DATE: July 18, 2016
TO: Mayor and Council
FROM: Dan Sommer, Director of Development Services
SUBJECT: Memorandum of Understanding – Transit Expansion Commitment
ATTACHMENTS: Appendix 1: Letter from BC Transit including MOU (April 15, 2016)
Appendix 2: Local Government Partner Communication – Key Processes

RECOMMENDATION: Council consider and resolve:

That a commitment to the BC Transit service expansion initiative as part of the 2017-20 BCT Transit Improvement Program (TIP) is made by directing the Mayor and the Corporate Officer to sign the memorandum of understanding (MOU) as appended within Appendix 1 to the Director of Development Services’ report dated July 18, 2016.

PURPOSE:
The purpose of this report is to present to Council a transit service expansion opportunity, confirm that the initiatives outlined in the Transit Improvement Program (TIP) prepared by BC Transit are aligned with the expectations of Council, and to seek Council’s commitment on the timing and the level of funding support by way of a memorandum of understanding that would allow BC Transit to proceed with securing sufficient funding for Mission within the provincial budget.

BACKGROUND:
BC Transit’s TIP tracks expansion requests from local government partners for the next three fiscal years. Expansion requests are informed by priorities identified within a local government’s Transit Future Plans, service discussion documents or other planning work as well as major capital initiatives necessary for the development of the transit system and progress towards ridership targets.

Mission and Abbotsford’s Transit Future Plan outlines the vision for the local area transit network system over a 25 year planning horizon and describes the services, infrastructure and investments that are needed to achieve that vision. As such, the Transit Future Plan includes an implementation strategy and action plan based on immediate, short, medium and long term priorities. The implementation priorities feed into BC Transit’s MOU process.

It is important to note that with the execution of the MOU, BC Transit would be in a position to proceed with securing funding in the provincial budget on behalf of the District. In return, there is obligation on the District to budget accordingly. Once funding is approved by the provincial government, proposed service changes can then be incorporated into the Annual Operating Agreement with BC Transit defining actual service levels.
DISCUSSION AND ANALYSIS:

In 2015/16 there was no provincial funding for transit expansion and this has continued into 2016/17 for conventional service. However, earlier this year, the provincial government committed $12.7 million in funding over the next three years to support transit enhancement initiatives throughout the province.

As a result, BC Transit is now commencing the TIP process for the next 3 year budget (2017-20) and engaging local government partners in understanding their expansion funding requests. The TIP process and how it integrates in other communications between BC Transit and local partners is further detailed in Appendix 2.

To capture this transit expansion funding opportunity for Mission, BC Transit included a 'placeholder' expansion item in year 3 (i.e., 2019/2020) of the expansion period that consists of a significant number of hours and vehicles for the whole of the Central Fraser Valley transit system intended to assist with service restructuring and on-time performance improvements. However, as Council is aware, further expansion of the current system is not possible at this time as the transit operations and maintenance facility in Abbotsford has reached capacity with respect to vehicle maintenance and parking. Despite this immediate barrier, BC Transit staff have noted that the District is well positioned for expansion funding consideration in the future as the desire to commence works at the operations and maintenance yard have been identified by both the City of Abbotsford and District of Mission through a MOU.

As the table in the attached letter from BC Transit details (Appendix 1), BC Transit has identified this 'placeholder' as 10,000 service hours and 4 heavy duty vehicles. The service change/expansion details for implementing 10,000 hours of expansion would be informed by the work completed in the 2015 Central Fraser Valley Service Improvement Report (approved by the Joint Shared Services Committee in March 2015) and outlined in more detail through an upcoming Transit Future Plan update expected to commence later in 2016 in alignment with the development of the Abbotsford Master Transportation Plan.

FINANCIAL IMPLICATIONS:

Once signed, the MOU will commit the District of Mission to funding its share of the expansion starting in September, 2019. The District’s share of the local portion of the Central Fraser Valley Transit Service operating costs currently is 21.4% and thus the estimated net municipal share of $595,329 for the expansion is expected to impact the District’s budget by $127,400. This amount represents an estimated increase of 0.45% in property taxes. The provincial share of the operating costs to support the Central Fraser Valley expansion amounts to $494,362 annually.

This transit initiative will be brought forward at the upcoming fall budget discussion for 2017. If Council were to approve the transit expansion as proposed, the District’s Financial Plan will need to be amended to reflect the full implementation costs. Should there be any amendments required over and above the net municipal share of the $595,329 estimate; a budget proposal will be forwarded to the annual budget process for Council’s consideration.

COMMUNICATION:

Staff will communicate Council’s decision to BC Transit and City of Abbotsford staff. Upon confirmation of Council’s commitment to the expansion initiatives, BC Transit will include the District’s intent in BC Transit’s draft Service Plan to the Province in order to seek the matching funding required for operating and capital costs.

Following confirmation of the provincial budget, BC Transit will inform the District of allowable funding and initiate an implementation plan, including the development of more detailed costing based on
routing and schedules.

CONCLUSION:
The provincial government recently announced transit expansion funding opportunities for the next three fiscal years and BC Transit is now commencing the process for the next 3 year budget (2017-2020). BC Transit is requesting the District to confirm that the initiatives identified in Appendix 1 are aligned with Council’s expectations for transit service in Mission and that there is an associated funding commitment. It is recommended that the District endorse the expansion as proposed.

SIGN-OFFS:

Dan Sommer, Director of Development Services

Reviewed by:
Mike Younie, Deputy Chief Administrative Officer

Reviewed by:
Kerri Onken, Deputy Treasurer/Collector

Chief Administrative Officer’s Comment:
Reviewed
April 15, 2016

Russ Mammel  
Director of Transportation and Projects  
City of Abbotsford  
32315 South Fraser Way  
Abbotsford, BC V2T 1W7

Dan Sommer  
Director of Development Services  
District of Mission  
PO Box 20, 8645 Stave Lake Street  
Mission, BC V2V 4L9

Dear Russ and Dan,

**Re: 3 Year Expansion Initiatives**

Last month, the Provincial Government announced their commitment to $12.7 million in funding over the next three years to support transit expansion initiatives throughout the province. Because your transit system has been identified as a candidate for potential expansion, the attached Memorandum of Understanding (MOU) is provided to formalize the process of securing appropriate expansion funding on your behalf. Preliminary interactions with partners indicate there is a possibility that expansion requests may exceed the available funding.

The MOU lists the specific initiatives for the Annual Operating Agreement periods of 2017-2018 through to 2019-2020 derived primarily from recent service plans approved by your local government. Order-of-magnitude costing is provided to define the scope of transit service initiatives based on the proposed annual expansion hours.

As you are aware, the Operations and Maintenance Facility in Abbotsford reached its capacity with respect to vehicle maintenance and parking a number of years ago. This prohibits the expansion of the transit system. However, a Briefing Note that outlines the work to be done to develop facility expansion options was requested by and recently submitted to the City Manager of Abbotsford as well as the Chief Administrative Officer of Mission for signoff. We are confident that this will accelerate the work that is required in order to identify short and longer term options to support an expanded facility. We have therefore included a placeholder in year 3 of the expansion period that consists of a significant number of hours and vehicles intended to assist with service restructuring and on-time performance improvement. Please note that the conventional cost split between Abbotsford and Mission is approximately 80:20 respectively.

Upon confirmation of your Council’s commitment to the expansion initiatives, we will include your request in BC Transit’s draft Service Plan to the Province to seek the matching funding required for operating and capital costs. Following confirmation of the provincial budget, BC Transit will inform you of allowable funding and initiate an implementation plan, including the development of more detailed costing based on routing and schedules.
By communicating proposed expansion initiatives as far in advance as possible we are trying to achieve three important goals:

1. Ensure 3 year expansion initiatives are aligned with the expectations of local governments
2. Attain a commitment from local governments that allow BC Transit to proceed with the procurement and management of resources necessary to implement transit service expansions
3. Provide local government partners with enhanced 3 year forecasts that identify longer term funding requirements.

I look forward to working with you on the continued improvement of your transit service and encourage you to contact me if you have any questions regarding these proposed expansion initiatives.

Yours truly,

Johann Van Schaik
Senior Regional Transit Manager,
BC Transit
Expansion Memorandum of Understanding

<table>
<thead>
<tr>
<th>Date</th>
<th>April 15, 2016</th>
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<tbody>
<tr>
<td>Expiry</td>
<td>June 15, 2016</td>
</tr>
<tr>
<td>System</td>
<td>Central Fraser Valley</td>
</tr>
</tbody>
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**Expansion Initiatives Agreement**

The following outlines expansion initiatives identified for your transit system along with a high level annual costing based on the hourly rates of your system. Please confirm these initiatives are aligned with the expectations of your local government. Upon confirmation of your local government’s intent to commit to the expansion and budget, we will proceed with the request to secure funding from the Province on your behalf.

### PROPOSED EXPANSION INITIATIVES

<table>
<thead>
<tr>
<th>AOA Period</th>
<th>In Service Date</th>
<th>Annual Hours</th>
<th>Vehicle Requirements</th>
<th>Revenue</th>
<th>Total Costs*</th>
<th>Net Municipal Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019/2020</td>
<td>Sep 2019</td>
<td>10,000</td>
<td>4</td>
<td>$130,337</td>
<td>$1,220,028</td>
<td>$595,329</td>
</tr>
</tbody>
</table>

**Description**

Address service reliability and initiate restructuring of the system in accordance with the Transit Future Plan network and recommendations outlined in the Service Improvement Report (March, 2015). Further detailed scheduling work is required to confirm specific revenue hour and fleet requirements.

* Vehicle costs do not reflect Standardized Lease Fees
Approval: City of Abbotsford

On behalf of the City of Abbotsford, I am confirming that BC Transit is to proceed with the request for funding to the province on our behalf and that we are committed to budget accordingly as per the advice provided and with the knowledge a more detailed budget will follow as service details are confirmed.

Name: Russ Mammel  
Position: Director of Transportation and Projects

Signature:  
Date:  

On behalf of BC Transit, prepared by

Name: Johann van Schaik  
Position: Senior Regional Transit Manager

Signature:  
Date:  

Approval: District of Mission

On behalf of the District of Mission, I am confirming that BC Transit is to proceed with the request for funding to the province on our behalf and that we are committed to budget accordingly as per the advice provided and with the knowledge a more detailed budget will follow as service details are confirmed.

Name: Dan Sommer  Position: Director of Development Services

Signature:  Date:

On behalf of BC Transit, prepared by

Name: Johann van Schaik  Position: Senior Regional Transit Manager

Signature:  Date:
### Annual Partner Communication – Key Processes

<table>
<thead>
<tr>
<th>Process</th>
<th>Description and Deliverables</th>
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</thead>
<tbody>
<tr>
<td><strong>Transit Improvement Program (TIP)</strong></td>
<td>The TIP communicates to local government (LG) the expansion initiatives proposed for the next three years. It seeks the commitment to the expansion initiatives from LG which thereby allows BC Transit to proceed with securing sufficient funding within the Provincial Budget. This includes the allocation process and results of expansion priorities from Transit Future Plans, other Service Plans, local initiatives as well as major capital initiatives necessary for the development of the transit system.</td>
</tr>
<tr>
<td>April</td>
<td>BCT to send out Expansion Initiatives to LG</td>
</tr>
<tr>
<td>August</td>
<td>LG to confirm Expansion Initiatives by way of sign-off and return to RTM</td>
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<tr>
<td>March</td>
<td>BCT to provide confirmation to LG of the intent to fund expansion initiatives</td>
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<table>
<thead>
<tr>
<th>Process</th>
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</thead>
<tbody>
<tr>
<td><strong>Annual Performance Summary (APS)</strong></td>
<td>The APS offers a high level analysis of the system’s performance, in comparison to prior years, and where established, the opportunity to measure against service standards established by the local government. The intent is to inform council prior to decision on expansion initiatives for future years and subsequent budgeting. This document also serves as an opportunity to present results to council and to engage in discussion on decisions aimed at future year initiatives.</td>
</tr>
<tr>
<td>June</td>
<td>BCT to send out APS to LG</td>
</tr>
<tr>
<td>On Request</td>
<td>LG to extend invitation, if desired, to RTM to present APS to council</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Process</th>
<th>Description and Deliverables</th>
</tr>
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<tbody>
<tr>
<td><strong>Three Year Budgets (3YB)</strong></td>
<td>The 3YB provides LG with budget expectations for the coming year and two year projections for base service levels. Additionally, a calendar year budget estimate is provided for the convenience of LGs. Where the LG has confirmed their desire to pursue expansion initiatives, a separate budget will follow with expansion budget projections.</td>
</tr>
<tr>
<td>September</td>
<td>BCT to send out 3YB based on existing, or known, service levels to LG</td>
</tr>
<tr>
<td>October</td>
<td>BCT to send out 3YB based on calendar year estimates to LG; and,</td>
</tr>
<tr>
<td>December</td>
<td>BCT to send out 3YB based on expansion initiatives confirmed by the LG in August</td>
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<tr>
<td></td>
<td>LG to advise RTM of any budget concerns to expedite the execution of the AOA</td>
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<thead>
<tr>
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<tbody>
<tr>
<td><strong>Annual Operating Agreement (AOA)</strong></td>
<td>Defines the service to be delivered, the provincial and municipal funding contributions, and the tariff schedule. Any changes to services defined in the AOA require the establishment of a Memorandum of Understanding which defines the objectives and scope of the service change. The intent is to ensure that all parties are in agreement to changes to the defined service in the AOA. Additionally, it defines the appropriate timeline, from the time of this agreement, necessary for the provision of service including planning, scheduling, operator training, shift changes, and fleet procurement if necessary.</td>
</tr>
<tr>
<td>March</td>
<td>BCT to send out 3 copies of AOA to LG for signature</td>
</tr>
<tr>
<td>March/April</td>
<td>LG to ensure timely approval of AOA and forward all copies to operating company</td>
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