



An overall increase in revenue of 2.0% is attributed to the increase in farebox cash revenue, tickets and passes as well as \$20,000 for new advertising revenue offset somewhat by a projected \$20,000 decrease in Custom Transit revenue.

Scheduled revenue hours have increased by 2.1% due to calendar year fluctuations. This translates to a small increase in overall revenue as noted above.

Specific to conventional transit, there is a 2.0% increase for all fixed cost items, which includes driver's wages; however, fuel costs have decreased by 26% due to the conversion of the entire conventional fleet to CNG and ongoing low costs for CNG. The decrease in fuel costs is offset by increase in the lease fees (result of two additional buses) and an increase of 8.0% for the management fee.

For custom transit, the largest change is a \$73,000 (66%) increase in fleet maintenance costs resulting from increased maintenance costs as the Custom ARBOC vehicles near the end of their five (5) year lifecycle.

Over the entire transit system, a net municipal share increase of 1.0% has been applied to this budget year. As noted above, this excludes a number of operating and administration costs funded solely by the RDN. The AOA has been reviewed in conjunction with the approved RDN 2018 budget for transit services and is compliant.

## **ALTERNATIVES**

1. Approve the 2018/19 Conventional and Custom Transit Annual Operating Agreements with BC Transit.
2. Do not approve the 2018/19 Conventional and Custom Transit Annual Operating Agreements, removing BC Transit's obligation to cost-share in the Regional District of Nanaimo Transit Service, and that alternative direction be provided.

## **FINANCIAL IMPLICATIONS**

The April 2018 to March 2019 Conventional Transit AOA total cost budget is \$13,738,614 and the total revenue budget is \$4,380,068. The net cost to the RDN under the AOA cost sharing agreement is \$4,064,961. BC Transit's share of costs is \$4,943,877.

Under the April 2018 to March 2019 Custom Transit AOA, the total budget is \$2,159,510 for costs and \$185,000 for revenue. The net cost to the RDN under the AOA is \$723,844 and BC Transit's share of costs is \$1,129,857.

These costs correspond with the approved RDN 2018 budget for transit services. This is based on BC Transit's April 2018 to March 2019 year versus the RDN's annual calendar.

It should be noted that there are items that fall outside the scope of the annual agreement, these items include RDN interdepartmental administration charges, fare product commissions paid to vendors,

building rentals, maintenance of bus stops, training for existing staff members (Serviceperson/drivers), advertising done outside the AOA marketing budget and janitorial services.

An AOA amendment will be brought forward later in the AOA term to reflect a proposed January 2019 expansion involving the addition of 5,000 annual transit service hours.

### Conventional Transit

The main changes in the AOA that should be noted include:

<b>CONVENTIONAL</b>	<b>2017-2018 AOA</b>	<b>2018-2019 AOA</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
Fixed Costs (total cost, overhead, admin. wages)	\$985,004	\$1,002,735	\$17,731	2.0%
Variable Hourly (total cost, drivers' wages and benefits)	\$6,544,921	\$6,792,311	\$247,390	4.0%
Variable Fuel (total cost, fuel and tires)	\$716,435	\$532,510	(\$183,925)	-26%
Fleet Maintenance (total cost, running, major and accident repairs, CNG fuel station maintenance)	\$1,879,054	\$1,827,930	(\$51,124)	-3.0%
Lease Fees for buses/information technology and insurance (local share - 53.31%)	\$2,418,752	\$2,569,880	\$151,128	6.0%
BC Transit Management Fees (local share)	\$628,532	\$678,131	\$49,599	8.0%

The changes noted above are the line items that make up the majority of the overall costs outlined in the AOA. Conventional Transit costs are cost-shared with BC Transit at a current rate of 53.31% RDN and 46.69% BC Transit. The main changes to the Conventional system in the 2018/19 AOA are decreases in CNG costs offset by increases for BC Transit Management Fees and wages and benefits.

### Custom Transit

The main changes in the AOA that should be noted include:

<b>CUSTOM</b>	<b>2017-2018 AOA</b>	<b>2018-2019 AOA</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
Fixed Costs (total cost, overhead, admin. wages)	\$219,196	\$223,141	\$3,945	2.0%
Variable Hourly (total cost, drivers' wages and benefits)	\$1,072,034	\$1,095,844	\$23,810	2.0%

Variable Fuel (total cost, fuel and tires)	\$161,410	\$159,030	(\$2,380)	-1.0%
Fleet Maintenance (total cost, running, major and accident repairs)	\$111,005	\$183,907	\$72,902	66%
Lease Fees for buses/information technology and insurance (local share - 53.31%)	\$311,668	\$296,267	(\$15,401)	-50%
BC Transit Management Fees (local share)	\$109,353	\$112,634	\$3,281	3.0%

The changes noted above are the line items that make up the majority of the overall costs outlined in the AOA. Custom Transit costs are cost-shared with BC Transit at a current rate of 33.31% RDN and 66.69% BC Transit.

The increase in the Custom transit system is due mainly to maintenance costs. Reductions in fuel costs of 1.0% are due to calendar year fluctuations.

Costs for the RDN portion of the 2018 – 2019 AOA correspond with the approved RDN 2018 budget.

**STRATEGIC PLAN IMPLICATIONS**

The Transportation Services Department is continuously working on improving the viability and efficiency of public transit. The Annual Operating Agreement is a fundamental agreement that allows the Regional District of Nanaimo to enter into a cost-sharing arrangement with BC Transit. Residents within the RDN rely on public transit, whether it is Conventional or Custom transit. The options provided by public transit enable residents to leave their cars at home while they take the bus to work, school, and medical appointments or for other equally important reasons.

This aligns with the RDN strategic plan priority to Focus on Service and Organization Excellence by investing in regional services, funding infrastructure recognizing that community mobility is a core service.




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 April 28, 2018

Reviewed by:

- D. Pearce, Director, Transportation and Emergency Planning Services
- P. Carlyle, Chief Administrative Officer

Attachments

1. 2018/19 Annual Operating Agreement