

BC Transit

**2017/18 – 2019/20
SERVICE PLAN**

September 2017



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Board Chair Accountability Statement

The 2017/18 - 2019/20 BC Transit Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of August 29, 2017, have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, BC Transit's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of BC Transit's operating environment, forecast conditions, risk assessment and past performance.



Frank Carson
Board Chair

Table of Contents

Board Chair Accountability Statement 3

Strategic Direction and Operating Environment..... 5

 Strategic Direction 5

 Operating Environment..... 5

Performance Plan 6

Financial Plan..... 16

 Summary Financial Outlook..... 16

 Key Forecast Assumptions, Risks and Sensitivities 16

 Management’s Perspective on the Financial Outlook 17

Appendix A: Hyperlinks to Additional Information..... 18

 Corporate Governance 18

 Organizational Overview 18

Strategic Direction and Operating Environment

Strategic Direction

BC Transit's strategic direction, as defined in its [Mandate Letter](#), is to coordinate the provision of transit services in support of government's commitments to make life more affordable, deliver the services that people count on and build a strong, sustainable, innovative economy that works for everyone. In keeping with government's commitment to fully adopt and implement the United Nations Declaration on the Rights of Indigenous Peoples and the calls to action of the Truth and Reconciliation Commission, BC Transit will support the Ministry's continued efforts to respectfully consult and collaborate with First Nations in British Columbia to develop and deliver transportation projects, policies and services. In alignment with provincial goals and objectives, BC Transit will make transit improvements across the province, including improving handyDART service.

Operating Environment

The provincial operating investment in BC Transit, forecasted to increase significantly over the service plan period, remains the highest per capita in Canada and will enable accelerated growth in transit services in response to increasing demand. BC Transit delivers efficient and effective transit service to over 130 communities across the province. While the operating costs for most transit systems across Canada are primarily funded by local governments, BC Transit systems' costs are shared between the Province and local governments.

BC Transit will continue to work with its partners to optimize and grow existing services in 2017/18 and onwards to ensure they remain cost-effective while still meeting increasing customer demand. Provincial funding increases will expand transit services, in consultation with local government partners, to enhance existing services and to provide coverage to new areas in communities across the province. This will include over 70,000 new service hours in 2017/18.

Service expansion efforts will include enhanced transit services along the Highway 16 corridor, to better connect communities in support of the Province's efforts to enable residents of First Nations communities and municipalities to travel safely along the corridor.

Over the service planning period, BC Transit will deliver the Public Transit Infrastructure Fund projects announced by the Province and the Government of Canada including new or expanded transit facilities. Additionally, a new Smart Bus program will provide accurate, timely and reliable service data to better serve partner communities and allow customers to access real time information on transit services.

BC Transit will continue its fleet replacement program to reduce the increasing maintenance costs of an aging fleet by implementing more fuel-efficient technology. This will include building on the successful deployment of Compressed Natural Gas (CNG) buses in Nanaimo and Kamloops to identify opportunities to deploy CNG buses in communities throughout the province. BC Transit will also continue to develop information management and technology solutions to support effective management and open government initiatives.

Performance Plan

Performance measures for 2017/18 – 2019/20 include measures of transit system performance which reflect the overall health of transit in communities across the province and corporate performance measures which reflect the overall success of BC Transit in providing transit services. Performance of BC Transit's systems consistently benchmark well against comparable Canadian transit systems.

Goals, Objectives, Strategies and Performance Measures

Goal 1: Increased Ridership

In support of the Province's commitment to increase transit ridership, BC Transit will increase ridership by developing, delivering and continuously improving transit services which enhance value for its customers. BC Transit will improve perceptions of public transit by connecting with customers, community groups and stakeholders to build awareness of BC Transit services.

For performance monitoring purposes BC Transit uses "passenger trips per service hour" to monitor service effectiveness.

Objective 1.1: Service Effectiveness (Transit System)

BC Transit will increase transit ridership by optimizing the service effectiveness of provincial transit systems.

Strategies

BC Transit will optimize transit service effectiveness by developing, delivering and continuously improving conventional transit services (which serve the general population in more urban settings and offer scheduled bus service that operates on fixed routes) and custom transit services (which use light duty buses and taxis for dial-a-ride service and door-to-door handyDART service for passengers with disabilities who cannot use conventional transit).

Performance Measure 1: Service Effectiveness

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Conventional passenger trips per service hour	27.8	27.3	27.3	27.6
Custom passenger trips per service hour (excluding taxi)	4.0	4.0	4.0	4.0

Data Source: BC Transit internal tracking data.

Discussion

Passenger trips per service hour measures the effectiveness of, and the demand for, transit services as provided and is determined by dividing passenger trips by service hours. Improvements in passenger trips per service hour indicate that the development, delivery and improvement of transit service has been more effective in increasing ridership. Service effectiveness is expected to steadily increase for conventional transit and remain relatively flat for custom transit. Based upon BC Transit's historical experience with service expansions, expansion starting in 2017/18 is expected to attract additional ridership at an initially lower rate of utilization although as these services mature, this metric is expected to increase accordingly.

Objective 1.2: Planning and Integration (Corporate)

BC Transit will increase transit ridership by ensuring transit system plans are integrated with community plans and deliver services in the most efficient and effective manner.

Strategies

BC Transit will conduct transit system reviews regularly to ensure services respond to community needs, promote ridership growth and continue to be affordable.

Performance Measure 2: Planning and Integration

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Communities with service optimization review completed in past five years	93%	85%	85%	85%

Data Source: BC Transit internal tracking data.

Discussion

The percentage of communities that have had a service optimization review completed in the past five years measures BC Transit's efforts to provide transit systems across the province with timely reviews and recommendations to increase transit system efficiency and effectiveness. Planning and integration targets have been selected to strike a balance between corporate planning resources which support optimization reviews of existing transit service and planning support for transit service expansions. A stable forecast is expected, as BC Transit continues to work with local government partners to ensure that service optimization reviews are completed in an efficient manner that takes into account the scope of changes in regional transit needs.

Objective 1.3: Service Delivery (Transit System)

BC Transit will increase transit ridership by maintaining service delivery of provincial transit systems.

Strategies

BC Transit will maintain service delivery by improving perceptions of public transit.

Performance Measure 3: Service Delivery

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Customer satisfaction	3.50	3.65	3.69	3.72

Data Source: Annual customer survey, conducted by a third party research firm.

Discussion

Customer Satisfaction measures the effectiveness of BC Transit in meeting customer expectations for service delivery and is determined by the average rating of customer tracking survey respondents when asked to rate their overall transit experience from one ("very poor") to five ("excellent"). Improvements in customer satisfaction indicate improved perceptions of transit service which are a key element in increasing ridership. Targets reflect an expectation that Customer Satisfaction will continue to improve as planned service expansions are implemented over the service planning period. As noted in the BC Transit 2016/17 – 2018/19 Service Plan, the customer satisfaction survey methodology changed with the implementation of a new contract for survey services in 2016/17, including improvements in access to the intended survey population, which have impacted survey results and will require the setting of new baseline targets in the 2018/19 – 2020/21 Service Plan.

Objective 1.4: Information Effectiveness (Corporate)

BC Transit will increase transit ridership by enhancing online information effectiveness.

Strategies

BC Transit will enhance online information effectiveness by connecting with customers, community groups and stakeholders to build awareness of BC Transit services.

Performance Measure 4: Information Effectiveness

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Online communication strategy effectiveness	3.70	3.85	3.87	3.91

Data Source: Annual customer survey, conducted by a third party research firm.

Discussion

Online communication strategy effectiveness measures customers' perception of BC Transit's online communication and is determined by the average rating of customer tracking survey respondents

when asked to rate the quality of the online information, ranging from one ("very poor") to five ("excellent"). Improvements in online communications effectiveness indicate better connections with customers, community groups and stakeholders which are a key element in increasing ridership. This measure tracks the quality, value and effectiveness of information online, including BC Transit's corporate website and social media efforts. Targets reflect that efforts to engage customers through social media channels are expected to improve as planned service expansions and new Smart Bus technologies are implemented over the service planning period. As noted in the BC Transit 2016/17 – 2018/19 Service Plan, the online communication strategy effectiveness survey methodology changed with the implementation of a new contract for survey services in 2016/17, including improvements in access to the intended survey population, which have impacted survey results and will require the setting of new baseline targets in the 2018/19 – 2020/21 Service Plan.

Objective 1.5: Brand Awareness (Corporate)

BC Transit will increase transit ridership by building awareness of BC Transit's brand.

Strategies

BC Transit will build awareness of BC Transit's brand by highlighting BC Transit's leadership role in providing transit services in local communities across the province.

Performance Measure 5: Awareness

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Brand recognition	53%	29%	30%	31%

Data Source: Annual customer survey, conducted by a third party research firm.

Discussion

Brand recognition measures the effectiveness of corporate marketing and communication programs which highlight BC Transit's leadership role in providing transit services and is based on the per cent of customer survey respondents who recognize BC Transit's role in the delivery of transit service in their local system. Improvements in brand recognition indicate improved awareness of BC Transit's role in the delivery of transit service in customers' local community which is a key element in increasing ridership. Targets reflect that public marketing opportunities over the next three years, particularly community events that communicate service expansions or major infrastructure projects, are expected to improve customer awareness. As noted in the BC Transit 2016/17 – 2018/19 Service Plan, the brand recognition survey methodology changed with the implementation of a new contract for survey services in 2016/17, including improvements in access to the intended survey population, which have impacted survey results and will require the setting of new baseline targets in the 2018/19 – 2020/21 Service Plan.

Goal 2: Financial Management

BC Transit will practice sound financial management which balances the needs and expectations of customers with the affordable provision of transit service. BC Transit will contain costs and maximize efficiencies while expanding the contribution of sustainable sources of revenue.

Objective 2.1: Increase Revenue (Corporate)

BC Transit will practice sound corporate financial management by increasing corporate revenue.

Strategies

BC Transit will increase revenue by expanding the contribution of sustainable sources of revenue.

Performance Measure 6: Revenue

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Conventional operating cost recovery	37.4%	34.2%	32.3%	32.1%
Custom operating cost recovery	9.1%	8.3%	8.0%	7.7%

Data Source: BC Transit financial system and audited financial statements.

Discussion

Operating cost recovery measures the self-sufficiency and financial performance of the corporate transit system. Conventional operating cost recovery is determined by dividing annual conventional passenger and advertising revenue by conventional operating costs. Custom operating cost recovery is determined by dividing annual custom passenger and advertising revenue by custom operating cost (including taxi trip revenues and costs). Operating cost recovery targets have been selected to sustain the affordability of transit services for passengers. A strong level of cost recovery is desirable, as it reduces the subsidy from taxpayers. Conventional and custom revenue yield, as measured by operating cost recovery, are expected to decline slightly over the Service Plan period. Inflationary input costs (e.g., fuel, labour, maintenance, and technology costs) are expected to be higher than corresponding increases in fares and advertising.

Objective 2.2: Cost Efficiency (Corporate)

BC Transit will practice sound corporate financial management by focusing on corporate cost efficiency.

Strategies

BC Transit will increase operating cost efficiency by containing costs and maximizing operating efficiencies.

Performance Measure 7: Cost Efficiency

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Conventional operating cost per passenger trip	\$3.79	\$4.16	\$4.26	\$4.29
Custom operating cost per passenger trip	\$16.77	\$18.13	\$18.94	\$19.54

Data Source: BC Transit financial system and audited financial statements.

Discussion

Operating cost per passenger trip measures the efficiency of providing transit service. Conventional operating cost per passenger trip reflects annual conventional operating cost divided by conventional passengers carried. Custom operating cost per passenger trip reflects annual custom operating cost divided by custom passengers carried (includes taxi trip costs and passengers). Operating cost per passenger trip targets have been selected to sustain efforts to increase ridership while containing associated operating costs. Increasing cost per passenger indicates that costs are growing at a faster rate than ridership. Conventional and custom service cost efficiency, as measured by operating cost per passenger trip, is expected to decrease slightly over the Service Plan period. Similar to operating cost recovery, it is anticipated inflationary costs will remain slightly higher than corresponding increases in ridership.

Goal 3: Operational Excellence

BC Transit will develop, deliver and continuously improve transit services which ensure the safety of its employees and customers. These services will exceed the expectations of its customers while respecting the expectations of taxpayers and community stakeholders. BC Transit will also be accountable for its environmental impact.

Objective 3.1: Accessibility (Transit System)

BC Transit will deliver operational excellence by expanding conventional and custom services in provincial transit systems.

Strategies

BC Transit will expand transit service accessibility by developing, delivering and continuously improving transit services which exceed the expectations of our customers.

Performance Measure 8: Accessibility

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Conventional service hours per capita	1.44	1.45	1.49	1.47
Custom service hours per capita	0.25	0.26	0.26	0.26

Data Source: BC Transit internal tracking data.

Discussion

Service hours per capita is a measure of accessibility to transit based on the level of investment and provision of transit service relative to the population within a reasonable distance of transit routes. Conventional service hours per capita is determined by the number of conventional service hours delivered divided by the population that lives within 400 m of fixed route bus service. Custom service hours per capita is determined by the number of custom service hours delivered divided by the population that lives within one kilometre of fixed route bus service (does not include taxi trips). Targets selected reflect that conventional and custom service hours per capita are expected to be sustained over the period of the Service Plan as expanded services are implemented for a growing population.

Objective 3.2: Safety (Corporate)

BC Transit will deliver operational excellence by ensuring passenger safety.

Strategies

BC Transit will ensure passenger and employee safety by developing, delivering and continuously improving transit services which ensure the safety of our employees and customers.

Performance Measure 9: Passenger Safety

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Passenger injury claims per million passenger trips	1.0	2.0	1.9	1.9

Data Source: Passenger injury claims as reported by ICBC and BC Transit internal tracking data.

Discussion

The number of passenger injury claims per million passenger trips measures passenger safety with respect to travel-related injuries. The way in which this measure is calculated reflects passenger injury claims through ICBC and is consistent with industry standard. This measure is influenced by an aging population (including an expected increase in the percentage of passengers who are seniors as BC Transit works to transition traditional custom passengers to conventional service), increased

traffic under conditions of greater and more variable congestion, and a trending increase in bodily injury claims. The 2017/18 target is expected to improve by 2.5 per cent each year in 2018/19 and 2019/20 through focused improvements to driver training workshops.

Performance Measure 10: Employee Safety

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Workplace injuries per 100 employees	3.1	5.2	5.1	5.0

Data Source: Passenger injury claims as reported by ICBC and BC Transit internal tracking data.

Discussion

The number of workplace injuries per 100 employees measures employee safety using the Total Recordable Injury Rate (TRIR). TRIR is a measure of the rate of recordable workplace injuries, normalized per 100 workers per year. This measure is influenced by an aging workforce and the recent addition of mental illness as an approved workplace injury. Targets selected are intended to drive continued performance in this area. The 2017/18 target is expected to improve in 2018/19 and 2019/20 due to an enhanced focus on safety protocols and improved communication of safety initiatives.

Objective 3.3: Quality of Service (Corporate)

BC Transit will deliver operational excellence by maintaining quality of service.

Strategies

BC Transit will maintain the quality of transit service by delivering consistent and reliable transit services which exceed the expectations of its customers.

Performance Measure 11: Quality of Service

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Planned service delivered in conventional transit systems	99.9%	99.7%	99.7%	99.7%

Data Source: BC Transit internal tracking data and reports from BC Transit operating partners.

Discussion

The percentage of planned service delivered in conventional transit systems measures the quality of transit service and is based upon the percentage of trips that delivered as scheduled. The reliability of trips has an effect on the customer experience and the overall perception of transit and reflects BC Transit's ability to respond to emerging operational challenges while delivering transit services

that are expected, and relied upon, by transit customers. The projected targets for this measure represent very high levels of reliability, reflecting BC Transit's current operational excellence, and are expected to remain stable over the period of the Service Plan.

Objective 3.4: Environmental Impact Accountability (Transit System)

BC Transit will deliver operational excellence by being accountable for the environmental impact of its provincial transit systems.

Strategies

BC Transit will be accountable for its environmental impact by monitoring its operational carbon intensity.

Performance Measure 12: Environmental Impact

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Carbon (GHG) intensity per service hour	28.85	28.83	28.82	28.81

Data Source: BC Government SMARTTool data and BC Transit internal tracking data.

Discussion

Carbon intensity per service hour measures BC Transit's Greenhouse Gas Emissions (GHG). Carbon intensity is calculated using the Provincial Government's SMARTTool methodology and is measured by calculating the total emissions of BC Transit's fleet, facilities, and paper usage in carbon dioxide equivalent tonnes. Carbon intensity per service hour targets have been selected to illustrate BC Transit's continued commitment to decreasing its environmental footprint. GHG emissions are expected to decrease, reflecting the impact of the expected decline in carbon intensity of diesel fuel supplied in B.C. as a result of the Renewable and Low Carbon Fuel Requirements Regulation and further expansion of the CNG bus fleet.

Goal 4: Strong People and Partnerships (Corporate)

BC Transit will develop its existing employees and attract new employees while enhancing value for its customers and reflecting the Province's priorities of having labour stability and affordable service delivery throughout British Columbia. BC Transit will cultivate strong relationships with local governments and other community partners and explore new opportunities to enhance value for its customers and improve affordability for B.C. taxpayers.

Objective 4.1: Employee Engagement (Corporate)

BC Transit will strengthen its people and partnerships by improving employee engagement.

Strategies

BC Transit will strengthen employee engagement by developing its existing employees and attracting new employees while enhancing value for our customers.

Performance Measure 13: Employee Engagement

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Employee engagement	N/A	65%	N/A	67%

Data Source: Biennial employee survey.

Discussion

Employee engagement measures an employee's involvement with, commitment to, and satisfaction with work. Engagement is assessed through a survey that models what aspects of the workplace influence employee engagement characteristics. The survey is distributed every two years. Targets selected reflect an expectation that as a result of the Human Resources Action Plan implementation, employee engagement will continue to improve.

Objective 4.2: Partner Satisfaction (Corporate)

BC Transit will strengthen its people and partnerships by sustaining partner satisfaction.

Strategies

BC Transit will strengthen partner satisfaction by cultivating strong relationships with local governments and other community partners.

Performance Measure 14: Partner Satisfaction

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Partner satisfaction	4.31	4.00	4.03	4.06

Data Source: Annual partner survey, conducted by a third party research organization.

Discussion

Partnership satisfaction measures local government partners' perception of BC Transit's customer service and is determined by the average rating of local government transit partner respondents when asked to rate their customer service received from BC Transit from one ("very poor") to five ("excellent"). Partner satisfaction targets have been selected to reflect BC Transit's commitment to strong relationships with its local government and operating partners. Satisfaction scores are expected to improve over the service planning period as BC Transit works with its partners to implement service expansion and enhancements.

Financial Plan

Summary Financial Outlook

(\$000)	2016/17 Actual	2017/18 Projection	2018/19 Projection	2019/20 Projection
Total Revenue				
Operations	74,495	75,025	75,465	76,367
Provincial operating	104,903	110,209	112,026	112,026
Local government operating & capital	80,095	99,152	114,754	121,273
Deferred capital contributions ¹	30,150	31,457	31,732	35,249
Investment and other income	3,536	3,517	3,517	6,004
Total Revenue	293,179	319,360	337,494	350,919
Total Expenses				
Operations	154,168	170,600	182,224	185,274
Maintenance	50,825	55,609	58,880	60,435
Administration	24,655	27,223	28,711	29,885
Use of Asset	63,587	65,975	67,679	75,325
Total Expenses	293,235	319,407	337,494	350,919
Annual Operating Surplus (Deficit)²	(56)	(47)	-	-
Other non-operational gain (loss)	123	5,807	-	-
Total Annual Surplus (Deficit)³	67	5,760	-	-
Total Liabilities	477,022	574,910	650,548	734,838
Accumulated Surplus	16,246	21,679	21,679	21,679
Capital Expenditures	40,674	151,915	136,492	127,105
<p>¹ BC Transit receives capital funding for the construction or acquisition of assets and their use in program/service delivery. Capital contributions are deferred and recognized in revenue over the useful life of the asset, as program/services are delivered, as directed by the Province.</p> <p>² The Operating Deficit is in respect to retrospective amortization relating to the PSAS adoption in 2011/12 (\$56 in 2016/17).</p> <p>³ Gains due to purchase of land for future transit facilities.</p>				

Key Forecast Assumptions, Risks and Sensitivities

Forecasts include cost increases associated with approved collective agreements in line with provincially mandated increases, economic stability dividends announced by the Province, inflationary pressures related to maintenance, competitive contract negotiations with operating companies, higher operating costs associated with new facility builds resulting from federal funding programs, new customer focused fleet technology and the price of diesel. These increases are partially offset by reduced fuel and maintenance expenses attributable to additional CNG vehicles in 2017/18.

Given the uncertainty of fuel prices in the long term, future years of the Service Plan incorporate a forecasted average of \$1.23/litre over the service planning period.

Management's Perspective on the Financial Outlook

Fuel remains a large financial risk to BC Transit services. While the price of fuel remained relatively stable through 2016/17, and BC Transit continues to enjoy savings from its fuel management and supply contracts, there remains a great deal of uncertainty over the longer term price of oil and the subsequent effect on fuel costs.

The Canadian exchange rate also poses risk to the budget as a significant portion of bus parts are manufactured in the USA and Europe.

BC Transit Regulation 30/91 was amended in 2015, establishing the legislated authority for BC Transit to carry an operating reserve. This amendment facilitates BC Transit's ability to better manage budget pressures throughout the service planning period.

Appendix A: Hyperlinks to Additional Information

Corporate Governance

More information about BC Transit's Senior Leadership Team can be found at:

http://bctransit.com/*/about/executive

More information about BC Transit's governance and funding model can be found at:

http://bctransit.com/*/about/funding-and-governance

Organizational Overview

More information about BC Transit's vision, mission and values can be found at:

http://bctransit.com/*/about

More information about BC Transit's program scope can be found at:

http://bctransit.com/*/about/facts/corporate

A list of transit systems can be found at:

http://bctransit.com/*/choose-transit-system

BC Transit's corporate reports, including provincial Service Plans and Annual Reports, can be found at:

http://bctransit.com/*/corporate-reports