

# Memo



**Date:** April 19, 2010  
**File:** 1405-01  
**To:** City Manager  
**From:** Director, Financial Services  
**Subject:** Transit - 2010/11 Annual Operating Agreements

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**Recommendation:**

THAT Council approve the 2010/2011 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, 2010 to March 31, 2011;

And Further That the Mayor and City Clerk be authorized to execute the Operating Agreement Amendment covering the period April 1, 2009 to March 31, 2010 and the Transit Service Agreement between BC Transit and the City of Kelowna.

**Purpose:**

To provide Council with information on Transit costs for the current year and receive Council authorization to sign the Annual Operating Agreements.

**Background:**

**Conventional Transit Service**

The total costs under this agreement for the 2010 fiscal year for the regular conventional transit is estimated to be \$16,796,300, a 6.9% increase compared to the 2009 amended Annual Operating Agreement. For the Community Bus program the cost estimate for 2010 is \$1,247,600 an increase of 5.7%. The conventional transit expansion provides for an additional 2,800 service hours over the 2009 level. The main areas of cost increase are in relation to the expanded service hours, increased vehicle debt costs, fuel costs, BC Transit administration costs, provision for HST impacts and a reduction for marketing costs.

Transit ridership for the period is forecast at 4,300,000 passengers (decrease of 1.6%) with revenues projected to decrease by \$130,200. Overall there is a \$810,600 increase in local cost requirements and a \$460,700 increase in BC Transit's cost share. Cost recovery is estimated at 25.7% for 2010 down from 28.3% in the 2009 amended budget.

This agreement does not cover any expanded service for 2010. An AOA amendment will be required for any additional improvement in service levels. Staff will be working with BC Transit on potential additional service hours and expansion in 2010.

The City of Kelowna is responsible for \$3.7 million of the estimated \$5.6 million net Municipal Share of the regional Conventional Transit program.

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### Custom Transit Service

The total costs under this agreement for the 2010 fiscal year are estimated to be \$2,459,000 (excluding Peachland Paratransit), which is a 4.1% increase from the 2009 operating budget. The cost adjustment is primarily due to an increase in debt for replacement of older buses, in BC Transit administration, in the Taxi Saver Program and for HST impacts along with a decrease in maintenance cost.

Passengers for the period are forecast at 157,500 (decrease of 6.8%) with revenues decreasing by \$19,350. Net municipal share is increased by \$68,900 for 2010 while BC Transit's share increases by \$45,200 due to the debt costs being recorded elsewhere. Cost recovery is estimated at 9.2%, down from the 10.4% level estimated for 2009.

**The City of Kelowna is responsible for \$514,100 of the estimated \$712,200 net Municipal Share of the Custom Transit program.**

Also included in the recommendation is the signing of the amendments for 2009 (already approved by Council through the budget process) and the signing of new Master Operating Agreements to reflect the inclusion of the District of West Kelowna as one of the municipal partners.

Attached are Information & Performance Summaries for the Regional Conventional, Community 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:**

Director, Regional Services

#### **Legal/Statutory Authority:**

Annual Operating Agreement is required to authorize funding for payment of transit contractor.

#### **Financial/Budgetary Considerations:**

Existing budget provides for the Annual Operating requirements.

#### **Alternate Recommendation:**

Considerations not applicable to this report:

#### **Legal/Statutory Procedural Requirements:**

Existing Policy:

Personnel Implications:

External Agency/Public Comments:

Community & Media Relations Comments:

Submitted by:



K. Grayston, Director, Financial Services

Approved for inclusion:



General Manager, Corporate Sustainability

CC: Director, Regional Services

## Information & Performance Summary

	Kelowna Regional Base Budget 2009/2010	Kelowna Regional Base Budget 2010/2011	Variance \$ / #	%
<b>ANNUAL OPERATING AGREEMENT</b>				
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<b>BUDGET SUMMARY</b>				
Total Costs	\$15,706,326	\$16,796,295	\$1,089,968	6.9%
Total Revenue	\$4,774,159	\$4,644,000	-\$130,159	-2.7%
BCT Share of Costs	\$6,528,140	\$6,957,579	\$429,440	6.6%
Net Municipal Share	\$4,154,413	\$4,929,831	\$775,418	18.7%
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<b>PERFORMANCE SUMMARY</b>				
<b>Level of Service</b>				
Population Served	123,000	125,300	2,300	1.9%
Number of Vehicles in Service	51	55	4	7.8%
Revenue Hours of Service	156,242	158,983	2,740	1.8%
<b>Effectiveness</b>				
Annual Revenue Passengers	4,371,410	4,300,000	-71,410	-1.6%
Conventional	4,371,410	4,300,000	-71,410	-1.6%
Total Revenue Passengers per Capita	35.5	34.3	-1.2	-3.4%
Total Passengers per Hour	28	27	-1	-3.3%
Total Cost per Passenger	\$3.59	\$3.91	\$0.31	8.7%
Cost Recovery	30.40%	27.65%	-0.03	-9.0%
<b>Efficiency</b>				
Total Operating Cost per Revenue Hour	\$89.49	\$93.73	\$4.24	4.7%
Total Cost of Service per Revenue Hour	\$100.53	\$105.65	\$5.12	5.1%

## Information & Performance Summary

### Kelowna Community Bus

	Base Budget 2009/2010	Base Budget 2010/2011	Variance \$ / #    %
<b>ANNUAL OPERATING AGREEMENT</b>			
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<b>BUDGET SUMMARY</b>			
Total Costs	\$1,179,975	\$1,247,611	\$67,635 5.7%
BCT Share of Costs	\$491,990	\$523,270	\$31,281 6.4%
Net Municipal Share	\$668,752	\$703,900	\$35,148 5.3%
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<b>PERFORMANCE SUMMARY</b>			
<b>Level of Service</b>			
Population Served	123,000	125,300	2,300 1.9%
Number of Vehicles in Service	5	5	0 0.0%
Revenue Hours of Service	18,170	18,223	53 0.3%
<b>Efficiency</b>			
Total Operating Cost of Service per Revenue Hour	\$57.99	\$61.50	\$3.51 6.0%
Total Cost of Service per Revenue Hour	\$64.94	\$68.46	\$3.52 5.4%
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# Information & Performance Summary

## Kelowna Regional Custom

	Base Budget 2009/2010	Base Budget 2010/2011	Variance \$ / #    %	
ANNUAL OPERATING AGREEMENT				
BUDGET SUMMARY				
Total Costs	\$2,363,170	\$2,458,995	\$95,825	4.1%
Total Revenue	\$245,960	\$226,610	-\$19,350	-7.9%
BCT Share of Costs	\$1,434,876	\$1,480,049	\$45,173	3.1%
Net Municipal Share	\$643,294	\$712,153	\$68,859	10.7%
PERFORMANCE SUMMARY				
Level of Service				
Population Served	183,200	186,700	3,500	1.9%
Registered Users	1,750	1,750	0	0.0%
Number of Vehicles in Service	17	17	0	0.0%
Revenue Hours of Service	34,568.00	34,772.00	204.00	0.6%
Effectiveness				
Annual Revenue Passengers	169,000	157,500	-11,500	-6.8%
Custom/Para - Vans	130,000	121,200	-8,800	-6.8%
Custom/Para - Taxi Supplement	13,000	12,100	-900	-6.9%
Taxi Saver	26,000	24,200	-1,800	-6.9%
Custom Rides per Registered User	97	90	-7	-6.8%
Van Passengers per Revenue Hour	3.8	3.5	-0.3	-7.3%
Total Cost per Passenger	\$13.98	\$15.61	\$1.63	11.7%
Van Cost per Van Passenger	\$15.95	\$17.73	\$1.78	11.2%
Taxi Cost per Taxi Passenger	\$7.44	\$8.54	\$1.10	14.8%
Cost Recovery	10.41%	9.22%	-0.01	-11.5%
Efficiency				
Total Operating Cost per Revenue Hour	\$53.85	\$54.91	\$1.06	2.0%
Total Cost of Service per Revenue Hour	\$59.97	\$61.80	\$1.83	3.0%