
City of Kelowna

MEMORANDUM

DATE: April 20, 2005
FILE: 8501-01
TO: City Manager
FROM: Financial Planning Manager
RE: **Conventional & Custom Transit-Annual Operating Agreements**

RECOMMENDATION:

THAT Council approve the 2005/2006 Annual Operating Agreements for conventional and custom transit services for the City of Kelowna;

AND THAT the Mayor and City Clerk be authorized to execute the Operating Agreements between BC Transit, the City of Kelowna and Farwest Transit Services Inc. covering the period April 1, 2005 to March 31, 2006.

Background & Comments

Attached are copies of letters from BC Transit outlining some of the changes to the current year operating agreement for both conventional and custom transit.

The Provincial Government has provided funding for BC Transit that will maintain the existing transit services for the Municipal Systems Program in 2005. Additional flex funding by the City of Kelowna and CORD that was approved for 2004 is no longer required as the GST rebate allowed BC Transit to cover their share of the costs to improve schedule reliability for the conventional transit service.

Conventional Transit Service

The total costs under this agreement for the 2005 fiscal year are estimated to be \$8,981,500, a 2.3% increase compared to the 2004 amended Annual Operating Agreement. This provides for an additional 2,097 service hours over the 2004 level. The main areas of cost increase are in relation to the expanded service hours and for fuel and vehicle debt costs.

Transit ridership for the period is forecast at 2,976,000 passengers (increase of 0.9%) with revenues projected to increase by \$112,100. Overall there is a \$9,900 increase in local cost requirements. Cost recovery is estimated at 36.1% for 2005 up from 35.7% in the 2004 amended budget.

The City of Kelowna is responsible for \$1.1 million of the estimated \$1.9 million net Municipal Share of the regional Conventional Transit program.

Custom Transit Service

The total costs under this agreement for the 2005 fiscal year are estimated to be \$1,583,300 (including Peachland Paratransit), which is a 10.3% increase from the 2004 operating budget. The main cost adjustment is primarily due to removal of a one-time recovery of Taxi Saver accrued liability of \$140,000 from 2004.

Passengers for the period are forecast at 156,000 (increase of 0.9%) with revenues decreasing by \$9,900 to match closer with actual results. Cost recovery is estimated at 12.5%, down from the 14.5% level estimated for 2004.

The City of Kelowna is responsible for \$251,200 of the estimated \$380,600 net Municipal Share of the Custom Transit program.

The fuel cost included in the Annual Operating Agreements is lower than what BC Transit has been able to negotiate. A significant increase was included in the agreements but there is still a risk to that budget that may require an amendment to the AOA during 2005.

The Annual Operating Agreement impacts have not been reviewed by the Regional Transportation Committee due to timing of meetings.

Keith Grayston, CGA
Financial Planning Manager

Approved for inclusion

Paul Macklem, CMA
Director of Financial Services

KG
Encl.

cc: Transportation Manager