



#6 Draft 3 Year Budget 2022/23-2024/25

Victoria Regional
Transit
Commission

November 9, 2021



Basis of Presentation

- Passenger revenues for 2022/23 – 2024/25 are forecasted based on updated mid case passenger growth (compared to 2019/20 levels) or 70%, 85% and 100% respectively.
- 2021/22 service expansion is included in 2022/23.
- Total expenses increase an average of 3.8% annually.
- Use of Safe Restart funding in 2022/23 is \$6.9M compared to \$21.3M in 2021/22 which has significant impact year over year on the transit levy and/or transit fund to fund local contribution.
- Proposed transit levies included in presentation are examples only and remain at the discretion of the Commission; final budget and transit levies to be approved in February 2022.
- Scenarios for impact of lower and higher passenger revenues than the mid case are also included for information.

3 Year Outlook – Operating Expenses

<i>(figures in thousands)</i> Expenses	Base Budget 2021/22	Q2 FCST 2021/22	Draft Base Budget 2022/23	Draft Base Budget 2023/24	Draft Base Budget 2024/25
<i>Operations (excl. Fuel)</i>	75,429	71,917	78,099	81,928	83,658
<i>Fuel</i>	8,222	10,382	11,020	11,586	12,152
Operations	83,651	82,299	89,119	93,514	95,810
<i>Fleet Maintenance</i>	26,090	26,333	26,929	27,409	27,957
<i>Facilities Maintenance</i>	4,462	4,808	4,794	4,958	5,091
Maintenance	30,552	31,141	31,722	32,367	33,049
Administration	16,562	16,692	17,474	17,889	18,467
<i>Total Operating Expenses</i>	130,765	130,132	138,315	143,770	147,326
Lease Fees	16,459	16,371	17,911	19,269	20,617
Total Expenses	147,224	146,503	156,226	163,039	167,943
Hours	981	964	1,004	1,011	1,011
Operating Cost/Hr	\$ 133.30	\$ 134.99	\$ 137.76	\$ 142.16	\$ 145.67
YOY increase from Budget			3%	3%	2%

3 year draft budget reflects:

- Labour increases based on approved PSEC guidelines.
- Fuel budgeted at \$1.36/litre in 2022/23 compared to \$1.03 in 2021/22, \$1.43/litre in 2023/24, and \$1.50/litre in 2024/25.
- 2% increase in service hours in 2022/23.
- Introduction of the Electronic Fare Collection system in 2022/23.
- Increased fleet maintenance parts and materials based on current forecast.

3 Year Outlook

<i>(figures in thousands)</i>	Actual 2020/21	Base Budget 2021/22	Q2 FCST 2021/22	2022/23 70%	2023/24 85%	2024/25 100%
Revenues						
Passenger & Adv Revenue ¹	\$22,718	\$25,866	\$28,657	33,927	39,114	43,880
Provincial Oper Contribution	41,086	45,202	44,959	47,903	49,848	51,129
Fuel Tax Revenue	16,433	18,360	18,360	18,360	18,360	18,360
Local Contribution	51,343	57,797	54,527	56,036	55,718	54,575
<i>Local Contribution - Transit Levy</i>	34,700	33,354	34,313	39,460	46,108	54,575
<i>Local Contribution - Transit Fund</i>	-4,680	3,120	-1,109	9,694	9,610	0
<i>Local Contribution - Safe Restart</i>	21,323	21,323	21,323	6,883	0	0
Total	\$131,580	\$147,224	\$146,503	\$156,226	\$163,039	\$167,943
Expenses						
Operating Costs	\$119,534	\$130,765	\$130,132	\$138,315	\$143,770	\$147,326
Lease Fees (local share)	12,046	16,459	16,371	17,911	19,269	20,617
Total	\$131,580	\$147,224	\$146,503	\$156,226	\$163,039	\$167,943
Total % Budget Increase				6.1%	4.4%	3.0%
Est. Ending Transit Fund Balance	\$50,140	\$25,707	\$30,212	\$13,522	\$3,798	\$3,683
Proposed Ave Transit Levy per Household	\$146.01	\$148.50	\$147.85	\$169.20	\$196.99	\$232.57
% Lift (Year over Year)				14%	16%	18%
Base Service Hours	912	981	964	1,004	1,011	1,011
Passengers	11,598	14,601	16,333	18,601	22,305	24,775

¹ The 3 Year Draft Budget estimates passenger revenue recovery in 2022/23 at 70% of pre-covid levels, 85% in 2023/24 and 100% back to pre-covid levels in 2024/25.

Alternate Revenue Scenario – Lower Revenue

<i>(figures in thousands)</i>	Draft Base Budget - Low Revenue Assumption		
	2022/23 65%	2023/24 75%	2024/25 85%
Revenues			
Passenger & Adv Revenue ¹	32,349	35,959	39,147
Provincial Oper Contribution	47,903	49,848	51,129
Fuel Tax Revenue	18,360	18,360	18,360
Local Contribution	57,614	58,873	59,307
<i>Local Contribution - Transit Levy</i>	40,489	49,786	59,307
<i>Local Contribution - Transit Fund</i>	10,242	9,087	0
<i>Local Contribution - Safe Restart</i>	6,883	0	0
Total Revenue	\$156,226	\$163,039	\$167,943
Est. Ending Transit Fund Balance	\$12,987	\$3,798	\$3,683
Proposed Ave Transit Levy per Household	\$173.78	\$213.30	\$253.40
% Lift (Year over Year)	18%	23%	19%

¹ The lower revenue scenario estimates passenger revenue recovery in 2022/23 at 65% of pre-covid levels, 75% in 2023/24 and 85% in 2024/25.

Alternate Revenue Scenario – Higher Revenue

<i>(figures in thousands)</i>	Draft Base Budget - High Revenue Assumption		
	2022/23 75%	2023/24 90%	2024/25 100%
Revenues			
Passenger & Adv Revenue ¹	35,504	40,691	43,880
Provincial Oper Contribution	47,903	49,848	51,129
Fuel Tax Revenue	18,360	18,360	18,360
Local Contribution	54,459	54,140	54,574
<i>Local Contribution - Transit Levy</i>	38,087	44,325	54,574
<i>Local Contribution - Transit Fund</i>	9,489	9,815	0
<i>Local Contribution - Safe Restart</i>	6,883	0	0
Total Revenue	\$156,226	\$163,039	\$167,943
Est. Ending Transit Fund Balance	\$13,727	\$3,799	\$3,683
Proposed Ave Transit Levy per Household	\$163.10	\$189.13	\$232.71
% Lift (Year over Year)	10%	16%	23%

¹ The higher revenue scenario estimates passenger revenue recovery in 2022/23 at 75% of pre-covid levels, 90% in 2023/24 and 100% back to pre-covid levels in 2024/25.