

Report to Council



Date: August 22, 2022
To: Council
From: City Manager
Subject: Transit Improvement Program – 3 year proposed budget
Department: Integrated Transportation

Recommendation:

THAT Council receives for information, the report from Integrated Transportation dated August 22, 2022, with respect to the Transit Improvement Program 3-year expansion initiatives and free transit on election day.

AND THAT Council directs staff to enter a Memorandum of Understanding with BC Transit setting out the City's intention to proceed with the service expansions detailed in year-1 (2023/24).

AND THAT the Mayor and City Clerk be authorized to execute the Memorandum of Understanding.

AND THAT Council provide approval for free transit within the City of Kelowna on municipal election day.

Purpose:

To receive Council approval for and execution of a Memorandum of Understanding for the Transit Improvement Program 3-year expansion initiatives for the period 2023-2026 and, to request Council support for free transit service on municipal election day.

Background:

Each year, a Memorandum of Understanding (MOU) related to proposed transit expansion initiatives is signed by the Local Government, setting out the City's intention to proceed. This is subject to annual City Council budget deliberations each Fall. The MOU also allows BC Transit to include local expansion hours and infrastructure budget submissions in its draft Service Plan to the Province to seek the matching funding. The Transit Improvement Program (TIP) now includes major high-priority infrastructure investments that support future transit system development. This annual report to Council takes the form of an update of proposed transit expansion initiatives and associated budgets and request to proceed with the MOU. It also includes a one-time request to authorize free transit in Kelowna on election day beginning this fall and on election years thereafter.

Discussion:

Ridership on the Kelowna Regional Transit system has rapidly recovered through 2022 reaching a high point in mid-summer of 96% of pre-pandemic levels¹. Effective September, service levels will be near those delivered prior to the pandemic and are expected to be sufficient to meet demand. Further investments will be needed to service additional ridership growth in the years ahead.

As part of the ongoing annual budgeting process with BC Transit, Staff have received and summarized the proposed three-year expansion initiatives and associated budgets for the period April 1, 2023, to March 31, 2026. The draft budgets reflect investment priorities and current conditions with an incremental return to investment in new service hours recognizing constraints the system faces, particularly capacity at the transit operations centre. Years one and two of the TIP focus on investments in service that can be delivered without the need for additional buses. Year-one targeted off-peak expansions carry-over from the previous year's program after being postponed due to a one-time cap on Provincial transit funding. Year-two proposals include continued investment in off-peak service while year-three sees a significant investment in new peak service and on-time performance improvements on frequent routes and RapidBus². Custom (Paratransit) investments, which are derived from the 2018 Paratransit Services Review, will remain on hold through year 1 of the program. Expansions aimed at improving equity between the Paratransit and Conventional transit systems are re-introduced in years 2 and 3 of the program and will be achieved via Taxi Supplement³.

Three Year Proposed Service Expansion Summary

PROPOSED CONVENTIONAL EXPANSION INITIATIVES						
AOA Period	In Service	Annual Hours	Vehicle Requirements	Est. Annual Revenue	Est. Annual Total Costs	Est. Annual Net Municipal Share
2023/24	September	5,200	0	\$122,235	\$654,860	\$226,871
		Description	Weekend frequency improvement on 8 University, 10 North Rutland and 97 Okanagan. Weekday midday frequency improvement on 8 University and 97 Okanagan. Additional resources allocated for on-time performance improvements as needed.			
2024/25	September	5,350	0	\$125,761	\$696,672	\$245,634
		Description	Initiatives from the Transit Future Action Plan, including investing in frequent routes at off-peak times, add weekend service to route 4, investment to maintain service reliability, and the Upper/Lower Mission Service Restructure.			
2025/26	September	11,000	5	\$258,575	\$1,726,702	\$773,121

¹ Currently ridership is at 85% of pre-pandemic levels.

² Pending resolution of capacity constraints at the transit operating centre.

³ Taxi Supplement utilizes taxi services in the community to fulfill requests for travel by Paratransit 'HandyPass' holders. These rides are dispatched by the operating company, and the customer pays a standard handyDART fare for their trip.

		Description	Initiatives from the Transit Future Action Plan: investing in frequent and rapid routes, investment to maintain service reliability, and expansion to bring Route 11 into Rutland Exchange. Additional resources allocated for on-time performance improvements as needed.
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NOTE: Work is underway via a Facility Master Plan to address vehicle capacity constraints at the current Kelowna facility; however, this work is on-going, and this option will be subject to further review and approval by BC Transit to ensure that additional vehicles can be accommodated

PROPOSED CUSTOM (TAXI SUPPLEMENT) EXPANSION INITIATIVES						
AOA Period	In Service	Annual Hours	Vehicle Requirements	Estimated Annual Revenue	Estimated Annual Total Costs	Estimated Annual Net Municipal Share
2024/25	April	0	0	\$15,013	\$199,052	\$51,292
		Description	Introduce basic weekend handyDART service on Sunday via taxi supplement.			
2025/26	April	0	0	\$44,248	\$586,084	\$150,977
		Description	Expand the handyDART service hour span of weekday service to reflect Conventional hours of operation, via taxi supplement.			

Performance monitoring and progress on interim improvements at the transit operating centre over the coming months will inform any refinements to the budgets and expansion priorities in years 2 and 3 which will be reflected in the following year's program.

The TIP now includes high-priority infrastructure investments that are anticipated to be cost-shared with BC Transit and eligible for Federal grant funding⁴. Local share of costs may be paid via lease fees within Annual Operating Agreements or as lump-sum payment upon project completion. Key initiatives include renewal and expansion of various transit exchanges, interim upgrades to the current transit operating centre and, further out, a new transit operations centre⁵.

⁴ The current federal transit funding program is the Investing in Canada Infrastructure Program (ICIP) which funds up to 80% of eligible project costs.

⁵ Handy upgrades will address constraints that are limiting the ability to expand service and accommodate electric buses. Upgrades are expected to extend the life of the facility to the end of the decade. The new operating centre will be constructed on the city's property at Hollywood Rd and John Hindle Drive ('Serwa' site).

PROPOSED TRANSIT SYSTEM CAPITAL INITIATIVES & STUDIES					
Description	Transit Exchanges				
Rationale	Four new transit facilities: Midtown Exchange, OC College, Mission Recreation Exchange, Kelowna Airport transit Hub and Rutland Park & Ride and Mobility Hub adjacent to the existing Transit exchange.				
Project Planning Operating Budget for Studies	Proposed Scheduling of Study	Estimated In-Service Date	Estimated Total Capital Cost	Est. Annual Local Government Share of Lease Fee	Est. Annual Local Share of Lease Fee (Federal Funding Inc)
Ongoing	2020/21	2023/24 - 2029/30	\$20,800,000	\$1,048,522	\$393,368
Description	Operation & Maintenance Facility				
Rationale	The project includes a new O&M Facility and Interim facility refurbishments to support expansion of transit services.				
Project Planning Operating Budget for Studies	Proposed Scheduling of Study	Estimated In-Service Date	Estimated Total Capital Cost	Est. Annual Local Government Share of Lease Fee	Est. Annual Local Share of Lease Fee (Federal Funding Inc)
Complete	2020/21	2023/24- 2030/31	\$124,610,000	\$2,966,076	\$1,279,680
Description	Transit Priority				
Rationale	Transit priority measures are needed to improve the performance and reliability of the transit system.				
Project Planning Operating Budget for Studies	Proposed Scheduling of Study	Estimated In-Service Date	Estimated Total Capital Cost	Est. Annual Local Government Share of Lease Fee	Est. Annual Local Share of Lease Fee (Federal Funding inc).
\$200,000	2024/25- 2025/26	2029/30	\$24,000,000	\$1,209,833	\$453,886

Projects have been identified through Transit Future Action Plans or Service Reviews. Projects costs are representative of an order of magnitude cost estimate which may have a high variance. Local government lease fees are provided with the Investing in Canada Infrastructure Program (ICIP) while the program is available and as well as the standard lease fee share.

Free transit on election day

The provision of free transit on election day is expected to have a negligible effect on revenue while reducing barriers to participating and increasing voter turnout. The initiative is proposed for service offered within the City of Kelowna only on both conventional and custom (HandyDART) service beginning on this year's municipal election on October 15th and on all municipal general voting days thereafter.

Conclusion:

Ridership on the Kelowna Regional Transit System is nearing full recovery. Targeted investment in service will ensure that the system can service ridership levels at and above those experienced in the years prior to the pandemic. A focus on off-peak expansion in years one and two adds to mid-day, evening and weekend services that have not seen any significant investment in years. Year three sees a return to investment in peak-period service on high productivity routes pending completion of capacity enhancements at the current transit operating centre. Major transit infrastructure projects are included in the TIP for information. Projects include exchange enhancements, upgrades to the current transit operating centre, a new centre and transit priority measures under consideration for heavily congested transit corridors. Free access to transit on the Kelowna municipal election day is proposed to support residents in getting to and from polling stations.

Internal Circulation:

Financial Planning Manager
Strategic Transportation Planning Manager
Financial Services, Revenue Supervisor
Financial Services, Financial Analyst
Financial Services, Budget Supervisor

Financial/Budgetary Considerations:

Net new cost for transit services for the 2023 budget year is estimated at \$75,624 (Conventional only) and, in 2024, \$233,125 (Conventional) and \$17,097 (Custom). Estimated net new costs for 2025 are projected at \$421,463 (Conventional) and \$84,520 (Custom). Net new cost for infrastructure studies is estimated at \$100,000 per year in 2024 and 2025.

Revenue losses stemming from the provision of free transit on election day is projected to be below \$10,000 annually.

External Agency/Public Comments:

BC Transit has reviewed and approved the report and attachments.

Considerations applicable to this report:

Existing Policy

TMP Policy 3.9 – Focus the bulk of new service investment on the best performing routes that offer the highest return in terms of emissions and congestion reduction.

TMP Policy 3.4 – Apply transit priority measures along Transit Supportive Corridors, where appropriate.

TMP Policy 3.7 – Support BC Transit's efforts to electrify the transit fleet by 2040.

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Financial/Budgetary Considerations:

External Agency/Public Comments:

Communications Comments:

Submitted by: M. Kittmer, Transit Service Coordinator

Approved for inclusion: M. Logan, Infrastructure General Manager

Attachment 1 – TIPS MOU 2023-24 to 2025-26 Kelowna

Attachment 2 - Transit Improvement Program Presentation

cc: General Manager, Infrastructure

Divisional Director, Corporate Strategic Services

Division Director, Partnerships & Investments

C. Mossey, Senior Manager Government Relations, BC Transit

M. Lockley, Planning Manager, BC Transit

M. Boyd, Director of Corporate and Strategic Planning, BC Transit