

**To:** Chief Administrative Officer **Date:** June 17, 2024  
**From:** Ellen Croy, Manager of Transportation  
**Subject:** **2024-2025 Annual Operating Agreement for Transit Services**

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### **Recommendation(s)**

1. That Council direct the Mayor and Corporate Officer to execute the 2024-2025 Annual Operating Agreement (AOA) as appended to the report by the Manager of Transportation dated June 17, 2024;
2. That Council allocate \$275,000 from the Unappropriated Accumulated Surplus towards the Conventional Transit System Budget and that the 2024 Financial Plan be amended accordingly; and
3. That Council allocate \$40,000 from the Unappropriated Accumulated Surplus towards the Custom Transit System Budget and that the 2024 Financial Plan be amended accordingly.

### **Purpose**

The purpose of this report is to seek Council's authorization for the Mayor and Corporate Officer to execute the 2024-2025 AOA (Attachment A) and to allocate additional budget to provide conventional and custom transit service in 2024.

### **Background**

Together, the Transit Service Agreement (TSA) and the AOA constitute the operating agreements for the Central Fraser Valley (CFV) Regional Transit System. Each year, the AOA confirms the budgeted service levels, revenue projections, and cost structure for the transit system in Mission, in line with the TSA. The City's AOA covers the conventional transit service (Routes 31, 32, 33, 34, and 35), the community transit service (Route 39 - Shopper Shuttle), the custom transit service (handyDART), and any planned transit service expansions.

At its Regular Meeting of May 6, 2024, staff provided Council with an overview of the typical transit related agreements executed each year, including which are brought forward to Council for their consideration, and which are delegated to staff. Staff informed Council that as per the Delegation of Authority Bylaw 6260-2023, the Director of Finance has the authority to approve the AOA if the costs are already approved in the Financial Plan. Staff would only bring forward the AOA for Council's review and approval if the service levels are different than described in the approved Transit Improvement Program (TIP) or the AOA costs exceed the approved budget within the Financial Plan.

At its Regular Meeting of May 6, 2024, staff also informed Council of various 2024 transit initiatives including the following planned conventional and custom transit service expansions:

- 1,300 conventional transit service hours for improving on-time performance, frequency, and service reliability (starting September 2024).
- 450 conventional transit service hours to improve Sunday service on Routes 31, 32, 33, and 34 (starting September 2024).

- 1,900 additional custom transit service hours to provide Sunday and holiday service (starting September 2024).
- 600 conventional transit service hours to introduce service to the Silver Creek industrial park (starting January 2025).

### **Discussion and Analysis**

The budgets estimated for the 2024 Financial Plan were based on the latest available costing information at the time (fall 2023). However, upon review of the 2024-2025 AOA (Attachment A) received in April 2024, staff determined that the AOA costs exceed the approved budgets within the 2024 Financial Plan:

- The costs for labour (including operators, mechanics, management, training, etc.) increased as a result of the new Transdev collective agreement (negotiations concluded in January 2024).
- The order in which transit expansions were expected to be implemented was adjusted, which resulted in additional costs in 2024. The 600 conventional transit service hours for the Silver Creek industrial park service were originally assumed to start in September 2024, but are now starting in January 2025. Instead, the 1,900 additional custom transit service hours that were assumed to start in January 2025 are now starting in September 2024.

Staff determined that to account for the increased costs, an additional \$275,000 is required for the Conventional Transit System Budget and an additional \$40,000 is required for the Custom Transit System Budget. There is funding available to be allocated from the Unappropriated Accumulated Surplus.

Since the service levels are different than assumed in fall 2023 and the AOA costs exceed the approved 2024 Financial Plan budgets, staff seek Council's approval:

- for the Mayor and Corporate Officer to execute the 2024-2025 AOA; and
- to allocate \$275,000 to the Conventional Transit System Budget and \$40,000 to the Custom Transit System Budget from the Unappropriated Accumulated Surplus.

After signing the 2024-2025 AOA, staff will return the signed copy to BC Transit by the June 30, 2024 deadline.

### **Financial Implications**

The majority of costs submitted with the 2024-2025 AOA are budgeted within the approved 2024 Financial Plan. However, staff determined that the increased costs to provide service in 2024 exceed the budget allocated in the 2024 Financial Plan. Therefore, it is recommended that an additional \$275,000 be allocated to the Conventional Transit System Budget and \$40,000 be allocated to the Custom Transit System Budget from the Unappropriated Accumulated Surplus, and that the 2024 Financial Plan be amended accordingly. Staff will complete additional financial reviews throughout the year and report back to Council should additional amendments to the 2024 Financial Plan be recommended.

### **Communication**

The 2024-2025 AOA has been reviewed internally with Finance and Development Services, and externally with BC Transit. BC Transit will be informed of Council's resolution regarding the execution of the 2024-2025 AOA before the deadline of June 30, 2024.

## **Summary and Conclusion**

Each year, an AOA is approved to confirm budgeted transit service levels, revenue projections and the overall cost structure for the CFV Regional Transit System. It is recommended that Council approve the 2024-2025 AOA by directing the Mayor and Corporate Officer to execute the AOA. It is recommended that additional funding be allocated to the Custom Transit Service Budget and Conventional Transit Service Budget to ensure that there is sufficient budget to pay for 2024 transit service and expansions.

**Report Prepared by:** Ellen Croy, Manager of Transportation  
**Reviewed by:** Tracy Kyle, Director of Engineering & Public Works  
**Approved for Inclusion:** Mike Younie, Chief Administrative Officer

## **Attachment(s)**

Attachment A: 2024-2025 Annual Operating Agreement