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## City of Kelowna

# MEMORANDUM

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DATE: January 21, 2004  
FILE: 2240-20  
TO: City Manager  
FROM: Director of Financial Services  
RE: **Conventional Transit-Annual Operating Agreement Amendments**

Report prepared by: Financial Planning Manager

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### **RECOMMENDATION:**

THAT Council approve the 2003/2004 Annual Operating Agreement Amendments for conventional and custom transit services for the City of Kelowna encompassing the service hour and expenditure changes from amendment #1, the accelerated maintenance plan and the improvements to schedule maintenance and reliability.

AND THAT for the schedule maintenance and reliability costs the City of Kelowna shall contribute 53.31%, or any greater percentage the municipality agrees to contribute of the amounts required to defray the classes of expenditure prescribed in section 8 of British Columbia Transit Regulation, B.C. Reg. 30/91 in the annual operating agreement for that service.

AND THAT the City of Kelowna requests an amendment to section 7 of British Columbia Transit Regulation, B.C. Reg. 30/91.

AND THAT the Mayor and City Clerk be authorized to execute the Operating Agreement Amendments between B.C. Transit, the City of Kelowna and Farwest Transit Services Inc. covering the period April 1, 2003 to March 31, 2004.

### **Background & Comments**

On April 28<sup>th</sup>, 2003, Council approved the provisional 2003/2004 Annual Operating Agreements (AOA) for conventional and custom transit. They were considered "provisional" because the Provincial funding level had not been established at that time. Subsequently, the Province did provide partial additional funding and on June 23<sup>rd</sup>, 2003, Council approved efficiency measures and service hour changes that were to take effect on June 29. A fare increase for both conventional and custom transit was also approved at that time. The amendment to the annual operating agreement reflects these changes approved earlier.

A second amendment to the annual operating agreement is required to advance the life cycle maintenance for the transit buses. This maintenance, involving major engine and

transmission overhauls, was initially scheduled for the 2004/2005 operating agreement and would take place after April 1, 2004. The Province has advanced funding to BC Transit to have a portion of the works completed in the 2003/2004 fiscal year and thus an amendment to the current AOA is required. The total budget increase is \$144,186 with \$76,866 required from the local municipal partners as per the attached December 12th memo from BC Transit. These works are included in the City's 2004 Financial Plan but the amendment is required because BC Transit has a different fiscal year.

The third change involves amending the conventional transit operating agreement to provide for schedule reliability. The attached November 7<sup>th</sup> memo from BC Transit provides some background for this issue. An increase in service hours is required and under the existing funding agreement the local partners will be responsible for 100% of the costs of this additional service. A resolution from Council is required to enter into this "flex funding" arrangement. BC Transit will then make arrangements for a Provincial Order in Council to change the funding percentage under the British Columbia Transit Regulations. The Kelowna Regional Transportation Committee has supported this service enhancement and requested the change be made at the earliest opportunity. BC Transit is working with our transit contractor to implement the changes for February 29<sup>th</sup>. An increase to the 2004 transit budget of approximately \$17,000 will be required as the changes to improve schedule reliability were originally targeted for implementation on April 1.

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Paul Macklem

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Encl.

cc: Financial Planning Manager  
Transportation Manager

NOTE: One of the attachments from BC Transit included with the print copy is not available with the electronic version of this report.