

**REGIONAL DISTRICT OF NANAIMO**

**COMMITTEE OF THE WHOLE  
TUESDAY, MARCH 10, 2009**

**CIRCULATED REPORT  
FOR AGENDA**

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***TRANSPORTATION AND SOLID WASTE SERVICES***

**TRANSPORTATION**

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2009 Transit Expansion Update.



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CAC APPROVAL	/
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BOARD	

## MEMORANDUM

**TO:** Carol Mason  
Chief Administrative Officer

**DATE:** March 5, 2009

**FROM:** Dennis Trudeau  
General Manager, Transportation & Solid Waste Services

**FILE:** 8620-30

**SUBJECT:** 2009 Transit Expansion Update

### PURPOSE

To update the Board on the Transit expansion planned for 2009.

### BACKGROUND

The initial Transit Business Plan for the Regional District of Nanaimo (RDN) was developed in 1998 to provide for the development of Conventional and Custom transit services within the region. Based on extensive stakeholder input the document detailed service plans, developed performance indicators, outlined fee structures and provided concepts for future service provisions.

In 2001, and then again in 2003, the Plan was updated to respond to changes that occurred within the region and to outline proposed service changes for both Districts 68 and 69. While the 2003 Transit Business Plan had been approved by the Board, the Province was in a funding freeze, which meant that all projects and expansions outlined within the Plan were put on hold.

In 2007-2008 the Transit Business Plan was reviewed and updated. The Plan focuses on expanding core services, implementing new routes, updating key performance indicators and outlines a multi-year expansion plan. Public consultations were extensive and included meetings in the Town of Qualicum Beach, City of Parksville, District of Lantzville, City of Nanaimo and Electoral Areas 'A', 'C', 'E' and 'G'. This work was overseen by the Transit Select Committee and was approved by the Board at the April 22, 2008 Board meeting.

The first major expansion of the Transit Business Plan was to take place in March 2009.

On February 26, 2009 staff was advised by BC Transit that they are undertaking a review of their budget and service commitments for the upcoming fiscal year and, as a result, they must defer the March 2009 service expansion until their review is completed. Staff expects that the review will be completed by April 2009 and that the expansion planned for 2009 will be supported and implemented later this year.

Staff has prepared a 2009 budget for Transit that reflects a 5000 hour (annualized) expansion taking place in March 2009. In preparation for that expansion there are some fixed costs such as:

- new bus leases
- new vehicle insurance
- staff training
- *Rider's Guides*

Drivers' wages and fuel usage associated with the expansion will not be incurred until the expansion takes place. Staff's discussions with BC Transit indicate that they should be able to confirm our expansion by the end of April. If there are no significant changes to the previously agreed upon expansion, staff is confident that the expansion could be implemented by May 31, 2009. If the expansion takes place on May 31, 2009 there will be some savings to the Transit budget. The RDN will realize approximately only one-third (1/3) of those savings since the BC Transit cost-sharing would be reduced along with the expected revenue from the additional fares.

## **ALTERNATIVES**

1. That the report on the 2009 Transit Expansion update be received for information and make no changes to the transit budget.
2. That the report on the 2009 Transit Expansion update be received for information and reduce the Transit budget by an amount equivalent to the estimated cost of the expansion.
3. That the report on the 2009 Transit Expansion update be received for information and reduce the Transit budget by an amount equivalent to the estimated cost of the expansion and reduced cost of fuel.
4. That the Board provide alternate direction.

## **FINANCIAL IMPLICATIONS**

### **Alternative 1**

Under Alternative 1 there would be no change to the transit budget and unused funds would be carried forward to offset proposed increases in 2010.

### **Alternative 2**

With respect to Alternative 2 the 2009 expansion was to add an additional 5000 annual hours of revenue service to the RDN's Annual Operating Agreement with BC Transit. Since the expansion was taking place for only a portion of the year, the actual increase in hours was actually going to be approximately 3750 hours. If the expansion is implemented on May 31<sup>st</sup>, staff estimates that the expansion hours will be approximately 2920 hours for 2009. The reduction in hours will not reduce fixed costs but will cause wages, benefits and fuel costs to be reduced. Cost estimates are presented in the following table.

	MARCH 29 EXPANSION	MAY 31 EXPANSION	REDUCED COSTS
WAGES AND BENEFITS	\$ 7,342,000	\$ 7,307,000	\$ 35,000
VEHICLE FUEL	\$ 2,070,000	\$ 2,036,000	\$ 34,000
TOTAL	\$ 9,412,000	\$ 9,343,000	\$ 69,000

Delaying the expansion from March 29, 2009 to May 31, 2009 will mean a reduction of approximately \$35,000 (1,150 hours) of drivers' wages and \$34,000 worth of fuel (24,000 litres).

The total reduction that would be realized by delaying the expansion until May 31<sup>st</sup> would be \$69,000, of which only one-third (1/3), \$23,000, could be used to reduce the tax requisition. It should be noted that the BC Transit cost-sharing portion will be reduced as well as expected revenue under this alternative.

#### Alternative 3

Under Alternative 3 staff have reviewed our fuel price estimates and note that diesel prices have moderated for the first quarter of 2009. The transit budget could be reduced by a further \$25,000 without compromising the overall budget. Combined with the adjustment in Alternative 2 the total reduction to the transit budget would be \$48,000.

#### SUSTAINABILITY IMPLICATIONS

Ensuring that the negative impacts on the environment due to greenhouse gas emissions are reduced can be achieved by reducing automobile use in the Regional District. Providing a better transit service will encourage greater use of the system and help to reduce automobile use and their resulting greenhouse gas emissions.

#### SUMMARY/CONCLUSIONS

The first major expansion of the Transit Business Plan was to take place on March 2009. On February 26, 2009 staff was advised by BC Transit that they are undertaking a review of their budget and service commitments for the upcoming fiscal year and, as a result, they must defer the March 2009 service expansion until their review is completed. Staff expects that the review will be completed by April 2009 and that the expansion planned for 2009 will be supported and implemented later this year.

If there are no significant changes to the previously agreed upon expansion, staff is confident that the expansion could be implemented by May 31, 2009. If the expansion takes place on May 31, 2009 there will be some savings to the Transit budget. The RDN will realize an estimated 1/3 of those savings due to fixed costs and the BC Transit cost-sharing revenue which would be reduced along with the expected revenue from the additional fares revenue that would be expected.

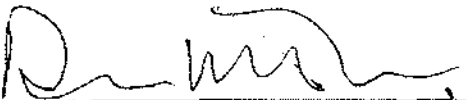
Delaying the expansion from March 29, 2009 to May 31, 2009 will mean a reduction of approximately \$35,000 (1,150 hours) of drivers' wages and \$34,000 worth of fuel (24,000 litres). The total reduction realized by delaying the expansion until May 31 would be \$69,000, of which only one-third (1/3), \$23,000, could be used to reduce the tax requisition and still maintain a modest surplus.


Since diesel prices have moderated for the first quarter of 2009 compared to 2008 staff propose reducing the transit budget by a further \$25,000 without jeopardizing the overall transit budget. The total reduction to the transit budget would be \$48,000.

Staff plans to work closely with BC Transit to confirm the expansion and begin implementation of the new service later this year.

**RECOMMENDATION**

That the report on the 2009 Transit Expansion be received for information and that staff reduce the Transit budget by \$48,000.

  
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General Manager

  
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C.A.O. Concurrence