

# Report to Council



**Date:** August 13, 2018  
**File:** 1405-01  
**To:** City Manager  
**From:** Jeremy Hunt, Financial Analyst  
**Subject:** Transit 2018/2019 Annual Operating Agreement

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## **Recommendation:**

THAT Council approve the 2018/2019 Annual Operating Agreement between BC Transit and City of Kelowna for Conventional, Community, and Custom transit;

AND THAT the Mayor and City Clerk be authorized to execute the Transit Service Agreement between BC Transit and the City of Kelowna covering the period April 1, 2018 to March 31, 2019;

## **Purpose:**

To receive Council approval for the transit 2018/2019 Annual Operating Agreement and receive Council authorization to sign the Annual Operating Agreement.

## **Background:**

The Annual Operating Agreement (AOA) is submitted by BC Transit to the City of Kelowna and is effective for the period of April 1st to March 31st of the following year. The AOA is a summary of budgeted revenues and costs within the Kelowna Regional Transit System for BC Transit's fiscal year (March 31st yearend).

Each Local Government Partner within the Kelowna Regional Transit System submits the AOA to their Councils for approval. The impacts of the 2018/2019 AOA were included in the City of Kelowna's 2018 Provisional Budget that Council approved in December 2017.

The main areas of increased costs are:

- the operating company's fixed costs
- increased hourly costs due to rate increases
- increases in fleet maintenance
- increased lease fees

Conventional Transit

Revenues are projected to increase by \$398,272, with City of Kelowna’s portion at \$329,530. The 2018/19 AOA includes a \$354,852 increase in costs for Conventional transit. This represents a 1.66% increase from the 2017/18 Amended AOA presented to Council in January 2018. \$155,264 is the City of Kelowna’s portion of the Local Government share of the cost increase. The impact of these revenue and costs projections is a total decrease in net costs of \$174,266 to the City of Kelowna’s portion.

Community Transit

The 2018/19 AOA includes a \$307,753 increase in costs for Community transit: \$70,216 is related to operating costs; \$237,537 is related to increased lease fees. This represents a 12.02% increase from the 2017/18 Amended AOA presented to Council in January 2018. \$108,118 is the City of Kelowna’s portion of the Local Government share of the increase.

Custom Transit

The 2018/19 AOA also includes a \$220,106 increase in costs for Custom transit: \$173,937 in related to operating costs; \$46,169 in related to lease fees. This represents a 6.55% increase from 2017/18 Amended AOA presented to Council in January 2018. \$76,727 is the City of Kelowna’s portion of the Local Government share of the increase.

The impact to the City of Kelowna for the Conventional, Community and Custom transit services for the 2018/19 AOA is an increase to total net costs of \$10,579.

**Internal Circulation:**

- Manager, Integrated Transportation
- Manager, Transit and Programs
- Divisional Director, Financial Services
- Divisional Director, Infrastructure
- Supervisor, Revenue

**Considerations not applicable to this report:**

- Legal/Statutory Authority:**
- Legal/Statutory Procedural Requirements:**
- Existing Policy:**
- Financial/Budgetary Considerations:**
- Personnel Implications:**
- External Agency/Public Comments:**
- Communications Comments:**
- Alternate Recommendation:**

Submitted by:

J. Hunt, CPA, CGA, Financial Analyst

Approved for inclusion:

Genelle Davidson, CPA, CMA, Director, Financial Services

## Appendix 1

	2017/2018	2018/2019	Total Difference	Percentage Change	Local Gov't Portion	City of Kelowna Portion
<b>CONVENTIONAL TRANSIT</b>	Amended AOA	AOA			53.31%	
REVENUE	\$5,978,554	\$6,376,826	\$398,272	6.70%	\$398,272	\$329,530
Expenditures						
Total Operating Costs	\$18,541,601	\$18,903,364	\$361,763		\$192,856	\$161,035
Total Lease Fees - Local Share	\$2,871,014	\$2,864,103	-\$6,911		-\$6,911	-\$5,771
<b>TOTAL COSTS</b>	<b>\$21,412,615</b>	<b>\$21,767,467</b>	<b>\$354,852</b>	<b>1.66%</b>	<b>\$185,945</b>	<b>\$155,264</b>
<b>TOTAL NET COSTS</b>						<b>-\$174,266</b> <sup>1</sup>

	2017/2018	2018/2019	Total Difference	Percentage Change	Local Gov't Portion	City of Kelowna Portion
<b>COMMUNITY TRANSIT</b>	Amended AOA	AOA			53.31%	
Expenditures						
Total Operating Costs	\$2,456,076	\$2,526,292	\$70,216		\$37,432	\$14,718
Total Lease Fees - Local Share	\$105,675	\$343,212	\$237,537		\$237,537	\$93,400
<b>TOTAL COSTS</b>	<b>\$2,561,751</b>	<b>\$2,869,504</b>	<b>\$307,753</b>	<b>12.02%</b>	<b>\$274,969</b>	<b>\$108,118</b> <sup>1</sup>

	2017/2018	2018/2019	Total Difference	Percentage Change	Local Gov't Portion	City of Kelowna Portion
<b>CUSTOM TRANSIT</b>	Amended AOA	AOA			33.31%	
Expenditures						
Total Operating Costs	\$3,235,558	\$3,409,495	\$173,937		\$57,938	\$42,701
Total Lease Fees - Local Share	\$126,808	\$172,977	\$46,169		\$46,169	\$34,027
<b>TOTAL COSTS</b>	<b>\$3,362,366</b>	<b>\$3,582,472</b>	<b>\$220,106</b>	<b>6.55%</b>	<b>\$104,107</b>	<b>\$76,727</b> <sup>1</sup>

<b>Total Net Costs</b>						<b>\$10,579</b> <sup>1</sup>
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