



10 SMART TRANSIT BUSINESS PLAN

The Smart Transit Implementation Plan presented in Section 8 has been used as the basis for developing the Smart Transit Business Plan. The business plan presents the description, timing, costs and allocation of costs for the Smart Transit improvements, and estimates of annual revenues, expenses and sources of funds over the period to 2021. Operating costs are based on current (2004) average of \$78 per service hour for conventional service, and \$50 per service hour for custom transit service. Current average revenue of \$1.06 per passenger for conventional service and \$1.42 for custom service were also utilized. All costs are presented in 2004 constant dollars.

The ridership and revenue forecasts for the conventional service reflect the transit travel demand forecasts presented in Section 7. These ridership and revenue estimates incorporate an average growth rate of 3.5% per annum to achieve the long range forecast of approximately 2,400 peak hour riders by 2021. These annual growth rates are considered conservative as well as achievable, compared with 10% - 15% annual growth rates experienced over the past 6 – 8 years.

Since the custom transit service is not a fixed route service and the travel demand forecasting methodology does not reflect custom transit users, a separate methodology was developed for estimating revenues and expenses associated with the custom transit system. It was assumed that the custom transit demand and service would expand at the same rate as the conventional service, that is 3.5% per annum, to 2010, and then the growth rate would gradually decline to no growth in 2021, reflecting the planned expansion of the community bus service over the period to accommodate the growth requirements of the custom transit users. This overall growth rate is well in excess of the annual population growth rate of approximately 1.75%.

In estimating provincial and regional cost sharing, it was assumed that the regional share would remain constant at the current rate.

10.1 CONVENTIONAL SERVICES

Exhibits 10.1 and 10.2 present estimates of services provided in terms of numbers of peak buses, annual bus hours, annual operating costs, peak and annual riders, annual revenue, revenue/cost ratio and regional shares, for conventional and custom services, respectively.

Exhibit 10.3 presents the timing of the major transit improvement items, including new services, transit vehicle acquisition, construction of exchanges, park & ride facilities, transit signal priority, intersection queue jumpers and bus lanes, turn lanes and shelters and amenities. These improvements were described in Sections 5 and 8.

Exhibit 10.4 presents the capital and annual debt servicing costs associated with the acquisition of the conventional transit vehicles, both the 40 ft. bus and the 25 ft. bus, and the custom transit vehicles. The table also presents the timing and costs associated with the implementation of the traveler information system and the automated bus washer. All of these costs are cost shareable according to the Annual Operating Agreement (AOA).



Exhibit 10.1 Conventional Transit System Service Hours, Riders, Revenues & Operating Costs

Year	Peak Buses Inc Spares	Annual Bus Hours	Cost Per Hour	Annual Operating Costs	Peak Hour Transit Riders	Annual Riders	Annual Rides Per Service Hour	Average Fare	Annual Revenue	BCT Share	Regional Cost
2004	44	111249	\$ 78.00	\$ 8,677,396	1,285	2,950,617	26.5	\$ 1.06	\$ 3,127,654	40%	\$ 2,078,783
2005	47	119152	\$ 78.00	\$ 9,368,844	1,376	3,160,231	26.5	\$ 1.06	\$ 3,353,005	47%	\$ 1,612,482
2006	49	127523	\$ 78.00	\$ 10,046,777	1,473	3,382,251	26.5	\$ 1.06	\$ 3,588,568	47%	\$ 1,736,224
2007	50	131680	\$ 78.00	\$ 10,396,075	1,525	3,500,630	26.6	\$ 1.06	\$ 3,714,168	47%	\$ 1,795,752
2008	52	135838	\$ 78.00	\$ 10,720,373	1,578	3,623,152	26.7	\$ 1.06	\$ 3,844,164	47%	\$ 1,837,634
2009	53	139996	\$ 78.00	\$ 11,044,671	1,633	3,749,962	26.8	\$ 1.06	\$ 3,978,710	47%	\$ 1,874,966
2010	55	144153	\$ 78.00	\$ 11,368,968	1,690	3,881,211	26.9	\$ 1.06	\$ 4,117,965	47%	\$ 1,907,589
2011	56	148311	\$ 78.00	\$ 11,693,266	1,749	4,017,053	27.1	\$ 1.06	\$ 4,262,093	47%	\$ 1,935,338
2012	58	152469	\$ 78.00	\$ 12,017,564	1,811	4,157,650	27.3	\$ 1.06	\$ 4,411,267	47%	\$ 1,958,042
2013	59	156626	\$ 78.00	\$ 12,341,862	1,874	4,303,168	27.5	\$ 1.06	\$ 4,565,661	47%	\$ 1,975,526
2014	61	160784	\$ 78.00	\$ 12,666,159	1,940	4,453,779	27.7	\$ 1.06	\$ 4,725,459	47%	\$ 1,987,605
2015	62	164942	\$ 78.00	\$ 12,990,457	2,008	4,609,661	24.3	\$ 1.06	\$ 4,890,850	47%	\$ 1,994,092
2016	64	169099	\$ 78.00	\$ 13,314,755	2,078	4,770,999	28.2	\$ 1.06	\$ 5,062,030	47%	\$ 1,994,790
2017	65	173257	\$ 78.00	\$ 13,639,053	2,151	4,937,984	28.5	\$ 1.06	\$ 5,239,201	47%	\$ 1,989,497
2018	67	177415	\$ 78.00	\$ 13,963,350	2,226	5,110,813	28.8	\$ 1.06	\$ 5,422,573	47%	\$ 1,978,003
2019	68	181572	\$ 78.00	\$ 14,287,648	2,304	5,289,692	29.1	\$ 1.06	\$ 5,612,363	47%	\$ 1,960,090
2020	70	185730	\$ 78.00	\$ 14,611,946	2,384	5,474,831	29.5	\$ 1.06	\$ 5,808,796	47%	\$ 1,935,535
2021	71	189888	\$ 78.00	\$ 14,936,244	2,468	5,666,450	29.8	\$ 1.06	\$ 6,012,104	47%	\$ 1,904,105

Assumptions: Long range service plan implemented by 2021, long range ridership achieved by 2021

Parameter: Peak Hr Riders to Annual Riders

2296

Annual Growth Rate 2007-2021

3.5%



Exhibit 10.2 Custom Transit System Service Hours, Riders, Revenues & Operating Costs

Year	Peak Buses Inc Spares	Annual Bus Hours	Cost Per Hour	Annual Operating Costs	Annual Riders	Annual Rides Per Service Hour	Average Fare	Annual Revenue	Revenue/ Cost ratio	BCT Share	Regional Cost
2004	14	26200	\$ 50.30	\$ 1,317,860	128,000	4.9	\$ 1.42	\$ 181,760	0.14	67%	\$ 253,134
2005	14	27117	\$ 50.30	\$ 1,363,985	132,480	4.9	\$ 1.42	\$ 188,122	0.14	67%	\$ 261,993
2006	15	28066	\$ 50.30	\$ 1,411,725	137,117	4.9	\$ 1.42	\$ 194,706	0.14	67%	\$ 271,163
2007	16	29048	\$ 50.30	\$ 1,461,135	141,916	4.9	\$ 1.42	\$ 201,521	0.14	67%	\$ 280,654
2008	16	30065	\$ 50.30	\$ 1,512,275	146,883	4.9	\$ 1.42	\$ 208,574	0.14	67%	\$ 290,477
2009	17	31117	\$ 50.30	\$ 1,565,204	152,024	4.9	\$ 1.42	\$ 215,874	0.14	67%	\$ 300,644
2010	17	32206	\$ 50.30	\$ 1,619,986	157,345	4.9	\$ 1.42	\$ 223,429	0.14	67%	\$ 311,166
2011	18	33231	\$ 50.30	\$ 1,671,531	162,351	4.9	\$ 1.42	\$ 230,539	0.14	67%	\$ 321,067
2012	18	34183	\$ 50.30	\$ 1,719,398	167,000	4.9	\$ 1.42	\$ 237,140	0.14	67%	\$ 330,261
2013	19	35053	\$ 50.30	\$ 1,763,165	171,251	4.9	\$ 1.42	\$ 243,177	0.14	67%	\$ 338,668
2014	19	35834	\$ 50.30	\$ 1,802,435	175,065	4.9	\$ 1.42	\$ 248,593	0.14	67%	\$ 346,211
2015	20	36518	\$ 50.30	\$ 1,836,845	178,408	4.9	\$ 1.42	\$ 253,339	0.14	67%	\$ 352,820
2016	20	37099	\$ 50.30	\$ 1,866,068	181,246	4.9	\$ 1.42	\$ 257,369	0.14	67%	\$ 358,433
2017	20	37571	\$ 50.30	\$ 1,889,818	183,553	4.9	\$ 1.42	\$ 260,645	0.14	67%	\$ 362,995
2018	20	37930	\$ 50.30	\$ 1,907,857	185,305	4.9	\$ 1.42	\$ 263,133	0.14	67%	\$ 366,460
2019	20	38171	\$ 50.30	\$ 1,919,998	186,484	4.9	\$ 1.42	\$ 264,807	0.14	67%	\$ 368,792
2020	20	38292	\$ 50.30	\$ 1,926,107	187,077	4.9	\$ 1.42	\$ 265,650	0.14	67%	\$ 369,965
2021	20	38292	\$ 50.30	\$ 1,926,107	187,077	4.9	\$ 1.42	\$ 265,650	0.14	67%	\$ 369,965

Assumptions: Demand grows at 3.5%pa to 2010, declining thereafter to 0% by 2021



Exhibit 10.3 Transit Improvement Program, Conventional & Custom Services

Year	New Routes	Transit Vehiles Acquisition		Exchanges	Park & Ride	Transit Signal Priority	Intersections Queue Jumpers & Bus Lanes	Turn Lanes	Shelters & Amenities	
		40 ft Bus	25 ft Bus						Kelowna Region	
2004										
2005	BRT Queensway-UBCO	3		Rutland In Street	Rutland	Central, Spall, Cooper	Abbott St Bus Priority	UBCO, Rutland	2	4
2006	BRT Westbank-Queensway	4	1	Stevens & Orchard Park	Stevens	Old Vernon, Rutland, Westside, Boucherie		Cooper, Pandosy	2	4
2007	Extend service to Black Mt	1	1	Westbank	Westbank	Hwy33/97, Pandosy/Bernard, Westlake			2	4
2008	Rutland Community Bus	2		Peachland Town Centre	Peachland	Richter, Burtch, Gellatly			2	4
2009	Westside Community Bus	1	1	Lake Country Town Centre	Lake Country	Ethel, Banks			2	4
2010	Increase frequency on Connectors	1	1	Pandosy Town Centre					2	4
2011	Increase BRT, Extend to Airport	-	2	Westside Town Centre					2	4
2012	Extend Community Bus	-	2						2	4
2013	Extend Community Bus	-	2						2	4
2014	Extend Community Bus	-	2						2	4
2015	Increase Community Bus	-	2						2	4
2016		-	2						2	4
2017		-	1						2	4
2018		-	2						2	4
2019		-	1						2	4
2020		-	2						2	4
2021		-	1						2	4
Total		12	23							



Exhibit 10.4 Transit Vehicles & Infrastructure (Constant \$2004)

Year	Total Buses	Conventional Transit Vehicles Acquisition		Conventional Vehicles Capital Cost	Custom Transit Vehicle Acquisition	Custom Transit Vehicle Capital Cost	Traveller Information Systems	Roll Over Bus Washer	Conventional Annual Debt Service Cost	Custom Annual Debt Service Cost
		40 ft Bus	25 ft Bus							
2004	58								\$ -	\$ -
2005	61	3		\$ 2,250,000		\$ -		\$ 150,000	\$ 240,000	\$ -
2006	64	4		\$ 3,000,000	1	\$ 150,000	\$ 580,000		\$ 598,000	\$ 15,000
2007	66	1		\$ 750,000	1	\$ 150,000			\$ 673,000	\$ 30,000
2008	68	2		\$ 1,500,000		\$ -			\$ 823,000	\$ 30,000
2009	70	1		\$ 750,000	1	\$ 150,000			\$ 898,000	\$ 45,000
2010	72	1	1	\$ 900,000		\$ -			\$ 988,000	\$ 45,000
2011	74		1	\$ 150,000	1	\$ 150,000			\$ 1,003,000	\$ 60,000
2012	76		2	\$ 300,000		\$ -			\$ 1,033,000	\$ 60,000
2013	78		1	\$ 150,000	1	\$ 150,000			\$ 1,048,000	\$ 75,000
2014	80		2	\$ 300,000		\$ -			\$ 1,078,000	\$ 75,000
2015	82		1	\$ 150,000	1	\$ 150,000			\$ 1,093,000	\$ 90,000
2016	83		2	\$ 300,000		\$ -			\$ 1,123,000	\$ 90,000
2017	85		1	\$ 150,000		\$ -			\$ 1,138,000	\$ 90,000
2018	87		2	\$ 300,000		\$ -			\$ 1,168,000	\$ 90,000
2019	88		1	\$ 150,000		\$ -			\$ 1,183,000	\$ 90,000
2020	90		2	\$ 300,000		\$ -			\$ 1,213,000	\$ 90,000
2021	91		1	\$ 150,000		\$ -			\$ 1,228,000	\$ 90,000
Total		12	17	\$ 11,550,000	6	\$ 900,000	\$ 580,000	\$ 150,000	\$ 16,528,000	\$ 1,065,000

Notes	
40 Ft Bus Capital Cost(Hybrid)	\$ 750,000
25 Ft Bus Capital Cost	\$ 150,000
Annual Debt Service Cost	10%



Exhibit 10.5 lists the timing, responsibilities and costs associated with implementation of the exchanges and park & ride facilities. In this table, it is assumed that 20% of these costs would be shared on the AOA basis, and the remaining 80% would be covered by the respective municipalities, consistent with the source of funds for the Queensway exchange.

Exhibit 10.6 presents the timing, costs and allocation of costs associated with the transit signal priority improvements. These costs are expected to be shared between Kelowna and the Ministry of Transportation on Highway 97 and Highway 33 within the City of Kelowna, and borne entirely by the Ministry of Transportation in the rest of the region.

Exhibit 10.7 presents the location, time and costs associated with the implementation of the intersection queue jump lanes and the bus lanes. It is assumed that the Abbott Street bus signal priority would be shared between Kelowna and the Ministry of Transportation. It is hoped that a large portion, if not all of these costs, would be included within the improvements to the approaches to the Okanagan Lake Bridge.

Exhibit 10.8 presents the estimates of costs and allocation of costs for the turn lanes improvements, assuming that these costs would be shared equally between the City of Kelowna and the Ministry of Transportation for the improvements on the highway system within the City of Kelowna.

Exhibit 10.9 presents the estimates of costs and allocation of costs for bus bays, shelters and amenities. The bus bays for the BRT system are assumed to be pullouts from the thru lanes on the highway, and are estimated to cost \$75,000 for each pullout and shelter, or \$150,000 per location assuming stops on both sides of the road. The table also includes a program to upgrade existing bus stops in the City of Kelowna, in the Regional District and in Peachland and Lake Country. It is assumed that two locations (both sides of the roadway) would be upgraded each year in Kelowna, and four in the Regional District, comprising one pair of shelters per year in Peachland and Lake Country, respectively, and two pairs of shelters per year in the Regional District. These costs are borne entirely by the respective municipalities.

Exhibit 10.10 presents the rollup of the annual costs and revenues, and the allocation of shares to BC Transit, the Regional District, Kelowna, Peachland, Lake Country and the Ministry of Transportation. The formula for the cost allocations are shown at the bottom of the exhibit.



Exhibit 10.5 Exchanges and Park & Ride (Constant \$2004)

Year	Exchange	Park& Ride	Responsibility	Capital Cost	RDCO Cost	Kelowna Cost	Peachland Cost	Lake Country Cost	AOA Cost	MoT Cost
2004										
2005	Rutland In Street/Shelters	Rutland(50spaces)	Kelowna	\$ 250,000		\$ 200,000			50,000	
2006	Stevens & Orchard Park	Stevens(50 spaces)	RDCO	\$ 475,000	\$ 140,000	\$ 240,000			95,000	
2007	Westbank/Shelters	Westbank(75spaces)	RDCO	\$ 825,000	\$ 660,000				165,000	
2008	Peachland In street	Peachland(25spaces)	Peachland	\$ 175,000			\$ 140,000		35,000	
2009	Lake Country In Street	Lake Country(50spaces)	Lake Country	\$ 250,000				\$ 200,000	50,000	
2010	South Pandosy In Street		Kelowna	\$ 200,000		\$ 160,000			40,000	
2011	Westside Exchange		RDCO	\$ 300,000	\$ 240,000				60,000	
2012										
2013										
2014										
2015										
2016										
2017										
2018										
2019										
2020										
2021										
Total				\$ 2,475,000	1,040,000	600,000	140,000	200,000	495,000	

Note:Stevens Park & Ride may be located at Westside Rd.



Exhibit 10.6 Transit Signal Priority

Year	Location/Item	Responsibility	Capital Cost	RDCO Cost	Kelowna Cost	Peachland Cost	Lake Country Cost	AOA Cost	MoT Cost
2004									
2005	Central Controler, Spall,Cooper	Kelowna/MoT	\$ 300,000		\$ 200,000				\$ 100,000
2006	Old Vernon, Rutland,Pandosy/Bernard	Kelowna/MoT	\$ 75,000		\$ 37,500				\$ 37,500
	Westside Rd,Boucherie, Hwy33/97	MoT	\$ 75,000						\$ 75,000
2007	Richter, Burtch	Kelowna/MoT	\$ 50,000		\$ 25,000				\$ 25,000
	Gellatly	MoT	\$ 25,000						\$ 25,000
2008	Ethel, Banks	Kelowna/MoT	\$ 50,000		\$ 25,000				\$ 25,000
2009									
2010									
2011									
2012									
2013									
2014									
2015									
2016									
2017									
2018									
2019									
2020									
Total		-	\$ 575,000		\$ 287,500	\$ -	\$ -	\$ -	\$ 287,500



Exhibit 10.7 Intersection Queue Jump and Bus Lanes (Constant \$2004)

Year	Intersection Queue Jump Lanes			Bus Lanes			RDCO Cost	Kelowna Cost	Peachland Cost	Lake Country Cost	AOA Cost	MoT Cost
	Item	Responsibility	Capital Cost	Item	Responsibility	Capital Cost						
2004												
2005				Abbott St Bus Signal Priori	Kelowna/MoT	\$ 100,000		\$ 50,000				\$ 50,000
2006												
2007												
2008												
2009												
2010												
2011												
2012												
2013												
2014												
2015												
2016												
2017												
2018												
2019												
2020												
2021												
Total		-	\$ -			\$ 100,000		\$ 50,000				\$ 50,000

Note: Abbott Bus Lane assumes early construction of double right turn lane



Exhibit 10.8 Turn Lanes (Constant \$2004)

Year	Turn Lanes	Responsibility	Capital Cost	RDCO Cost	Kelowna Cost	Peachland Cost	Lake Country Cost	AOA Cost	MoT Cost
2004									
2005					\$ 100,000				\$ 100,000
	Hwy33EB/Rutland Rd NB	MoT/Kelowna	\$ 50,000						
	CooperSB at Hwy 97	MoT/Kelowna	\$ 50,000						
	Hwy97 EB/Pandosy NB	MoT/Kelowna	\$ 100,000						
2006									
2007									
2008									
2009									
2010									
2011									
2012									
2013									
2014									
2015									
2016									
2017									
2018									
2019									
2020									
2021									
Total			\$ 200,000	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000

Note: Assumes MoT will construct interchange at College Dr asap.
 Bus only EB/NB at Pandosy to be reviewed with MoT



Exhibit 10.9 Bus Bays, Shelters and Amenities (Constant \$2004)

Year		BRT Bus Bays	Shelters & Amenities		RDCO Cost	Kelowna Cost	Peachland Cost	Lake Country Cost	AOA Cost	MoT Cost
			Kelowna	Region						
2004										
2005	Spall, Banks	2				300,000				
2006	Gordon, Burtch	2				300,000				
2007	Westside, Boucherie	2			300,000					
2008	Gellatley, Daimler	2			300,000					
2009	Bartley	1			150,000					
2010			2	4	100,000	100,000	50,000	50,000		
2011			2	4	100,000	100,000	50,000	50,000		
2012			2	4	100,000	100,000	50,000	50,000		
2013			2	4	100,000	100,000	50,000	50,000		
2014			2	4	100,000	100,000	50,000	50,000		
2015			2	4	100,000	100,000	50,000	50,000		
2016			2	4	100,000	100,000	50,000	50,000		
2017			2	4	100,000	100,000	50,000	50,000		
2018			2	4	100,000	100,000	50,000	50,000		
2019			2	4	100,000	100,000	50,000	50,000		
2020			2	4	100,000	100,000	50,000	50,000		
2021			2	4	100,000	100,000	50,000	50,000		
Total			24	48	\$ 1,950,000	\$ 1,800,000	\$ 600,000	\$ 600,000		

Note: Assumes BRT bus pull outs needed on Hwy 97 at Gordon, Burtch, Spall, Banks, Westside, Boucherie, Bartley, Daimler, Gallatley



Exhibit 10.10 Conventional Transit Annualized Expenses, Revenues, Regional Shares (Constant \$2004)

Year	Conventional Peak Buses Inc Spares	Annual Debt Service Costs	Annual Operating Costs	Annual Revenue	BC Transit Cost	RDCO Cost	Kelowna Cost	Peachland Cost	Lake Country Cost	MoT Cost	Total Local Cost
2004	44	\$ -	\$ 8,677,396	\$ 3,127,654	\$ 3,470,958	\$ 716,482	\$ 1,217,892	\$ 26,969	\$ 117,441	\$ -	\$ 2,078,783
2005	47	\$ 240,000	\$ 9,368,844	\$ 3,353,005	\$ 4,516,156	\$ 639,030	\$ 1,761,061	\$ 25,911	\$ 100,880	\$ 250,000	\$ 2,526,882
2006	49	\$ 598,000	\$ 10,046,777	\$ 3,588,568	\$ 5,003,045	\$ 846,891	\$ 1,601,673	\$ 28,007	\$ 108,032	\$ 112,500	\$ 2,584,604
2007	50	\$ 673,000	\$ 10,396,075	\$ 3,714,168	\$ 5,202,465	\$ 1,709,058	\$ 1,133,536	\$ 29,334	\$ 114,203	\$ 50,000	\$ 2,986,132
2008	52	\$ 823,000	\$ 10,720,373	\$ 3,844,164	\$ 5,425,385	\$ 1,041,372	\$ 1,065,208	\$ 169,530	\$ 110,903	\$ 25,000	\$ 2,387,014
2009	53	\$ 898,000	\$ 11,044,671	\$ 3,978,710	\$ 5,613,055	\$ 915,551	\$ 1,068,849	\$ 30,494	\$ 313,951	\$ -	\$ 2,328,846
2010	55	\$ 988,000	\$ 11,368,968	\$ 4,117,965	\$ 5,807,775	\$ 883,354	\$ 1,336,472	\$ 81,324	\$ 165,718	\$ -	\$ 2,466,869
2011	56	\$ 1,003,000	\$ 11,693,266	\$ 4,262,093	\$ 5,967,245	\$ 1,145,251	\$ 1,198,915	\$ 82,312	\$ 169,039	\$ -	\$ 2,595,518
2012	58	\$ 1,033,000	\$ 12,017,564	\$ 4,411,267	\$ 6,133,765	\$ 907,460	\$ 1,160,907	\$ 82,875	\$ 168,780	\$ -	\$ 2,320,022
2013	59	\$ 1,048,000	\$ 12,341,862	\$ 4,565,661	\$ 6,293,235	\$ 922,771	\$ 1,160,936	\$ 83,755	\$ 170,944	\$ -	\$ 2,338,406
2014	61	\$ 1,078,000	\$ 12,666,159	\$ 4,725,459	\$ 6,459,755	\$ 937,611	\$ 1,157,196	\$ 84,634	\$ 172,844	\$ -	\$ 2,352,285
2015	62	\$ 1,093,000	\$ 12,990,457	\$ 4,890,850	\$ 6,619,225	\$ 951,029	\$ 1,148,472	\$ 85,512	\$ 174,659	\$ -	\$ 2,359,672
2016	64	\$ 1,123,000	\$ 13,314,755	\$ 5,062,030	\$ 6,785,745	\$ 963,910	\$ 1,135,672	\$ 86,389	\$ 176,199	\$ -	\$ 2,362,170
2017	65	\$ 1,138,000	\$ 13,639,053	\$ 5,239,201	\$ 6,945,215	\$ 975,301	\$ 1,117,571	\$ 87,264	\$ 177,640	\$ -	\$ 2,357,777
2018	67	\$ 1,168,000	\$ 13,963,350	\$ 5,422,573	\$ 7,111,735	\$ 986,084	\$ 1,095,067	\$ 88,139	\$ 178,793	\$ -	\$ 2,348,083
2019	68	\$ 1,183,000	\$ 14,287,648	\$ 5,612,363	\$ 7,271,205	\$ 995,303	\$ 1,066,921	\$ 89,012	\$ 179,835	\$ -	\$ 2,331,070
2020	70	\$ 1,213,000	\$ 14,611,946	\$ 5,808,796	\$ 7,437,725	\$ 1,003,838	\$ 1,034,020	\$ 89,883	\$ 180,574	\$ -	\$ 2,308,315
2021	71	\$ 1,228,000	\$ 14,936,244	\$ 6,012,104	\$ 7,597,194	\$ 1,010,731	\$ 995,114	\$ 90,753	\$ 181,187	\$ -	\$ 2,277,785
Total		\$ 16,528,000	\$ 218,085,408	\$ 81,736,631	\$ 109,660,884	\$ 17,551,028	\$ 21,455,482	\$ 1,342,097	\$ 2,961,625	\$ 437,500	\$ 43,310,232

Note: All revenues and costs shared under current AOA proportions

	RDCO	Kelowna	Peachland	Lake Country
Revenue	17.21%	79.60%	0.02%	3.17%
Operating	24.10%	71.21%	0.53%	4.16%
Debt	27.15%	69.85%	0.47%	2.53%



Over the 18-year period, the total net local cost is estimated to increase from approximately \$2.1 million in 2004 to an average of \$2.5 million per year. The increased costs reflect the infrastructure improvements, new buses and increased operating costs and security costs.

This business plan is reasonably conservative within the period 2005 – 2007, calling for relatively modest growth in service hours and forecast ridership. The largest cost increase in the first 2 years relative to 2004 is expected to be incurred by the City of Kelowna, reflecting the improvements for the transit exchanges as well as the transit priority measures, both of which are largely allocated to the municipality. During this timeframe, the level of success of the BRT service improvement program can be monitored to ensure that the goals are being achieved, or to modify the rate of introduction of new services. In particular, the acceptance of the U-PASS program by the University and the level of revenue and usage generated by this program, will be key to determining the rate at which the additional improvements should be implemented.

Other improvements expected to be incurred during this time period, in addition to the vehicles, are the bus stop amenities, traveler information system, and bus washer system.

In the years beyond 2008, the annual operating costs gradually increase with increase in service but net costs stay relatively constant due to the expected increase in ridership. Periodically, significant cost increases are shown reflecting implementation of transit infrastructure improvements, generally exchanges or park & ride facilities, which are borne 80% by the respective municipalities. For example, in 2007 a large cost increase is forecast for the Regional District reflecting the large expenditure contemplated for the Westbank Exchange.

10.2 CUSTOM TRANSIT

A similar annual expenses and revenues table is presented in Exhibit 10.11 for the custom transit service. Again, the costs are allocated to the respective agencies, using the formula as shown on the bottom of the exhibit.

Increases in costs for the custom transit service are more gradual, since the improvements are primarily additional vehicles, which are amortized over the greater timeframe than some of the other capital improvements

10.3 SOURCE OF FUNDS

There are several sources of funds for the costs of the business plan. Most of the funds will be covered by the existing annual operating agreement formula, while there are some new possible sources of funds which can be pursued.

Under the Annual Operating Agreement, the province covers approximately 47% of the conventional bus services costs and 67% of the custom transit costs. While there was a recent cap on increases in operating costs to be borne by the Province, it is assumed that this cap will be removed and the historical proportions maintained.



Exhibit 10.11 Custom Transit Annualized Expenses, Revenues, Regional Shares (Constant \$2004)

Year	Custom Peak Buses Inc Spares	Annual Debt Service Costs	Annual Operating Costs	Annual Revenue	BC Transit Cost	RDCO Cost	Kelowna Cost	Peachland Cost	Lake Country Cost	AOA Cost	MoT Cost	Total Local Cost
2004	14	\$ -	\$ 1,317,860	\$ 181,760	\$ 878,881	\$ 69,346	\$ 187,873	\$ 54,573	\$ -	\$ -	\$ -	\$ 311,792
2005	14	\$ -	\$ 1,363,985	\$ 188,122	\$ 909,642	\$ 71,773	\$ 194,448	\$ 54,573	\$ -	\$ -	\$ -	\$ 320,794
2006	15	\$ 15,000	\$ 1,411,725	\$ 194,706	\$ 951,483	\$ 75,633	\$ 204,904	\$ 58,382	\$ -	\$ -	\$ -	\$ 338,919
2007	16	\$ 30,000	\$ 1,461,135	\$ 201,521	\$ 994,438	\$ 79,580	\$ 215,597	\$ 58,382	\$ -	\$ -	\$ -	\$ 353,559
2008	16	\$ 30,000	\$ 1,512,275	\$ 208,574	\$ 1,028,543	\$ 82,271	\$ 222,887	\$ 58,126	\$ -	\$ -	\$ -	\$ 363,284
2009	17	\$ 45,000	\$ 1,565,204	\$ 215,874	\$ 1,073,845	\$ 86,403	\$ 234,082	\$ 92,147	\$ -	\$ -	\$ -	\$ 412,632
2010	17	\$ 45,000	\$ 1,619,986	\$ 223,429	\$ 1,110,379	\$ 89,285	\$ 241,892	\$ 92,989	\$ -	\$ -	\$ -	\$ 424,166
2011	18	\$ 60,000	\$ 1,671,531	\$ 230,539	\$ 1,154,758	\$ 93,345	\$ 252,890	\$ 93,839	\$ -	\$ -	\$ -	\$ 440,074
2012	18	\$ 60,000	\$ 1,719,398	\$ 237,140	\$ 1,186,681	\$ 95,864	\$ 259,714	\$ 94,698	\$ -	\$ -	\$ -	\$ 450,275
2013	19	\$ 75,000	\$ 1,763,165	\$ 243,177	\$ 1,225,872	\$ 99,514	\$ 269,602	\$ 95,565	\$ -	\$ -	\$ -	\$ 464,681
2014	19	\$ 75,000	\$ 1,802,435	\$ 248,593	\$ 1,252,061	\$ 101,580	\$ 275,201	\$ 96,442	\$ -	\$ -	\$ -	\$ 473,222
2015	20	\$ 90,000	\$ 1,836,845	\$ 253,339	\$ 1,285,013	\$ 104,738	\$ 283,756	\$ 97,327	\$ -	\$ -	\$ -	\$ 485,820
2016	20	\$ 90,000	\$ 1,866,068	\$ 257,369	\$ 1,304,502	\$ 106,276	\$ 287,922	\$ 98,220	\$ -	\$ -	\$ -	\$ 492,417
2017	20	\$ 90,000	\$ 1,889,818	\$ 260,645	\$ 1,320,340	\$ 107,525	\$ 291,307	\$ 99,123	\$ -	\$ -	\$ -	\$ 497,956
2018	20	\$ 90,000	\$ 1,907,857	\$ 263,133	\$ 1,332,371	\$ 108,474	\$ 293,879	\$ 100,035	\$ -	\$ -	\$ -	\$ 502,388
2019	20	\$ 90,000	\$ 1,919,998	\$ 264,807	\$ 1,340,467	\$ 109,113	\$ 295,610	\$ 100,956	\$ -	\$ -	\$ -	\$ 505,679
2020	20	\$ 90,000	\$ 1,926,107	\$ 265,650	\$ 1,344,542	\$ 109,435	\$ 296,481	\$ 101,886	\$ -	\$ -	\$ -	\$ 507,801
2021	20	\$ 90,000	\$ 1,926,107	\$ 265,650	\$ 1,344,542	\$ 109,435	\$ 296,481	\$ 102,825	\$ -	\$ -	\$ -	\$ 508,740
Total		\$ 1,065,000	\$ 30,481,497	\$ 4,204,025	\$ 21,038,359	\$ 1,699,589	\$ 4,604,524	\$ 1,550,087	\$ -	\$ -	\$ -	\$ 7,854,200

Note: All capital costs shared under current AOA proportions

	RDCO	Kelowna	Peachland	Lake Country
Revenue	26.96%	73.04%	0.00%	0.00%
Operating Costs	26.96%	73.04%	0.00%	0.00%
Debt	26.96%	73.04%	0.00%	0.00%



A primary source of revenue includes the transit fares. At \$1.06 per ride, the current fares charged by Kelowna Regional Transit are lower than average. Fares could be raised closer to the national average of approximately \$1.20 per ride.

The business plan also assumes that some costs of the infrastructure improvements on the highways will be funded by the Ministry of Transportation. This requires negotiation with the Ministry to confirm this arrangement.

Other sources of funds include senior government funding programs. These include the Federal Infrastructure Program which could be used for funding some infrastructure improvements; the Federal Government’s programs for sustainable transportation and environmental improvements which could be used to fund acquisition of vehicles; Transport Canada’s program for intelligent transportation systems, which could be used to fund transit priority measures and traveler information systems. Allocating a portion of the federal government’s gas tax which is proposed to be transferred to the municipalities could be a major source of funding. Also, implementation of a regional gas tax, similar to TransLink’s tax, could provide significant funds.

Other sources of funds are from the private sector and could include: construction and maintenance of shelters by allowing private sector advertising; construction and maintenance of transit exchanges and park & ride facilities through lease of public lands, advertising, zoning bonuses.

The successful exploitation of some of these funding programs can reduce the local costs and make the Smart Transit Plan more affordable.