, and reporting.
- **The federal government could consider setting out land use and housing expectations (targets or guidelines) as a basis for working together on transit funding**.
- Through Transport 2050 and Transport 2050: 10-Year Priorities, TransLink has affirmed its commitment to including First Nations in transit and transportation planning. Recognizing the federal government's legal and constitutional responsibilities to support the socio-economic well-being of Indigenous communities, **TransLink urges the federal government to support these efforts with dedicated capital and operating funding for transit investment to and from Indigenous communities**. This recommendation echoes the final report on Missing and Murdered Indigenous Women and Girls, which calls for greater coordination across governments to improve transit and transportation access.
- TransLink has long-running programs that provide cost-share funding to municipalities to build out active transportation infrastructure, funding hundreds of kilometres of active transportation infrastructure to date. Translink has demonstrated that regional coordination on active transport programs means networks are coordinated across municipalities and deliver larger benefits at scale. While more investment is needed, it also needs to be planned and coordinated strategically to achieve connected networks.

**Q10. How can the Government of Canada ensure public transit systems – physically, financially, and otherwise – are able to be responsive to changing conditions and continue to function effectively over the long term?**

- How can the Government of Canada incentivize and ensure life-cycle analyses help to inform investment decisions into public transit?
- How can the Government of Canada design the program in a way that will support long-term plans and associated upkeep?
- What other aspects of sustainability and resilience should the Government of Canada consider in developing an approach to deliver permanent public transit funding?

**Q10: TransLink Response** (character-limited text box for entry, with a character limit of 4000):

Long-range strategic planning is required for transit to function effectively over the long term and respond to changing conditions. TransLink has undertaken this planning in the metro Vancouver region through the development of Transport 2050 which incorporated long-range scenario planning. This considered how the region could be impacted by various shocks, stresses, forces, and trends in the coming decades, focusing especially on the disruptions that are likely as a result of climate instability, and as a result of rapid technological and economic changes. Accordingly, resilience has been incorporated as a strategic lens of the plan, informing the program of investments and initiatives over the next 30 years.

In considering how the Government of Canada can design the program in a way that will support long-term plans and associated upkeep, it will be important to disburse funds predictably and reliably based on formula (such as ridership) to ensure benefits are maximized through investments and are kept in a state of good repair.

**Recommendations to the Government of Canada:**

1. Ensure that funds are disbursed in a predictable and reliable manner (e.g. proportional to ridership) to function effectively over the long term.
2. Fund programs that incorporate and demonstrate resilience thinking (not just projects)
3. Require federally funded projects to be identified and appear in long-range plans that prioritize investments in infrastructure, technologies, modes, and corridors that:
  - a. Improves the quality of an asset to be robust in **withstanding future shocks and stresses**. For example, transit customer experience amenities such as air conditioning for heat waves and green stormwater infrastructure for flooding
  - b. Provide the **greatest capacity to adapt to future changing conditions**. For example, flexible modes such as bus and active transport, transit corridors not located in hazardous areas, and infrastructure that can be repurposed for other uses
  - c. Consider **current and future hazards, risks, and vulnerabilities in life-cycle analyses**. For example, state of good repair projects such as seismic upgrades to bridges and guideways to maintain their function over their service life
  - d. Are in **areas with supporting land use** that would reduce future capital, operation, and maintenance funding burdens
4. Provide funding to better understand potential future shocks and stresses, and their impact on systems:
  - a. Health and environmental impact assessment of new infrastructure that accounts for cumulative impact on marginalized peoples

- b. Create, maintain, and update emergency continuity plans, response training, and infrastructure interdependency mapping to ensure infrastructure and services are safe and usable in emergencies
- c. Hazard, risk, and vulnerability analyses and mapping to help determine locations and mitigations to infrastructure

**Q11. How can the Government of Canada ensure alternative financing methods are leveraged effectively?**

- What program design elements can ensure alternative financing opportunities are explored?
- How can the Government of Canada help ensure alternative financing approaches align with and/or support social inclusion and related objectives?

**Q11: TransLink Response** (character-limited text box for entry, with a character limit of 4000):

TransLink has made effective use of alternative financing and procurement models in the past to deliver public transit investments such as the Canada Line completed in 2009. However, the opportunities to deliver transit through alternative financing methods will differ from region to region. TransLink has a unique model of operating mass transit where some elements (such as the guideway) are owned, and debt-financed by the provincial government; while other facilities, vehicles and depots are financed by TransLink. TransLink also borrows directly through market-issued bonds, underscoring our unique and diversified approach to financing. Like other agencies, TransLink explores a range of appropriate funding approaches and does not suggest alternative financing methods be used as evaluation criteria or prerequisite for disbursing PTF.

However, there are opportunities to incorporate PTF funding with other federal programs. Enabling CIB loans to be stacked with other federal funds would mean agencies could pursue opportunities for projects supported by CIB. Currently, the CIB requires high rates of return from private investors, this will likely limit the scope of potential investment and be even more challenging given the rise in interest rates.

**Recommendations to the Government of Canada:**

1. Consider relaxing the requirements for the return for private investors on projects supported by CIB. CIB provides low-interest loans but requires a high (in our case 12%) rate of return for private investors. Our assessment at the time was that, when considering the 12% return required, the total financing costs would be lower if we secured a loan from other lenders ourselves.
2. Enable CIB loans to be stacked with other federal funds. Current requirements mean agencies must give up opportunities to pursue additional federal funding for projects supported by CIB.
3. Consider offering interest-free loans and funding stacking for projects where there is a significant reduction in operating costs.

**Q12: How can different solutions like stable and predictable transfers, application-based programs, or other models be best used to support transit systems and advance the federal objectives laid out in this paper?**

**Q12: TransLink Response** (character-limited text box for entry, with a character limit of 4000):

The success of the region's long-range transportation and land use planning is in large part thanks to the stability and predictability of funding for region-shaping infrastructure. Peer agencies and municipalities across Canada have benefited from these federal funds and have advocated for PTF funding to be divided up into funding streams in a precedented and familiar manner.

However, TransLink believes that in order to maximize the benefits and transformational potential offered by the Permanent Transit Fund, provincial governments should be encouraged to continue to fully match (or more, as is the case in BC) federal funding programs as occurred with PTIF and ICIP. Eligible costs should be broad in scope to include land and right-of-way acquisition costs as well as interest during construction (which are all eligible expenditures for provincial capital funding in BC). More flexibility to move funds between projects that are already within approved programs would be beneficial. Making forecasts and predictions around transit needs and allocations is challenging and this has been exacerbated by post-COVID trends and macroeconomic factors.

- Additionally, the PTF should strongly consider capital projects such as depot upgrades, and station/fleet modernizations that both enhance service reliability and provide the future capacity and capability to meet federal objectives. The programmatic need for these types of investments is what keeps services reliable and must accompany projects that expand the system. Without this, the number of people engaging with the public transportation system is bound to deteriorate. To maintain a high level of service reliability, commitment to investing in the system's fundamental enablers must be made with the same vigour and enthusiasm as the initial expansionary investments.
- Furthermore, transit investments, (in particular expansionary investments) do not generate self-sustaining fare revenues to support their operation and maintenance. This is why investments to upgrade, modernize and enhance transit fleets and transit facilities have favourable returns on investment. Especially given that affordability and ridership objectives generally limit the appropriateness of fare increases. Accordingly, programmatic renewal, upgrade and modernization investments from senior governments are needed to advance both affordability and service reliability objectives which are in alignment with federal interests.

**Recommendations to the Government of Canada:**

1. Design PTF based on the basic architecture of PTIF (40% federal share of capital, annual allocation based on 70% ridership and 30% population, matched by provinces, with federal funding directed to projects identified by the delivery agency) with the following additional elements:
  - a. Permanent program, protected in legislation like CCBF, and governed by minimum 10-year federal-provincial agreements
  - b. Add an annual index of at least 3.5% starting in 2025.
  - c. Require that all projects identified for federal PTF funding appear in long-range plans that meet the following characteristics:
    - Cover a long-term planning horizon (10 years at minimum)
    - Integrated with long-term land use plans
    - Extensive depth and breadth of public consultation
    - Recognizes multi-modal transportation needs and objectives

- SMART objectives related to local, provincial and national interests
  - Recognizes the needs of the entire commuter shed, even if the commuter shed extends beyond the agency’s jurisdiction or service area
  - Substantial public and First Nations engagement, as well as regular, robust public reporting on activities and outcomes.
- d. Enable flexibility to move funds between projects within a regional plan in response to changing local conditions (i.e. changes in ridership patterns, cost inflation, timelines, etc.)
  - e. Expand eligibility criteria to include land and right of way acquisition costs and interest during construction (IDC)
2. Shift federal involvement in project approvals to earlier in the project development cycle, beginning with the development of long-range regional plans, and project business cases so that federal interests may be more easily incorporated into the design of identified projects. Steering projects at this early stage may require federal contributions to feasibility studies and business case development.
  3. Accelerate the delivery of PTF from 2026, as currently proposed, to 2024, in recognition that the scope and urgency of the affordable housing crisis, and 2030 climate action targets

**Q13. Do you have any other feedback you would like to share about these positions? If so, please feel free to include more below.**

**Q13: TransLink Response** (character-limited text box for entry, with a character limit of 4000):

In Metro Vancouver, First Nations reserve lands are legislatively outside of TransLink’s funding and governance structure, which makes it challenging to plan, fund, and deliver transit to First Nations communities on reserve lands. This systemic exclusion has made travelling to and from on-reserve communities unsafe and has created barriers to economic participation and employment. TransLink has already committed a portion of the funding needed to improve transportation access to First Nations reserve lands. Recognizing the Government of Canada’s legal and constitutional responsibilities to Indigenous Peoples socio-economic wellbeing and reconciliation, TransLink urges the federal government to commit dedicated operating and capital funding for transit service to First Nations reserve lands.

In addition, First Nations are leading the development of affordable housing across Metro Vancouver, including projects like Senakw, led by Squamish First Nation, and səmiq̓ʷəʔelə, a partnership between Kwikwetlem First Nation and BC Housing. Dedicated funding for transit to First Nations communities can directly contribute to the Government of Canada’s objectives of social inclusion, stronger coordination among governments, and affordable housing.

While TransLink applauds the goals outlined by the Government of Canada, it is important that programs are more responsive to changing economic conditions. Recently, unprecedented levels of inflation and historically low unemployment rates have resulted in cost escalations for approved projects; absent additional federal support, these cost increases must be paid for by local governments, even when they are the result of broader economic events and federal monetary policy. While this is a difficult program design challenge, consideration should be given to ways that federal support after initial project approval can distribute the risks more evenly between levels of government.