

**KELOWNA REGIONAL
ANNUAL OPERATING AGREEMENT**

between

THE CITY OF KELOWNA

and

BRITISH COLUMBIA TRANSIT

Amendment #1

Effective

September 1, 2019

INFORMATION CONTAINED IN THIS AGREEMENT IS SUBJECT TO THE FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT. CONSULT WITH THE AUTHORITY PRIOR TO RELEASING INFORMATION TO INDIVIDUALS OR COMPANIES OTHER THAN THOSE WHO ARE PARTY TO THIS AGREEMENT.

ANNUAL OPERATING AGREEMENT

BETWEEN:

THE CITY OF KELOWNA

(the "Municipality")

AND:

BRITISH COLUMBIA TRANSIT

(the "Authority")

WHEREAS the Authority is authorized to contract for transit services for the purpose of providing and maintaining those services and facilities necessary for the establishment, maintenance and operation of a public passenger transportation system in the Transit Service Area;

WHEREAS the Municipality is authorized to enter into one or more agreements with the Authority for transit services in the Transit Service Area;

WHEREAS the parties hereto have entered into a Transit Service Agreement which sets out the general rights and responsibilities of the parties hereto;

WHEREAS the Municipality and the Authority are authorized to share in the costs for the provision of a Public Passenger Transportation System pursuant to the *British Columbia Transit Act*;

AND WHEREAS the parties hereto wish to enter into an Annual Operating Agreement which sets out, together with the Transit Service Agreement, the specific terms and conditions for the Public Passenger Transportation System for the upcoming term.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and of the covenants hereinafter contained, the parties covenant and agree with each other as follows:

Contents

SECTION 1: DEFINITIONS.....	4
SECTION 2: INCORPORATION OF SCHEDULES.....	4
SECTION 3: INCORPORATION OF TRANSIT SERVICE AGREEMENT	4
SECTION 4: TERM AND RENEWAL	4
SECTION 5: FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT	4
SECTION 6: SETTLEMENT OF DISPUTES	5
SECTION 7: MISCELLANEOUS PROVISIONS.....	5
SECTION 8: GOVERNING LAW.....	6
SECTION 9: COUNTERPARTS.....	6
SECTION 10: NOTICES AND COMMUNICATIONS.....	7
SCHEDULE "A": TARIFF AND FARES.....	9
SCHEDULE "B": SERVICE SPECIFICATIONS.....	11
SCHEDULE "C": BUDGET.....	14

SECTION 1: DEFINITIONS

Unless agreed otherwise in the Annual Operating Agreement, the definitions set out in the Transit Service Agreement shall apply to this Annual Operating Agreement including:

- a) "Annual Operating Agreement" shall mean this Annual Operating Agreement and any Annual Operating Agreement Amendments negotiated and entered into by the parties subsequent hereto;
- b) "Transit Service Agreement" shall mean the Transit Service Agreement between the parties to this Annual Operating Agreement, including any amendments made thereto;

SECTION 2: INCORPORATION OF SCHEDULES

All schedules to this agreement are incorporated into the agreement, and form part of the agreement.

SECTION 3: INCORPORATION OF TRANSIT SERVICE AGREEMENT

Upon execution, this Annual Operating Agreement shall be deemed integrated into the Transit Service Agreement and thereafter the Transit Service Agreement and Annual Operating Agreement shall be read together as a single integrated document and shall be deemed to be the Annual Operating Agreement for the purposes of the *British Columbia Transit Act*, as amended from time to time.

SECTION 4: TERM AND RENEWAL

- a) The parties agree that the effective date of this agreement is to be September 1, 2019, whether or not the agreements have been fully executed by the necessary parties. Once this agreement and the associated Transit Service Agreement are duly executed, this agreement will replace all provisions in the existing Transit Service Agreement and Master Operating Agreement with respect to the rights and obligations as between the Authority and the Municipality.
- b) Upon commencement in accordance with Section 4(a) of this agreement, the term of this agreement shall be to March 31, 2020 except as otherwise provided herein. It is acknowledged by the parties that in the event of termination or non-renewal of the Annual Operating Agreement, the Transit Service Agreement shall likewise be so terminated or not renewed, as the case may be.
- c) Either party may terminate this agreement as follows:
 - a. Cancellation by the Authority: In the event that the Authority decides to terminate this Agreement for any reason whatsoever, the Authority shall provide at least one hundred and eighty (180) days prior written notice. Such notice to be provided in accordance with Section 10.
 - b. Cancellation by the Municipality: In the event that the Municipality decides to terminate this Transit Service Agreement for any reason whatsoever, and by extension the Annual Operating Agreement, the Municipality shall provide at least one hundred and eighty (180) days prior written notice. Such notice to be provided in accordance with Section 10.

SECTION 5: FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT

This Agreement and the parties hereto are subject to the provisions of the *Freedom Of Information And Protection Of Privacy Act* ("FOIPPA"). Any information developed in the performance of this Agreement, or any personal information obtained, collected, stored pursuant to this Agreement, including database information, shall be deemed confidential and subject to

the provisions of the FOIPPA including the handling, storage, access and security of such information. Confidential information shall not be disclosed to any third party except as expressly permitted by the Authority or pursuant to the requirements of the FOIPPA.

SECTION 6: SETTLEMENT OF DISPUTES

In the event of any dispute arising between or among the parties as to their respective rights and obligations under this Agreement, or in the event of a breach of this Agreement, the parties agree to use their best efforts to find resolution through a mediated settlement. However, in the event that mediation is not successful in finding a resolution satisfactory to all parties involved, any party shall be entitled to give to the other notice of such dispute and to request arbitration thereof; and the parties may, with respect to the particular matter then in dispute, agree to submit the same to a single arbitrator in accordance with the applicable statutes of the Province of British Columbia.

SECTION 7: MISCELLANEOUS PROVISIONS

- a) Amendment: This agreement may only be amended in writing signed by the Municipality and the Authority and specifying the effective date of the amendment.
- b) Assignment: This Agreement shall not be assignable without prior written consent of the parties.
- c) Enurement: This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors.
- d) Operating Reserve Fund: In accordance with OIC 594, in fiscal year 2015/16, BC Transit established a Reserve Fund to record, for each local government, the contributions that BC Transit has received but has not yet earned.
 - a. BC Transit will invoice and collect on monthly Municipal invoices based on budgeted Eligible Expenses.
 - b. Any expenditure of monies from the Reserve Fund will only be credited towards Eligible Expenses for the location for which it was collected.
 - c. Eligible Expenses are comprised of the following costs of providing Public Passenger Transportation Systems:
 - i. *For Conventional Transit Service:*
 1. the operating costs incurred in providing Conventional Transit Service excluding interest and amortization;
 2. the amount of any operating lease costs incurred by BC Transit for Conventional Transit Services;
 3. the amount of the municipal administration charge not exceeding 2% of the direct operating costs payable under an Annual Operating Agreement;
 4. an amount of the annual operating costs of BC Transit not exceeding 8% of the direct operating costs payable under an Annual Operating Agreement;
 - ii. *For Custom Transit Service:*
 1. the operating costs incurred in providing Custom Transit Service excluding interest and amortization, but including the amount paid by BC Transit to redeem taxi saver coupons issued under the Taxi Saver Program after deducting from that amount the amount realized from the sale of those coupons;
 2. the amount of any operating lease costs incurred by BC Transit for Custom Transit Service;

3. the amount of the municipal administration charge not exceeding 2% of the direct operating costs payable under an Annual Operating Agreement; and,
 4. an amount of the annual operating costs of BC Transit not exceeding 8% of the direct operating costs payable under an Annual Operating Agreement;
- d. Eligible Expenses exclude the costs of providing third-party 100%-funded services; and,
 - e. BC Transit will provide an annual statement of account of the reserves received and utilized, including any interest earned for each local government.
- e) The parties agree that this agreement is in substantial compliance with all relevant legislative requirements to establish the rights and obligations of the parties as set out in the *British Columbia Transit Act*.

SECTION 8: GOVERNING LAW

This Agreement is governed by and shall be construed in accordance with the laws of the Province of British Columbia, with respect to those matters within provincial jurisdiction, and in accordance with the laws of Canada with respect to those matters within the jurisdiction of the government of Canada.

SECTION 9: COUNTERPARTS

This contract and any amendment hereto may be executed in counterparts, each of which shall be deemed to be an original and all of which shall be considered to be one and the same contract. A signed facsimile or pdf copy of this contract, or any amendment, shall be effective and valid proof of execution and delivery.

SECTION 10: NOTICES AND COMMUNICATIONS

All notices, claims and communications required or permitted to be given hereunder shall be in writing and shall be sufficiently given if personally delivered to a designated officer of the parties hereto to whom it is addressed or if mailed by prepaid registered mail to the Authority at:

BRITISH COLUMBIA TRANSIT
c/o President & CEO
P.O. Box 610
520 Gorge Road East
Victoria, British Columbia V8W 2P3

and to the Municipality at:

THE CITY OF KELOWNA
c/o Transit and Programs Manager
1435 Water Street
Kelowna, BC V1Y 1J4

and, if so mailed, shall be deemed to have been received five (5) days following the date of such mailing.

IN WITNESS WHEREOF, the parties have hereunto set their hand this ____ day of _____, 2019.

THE CITY OF KELOWNA

BRITISH COLUMBIA TRANSIT

MIKE DAVIS – INTERIM VICE PRESIDENT,
OPERATIONS and CHIEF OPERATING OFFICER

ERINN PINKERTON – PRESIDENT and CHIEF
EXECUTIVE OFFICER

SCHEDULE "A": TARIFF AND FARES**Conventional Transit Fares:***Effective as of
Sept. 1, 2015*

- | | |
|--|----------|
| a) Single Cash Fares: | |
| i) Adult/College Student | \$2.50 |
| ii) Senior | \$2.50 |
| iii) Student | \$2.50 |
| iv) Child 4 or under - Free when accompanied by an adult. | |
| v) Accessible Transit Attendant - Free | |
| b) Tickets (sheet of 10): | |
| i) Adult/College Student | \$22.25 |
| ii) Senior/Student* | \$20.25 |
| c) One Day Pass: | |
| i) Adult/College Student | \$ 6.50 |
| ii) Senior | \$ 6.50 |
| iii) Student | \$ 6.50 |
| d) Monthly Pass: | |
| i) Adult | \$70.00 |
| ii) Senior* | \$45.00 |
| iii) Student* | \$45.00 |
| iv) College Student** | \$55.00 |
| v) College Semester Pass** | \$176.00 |
| e) U-Pass per semester | \$63.00 |
| f) Transfers: allow for unlimited travel for up to 90 minutes from the time of issue. | |
| g) BC Bus Pass valid for the current calendar year and available through the Government of British Columbia BC Bus Pass Program. | |
| h) CNIB Identification Card available from the local office of the CNIB. | |
| i) BC Transit Employee Bus Pass. | |
| * Reduced fare with valid ID for seniors aged 65 and over, and students in full-time attendance to grade 12. | |
| ** Reduced fare for full-time registered college students available only at Okanagan College and Sprott-Shaw Community College. | |

Custom Transit Fares:**Fares:***Effective as of September 1, 2015*

One-way trip

Registered User	\$ 2.50
Tickets (5)	\$12.50
Companion	\$ 2.50
Monthly Pass	\$75.00
Attendant accompanying registered user	no charge

Note: Visitors may register for temporary handyDART service. Proof of registration in another jurisdiction or proof of eligibility is required.

SCHEDULE "B": SERVICE SPECIFICATIONS

Kelowna Conventional Transit Service:

Effective September 1, 2019:

The Local Transit Service Area for Kelowna Conventional transit service shall be: shall be the municipal boundaries of the Corporation of the City of Kelowna in effect September 25, 1980, the corporate boundaries of the District of West Kelowna, the District of Peachland of the Regional District of Central Okanagan, the corporate boundaries of the District of Lake Country, and Central Okanagan West Electoral Area IR# 9 and IR# 10 and a portion Central Okanagan East Electoral Area (Ellison) only.

The Annual Service Level for the City of Kelowna's share of the Kelowna Conventional transit service shall be **141,000** Revenue Service Hours.

The Exception Days recognized annually for the Kelowna Conventional transit service are:

Exception Days	Service Level
Good Friday	Sunday
Easter Monday	Monday
Victoria Day	Sunday
Canada Day	Saturday
BC Day	Sunday
Labour Day	Sunday
Thanksgiving Day	Sunday
Remembrance Day	Sunday
Christmas Day	Sunday
Boxing Day	Saturday
New Years Day	Sunday
Family Day	Sunday

Kelowna Community Transit Service:

Effective September 1, 2019:

The Local Transit Service Area for Kelowna Community transit service shall be: shall be the municipal boundaries of the Corporation of the City of Kelowna in effect September 25, 1980, the corporate boundaries of the District of West Kelowna, the District of Peachland of the Regional District of Central Okanagan, the corporate boundaries of the District of Lake Country, and Central Okanagan West Electoral Area IR# 9 and IR# 10 and a portion Central Okanagan East Electoral Area (Ellison) only.

The Annual Service Level for the City of Kelowna's share of the Kelowna Community transit service shall be 13,000 Revenue Service Hours.

The Exception Days recognized annually for the Kelowna Community transit service are:

Exception Days	Service Level
Good Friday	Sunday
Easter Monday	Monday
Victoria Day	Sunday
Canada Day	Saturday
BC Day	Sunday
Labour Day	Sunday
Thanksgiving Day	Sunday
Remembrance Day	Sunday
Christmas Day	Sunday
Boxing Day	Saturday
New Years Day	Sunday
Family Day	Sunday

Kelowna Custom Transit Service:

Effective April 1, 2018:

The Local Transit Service Area for Kelowna Custom transit service shall be:

The boundaries of the Kelowna Custom (handyDART) Transit Service Area shall be the municipal boundaries of the Corporation of the City of Kelowna, the corporate boundaries of the City of West Kelowna, and the corporate boundaries of the District of Lake Country.

The Annual Service Level for the Kelowna Custom transit service shall be **38,100** Revenue Service Hours.

The Exception Days recognized annually for the Kelowna Custom transit service are:

Exception Days	Service Level
Good Friday	No Service
Easter Monday	No Service
Victoria Day	No Service
Canada Day	No Service
BC Day	No Service
Labour Day	No Service
Thanksgiving Day	No Service
Remembrance Day	No Service
Christmas Day	No Service
Boxing Day	No Service
New Years Day	No Service
Family Day	No Service

SCHEDULE "C": BUDGET**Kelowna Conventional Transit Service:****KELOWNA/CENTRAL OKANAGAN CONVENTIONAL**

	OFFICIAL AOA AMENDMENT #1 2019/20	CITY OF KELOWNA	CITY OF WEST KELOWNA	WESTBANK FIRST NATION	DISTRICT OF LAKE COUNTRY	CORD / ELLISON
TOTAL REVENUE	\$7,158,608	\$7,158,608	\$0	\$0	\$0	\$0
TOTAL OPERATING COSTS	\$20,241,680	\$16,747,605	\$1,887,753	\$451,358	\$1,123,148	\$31,816
TOTAL COSTS (including Local Government Share of Lease Fees)	\$22,925,242	\$18,966,714	\$2,136,947	\$510,897	\$1,274,579	\$36,105
NET LOCAL GOVERNMENT SHARE OF COSTS	\$5,671,411	\$3,454,989	\$1,197,531	\$284,870	\$713,624	\$20,397

REVENUE SHARE	100.00%	0.00%	0.00%	0.00%	0.00%
COST SHARE (Not including BRT)	82.69%	9.29%	2.22%	5.64%	0.16%
BRT SHARE	67.15%	26.34%	6.51%	0.00%	0.00%
IEA SHARE	100.00%	0.00%	0.00%	0.00%	0.00%
RESERVE SHARE	82.94%	8.72%	2.53%	5.70%	0.11%

Kelowna Community Transit Service:**KELOWNA COMMUNITY BUS CONVENTIONAL**

	OFFICIAL AOA AMENDMENT #1 2019/20	CITY OF KELOWNA	DISTRICT OF WEST KELOWNA	WESTBANK FIRST NATION	DISTRICT OF PEACHLAND	DISTRICT OF LAKE COUNTRY
TOTAL REVENUE	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL OPERATING COSTS	\$2,772,575	\$1,088,514	\$971,561	\$431,503	\$114,414	\$166,582
TOTAL COSTS (including Local Government Share of Lease Fees)	\$3,125,953	\$1,227,250	\$1,095,391	\$486,500	\$128,997	\$187,814
NET LOCAL GOVERNMENT SHARE OF COSTS	\$1,746,658	\$684,895	\$612,868	\$272,530	\$71,517	\$104,848

COST SHARE	39.26%	35.04%	15.56%	4.13%	6.01%
RESERVE SHARE	40.66%	33.70%	14.41%	5.06%	6.17%

Kelowna Custom Transit Service:**KELOWNA CUSTOM**

	BASE BUDGET 2019/20
TOTAL REVENUE	\$233,000
TOTAL OPERATING COSTS	\$3,469,682
TOTAL COSTS (including Local Government Share of Lease Fees)	\$3,692,256
NET LOCAL GOVERNMENT SHARE OF COSTS	\$1,059,911