



# 2007/08 – 2009/10 SERVICE PLAN

**Honourable Kevin Falcon**  
Minister of Transportation  
and Minister Responsible for British Columbia Transit

This Service Plan presents the goals, strategies and plans that will guide BC Transit in the delivery of transit programs and services for the 2007/08 – 2009/10 fiscal years. This document describes the actions BC Transit will take - and the resources that will be required - to ensure that excellent public transportation services continue to be provided in an efficient and effective manner.

All indications point to continued growth in demand for transit in a number of communities across British Columbia. This increase is in large part the result of a strong economy, high fuel costs, and new transit partnerships with major employers and educational institutions. The next three years will see further adoption of transit-supportive strategies and increased demand for transit funding on the part of local governments. Public transit is now almost universally recognized as a fundamental component of community planning, and as a key tool in support of economic development, access to education, an effective healthcare system and a cleaner environment.

New capital funds announced by the federal government this past year will be made available to Canadian cities and regions to improve transportation infrastructure and environmental standards. Our capital program for the next three years includes over \$170 million in replacement and expansion acquisitions and fuel cell bus funding. The program is in part dependent on successful applications to the various new federal funding programs. In addition, BC Transit expects to receive funds from the federal Transit-Secure program for risk-assessments and security planning.

With the further commitment of \$9.5 million in provincial operating funds, over the 3 year plan period plus the provincial share of capital costs for purchase of additional buses, BC Transit will be working with local government partners in 18 communities to implement new or expanded services. With these new additional resources and with commitments from other levels of government, public agencies and major employers, BC Transit will have the ability to add 120,000 hours of service, a 7% lift, and put an additional 53 buses on the road.

The Board will continue its process of regular dialogue with local government and other partners. The annual transit workshop will be held at the fall 2007 UBCM convention, and the Board is planning tours to areas of B.C. to meet with municipal funding partners. BC Transit's workshop for our contract operating company and municipal staff representatives will again provide us with an opportunity to gather together to discuss best practices in service delivery, new technology and other aspects of the transit program.

The 2007/08 – 2009/10 BC Transit Service Plan was prepared under the Board's direction in accordance with the Budget Transparency and Accountability Act. The Board is accountable for the contents of the Plan, including the selection of performance measures and targets. The Plan is consistent with the provincial government's strategic priorities and Strategic Plan.

All significant assumptions, policy decisions, and identified risks, as of January 2007 have been considered in preparing the Plan. The performance targets in this Plan have been determined based on an assessment of BC Transit's operating environment, forecast conditions, risk assessment and past performance.

**Gregory Slocombe**  
Chair, BC Transit Board of Directors

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# Organizational Overview

BC Transit is the provincial Crown agency charged with coordinating the delivery of public transportation throughout British Columbia outside Greater Vancouver. In partnership with local government, the Corporation's mandate includes planning, funding, marketing, fleet management and contracting for the operation of transit services. According to the British Columbia Transit Act (Section 3.1) BC Transit is to:

*"... plan, acquire, construct or cause to be constructed public passenger transportation systems and rail systems that support regional growth strategies, official community plans, and the economic development of transit service areas", [and] "to provide for the maintenance and operation of those systems."*

The scope of BC Transit's program in 2007/08 is as follows:

- 54 local government partners, including health districts and the Victoria Regional Transit Commission
- contracts with more than 25 operating companies and 13 non-profit agencies
- 45.1 million passengers carried annually
- Over 1.5 million people served in B.C.
- 77 transit conventional, custom and paratransit systems
- fleet of 850 conventional and double-deck buses, minibuses and vans
- \$186.6 million annual operating budget

## Governance and Budget Development

The Corporation is governed by a seven-member Board of Directors appointed by the Province of British Columbia according to the BC Transit Act. The Act requires four of the Board members to be municipally- elected representatives. The Chair reports to a provincial cabinet minister. The Audit Committee is the only standing committee of the Board, and meets either as a Committee of the Whole or as the full Board in regular session.

With respect to budget development, estimates are approved by BC Transit's Board of Directors and forwarded to the Minister Responsible for review and presentation to Treasury Board. Local funding requirements are submitted for the endorsement of the Victoria Regional Transit Commission, other local government partners and approval by BC Transit's Board. Provincial funding is provided through the public transportation sub-vote of the Ministry of Transportation.

This Service Plan and the public transportation budget were tabled in the legislature on February 20, 2007. A more detailed discussion of BC Transit's programs and governance is also available in the BC Transit 2005/06 Annual Report, available on the Corporation's website at [http://www.bctransit.com/corporate/pdf/20060614\\_ar\\_2006.pdf](http://www.bctransit.com/corporate/pdf/20060614_ar_2006.pdf) Actual results compared to financial and performance targets set out in this Service Plan are also detailed in BC Transit's Annual Report.

# Strategic Context

## Vision

In recognition of the pivotal role public transportation plays in sustaining vibrant, healthy communities, BC Transit's vision is for the:

Development of transit services, in partnership with each community, to provide essential mobility and travel choice for all residents, where costs of traffic congestion are reduced, air quality and associated health benefits enhanced, more compact and efficient urban development supported and costly new roadway construction deferred.

## Mission

BC Transit's mission statement integrates the Corporation's purpose, products and client base:

To excel in the provision of safe, reliable, cost-efficient and market-focused public transportation systems that support the social, economic and environmental goals of the customers and communities served.

## Values

BC Transit's core values, which guide the Corporation in how it conducts its business, are:

- A strong commitment to partnerships with local government and operating companies - and a commitment to the continued development of new community partners throughout the province
- Provision of transparent local decision-making on transit matters - including budgets, services and tariffs - in open sessions at regional districts, municipalities and the Victoria Regional Transit Commission
- A focus on the market to maximize service convenience and appeal
- Ensuring safety and security for customers, staff and the public
- Fostering innovation in planning, fleet procurement, service delivery, customer service and administration
- Utilizing sound financial practices, including a competitive procurement process to ensure the highest value is received for dollars spent
- Demonstrating environmental stewardship through responsible purchasing practices and facilities management - and through support for community, provincial, national and international efforts.

## Issues, Opportunities and Risks

### Serving an Accelerating Market

The record number of bus passengers carried this year - with ridership forecast to increase steadily throughout the Service Plan period - reflects a direct correlation between transit usage and a strong provincial economy. Year over year, from October 2005 to October 2006, B.C.'s labour force grew by 2.5%. At the same time the provincial unemployment rate dropped by 7% to one of the lowest rates in the country.

In the Victoria Regional Transit System annual ridership for 2006/07 is expected to be up by more than 6% compared to last year, and in the Municipal Systems Program increases of 3% are projected. Corporately, by 2009/10, ridership around the province on the expanded service approved for this year is projected to total 47.2 million, up from a level of 40.7 million last year. A variety of factors are contributing to accelerating demand. High fuel prices and the increased costs of auto ownership are compelling more and more people to use transit. Research conducted by TransLink in the spring of 2006 suggests that approximately 15% of its increase in riders is attributable to record gas prices.

Partnerships between BC Transit and educational institutions, major employers and health authorities are also stimulating higher bus usage. In particular, partnerships have been key in the development of the secondary and post-secondary markets. In five of the largest Municipal Systems post-secondary ridership now accounts for over one-fifth of total rides. Adding to this trend is the provincial government's announcement that it will create an additional 9,000 post-secondary spaces by 2010 in communities served by the Municipal Systems Program. The same pattern of strong transit usage by post-secondary students holds true for Victoria, with year-over-year student ridership growing by 11% and now accounting for more than 22% of total rides. Bus usage by students attending secondary schools has also increased rapidly.

### **Building Service Capacity to Meet Local Transportation Priorities**

As a result of the market growth experienced in recent years, the issue of providing adequate capacity in the future has become more pressing for the transit program. Some of the larger urban centres served by BC Transit are launching specific initiatives in this regard. In the Victoria region, for example, the transit Commission has defined a service expansion strategy which includes higher-capacity and higher-speed bus rapid transit services in two key corridors. Operational costs are paid for by increases in taxation, fares and a portion of the expansion funds contributed by the province in 2007/08. The purchase of expansion vehicles will be funded from a combination of capital funds from the province and from 'New Deal' federal programs. Infrastructure funds from senior government will be used to implement major transit priority measures.

Expansion plans are also under development throughout the Municipal Systems Program in response to widespread requests for more service. In Kelowna, for example, population growth and transportation challenges have led to the development of long-range Smart Growth and Smart Transit plans. Initiatives include introduction of bus rapid transit on three major arteries linking the majority of town centres in the Central Okanagan region, and improved bus service to post-secondary institutions. Seventeen Municipal Systems including Kelowna, will receive provincial operating and capital funding for new service.

Public transit is a catalyst for a cleaner environment, a well-functioning health system, an educated and engaged workforce, and a strong economy. Increasingly urban centres of all sizes are placing a priority on improving public transit as a means of insuring the smooth and efficient functioning of their transportation networks.

### **Advancing Transit Technologies to Improve Air Quality**

The Corporation will continue to advance the assessment and adoption of alternative fuels and advanced vehicle technologies. BC Transit is actively exploring bio-diesel fuel; improved-efficiency engines; the business case for hybrid buses; and the development of hydrogen fuel cell buses.

The goal of the Corporation's fleet program is to improve resource utilization and reduce operating costs – and contribute to improved air quality and reduced greenhouse gas (GHG) emissions - by reducing the environmental impact of transit operations. According to the Canadian Urban Transit Association, the new standard clean diesel transit vehicle technologies available in 2007 produce 79 - 95% fewer emissions by class of pollutants than vehicles built a decade earlier.

In 2006 the provincial government demonstrated its commitment to the hydrogen highway with \$10.0 million in funding for the initial development phase of the world's first fleet of hydrogen buses. BC Transit will lead the project team. This initial phase supports the development and acquisition of the pre-production vehicle(s), and associated fueling infrastructure leading to the delivery of up to 20 hydrogen fuel cell buses and supporting infrastructure by 2010. The province has now committed a further \$45 million to fund the capital requirements of the full 20 vehicle fuel cell bus fleet program. The buses will be commissioned in Victoria, and then showcased in the Resort Municipality of Whistler during the 2010 Winter Olympic and Paralympic Games.

### **Addressing the Transit Infrastructure Deficit**

In the next three years BC Transit will experience significant growth in capital costs, stemming largely from the need to replace aging transit vehicles, and to upgrade transit facilities. The Corporation is forecasting total capital expenditures of \$135 million for projected transit service in the plan period.

Vehicle replacement costs form the largest single component of these expenditures. Conventional transit buses normally have approximately a 20-year life. BC Transit's capital plan provides almost \$125 million for the purchase of over 260 replacement and expansion vehicles - split evenly between conventional and custom/paratransit vehicles – within the 2007/08-2009/10 period.

The capital plan also earmarks more than \$10 million in funding for facilities, security improvements, technology initiatives to improve operational efficiency and customer convenience.

In conjunction with its partners BC Transit will persevere in its efforts to secure senior government funding for infrastructure projects in support of service expansion. There are currently a number of federal programs in place – the New Deal for Cities and Communities; the Municipal Rural Infrastructure Fund; the Public Transit Capital Trust Fund; and the Public Transit Agreement. To date the Corporation has received preliminary indications that up to \$50 million in capital funding for expansion and innovation may be available to BC Transit and its local government partners over the plan period.

### **Financial Risks**

Looking forward there are once again increased inflationary pressures as a result of a very strong provincial economy. Over the plan period more than one-third of the transit services in the Municipal Systems program –representing \$39.1 million in expenditures this year - will be tendered, with competitive labour and business markets expected to create cost pressures. Although fuel costs remain the single largest risk element, there is potential for reduced volatility in fuel pricing over the plan period. (Risk factors are discussed further in the financial section beginning on page 8.)

### **Focusing on Security**

In November 2006 the federal government announced a new two-year funding program to assist rail passenger and urban transit systems to enhance security measures and address potential terrorist threats. The initial round of Transit-Secure funding, which covers 75% of costs, was made available to Canada's six largest urban centres.

BC Transit is applying in the second round of the program for funding to carry out risk assessments and the development of security plans. In the meantime the Corporation is focusing on enhanced security at transit facilities, and is updating emergency response plans.

### **Preparing for Workforce Challenges**

With unemployment at its lowest level in decades, employers across Canada are experiencing labour shortage issues throughout their organizations. Within the next five years 27% of BC Transit's present employees will become eligible for retirement. To address workforce challenges the Corporation is focusing on expanded recruitment techniques, targeted succession planning and employee development. Nationally, the trend towards expansion of human rights legislation to protect the employment of persons aged 65 and over is growing. In anticipation of new legislation, BC Transit plans to move forward with amendments to its own retirement policy and practices.

# Corporate Goals, Objectives & Strategies

## GOAL 1 – SERVICE DELIVERY

Maximize the efficient and cost effective use of resources in the provision of safe, innovative and customer-oriented services to meet present and evolving market demands.

### 1. OBJECTIVE: Deliver core services and target services to new and/or growing priority areas.

**Strategy A. Reallocate service from lower demand periods to areas of higher demand, and develop service and tariff strategies to promote increased market share.**

**Target:** Continuous improvement in average rides/hour program-wide for conventional transit services: 34.8 rides/hour in Victoria and 25.5 rides/hour in Municipal Systems.

Maintain industry leadership in productivity level for custom transit service: 4.8 rides/hour in Municipal Systems and 2.8 rides/hour in Victoria.

### 2. OBJECTIVE: Improve service efficiency and effectiveness.

**Strategy A. Expand strategic purchasing initiatives to contain costs.**

**Target:** Hold unit operating cost increases to a rate that is in the best 25% category of the peer transit systems in Canada.

**Strategy B. Pursue new funding and implement operational efficiencies to offset anticipated cost increases, in order to maintain the projected service level through the term of the Plan.**

**Target:** Secure new funding and operational efficiencies to address forecast cost increases currently projected to be \$7.5 million in Year 2 and \$8.3 million in Year 3.

### 3. OBJECTIVE: Improve transit safety for passengers and reduce the costs of accidents.

**Strategy A. Reduce preventable accidents through ongoing training and improved performance feedback.**

**Target:** Victoria Regional Transit System: reduce preventable accidents below last three-year average in each year of the 2007/10 Service Plan period.

### 4. OBJECTIVE: Implement high priority service improvements.

**Strategy A. Pursue new community funding partnerships to implement enhanced service.**

**Target:** Expand partnership activities with Health Authorities, School Districts, employers, and flex funding contribution from local government to fund \$9.1 million in new small town and rural and enhanced transit services in 2007/08.

## GOAL 2 – COMMUNITY DEVELOPMENT

Plan and deliver transit services that meet local land-use and growth priorities, while furthering the development of safe, healthy communities and a sustainable environment.

### 1. OBJECTIVE: Identify and adopt new technologies to enhance customer service, improve air quality and reinforce transit's community benefits.

**Strategy A. Develop technical requirements and secure supplier arrangements to implement bio-diesel fueling for BC Transit's bus fleet.**

**Target:** Initialize bio-diesel purchase in 2 or more select systems in Year 1 and adopt a fuel plan to move to a bio-diesel standard throughout BC by Year 2.

**Strategy B. Commence work on a program that will see BC Transit acquire and place a fleet of hydrogen fuel cell buses into regular service.**

**Target:** Select successful proponents from RFP process in 2006/07 to supply pre-production buses (1 or 2) as Phase 1 of the Hydrogen Fuel Cell Project. Advance project including steps to confirm federal government participation.

Select proponent and completion of Phase 1 and acquire remainder of fleet by end of Year 2.

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**2. OBJECTIVE: Support regional growth strategies, community planning initiatives and municipal empowerment.**

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**Strategy A. Work with local governments in the development of strategic transportation initiatives that support local and regional growth strategies.**

**Target:** Implement Kelowna and Victoria Regions' Bus Priority Projects (Phase 1 – funded in Victoria by a federal transit infrastructure program and in Kelowna from Transport Canada, the provincial Ministry of Transportation and the City of Kelowna). Secure funding for the next phases of these projects prior to the end the 2007/08 fiscal year.

**Strategy B. Advance applications for capital funds for priority projects under the federal government's "New Deal for Cities and Communities" and other senior government programs while working with BC Transit funding partners to establish sustainable capital program funding.**

**Target:** Submit applications for those specific projects in BC Transit's Long Term Capital Plan which are eligible for federal government funding and endorsed by the local government partner.

**Strategy C. Broaden the awareness of public transit benefits through environmental education and climate change efforts.**

**Targets:** Subject to funding, increase BC communities participating in Clean Air Day activities by 5% in Year 1. Build and deliver public transit and active transportation youth educational programs through partnership with 2010 Legacies Now.

## Alignment with Government's Strategic Plan

BC Transit's programs and services directly support the priorities of the provincial government outlined in the February 2005 Throne Speech. The Five Great Goals, and BC Transit's activities in support of these, are as follows:

- **To make B.C. the best-educated, most literate jurisdiction on the continent.** The Corporation provides necessary access to all levels of education and to job training in more than 50 communities.
- **To lead the way in North America in healthy living and physical fitness.** By reducing reliance on automobile travel, and serving community and, sport and other outdoor facilities, BC Transit contributes to a more healthy and active lifestyle.
- **To build the best system of support in Canada for persons with disabilities, those with special needs, children at risk and seniors.** BC Transit's custom and paratransit programs, its Health Connections services, and its provision of increasingly accessible conventional services all provide essential access for seniors and people with mobility challenges to community activities, education, retraining and social and health services.
- **To lead the world in sustainable environmental management, with the best air and water quality, and the best fisheries management, bar none.** BC Transit fosters improved environmental quality by reducing traffic congestion, promoting options to driving, supporting regional growth strategies and participating in the early adoption of new environmentally-friendly technologies.
- **To create more jobs per capita than anywhere else in Canada.** BC Transit provides essential mobility for the labour force and access to goods and services for consumers. It creates partnerships with employers, technology developers, and training institutions to support a healthy economy and a more effective transportation infrastructure.

# Summary Financial Outlook

The following section provides high-level projections of revenues and expenditures, and a description of key forecast assumptions and risks.

## 2007/08 – 2009/10 Summary Financial Outlook

The three year forecast for all programs is presented in **Table 1** below. Actuals for 2005/06 are based on audited financial statements. Forecasts to 2009/10 are based on corporate financial forecasting models.

**Table 1 BC Transit 2007/08-2009/10 Forecast**

<i>(Figures in thousands)</i>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
	<b>Actual</b>	<b>Forecast</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>
<b>Income Statement:</b>					
<b>Revenue:</b>					
Operating contributions from the Province <sup>1</sup>	52,055	49,641	52,029	53,836	53,944
Amortization of Deferred Capital Contribution (DCC) <sup>2</sup>	19,230	22,138	24,345	46,315	50,840
Amortization of Contributed Surplus	-	835	885	937	992
Local Taxation	32,948	40,767	44,497	48,188	52,769
Passenger & Advertising Revenue	47,366	51,304	57,959	59,815	60,564
Investment & other earnings <sup>3</sup>	1,748	3,801	6,933	9,101	10,017
	<b>153,347</b>	<b>168,486</b>	<b>186,648</b>	<b>218,192</b>	<b>229,126</b>
<b>Expenditures:</b>					
Salaries and benefits	42,454	43,322	47,686	49,773	50,768
Operating Costs	79,168	86,543	97,100	102,958	104,550
Capital asset amortization expense <sup>2</sup>	25,361	32,121	35,262	58,370	64,684
Debt service costs (net of sinking fund earnings)	6,486	6,500	6,600	7,091	9,124
	<b>153,469</b>	<b>168,486</b>	<b>186,648</b>	<b>218,192</b>	<b>229,126</b>
<b>Net Income (Loss)</b>	<b>(122)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Replacement	21,413	14,308	18,275	30,980	30,980
Expansion		10,800	22,100	33,005	-
Fuel Cell Bus Project		-	3,200	6,300	35,500
<b>Capital Expenditures</b>	<b>21,413</b>	<b>25,108</b>	<b>43,575</b>	<b>70,285</b>	<b>66,480</b>
<b>FTEs<sup>4</sup></b>	<b>609.0</b>	<b>646.0</b>	<b>685.0</b>	<b>685.0</b>	<b>685.0</b>

<sup>1</sup> Includes funding commitment for Victoria collective agreement settlement including bonus incentive payments of \$2.2 million in 2005/06.

<sup>2</sup> Includes projected change to straight-line amortization in 2008/09 (see discussion in following section regarding amortization funding and change in accounting policy).

<sup>3</sup> Includes supplemental provincial operating grants of \$2.7 million in 2006/07 and \$5.4 million in 2007/08. These additional funds come from sale of surplus assets and tax recoveries. Additional funding and/or operating efficiencies of \$7.5 million in 2008/09 and \$8.3 million in 2009/10 may be required should forecast inflation materialize in these years.

<sup>4</sup> Fiscal year end figure. Includes employees working on capital projects.

## **Assumptions, Risk Factors and Sensitivities**

### **Amortization Policy**

BC Transit currently uses the sinking fund method to amortize its assets. The Corporation's external auditors have indicated that this method is not best practice in generally accepted accounting principles and that BC Transit should change to straight line amortization to improve compliance with GAAP. BC Transit will shift to straight line amortization effective April 1 2008. This change is reflected in BC Transit's corporate budget forecast in Table 1 above. Currently the unfunded component of amortization of prepaid capital advances is \$22.9 million in 2008/09 and \$24.7 million in 2009/10. Approximately three quarters of these amortization changes relate to Skytrain and West Coast Express infrastructure in Greater Vancouver.

### **Projected Service Level**

The financial and performance projections to 2009/10 described in this Service Plan reflect implementation of 110,000 hours of expanded service in 2007/08 and annualizing these services in 2008/09 and continuation of this service through 2009/10. The budget assumes that local partners will continue to flex-fund at current levels.

### **Inflationary Factors**

Key inflation factors reflect:

- Contracted services including fixed and variable hourly costs increase of 3.0% in 2007/08, and 2.6% in 2008/09 and 2009/10. Contract renewals through the RFP process include anticipated increases for fixed and variable hourly costs,
- Fuel costs averaging \$1.04 per litre in 2007/08, with a 4% increase in 2008/09 and 2009/10 reflecting higher crude oil futures costs and refining margins.
- Maintenance costs reflect required running repairs for projected service levels and beginning in 2007/08, a two-year program to address high priority mechanical and body work repairs deferred from prior years.
- Collective agreements averaging 2.2% annual total compensation increase through 2009/10 in the Victoria Regional Transit System.
- Materials and services inflation averaging 2.5% per annum over the forecast period.

### **Risk Factors**

Significant risks associated with the projections include:

- Contracted services represent a major risk. The RFP process in the Municipal Systems Program is subject to competitive bidding and local market factors. A total of 30 systems will be tendered in the next three years. Regional economic recovery has resulted in more competitive labour markets and cost increases may vary significantly from those assumed.
- The single largest forecast risk is fuel cost. The forecast for 2007/08 is projected at the current futures rates of \$1.04/litre. However, the market is highly volatile and there is no consensus on the part of industry analysts regarding the direction of future prices.
- Expenditures for vehicle running repairs, major component overhauls and mid-life tune-ups are expected to continue to trend higher due to increasing technical complexity and age profile of the fleet.

**Table 2** below summarizes the major external risk factors which may have an impact on the budget. A sensitivity analysis corresponding to unit cost increases/decreases is included.

**Table 2 2007/08 Risk Factors and Sensitivities, Corporate Summary**

<b>Risk Factor (1% change)</b>	<b>Total Risk</b>	<b>Provincial Share*</b>
Municipal Systems Contract Costs	\$310,000	\$143,500
Fuel	190,000	75,600
Running Repairs	114,500	40,300
Vehicle Parts Pricing	96,500	35,200
Currency Exchange	92,000	35,000
RFP Process	80,000	40,000
Benefits, BC Transit Staff	73,000	20,900
Other Factors	138,000	28,000

\* Provincial Share of total risk varies by type and location of service.

## Performance Measures

Performance measures used in this Service Plan are those universally adopted by the North American transit industry. Industry-wide standard indicators (defined in Appendix A) are used to track BC Transit's achievement of strategic goals. Ridership estimates are based on statistically valid counting methodologies used throughout the industry. The same information is used by Statistics Canada for its "Standard Industrial Classification" (SIC) reports.

**Table 3 Corporate Performance Measures**

	<b>2005/06 Actual</b>	<b>2006/07 Target</b>	<b>2007/08 Projection</b>	<b>2008/09 Projection</b>	<b>2009/10 Projection</b>
<b>Service Hours (thousands)</b>					
Victoria Regional Transit System (VRTS)	695	746	799	814	814
Municipal Systems Program	959	986	1,043	1,079	1,079
<b>Total</b>	<b>1,654</b>	<b>1,732</b>	<b>1,842</b>	<b>1,893</b>	<b>1,893</b>
<b>Passengers (thousands)</b>					
Victoria Regional Transit System	21,426	22,303	24,110	24,900	25,169
Municipal Systems Program	19,290	19,861	20,964	21,736	22,052
<b>Total</b>	<b>40,716</b>	<b>42,164</b>	<b>45,074</b>	<b>46,636</b>	<b>47,221</b>
Safety - Service Hours Between Preventable Accidents, VRTS ( <i>thousands</i> )	43.5	43.6	43.7	43.8	44.0
Municipal Systems Annual Operating Agreements	63	69	73	73	73

It should be noted that in both the Victoria Regional Transit Commission and the Municipal Systems Program the local government partners are responsible for making tariff decisions. Therefore the forecasts in the following tables do not assume any change in revenue as a result of fare increases beyond those approved as of April 1, 2007.

## Victoria Regional Transit System

The performance highlights reflected in **Table 4** below are as follows:

- On the conventional system total revenue passengers are forecast to increase 13.0% by 2009/10 compared to 2006/07 levels reflecting market growth and expanded service capacity. Productivity as measured by revenue passengers per hour is projected to increase moderately.
- Operating cost per hour for conventional transit is forecast to increase at rate above inflation in 2007/08 only due to the combined impact of higher fuel prices, required maintenance program support and employee compensation. In the following two years increases are projected to mirror inflation.

**Table 4 Victoria Regional Transit System Performanc Measures - Conventional**

	2005/06 Actual	2006/07 Target	2007/08 Projection	2008/09 Projection	2009/10 Projection
<b>Service Effectiveness</b>					
Service Hours (thousands)	584	632	681	694	694
Revenue Passengers (thousands)	21,055	21,900	23,700	24,480	24,742
Revenue Passengers / Hour	36.0	34.7	34.8	35.3	35.7
Rides / Capita	63.0	64.9	69.6	71.2	71.4
<b>Cost Efficiency</b>					
Operating Cost Recovery	52.6%	52.2%	56.3%	55.7%	55.3%
Operating Cost Per hour	\$84.12	\$84.10	\$87.54	\$88.68	\$90.26
Operating Cost per Revenue Passenger	\$2.33	\$2.43	\$2.52	\$2.51	\$2.53

**Table 4 Victoria Regional Transit System Performanc Measures - Custom**

	2005/06 Actual	2006/07 Target	2007/08 Projection	2008/09 Projection	2009/10 Projection
<b>Service Effectiveness</b>					
Service Hours (thousands)	111	114	118	120	120
Revenue Passengers -Total (thousands)*	371	403	410	420	427
Revenue Passengers - handyDART (thousands)	296.8	320.0	330.0	337.0	342.0
Revenue Passengers / Hour - handyDART	2.7	2.8	2.8	2.8	2.9
<b>Cost Efficiency</b>					
Operating Cost Recovery - Total	6.4%	6.5%	6.1%	5.8%	5.7%
Operating Cost Per hour - handyDART	\$47.69	\$49.89	\$51.34	\$53.03	\$55.08
Operating Cost per Revenue Passenger - Total	\$14.99	\$14.92	\$15.54	\$15.93	\$16.26

\* Total custom ridership includes Taxi Saver Program

## Municipal Systems Program

The performance highlights reflected in **Table 5** below are as follows:

- Revenue passengers on the conventional systems are forecast to increase 11.2% by 2009/10 compared to 2006/07 levels.
- Operating cost per hour for both the conventional and custom transit services in the Municipal Systems Program is forecast to increase significantly in 2007/08 due to the combined impact of increased costs in contracted services, higher fuel prices and required maintenance program support. The 2008/09 projection includes upcoming RFP's for contracted services and planned vehicle maintenance.

**Table 5 Municipal Program Performance Measures - Conventional**

	2005/06 Actual	2006/07 Target	2007/08 Projection	2008/09 Projection	2009/10 Projection
<b>Service Effectiveness</b>					
Service Hours ( <i>thousands</i> )	713	717	761	789	789
Revenue Passengers ( <i>thousands</i> )	17,916	18,372	19,382	20,112	20,426
Revenue Passengers / Hour	25.1	25.6	25.5	25.5	25.9
Rides / Capita	21.8	22.1	23.0	23.6	23.7
<b>Cost Efficiency</b>					
Operating Cost Recovery	36.9%	37.4%	34.3%	33.4%	33.5%
Operating Cost Per hour	\$72.26	\$74.90	\$81.88	\$84.94	\$85.94
Operating Cost per Revenue Passenger	\$2.87	\$2.92	\$3.21	\$3.33	\$3.32

**Municipal Program Performance Measures - Custom**

	2005/06 Actual	2006/07 Target	2007/08 Projection	2008/09 Projection	2009/10 Projection
<b>Service Effectiveness</b>					
Service Hours ( <i>thousands</i> )	247	269	282	290	290
Revenue Passengers - Total ( <i>thousands</i> )*	1,374	1,489	1,582	1,624	1,626
Revenue Passengers - Van ( <i>thousands</i> )	1,218.8	1,305.8	1,354.1	1,356.1	1,358.1
Revenue Passengers / Hour - Van	4.9	4.9	4.8	4.7	4.7
<b>Cost Efficiency</b>					
Operating Cost Recovery - Total	16.7%	16.0%	16.2%	15.8%	15.6%
Operating Cost Per hour - Van	\$49.47	\$51.37	\$54.72	\$56.63	\$58.16
Operating Cost per Revenue Passenger - Total	\$9.56	\$9.97	\$10.42	\$10.76	\$11.02
* Total custom ridership includes Taxi Saver Program					

# Appendix A

## Explanation of Statistics and Performance Measures Used

Statistics include operational outputs and transit service area statistics. These factors, when used in a ratio, indicate commonly compared industry standard performance measures.

**Total service hours** represent the total number of hours that the transit fleet is in regular passenger service.

**Revenue passengers** represent transit riders who have made one fare payment to use the transit service. (Passengers who use a transfer and board more than one bus to complete a trip are only counted once.)

**Operating cost** includes all transit expenditures with the exception of debt servicing.

**Operating revenues** include passenger and advertising revenue. It excludes property tax and fuel tax revenue.

**Population** is for the defined transit service area.

**Performance measures** are statistical ratios combining system outputs, and transit service area statistics to benchmark performance within the industry and operational trends over time.

**Cost Recovery** reflects annual operating revenue divided by total annual cost. This ratio indicates the proportion of operating costs recovered from operating revenue. Fares are established by the local

partners. A strong cost recovery is desirable, as it reduces the subsidy from the taxpayer. Fares, however, are a municipal policy decision.

**Operating cost per passenger** reflects annual operating cost divided by annual passengers carried. This ratio indicates the efficiency of transit expenditures directed toward passengers carried. Consistent or decreasing cost per passenger indicates that ridership is growing faster than costs.

**Operating cost per hour** reflects annual operating cost divided by annual total service hours. The ratio also reflects efficiency. Increasing cost per hour indicates operating costs are increasing faster than service hours.

**Rides per capita** reflect annual passengers carried divided by regional population. This is a measure of market share and the effectiveness of services in attracting customers.

**Passengers per hour** reflect annual passengers divided by annual total service hours. This ratio is a primary measure of the effectiveness of the service provided. The ratio improves with lower average trip lengths, or higher average speeds.

# Appendix B

## List of Municipal Conventional Transit Systems by Tiers

	Custom	Paratransit	
<p><b>Tier 1*</b></p> <p>Central Fraser Valley Kamloops Kelowna Regional Nanaimo Regional Prince George Whistler/Sea-to-Sky</p> <p><b>Tier 2**</b></p> <p>Campbell River Chilliwack Comox Valley Cowichan Valley Penticton Vernon Regional</p> <p><b>Tier 3***</b></p> <p>Cranbrook Dawson Creek Fort St. John Kitimat Kootenay Boundary Nelson Port Alberni Powell River Prince Rupert Squamish Sunshine Coast Terrace Regional</p>	<p>Alberni-Clayoquot Campbell River Central Fraser Valley Chilliwack Cranbrook Kamloops Kelowna Regional Kitimat Kootenay Boundary Nanaimo Regional Penticton Prince George Prince Rupert Vernon Regional</p>	<p>Agassiz-Harrison Bella Coola Boundary Castlegar Regional Clearwater &amp; Area Columbia Valley Comox Valley Cowichan Valley Creston Valley Elk Valley Fort St. John Hazelton's Regional Kaslo Kimberley Kootenay Lake West Nakusp Nelson &amp; Area Nelson – Slocan Valley</p>	<p>North Okanagan Okanagan-Similkameen 100 Mile House &amp; Area Osoyoos Pemberton Valley Port Edward Powell River Princeton &amp; Area Quesnel Revelstoke Shuswap Skeena Regional Smithers &amp; District Squamish Summerland Sunshine Coast Terrace Regional Williams Lake</p>
	<p>*Tier 1: <i>population served 50,000+ and Whistler</i>  **Tier 2: <i>population served 25,000 - 50,000</i>  ***Tier 3: <i>population served under 25,000</i></p>		

