

10.

BUSINESS ARISING FROM DELEGATIONS

REGIONAL DISTRICT OF NANAIMO TRANSIT SELECT COMMITTEE AGENDA

Thursday, September 14, 2017 12:00 P.M.

RDN Board Chambers

| | | | Pages | | | |
|----|---------------------|---|-------|--|--|--|
| 1. | CALL TO | O ORDER | | | | |
| 2. | APPRO | VAL OF THE AGENDA | | | | |
| 3. | ADOPT | ION OF MINUTES | | | | |
| | 3.1 | Transit Select Committee Meeting - May 25, 2017 | 3 | | | |
| | | That the minutes of the Transit Select Committee meeting held May 25, 2017, be adopted. | | | | |
| 4. | INVITE | D PRESENTATIONS | | | | |
| 5. | DELEG | ATIONS | | | | |
| 6. | CORRE | SPONDENCE | | | | |
| 7. | UNFINISHED BUSINESS | | | | | |
| 8. | BC TRANSIT UPDATES | | | | | |
| | 8.1 | Myrna Moore- 2016/2017 RDN Performance Review | 6 | | | |
| 9. | REPOR | TS | | | | |
| | 9.1 | Financial Implications of Transit Service to Duke Point | 13 | | | |
| | | That the 5,000 hour conventional transit expansion for January 2018 be approved, and public transit service to the Duke Point ferry terminal area be implemented in January 2018. | | | | |
| | 9.2 | CNG Bus Exterior Advertising | 16 | | | |
| | | That BC Transit be advised that the RDN is not permitting exterior bus advertising on the RDN Conventional fleet until BC Transit advises the paint defects are resolved. | | | | |

- 11. NEW BUSINESS
- 12. ADJOURNMENT

REGIONAL DISTRICT OF NANAIMO

MINUTES FROM THE TRANSIT SELECT COMMITTEE HELD ON THURSDAY, MAY 25, 2017 AT 12:00 PM IN THE RDN COMMITTEE ROOM

Present:

Director T. Westbroek
Director M. Young
Director B. Rogers
Director J. Stanhope
Director B. Veenhof
Director B. Colclough

Chairperson
Electoral Area 'C'
Electoral Area 'G'
Electoral Area 'H'
Director B. Colclough

Alternate

Director K. Oates City of Parksville
Director B. McKay City of Nanaimo
Director B. Bestwick City of Nanaimo

Also in Attendance:

P. Carlyle Chief Administrative Officer, RDN

D. Trudeau General Manager, Transportation, Emergency Planning &

Fire Services

D. Pearce A/Director of Transportation & Emergency Services

D. Marshall Manager, Fleet & Projects

E. Beauchamp Superintendent, Transportation Planning & Scheduling

M. Moore Senior Regional Transit Manager, BC Transit

J. WadsworthA. FreundN. HewittSenior Transit PlannerTransportation PlannerRecording Secretary

Regrets:

Director A. McPherson Electoral Area 'A'
Director B. Yoachim City of Nanaimo
Director J. Hong City of Nanaimo

CALL TO ORDER

The Chairperson called the meeting to order at 12:00 pm.

APPROVAL OF THE AGENDA

It was moved and seconded that the agenda of the Transit Select Committee be received.

CARRIED UNANIMOUSLY

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MINUTES

It was moved and seconded that the minutes of the regular Transit Select Committee meeting held on March 16, 2017 be adopted.

CARRIED UNANIMOUSLY

REPORTS

2017-2018 Conventional and Custom Transit Annual Operating Agreement.

It was moved and seconded that the Board approve the 2017/18 Conventional and Custom Transit Annual Operating Agreements with BC Transit.

CARRIED UNANIMOUSLY

Fare Review.

It was moved and seconded that the Board approve a Conventional and handyDART fare change as shown in Appendix 'A' Option 1, including the expanded 'Kids Ride Free' program, university monthly passes at \$50, and removal of the paper transfer system to be implemented on September 3, 2017

Opposed (2): Director Rogers and Alternate Director Oates

CARRIED

Transit Select to Duke Point.

It was moved and seconded that the Board direct staff to work with BC Transit to bring forward a detailed financial report regarding a 5,000 hour annual transit expansion and potential use of community shuttle buses for implementation in January 2018.

Opposed (1): Director Rogers

CARRIED

NEW BUSINESS

Fare Review.

It was moved and seconded that the Board direct staff to provide a report that looks at the financial and social consequences by service area of providing free transit service.

CARRIED UNANIMOUSLY

It was moved and seconded that the Board direct staff to provide a report that looks at the financial and social consequences by service area of providing \$1.00 transit service.

Opposed (1): Director Bestwick

CARRIED

Transit Select Committee Minutes May 25, 2017 Page 3

| ADJOURNMENT | |
|---|---------------------|
| It was moved and seconded that this meeting be adjourned. | |
| Time 1:03 pm | CARRIED UNANIMOUSLY |
| CHAIRPERSON | |



2016/17 Annual Performance Summary

Regional District of Nanaimo Transit System

The Annual Performance Summary (APS) is a key component of the Annual Partnership Communications Calendar. It provides a snapshot of transit investment and performance within your community as compared to previous years, to budget, to system level performance targets and to peer communities.* This information is intended to support local decisions on service priorities and potential investments into service and capital initiatives. Upon alignment of future initiatives through the Transit Improvement Program, this information is used to update your three year budget forecasts and inform BC Transit's Service and Capital Plan.

2016/17 BC Transit Initiatives

BC Transit's shared services model continues to achieve transit system costs across British Columbia well below those of industry averages including lower costs per hour and per passenger.

In 2016/2017, BC Transit continued to focus its efforts on enhancing the efficiency and effectiveness of service. Among those efforts was the emphasis on optimising the use of existing service hours and improving the return on investment for our stakeholders. The Custom Registration Program was expanded further across the province with the aim of facilitating more effective and appropriate use of specialized handyDART resources while supporting the future sustainability of the overall transit program. Most recently, BC Transit refocused five staff members solely on driving operational and customer service excellence in their respective regions. These Regional Transit Managers of Operations will monitor key performance indicators in their region. This includes the use of tools, such as secret riders and to place increased emphasis on effective and efficient service delivery while streamlining operational processes with service providers.

Several other initiatives are underway to mitigate the increasing cost of transit service provision. The Compressed Natural Gas (CNG) program has successfully proved the reliability of, and investment in, the technology. Both the Kamloops and Nanaimo fleets converted to 100% CNG vehicles resulting in significant improvements in fuel efficiency, lower costs, and the reduction of harmful emissions. The program will help pave the way for further deployments and savings to other local government partners across the province. Our contracting strategy continues to effectively contain lifts associated to the provision of service while ensuring operational sustainability. Shortened amortization periods of vehicles and the pooling of lease fees by vehicle type and year, are managing the volatility of maintenance costs while increasing the overall service reliability of the provincial fleet. Combined with on-going savings on fuel, these initiatives have again positively contributed to performance indicators related to operating costs.

^{*} The Regional District of Nanaimo APS report provides performance information for the conventional service business unit (841) and the custom service business unit (641).

2016/17 Regional District of Nanaimo Initiatives and Highlights

Based on the highest priority initiative of the RDN Transit Future Plan and endorsed by the RDN Board in March 2014, the impact of the annualized 5,000 hour conventional transit service expansion occurred in 2016-17. This service expansion was effectively implemented on September 6, 2015. The goal of this expansion was to establish the Frequent Transit Corridor within the RDN Transit system and to begin to increase service levels. The positive results of this expansion are discussed in the following section of the Key Conventional Service Outcomes.

In July 2015, the BC Transit Board authorized BC Transit to proceed with the purchase of an additional 24 conventional Compressed Natural Gas (CNG) buses in 2016/17. The RDN was the best location in BC to initially introduce additional CNG buses and to create a 100% CNG gleet since the CNG fueling infrastructure was already in place and the RDN had successfully operated CNG buses for the past year with no major challenges. The 24 CNG buses were delivered between November 2016 and January 2017 with an official 100% CNG fleet event with dignitaries rolled out on January 19, 2017. The 24 additional CNG buses replaced the remaining diesel buses in the RDN fleet.

In June, 2016, the RDN approved a Memorandum of Understanding from BC Transit for the RDN's 3-year expansion initiatives. The first year of the three-year expansion (2017/18) includes a 5,000 annual hour service expansion which includes improvements to local transit service in Parksville, and Qualicum Beach as well as general service increases to the routes that make up the local transit network. Public Consultation for the Parksville / Qualicum Beach Transit Expansion was held on October 1, 2016. This transit service expansion initiative has continued to be developed and finalized throughout the first quarter of 2017, with implementation set to occur in early September 2017.

Phased installation began in November 2016 of closed-circuit TV (CCTV) cameras on buses in the RDN. A one-year evaluation (proof of concept) program was completed in April 2016 on 83 buses in Victoria and another 24 in Kamloops and showed positive results. Cameras were installed on 41 buses in Kelowna in August/September 2016. The installation followed infrastructure funding announcements by the federal and provincial governments in June/July 2016. The first 25 CNG buses were operational with cameras by end of November 2016, one week ahead of schedule. The remaining 24 additional CNG buses arrived at the RDN facility between November 2016 and January 2017 fully operational with working CCTV cameras already installed.

Over 2016/17, the RDN was an active member of the Smart-Bus Project Team. In December the RDN signed the Smart-Bus Real Time Technology Memorandum of Understanding to move ahead with real-time expansion. The project will see the introduction of Real Time, automatic vehicle location (AVL) enabled technology over the next two years. BC Transit recommended that the RDN would be the first transit system considered for implementation of this project due to the new, homogeneous RDN fleet and its geographic location. RDN staff participated in the RFP evaluation process in April 2017 for the selection of an appropriate vendor for this project. Once the real-time technology is implemented, transit users will be able to access accurate, real-time information about where buses are located to more conveniently plan their commute.

The RDN and BC Transit, through public consultation, collaborated to a potentially new fare structure for review. Highlights of the proposed fare change (presented to the TSC on March 16, 2017) broken down by age demographic are:

- Adults: there are no changes to the adult cash and ticket fares (\$2.50)
- Adult/Senior/Youth: Monthly passes would be reduced however a result of the elimination of discount fares, youth and seniors will see an increase of \$0.25 per ride when paying with cash and \$0.23 per ride when paying with tickets
- Students: Semester pass reduced by \$6.00
- All: Sale of day passes on board (\$5,00), and the elimination of transfers
- handyDART fares be in alignment with Conventional fares (\$2.50)

At their June 27th,2017meeting, the Board adopted the new Conventional and handyDART fare structure as noted above with the inclusion of the expanded "Kids Ride Free" program, University monthly passes at \$50 and removal of the paper transfer system to be implemented on September 3, 2017 along with the transit service expansion in District 69.

| Conventional | Service | Rusiness | IInit 841) |
|--------------|----------|-----------|-------------------|
| Conveniuonai | SCI VICE | Dusiliess | UIIIL OTI |

| Local Investment Measures | 2016/17 Actual | 2015/16 Actual | YoY Var | 2016/17 AOA Budget | AOA Budget Var | 2016/17 Tier 1 Average [*] | Tier 1 Average Var |
|-----------------------------------|-------------------|-------------------|------------|--------------------------|----------------------|---|--------------------------|
| Revenue service hours (000) | 119 | 116 | 3% | 119 | 0% | 108 | 10% |
| Total cost (\$000) | \$12,625 | \$12,306 | 3% | \$13,396 | -6% | \$12,791 | -1% |
| Fleet size | 49 | 49 | 0% | 49 | 0% | 46 | 7% |
| Return on Investment | 2016/17 Actual | 2015/16 Actual | YoY Var | 2016/17 AOA Budget | AOA Budget Var | 2016/17 Tier 1 Average | Tier 1 Average Var |
| Passenger trips (000) | 2,815 | 2,724 | 3% | 2,764 | 2% | 3,066 | -8% |
| Total revenue (\$000) | \$4,264 | \$4,112 | 4% | \$4,135 | 3% | \$3,715 | 15% |
| Revenue per trip | \$1.51 | \$1.49 | 1% | \$1.49 | 1% | \$1.19 | 27% |
| Performance | 2016/17 Actual | 2015/16 Actual | YoY Var | 2016/17 AOA Budget | AOA Budget Var | 2016/17 Tier 1 Average | Tier 1 Average Var |
| Operating cost per service hour | \$90.56 | \$92.34 | -2% | \$96.80 | -6% | \$102.24 | -11% |
| Operating cost per passenger trip | \$3.84 | \$3.92 | -2% | \$4.18 | -8% | \$3.61 | 6% |
| Passenger trips per service hour | 23.6 | 23.5 | 0% | 23.2 | 2% | 28.3 | -17% |
| Operating cost recovery | 39.4% | 38.5% | 3% | 35.8% | 10% | 33.6% | 18% |

Key Conventional Service Outcomes

The 3% increase in revenue service hours which reflects the annualization of the 5,000 hours service expansion implemented in September 5, 2016 and the successful implementation of the Frequent Transit Network and savings from the CNG fleet have resulted in improved performance for the Regional District of Nanaimo Transit System for 16/17. Ridership has increased by 3% or 91,000 riders over 2015/16.

The lower operating and maintenance costs associated with CNG buses has contributed to a 2% decrease in operating cost per service hour and is further demonstrated by the strong 39.4% operating cost recovery, which is an improvement of 3% over the 38.5% cost recovery achieved last year.

^{*} Tier 1 Average is the average of six Tier 1 systems (not including Victoria).

Custom Service (Business Unit 641)

| Local Investment Measures | 2016/17 Actual | 2015/16 Actual | YoY Var | 2016/17 AOA Budget | AOA Budget Var | 2016/17 Tier 1 Average [*] | Tier 1 Average Var |
|-----------------------------------|-------------------|-------------------|------------|--------------------------|----------------------|---|--------------------------|
| Revenue service hours (000) | 26 | 25 | 5% | 27 | -4% | 23 | 12% |
| Total cost (\$000) | \$1,921 | \$1,847 | 4% | \$2,083 | -8% | \$1,925 | 0% |
| Fleet size | 16 | 16 | 0% | 16 | 0% | 14 | 17% |
| Return on Investment | 2016/17 Actual | 2015/16 Actual | YoY Var | 2016/17 AOA Budget | AOA Budget Var | 2016/17 Tier 1 Average | Tier 1 Average Var |
| Passenger trips (000) | 69 | 69 | 0% | 68 | 1% | 88 | -22% |
| Total revenue (\$000) | \$209 | \$203 | 3% | \$206 | 1% | \$156 | 34% |
| Revenue per trip | \$3.12 | \$3.04 | 3% | \$3.10 | 1% | \$2.04 | 53% |
| Performance | 2016/17 Actual | 2015/16 Actual | YoY Var | 2016/17 AOA Budget | AOA Budget Var | 2016/17 Tier 1 Average | Tier 1 Average Var |
| Operating cost per service hour | \$63.56 | \$63.61 | 0% | \$65.46 | -3% | \$71.46 | -11% |
| Operating cost per passenger trip | \$24.21 | \$23.21 | 4% | \$26.75 | -10% | \$19.87 | 22% |
| Passenger trips per service hour | 2.6 | 2.7 | -4% | 2.4 | 5% | 3.2 | -20% |
| Operating cost recovery | 12.6% | 12.7% | -1% | 11.3% | 11% | 8.9% | 41% |

Key Custom Service Outcomes

- Custom transit ridership remained stable at approximately 69,000 boardings in 206/17. This indicates an increase in ambulatory boardings, Taxi Supplement & Taxi Saver rides and a slight decline in wheelchair boardings year over year.
- The number of Unmet trips saw a 16% increase which can partly be attributed to the inability to accommodate the majority of requested trips during peak periods as well as the inefficiencies of the Strategen scheduling software. However, it's important to note that the number of Unmet trips have decreased from 37% in 2015/16.
- Total costs jumped 4%when compared to last year as a result of a 5% increase in annual revenue service hours delivered as well as a 3% increase in fleet maintenance costs.
- Total revenue up by 3%
- Operating Cost recovery decreased by 1% over last year while Operating cost per service hour per service hour remained flat.

^{*} Tier 1 Average is the average of six Tier 1 systems (not including Victoria).

Future Priorities

- New Fare Structure implementation approved for September 3, 2017 implementation
- Parksville / Qualicum Transit expansion approved for September 3, 2017 implementation
- Proposed Service expansion to Duke Point and Tilray facility proposed implementation January 2018
- Planned Implementation of AVL Winter 2018

Key Performance Indicator (KPI) Glossary

| Key Performance Indicator | Definition | | | | | |
|-----------------------------------|--|--|--|--|--|--|
| Fleet size | The total number of transit vehicles providing a given type of service for the year. | | | | | |
| Operating cost per passenger trip | Total cost for the year less the local contribution to lease fees (debt service) per total passenger trips for the year. | | | | | |
| Operating cost per service hour | Total cost for the year, not including taxi, less the local contribution to lease fees (debt service) per total revenue service hours delivered for the year. | | | | | |
| Operating cost recovery | Total revenue for a system for the year divided by total cost for the year less the local contribution to lease fees (debt service). | | | | | |
| Passenger trips | Total passenger trips for the year. An estimated measure of system ridership. | | | | | |
| Passenger trips per capita | Total passenger trips for the year per the defined population of the area being served by the type of service. For Conventional systems this is the population that falls within 400m of the fixed route conventional service by linework. For Custom and Paratransit systems this is the population within the defined limits of service. In systems that do not have defined limits of service this is the population that falls within the boundaries of the system as described in Schedule A of the Annual Operating Agreement (AOA). | | | | | |
| Passenger trips per service hour | Total passenger trips for the year, not including taxi, per total revenue service hours delivered for the year. | | | | | |
| Revenue per trip | Total revenue, less advertising revenue, for a system for the year per non-Taxi Saver trips for the year. | | | | | |
| Revenue service hours | Total revenue service hours delivered for the year. (Does not include Taxi) | | | | | |
| Service hours per capita | Total revenue service hours vehicles were on the road (excluding deadhead) for the year per the defined population of the area being served by the type of service. For Conventional systems this is the population that falls within 400m of the fixed route conventional service by linework. For Custom and Paratransit systems this is the population within the defined limits of service. In systems that do not have defined limits of service this is the population that falls within the boundaries of the system as described in Schedule A of the AOA. | | | | | |
| Total cost | Total AOA cost, which includes the local contribution to lease fees (debt service) but not the provincial contribution. | | | | | |
| Total revenue | Total revenue for a system for the year, which include fares (cash, ticket, passes but not including Taxi Saver recoveries) and advertising revenue. | | | | | |



STAFF REPORT

TO: Transit Select Committee MEETING: September 14, 2017

FROM: Erica Beauchamp FILE: 8500 03 DP

Superintendent of Transit Planning &

Scheduling

SUBJECT: Financial Implications of Transit Service to Duke Point

RECOMMENDATION

That the 5,000 hour conventional transit expansion for January 2018 be approved, and public transit service to the Duke Point ferry terminal area be implemented in January 2018.

SUMMARY

The feasibility and costs of expanding transit to the Duke Point area, including the BC Ferries ferry terminal, has been assessed. The intention of this transit service would be to provide a public transportation option for ferry foot passengers, as well as for employees of the businesses in the area. A 5,000 hour annual expansion could provide service to the Duke Point area from 6am to 8pm, enabling riders to access five ferry sailings each day.

BACKGROUND

In 1997, the Regional District of Nanaimo Transit did a three-month trial for public transit to Duke Point ferry terminal that was discontinued due to low ridership. On average, it requires 3 years of stable transit service along a route in order to establish ridership and route viability. Thus, the 3-month trial in 1997 was not long enough to establish public transit viability along the Duke Point corridor.

Regional District of Nanaimo (RDN) Transit received a request for public transit service to employers within the Duke Point industrial area. The major employer in the area, Tilray, employs 170 full time employees, with the goal of adding 20-30 staff in 2018. As well, Tilray has indicated that they are prepared to offer their employees a subsidy for public transit bus passes, if public transit is implemented in the Duke Point industrial area.

Due to the above-mentioned request by Tilray, as well as discussion with BC Ferries, Nanaimo Chamber of Commerce and public feedback presented in the Transit Future Plan (2014), the feasibility and costs of public transit to the Duke Point area including BC Ferries has been explored. The intention of this transit service would be to provide a public transportation option for ferry foot passengers, as well as for employees to the industrial businesses in the area.

Estimated ridership for a ferry shuttle route to Duke Point ferry terminal and industrial area employers could start at an estimated 10 passengers per trip within the first year. Ridership would be expected to increase over the following 3 years, as travelers change habits and realize public transit as a viable, sustainable and cost-effective means of travel to and from the Duke Point area.

At the May 25, 2017, Board meeting, the following motion was approved:

That staff work with BC Transit to bring forward a detailed financial report regarding a 5,000 hour annual transit expansion and potential use of community shuttle buses for implementation in January 2018.

BC Transit has indicated that 5,000 hours are available to the RDN Conventional transit service starting in January 2018. The options for providing transit service to the Duke Point area have been investigated and it has been determined that a 5,000 hour expansion would allow for a baseline, direct transit service to the Duke Point ferry terminal, as well as the employers in the nearby industrial area, along the Duke Point Highway. This expansion could provide service to the Duke Point area from 6am to 8pm, enabling BC Ferry passengers to access five ferry sailings each day as well as offering alternative, sustainable transportation for workers to their place of employment in the industrial area.

Public transit service to Duke Point ferry terminal is one of the medium-range service improvements within the Regional District of Nanaimo's Transit Future Plan (2014), for 'Local Transit'. This proposed January 2018 transit expansion is aligned with the Transit Future Plan's vision statement:

"The Regional District of Nanaimo Transit System supports the region's high quality of urban and rural life by connecting the region's rural village centres, neighbourhoods and urban areas with high quality transit services..."

This expansion would enable sustainable transit access to residents and visitors from BC Ferries Duke Point, to the services within the RDN and its municipal partners, thereby increasing economic viability and offering greater employment choices to those who rely on public transportation.

The proposed transit service expansion provides enough hours to establish a service to some, not all, of the ferries sailing at the Duke Point ferry terminal. As a result, there would be no available hours from this expansion to enhance service elsewhere within the transit system. Also of note, BC Transit has informed staff that in order to allow for acquisition of required fleet expansion vehicles, a minimum of 6 months' notice is required.

ALTERNATIVES

- 1. That the 5,000 hour conventional transit expansion for January 2018 be approved, and public transit service to the Duke Point ferry terminal area be implemented in January 2018.
- 2. That staff are provided alternative direction.

FINANCIAL IMPLICATIONS

Although the costs for this expansion would be largely attributed to the City of Nanaimo since the BC Ferries – Duke Point route is within City of Nanaimo boundaries, there is a small impact to the other Southern Community Transit participants because the allocation of costs is based on a shared usage formula.

Requisition values are based on:

- No change in Custom transit hours for this purpose
- Requisition values are based on 2017 usage allocations for the Southern Community Service
- Full impact of expansion will be realized by the year 2019

The Financial Plan for 2017 to 2021 already includes a 5,000 hour service expansion for the fall of 2018 which has not been fully developed yet, and this Duke Point service would be in addition to that expansion. Cost for a 5,000 hour expansion in the Southern Communities is estimated at \$427,355 based on 2017 budgets; however, costs will vary depending on a number of items including fuel prices and the amount of deadhead service hours the RDN has to absorb (BC Transit does not fund deadhead hours).

The following table provides a preliminary estimate of costs to Southern Community Transit participants:

| | Projected cost of 5000 hour Duke Pt service | Current 2017 Requisition \$ | Projected 2018 Requisition from 2017-2021 Plan | Total 2018 projected with Duke Pt service |
|------------------|--|--------------------------------|--|--|
| Nanaimo | 416,416 | 8,575,356 | 9,112,743 | 9,529,159 |
| Lantzville | 5,125 | 111,568 | 112,165 | 117,290 |
| Electoral Area A | 5,355 | 126,368 | 117,182 | 122,537 |
| Electoral Area C | 459 | 9,467 | 10,035 | 10,494 |
| Total | 427,355 | 8,822,759 | 9,352,125 | 9,779,480 |

STRATEGIC PLAN IMPLICATIONS

The proposed expansion for service to Duke Point ferry terminal is consistent with the Strategic Plan Key Focus Areas of 'Focus on Service and Organizational Excellence', specifically the strategic priority to "...advocate for transit improvements and active transportation." By developing transit out to the Duke Point ferry terminal and the nearby industrial employers, a greater number of residents and visitors, will have access to more sustainable transportation as well as more economic opportunities throughout the RDN and surrounding municipalities.

Erica Beauchamp, Superintendent of Transit Planning & Scheduling ebeauchamp@rdn.bc.ca

cocaachanip@ran.bc.ca

August 30, 2017

Reviewed by:

- D. Pearce, Director, Transportation & Emergency Services
- P. Carlyle, Chief Administrative Officer



STAFF REPORT

TO: Regional District of Nanaimo Transit MEETING: September 14, 2017

Select Committee

FROM: Darren Marshall FILE: 1475-01 CNG

Manager, Fleet and Projects

SUBJECT: CNG Bus Exterior Advertising

RECOMMENDATION

That BC Transit be advised that the RDN is not permitting exterior bus advertising on the RDN Conventional fleet until BC Transit advises the paint defects are resolved.

SUMMARY

BC Transit has a contract with Lamar Advertising, which may allow Lamar the ability to sell advertising space on the exteriors and interiors of the BC Transit buses, including those within the RDN Transit System.

Based on the Lamar contract, the estimated revenue to advertise on 25 CNG buses would not outweigh the possible issues caused by damage, as well as the loss of CNG branding.

BACKGROUND

As part of the contract between BC Transit and Lamar Advertising, ads are only allowed on the driver's side of the vehicle with the exception of full wraps (Attachment 1). Further, the contract with BC Transit includes:

- That Lamar must use reasonable commercial efforts to mitigate paint damage and cutting damage by following 3M specifics for vinyl advertising.
- That Lamar will perform snap tests before advertising is installed. In addition, the Lamar Company will report to BC Transit and include a photographic record of any poor paint quality issues observed. At that time, BC Transit may elect to either continue the installation or remove the vehicle or advertising product from the vehicle.
- Reimburse BC Transit reasonable cost to repair or repaint the area where BC Transit determines
 that repainting directly resulted from advertising application or removal, except where the
 Lamar Company can establish that the area peeled as a result of poor repaint process or
 adhesion.

The contract between BC Transit and Lamar contains terms to address the potential damage caused by advertising. However, damage caused by ads can still lead *to* other issues such rust or other costly long term issues.

BC Transit has advised that the original 25 (2014) RDN CNG buses (Attachment 2) have a possible paint/fiberglass defect where the paint is bubbling and lifting. In Kamloops, there are also 25 (2014) CNG buses, where paint peeling has occurred around ads (Attachment 3). The RDN is working with BC Transit and New Flyer, the supplier and manufacturer of the CNG buses, to resolve this issue as quickly as possible. At the time of this report no determining cause for the paint to bubble and lift had been identified, therefore, no repair details/protocols for the repair have been issued by BC Transit or New Flyer. BC Transit has advised until this issue is resolved to not place advertising on the buses.

ALTERNATIVES

- 1. That BC Transit be advised that the RDN is not permitting exterior bus advertising on the RDN Conventional fleet until BC Transit advises the paint defects are resolved.
- 2. That staff are authorized to advise BC Transit that the RDN is allowing exterior bus advertising on 24 (2016) CNG buses.
- 3. That staff are provided alternative direction.

FINANCIAL IMPLICATIONS

The contract between BC Transit and Lamar Advertising states that if BC Transit increases or decreases by 5% or more the number of conventional buses made available under contract, (currently 281 buses for Regional Systems), the parties agree to adjust the total Minimum Annual Guarantee (MAG) upward or downward on a pro-rata basis.

The RDN receives 35% of gross revenue from the contract between BC Transit and Lamar Advertising. The RDN received \$44,200 in 2014, \$35,400 in 2015 and \$35,400 in 2016 due to the 24 Conventional diesel buses. In 2017 no revenue will be received since the entire RDN Conventional fleet is comprised of CNG buses and there was no advertising.

Since the contract is between BC Transit and Lamar Advertising, the RDN would not be responsible for lost revenue if the Board decides not to advertise on the CNG Conventional fleet. Instead, BC Transit's loss of potential revenue would in turn result in the RDN not receiving revenue from the Lamar contract.

STRATEGIC PLAN IMPLICATIONS

Exterior advertising on conventional buses supports the Focus on Service and Organizational Excellence – "The RDN will deliver efficient, effective and economically viable services that meet the needs of the Regional District of Nanaimo".

Darren Marshall dmarshall@rdn.bc.ca August 28, 2017

Reviewed by:

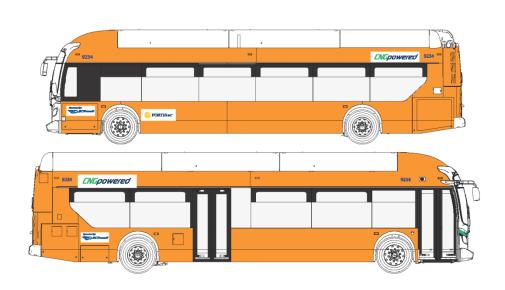
- D. Pearce, Director, Transit Operations
- P. Carlyle, Chief Administrative Officer

Attachments

- 1. Attachment 1 Livery Standard Exterior Display
- 2. Attachment 2 CNG Bus RDN Transit
- 3. Attachment 3 CNG Bus Kamloops Paint Blister

Attachment 1 – Livery Standard Exterior Display

Livery Standard Exterior Display - Xcelsior 40' full wrap







All vehicle advertisements must adhere to the approved standards identified in the Transit Vehicle Ad Placement Manual. Advertisements that have a different shape, size or placement than identified in the manual are not permitted without the expressed approval of BC Transit.

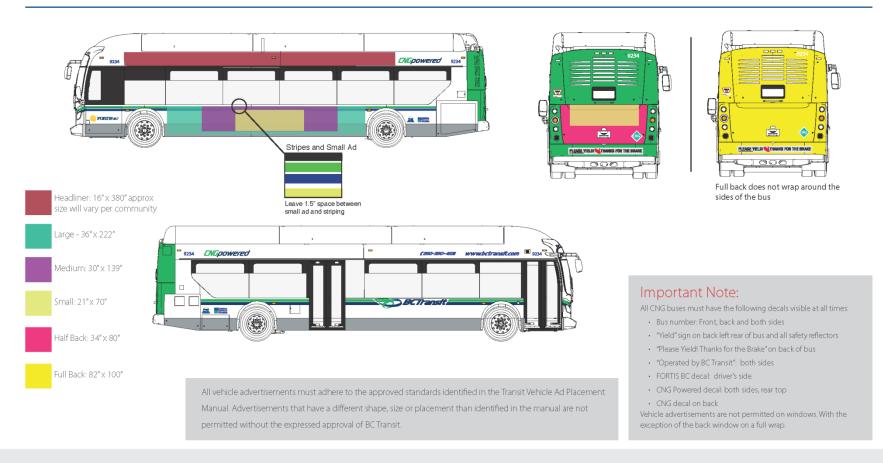
Important Note:

All CNG buses must have the following decals visible at all times:

- Bus number: Front, back and both sides
- · "Yield" sign on back left rear of bus and all safety reflectors
- · "Please Yield! Thanks for the Brake" on back of bus
- · "Operated by BC Transit": both sides
- FORTIS BC decal: driver's side
- · CNG Powered decal: both sides, rear top
- CNG decal on back

Vehicle advertisements are not permitted on windows. With the exception of the back window on a full wrap.

Ad Placement Manual 10



Ad Placement Manual 9

Attachment 2 – CNG Bus RDN Transit



Attachment 3 – CNG Bus Kamloops Paint Blister

