
City of Kelowna

MEMORANDUM

DATE: May 23, 2006
FILE: 8501-01
TO: City Manager
FROM: Financial Planning Manager
RE: **Conventional & Custom Transit-Annual Operating Agreements**

RECOMMENDATION:

THAT Council approve the 2006/2007 Annual Operating Agreements for conventional and custom transit services for the City of Kelowna;

AND THAT the City of Kelowna wishes to provide additional expanded service and the cost of that service will be funded 100% by the City of Kelowna requiring an amendment to section 7 of British Columbia Transit Regulation, BC Reg. 30/91, where the City agrees to contribute a greater percentage of the amounts required to defray the classes of expenditure prescribed in sections 8 (1) (a)(i), (iii) and (iv) and 8 (1)(b)(i), (iii) and (iv) of British Columbia Transit Regulation, B.C. Reg. 30/91 in the annual operating agreement for that service;

AND FURTHER 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, 2006 to March 31, 2007.

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.

Conventional Transit Service

The total costs under this agreement for the 2006 fiscal year are estimated to be \$10,077,800, a 6.7% increase compared to the 2005 amended Annual Operating Agreement. This provides for an additional 1,750 service hours over the 2005 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 3,150,000 passengers (increase of 4.9%) with revenues projected to increase by \$165,800. Overall there is a \$311,800 increase

in local cost requirements. Cost recovery is estimated at 35.9% for 2006 down from 36.5% in the 2005 amended budget.

The City of Kelowna is responsible for \$1.4 million of the estimated \$2.3 million net Municipal Share of the regional Conventional Transit program.

Custom Transit Service

The total costs under this agreement for the 2006 fiscal year are estimated to be \$1,594,400 (excluding Peachland Paratransit), which is a 9.0% increase from the 2005 operating budget. The main cost adjustment is primarily due to the expansion of service hours, the Taxi programs and travel training.

Passengers for the period are forecast at 149,500 (increase of 14.1%) with revenues increasing by \$21,300. Cost recovery is estimated at 12.5%, up from the 12.2% level estimated for 2005.

The City of Kelowna is responsible for \$317,600 of the estimated \$423,400 net Municipal Share of the Custom Transit program.

To provide for the expanded Custom Transit service the City must request an amendment to the cost sharing percentage prescribed in section 7 of the B.C. Transit Regulation. The local partners are normally responsible for 53.3% of conventional transit costs and 33.3% of custom transit costs but due to a Provincial funding freeze on new service the City must pay for 100% of any expansion costs.

An amendment to the Annual Operating Agreement will be required for the conventional transit service expansion planned for August 27. A draft of the Annual Operating Agreement impacts has been reviewed by the Regional Transportation Committee.

Keith Grayston, CGA
Financial Planning Manager

Approved for inclusion

Paul Macklem, CMA
Director of Financial Services

KG
Encl.

cc: Transportation Manager