

Report to Council



Date: January 25, 2021
To: Council
From: City Manager
Subject: Transit 2020/2021 Annual Operating Agreement
Department: Revenue

Recommendation:

THAT Council receives, for information, the report from the Revenue Department dated January 25, 2021 regarding the Transit 2020/2021 Annual Operating Agreement:

AND THAT Council approve the 2020/2021 Annual Operating Agreement between BC Transit and City of Kelowna for Conventional, Community, and Custom transit;

AND FURTHER THAT the Mayor and City Clerk be authorized to execute the Annual Operating Agreement between BC Transit and the City of Kelowna covering the period April 1, 2020 to March 31, 2021.

Purpose:

To approve the transit 2020/2021 Annual Operating Agreement and receive an update on restart funding.

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 year end).

Each Local Government Partner within the Kelowna Regional Transit System submits the AOA to their Councils for approval.

Included in the 2020/2021 Annual Operating Agreement is the Safe Restart Contribution. This funding is meant to help Local Government Partners meet their share of costs to maintain affordable Essential Transit Service Levels during the COVID-19 pandemic recovery period, recognizing that transit revenues were also impacted during this period.

Under the federal 'Safe Restart' program the federal and provincial governments have committed to provide joint contributions in support of transit services. BC Transit has entered into a Contribution Agreement to receive \$86 million of which \$7.3 million is designated for the Kelowna Regional Transit System. The City of Kelowna's portion is \$5.9 million.

Discussion:

Restart Funding

While service levels and fares are set by each Local Government Partner, the Safe Restart Contribution is intended to assist in maintaining targeted essential transit service levels for the Kelowna Regional Transit System. By receiving this funding, the City of Kelowna will work with BC Transit to maintain the targeted essential transit service levels as outlined in the AOA as well as limiting annual public fare increase to 2.3% through March 31, 2024.

Subject to BC Transit receiving a fully executed amended AOA for 2020/21 by January 31, 2021, 50% of the Safe Start Contribution will be applied towards the Municipality's share of expenses for 2020/21. The contribution will be applied to monthly Municipal invoices evenly for the period April 1, 2020 to March 31, 2021. The remaining 50% of the Safe Restart Contribution will be held in a Local Transit Fund with BC Transit to be applied to future invoices as agreed to under an Annual Operating Agreement or amendments as required.

AOA Comparison

When comparing the 2020/2021 AOA with the 2019/2020 AOA, the main areas of increased costs are fixed costs, information systems and safety/security. The main areas of decreased costs are hourly service costs, fuel, fleet maintenance and BC Transit's waiver of lease fees for Municipalities from Jul-Dec 2020. The changes for each of Conventional, Community and Custom transit are set out below for the comparison of the AOA's year over year changes, focusing on the City of Kelowna's portion.

Conventional Transit

The projected revenue decrease of \$2.3 million is offset by \$1.3 million cost reductions. This includes a \$413,951 reduction of operating costs and savings of \$939,528 from BC Transit waiving lease fees from Jul-Dec 2020.

	2019/2020	2020/2021	Total	Percentage	Local Gov't	City of
CONVENTIONAL TRANSIT	Amended AOA	AOA	Difference	Change	Portion	Kelowna
						Portion
						82.16%
TOTAL REVENUE	\$6,944,108	\$4,166,144	-\$2,777,964	-40.10%	-\$2,777,964	-\$2,282,375
	2019/2020	2020/2021	Total	Percentage	Local Gov't	City of
CONVENTIONAL TRANSIT	Amended AOA	AOA	Difference	Change	Portion	Kelowna
					53.31%	Portion
Expenditures						
Total Operating Costs	\$20,241,680	\$19,299,683	-\$941,997		-\$502,179	-\$413,951
Total Lease Fees - Local Share	\$2,683,563	\$1,543,787	-\$1,139,776		-\$1,139,776	-\$939,528
TOTAL COSTS	\$22,925,243	\$20,843,470	-\$2,081,773	-9.09%	-\$1,641,955	-\$1,353,479

Considerations applicable to this report:

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:

External Agency/Public Comments:

Communications Comments:

Submitted by:

A. Schumacher, Revenue Supervisor

Approved for inclusion:



G. Davidson, Divisional Director Financial Services

Attachments:

Transit 2020/2021 Annual Operating Agreement

cc:

J. Dombowsky, Transit and Programs Manager