

have increased by 5.3% due to the 2019 expansion adding two additional buses to the fleet. The 2.8% decrease in lease fees (result of expiration of transitional standardized lease fees) and an increase of 6.0% for the BC Transit management fee.

For custom transit, the largest change is a \$17,000 (67%) increase in custom tires resulting from a change in the BC Transit billing process. However, there was a \$7,000 (2.9%) total decrease in lease fees as the ARBOC Custom buses reach the end of their useful life (5 years).

Over the entire transit system, a net municipal share decrease of 9.6% 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 2019 budget for transit services and is compliant.

ALTERNATIVES

1. That the 2019/2020 Conventional and Custom Transit Annual Operating Agreements with BC Transit be approved.
2. Do not approve the 2019/2020 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 2019 to March 2020 Conventional Transit AOA total cost budget is \$14,486,027 and the total revenue budget is \$4,866,569. The net cost to the RDN under the AOA cost sharing agreement is \$3,756,142 (including local government share of lease fees). BC Transit's share of costs is \$5,156,056.

Under the April 2019 to March 2020 Custom Transit AOA, the total budget is \$2,199,959 for costs and \$175,750 for revenue. The net cost to the RDN under the AOA is \$725,036 (including local government share of lease fees) and BC Transit's share of costs is \$1,129,857.

These costs correspond with the approved RDN 2019 budget for transit services. This is based on BC Transit's April 2019 to March 2020 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, advertising done outside the AOA marketing budget and janitorial services.

An AOA amendment will be brought forward later in the 2019/20 AOA term to reflect a proposed January 2020 expansion involving the addition of 5,900 annual transit service hours.

Conventional Transit

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

CONVENTIONAL	2018-2019 AOA	2019-2020 AOA	\$ CHANGE	% CHANGE
Fixed Costs (total cost, overhead, admin. wages)	\$1,002,735	\$1,024,795	\$22,060	2.2%
Variable Hourly Costs (total cost, drivers' wages and benefits)	\$6,811,693	\$7,133,747	\$322,054	4.7%
Fuel (total cost, CNG/Diesel fuel station maintenance)	\$544,575	\$587,010	\$42,435	7.8%
Vehicle Maintenance (running repairs)	\$1,338,726	\$1,479,046	\$140,320	10.5%
Lease Fees (local share, mainly buses) (local share 53.31%)	\$2,137,570	\$2,061,238	(\$76,332)	-3.6%
BC Transit Management Fees (local share)	\$678,131	\$721,052	\$42,921	6.3%

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 2019/20 AOA are decreases in CNG lease fees offset by increases for BC Transit management fees and variable hourly costs.

Custom Transit

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

CUSTOM	2018-2019 AOA	2019-2020 AOA	\$ CHANGE	% CHANGE
Fixed Costs (total cost, overhead, admin. wages)	\$223,141	\$228,050	\$4,909	2.2%
Variable Hourly (total cost, drivers' wages and benefits)	\$1,072,034	\$1,095,844	\$23,810	2.2%
Fuel (total cost, fuel and tires)	\$167,648	\$186,709	\$19,061	11.4%
Vehicle Maintenance (running repairs)	\$163,353	\$170,613	\$7,260	4.4%

Lease Fees (local share, mainly buses) (local share 33.31%)	\$252,700	\$245,608	(\$7,092)	-2.8%
BC Transit Management Fees (local share)	\$112,634	\$115,938	\$3,304	2.9%

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. However, there was a \$7,000 (3.1%) decrease in lease fees as the ARBOC Custom buses reach the end of their useful life (5 years).

Costs for the RDN portion of the 2019 – 2020 AOA correspond with the approved RDN 2019 budget.

STRATEGIC PLAN IMPLICATIONS

Transportation and Transit - Provide opportunities for residents to move effectively through and around the Region.



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 June 19, 2019

Reviewed by:

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

Attachment:

1. 2019/2020 RDN Annual Operating Agreement