



**REGIONAL DISTRICT OF NANAIMO TRANSIT SYSTEMS 2024 – 2025 ANNUAL
OPERATING AGREEMENT AMENDMENT AND 2025 – 2026 ANNUAL OPERATING
AGREEMENT**

RECOMMENDATIONS

1. That the 2024 – 2025 Annual Operating Agreement Amendment for Conventional, Custom and Interregional, Nanaimo-Cowichan Express, transit service between the Regional District of Nanaimo and BC Transit for the period of January 1, 2025, to March 31, 2025, be approved.
2. That the 2025 – 2026 Annual Operating Agreement for Conventional, Custom and Interregional, Nanaimo-Cowichan Express, transit service between the Regional District of Nanaimo and BC Transit for the period of April 1, 2025, to March 31, 2026, be approved.

BACKGROUND

The Annual Operating Agreement (AOA) between the Regional District of Nanaimo (RDN) and BC Transit (Attachment 1) is renewed annually and outlines the cost-sharing framework for transit services across the region. This includes Conventional Transit and Custom Transit services in Electoral Areas A, C, E, G, and H, the City of Nanaimo, the District of Lantzville, the City of Parksville, the Town of Qualicum Beach and the interregional Nanaimo-Cowichan Express (NCX) service, in partnership with the Cowichan Valley Regional District (CVRD).

Under BC Transit's funding model, the RDN cost shares operating expenses at 53.31% for Conventional Transit, 33.31% for Custom Transit and 53.31% for the NCX service, which is further cost-shared 50% with the CVRD. Municipalities and RDN electoral areas are apportioned the year following service implementation, based on their share of revenue hours and kilometres, as outlined in RDN Bylaws No. 1230 (Southern Transit System) and No. 897 (Northern Transit System).

2024–2025 Amended AOA (January 1 – March 31, 2025)

The 2024–2025 Amended AOA (Attachment 2) addresses the transitional quarter from January 1 to March 31, 2025, and ensures uninterrupted transit service delivery across the RDN.

This amendment reflects the implementation of the 8,900-hour conventional transit expansion that was approved for January 2025, as well as associated cost adjustments.

Key changes in the 2024–2025 AOA Amendment include:

Conventional Transit:

- An 8,900-hour expansion was implemented in January 2025, enhancing service levels across multiple routes. This expansion supports regional growth and aligns with long-term transit planning goals. The increase in operating costs and lease fees associated with this expansion contributes to the overall 2% rise in the net local government share of costs (Attachment 2, Table 1).

Custom Transit:

- No changes were introduced in this amendment period for Custom Transit services. Although a 2,000-hour expansion was proposed, it was not approved. The amendment ensures uninterrupted Custom service during the transition period, with cost-sharing arrangements maintained between the RDN and BC Transit.

Nanaimo-Cowichan Express (NCX):

- No changes were introduced in this amendment period for the NCX service. The amendment ensures uninterrupted Interregional service during the transition period, with cost-sharing arrangements maintained between the RDN and the CVRD.

These changes are reflected in the RDN's 2025–2029 Financial Plan.

2025–2026 AOA (April 1, 2025 – March 31, 2026)

The 2025–2026 AOA (Attachment 4) provides the full-year framework for transit operations beginning April 1, 2025.

Key changes in the 2025–2026 AOA include:**Conventional Transit:**

- A 10% increase in fare revenue reflects a return to pre-COVID ridership levels and continued growth. Total operating costs have increased by 10%, while the net local government share of costs has risen by 11% (Attachment 5, Table 1).
This increase also reflects the implementation of 4,000 new service hours and the addition of three leased 40' CNG buses as part of the 2026 expansion initiative. These enhancements support Strategy 2 of the Transit Redevelopment Strategy and contribute to improved regional service coverage and operational capacity.

Custom Transit:

- A 6% increase in total operating costs is attributed to rising variable hourly costs, vehicle maintenance, information systems and lease-related expenses. These are partially offset by reductions in fixed costs and the Custom Registration Program. Fare revenue has increased by 6% and the net local government share of costs has risen by 7% (Attachment 5, Table 2).
The 2026 expansion also includes 3,000 additional service hours and two new buses, primarily to enhance weekend, evening and holiday service.

Nanaimo-Cowichan Express (NCX):

- The service accounts for approximately 4% of total conventional revenue hours. A 7% increase in fare revenue is noted, while total operating costs have increased by 20% and the net local government share of costs has risen by 22% (Attachment 5, Table 3), which is split with CVRD 50% cost-sharing arrangement.

These changes are driven by increased service costs and updated ridership data and will be reflected in the RDN's 2026–2030 Financial Plan, aligning with the strategic goals of the Transit Redevelopment Strategy.

FINANCIAL IMPLICATIONS

2024–2025 Amended AOA (January 1 – March 31, 2025)

The 2024–2025 Amended AOA is based on BC Transit’s fiscal year, which ran from April 1, 2024, to March 31, 2025. In contrast, the RDN fiscal year spans January 1 to December 31, 2025. The financial implications for the original 2024-2025 AOA were incorporated into the adopted 2025-2029 Financial Plan. The changes to these implications from the amended 2024-2025 AOA are not significant and therefore no budget amendment will be forthcoming (Attachment 3, Table 1). There are no financial changes to the custom transit or the interregional Nanaimo–Cowichan Express (NCX) systems.

2025–2026 AOA (April 1, 2025 – March 31, 2026)

The 2025–2026 AOA is based on BC Transit’s fiscal year of April 1, 2025, to March 31, 2026. These changes are reflected in the adopted 2025-2029 Financial Plans (Attachment 5).

The tables in Attachment 3 and 5 summarize the changes from the amended 2024-2025 and the 2025-2026 AOA’s.

STRATEGIC PLAN ALIGNMENT

Managing Impacts of Climate Change - Shift to more environmentally sustainable modes of transportation to help achieve provincial objectives and regional targets for the reduction of greenhouse gas emissions.

REVIEWED BY

- J. Lumb, Manager, Accounting Services
- T. Moore, Chief Financial Officer
- C. Crabtree, General Manager, Corporate and Transportation Services
- D. Holmes, Chief Administrative Officer

ATTACHMENTS

1. FY2026 AOA Cover Letter RDN
2. Annual Operating Agreement Amendment – Conventional-Custom-Interregional – Effective April 1, 2024
3. 2024 – 2025 RDN Annual Operating Agreement Amendment Changes
4. Annual Operating Agreement – Conventional-Custom-Interregional – Effective April 1, 2025
5. 2025 – 2026 RDN Annual Operating Agreement Changes