



08/26/2024

Attn: Mike Kittmer
Transit and Programs Manager
City of Kelowna
1435 Water Street
Kelowna, BC - V1Y 1J4

Re: Transit Improvement Program - 3 Year Transit Expansion

Dear Mike,

The purpose of this letter is to confirm transit service expansion plans for 2025/26 and the subsequent two years. BC Transit confirms service expansion plans with local government partners on an annual basis. This process supports BC Transit in developing operating and capital budget submissions that reflect the growth trajectory established through service expansion funding commitments.

As your transit system has service initiatives requiring expansion funding, we have attached a Memorandum of Understanding (MOU) to formalize your request for provincial funding to support service expansion. This MOU summarizes specific transit expansion initiatives for the next three operating years from 2025/2026 through to 2027/2028. These initiatives are derived from recommendations outlined in the most recent transit service plan 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, or in some cases the estimated increases to the Taxi Supplement budget for Custom Transit. If your expansion requires additional vehicles, this is identified and factored into estimated total costs. As always, if expansion requests exceed available provincial funding or vehicle availability, BC Transit's expansion prioritization process will be used to determine which service priorities receive funding.

As we experienced through our 2023 Transit Improvement Program, we expect to see significant demand for expansion resources coming from local governments this year. While we are making every effort to increase the availability of expansion resources to meet this demand, we expect that we will be unable to fulfill all requests that we receive through this process. In addition to the extraordinary demand, the transit industry continues to experience more advanced lead times for the procurement and delivery of buses, and more limited availability of certain vehicle types. Despite these challenges, we are continuing to support key expansion priorities in the short term while ensuring that the identified demand is reflected in our long-term capital planning process. 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 20, 2024. If you are unable to meet this deadline, please contact me at your earliest convenience.



Bart Walman
Manager, Government Relations
BC Transit

Three-Year Transit Expansion Plan

Proposed Transit Service Expansion Initiatives

The table below outlines expansion initiatives for the 2025/26 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 – YEAR 1 (2025/26)						
AOA Period	Estimated In Service	Annual Hours	Vehicle Requirements	Estimated Annual Revenue	Estimated Annual Total Costs	Estimated Annual Net Municipal Share
2025/26	January 2026	17,750	7	436,006	3,596,982	1,595,786
		Description	<ul style="list-style-type: none"> • 98 Rutland/UBCO Express Full Implementation • Rutland LATP Phase 2 restructuring and off-peak improvements • Mission network restructure • Route 84 service expansion 			

PROPOSED CUSTOM EXPANSION INITIATIVES – YEAR 1 (2025/26)						
AOA Period	Estimated In Service	Annual Hours	Vehicle Requirements	Estimated Annual Revenue	Estimated Annual Total Costs	Estimated Annual Net Municipal Share
2025/26	April 2025	415	0	829	71,087	22,850
		Description	Introduce basic weekend custom transit service on Sundays with dedicated handyDART vehicles.			

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 – YEAR 2 & 3 (2026/27 – 2027/28)						
AOA Period	Estimated In Service	Annual Hours	Vehicle Requirements	Estimated Annual Revenue	Estimated Annual Total Costs	Estimated Annual Net Municipal Share
2026/27	June 2026	10,800	4	278,290	2,227,632	977,805
		Description	<ul style="list-style-type: none"> Span, on time performance and off-peak frequency improvements to FTN routes Potential introductory service to Clifton Rd. area neighborhoods Additional frequency and weekend service on Routes 13 and 84 			
2027/28	September 2027	17,600	7	453,510	3,837,016	1,717,953
		Description	<ul style="list-style-type: none"> Peak service improvements on RTN and FTN routes On time performance improvements on FTN routes 			

PROPOSED CUSTOM EXPANSION INITIATIVES – YEAR 2 & 3 (2026/27 – 2027/28)						
AOA Period	Estimated In Service	Annual Hours	Vehicle Requirements	Estimated Annual Revenue	Estimated Annual Total Costs	Estimated Annual Net Municipal Share
2026/27	April 2026	1,040	0	2,215	144,643	45,966
		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 2025/26 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: 08/26/2024

Name: Bartley Walman

Position: Manager, Government Relations