



STAFF REPORT TO COMMITTEE

DATE OF REPORT January 2, 2021
MEETING TYPE & DATE Community Services Committee of January 13, 2021
FROM: Facilities & Transit Division
Community Services Department
SUBJECT: 2020/21 Annual Operating Agreement with BC Transit
FILE: 2240-20

PURPOSE/INTRODUCTION

The purpose of this report is to seek approval of the Annual Operating Agreement (AOA) with BC Transit effective April 1, 2020 to March 31, 2021.

RECOMMENDED RESOLUTION

That it be recommended to the Board that the Annual Operating Agreement with BC Transit for the period of April 1, 2020 to March 31, 2021 be approved.

BACKGROUND

On December 7, 2020, BC Transit provided an updated AOA which, if approved, will be retroactive to April 1, 2020. The AOA includes: the current transit fares, any newly implemented service expansions (none for 2020/21), service terms and conditions, any special non-regular funding, and the negotiated service cost amounts with each operating company. BC Transit is responsible for contract negotiations, oversight, day-to-day work and management with the operating companies.

Normally, BC Transit provides the AOA to local government partners in the spring for the corresponding fiscal year. However, due to the COVID-19 pandemic and associated response, BC Transit has been delayed in providing the 2020/21 AOA.

As part of the initial AOA development, which normally occurs in the fall of each year, BC Transit reviews the Service Agreement terms and conditions with each of the transit operating companies and negotiates the costs for the upcoming year. Also in the fall of each year, as a result of their negotiations with the operating companies, BC Transit advises local governments of the expected costs (i.e. draft budgets) so local governments can incorporate the new costs into their corresponding next year's budget.

As noted above, the 2020/21 AOA was delayed as a result of the COVID-19 pandemic and associated response, as well as the time required for BC Transit to negotiate the Safe Restart contribution funding that is allocated to local governments for 2 years commencing April 1, 2020. This funding is provided in order to decrease the financial impact of reduced fare revenue associated with lower ridership and incremental expenses as a result of the COVID-19 pandemic. The AOA affects both Function 106 (Commuter service) and Function 107 (Conventional, Youbou and Custom) budgets.

Receipt of this funding is contingent on the following three items:

- 1) Essential service levels must be maintained;
- 2) Current fares must be maintained and any fare increases must be limited to an average of 2.3% per year for the next 4 years; and

3) The Annual Operating Agreement (AOA) must be approved by January 31, 2021.

Detailed budget information is supplied to CVRD staff for budgeting purposes; however, the commercially confidential information is protected by the *Freedom of Information & Protection of Privacy Act* and as such, the budget information that is available for sharing has been streamlined and summarized in a schedule that accompanies the AOA agreement (Attachment B).

ANALYSIS

Staff have reviewed the 2020/21 AOA transit services and budget information, and confirm they are accurate.

FINANCIAL CONSIDERATIONS

The service cost budget implications included in the 2020/21 AOA are in line with what has already been included in the CVRD's 2020 Function 106 and Function 107 approved transit budgets. The 'Safe Restart' funding which will be applied to monthly invoices retroactive to April 1, 2020, was not included in the 2020 budgets, but with this funding it is anticipated that the 2020 year will either break even, or potentially have a surplus in both transit functions.

As described in Attachment A, the CVRD's share of funding that is included in the 2020/21 AOA for the Commuter transit service (Function 106) is \$167,109/year; and the combined total of the Conventional, Youbou and Custom transit services (Function 107) is \$302,010/year.

Safe Restart Funding Allocations	
Function 106	Function 107
\$607,669 / 2 years (\$303,835 / year X 55%* = \$167,109 / year)	\$604,020 / 2 years (\$302,010 / year)

* The amount allocated for F106 is shared between the CVRD at 55% and the Capital Regional District at 45%.

For the CVRD 2020 budget year, the 'Safe Restart' contribution funding is retroactive to April so for Function 106 it is \$125,332 and for Function 107 it is \$226,508.

COMMUNICATION CONSIDERATIONS

The approval of the AOA is time sensitive, and upon Board approval the signed agreements will be provided to BC Transit prior to January 31, 2021.

STRATEGIC/BUSINESS PLAN CONSIDERATIONS

The CVRD's partnership with BC Transit to fund and deliver transit service aligns with the strategic plan objective of supporting the development and use of alternative transportation opportunities in the region.

GENERAL MANAGER COMMENTS

☐ Not Applicable

Referred to (upon completion):

- ☐ Communications & Engagement
- ☐ Community Services (Cowichan Community Centre, Cowichan Lake Recreation, South Cowichan Recreation, Arts & Culture, Emergency Management, Facilities & Transit)
- ☒ Corporate Services (Finance, Human Resources, Legislative Services, Information Technology, Procurement)

- ☐ Engineering Services (*Environmental Services, Recycling & Waste Management, Water Management*)
- ☐ Land Use Services (*Community Planning, Development Services, Inspection & Enforcement, Economic Development, Parks & Trails*)

Prepared by:

Reviewed by:



Jim Wakeham
Manager

Not Applicable
Not Applicable



John Elzinga
General Manager

Reviewed for form and content and approved for submission to the Committee:

Resolution:

Financial Considerations:

☒ Manager, Legislative Services

☒ Manager, Finance

ATTACHMENTS:

Attachment A – December 7, 2020 Letter from BC Transit

Attachment B – BC Transit 2020/21 Annual Operating Agreement