
City of Kelowna

MEMORANDUM

DATE: April 6, 2001
FILE: 2240-20
TO: City Manager
FROM: Mayor Walter Gray, Chairman
Regional Transportation Sub-Committee - Transit
RE: **Conventional & Custom Transit-Annual Operating Agreements**

RECOMMENDATION:

THAT Council approve the 2001/2002 Annual Operating Agreements for conventional and custom transit services for the City of Kelowna based on successful negotiations with Farwest Transit Services Inc.;

AND THAT the Mayor and City Clerk be authorized to execute the Operating Agreements between B.C. Transit, the City of Kelowna and Farwest Transit Services Inc. covering the period April 1, 2001 to March 31, 2002.

Background & Comments

Conventional Transit Service

Attached is a copy of the March 11, 2001, letter from BC Transit outlining some of the changes to the current year operating agreement.

The total costs under this agreement for the 2001 fiscal year are estimated to be \$7,781,800, a 6.1% increase compared to the 2000 Annual Operating Agreement.

The annualization of the 2000 expansions (school overload hours and Rutland schedule maintenance hours) has increased the revenue service hours by 2,600. Debt costs have increased by \$177,000 as a result of replacing five of the older buses with new accessible low floor buses. Other cost increases relate to annual price increases associated with the original operating contract. This operating agreement is based on service levels in place at the end of March 2001 and does not include the service expansions planned for later in the year. Those expansions will require amendments to this operating agreement.

Ridership for the period is forecast at 2,600,000 passengers (increase of 13.8%) with revenues increasing by \$456,300. Increased ridership and fare changes made in 2000 have provided these additional revenues. Cost recovery is estimated at 32.7% for 2001 up from 28.5% in 2000.

The City of Kelowna is responsible for \$1.2 million of the estimated \$1.85 million net Municipal Share of the regional Conventional Transit program.

Custom Transit Service

Details of the Kelowna Custom Transit System and Peachland Paratransit service for 2001/2002 are included in the March 9th letter from BC Transit.

The total 2001 operating budget for the Custom Transit/Paratransit Service is \$1,521,100, which results in a municipal net cost of \$357,700. This is an increase of \$50,200 compared to the 2000 Annual Operating Agreement. This includes the paratransit portion, which is a service to Peachland that is funded by the Regional District and Peachland.

The major factors of the expenditure increase include the annualization of the Taxi programs expansion, additional dispatch resources, an increase in fuel costs, vehicle debt service cost and other general inflationary costs.

Passengers for the period are forecast at 166,600 (increase of 20%) with revenues increasing by \$18,300. Cost recovery is estimated at 12.6%, slightly down from the 12.7% level in 2000.

The City of Kelowna is responsible for \$223,800 of the estimated \$357,700 net Municipal Share of the Custom Transit program.

As mentioned above, the operating budgets presented do not include a provision for further expansion in 2001. Should the Treasury Board approve additional funds, the Annual Operating Agreement will be amended and forwarded to Council for approval. However, funding for both the conventional and custom transit operating agreements, including anticipated expansion, is provided for within the City of Kelowna's 2001 Financial Plan.

Mayor Walter Gray

KG
Encl.

cc: Councilor Robert Hobson
Director of Finance and Corporate Services
Deputy Director of Finance
Transportation Manager
Financial Planning and Systems Manager

NOTE: There are two attachments included with the print copy from BC Transit that are not available with the electronic version of this report.