

**DATE:** January 22, 2020

**FILE:** 1700-02/2020/780

**TO:** Chair and Directors  
Committee of the Whole

Supported by Russell Dyson  
Chief Administrative Officer

**FROM:** Russell Dyson  
Chief Administrative Officer

***R. DYSON*** \_\_\_\_\_

**RE: 2020 - 2024 Financial Plan – Comox Valley Transit Service, Function 780**

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**Purpose**

To provide the Committee of the Whole with the proposed 2020 - 2024 Financial Plan and work plan highlights for the Comox Valley Transit Service, function 780.

**Recommendation from the Chief Administrative Officer:**

THAT the proposed 2020 – 2024 financial plan the Comox Valley Transit Service, function 780, be approved.

**Executive Summary**

- The estimated residential tax rate for this service in 2020 will be \$0.1209 per \$1,000 of assessed value (versus \$0.1089 in 2019) which equates to \$60.45 per year for a \$500,000 home.
- Revenue from bus fares, passes and ticket sales is budgeted to increase in 2020 by \$64,837 to help offset expenses.
- The proposed 2020 requisition increases by \$350,000 from 2019 levels to \$2,300,000. In the 2019 financial plan this increase was forecasted to be \$550,000 and has been reduced in 2020 as a result of higher bus fare revenue forecasts (and thus less reliance on requisition).
- Overall expenses for 2020 are forecasted at \$3,262,189 which is \$194,564 more than the 2019 budget levels as a result of service expansions, inflationary pressures on transit operations and a new operating contract. In the 2019 financial plan this was forecasted to be \$337,782 and has been reduced in 2020 as a result of a reduction in CVRD personnel costs and BC Transit operating costs.
- The operating contract with BC Transit is increasing in 2020 by \$163,341 to support the 2,000 hour conventional transit and 600 hour paratransit expansions targeted for implementation in September.
- An allocation of \$50,000 has been included in 2020 to support member municipalities and North Island College in their efforts to improve amenities at the main transit exchanges.
- Reserves at the end of the five-year financial plan period will be approximately \$417,731.

Prepared by:

Concurrence:

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**Stakeholder Distribution (Upon Agenda Publication)**

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

Comox Valley Regional District (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: 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 system improvements identified through public consultation and included in the transit future plan and TIPS process.</li> </ul>	<p><b>Climate crisis and environmental stewardship and protection:</b></p> <ul style="list-style-type: none"> <li>• Transportation accounts for a significant portion of the community GHG emissions.</li> <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 update to the transit future plan.</li> <li>• CVRD, BC Transit and member municipalities work together on transit issues through the Transit Management Advisory Committee (TMAC).</li> </ul>	<p><b>Indigenous relations:</b></p> <ul style="list-style-type: none"> <li>• CVRD worked with MOTI and KFN last year to establish formal bus stops with shelters at IR#1.</li> <li>• BC Transit and CVRD will be engaging with KFN as part of the update to the transit future plan.</li> </ul>


A Core Service highlight document is included in Appendix B.

**Financial Plan Overview**

The 2020 - 2024 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 2020 proposed budget as compared to the 2019 adopted budget. Significant variances from 2019 adopted budget will be discussed in the financial plan sections that follow.

Table 2: Financial Plan Highlights

 <b>2020 Proposed Budget</b>			
<b>#780 Comox Valley Transit</b>			
<b>Operating</b>	<b>2019 Budget</b>	<b>2020 Proposed Budget</b>	<b>Increase (Decrease)</b>
<b>Revenue</b>			
Grants In Lieu	45,000	45,000	-
Requisition	1,950,000	2,300,000	350,000
Sale Services User Fees	738,000	802,837	64,837
Other Revenue/Recoveries	52,000	64,352	12,352
Transfer from Reserve	232,044	0	(232,044)
Prior Years Surplus	50,581	50,000	(581)
	<b>\$ 3,067,625</b>	<b>\$ 3,262,189</b>	<b>\$ 194,564</b>
<b>Expenditures</b>			
Personnel Costs	152,507	130,023	(22,484)
Operating	2,865,118	3,079,047	213,929
Contribution to Reserve		3,119	3,119
Transfer to Other Local Gov't	50,000	50,000	-
	<b>\$ 3,067,625</b>	<b>\$ 3,262,189</b>	<b>\$ 194,564</b>

The consideration of the transit budget is part of an annual cycle of activities that defines the partnership between CVRD and BC Transit (Appendix A) for the operation and improvement of the Comox Valley Transit System. Highlights of the 2020 - 2024 proposed financial plan for function 780 include:

#### Revenue Sources

User fee revenue estimates have been developed based on prior year actuals and are considered conservative due to the variability in ridership and fare product usage. These revenue sources are budgeted to increase in 2020 by approximately \$64,837 based on 2019 year end actuals and as a result of the upcoming fare changes as well as expected increases in ridership due to 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).

The proposed 2020 operating revenue includes the requisition increasing by \$350,000 from 2019 levels, to \$2,300,000. From 2021 – 2024 overall requisition levels are forecasted to have increases ranging from \$50,000 to \$400,000 annually. These requisition increases are needed in order to fund cost increases associated with expanded service levels as well as inflation and a new operating contract in 2020.

#### Personnel

There is a reduction of \$22,484 in personnel costs for 2020 as a result of a restructuring and reallocation of staff resources.

#### Operations

Operating costs are proposed to increase by \$213,929 in 2020 with the BC Transit operating contract making up \$163,341 of that increase reflecting the part year implementation of 2,000 additional conventional service hours and 600 paratransit hours as well as inflationary pressures on

transit operations (e.g. fuel, repairs, wages) and the new operating contract. Overall increases in subsequent years range from approximately \$100,000 to \$375,000 per year from 2021 to 2024.

Expanded service hours for 2020 were approved by the CVRD board in spring 2019 as part of the annual Transit Improvement Program (TIPS). The conventional expansion will involve improvements to the west Courtenay routing/schedules and additional service for the route #1 Anfield Centre/Comox Mall as well as #3 Comox Local.

The paratransit expansion will facilitate an improved community bus service in the Cape Lazo/Point Holmes and Huband/Seal Bay areas. Further system expansions are included in the 2021 (1,000 hour conventional, 500 hour paratransit) and 2022 (1,500 hour conventional, 100 hour paratransit) budget years. More detailed discussion and analysis on these will be forthcoming as part of the upcoming TIPS report in spring 2020.

The operating contract with Watson and Ash Transportation expires in March 2020 and a new contract has been awarded to PWTransit Canada Ltd., a member of the Pacific Western Group of Companies who have acquired Watson and Ash.

An allocation of \$20,000 has been included in 2020 to assist with the extended Hornby Island transit pilot project. A further allocation of \$35,000 has been included for CVRD's contribution to an engineering study, in partnership with BC Transit, to undertake planning for upcoming transit exchanges.

### 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 depot as well as transit priority measures. In the meantime, an allocation of \$50,000 has been included in 2020 to support member municipalities and North Island College in their efforts to improve amenities at the main transit exchanges (e.g. cost sharing bus shelters installation).

### Reserves

Reserves at the end of 2019 were estimated to be \$512,331. Updated reserve amounts will be included in the recommended budget once the 2019 year-end is finalized.

In order to fund the service as well as smooth out and limit requisition increases, transfers from the operating reserve are included in the 2021, 2023 and 2024 budget years. As a result of these transfers the reserves at the end of the five-year financial plan period will be approximately \$417,731.

### Tax Impacts

- Based on the 2020 completed assessment roll, the estimated residential tax rate for this service is expected to be \$0.1209 per \$1,000 of taxable assessed value
- The 2019 residential tax rate for the service was \$0.1089 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 \$60.45.

**Citizen/Public Relations**

Public transit is an important mode of transportation for residents that do not drive due to factors such as age, health, economic and environmental 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 is currently at 675,000 for the conventional system and 37,000 for the paratransit system which represents approximately a 7.5 per cent increase and a 3 per cent decrease respectively from prior years.

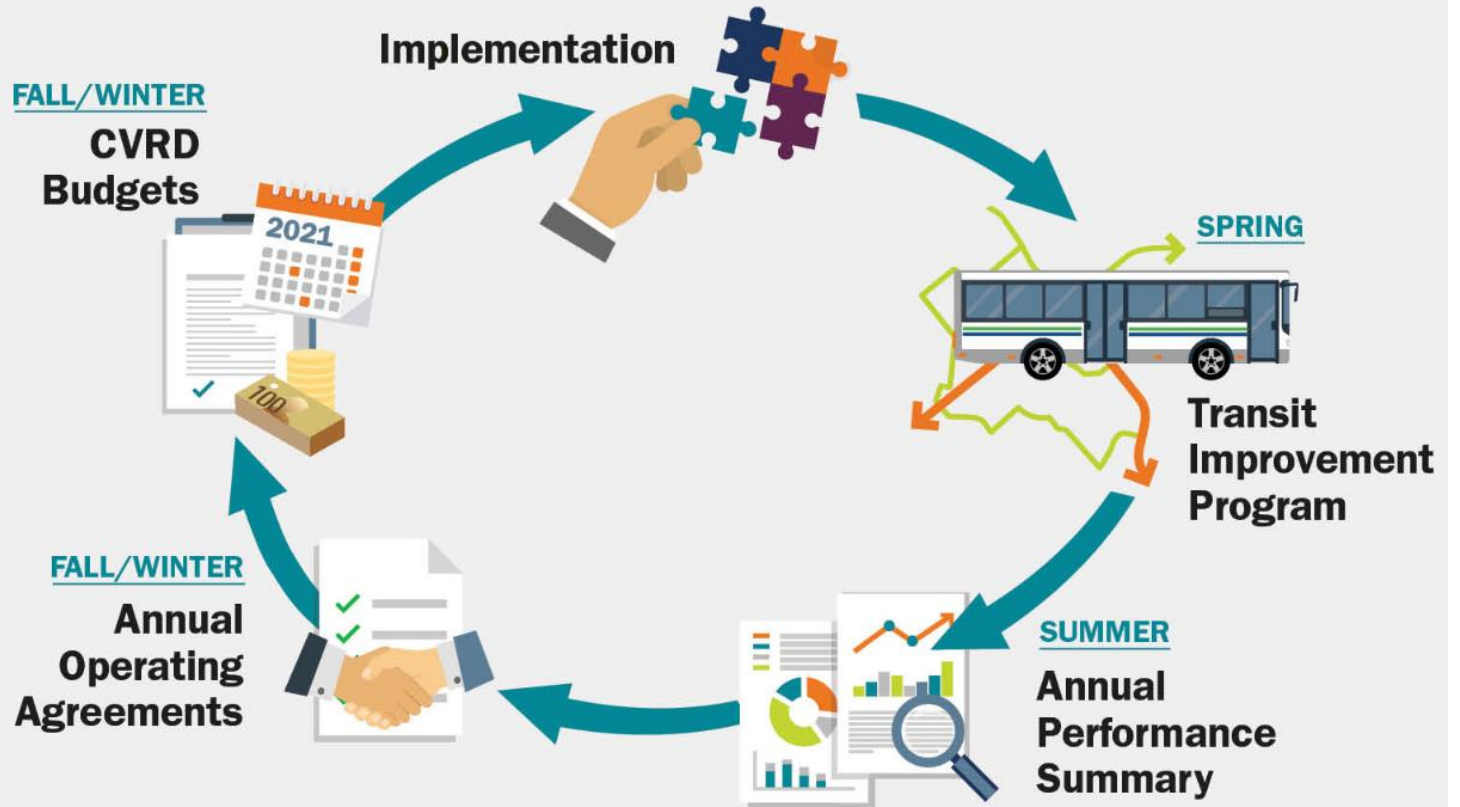
Ongoing public outreach during 2019 included special event services (e.g. Canada Day), the CVRD's social media and a transit education and marketing contract which promoted the Love the Bus campaign. Increased levels of outreach is planned for 2020 and 2021 to increase awareness of the upcoming fare changes, system expansions, transit future plan consultation opportunities and 5<sup>th</sup> Street Bridge rehabilitation project.

Attachments: Appendix A – “BC Transit and CVRD Partnership”  
Appendix B – “Core Service – Transit”

## Appendix A



# BC Transit & CVRD Partnership





## Core Service: Transit



CVRD partners with BC Transit and a local operating contractor to deliver public transit services in the Comox Valley; Transit is a Comox Valley wide service that serves most of the Comox Valley and links up with the Campbell River transit system at the Oyster River.

The Provincial Government oversees public transit through BC Transit, working in partnership with local government and various local transit management companies. Together, these groups set fare levels, establish schedules, gather public feedback and review growth patterns to determine future expansion of the system.

### Key service outcomes:

- ✓ Affordable fares
- ✓ Access equity
- ✓ Greenhouse gas reduction
- ✓ Alternative services in rural areas
- ✓ Link high need users to services e.g. food bank, farmers market
- ✓ Integration with School District 71 student transportation needs
- ✓ Mode shift – Transit Future Action Plan

## Initiatives (Proposed for 2020-2024 budget)

Key Projects	Strategic Drivers	Costs	Public Engagement	Timing
1. Annual Transit Improvement Plans based on BC Transit and local input	F, C, I	\$		Ongoing
2. Development of a Transit Future Action Plan to: <ul style="list-style-type: none"> <li>○ review mode share targets and service levels</li> <li>○ local government land use and transportation plans and</li> <li>○ identify future service and infrastructure needs and cost implications *</li> </ul>	F, C, P, I	\$		2020
* - depends on partner collaboration and advocacy with partners is encouraged Strategic Drivers: F = fiscal responsibility; C = climate crisis; P = community partnerships; I = Indigenous relations				