

June 27, 2013

SUBJECT

Year-end 2012/13 Financial & Performance Report

PURPOSE

This report provides a summary of the Financial and Performance results for the twelve months ended March 31, 2013 to the Commission for **INFORMATION**.

BACKGROUND

This report presents financial and performance results for the twelve month period ending March 31, 2013. It also provides performance and benchmarking statistics for both the conventional and custom service.

DISCUSSION

The significant items to note are:

1. Year-end expenditures were \$101.3 million, \$4.2 million or 4 per cent lower than budget.
2. The labour action that occurred during the last two quarters of 2012/13 resulted in a 3 per cent decrease in service hours compared to budget. As a result:
 - Ridership was lower than budget by 4 per cent;
 - Operating expenditures were less than budget by 3 per cent; and
 - Local government contribution requirements were lower by 13 per cent.
3. The Transit Fund balance was \$8.46 million at year-end, higher than the previous projection of \$5.80 million, due to lower than expected overall costs.
4. Conventional and custom performance benchmarking has been included in the report. Both the conventional and custom transit systems continue to benchmark favourably against peer transit systems across Canada on cost efficiency and effectiveness measures and overall system performance. Also included in the report is additional benchmarking that shows the Victoria Regional Transit System conventional service ranked in the top three of peer systems across Canada in multiple categories. A comparison against several American transit systems with similar sized service areas and ridership also highlight the favourable cost efficiency and performance of the Victoria Regional Transit System.

RECOMMENDATION

It is recommended that the Victoria Regional Transit Commission receive this report for information.

Respectfully,



Manuel Achadinha
President and Chief Executive Officer

Attachment: Financial & Performance Report



Victoria Regional Transit Commission

June 27, 2013

Financial & Performance Report

Victoria Regional Transit Commission

2012/13 Financial Results



Financial Summary

Conventional & Custom Service							
<i>(figures in thousands)</i>	2012/13	2012/13	2012/13	Variance		Variance	
	Budget	Dec Fcst	Final	to Budget		to Fcst	
				(Un) Favourable		(Un) Favourable	
Revenues							
Passenger & Advert. Revenue	\$37,128	\$37,090	\$36,864	(\$264)	(1%)	(\$226)	(1%)
Provincial Operating Contribution	31,625	31,247	30,672	(953)	(3%)	(575)	(2%)
Fuel Tax Revenue	11,500	11,850	11,855	355	3%	5	0%
Local Contribution	25,325	24,007	21,940	(3,385)	(13%)	(2,067)	(9%)
Total	\$105,578	\$104,194	\$101,331	(4,247)	(4%)	(2,863)	(3%)
Expenses							
Operations	\$63,051	\$62,160	\$61,397	\$1,654	3%	\$763	1%
Maintenance	19,217	19,538	18,766	451	2%	772	4%
Administration	9,166	8,963	8,730	436	5%	233	3%
Lease Fees	14,144	13,533	12,438	1,706	12%	1,095	8%
Total	\$105,578	\$104,194	\$101,331	\$4,247	4%	\$2,863	3%



Revenue & Ridership

<i>(figures in thousands, except ratios)</i>	2012/13	2012/13	2012/13	Variance		Variance	
	Budget	Dec Fcst	Final	to Budget		to Fcst	
				(Un) Favourable		(Un) Favourable	
Passenger	\$36,562	\$36,492	\$36,216	(\$346)	(1%)	(\$276)	(1%)
Advertising	566	598	647	81	14%	49	8%
Total Passenger & Advertising	\$37,128	\$37,090	\$36,863	(\$265)	(1%)	(\$227)	(1%)
<i>Passenger Trips (Total)</i>	24,999	24,379	24,112	(887)	(4%)	(267)	(1%)
<i>Passenger Trips (excluding Taxi)</i>	24,894	24,284	24,011	(883)	(4%)	(273)	(1%)
<i>Average Fare</i>	\$1.47	\$1.50	\$1.51	\$0.04	3%	\$0.01	1%
<i>(Psgr Revenue / Psgr Trips - excl. Taxi)</i>							

Passenger & Advertising Revenue (unfavourable to budget - \$0.27M or 1%)

Revenue is \$346,000 or 1% unfavourable to budget due to fewer service hours. Advertising is \$81,000 or 14% favourable to budget due to an increase in this year's advertising contract combined with a prior year credit (\$49K).

Total Passenger Trips (unfavourable to budget - 0.89M or 4%)

Passenger trips are unfavourable primarily due to labour action and fewer service hours.



Funding Sources

<i>(figures in thousands)</i>	2012/13	2012/13	2012/13	Variance		Variance	
	Budget	Dec Fcst	Final	to Budget		to Fcst	
				(Un) Favourable		(Un) Favourable	
Provincial Operating Contribution	\$31,625	\$31,247	\$30,672	(\$953)	(3%)	(\$575)	(2%)
Fuel Tax Revenue	\$11,500	\$11,850	\$11,855	\$355	3%	\$5	0%
Local Contribution	\$25,325	\$24,007	\$21,940	(\$3,385)	(13%)	(\$2,067)	(9%)

Provincial Operating Contribution (lower than budget - \$0.95M or 3%)

Provincial operating contribution reflects the legislated provincial share of operating expenditures and is lower than budget due to lower than budgeted expenses.

Fuel Tax Revenue (higher than budget - \$0.36M or 3%)

Fuel tax revenue is higher than budget by \$0.36M or 3%. Fuel tax revenues are based on a 3.5 cent per litre of fuel consumed in the Victoria region.

Local Contribution (lower than budget - \$3.39M or 13%)

Local contribution reflects the remaining local government contributions after provincial funding, passenger revenues and fuel tax revenues. Local contributions are lower than budget primarily due to lower than budgeted operating expenses, lease fees and additional fuel tax revenues.



Operations

<i>(figures in thousands, except ratios)</i>	2012/13	2012/13	2012/13	Variance		Variance	
	Budget	Dec Fcst	Final	to Budget		to Fcst	
				(Un) Favourable		(Un) Favourable	
Operations (excl. Fuel)	\$51,083	\$51,356	\$50,812	\$271	1%	\$544	1%
Fuel	\$11,968	\$10,804	\$10,585	\$1,383	12%	\$219	2%
Operations	\$63,051	\$62,160	\$61,397	\$1,654	3%	\$763	1%
<i>Hours</i>	920	898	895	(25)	(3%)	3	0%
<i>Operations Cost/Hour</i>	\$68.53	\$69.22	\$68.60	(\$0.07)	(0%)	\$0.62	1%

Operations (favourable \$1.65M or 3%)

Operations (excluding fuel) is \$271K or 1% favourable to budget due to lower expenses related to labour action and fewer service hours. This is offset by wage increases as a result of collective bargaining. Other offsets include the Transit Priority Planning project which was approved by the Commission at the May 2012 meeting. The Transit Priority Plan was approved by the Commission to be funded from the Transit Fund.

Fuel is \$1.38M or 12% favourable to budget due to lower prices related to fuel management strategies and fewer service hours. The average annual fuel price is \$1.17/litre compared to a budgeted fuel price of \$1.26/litre.

Hours are below budget (25,000 hours or 3%) primarily due to labour action.



Maintenance

<i>(figures in thousands)</i>	2012/13	2012/13	2012/13	Variance		Variance	
	Budget	Dec Fcst	Final	to Budget		to Fcst	
				(Un) Favourable		(Un) Favourable	
Fleet Maintenance	\$15,963	\$16,208	\$15,485	\$478	3%	\$723	4%
Facilities Maintenance	\$3,254	\$3,330	\$3,281	(\$27)	(1%)	\$49	1%
Maintenance	\$19,217	\$19,538	\$18,766	\$451	2%	\$772	4%
<i>Fleet Maintenance Cost/Hour</i>	\$17.35	\$18.05	\$17.30	\$0.05	0%	\$0.75	4%

Maintenance (favourable to budget \$0.45M or 2%)

Fleet maintenance is \$478K or 3% favourable to budget due to lower than anticipated service hours and labour costs for staff vacancies and labour action. In addition, there were higher than anticipated warranty recoveries and favourable inventory adjustments.

Facility maintenance is \$27K or 1% unfavourable to budget due to higher than anticipated property tax assessments at the Victoria Transit Centre and property insurance.



Administration

<i>(figures in thousands)</i>	2012/13	2012/13	2012/13	Variance		Variance	
	Budget	Dec Fcst	Final	to Budget		to Fcst	
				(Un) Favourable		(Un) Favourable	
Administration	\$9,166	\$8,963	\$8,730	\$436	5%	\$233	3%

Administration (favourable to budget - \$0.44M or 5%)

Administration costs are favourable to budget primarily due to administrative cost controls and expenditure management strategies.



Lease Fees

<i>(figures in thousands)</i>	2012/13	2012/13	2012/13	Variance		Variance	
	Budget	Dec Fcst	Final	to Budget		to Fcst	
				(Un) Favourable		(Un) Favourable	
Lease Fees	\$14,144	\$13,533	\$12,438	\$1,706	12%	\$1,095	8%

Lease Fees (favourable to budget - \$1.71M or 12%)

Lease Fees are favourable due to timing of vehicle replacements and lower than anticipated major capital repairs due to labour action.

Included in Lease Fees for 2012/13 is PTIP funding which is being amortized to March 31, 2018. Total proceeds received are \$15.8M of which \$9.09M remains unamortized. This balance is amortized over the life of the related assets (acquisition cost and major capital maintenance).



Transit Fund

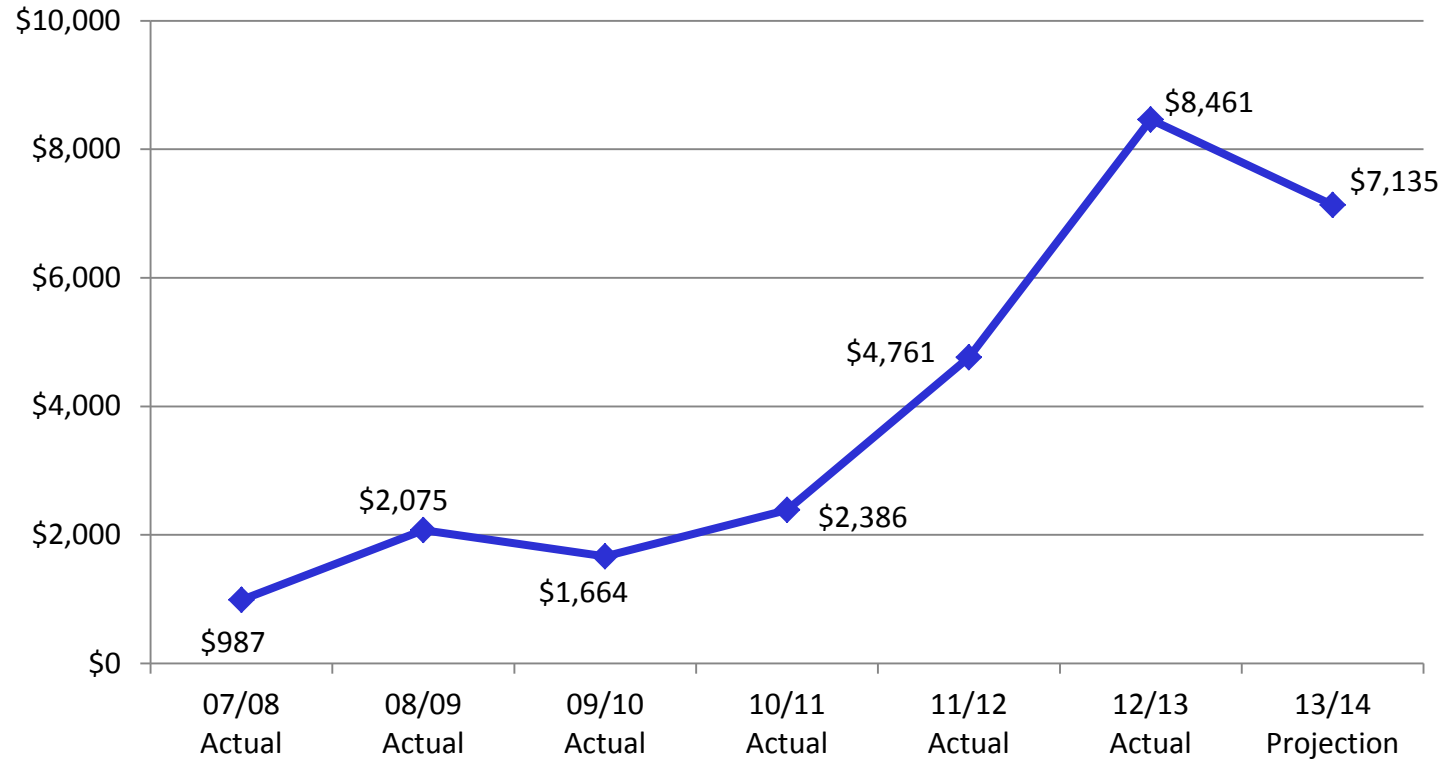
VICTORIA REGIONAL TRANSIT SYSTEM TRANSIT FUND FOR MARCH 31, 2013			
	2012/13 Budget	2012/13 Actuals	Variance
<i>(figures in thousands)</i>			
Fund Beginning Balance	\$4,761	\$4,761	\$0
Commission Sources of Revenue:			
Conventional Revenue	36,212	35,875	(337)
Custom Revenue	350	341	(9)
Advertising	566	647	81
Fuel Tax	11,500	11,855	355
Property Tax	24,946	24,940	(6)
Interest *	100	475	375
Total available funds	\$78,435	\$78,895	\$460
Commission Share of Expenses	(74,015)	(70,434)	3,581
Fund Ending Balance, March 31, 2013	\$4,420	\$8,461	\$4,041

* Interest earned exceeded budget due to a higher than expected rate of return on sinking fund investments and interest on surplus funds.



Historical Transit Fund

Transit Fund (000's)



Due to lower than expected operating costs, the 2012/13 Transit Fund balance is higher than the \$5.8 million projection presented at the February 19th meeting.



Victoria Regional Transit Commission

Performance and Benchmarking



Conventional Performance

Victoria Conventional Transit	2012/13	2012/13	2012/13	Variance to Budget (Un)Favourable
	Budget	Dec Fcst	Final	
Passenger Trips ('000)	24,600	23,980	23,705	(895)
Service Hours ('000)	800	778	775	(25)
Total Operating Cost ('000)	\$82,999	\$82,647	\$80,928	2,071
<i>Passenger Trips per Service Hour</i>	30.7	30.8	30.6	(0.1)
<i>Operating Cost per Service Hour</i>	\$103.69	\$106.09	\$104.43	(\$0.74)
<i>Operating Cost per Passenger Trip</i>	\$3.37	\$3.45	\$3.41	(\$0.04)
<i>Operating Cost Recovery</i>	44.3%	44.5%	45.1%	0.8%
<i>Service Hours per Capita</i>	2.2	2.2	2.2	0.0
<i>Passenger Trips per Capita</i>	68.3	66.6	65.8	(2.5)

Population of 360,063 used in per capita calculations - CRD 2011 estimate



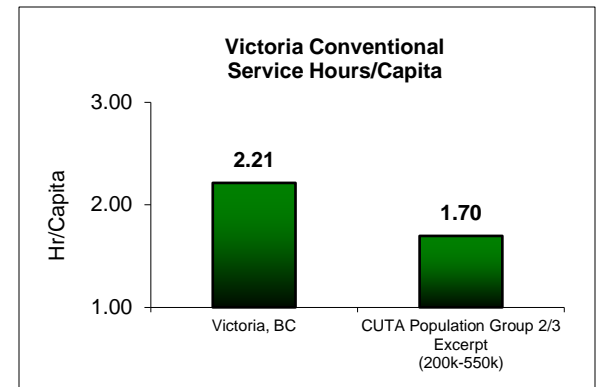
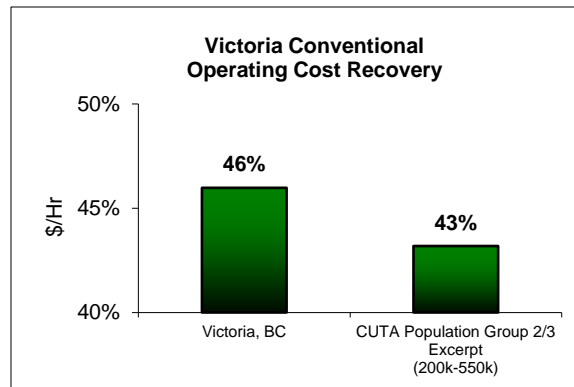
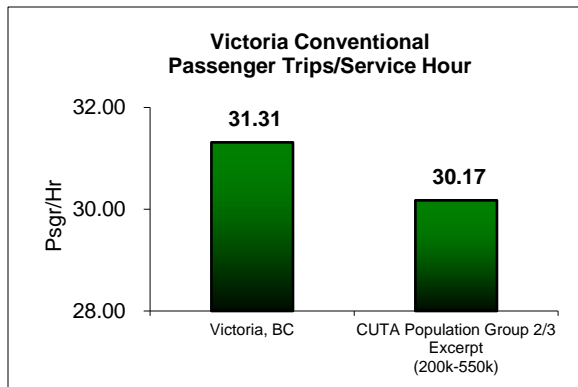
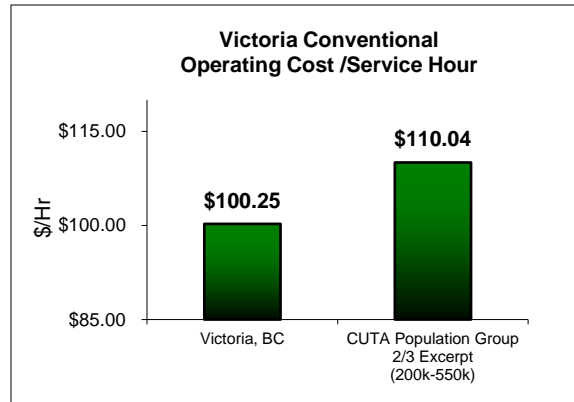
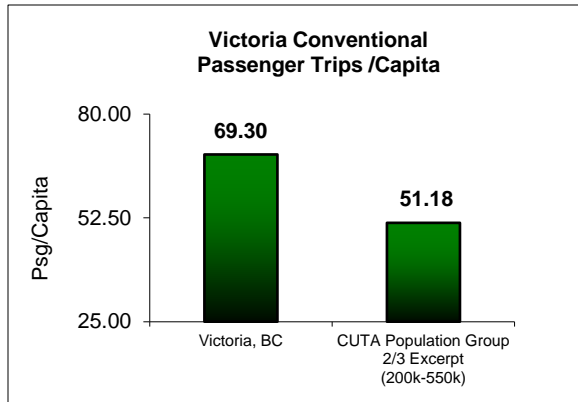
Custom Performance

Victoria Custom Transit	2012/13	2012/13	2012/13	Variance to Budget (Un)Favourable
	Budget	Dec Fcst	Final	
Passengers Trips - Total ('000)	399	399	407	8
Passenger Trips - excl. Taxi ('000)	294	304	306	12
Service Hours ('000)	120	120	120	0
Total Operating Cost ('000)	\$8,435	\$8,013	\$7,965	\$470
<i>Passenger Trips per Service Hour (excl. Taxi)</i>	2.5	2.5	2.5	0.0
<i>Operating Cost per Service Hour (excl. Taxi)</i>	\$65.13	\$62.30	\$61.85	\$3.28
<i>Operating Cost per Passenger Trip (excl. Taxi)</i>	\$26.57	\$24.59	\$24.34	\$2.23
<i>Operating Cost Recovery</i>	9.7%	11.1%	10.9%	1.0%
<i>Service Hours per Capita</i>	0.3	0.3	0.3	0.0
<i>Passenger Trips per Capita</i>	1.1	1.1	1.1	0.0

Population of 360,063 used in per capita calculations - CRD 2011 estimate



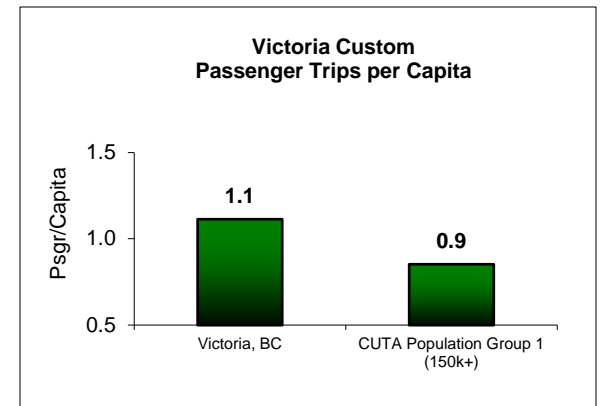
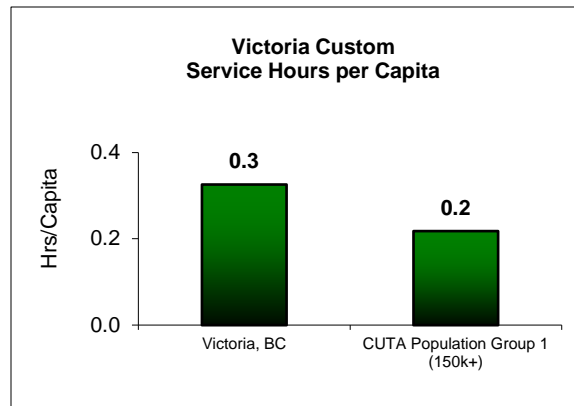
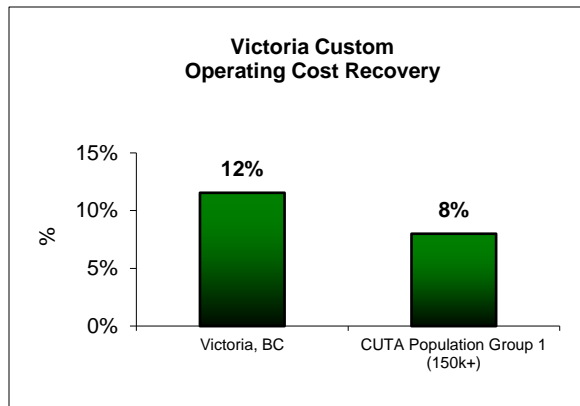
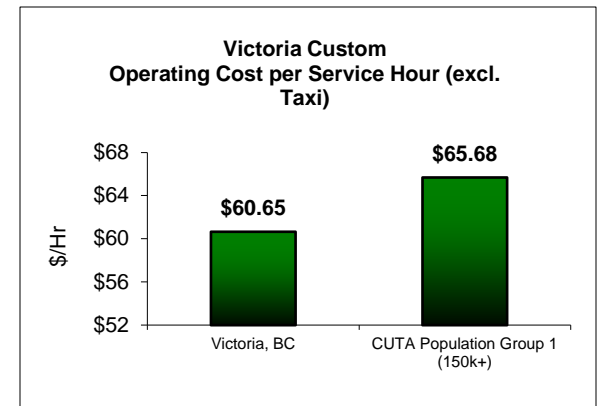
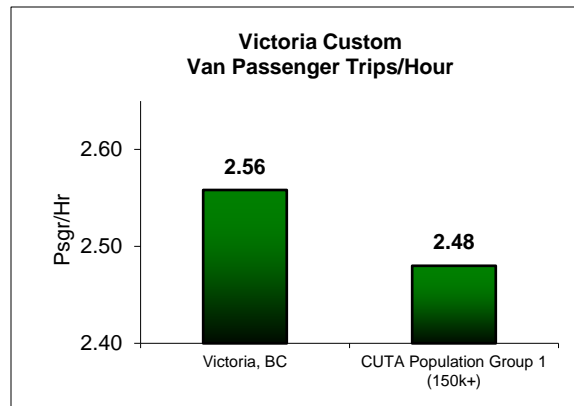
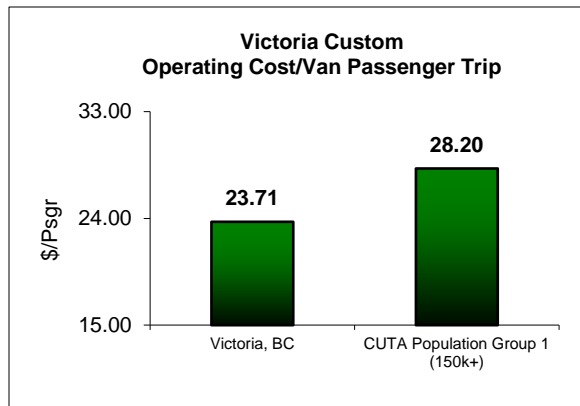
CUTA Benchmarks – Conventional Transit Performance



Source: 2011 Canadian Urban Transportation Association Fact Book



CUTA Benchmarks – Custom Transit Performance



Source: 2011 Canadian Urban Transportation Association Fact Book

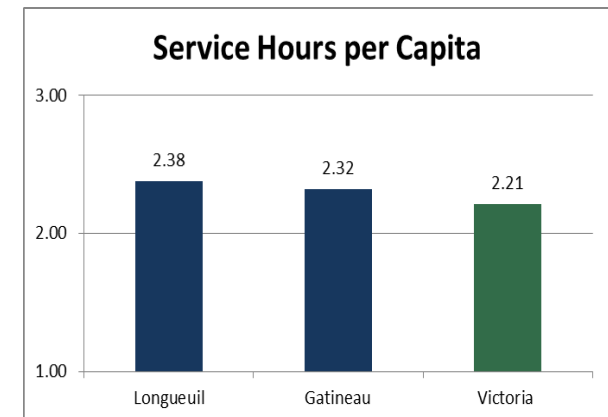
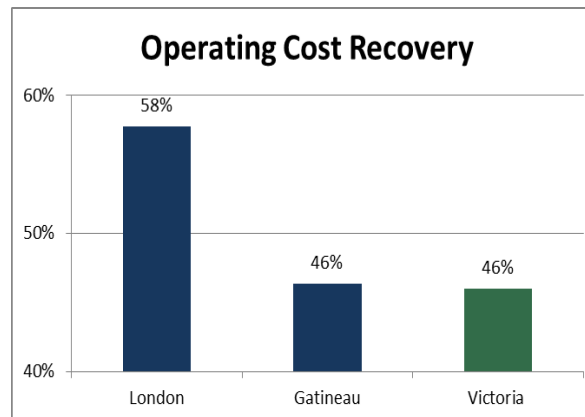
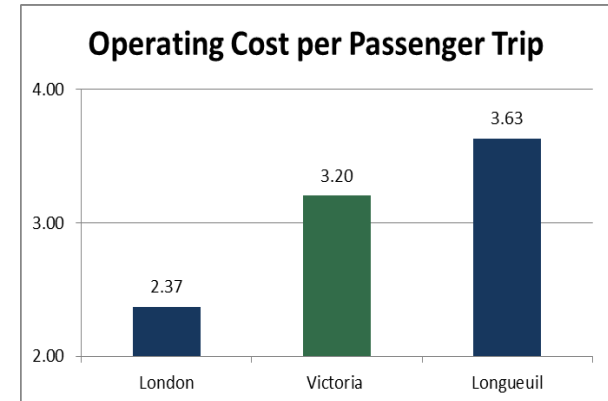
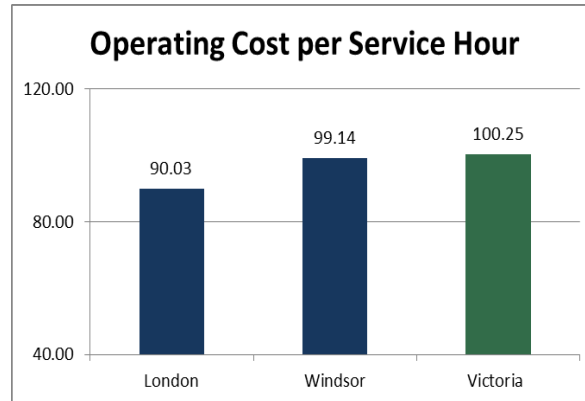
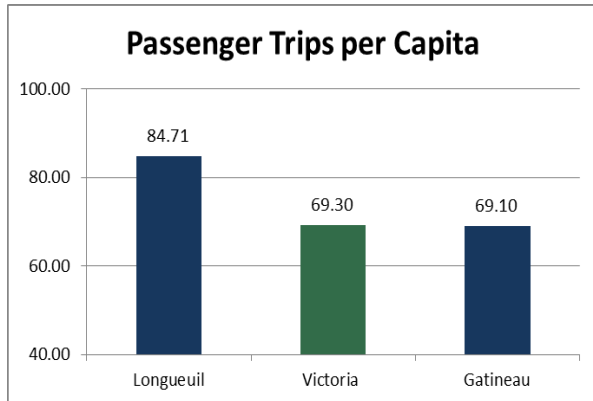


CUTA Benchmark Standings

- CUTA benchmark measures are derived from individual characteristics and represent cost efficiency, cost effectiveness and the quality of service delivery.
- Victoria Conventional Transit System ranks in the Top 3 for every CUTA benchmark presented.
- The Victoria Transit System operates in the largest service area among comparable CUTA transit systems (614 km²).



CUTA Benchmark Standings – Top 3



**Victoria Conventional*



CUTA Benchmark

Passenger Trips per Capita

The Longueuil transit system delivers service to a small service area of 282km². The system has 405,942 daily commuters and is structured to reduce commute times. Ridership is concentrated to serve the city centre and of comparable population size to Victoria, BC.

Transit System	Service Area (km ²)	Ridership (in 000s)	Population (in 000s)	Passenger Trips per Capita
Longueuil, QC	282	33,809	399	84.71
Victoria, BC	614	24,952	360	69.30
Gatineau, QC	589	19,166	277	69.10
London, ON	166	22,436	360	62.32
Laval, QC	247	20,115	404	49.82
Windsor, ON	147	6,385	211	30.28
Durham Region, ON	406	9,792	531	18.43
CUTA Excerpt Avg				51.18



CUTA Benchmark

Operating Cost per Service Hour

The London transit system has lower overall operating costs due to servicing a much denser population base (service area is 27% the size of Victoria) and delivers 591 hours of service resulting in a considerably low operating cost per hour.

Transit System	Service Area (km^2)	Operating Costs (in 000s)	Service Hours (in 000s)	Operating Cost per Service Hour
London	166	\$ 53,204	591	\$ 90.03
Windsor	147	\$ 26,390	266	\$ 99.14
Victoria	614	\$ 79,889	797	\$ 100.25
Gatineau	589	\$ 70,881	644	\$ 110.08
Laval	247	\$ 82,206	840	\$ 111.12
Durham Region	406	\$ 51,900	411	\$ 126.40
Longueuil	282	\$ 122,779	950	\$ 129.19
CUTA Excerpt Avg				\$ 110.04



CUTA Benchmark

Operating Cost per Passenger Trip

London has lower overall operating costs due to having a smaller service area and has comparable ridership to Victoria.

Transit System	Service Area (km^2)	Operating Costs (in 000s)	Ridership (in 000s)	Operating Cost per Passenger Trip
London	166	\$ 53,204	22,436	\$ 2.37
Victoria	614	\$ 79,889	24,952	\$ 3.20
Longueuil	282	\$ 122,779	33,809	\$ 3.63
Gatineau	589	\$ 70,881	19,166	\$ 3.70
Laval	247	\$ 82,206	20,115	\$ 4.09
Windsor	147	\$ 26,390	6,385	\$ 4.13
Durham Region	406	\$ 51,900	9,792	\$ 5.30
CUTA Excerpt Avg				\$ 3.65



CUTA Benchmark

Passenger Trips per Service Hour

London and Longueuil transit systems operate in significantly smaller service areas than Victoria and have comparable ridership.

Transit System	Service Area (km^2)	Ridership (in 000s)	Vehicle Hours (in 000s)	Passenger Trips per Service Hour
London	166	22,436	591	37.97
Longueuil	282	33,809	950	35.57
Victoria	614	24,952	797	31.31
Gatineau	589	19,166	644	29.77
Windsor	147	6,385	266	23.99
Laval	247	20,115	840	23.95
Durham Region	406	9,792	411	23.85
CUTA Excerpt Avg				30.17



CUTA Benchmark

Operating Cost Recovery

As previously mentioned, lower overall operating costs from serving a small service area enables the London transit system to rank well on this measure. Operating revenue is comparable to those received in Victoria, resulting in a greater cost recovery.

Transit System	Service Area (km^2)	Operating Revenue (in 000s)	Operating Costs (in 000s)	Operating Cost Recovery
London	166	\$ 30,725	\$ 53,204	58%
Gatineau	589	\$ 32,868	\$ 70,881	46%
Victoria	614	\$ 36,731	\$ 79,889	46%
Windsor	147	\$ 11,829	\$ 26,390	45%
Longueuil	282	\$ 51,266	\$ 122,779	42%
Durham Region	406	\$ 19,656	\$ 51,900	38%
Laval	247	\$ 29,581	\$ 82,206	36%
CUTA Excerpt Avg				43%



CUTA Benchmark

Service Hours per Capita

Longueuil has the greatest amount of service hours and delivers service to a population comparable to Victoria. Gatineau has a smaller population resulting in more service hours per capita.

Transit System	Service Area (km^2)	Service Hours (in 000s)	Population (in 000s)	Service Hours per Capita
Longueuil	282	950	399	2.38
Gatineau	589	644	277	2.32
Victoria	614	797	360	2.21
Laval	247	840	404	2.08
London	166	591	360	1.64
Windsor	147	266	211	1.26
Durham Region	406	411	531	0.77
CUTA Excerpt Avg				1.70



APTA Benchmark

Transit System (2011 Data)	Boardings (in 000s)	Service Area (km ²)	Population (in 000s)	Service Hours (in 000s)
Detroit, MI	35,615	373	714	1,038
Garden City, NY	30,320	738	1,344	902
Victoria, BC	29,014	614	360	797
Long Beach (LBT), CA	27,865	254	800	663
Montgomery County, DC	26,720	1,282	971	959
Santa Monica, CA	22,260	132	459	499

- According to the American Public Transit Association, Victoria would be the 37th largest transit system in the USA ranked by number of boardings and the 40th highest ranked using annual service hours.

Data Source: 2011 National Transit Database



APTA Benchmark

Transit System (2011 Data)	Passenger Trips per Capita	Operating Cost per Service Hour	Operating Cost per Passenger Trip	Passenger Trips per Service Hour	Operating Cost Recovery	Service Hours per Capita
Detroit, MI	49.88	\$143.81	\$4.19	34.31	18%	1.45
Garden City, NY	22.56	\$145.04	\$4.32	33.61	35%	0.67
Victoria, BC	80.59	\$100.24	\$3.20	36.40	46%	2.21
Long Beach (LBT), CA	34.83	\$109.75	\$2.61	42.03	24%	0.83
Montgomery County, DC	27.52	\$102.20	\$3.67	27.86	20%	0.99
Santa Monica, CA	48.50	\$126.66	\$2.84	44.61	21%	1.09

- This table illustrates benchmark comparisons to the Victoria Transit System for systems with comparable boardings and service area size.

Data Source: 2011 National Transit Database

