

**DATE:** February 2, 2021

**TO:** Chair and Directors  
Regional District Board

**FROM:** Russell Dyson  
Chief Administrative Officer

**FILE:** 1700-02/2021/780

Supported by Russell Dyson  
Chief Administrative Officer

***R. DYSON***

**RE: 2021 - 2025 Financial Plan – Comox Valley Transit Service – Function 780**

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### **Purpose**

To provide the Comox Valley Regional District (CVRD) Board with the proposed 2021 - 2025 financial plan and work plan highlights for the Comox Valley Transit Service, function 780.

### **Recommendation from the Chief Administrative Officer:**

1. THAT the proposed 2021 – 2025 financial plan for the Comox Valley Transit Service, function 780, be approved.
2. THAT a \$100,000 per year increase to ‘Contracts – Operating’ in function 780 be included in the 2021 – 2025 recommended financial plan for 2021-2023 to support the Hornby and Denman community bus programs; costs will be offset utilizing additional savings identified in the BC Transit operating budget forecasts which will also be reflected in the recommended budget.

### **Executive Summary**

- The proposed 2021 operating revenue includes requisition levels staying the same as 2020, at \$2,300,000, resulting in an estimated residential tax rate of \$0.1152 per \$1,000 of taxable assessed value (2020 = \$0.1211). The tax impact for a home assessed at \$500,000 would be \$57.60 (versus \$60.55 in 2020).
- Public transit is an important part of a broader transportation network and addresses many of the Rethink Comox Valley principles. This includes mobility of citizens, reduced Green House Gas (GHG) emissions and alternatives to gas fueled private automobiles as well as caring for the community including vulnerable populations and addressing poverty.
- Bus fare and related revenue estimates are projected to be lower than normal (\$311,501 less than 2020) in consideration of the impact that COVID-19 has had on ridership and revenue levels.
- There are no personnel changes included in the financial plan.
- Operating costs are reduced in 2021 as a result of receiving \$900,692 from the BC Safe Restart Funding program specifically for transit.
- Transit capital is currently limited to debt servicing payments toward BC Transit owned buses. Capital projects that may be considered for future years include transit exchanges, a new transit operations facility as well as transit priority measures.
- The future expenditure reserve for the service has an estimated balance as at December 31, 2020 of \$619,194 with a balance by the end of 2025 anticipated to be \$252,783.

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Concurrence:

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**Government Partners and Stakeholder Distribution (Upon Agenda Publication)**

Transit Management Advisory Committee	✓
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**Board Strategic Drivers**

The CVRD Board has set four strategic drivers to guide service delivery. Table 1 notes the degree of influence the drivers have on projects and work plans.

**Table 1: Board Strategic Drivers**

<p><b>Fiscal responsibility:</b></p> <ul style="list-style-type: none"> <li>• CVRD and BC Transit regularly review the operation of the transit system to identify efficiency and cost savings opportunities.</li> <li>• The transit budget includes cost increases associated with maintaining service levels during the 5<sup>th</sup> Street Bridge rehabilitation project and improving service gaps in the Back Road area.</li> </ul>	<p><b>Climate crisis and environmental stewardship and protection:</b></p> <ul style="list-style-type: none"> <li>• Planned improvements to transit will assist in reducing GHG emissions from private automobiles.</li> <li>• BC Transit is moving toward full electrification of the bus fleet by 2040.</li> </ul>
<p><b>Community partnerships:</b></p> <ul style="list-style-type: none"> <li>• BC Transit and CVRD will be consulting with key stakeholders and partners as part of the transit future action plan.</li> <li>• CVRD, BC Transit and member municipalities work together through the Transit Management Advisory Committee.</li> </ul>	<p><b>Indigenous relations:</b></p> <ul style="list-style-type: none"> <li>• The transit budget includes costs increases associated with expansion of service into the Back Road area and through KFN IR#1</li> <li>• BC Transit and CVRD will be engaging with KFN as part of the transit future action plan.</li> </ul>

**Rethink Comox Valley / COVID-19 Response and Renewal**

Comox Valley Regional Transit is an important part of a broader transportation network and addresses many of the Rethink Comox Valley principles. This includes mobility of citizens, reduced GHG emissions and alternatives to gas fueled private automobiles as well as caring for the community including vulnerable populations and addressing poverty.

Transit underpins a range of social objectives by allowing people who may be disadvantaged to be able to participate in their local community. Importantly, access to public transit allows people with low incomes, youth and senior’s, and people with disabilities to live independently and be able to affordably access medical, health, community, social and economic opportunities year round. Research also suggests that public transit results in improved health, reduced greenhouse gases and traffic congestion and supports new development and growth in the community.


It is acknowledged that the board wants a broader transportation dialogue focused on taking action toward reducing the significant GHG emissions resulting from transportation in the Comox Valley and the need to pursue alternative modes. An assessment of transportation alternatives is proposed in 2021 to be funded by the transit service, in the amount of \$50,000. This will involve retaining a transportation consultant to review the various transportation modes and trends and provide analysis into how they work in a setting like the Comox Valley, their ability to achieve various outcomes (e.g. environmental, social, mode shift) and the possible role of the CVRD (see appendix A for preliminary scope of work).

### Financial Plan Overview

The 2021 - 2025 proposed five-year financial plan for the Comox Valley transit service, function 780, including service establishment information, the requisition summary and the operating budget, is available within the full proposed budget binder, provided in both searchable PDF and e-reader formats, located on the CVRD financial plan web page at [www.comoxvalleyrd.ca/currentbudget](http://www.comoxvalleyrd.ca/currentbudget).

Table 2 summarizes the 2021 proposed budget as compared to the 2020 adopted budget. Significant variances from 2020 adopted budget will be discussed in the financial plan sections that follow.

**Table 2: Financial Plan Highlights**

		#780 Comox Valley Transit		
Operating	2020 Budget	2021 Proposed Budget	Increase (Decrease)	
<b>Revenue</b>				
Grants In Lieu	45,000	53,000	8,000	
Senior Govt Grants	8,136	8,136		
Requisition	2,300,000	2,300,000	-	
Sale Services User Fees	802,837	491,336	(311,501)	
Other Revenue/Recoveries	64,352	192,849	128,497	
Transfer from Reserve	15,000	0	(15,000)	
Prior Years Surplus	67,737	247,500	179,763	
	<b>\$ 3,303,062</b>	<b>\$ 3,292,821</b>	<b>\$ (10,241)</b>	
<b>Expenditures</b>				
Personnel Costs	130,023	130,449	426	
Operating	3,102,183	2,862,654	(239,529)	
Contribution to Reserve	20,856	266,067	245,211	
Transfer to Other Local Gov't	50,000	33,651	(16,349)	
	<b>\$ 3,303,062</b>	<b>\$ 3,292,821</b>	<b>\$ (10,241)</b>	

Highlights of the 2021 - 2025 proposed financial plan for function 780 include:

#### Revenue Sources

User fee (bus fare) revenue estimates have been developed based on prior year actuals and taking into consideration the impact that COVID-19 has had on ridership and revenue levels. A 40 per cent reduction from normally expected levels is forecasted in 2021 and a 25 per cent reduction in

2022. A small amount of additional bus fare revenue is included and associated with an expected increase in ridership due to the proposed 2021 service improvements.

The CVRD also benefits from ‘offset’ revenue generated by the BC bus pass program administered by the province (~\$116,232) and through the sale of advertising space on the buses (~\$12,582). CVRD will also receive \$900,692 from the BC Safe Restart Funding program in a similar manner to be distributed over 2021 and 2022. These revenue sources are reflected in the budget as a reduction in the amount we pay to BC Transit (“Contracts – Operating” expenses).

The proposed 2021 operating revenue includes requisition levels staying the same as 2020, at \$2,300,000. From 2022 – 2025 overall requisition levels are forecasted to have annual increases of \$300,000 in 2022 and \$150,000 in subsequent years. These requisition increases are needed in order to fund cost increases associated with expanded service levels as well as regular transit industry inflation (e.g. fuel, repairs, wages, etc.).

Other revenue/recoveries in the 2021 budget includes funding from BC Transit (\$70,000) for the transit infrastructure study and \$50,000 from MOTT’s minor betterment program for bus stop infrastructure in Black Creek and Fanny Bay. These projects are all being procured and led by CVRD with these funding allocations from the province.

#### Personnel

There are no personnel changes included in the financial plan, with these costs remain flat versus 2020.

#### Operations

While operating costs would normally be increasing as a result of the additional service hours being implemented this year (3,000 conventional, 600 paratransit) as well as regular transit industry inflation, they are proposed to decrease by \$10,241 in 2021 due to the Safe Restart Funding. This allocation of \$900,692 will significantly reduce the BC Transit operating contract costs in 2021 and to a lesser degree in 2022. Overall increases in subsequent years range from approximately \$100,000 to \$400,000 per year from 2022 to 2025.

It should be noted that this proposed budget was prepared prior to receiving updated operating budget forecasts from BC Transit. These have recently been received and appear to be less than originally expected, by at least \$100,000 per year. Staff are completing a more detailed review and will update the final transit budget figures to reflect the reduced operating costs in the recommended budget. These savings could be applied to reserves or used for other purposes based on the Board’s direction.

In the 2020 budget, an allocation of \$35,000 had been included to assist with a community bus initiative on Hornby and Denman Islands. As the community bus was not operated in 2020 due to the pandemic, these funds have been carried forward into 2021. Staff have recently heard from Hornby and Denman community bus contacts that they are expecting less revenue this year due to the impacts of COVID-19 on the business community. As such, staff are recommending to utilize \$100,000 of the additional savings mentioned above to support the Hornby and Denman bus program for the next three years (i.e. \$100,000 per year). This will help continue and expand the community bus service available on the islands and allow time for a more permanent long term solution to be identified through the transit future action plan (resuming this fall) and through discussions with School District No.71 about possible bus partnerships.

### Capital

While the Comox Valley Transit Service does not currently own any transit assets, it does contribute to capital, primarily buses, through the debt servicing payment as stipulated in our annual operating agreement with BC Transit.

Capital projects that may be considered for future years include transit exchanges, a new transit operations facility as well as transit priority measures. A study on exchanges and priority measures will be complete in March 2021 at which point it is proposed that staff present findings to the board and all municipal councils prior to seeking board approval. In addition, staff will develop a funding and implementation model for the board's consideration that could include CVRD assuming responsibility and funding the construction of necessary transit infrastructure. This will also take into consideration the results of a study to be conducted mid-2021 on the transit operations facility. Currently this is owned by the private transit operator, PWTransit, and the study will look at a publicly owned facility, which may be required as part of the electrification of the transit fleet, and could have other advantages over the existing facility.

### Reserves

Reserves at the end of 2020 were estimated to be \$619,194. Updated reserve amounts will be included in the recommended budget once the 2020 year-end is finalized. The transit service reserves are benefiting from the cost savings found in 2020 as well as the significant funding received through the BC Safe Restart program.

In order to fund the service as well as smooth out and limit future requisition increases, transfers from the operating reserve are included in the 2022-2025 budget years. As a result of these transfers, the reserves at the end of the five-year financial plan period will be approximately \$252,783.

### Tax Impacts

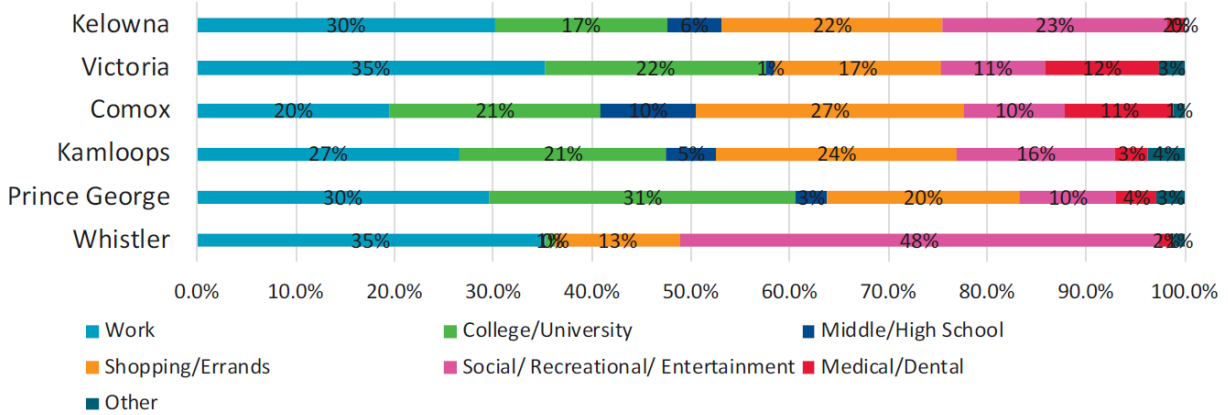
- Based on the 2021 completed assessment roll, the estimated residential tax rate for this service is expected to be \$0.1152 per \$1,000 of taxable assessed value.
- The 2020 residential tax rate for the service was \$0.1211 per \$1,000 of taxable assessed value.
- For a residence with an assessed value of \$500,000, the total tax impact is estimated to be \$57.60.

### **Citizen/Public Relations**

Public transit is an important mode of transportation for residents that do not drive due to factors such as age, health and economic reasons. Ridership statistics show that the majority of riders are adults followed by students, persons with disabilities and then seniors. Statistics also show that annual ridership in the BC Transit fiscal year 2019/2020 was at 752,000 for the conventional system and 39,000 for the paratransit system which represents approximately an 11 and 6 per cent increase respectively from the prior year.

A recent survey of riders also provided interesting data with respect to the types of trips taken on the Comox Valley Regional Transit system.

### Pre COVID-19 Demand Characteristics by System



There was very little public outreach conducted by CVRD during 2020 which typically includes special event services (e.g. Canada Day), the CVRD’s social media, a transit education and marketing contractor and advertising campaign. Increased levels of outreach are planned for 2021 to raise awareness of the service changes, transit future action plan consultation opportunities and 5<sup>th</sup> Street Bridge rehabilitation project. Should transit priority measures be in place for the bridge project, there will be an excellent opportunity to attract people out of single occupant vehicles and onto public transit.

Attachments: Appendix A – “Transportation Alternatives Assessment”

## Appendix A – Transportation Alternatives Assessment Preliminary Scope of Work

Comox Valley Regional District (CVRD) is interested in retaining a consultant to prepare a backgrounder report that provides a review of the various transportation modes and trends relevant to the region. This work will also provide analysis/synopsis into how the various modes/trends are applicable and perform in a setting like the Comox Valley including their ability to achieve various outcomes such as social wellbeing, accessibility and in particular, Green House Gas reductions and mode shift away from private fossil fueled automobiles. Finally, the backgrounder should provide some dialogue with respect to the role that various levels of government, including the regional district, could play in the delivery and performance of each mode.

- A review of existing local and provincial transportation plans/strategies/initiatives should be undertaken and referenced where applicable.
- Non-modal trends should include:
  - the impact of land use on transportation
  - transportation demand management programs
  - younger generation's interest in private vehicle ownership
  - electrification of vehicles
  - technology based solutions and mobility as a service
  - inter-regional travel needs
- An easy to use reference guide/toolkit should be produced that identifies each mode/trend and highlights its ability to achieve desired outcomes, pros/cons, key benefits, other considerations and government role.
- The consultant shall develop and facilitate a workshop with the CVRD board to present the backgrounder, generate discussion and gather feedback.

Key objectives with this work includes:

- Educate the board and staff on transportation modes/trends so that informed discussion and decision making can be achieved
- Identify any low hanging fruit that advances the board's goals and could be implemented by CVRD in the short term
- Help scoping of future work that is required to advance the board's goal

Timeline:

- It is expected that this work take place from approximately May to September.