

# Report to Council



**Date:** August 14, 2017  
**File:** 1405-01  
**To:** City Manager  
**From:** Matt Friesen, Financial Analyst  
**Subject:** Transit 2017/2018 Annual Operating Agreement

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## **Recommendation:**

THAT Council approve the 2017/2018 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, 2017 to March 31, 2018.

## **Purpose:**

To receive Council approval for the transit 2017/2018 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 2017/2018 AOA were included in the City of Kelowna's 2017 Provisional Budget that Council approved in December 2016.

The main areas of increased costs are:

- the operating company's fixed costs
- increased hourly costs due to rate increases
- increases in fleet maintenance

- Increased lease fees

#### Conventional Transit

The 2017/18 AOA includes a \$486,564 increase in costs for Conventional transit: \$115,355 is related to operating costs; \$371,209 is related to increased lease fees. This represents a 2.34% increase from the 2016/17 AOA presented to Council in August 2016. \$361,525 is the City of Kelowna's portion of the Local Government share of the increase.

#### Community Transit

Costs increased \$135,630 within the 2017/18 AOA: \$114,004 is related to operating costs; \$21,626 is related to increased lease fees. This represents a 5.65% increase from the 2016/17 AOA presented to Council in August 2016. \$31,008 is the City of Kelowna's portion of the Local Government share of the increase.

#### Custom Transit

The 2017/18 AOA also includes a \$150,814 increase in costs for Custom transit: \$131,723 in related to operating costs; \$19,091 in related to lease fees. This represents a 4.66% increase from the 2016/17 Amended AOA presented Council in February 2017. \$46,407 is the City of Kelowna's portion of the Local Government share of the increase.

#### **Internal Circulation:**

Manager, Integrated Transportation  
Manager, Transit and Programs  
Divisional 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, Financial Analyst

Approved for inclusion:



**Genelle Davidson**, *Divisional Director, Financial Services*