Agenda – Executive Policy Committee – September 17, 2014

REPORTS

Item No. 1 Transit Development Agency (TDA)

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That Winnipeg Transit continue efforts to develop and formalize its status as a self-funded entity as the first step towards developing a Transit Development Agency.

2. That Winnipeg Transit continue to undertake discussion with stakeholder groups, and examine in greater detail the potential for independent and sustainable sources of revenue, which may include a Transit Development Agency.

Agenda – Executive Policy Committee – September 17, 2014

DECISION MAKING HISTORY:

COUNCIL DECISION:

On July 16, 2014, Council concurred in the July 9, 2014, recommendation of the Executive Policy Committee, that the Winnipeg Public Service be granted an extension of time to the meeting of Executive Policy Committee on September 17, 2014 to report back on the matter.

On March 26, 2014, Council ruled automatic referral of the following motion to the Executive Policy Committee:

Moved by Councillor Wyatt,
Seconded by Councillor Havixbeck,

WHEREAS the City of Winnipeg is undertaking an expansion of its Rapid Transit System that will connect the city's downtown to the University of Manitoba;

AND WHEREAS the City of Winnipeg may be in the possession of lands near the proposed Rapid Transit Corridor, as well as near the existing Rapid Transit Corridor;

AND WHEREAS Transit Orientated Development (TOD) can directly enhance the city's tax base, increase transit ridership and improve housing options for Winnipeggers';

AND WHEREAS encouraging density along Transit Corridors is seen as preferable when compared to 'greenfield' development, or what has been referred to commonly as 'urban sprawl'

AND WHEREAS to facilitate Transit Orientated Development, land assembly may be necessary, as well as being able to enter into strategic partnerships with other levels of government, post-secondary institutions and the private sector;

AND WHEREAS the CentreVenture model has served the City well in being able to facilitate and encourage redevelopment and renewal of Downtown Winnipeg for over 10 years, including the creation of a land bank with all surplus city land in the downtown being seeded to Centre Venture;

AND WHEREAS new development via a TDA has the potential to provide the City with revenues and/or a dividend that could be directed toward subsidizing the development of future Rapid Transit corridors;

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

THEREFORE BE IT RESOLVED that the City of Winnipeg establish a new Transit Development Agency (TDA) that will be able to facilitate, coordinate and spearhead Transit Orientated Development;

AND BE IT FURTHER RESOLVED THAT that the City of Winnipeg formally directs all surplus City lands within 400 meters of either side of the existing Rapid Transit Corridor and the new Rapid Transit Corridor (800 metres) to the new TDA, including conducting a review of other potential city lands that could be declared surplus to the needs of the City for this said corridor;

AND BE IT FURTHER RESOLVED THAT council consider having the new TDA established with a fund for conducting further land assembly, similar to precedent that was set upon the establishment of Centreventure;

AND BE IT FURTHER RESOLVED THAT that the governance of the TDA be appointed by Council, be required to file an annual report, including audited financial statements, to City Council via the Director of Winnipeg Transit;

AND BE IT FURTHER RESOLVED THAT that the TDA, for its first 5 years of existence, be required to file quarterly update reports to the Standing Policy Committee on Property and Development;

AND BE IT FURTHER RESOLVED THAT that following the first 5 years, an independent review be undertaken of the TDA and shall report its findings to City Council.

ADMINISTRATIVE REPORT

Title: **Establishment of a Transit Development Agency**

Critical Path: **EPC – Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Radstrom	D. Wardrop	N/A	M. Jack A/CAO

RECOMMENDATIONS

1.) That Winnipeg Transit continue efforts to develop and formalize its status as a self-funded entity as the first step towards developing a Transit Development Agency.

2.) That Winnipeg Transit continue to undertake discussion with stakeholder groups, and examine in greater detail the potential for independent and sustainable sources of revenue, which may include a Transit Development Agency.

REASON FOR THE REPORT

At the March 26, 2014 meeting of City Council, the following motion was brought forward, and subsequently referred to the Executive Policy Committee:

> That the City of Winnipeg establish a new Transit Development Agency (TDA) that will be able to facilitate, coordinate and spearhead Transit-Orientated Development;
>
> That the City of Winnipeg formally directs all surplus City lands within 400 metres of either side of the existing Rapid Transit Corridor and the new Rapid Transit Corridor (800 metres) to the new TDA, including conducting a review of other potential city lands that could be declared surplus to the needs of the City for this said corridor;
>
> That Council consider having the new TDA established with a fund for conducting further land assembly, similar to precedent that was set upon the establishment of CentreVenture;
>
> That the governance of the TDA be appointed by Council, be required to file an annual report, including audited financial statements, to City Council via the Director of Winnipeg Transit;
>
> That the TDA, for its first 5 years of existence, be required to file quarterly updated reports to the Standing Policy Committee on Property and Development;

That following the first 5 years, an independent review be undertaken of the TDA and shall report its findings to City Council.

At the April 9, 2014 meeting, the Executive Policy Committee referred the Council motion of March 26, 2014, to the Winnipeg Public Service for review and report back within 90 days.

At the April 30, 2014 meeting Council concurred in the recommendation of the Executive Policy Committee and adopted that the Council motion of March 26, 2014, be referred to the Winnipeg Public Service for review and report back within 90 days.

IMPLICATIONS OF THE RECOMMENDATIONS

Financial Implications

(X) Within approved current and/or capital budget
( ) Current and/or capital budget adjustment required

HISTORY

As part of their mandate, many transit agencies actively integrate transit infrastructure with land development initiatives in the vicinity of rapid transit stations and high-frequency transit corridors as a means of funding the transit system, and to ensure the development of land use patterns that are transit-supportive. Governance models to achieve this vary between jurisdictions and take on a variety of forms.

In July 2013, Winnipeg Transit, along with the Department of Public Works and the Office of the CAO, engaged Stantec Consulting to carry out a study to determine options for the creation of a transportation authority in Winnipeg. Stantec Consulting's mandate was to evaluate potential governance structures and funding alternatives, and to recommend a high-level plan of how to introduce such an authority.

At a high-level, a Transit or Transportation Authority is an agency at arm's length from government that plans, operates, manages and delivers transportation services in a region. This can range from only public transit services, to the entire transportation system, including roads, bridges and active transportation. A Transit/Transportation Authority generally has a high degree of independence, as well as secure funding sources for both operations and capital improvements. A Transportation Authority often has authority over many aspects of a transportation system in a region that encompasses several cities, towns and municipalities. One of the key benefits identified with this operational structure is the ability for these agencies to enhance the sustainability of land development in the City, and to establish sustainable and long term funding sources for capital investment and, potentially, operations.

Regardless of the governance structure, having secure funding sources for the delivery and development of transit services provides considerable value as it enables proper planning and development of present and future service and infrastructure. Important considerations when evaluating potential funding sources include:

- **Transparency** – the source of funds and their intended use must be transparent and obvious to the public
- **Sustainability** – sources of operational funding should be long-term or permanent whenever possible, sources of capital funding for ongoing capital improvement programs should be of a sufficient term to accomplish the goals of the capital program
- **Financial Stability** – the sources of funding should be predictable from year-to-year to the extent that they can be relied upon for future capital and operational planning
- **Ease and Cost of Implementation and Compliance** – collecting revenue via a given method should not create a significant administrative burden
- **Transportation Demand Management (TDM) Effects** – new sources of revenue and their method of collection should encourage the use of travel by means other than single-occupant vehicle
- **Economic Efficiency** – revenue from direct users of the transportation system should go toward transportation infrastructure benefitting those users
- **Technical Feasibility** – collecting revenue should not require as-yet-undeveloped or untested technology
- **Legal Viability** – revenue generation programs should be viable under the existing legal framework
- **Equity** – new sources of revenue should not place undue burden on those with social and economic challenges

The establishment of dedicated and sustainable revenue sources is an essential element for the successful implementation of a long term transit strategy for the City of Winnipeg. Additional revenue sources are required to provide a stable financial structure to deliver public transit services and the infrastructure development program identified in the Transportation Master Plan. In the absence of sufficient sustainable funding, Winnipeg Transit will be challenged to successfully deliver on the transit improvements required by the City over the long term. As such, the identification and definition of the potential funding sources and mechanisms is a necessary first step. Some funding sources for transit infrastructure improvements and operations include the following and certain of these funding sources require approval from the Province of Manitoba:

- **Operating grants from the City and Provincial governments** – similar to the existing funding model for Winnipeg Transit
- **Dedicated fuel tax** – a fixed percentage of the wholesale cost of fuel could be dedicated to funding transportation infrastructure and operations
- **Dedicated portion of property tax revenues** – a fixed portion of the mill rate could be dedicated to funding transportation infrastructure and operations
- **Transit fare revenues** – modest fare revenue increases could be dedicated to fund specific projects or service improvements
- **Annual vehicle registration levy** – a fee applied to the annual registration of all vehicles that could be dedicated to funding transportation infrastructure and operations
- **Vehicle sales fee** – a fee applied to the sales of all vehicles that could be dedicated to funding transportation infrastructure and operations
- **Advertising and concessions** – similar to existing programs operated by Winnipeg Transit to generate ad revenue from buses and transit shelters
- **Transit Development Agency** – *see below*

With respect to a Transit Development Agency (TDA), Transit could be granted authority to purchase or otherwise acquire lands in excess of the requirements for rapid transit corridors and stations, and to use this to generate revenues. This could be realized by selling air rights, leasing land, or engaging directly or indirectly in the development of TOD (transit-oriented developments). This could also apply in the vicinity of high-frequency transit corridors, and major transit terminals. A TDA would require dedicated staffing with specialized experience in the field of real estate development and business management, and would require the financial structure and revenue sources necessary to undertake these transactions.

With the development of additional alternative revenue sources, Winnipeg Transit could lower the proportion of revenue it receives from mill rate supported grants and fund further infrastructure investment. A financial structure that offers the ability to spearhead TOD in a proactive manner and capture the resultant property value uplift is one alternative that may ultimately achieve this.

Potential Next Steps

In order to prepare for greater financial sustainability and the potential establishment of a Transit Development Agency, Winnipeg Transit should continue efforts to develop and formalize its status as a self-funded entity. In doing so, Transit should continue discussions with stakeholder groups with the view of developing independent and sustainable sources of revenue, which could include the creation of a Transit Development Agency and/or Transit as a separate Utility operation, or a self-funded entity.

FINANCIAL IMPACT

Financial Impact Statement **Date:** August 14, 2014

Project Name:

Establishment of a Transit Development Agency

COMMENTS:

There are no financial implications associated with this report as it is for information only.

Original Signed by:
Tanis Yanchishyn, CA
Manager of Finance & Administration

CONSULTATION

In preparing this report there was consultation with:

Public Works Department
Legal Services Department

SUBMITTED BY

Department	Transit
Division	Service Development
Prepared by:	Bjorn Radstrom, Manager of Service Development
Date:	August 14, 2014