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CITY OF KELOWNA

MEMORANDUM

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**Date:** July 7, 2009  
**File No.:** 8501-01  
**To:** City Manager  
**From:** Director, Financial Services  
**Subject:** Transit - 2009/10 Annual Operating Agreements

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**RECOMMENDATION:**

THAT Council approve the 2009/2010 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 FirstCanada ULC covering the period April 1, 2009 to March 31, 2010;

And Further That the Mayor and City Clerk be authorized to execute the Operating Agreement Amendments covering the period April 1, 2008 to March 31, 2009 and the Master Operating between BC Transit, the City of Kelowna and FirstCanada ULC.

**BACKGROUND:**

**Conventional Transit Service**

The total costs under this agreement for the 2009 fiscal year are estimated to be \$16,777,300, a 2.9% increase compared to the 2008 amended Annual Operating Agreement. This provides for an additional 2,631 service hours over the 2008 level. The main areas of cost increase are in relation to the expanded service hours, increased vehicle debt costs, increased BC Transit administration costs and a reduction for fuel and maintenance costs.

Transit ridership for the period is forecast at 4,360,000 passengers (increase of 3.3%) with revenues projected to decrease by \$54,700. Overall there is a \$342,700 increase in local cost requirements and a \$181,900 increase in BC Transit's cost share. Cost recovery is estimated at 28.4% for 2009 down from 29.5% in the 2008 amended budget.

This agreement does not cover any expanded service for 2009. An AOA amendment will be required for any additional improvement in service levels. BC Transit has recently indicated that the Kelowna Regional Transit system has been approved for 3,500 additional service hours. This is considerably less than the 18,000 hours requested for Kelowna alone. Staff will be working with BC Transit on the priority for those additional service hours and potential for expansion in 2010.

**The City of Kelowna is responsible for \$3.2 million of the estimated \$4.8 million net Municipal Share of the regional Conventional Transit program.**

**Custom Transit Service**

The total costs under this agreement for the 2009 fiscal year are estimated to be \$2,363,200 (excluding Peachland Paratransit), which is a 3.7% increase from the 2008 operating budget. The cost adjustment is primarily due to the expansion of service hours, an increase in debt for replacement of older buses, an increase in BC Transit administration along with a decrease in fuel cost.

Passengers for the period are forecast at 169,000 (decrease of 2.4%) with revenues decreasing by \$4,100. Net municipal share is increased by \$104,400 for 2009 while BC Transit's share decreases by \$14,500 due to the debt costs being recorded elsewhere. Cost recovery is estimated at 10.4%, down from the 11.0% level estimated for 2008.

**The City of Kelowna is responsible for \$453,500 of the estimated \$643,300 net Municipal Share of the Custom Transit program.**

Also included in the recommendation is the signing of the amendments for 2008 (already approved by Council through the budget process) and the signing of new Master Operating Agreements to reflect the name change of the operating company from Farwest transit Services Inc. to FirstCanada ULC.

Attached are Information & Performance Summaries for the Regional Conventional and Custom Transit operations prepared by BC Transit. These schedules outline some of the changes to the current year operating agreement for costs and revenues as well as performance information.

INTERNAL CIRCULATION TO: Transportation Manager for his information.

Considerations that were not applicable to this report:

LEGAL/STATUTORY AUTHORITY:

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:

EXISTING POLICY:

FINANCIAL/BUDGETARY CONSIDERATIONS: Included above

PERSONNEL IMPLICATIONS:

TECHNICAL REQUIREMENTS:

EXTERNAL AGENCY/PUBLIC COMMENTS:

ALTERNATE RECOMMENDATION:

Submitted by:

  
K. Grayston, Director, Financial Services

Approved for Inclusion:  General Manager, Corporate Sustainability

Attach.

Cc: Transportation Manager

## Information &amp; Performance Summary

## Kelowna Regional Conventional Transit &amp; Community Bus

ANNUAL OPERATING AGREEMENT	Official AOA Amendment # 2	Official AOA	Variance	
	2008/2009	2009/2010	\$ / #	%
<b>BUDGET SUMMARY</b>				
Total Costs	\$16,304,470	\$16,777,275	\$472,805	2.9%
Total Revenue	\$4,816,640	\$4,761,950	-\$54,690	-1.1%
BCT Share of Costs	\$6,798,467	\$6,980,379	\$181,913	2.7%
Net Municipal Share	\$4,424,462	\$4,767,210	\$342,747	7.7%
<b>PERFORMANCE SUMMARY</b>				
<b>Level of Service</b>				
Population Served	118,400	123,000	4,600	3.9%
Number of Vehicles in Service	54	54	0	0.0%
Revenue Hours of Service	171,021	173,652	2,631	1.5%
<b>Effectiveness</b>				
Annual Revenue Passengers	1,222,000	4,360,000	138,000	3.3%
Total Revenue Passengers per Capita	35.7	35.4	-0.2	-0.6%
Total Passengers per Hour	25	25	0	1.7%
Total Cost per Passenger	\$3.86	\$3.85	-\$0.01	-0.4%
Cost Recovery	29.54%	28.38%	-0.01	-3.9%
Total Operating Cost of Service per Revenue Hour	\$85.14	\$88.09	\$0.95	1.1%
Total Cost of Service per Revenue Hour	\$95.34	\$96.61	\$1.28	1.3%

## Information &amp; Performance Summary

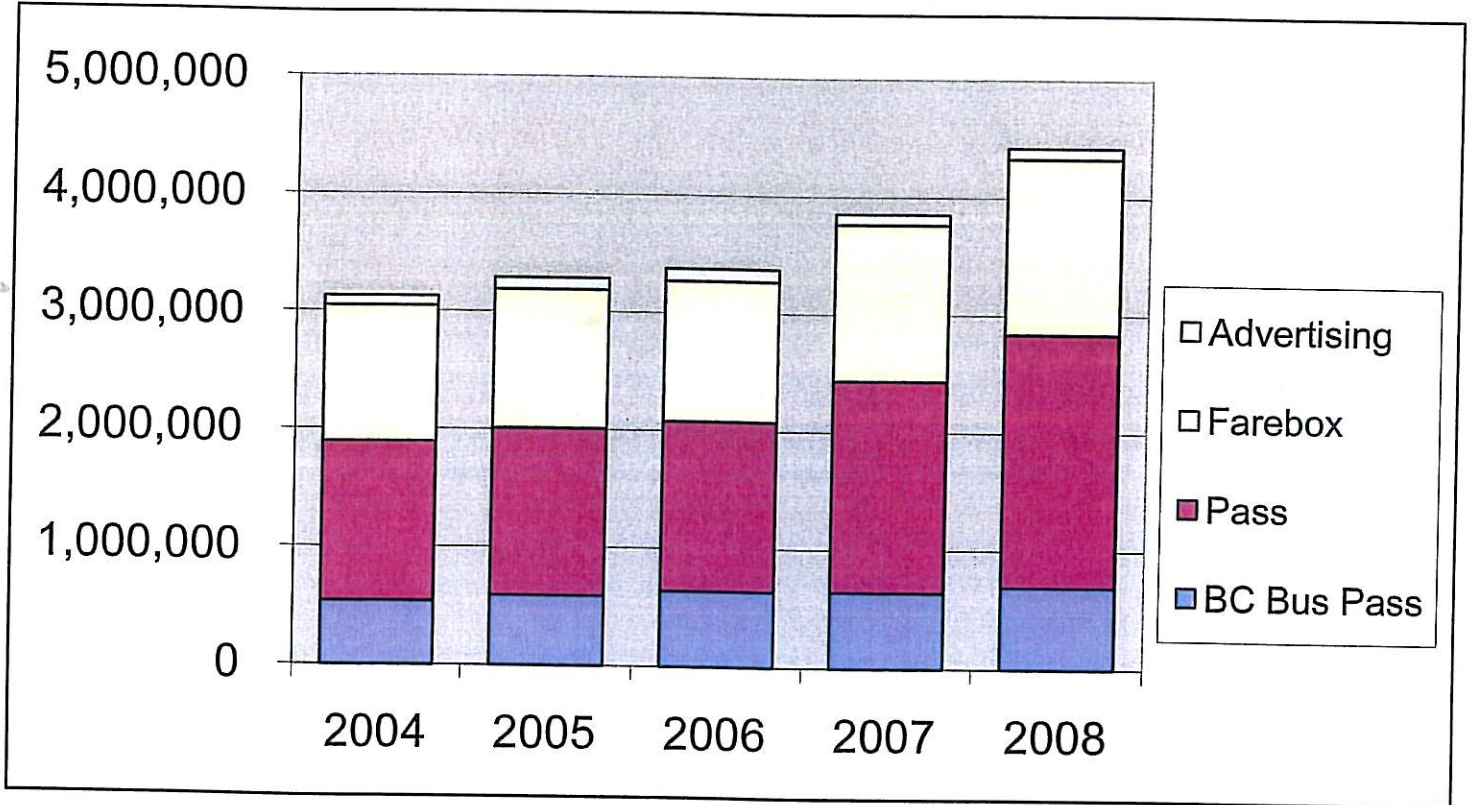
## Kelowna Regional Custom Transit

	Official AOA Amendment # 1 2008/2009	Official AOA 2009/2010	Variance \$/# %	
<b>ANNUAL OPERATING AGREEMENT</b>				
<b>BUDGET SUMMARY</b>				
Total Costs	\$2,278,548	\$2,363,170	\$84,622	3.7%
Total Revenue	\$250,070	\$245,960	-\$4,110	-1.6%
BCT Share of Costs	\$1,449,350	\$1,434,876	-\$14,474	-1.0%
Not Municipal Share	\$538,935	\$643,294	\$104,359	19.4%
<b>PERFORMANCE SUMMARY</b>				
<b>Level of Service</b>				
Population Served	176,300	183,200	6,900	3.9%
Number of Vehicles in Service	18	19	1	5.6%
Revenue Hours of Service	34,195.00	34,568.00	373.00	1.1%
<b>Effectiveness</b>				
Annual Revenue Passengers	173,100	169,000	-4,100	-2.4%
Custom/Para - Vans	131,100	130,000	-1,100	-0.8%
Custom/Para - Taxi Supplement	18,000	13,000	-3,000	-18.8%
Taxi Saver	26,000	26,000	0	0.0%
Health Connections				
Van Passengers per Revenue Hour	3.8	3.8	-0.1	-1.9%
Total Cost per Passenger	\$13.18	\$13.98	\$0.82	6.2%
Van Cost per Van Passenger	\$14.98	\$15.95	\$0.97	6.5%
Taxi Cost per Taxi Passenger	\$7.50	\$7.44	-\$0.06	-0.9%
Cost Recovery	10.97%	10.41%	-0.01	-5.2%
<b>Efficiency</b>				
Total Operating Cost of Service per Revenue Hour	\$54.34	\$53.85	-\$0.49	-0.9%
Total Cost of Service per Revenue Hour	\$57.42	\$59.97	\$2.55	4.4%

**KELOWNA REGIONAL TRANSIT SYSTEM**

**Conventional Transit**

**Revenues**



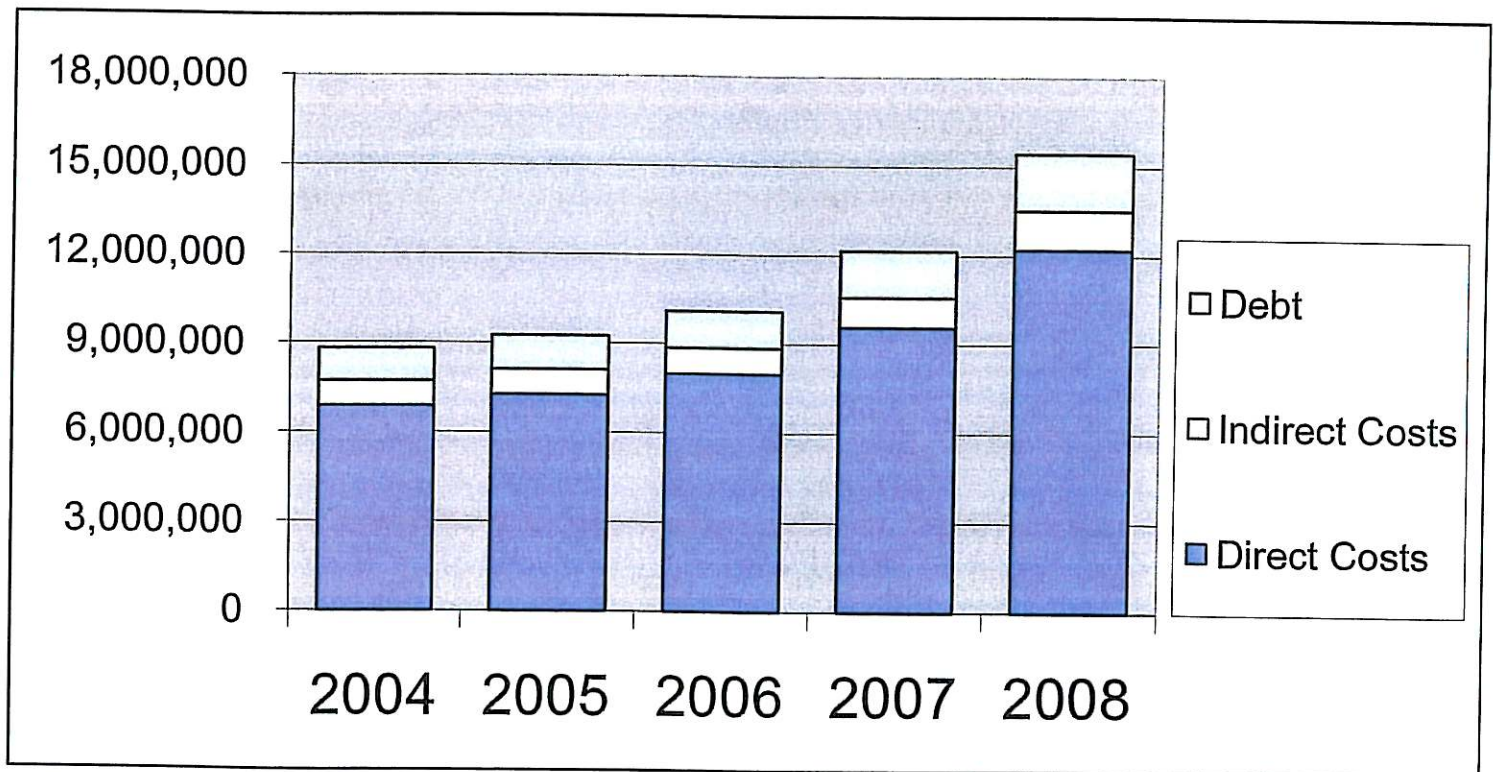
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
BC Bus Pass	537,425	590,208	636,080	642,031	693,224
Pass	1,355,922	1,418,803	1,444,836	1,796,177	2,146,633
Farebox	1,153,054	1,179,358	1,189,528	1,328,437	1,493,307
Advertising	79,570	95,695	104,259	90,000	93,000
<b>Total</b>	<b>3,125,971</b>	<b>3,284,064</b>	<b>3,374,703</b>	<b>3,856,645</b>	<b>4,426,164</b>

# KELOWNA REGIONAL TRANSIT SYSTEM

## Conventional Transit

	2008 Actuals	2008 Budget	Variance
Total Costs	15,457,002	15,550,182	(93,180)
BC Transit Share	(6,260,095)	(6,336,254)	76,159
Local Partners Share	9,196,907	9,213,928	(17,021)
Total Revenue	(4,426,164)	(4,676,049)	249,885
Net Local Partners Share	4,770,743	4,537,880	232,864

## Expenditures



	2004	2005	2006	2007	2008
Direct Costs	6,892,002	7,281,475	8,005,899	9,588,939	12,213,064
Indirect Costs	834,668	844,228	867,721	1,009,417	1,323,769
Debt	1,086,260	1,134,283	1,236,321	1,561,656	1,920,169
<b>Total</b>	<b>8,812,930</b>	<b>9,259,986</b>	<b>10,109,941</b>	<b>12,160,012</b>	<b>15,457,002</b>

Service Hours	110,878	113,465	115,373	141,603	160,377
Cost per Hour	\$ 79.48	\$ 81.61	\$ 87.63	\$ 85.87	\$ 96.38

Recovery %	35.5%	35.5%	33.4%	31.7%	28.6%
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# Municipal Systems Program, Conventional Transit 2007/2008 Information and Performance Summary

## Tier 1 Systems - Year End Actuals

	Revenue Hours	Revenue Passengers	Total Revenue	Total Cost	Cost Recovery
<b>Kelowna Regional</b>	148,516	3,683,177	4,044,724	13,105,995	30.9%
<b>Nanaimo Regional</b>	93,769	2,340,129	3,158,251	7,392,311	42.7%
<b>Kamloops</b>	93,283	3,023,624	3,233,824	8,372,068	38.6%
<b>Central Fraser Valley</b>	71,248	1,702,887	1,832,866	5,889,853	31.1%
<b>Whistler</b>	69,916	2,867,061	2,259,992	6,969,496	32.4%
<b>Prince George</b>	55,826	1,335,887	1,423,866	4,676,598	30.4%
<b>Average</b>	88,760	2,492,128	2,658,921	7,734,387	34.4%

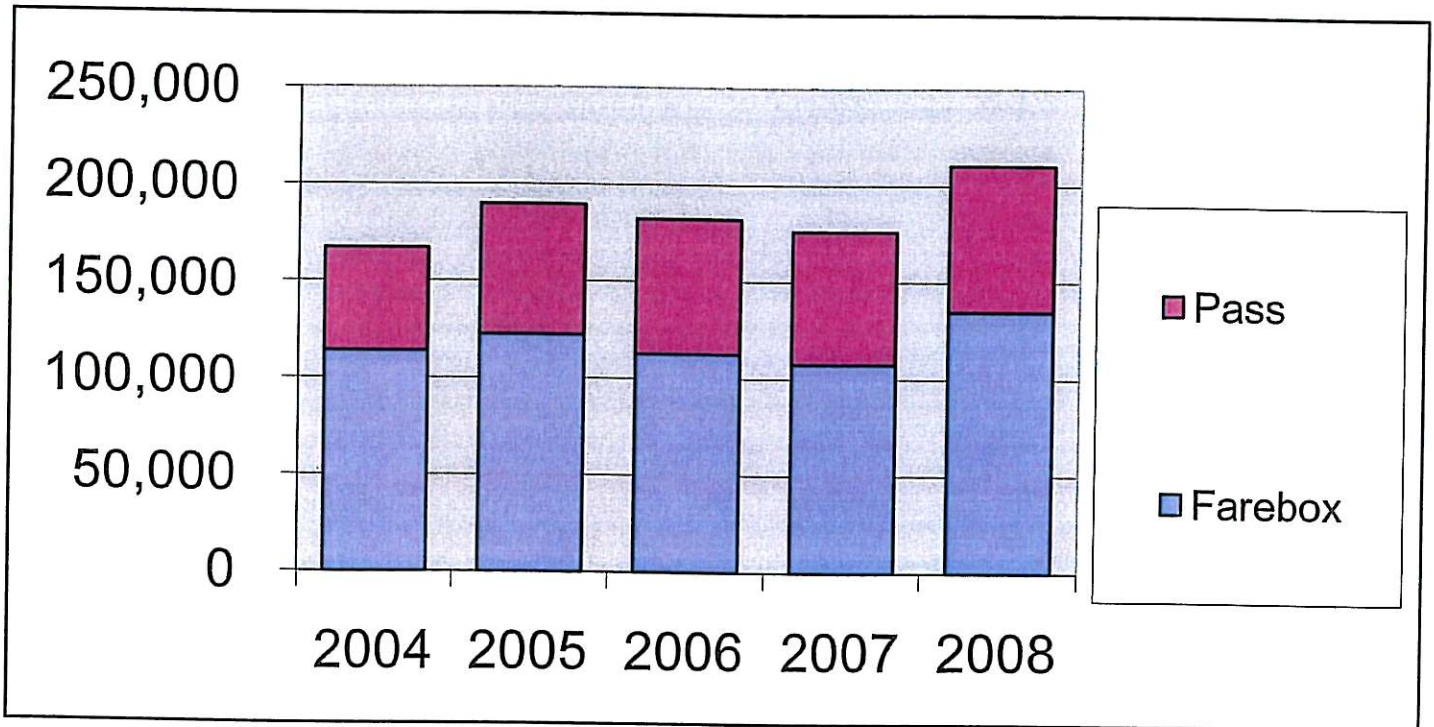
	Cost per Rev Hour	Revenue Per Passenger	Population Served	Buses in Service
<b>Kelowna Regional</b>	\$ 88.25	\$ 1.10	116,000	50
<b>Nanaimo Regional</b>	\$ 78.84	\$ 1.35	93,600	31
<b>Kamloops</b>	\$ 89.75	\$ 1.07	74,300	37
<b>Central Fraser Valley</b>	\$ 82.67	\$ 1.08	117,400	22
<b>Whistler</b>	\$ 99.68	\$ 0.79	9,800	21
<b>Prince George</b>	\$ 83.77	\$ 1.07	60,700	17
<b>Average</b>	\$ 87.16	\$ 1.07	78,633	30

# KELOWNA REGIONAL TRANSIT SYSTEM

## Custom Transit

	2008 Actuals	2008 Budget	Variance
Total Costs	2,011,794	2,182,349	(170,555)
BC Transit Share	(1,241,278)	(1,371,390)	130,112
Local Partners Share	770,516	810,960	(40,444)
Total Revenue	(210,448)	(242,860)	32,412
Net Local Partners Share	560,068	568,100	(8,032)

## Revenues



	2004	2005	2006	2007	2008
Farebox	113,796	122,392	112,578	107,685	134,968
Pass	53,132	67,320	69,630	68,445	75,480
<b>Total</b>	<b>166,928</b>	<b>189,712</b>	<b>182,208</b>	<b>176,130</b>	<b>210,448</b>