



# Regional Board Report

**TO:** Regional Board

**FROM:** Brian Reardon, Chief Administrative Officer

**DATE:** August 23, 2021

**SUBJECT:** B.C. Transit Annual Operating Agreement (AOA) – Intent to Amend

**Voting Entitlement:** *(All Directors – Unweighted Corporate Vote – Simple Majority – LGA 208.1)*

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**Purpose:** To authorize a Memorandum of Understanding and Letter of Intent that will amend service hours and the fee structure to include free transit for children 12 and under.

## **Executive Summary:**

The Regional District of Central Okanagan has received two interim documents from B.C. Transit that require authorization, a Memorandum of Understanding and a Letter of Intent for changes to 'Schedule C Service Specification' of the Annual Operation Agreement (AOA) 2021/22.

The Letter of Intent is related to the introduction of the 'Free Transit for Children 12 and Under' program that is being implemented on September 01, 2021. With funding provided by the Provincial Government to offset any lost fare revenue, B.C. Transit requires approval of participation in the program, and approval of the amount allocated to the Central Okanagan for the period September 1, 2021 to March 31, 2022.

Once agreement to participate in the program is confirmed, the Memorandum of Understanding (MOU) includes an amendment to 'Tariff and Fares' of the AOA by changing the fares for children 12 and under to \$0 as of September 01, 2021. Further, the MOU will amend the 'Service Specifications' to add additional fall service hours as anticipated with the introduction of B.C.'s Restart initiative. B.C. Transit is preparing for the return of post-secondary students and other users, with an anticipated 3100 hours of service to be added to the Central Okanagan. The service changes being proposed are based on input from stakeholders, and are outlined in the MOU for Board consideration and approval.

The above changes, although interim at this time, are a commitment to the new program, and related amendments to the tariffs and fares, as well as the service specifications, as outlined in attachment 1 and attachment 2. A formal amendment of the AOA will be presented to the Board at a future meeting, anticipated to be in late fall of 2021.

**RECOMMENDATION:**

THAT the Regional District of Central Okanagan agrees to an amendment of the Annual Operation Agreement (AOA) 2021/22, including fare structures and fare revenue compensation, in support of the 'Transit for Children 12 and Under Program' as outlined in the Letter of Intent as attached to the report from the Chief Administrative Officer dated August 23, 2021;

AND THAT the Regional District of Central Okanagan agrees to amend the Service Specifications, and requests BC Transit to proceed with implementation of the service charges, as outlined in the 'Memorandum of Understanding to Amend the AOA Service Specifications' as attached to the report;

AND FURTHER THAT the Corporate Officer be authorized to execute the Letter of Intent and Memorandum of Understanding on behalf of the Regional District of Central Okanagan.

Respectfully Submitted:



Brian Reardon  
Chief Administrative Officer

Attachment(s):

1. BC Transit Correspondence Re: 'Free Transit for Children 12 and Under Program Details
2. BC Transit Memorandum of Understanding to Amend the AOA Service Specifications

**Background:**

The Regional District of Central Okanagan, Annual Operating Agreement 2021/22 is effective April 01, 2021 to March 31, 2022.

At the time of the agreement, it was understood there would be a future 2021 amendment to service hours, dependent on the pandemic health orders and the return of students to primarily post-secondary studies at UBC-O and **Okanagan College**. B.C. Transit has now forecasted an additional 3100 hours of service for the Central Okanagan, beginning approximately September 5, 2021, which will require an amendment to the Annual Operating Agreement 2021/22.

B.C. Transit is also promoting sustainable, safe and affordable transportation for families and has begun a public campaign for the under 12 free program geared to increasing the use of transit at a young age.

**Financial Considerations:**

With respect to BC Transit fares being lowered to zero for children aged 12 and under, the Province has committed to provide funding to BC Transit for the benefit of Local Government Partners to ensure the program is revenue neutral for Local Government Partners. The annual allocation of \$93,954.70, for the Kelowna/Central Okanagan Conventional and Community service, was calculated by BC Transit based on an “indexed mode share” model identified in the attached correspondence. This amount will be allocated out to Local Government Partners by the City of Kelowna based on a 75% ridership/25% service hour formula.

The anticipated financial impact to the Regional District, for its proportionate share of the increase of 3,100 service hours, is nominal as there are no increases in hours for the Regional District’s Route 32. Any nominal increase would be due to an overall increase to fixed costs for the system and therefore the costs will be absorbed in the 2021 Ellison Transit Service Budget. Any impacts to the 2022 budget will be planned for accordingly.

**Alternative Recommendation:**

THAT the Regional Board receive the B.C. Transit Annual Operating Agreement (AOA) – Intent to Amend report from the Chief Administrative Officer, dated August 23, 2021, for information.

***Considerations not applicable to this report:***

- Strategic Plan
- General
- Organizational
- Policy
- Legal/Statutory Authority