

Report to Council



Date: August 22, 2016
File: 1405-01
To: City Manager
From: Acting Revenue Manager
Subject: Transit 2016/2017 Annual Operating Agreement

Recommendation:

THAT Council approve the 2016/2017 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 Operating Agreements between BC Transit, the City of Kelowna and FirstCanada ULC covering the period April 1, 2016 to March 31, 2017;

Purpose:

To receive Council approval for the transit 2016/2017 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 2016/2017 AOA were included in the City of Kelowna's 2016 Provisional Budget that Council approved in December.

The main areas of increased costs are:

- the operating company's fixed costs
- increased hourly costs due to rate increases
- Increased fuel costs
- Increased lease fees

Conventional Transit

The 2016/17 AOA includes a \$459,932 increase in costs for Conventional transit: \$353,875 is related to operating costs; \$106,057 is related to increased lease fees. This represents a 2.30% increase from the 2015/16 AOA presented to Council in July 2015. The City of Kelowna's portion of the Local Government share of the increased cost of \$246,229 and increased revenue of \$183,939 equals a net cost increase of \$62,290.

Community Transit

Costs decreased \$66,480 within the 2016/17 AOA: \$(65,448) is related to operating costs; \$(1,032) is related to decreased lease fees. This represents a 2.7% decrease from the 2015/16 AOA presented to Council in July 2015. \$13,517 is the City of Kelowna's portion of the Local Government share of the decrease.

Custom Transit

The 2016/17 AOA also includes a \$75,627 increase in costs for Custom transit: operating costs increased \$103,274; lease fees decreased by \$27,647. This represents a 2.5% increase from the 2015/16 AOA presented Council in July 2015. \$4,977 is the City of Kelowna's portion of the Local Government share of the increase.

Internal Circulation:

Manager, Integrated Transportation
Regional Programs Manager
Director, Financial Services
Divisional Director, Infrastructure

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:

Personnel Implications:

External Agency/Public Comments:

Communications Comments:

Alternate Recommendation:

Submitted by:

M. Friesen, Acting Revenue Manager

Approved for inclusion:



Genelle Davidson, *Director, Financial Services*

Appendix 1

	2015/2016	2016/2017	Total Difference	Percentage Change	Local Gov't Portion	City of Kelowna Portion
CONVENTIONAL TRANSIT	AOA	AOA				
REVENUE	\$5,594,454	\$5,815,534	\$221,080	4.00%	\$221,080	\$183,939
Expenditures						
Total Operating Costs	\$17,978,728	\$18,332,601	\$353,875		\$188,651	\$157,618
Total Lease Fees - Local Share	\$2,393,748	\$2,499,805	\$106,057		\$106,057	\$88,611
TOTAL COSTS	\$20,372,476	\$20,832,406	\$459,932	2.30%	\$294,708	\$246,229
TOTAL NET COSTS						\$62,290

	2015/2016	2016/2017	Total Difference	Percentage Change	Local Gov't Portion	City of Kelowna Portion
COMMUNITY TRANSIT	AOA	AOA				
Expenditures						
Total Operating Costs	\$2,383,000	\$2,317,550	-\$65,448		-\$34,890	-\$13,129
Total Lease Fees - Local Share	\$85,081	\$84,049	-\$1,032		-\$1,032	-\$388
TOTAL COSTS	\$2,468,081	\$2,401,599	-\$66,480	-2.70%	-\$35,922	-\$13,517

	2015/2016	2016/2017	Total Difference	Percentage Change	Local Gov't Portion	City of Kelowna Portion
CUSTOM TRANSIT	AOA	AOA				
Expenditures						
Total Operating Costs	\$2,927,605	\$3,030,877	\$103,274		\$34,401	\$25,353
Total Lease Fees - Local Share	\$124,987	\$97,340	-\$27,647		-\$27,647	-\$20,376
TOTAL COSTS	\$3,052,592	\$3,128,217	\$75,627	2.50%	\$6,754	\$4,977