



July 10, 2023

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

Re: Transit Improvement Program - 3 Year Transit Expansion

Dear Jerry,

The purpose of this letter is to confirm transit service expansion plans for 2024/25 and approve transit expansion priorities for the subsequent two years.

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.

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 2024/2025 through to 2026/2027. 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 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 initiative. These are based on the estimated annual increase to revenue service hours, and/or the estimated increases to the Taxi Supplement budget for Custom Transit (if applicable). 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 expansion 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 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 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 any capital infrastructure planning that may be 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 September 29, 2023. If you are unable to meet this deadline, please contact me at your earliest convenience.

Yours truly,

A handwritten signature in black ink, appearing to read "Chelsea Mossey". The signature is fluid and cursive, with a large loop at the end.

Chelsea Mossey
Senior Manager, Government Relations
BC Transit

Three-Year Transit Expansion Plan

Date	July 10, 2023
Expiry	September 29, 2023
System	Kelowna Regional Transit System (City of Kelowna)

Proposed Transit Service Expansion Initiatives

The table below outlines expansion initiatives for the 2024/25 fiscal year 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 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	Estimated In Service	Annual Hours	Vehicle Requirements	Estimated Annual Revenue	Estimated Annual Total Costs	Estimated Annual Net Municipal Share
2024/25	January	11,750	1	285,049	1,806,767	692,941
		Description	Improvements to off-peak frequency on routes 8, 10 and 97. Route 98 Rutland/UBCO Express introductory implementation. Route 84 Academy Way implementation. Additional service span on 13 Quail Ridge. On-time performance improvements on 1 Lakeshore. Mission Network Restructure.			
<p>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</p>						
AOA Period	Estimated In Service	Annual Hours	Vehicle Requirements	Estimated Annual Revenue	Estimated Annual Total Costs	Estimated Annual Net Municipal Share
2024/25	September	3,100	0	75,204	482,250	181,883
		Description	Introductory On-Demand Service to replace 15 Crawford			

PROPOSED CUSTOM EXPANSION INITIATIVES						
AOA Period	Estimated In Service	Annual Hours	Vehicle Requirements	Estimated Annual Revenue	Estimated Annual Total Costs	Estimated Annual Net Municipal Share
		0	0	5,000	39,000	7,991
2024/25	April	Description	Expand availability of Taxi Supplement program at peak times (9am-11am; 2pm-4:30pm) on weekdays.			

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	Estimated In Service	Annual Hours	Vehicle Requirements	Estimated Annual Revenue	Estimated Annual Total Costs	Estimated Annual Net Municipal Share
2025/26	September	10,100	1	248,093	1,480,539	555,985
		Description	City of Kelowna: Span improvement and off-peak frequency improvements to FTN routes (1, 5, 8, 10, 11). On time performance improvements on routes 8 and 11. Improvements to off-peak frequency on routes 1, 8, 10 and 11. Investigate opportunity to introduce service to Clifton Rd. area neighborhoods. Rutland near-term network restructure – routes 10, 11, 14			
<p>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</p>						
2026/27	September	11,450	0	281,254	1,877,311	719,540
		Description	City of Kelowna: 98 Rutland/UBCO Express Full Implementation (takes into account phase 1 from Yr 1). On-time performance improvements to 16 Upper Mission. Off-peak improvements to route 10 and 11 based on Rutland L ATP.			

PROPOSED CUSTOM EXPANSION INITIATIVES						
AOA Period	Estimated In Service	Annual Hours	Vehicle Requirements	Estimated Annual Revenue	Estimated Annual Total Costs	Estimated Annual Net Municipal Share
2025/26	April	415	0	829	58,394	18,622
		Description	Introduce basic weekend custom transit service on Sundays with dedicated handyDART vehicles.			
2026/27	April	1,040	0	2,078	147,364	47,008
		Description	Expand the handyDART service hour span of weekday service to reflect Conventional hours of operation.			

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 2024/25 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 10, 2023

Name: Chelsea Mossey

Position: Senior Manager, Government Relations