

# STAFF REPORT TO COUNCIL

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**DATE:** December 4, 2020

**TO:** MAYOR AND COUNCIL

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

**SUBJECT:** Prince George Transit Service Annual Operating Agreement, 2020-2021

**ATTACHMENT(S):**

1. 2020-21 Annual Operating Agreement
2. PowerPoint Presentation

**RECOMMENDATION(S):**

That Council GIVES FIRST THREE READINGS to “Prince George Transit Service Annual Operating Agreement 2020/2021 Authorization Bylaw No. 9169, 2020.”

**PURPOSE:**

To provide Council with the Annual Operating Agreement (AOA) between BC Transit and the City of Prince George for approval within a Bylaw.

**STRATEGIC PRIORITIES:**

This report supports Council’s Strategic priorities of maintaining fiscal sustainability and balancing service levels with the affordability of City services, facilities, and operations; of infrastructure re-investment and renewal to ensure the delivery of critical recreation, emergency, transportation, and utility service; and to enhance and integrate various transportation options, including transit, cycle routes, sidewalks, and trails.

**BACKGROUND:**

Each year, the British Columbia Transit Authority (BC Transit) and the City of Prince George enter into an Annual Operating Agreement (AOA) to be approved by bylaw, for the provision of transit service within the City of Prince George. The AOA is signed and executed under the *British Columbia Transit Act* in coordination with the provincial fiscal year.

Included in the AOA is the total operational costs for the transit system, including the Local Government share, and the total number of service hours to be provided. Also provided are lease fees for the fleet, on board technology, among other items.

In 2020, the COVID-19 Pandemic presented significant financial challenges to transit systems province wide from lost revenues and costs associated with additional safety measures. This delayed the distribution of the AOA this year. An initial version of the AOA was provided to staff in June of this year, however additional funding from the provincial government delayed the adoption of a revised AOA with this funding until now.

## DISCUSSION

There are two main factors that have resulted in a reduced financial obligation from the City in the operational funding for the transit system.

### Safe Restart Funding:

In order to ensure the safe and continued operation of transit and transportation services province-wide, the Provincial government announced approximately \$1 billion in funding for TransLink, BC Ferries and BC Transit. Of that, approximately \$86 million was provided to BC Transit for allocation to the various systems and communities across BC. The Provincial government and BC Transit have allocated approximately \$2.39 million to the Prince George Conventional, Community, and Custom transit systems. This money is meant to make up for lost revenues and cover additional operating expenses related to the pandemic. It comes with the following provisions:

- Fare increases amount to no more than 2.3% between now and March 2024; and
- A base level of service hours be maintained. In Prince George, this base level is 68,302 hours for the conventional system. This is the level of service provided currently.

Approximately half of that money has been applied to the 2020-2021 AOA to offset additional operating expenses. The remaining balance will be added to the Local Government Transit Fund. This account allows for the Local Government to apply the money to transit how it sees fit, including operational expenses, additional service hours, infrastructure, or other initiatives.

### BC Transit Cost Reduction Initiatives:

There were also two key initiatives that BC Transit implemented to reduce the operating burden on municipalities for the 2020-2021 year, which included the waiving of lease fees for a six month period in 2020, and full access to operational reserves. The City of Prince George utilized both of these measures to offset operational costs for transit.

Administration believes that these funding initiatives from BC Transit and the Province will be adequate for maintaining operations of the transit system during the economic recovery from the COVID-19 pandemic. Staff would like to acknowledge the work that BC Transit has undertaken to ensure that transit operates safely and efficiently province-wide through the COVID-19 pandemic.

## FINANCIAL CONSIDERATIONS:

The Local Government share of operational costs for the Prince George Conventional, Custom and Community transit systems are as follows:

- Conventional: \$ 1,602,791
- Community: \$ 162,067
- Custom: \$ 322,550

Total share: \$ 2,087,408

Below is a cost comparison of the Local Government share against the previous year's AOA

System Type	2019/2020 AOA (Amended)	2020/2021 AOA
Conventional	\$ 2,463,324	\$ 1,602,791
Custom	\$ 508,770	\$ 322,550
Community	\$ 186,229	\$ 162,067
Total	\$ 3,158,323	\$ 2,087,408

**SUMMARY AND CONCLUSION:**

The 2020-2021 Annual Operating Agreement with BC Transit has included a number of measures by which the City of Prince George can sustainably continue to provide transit service through the COVID-19 pandemic and into the fiscal recovery. Staff will continue to work with BC Transit to realize additional cost savings and efficiencies for transit while ensuring that the service operates safely and at current levels.

**RESPECTFULLY SUBMITTED:**

Blake McIntosh, Acting Director of Civic Operations

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

**APPROVED:**

Walter Babicz, Acting City Manager

Meeting Date: 2020/12/21