

# STAFF REPORT TO COUNCIL

1100 Patricia Blvd. | Prince George, BC, Canada V2L 3V9 | [www.princegeorge.ca](http://www.princegeorge.ca)

**DATE:** June 1, 2020

**TO:** MAYOR AND COUNCIL

**NAME AND TITLE:** Dave Dyer, General Manager of Infrastructure and Public Works

**SUBJECT:** Prince George Transit Service Options and Cost Savings

**ATTACHMENT(S):** Attachment 1: Annotated Transit Map of Prince George (Areas of Concern for Pass-Ups)

Appendix A: Service Span and Frequency Details of Service Options

## RECOMMENDATION(S):

That Council RECEIVES FOR INFORMATION the report dated June 1, 2020 from the General Manager of Infrastructure and Public Works titled "Prince George Transit Service Options and Cost Savings".

## PURPOSE:

This report provides Council with an update on transit operations for the Prince George transit system under the conditions and constraints of the COVID-19 pandemic, details on anticipated revenues and the implementation of operational cost-savings measures for the system.

## STRATEGIC PRIORITIES:

This report supports Council's Strategic priority of maintaining fiscal sustainability and balancing service levels with the affordability of City services, facilities, and operations.

## BACKGROUND:

The COVID-19 pandemic has resulted in a significant number of temporary operational changes to our transit system, resulting in a substantial decrease in revenue. Below is a timeline of COVID-19 related events and decisions that have impacted transit:

- March 21: BC Transit moves to mandate rear door boarding across all transit systems in the province universally, eliminating fare collection province-wide.
- March 29: Prince George Transit moves to summer service levels early. This service reduction primarily impacts service to UNBC and the local high schools, which were no longer physically in session.
- Late March: bus capacity on conventional coaches reduced to a maximum of 20 passengers, to promote physical distancing.
- April 20: BC Transit announced that all service expansions for the 20/21 operating year have been cancelled, province-wide.

- Mid-April: Temporary suspension of the U-Pass program for the summer semester.
- April 29: BC Transit announced that a return to fare collection with front door loading, after the installation of driver shields; will occur on June 1<sup>st</sup>.

With the return to fare collection at the beginning of June, ridership is not expected to return to normal levels where the City would see a full recovery in fares for the remainder of the fiscal year. Ridership has been stagnant at around a 60-70% decrease compared to this time last year, and it is not expected to substantially increase again until guidelines and regulations around physical distancing are eased. Approximately half of all ridership on the Prince George transit system comes from the post-secondary institutions, which are currently not holding physical classes in classrooms. UNBC and CNC are expected to continue virtual and distance learning through the summer semester, and that is likely to carry over into September. It is not currently known how post-secondary institutions in BC will be operating in the fall semester. However, it is likely that the return to physical classrooms will be re-implemented incrementally.

An additional factor affecting the ability to carry customers on our system is the lowered capacities on the transit vehicles themselves. At present, a standard 40 foot heavy-duty transit bus (which make up a vast majority of the conventional transit fleet in Prince George), is operating on a 20-passenger capacity to promote physical distancing while riding the bus. If ridership begins to increase, this could result in pass-ups along popular sections of routes. Areas of the transit system that are most vulnerable to pass-ups include the 5/55 and 88/89 routes through central Prince George (refer to Attachment 1).

#### DISCUSSION:

The factors outlined in the background section of this report have resulted in the need to consider cost saving measures for transit operations on an ongoing basis. The continuation of regular “Summer” service through to the end of the year offers operational cost savings for reducing service to UNBC while maintaining regular weekday service on the remainder of the system. Details on this level of service compared to a “Saturday Plus” and regular Saturday level of service are outlined in Appendix A.

As service is decreased, there is an increased risk of pass-ups, which could impact the ability of essential workers to get home or to their places of employment. The transit systems elsewhere in the province that have moved to reduce service, are now experiencing pass-ups and have put further service reductions on hold.

#### Annual Operating Agreement

The Annual Operating Agreement (AOA) for 2020-2021 between BC Transit and the City of Prince George has been provided to staff; however, there is an amendment to the proposed AOA expected to be issued before the end of June. Council will see both the original and the amended AOAs after the amendment has been provided to Staff for Council authorization.

#### FINANCIAL CONSIDERATIONS:

##### Cost Savings and Service Reductions

Staff have reviewed the cost savings of the proposed service reduction options described in the discussion section of this report against the current budget. Below are the projected estimated cost savings for each of the service options:

	Approved 2020-24 Financial Plan	Projected Summer Service	Projected "Saturday-Plus" Service	Projected Saturday Service
<b>Total Expected Revenue</b>	\$2,381,520	\$1,441,520	\$1,375,000	\$1,350,000
<b>Total Expected Expenditures</b>	\$5,915,260	\$5,833,660	\$5,741,920	\$5,668,120
After-Revenue Expenditure	\$3,533,740	\$4,392,140	\$4,366,920	\$4,318,120
After-Rev. Exp. Variance from approved budget		\$858,400	\$833,180	\$784,380

The cost savings are derived from the anticipated savings in bus operations from reduced services, detailed in Appendix A of this report. These figures are approximations based on reduced service hours for buses.

The anticipated revenues are calculated based on factors in the 'Revenue Projections' section of this report, and increase based on reductions of services. Such factors for these projections include the suspension of the U-Pass program, and the suspension of fare collection between mid-March and June.

#### Revenue Projections

The estimated revenue loss from fare revenue based on the information available to the City will be significant. The extended period of suspended fare collection, combined with post-secondary institutions not currently holding in-person classes, has significantly impacted fare collection and revenue. Staff has estimated that these losses are approximately \$100,000 per month during the period where fare collection was suspended.

The Prince George transit system is in the unique position of relying heavily on revenue from the U-Pass program and ridership from post-secondary institutions, which will likely be moving to online settings with only an incremental and partial return to physical classes for the foreseeable future. UNBC has indicated that, where possible, virtual learning will be implemented for classes for the fall semester. CNC has provided some indication that classes will likely move to a partial return to physical classrooms; however, there will likely be virtual classrooms implemented where possible. This has resulted in the U-Pass program being partially suspended through the summer, and potentially the fall, where students are no longer being assessed the U-Pass fee in their student fees. Instead, students will have the option to opt-in to the U-Pass program if they qualify. Shifting the requirement from students applying to opt-out of the program, to a system where students must opt-in, is expected to have a substantial impact on revenues collected.

As it pertains to revenue collection and ridership, City of Prince George staff are anticipating the following:

- 50% of normal ridership levels by year end;
- Some public confidence will be restored in public transit with riders returning; however, it is unlikely that it will be significant until a vaccine is developed;
- Some capacity to be restored on buses;

- Total year-end revenue loss will be approximately \$940,000. Service reductions will likely impact this further.

The situation is fluid and evolving and difficult to predict. Most scenarios show that ridership is not expected to rebound until physical distancing capacity restrictions are lifted fully, and public confidence in the service returns.

#### Co-operation with BC Transit

BC Transit is continuing a dialogue with City staff to explore other cost reductions that extend beyond operations and service reductions. These discussions are ongoing, but no commitments have been made by BC Transit to ensure any significant cost reductions outside the scope of transit service reductions. Some further cost reductions may be realized in the amended AOA, arriving in mid-June.

#### Financial Assistance from Higher Levels of Government

At the time of writing this report, no financial assistance has been outlined for BC Transit systems for operations as a result of lost revenue and increased expenditures. BC Transit has indicated that it is currently working closely with the provincial government to establish a long-term funding strategy to sustain its transit operations. There are currently lobbying efforts underway from various advocacy groups and organizations to both the provincial and the federal governments for financial assistance to be provided to transit operations provincially and nationally.

#### **SUMMARY AND CONCLUSION:**

The need to identify potential cost savings throughout the City has resulted in the review of the current operations of the transit system and service levels. It will be prudent for Staff to continue to work with BC Transit to identify opportunities for reductions in fixed and variable operational costs moving forward to ensure the continued viability of the system. Transit must continue to work for those who depend upon the system for essential trips, and opportunities for cost savings must be weighed against any negative impacts to the service.

There is significant fare revenue expected to be lost through the remainder of 2020. It could be impacted by many variables, including continued suspension of the U-Pass program, UNBC and CNC classroom attendance, bus capacities, physical distancing requirements, and economic factors. At this time, these variables are difficult to predict, and could change through the summer, depending on physical distancing and mitigation efforts related to COVID-19. It will be prudent for Staff to monitor these factors and work with BC Transit to make adjustments as necessary.

#### **RESPECTFULLY SUBMITTED:**

Dave Dyer, General Manager of Infrastructure and Public Works

**PREPARED BY:** Michael Coulson, Transit Planner

#### **APPROVED:**

Kathleen Soltis, City Manager

Meeting Date: 2020/06/15