

REPORT TO COUNCIL



Date: June 19, 2012
File: 1405-01
To: City Manager
From: Director, Financial Services
Subject: Transit 2012/2013 Annual Operating Agreements

Recommendation:

THAT Council approve the 2012/2013 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, 2012 to March 31, 2013.

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 2012 fiscal year for the regular conventional transit is estimated to be \$18,486,100, a 2.7% increase compared to the 2011 Annual Operating Agreement. However, there was a reduction of 8,231 service hours or 5.1% of the total hours. For the Community Bus program the cost estimate for 2012 is \$1,586,700 an increase of 18.4% but includes an increase of 2,520 service hours. The main areas of cost increase are in relation to driver wages & benefit costs, increased vehicle debt costs, fuel costs, vehicle insurance and property maintenance for the shelters along the Highway 97 corridor.

Transit ridership for the period is forecast the same as 2011 at 4,687,000 passengers with revenues projected to increase by \$296,200 due to a rate increase. Overall there is a \$144,100 increase in local cost requirements and a \$276,800 increase in BC Transit's cost share. Cost recovery is estimated at 26.7% for 2012 up from 26.2% in the 2011 budget.

This agreement does not cover any potential expanded service for September 2012. An AOA amendment will be required for any additional improvement in service levels. Staff are working with BC Transit on potential additional service hours and expansion for 2012.

The City of Kelowna is responsible for \$4.2 million of the estimated \$6.2 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 2012 fiscal year are estimated to be \$2,746,500 (excluding Peachland Paratransit), which is a 3.0% increase from the 2011 operating budget. The cost adjustment is primarily due to major repairs contingency, fuel costs, operating company fixed cost increase and a reduction in vehicle debt costs.

Passengers for the period are forecast at 153,600 (decrease of 1.5%) with revenues increasing by \$3,100. Net municipal share is increased by \$7,700 for 2012 while BC Transit's share increases by \$68,000 due to the reduced debt costs being recorded elsewhere. Cost recovery is estimated at 8.3%, down from the 8.4% level estimated for 2011.

The City of Kelowna is responsible for \$605,400 of the estimated \$821,400 net Municipal Share of the Custom Transit program.

Attached are Information & Performance Summaries for the Regional Conventional, Community and Custom Transit operations. 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
Regional Programs Manager

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:

Communications Comments:

Alternate Recommendation:

Submitted by:



K. Grayston, Director, Financial Services

Approved for inclusion:



Acting General Manager, Corporate Sustainability

cc: Director, Regional Services
Regional Programs Manager

Information & Performance Summary

Kelowna Conventional Transit

Kelowna Regional Kelowna Regional

Official AOA

Official AOA

Variance

2011/2012

2012/2013

\$ / #

%

ANNUAL OPERATING AGREEMENT

BUDGET SUMMARY

Total Costs	\$18,007,835	\$18,486,142	\$478,307	2.7%
Total Revenue	\$5,062,024	\$5,358,245	\$296,221	5.9%
BCT Share of Costs	\$7,410,300	\$7,580,446	\$170,146	2.3%
Net Municipal Share	\$5,263,823	\$5,268,971	\$5,148	0.1%

PERFORMANCE SUMMARY

Level of Service

Population Served	125,300	129,864	4,564	3.6%
Number of Vehicles in Service	64	64	0	0.0%
Revenue Hours of Service	162,745	154,514	-8,231	-5.1%

Effectiveness

Annual Revenue Passengers	4,687,059	4,687,059	0	0.0%
Conventional	4,687,059	4,687,059	0	0.0%
Total Revenue Passengers per Capita	37.4	36.1	-1.3	-3.5%
Total Passengers per Hour	29	30	1	4.6%
Total Cost per Passenger	\$3.84	\$3.94	\$0.10	2.7%
Cost Recovery	28.11%	28.99%	0.01	3.1%

Efficiency

Total Operating Cost per Revenue Hour	\$97.52	\$105.08	\$7.56	7.7%
Total Cost of Service per Revenue Hour	\$110.65	\$119.64	\$8.99	8.1%

Information & Performance Summary

Kelowna Community Bus

	Official AOA 2011/2012	Official AOA 2012/2013	Variance	
			\$ / #	%
ANNUAL OPERATING AGREEMENT				
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BUDGET SUMMARY				
Total Costs	\$1,340,551	\$1,586,653	\$246,102	18.4%
BCT Share of Costs	\$526,437	\$633,071	\$106,634	20.3%
Net Municipal Share	\$793,745	\$932,704	\$138,959	17.5%
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PERFORMANCE SUMMARY				
Level of Service				
Population Served	125,300	129,864	4,564	3.6%
Number of Vehicles in Service	8	8	0	0.0%
Revenue Hours of Service	17,545	20,065	2,520	14.4%
Efficiency				
Total Operating Cost of Service per Revenue	\$64.26	\$67.58	\$3.32	5.2%
Total Cost of Service per Revenue Hour	\$76.41	\$79.08	\$2.67	3.5%

Information & Performance Summary

Kelowna Regional Custom

	Official AOA 2011/2012	Official AOA 2012/2013	Variance	
			\$ / #	%
ANNUAL OPERATING AGREEMENT				
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BUDGET SUMMARY				
Total Costs	\$2,666,748	\$2,746,491	\$79,743	3.0%
Total Revenue	\$224,400	\$227,500	\$3,100	1.4%
BCT Share of Costs	\$1,587,146	\$1,655,102	\$67,956	4.3%
Net Municipal Share	\$813,745	\$821,395	\$7,650	0.9%
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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	36,530	35,910	(620)	-1.7%
Effectiveness				
Annual Revenue Passengers	155,980	153,617	-2,363	-1.5%
Custom/Para - Vans	120,280	118,161	-2,119	-1.8%
Custom/Para - Taxi Supplement	11,720	11,839	119	1.0%
Taxi Saver	23,980	23,617	-363	-1.5%
Van Passengers per Revenue Hour	3.3	3.3	0.0	-0.1%
Total Cost per Passenger	\$17.10	\$17.88	\$0.78	4.6%
Cost Recovery	8.41%	8.28%	0.00	-1.6%
Efficiency				
Total Operating Cost per Revenue Hour	\$65.15	\$69.11	\$3.96	6.1%
Total Cost of Service per Revenue Hour	\$73.00	\$76.48	\$3.48	4.8%