
City of Kelowna

MEMORANDUM

DATE: March 13, 2002
FILE: 2240-20
TO: City Manager
FROM: Deputy Director of Finance
RE: **Conventional & Custom Transit-Annual Operating Agreements**

Report prepared by: Financial Planning Manager

RECOMMENDATION:

THAT Council approve the 2002/2003 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, 2002 to March 31, 2003.

Background & Comments

Conventional Transit Service

Attached is a copy of the February 22, 2002, letter from BC Transit outlining some of the changes to the current year operating agreement.

The total costs under this agreement for the 2002 fiscal year are estimated to be \$8,374,200, a 3.1% increase compared to the 2001 amended Annual Operating Agreement.

The annualization of the 2001 expansions (Westside service, Dilworth Mountain, extended evening service) would have increased the revenue service hours by 4,100, however, service efficiencies will be implemented in 2002 that will limit the revenue service hour increase to 2,200. Debt costs have increased by \$159,100 as a result of replacing six of the older buses with three new 35 foot Dennis Darts and three new Trident double deck buses.

Ridership for the period is forecast at 3,002,000 passengers (increase of 11%) with revenues increasing by \$292,600. Increased ridership and higher BC Bus Pass revenues have greatly increased annual transit revenues.

Overall there is a \$89,400 reduction in local cost requirements. Cost recovery is estimated at 35.1% for 2002 up from 32.6% in 2001.

The City of Kelowna is responsible for \$1.1 million of the estimated \$1.8 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 2002/2003 are included in the February 22 letter from BC Transit.

The total 2002 operating budget for the Custom Transit/Paratransit Service is \$1,562,800, which results in a municipal net cost of \$365,500. This is an increase of \$4,100 compared to the 2001 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, a wage increase and other general inflationary costs.

Passengers for the period are forecast at 166,400 (decrease of 1.8%) with revenues increasing by \$7,800. Cost recovery is estimated at 12.7%, up slightly from the 12.5% level in 2001.

The City of Kelowna is responsible for \$229,900 of the estimated \$314,700 net Municipal Share of the Custom Transit program.

Paul Macklem

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Encl.

cc: Director of Finance and Corporate Services
Transportation Manager
Financial Planning 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.