



July 28, 2022

Attn: Jerry Dombowsky
Transit & Programs Manager
City of Kelowna
1435 Water Street
Kelowna, BC V1Y 1J4

Re: Transit Improvement Program - 3 Year Transit Expansion and Infrastructure Initiatives

Dear Jerry,

The purpose of this letter is to confirm transit service expansion plans for 2023/24, approve transit expansion priorities for the subsequent two years and identify transit infrastructure initiatives required to support transit system growth.

BC Transit confirms service expansion plans with local government partners on an annual basis to coordinate the development of three-year budgets and capital plans with the Provincial Service Plan. Confirmation of next year's desired level of transit service expansion is also required to support the procurement of buses. This year, facility infrastructure requirements have been added to inform your multi-year budget development and ensure that infrastructure investments are advanced to align with proposed transit service expansion.

As your transit system has service initiatives requiring expansion funding, we have attached a Memorandum of Understanding (MOU) to formalize the process of securing provincial funding on your behalf. This MOU summarizes specific transit expansion initiatives for the next three operating years from 2023-2024 through to 2025-2026, as well as future capital initiatives required to support transit service. These initiatives are derived from recommendations outlined in the most recent service plan(s) received by your Council and validated in collaboration with local government staff.

Transit service expansion and infrastructure investments are important components to sustaining and growing a successful transit system. These investments in your transit system come with several considerations. To support Council decision making, we have provided updated order-of-magnitude costing for each Transit Service and Infrastructure Initiative. These are based on the estimated annual increase to revenue service hours, the estimated increases to the Taxi Supplement budget for Custom Transit (if applicable) and the estimated facility lease fees associated with future facilities and transit infrastructure.

There are a few key considerations when reviewing your initiatives. When a proposed expansion is dependent on an infrastructure investment, it will be shown in the proposed expansion table. Additionally, estimated lease fees for infrastructure projects are shown in a separate table. If your expansion requires additional vehicles, this is identified and factored into estimated total costs. Should vehicles be procured following MOU signoff and a decision is made to not pursue service expansion, the lease fees for the new vehicles will still be added to your operating budget for a

minimum of one year. If expansion requests exceed available provincial funding, BC Transit's service prioritization process will be used to determine which projects receive funding.

One of the key challenges we continue to face through this process is the higher probability that demand for expansion vehicles will exceed the availability in each fleet category. More advanced lead times are required for procurement and delivery of buses, and bus orders need to be strategically timed to align with our deployment plans. While every effort is made to align bus orders with demand, some expansion initiatives will likely be impacted by the limited availability of certain vehicle types. Despite these challenges, we continue to work with our local government partners to identify and develop expansion priorities, and to align our expansion initiatives with our overall fleet procurement plans.

By conveying proposed transit service expansion and capital initiatives as far in advance as possible, we are seeking to achieve four important goals:

1. Ensure 3-year expansion initiatives are consistent with the expectations of local governments.
2. Provide local government partners with enhanced 3-year forecasts that identify longer term funding requirements.
3. Ensure transit system infrastructure investments needed to support transit service expansion plans are aligned with transit service expansion initiatives identified in both local government and BC Transit's 3 year operating budgets and the long-term capital plans.
4. Attain a commitment from local governments that allow BC Transit to proceed with the procurement and management of resources necessary to implement transit service expansions.

Upon confirmation of your Council's commitment to the expansion initiatives, we will include your request in BC Transit's draft Service Plan funding request to the Province. Following confirmation of the provincial budget, I will confirm with you if supporting provincial funding was secured and initiate a transit service implementation plan and work with local government to advance capital infrastructure planning as required to ensure alignment with transit service expansion initiatives. I look forward to working with you on the continued improvement of your transit service and encourage you to contact me if you have any questions regarding these proposed initiatives.

We ask that a signed copy of this letter be returned to BC Transit by August 31, 2022. If you are unable to meet this deadline, please contact me at your earliest convenience.

Yours truly,



Chelsea Mossey
Senior Manager, Government Relations
BC Transit

Three-Year Transit Expansion Plan and Capital Initiatives for Information

Date	July 28, 2022
Expiry	August 31, 2022
System	Kelowna Regional (City of Kelowna)

Proposed Transit Service Expansion Initiatives

The table below outlines expansion initiatives for the 2023/24 fiscal year with an estimated costing based on the hourly rates of your existing system. Confirmation of next year's transit service expansion is required for provincial budgeting and the procurement of buses. Please ensure that these initiatives are consistent with your local government expectations. Upon receipt of this MOU, we will confirm funding from the Province on your behalf. Please keep in mind that should vehicles be procured to support your expansion following agreement to the MOU and a determination is made that an expansion is no longer desired by the local government, the lease fees related to the new vehicles will still be added to your operating budget for a minimum of one-year.

PROPOSED CONVENTIONAL EXPANSION INITIATIVES						
AOA Period	In Service	Annual Hours	Vehicle Requirements	Estimated Annual Revenue	Estimated Annual Total Costs	Estimated Annual Net Municipal Share
		5,200	0	\$122,235	\$654,860	\$226,871
2023/24	September	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.			

The table below outlines expansion initiatives for year two and three of the three-year transit service expansion initiatives with an estimated costing based on the hourly rates of your existing system. Please ensure that these initiatives are consistent with your local government expectations. Upon confirmation of your local government's intent to commit to the expansion and budget, we will proceed with the request to secure funding from the Province on your behalf.

PROPOSED CONVENTIONAL EXPANSION INITIATIVES						
AOA Period	In Service	Annual Hours	Vehicle Requirements	Estimated Annual Revenue	Estimated Annual Total Costs	Estimated Annual Net Municipal Share
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
		Description	Initiatives from the Transit Future Action Plan, including investing in frequent and rapid route with a focus on improving service to the Rutland area, investment to maintain service reliability, and expansion to bring Route 11 into the Rutland area. Additional resources allocated for on-time performance improvements as needed.			
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.			

Proposed Transit Infrastructure Initiatives

To support future transit system development, the following capital infrastructure initiatives are provided for information. These initiatives align with your community’s Transit Future Plan/Service Review. Below is a description of the initiatives, project planning studies, estimated lease fees and fiscal year they are anticipated to be in-service. As infrastructure projects advance, more accurate schedules, and cost estimates will be developed. Please ensure that these initiatives are consistent with your local government expectations.

PROPOSED TRANSIT SYSTEM CAPITAL INITIATIVES & STUDIES					
Description	Transit Exchanges				
Rationale	Four new on-street transit facilities: A Midtown Transit Exchange, OC College, Mission Recreation Transit Exchange, Kelowna Airport (YLW) transit Hub and a 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	Estimated Annual Local Government Share of Lease Fee	Estimated Annual Local Government Share of Lease Fee (Federal Funding Included)
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 the current facility to support expansion of transit services				
Project Planning Operating Budget for Studies	Proposed Scheduling of Study	Estimated In-Service Date	Estimated Total Capital Cost	Estimated Annual Local Government Share of Lease Fee	Estimated Annual Local Government Share of Lease Fee (Federal Funding Included)
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	Estimated Annual Local Government Share of Lease Fee	Estimated Annual Local Government Share of Lease Fee (Federal Funding included)
\$ 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.

Approval

On behalf of the City of Kelowna, I/we are confirming to BC Transit to proceed with the request for funding to the Province on our behalf for the 2023/24 Fiscal year, and that we will budget accordingly for the initiatives identified above and will review and confirm on an annual basis as per the advice provided and with the knowledge a more detailed budget will follow as service details and capital initiatives are confirmed.

Signature: _____

Date: _____

Name: _____

Position: _____

Signature: _____

Date: _____

Name: _____

Position: _____

On behalf of BC Transit



Signature: _____

Date: **July 28, 2022**

Name: Chelsea Mossey

Senior Manager, Government
Position: Relations