

Memo



Date: April 13, 2011
File: 1405-01
To: City Manager
From: Director, Financial Services
Subject: Transit - 2011/12 Annual Operating Agreements

Recommendation:

THAT Council approve the 2011/2012 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, 2011 to March 31, 2012;

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 2011 fiscal year for the regular conventional transit is estimated to be \$18,007,800, a 6.7% increase compared to the 2010 amended Annual Operating Agreement. For the Community Bus program the cost estimate for 2011 is \$1,340,600 an increase of 9.0%. The conventional transit expansion provides for an additional 2,644 service hours over the 2010 level. The main areas of cost increase are in relation to the expanded service hours, increased vehicle debt costs, fuel costs, a provision for HST impacts and an addition for training costs.

Transit ridership for the period is forecast at 4,687,000 passengers (increase of 8.6%) with revenues projected to increase by \$398,800. Overall there is a \$408,500 increase in local cost requirements and a \$424,600 increase in BC Transit's cost share. Cost recovery is estimated at 26.2% for 2011 up from 25.7% in the 2010 amended budget.

This agreement does not cover any expanded service for 2011. 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 for early in 2012.

The City of Kelowna is responsible for \$4.1 million of the estimated \$6.1 million net Municipal Share of the regional Conventional Transit program.

Custom Transit Service

The total costs under this agreement for the 2011 fiscal year are estimated to be \$2,666,700 (excluding Peachland Paratransit), which is a 7.3% increase from the 2010 amended operating budget. The cost

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adjustment is primarily due to the expanded service hours, an increase in debt for replacement of older buses, for HST impacts along with an increase in maintenance cost.

Passengers for the period are forecast at 156,000 (decrease of 1.7%) with revenues decreasing by \$4,000. Net municipal share is increased by \$95,400 for 2011 while BC Transit's share increases by \$90,300 due to the debt costs being recorded elsewhere. Cost recovery is estimated at 8.4%, down from the 9.2% level estimated for 2010.

The City of Kelowna is responsible for \$599,700 of the estimated \$813,700 net Municipal Share of the Custom Transit program.

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 these Annual Operating requirements.

Considerations not applicable to this report:

Legal/Statutory Procedural Requirements:

Existing Policy:

Personnel Implications:

External Agency/Public Comments:

Community & Media Relations Comments:


Alternate Recommendation:

Submitted by:



K. Grayston, Director, Financial Services

Approved for inclusion:



General Manager, Corporate Sustainability

CC: Director, Regional Services

Information & Performance Summary

| | Kelowna Regional Amendment #2 2010/2011 | Kelowna Regional Official AOA 2011/2012 | Variance \$ / # % | |
|--|---|---|---------------------------|-------|
| ANNUAL OPERATING AGREEMENT | | | | |
| BUDGET SUMMARY | | | | |
| Total Costs | \$16,880,973 | \$18,007,835 | \$1,126,862 | 6.7% |
| Total Revenue | \$4,663,252 | \$5,062,024 | \$398,772 | 8.6% |
| BCT Share of Costs | \$6,997,116 | \$7,410,300 | \$413,184 | 5.9% |
| Net Municipal Share | \$4,954,244 | \$5,263,823 | \$309,579 | 6.2% |
| PERFORMANCE SUMMARY | | | | |
| Level of Service | | | | |
| Population Served | 125,300 | 125,300 | 0 | 0.0% |
| Number of Vehicles in Service | 65 | 65 | 0 | 0.0% |
| Revenue Hours of Service | 160,101 | 162,745 | 2,644 | 1.7% |
| Effectiveness | | | | |
| Annual Revenue Passengers | 4,317,826 | 4,687,059 | 369,233 | 8.6% |
| Conventional | 4,317,826 | 4,687,059 | 369,233 | 8.6% |
| Total Revenue Passengers per Capita | 34.5 | 37.4 | 2.9 | 8.4% |
| Total Passengers per Hour | 27 | 29 | 2 | 7.4% |
| Total Cost per Passenger | \$3.91 | \$3.84 | -\$0.07 | -1.8% |
| Cost Recovery | 27.62% | 28.11% | 0.00 | 1.8% |
| Efficiency | | | | |
| Total Operating Cost per Revenue Hour | \$93.61 | \$97.52 | \$3.91 | 4.2% |
| Total Cost of Service per Revenue Hour | \$105.44 | \$110.65 | \$5.21 | 4.9% |

Information & Performance Summary

Kelowna Community Bus

| | Amendment #2 2010/2011 | Official AOA 2011/2012 | Variance | |
|---|---------------------------|---------------------------|-----------|-------|
| | | | \$ / # | % |
| ANNUAL OPERATING AGREEMENT | | | | |
| <hr/> | | | | |
| BUDGET SUMMARY | | | | |
| Total Costs | \$1,229,987 | \$1,340,551 | \$110,564 | 9.0% |
| BCT Share of Costs | \$515,042 | \$526,437 | \$11,395 | 2.2% |
| Net Municipal Share | \$694,825 | \$793,745 | \$98,920 | 14.2% |
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| PERFORMANCE SUMMARY | | | | |
| Level of Service | | | | |
| Population Served | 125,300 | 125,300 | 0 | 0.0% |
| Number of Vehicles in Service | 8 | 8 | 0 | 0.0% |
| Revenue Hours of Service | 17,878 | 17,545 | -333 | -1.9% |
| Efficiency | | | | |
| Total Operating Cost of Service per Revenue | \$61.70 | \$64.26 | \$2.56 | 4.1% |
| Total Cost of Service per Revenue Hour | \$68.80 | \$76.41 | \$7.61 | 11.1% |

Information & Performance Summary

Kelowna Regional Custom

| | Amendment #1 2010/2011 | Official AOA 2011/2012 | Variance | |
|--|---------------------------|---------------------------|-----------|-------|
| | | | \$/ # | % |
| ANNUAL OPERATING AGREEMENT | | | | |
| <hr/> | | | | |
| BUDGET SUMMARY | | | | |
| Total Costs | \$2,484,248 | \$2,666,748 | \$182,500 | 7.3% |
| Total Revenue | \$228,395 | \$224,400 | -\$3,995 | -1.7% |
| BCT Share of Costs | \$1,496,890 | \$1,587,146 | \$90,256 | 6.0% |
| Net Municipal Share | \$718,319 | \$813,745 | \$95,426 | 13.3% |
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| PERFORMANCE SUMMARY | | | | |
| Level of Service | | | | |
| Population Served | 186,700 | 186,700 | 0 | 0.0% |
| Registered Users | 1,750 | 1,750 | 0 | 0.0% |
| Number of Vehicles in Service | 22 | 22 | 0 | 0.0% |
| Revenue Hours of Service | 35,228 | 36,610 | 1,382 | 3.9% |
| Effectiveness | | | | |
| Annual Revenue Passengers | 158,740 | 155,980 | -2,760 | -1.7% |
| Custom/Para - Vans | 122,150 | 120,280 | -1,870 | -1.5% |
| Custom/Para - Taxi Supplement | 12,200 | 11,720 | -480 | -3.9% |
| Taxi Saver | 24,390 | 23,980 | -410 | -1.7% |
| Van Passengers per Revenue Hour | 3.5 | 3.3 | -0.2 | -5.2% |
| Total Cost per Passenger | \$15.65 | \$17.10 | \$1.45 | 9.3% |
| Van Cost per Van Passenger | \$17.80 | \$19.59 | \$1.79 | 10.1% |
| Taxi Cost per Taxi Passenger | \$8.47 | \$8.68 | \$0.21 | 2.5% |
| Cost Recovery | 9.19% | 8.41% | -0.01 | -8.5% |
| Efficiency | | | | |
| Total Operating Cost per Revenue Hour | \$54.92 | \$56.54 | \$1.62 | 2.9% |
| Total Cost of Service per Revenue Hour | \$61.72 | \$64.37 | \$2.65 | 4.3% |