

Report to Council



Date: July 27, 2020

To: Council

From: City Manager

Subject: Fall 2020 Transit Service Levels and System Performance Update

Department: Integrated Transportation

Recommendation:

THAT Council receives for information, the report from the Integrated Transportation Department, dated July 27, 2020, regarding fall 2020 transit service levels, transit system performance update, and financial mitigation strategies;

Purpose:

To update Council on the transit ridership level observed over the course of the spring and early summer stemming from the COVID-19 pandemic; and to advise Council of the level of service that will be provided in the fall in response to reduced demand for public transit, the associated financial impact, and planned mitigation strategies.

Background:

Transit ridership in the City of Kelowna had been trending upward in recent years. Approximately 15% more trips were taken between 2017 and 2019 with ridership nearing 6 million annual trips. The COVID-19 pandemic has had a profound impact on how transit services are delivered to the community and on system ridership.

As the Province established physical distancing protocols and businesses, community facilities and post-secondary institutions closed or reduced hours, and work at home and sheltering at home occurred, transit ridership declined sharply. By the third week of March ridership was down by just over 40% as compared to the same week a year prior, with further declines to follow. In mid-March BC Transit instructed First Transit, the service operator, to implement significantly enhanced bus cleaning measures. Also in March, public transportation was defined as an essential service by the provincial Public Safety Minister. Just before the end of March, BC Transit's Emergency Operations Centre made the decision to mandate all BC Transit systems to cease fare collection and implement rear-door only boarding to protect operators and riders from potential exposure to COVID-19. Also, in March a cap was placed on the number of people allowed on board buses so that physical distancing could be maintained for people who were still riding transit. These provincial mandates were unilaterally imposed on the Kelowna Regional Transit system without input from the City based on a rapidly evolving crisis.

In response to rapidly declining demand and loss of fare revenues, transit service levels in Kelowna were reduced to the summer service level effective April 5th which was three weeks ahead of the scheduled implementation of the usual spring service level. While a customized schedule that would have targeted service reductions more effectively and with greater financial impact was preferred by staff, BC Transit's capacity limitations to respond quickly meant options were limited to pre-defined service levels.

By June 1st, BC Transit had acted to install temporary barriers between bus operators and the farebox facilitating the reinstatement of fare collection and front door boarding. By this time ridership had recovered to 45% of levels observed a year prior from a low of just 27.5% in the second week of April. The reinstatement of fare collection did not negatively impact ridership levels which, as of the beginning of July had recovered further to 60% of levels observed during the same week of 2019. Beginning in June, with physical distancing capacity limitations in place, pass-ups were occurring on key routes where bus occupancy maximums had been met and riders were left at stops, having to wait for the next scheduled bus. As of July 1st, in keeping with provincial re-opening protocols, bus capacity maximums were relaxed to allow near full-seated capacity on heavy duty buses and 50% capacity on light duty Community buses. The relaxation of capacity restrictions will help to effectively eliminate pass-up situations for the time being.

Fall passenger volumes are expected to remain well below levels typically observed that time of year primarily as a result of UBCO's move to online course delivery and the resulting reduction in demand for transit among students. In consideration of continued suppressed demand for transit services but recognizing the capacity limitations on buses, a spring level of service will be implemented effective September 6. This level of service provides an acceptable balance between providing a convenient, usable service that can retain current ridership and support incremental ridership growth as people shift to their fall travel patterns while also ensuring on-board distancing can be maintained.

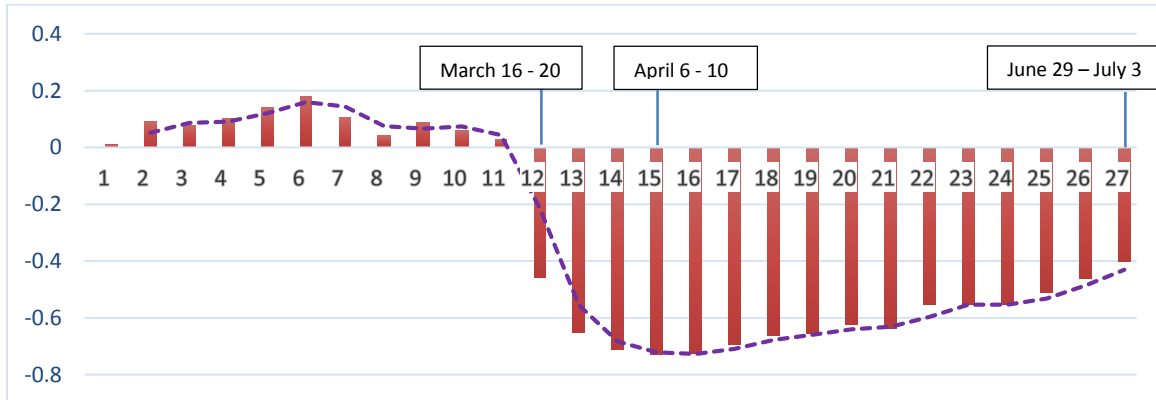
Discussion:

System performance and COVID-19 Mitigation

Over the first few months of 2020 transit ridership levels had continued the two-year trend of strong growth. As the COVID-19 situation emerged, system-wide ridership declined sharply. By the week of April 6th to 12th (week 15) average weekday ridership had declined nearly 73% as compared to levels from the same week a year prior. A steady recovery in ridership levels in the weeks that followed culminated in reaching 60% of 2019 levels by early July¹. Notably, ridership remained stable as fare collection and front door boarding was reinstated on June 1st.

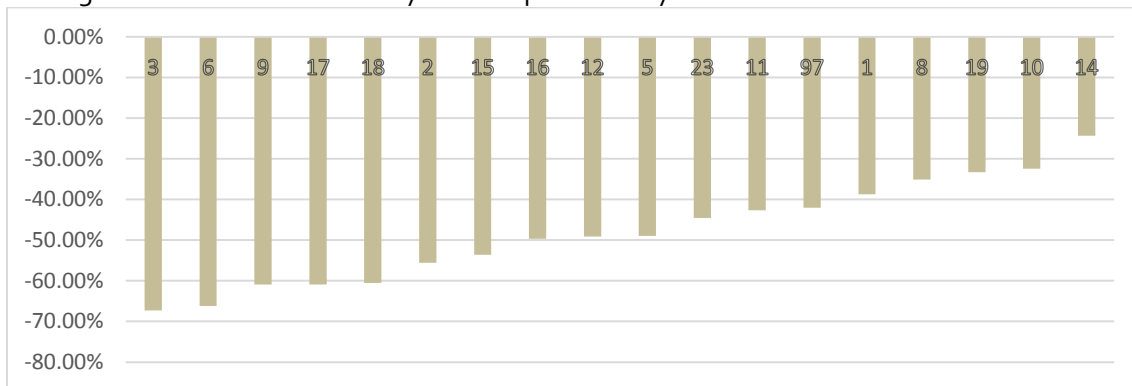
¹ Week 27 (June 29-July 3) – 8,929 rides per average weekday (source: BC Transit Avg. Weekday Ridership by route/week report).

Average 2020 Weekday Transit System Ridership by 2020 Week Number



In Kelowna, major routes such as the 10 North Rutland, 8 University, 1 Lakeshore, 97 Okanagan and 11 Rutland lead the recovery in ridership. Local routes 14 Black Mountain and 19 Glenmore-Orchard Park have also performed strongly in recent weeks.

Average Year-over-Year Weekday Ridership Decline by Route



BC Transit has continued to target a comfortable capacity on buses which at times, may result in buses being full and customers experiencing pass ups. As ridership has recovered, these conditions began to manifest more frequently on select trips on busier routes. On a full-sized bus, up to 16 persons were permitted to ride at the operator's discretion. As of July 1st, capacity was increased to near full-seated level (approximate 40 passenger maximum) which will provide some relief to these pass-up situations. Riders are being encouraged to check the NextRide platform to check for capacity conditions in advance of boarding. Wearing of face coverings is being encouraged on buses and at bus stops where physical distancing is not possible. The installation of permanent full driver doors has also been accelerated to ensure operators and customers are protected.

Spring/Summer Service

On April 5th a summer level of service was implemented in response to ridership declines and the inability to collect fares. This level of service has proven effective in ensuring that appropriate physical distancing could be maintained on board buses however instances of trips with loads exceeding maximum have increased as ridership has recovered. Fare collection was halted on all BC Transit systems on March 20th and was not reinstated until June 1st. Based on average ridership over this period

which was down 66.5%, approximately \$254,000 in revenue from passes, tickets and cash paid fares was forgone². The early shift to summer service resulted in a reduction of about 2,000 service hours over the period of April 5th to June 30th³. This represents a reduction in operating costs of approximately \$195,000 of which the city's share is 46.7% or about \$91,000.

Fall Service

Traditionally demand for transit increases significantly in the fall. As post-secondary, middle and high schools return to session and transit's share of commuter trips grows, service levels are increased accordingly. While ridership levels are showing encouraging recovery from peak lows in April, a return to pre-COVID-19 levels is not expected in the near term. A variety of factors will contribute to suppressed ridership this fall including a move to online course delivery by UBCO for the Fall Term (and potentially beyond)⁴, an anticipated reduction in campus population and in-person classes at Okanagan College and the possibility of reduced or limited in-person classes for Middle and High School students⁵. These factors in conjunction with potentially suppressed commuter ridership will continue to put pressures on system productivity and revenues warranting a reduction in service this fall.

The level of service intended to have been provided this past spring will be in place over the fall resulting in a reduction of 9,494 hours as compared to the planned fall service. This will reduce operating costs by about \$920,000 of which about \$490,000 is the city's share. A spring level of service best matches anticipated ridership as it the level of service that is typically in place from late April to late June when post-secondary institutions are no longer in session. The level of service that had been planned for spring 2020 had already been reduced by approximately 1,000 hours as compared to 2019 further reducing operating costs this year by \$97,000 (\$51,000 local share). To account for any unanticipated spike in ridership or tightening of passenger load restrictions, a pool of additional service hours will be made available to the operating company to add in buses as needed.

A modest 950-hour expansion planned for this fall will not proceed allowing the City to avoid this added expense going forward. In the weeks ahead, staff will be collaborating with BC Transit to re-assess the Transit Improvement Program (TIP) considering the significant changes and uncertainties around demand for public transit in the community.

Summary - estimated 2020 service hour and cost reductions

Period	Service hour reduction	Estimated local cost reduction
Spring 2020 vs. budgeted	1,000	\$51,000
Spring	2,011	\$91,000
Fall - reductions	9,494	\$490,000
Fall – expansion cancellation	950	\$49,000
TOTAL	13,455	\$681,000

² City of Kelowna share of total revenues over the period. Revenues from U-Pass and BC Bus Pass were unaffected over this period. Over this same period in 2019, \$750,000 in total revenue was collected.

³ Winter service levels traditionally remain in effect to the end of April with a Spring level of service extending to the end of June when Summer service typically begins.

⁴ 15% of the typical student population is expected to be campus daily in fall. UBCO student population in 2019/20 – 11,000 (Source: UBCO Campus Planning).

⁵ School District #23 has outlined 4 stages of attendance at local schools for the fall ranging from full attendance to no physical attendance. A final decision may not be made until late summer.

Projected reductions in operating costs presented in this report are “order of magnitude” estimates. Additional savings from spring cancelled school specials, additional hours budgeted, etc. are not considered nor are new costs incurred due to measures taken to address the impacts of COVID-19 on operations.

Revenue Loss Mitigation

The COVID-19 pandemic and response to it has had two types of revenue impacts – fare revenue loss from mandated rear-door boarding which forced suspension of fare collection, and fare revenue loss from severe ridership declines when fares were being collected. Revenue losses are projected to potentially reach 3.2 million by year end or about a 43% reduction from 2019 levels.

Mitigation of potential revenue loss is to take place on two levels: - cost savings through reduction of service level; and offset of lost potential revenue through application of operating reserves, other operational service savings, and financial support from federal and provincial COVID-19 emergency response funding initiatives.

Service level reductions implemented and upcoming that differ from previously budgeted and approved costs will create an estimated \$681,000 reduction in cost from budget. Specific detail will be brought forward to Council in the Annual Operating Agreement report slated for September.

With respect to Operating Reserves, since 2015, BC Transit has been accumulating annual cost savings where actual costs were less than budgeted costs, placing the surplus in an Operating Reserve account for use in exceptional circumstances where costs may exceed budget. BC Transit has confirmed that Local Governments will be able to access their reserve to its maximum capacity at the Local Governments discretion. Presently, Kelowna’s Operating Reserve is estimated to be sufficient to cover projected budget shortfalls for the 2020/21 fiscal year. However, this application would stretch the intent of the reserve which is meant to cover year to year fluctuations in budget due to unforeseen operating cost overages and there is some concern that effectively depleting the reserve may leave us in an unfortunate position in future years. Additionally, the reserve is comprised of BC Transit/City shared funds and City contribution only funds. It would be preferable not to have to access the City-only funds, as BC Transit should share in any mitigation. More specific detail and strategies around this this will be brought forth with the Annual Operating Agreement report, to be presented to Council in September.

Additional cost savings proposed by BC Transit include a “lease payment holiday” on buses in the Kelowna fleet, to be fully funded by BC Transit. More detail will be coming in the future.

As discussed previously with Council, staff continues investigating mobile ticketing platforms. A digital ticketing system can provide a safer and more pleasant fare payment experience, potentially supporting a quicker return to traditional ridership levels. However, the ability of Kelowna to pilot a system before the BC Transit led broader provincial roll-out is still under consideration.

Finally, on the federal/provincial emergency assistance front, the Canadian Urban Transit Association and other government and industry related associations have been lobbying for emergency pandemic relief for public transit systems faced with significant budget implications. While the Prime Minister has included public transit in the safe recovery plan, details are yet to be released. BC Transit is working

with the province to press for emergency funding for public transport including BC Transit, Translink and BC Ferries. The impact upon our local budget is unknown at this time, but staff continue to impress our needs upon BC Transit and the various lobbying associations.

Moving into the coming year and the continued impact of the COVID-19 pandemic, there is a call for BC Transit to better manage fixed and variable costs, with more transparency and consultation with the City and other partners with the aim of improved agility and response in times of crisis.

Conclusion:

A summer level of transit service in place since April 5th has proven effective at meeting demand under COVID-19 passenger load restrictions. About 33% of ridership lost during the peak of the COVID-19 impact in April has been recovered up to early July. Fare collection was reinstated on June 1st and the bulk of ridership gains have occurred since. Demand for public transit in the fall is still expected to exceed summer levels but remain below traditional fall levels as people, particularly students travel less. A spring level of service will be implemented on September 6th and remain in place until at least the end of December at which time service levels could be adjusted should conditions change.

Service reductions resulting in operating savings, application of the Transit Operating Reserve, and other mitigation strategies including those from BC Transit directly and through the yet defined federal government safe recovery plan will be strategically sought and applied to replace lost and reduced fare revenue. Though the Transit Operating Reserve alone is estimated to be sufficient to cover any budget deficiencies, for the reasons described above, the other sources will be sought as a priority application – or put another way, the Operating Reserve will only be sought as a last resort to mitigate losses.

The collective cost reductions from service changes and other measures will be reflected in the 2020/21 Annual Operating Agreement from BC Transit, planned to be presented to Council in September.

Internal Circulation:

Communications Advisor
 Director Community Relations, BC Transit
 Divisional Director, Infrastructure
 Financial Analyst
 Infrastructure Administration Manager
 Integrated Transportation Department Manager

Financial/Budgetary Considerations:

Financial and budget implications are to be considered in the transit Annual Operating Agreement report due in September.

Considerations not applicable to this report:

Legal/Statutory Authority:
 Legal/Statutory Procedural Requirements:
 Existing Policy:
 External Agency/Public Comments:
 Communications Comments:

Submitted by:

J. Dombowsky, Transit and Programs Manager

Reviewed and Approved by: R. Villarreal, Department Manager, Integrated Transportation

Approved for inclusion:



A. Newcombe, Divisional Director, Infrastructure

Attachment 1 – Transit Service Levels and System Performance Update Presentation

cc: Divisional Director, Corporate Strategic Services
Divisional Director, Financial Services
Divisional Director, Infrastructure
Chris Fudge, Director Community Relations, BC Transit