

# STAFF REPORT TO COUNCIL

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**DATE:** April 16, 2026

**TO:** MAYOR AND COUNCIL

**NAME AND TITLE:** Blake McIntosh, Director Civic Operations

**SUBJECT:** 2026-2027 Annual Operating Agreement for the Prince George Transit System

**ATTACHMENT(S):** PowerPoint presentation from BC Transit

**RECOMMENDATION(S):**

That Council GIVES FIRST THREE READINGS to “City of Prince George Transit Service Annual Operating Agreement 2026-2027 Authorization Bylaw No. 9625, 2026.”

**PURPOSE:**

To seek Council’s approval and adoption of the Annual Operating Agreement between BC Transit and the City of Prince George for continued operations of the Prince George Transit System.

**STRATEGIC PRIORITIES:**

Preserve the Environment: Implement local government actions that advance environmental protection including climate change and adaptation.

**BACKGROUND:**

Transit in Prince George is funded and operated through an agreement between the City and BC Transit, known as the Annual Operating Agreement (AOA). Each year, the AOA must come before Council for approval prior to going into effect. The approval of the AOA is necessary to continue transit operations under the BC Transit model.

Two types of transit operate in Prince George: “Conventional Transit”, which is standard fixed route transit that operates on a set schedule; and “Custom Transit” which operates door-to-door service for registered customers who qualify.

Under the AOA, financial obligations to funding the transit system are split into two categories: the “Municipal Share” and the “Provincial Share”. The City of Prince George is responsible for covering the municipal share as outlined in the AOA. The total municipal share is dependent on which of the two funding models being applied, whether for Custom or Conventional Transit:

The funding model for Conventional Transit can be broadly described as 53% municipal share, and 47% provincial share.

The funding model for Custom Transit can be broadly described as 33% municipal share, and 67% provincial share.

**FINANCIAL CONSIDERATIONS:**

**About the 2026-2027 AOA**

The AOA encompasses all costs associated with operating the transit system in Prince George. The total amount payable to BC Transit over the course of the year includes those operating costs, minus revenue, and the 47% provincial share for conventional transit, and the 66% provincial share for custom transit. The city is billed monthly based on the actual costs of operating the system. The AOA includes budgeted costs, and therefore the actual costs may vary depending on operational factors such as price of parts and age of the buses.

The annual cost to the City of Prince George of operating the Conventional transit system for the 2026-2027 provincial fiscal years is as follows:

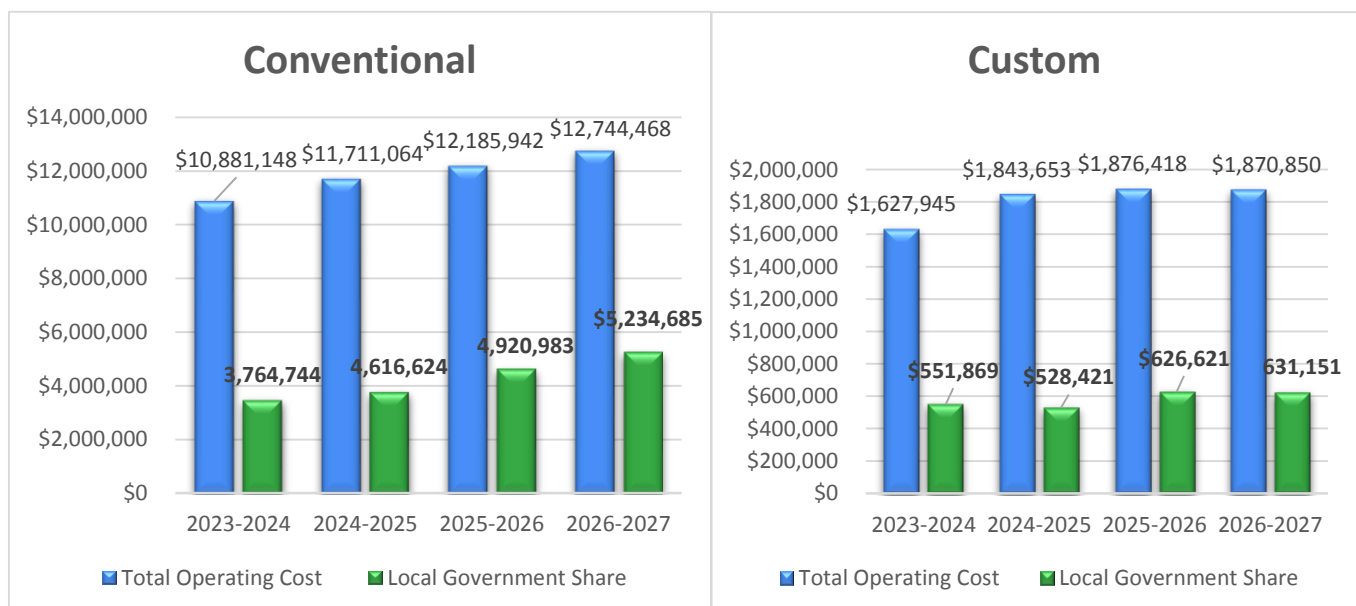
TOTAL OPERATING COSTS	\$12,744,468
TOTAL COSTS (including vehicle Lease Fees)	\$13,883,812
Less: REVENUE	\$2,545,425
Provincial Share of Operating Costs	\$5,950,392
<b>NET LOCAL GOVERNMENT SHARE OF COSTS</b>	<b>\$5,234,685</b>

The annual cost to the City of Prince George of operating the Custom transit system for the 2026-2027 provincial fiscal years is as follows:

TOTAL OPERATING COSTS	\$1,870,850
TOTAL COSTS (including vehicle Lease Fees)	\$1,994,417
Less: REVENUE	\$90,516
Provincial Share of Operating Costs	\$1,247,670
<b>NET LOCAL GOVERNMENT SHARE OF COSTS</b>	<b>\$631,151</b>

The total local government share of costs for both systems is \$5,865,836.

**Historical Operational Costs 2023-2027**



**SUMMARY AND CONCLUSION:**

The 2026-2027 Annual Operating Agreement (AOA) serves as the contractual and financial framework between the City of Prince George and BC Transit to ensure the continued delivery of transit services through the upcoming fiscal year.

The proposed AOA reflects a strategy of sound financial management in the current economic climate, prioritizing the maintenance of core service levels and the mitigation of rising operational costs, such as fuel and maintenance. While the 2026-2027 fiscal cycle focuses on stabilizing existing operations rather than service expansion, City staff continue to collaborate with BC Transit on long term infrastructure improvements and operational efficiencies to enhance the rider experience.

Iris Brown, Government Relations Manager with BC Transit will be in attendance alongside staff to answer any questions.

**RESPECTFULLY SUBMITTED:**

Blake McIntosh, Director Civic Operations

**PREPARED BY:** Daniel Pearce, Transit Planner

**APPROVED:**

Walter Babicz, City Manager

Meeting Date: 2026/04/27