



August 12, 2019

Attn: Jerry Dombowsky
Transit and Programs Manager
City of Kelowna
1435 Water Street
Kelowna, BC V1Y 1J4

Re: 3 Year Expansion Initiatives

Dear Jerry,

As your transit system has service initiatives requiring expansion funding, we have attached a Memorandum of Understanding (MOU) to formalize the process of securing provincial funding on your behalf. This MOU summarizes specific initiatives for the subsequent three operating years of 2020-2021 through to 2022-2023. These initiatives are derived from recommendations outlined in the most recent service plan(s) received by your council/board and validated in collaboration with local government staff.

Expansion initiatives are an important component to sustaining and growing a successful transit system. This investment in your transit system comes with several considerations. To support council/board decision making, we have provided updated order-of-magnitude costing for each Conventional and Custom Transit initiative. These are based on either the estimated annual increase to revenue service hours or, where appropriate, the estimated increase to the Taxi Supplement budget for Custom Transit initiatives as written into the description.

There are a few key considerations when reviewing your initiatives. It is important to realize that where proposed expansion is dependent on other infrastructure investment, this dependency will be noted in the proposed expansion initiatives table. Similarly, if your expansion requires additional vehicles, this is also identified and is factored into your estimated total costs. Please keep in mind that should fleet be procured to support your initiative following agreement to the MOU and a determination is made that expansion is no longer desired by the local government, the lease fees related to the new vehicles will still be added to your operating budget for a minimum of a one-year period. Finally, in the event expansion requests exceed the available funding, it is important to note a prioritization process is used to determine which projects receive funding.

By communicating proposed expansion initiatives as far in advance as possible we are trying to achieve three important goals:

1. Ensure 3 year expansion initiatives are aligned with the expectations of local governments.
2. Attain a commitment from local governments that allow BC Transit to proceed with the procurement and management of resources necessary to implement transit service expansions.
3. Provide local government partners with enhanced 3 year forecasts that identify longer term funding requirements.

Upon confirmation of your council/board's commitment to the expansion initiatives, we will include your request in BC Transit's draft Service Plan to the Province to seek the matching funding required for operating and capital costs. If your proposed expansion requires additional vehicles in 2020-2021, a commitment from your council/board is required by June 28th, 2019 to ensure sufficient time for BC Transit to include your requirements in our procurement process.

Following confirmation of the provincial budget, I will confirm with you if sufficient funding was secured and initiate an implementation plan, including the development of more detailed costing based on routing and schedules. I look forward to working with you on the continued improvement of your transit service and encourage you to contact me if you have any questions regarding these proposed expansion initiatives.

Yours truly,

A handwritten signature in black ink, appearing to read "Chris Fudge", with a stylized, cursive script.

Chris Fudge
Senior Manager, Government Relations
BC Transit

Expansion Memorandum of Understanding

Date	August 12, 2019
Expiry	August 30 th , 2019
System	Kelowna Regional

Expansion Initiatives Agreement

The following outlines expansion initiatives identified for your transit system along with a high level annual costing based on the hourly rates of your system. Please confirm these initiatives are aligned with the expectations of your local government. Upon confirmation of your local government's intent to commit to the expansion and budget, we will proceed with the request to secure funding from the Province on your behalf.

PROPOSED CONVENTIONAL EXPANSION INITIATIVES						
AOA Period	In Service Date	Annual Hours	Vehicle Requirements	Estimated Annual Revenue	Estimated Annual Total Costs	Estimated Annual Net Municipal Share
2020/21	Sep-20	950	0	\$21,576	\$101,067	\$32,303
		Description	Off-peak service improvements to the Core Transit Network to address passenger crowding and service reliability challenges			
2021/22	Sep-21	10,850	5	\$246,636	\$1,658,210	\$727,563
		Description	Initiatives from the Transit Future Action Plan including investing in Frequent and Rapid Routes with a focus on improving service to the Rutland area, investment to maintain service reliability, and expansion to bring Route 11 into the Rutland Exchange.			
NOTE: Due to identified operational constraints at the Kelowna facility, this option will be subject to further review and approval by BC Transit to ensure that additional vehicles can be accommodated.						
2022/23	Sep-22	5,950	3	\$135,284	\$805,985	\$350,134
		Description	Initiatives from the Transit Future Action Plan including investing in frequent and rapid routes, investment to maintain service reliability, investment in higher-performing local routes, and the Upper/Lower Mission Service Restructure			
NOTE: Due to identified operational constraints at the Kelowna facility, this option will be subject to further review and approval by BC Transit to ensure that additional vehicles can be accommodated.						

PROPOSED CUSTOM (PARATRANSIT) EXPANSION INITIATIVES			
AOA Period	Estimated Annual Revenue	Estimated Annual Total Costs	Estimated Annual Net Municipal Share
2020/21	\$25,580	\$186,500	\$36,543
	Description	Introduce basic weekend handyDART service on Sunday by means of Taxi Supplement.	
2021/22	\$69,980	\$535,000	\$108,229
	Description	Expand the handyDART service hour span of weekday service to reflect Conventional hours of operation by means of Taxi Supplement.	
2022/23	\$34,990	\$267,000	\$53,948
	Description	Expand the weekend hours of handyDART service to reflect the Conventional hours of operation by means of Taxi Supplement.	

Approval

On behalf of the City of Kelowna, I am confirming to BC Transit to proceed with the request for funding to the province on our behalf for the 2020/21 fiscal year, and that we are committed to budget accordingly for the 3 year expansion but will review and confirm on an annual basis as per the advice provided and with the knowledge a more detailed budget will follow as service details are confirmed.

Signature: _____

Date: _____

Name: _____

Position: _____

Signature: _____

Date: _____

Name: _____

Position: _____

On behalf of BC Transit, prepared by



Signature:

Date: August 12, 2019

Name: **Chris Fudge**

Position: **Senior Manager, Government Relations**