



Victoria Regional Transit System
2012/13 Service, Budget and Taxation

State of Affairs: Victoria Regional Transit System

Increased congestion: Continues to place upward pressure on the cost of service as speed reduction impacts service frequency and reliability. No transit priority measures are in effect in the Victoria Regional Transit system except for 2 queue jumper lanes northbound on Highway 1.

Service: 7,000 hours of conventional service cut in 2011/12.

Pass-ups: In particular around UVIC as demand remains strong yet service levels are challenged to meet this demand.

HandyDART service: Increasing demand causing an average of 2 week waiting list.

Fuel: In 2010/11, fuel was budgeted at 87 cents per litre. In 2011/12, this budgeted amount rose to \$1.10 per litre and actual cost is trending at \$1.15. Forecast fuel price for 2012/13 is set at \$1.26 per litre and is still considered at risk.

Revenue: Passenger revenue results for 2011/12 are positive due primarily to the change in transfer policy, increase in BC Buss Pass revenues and strong Upass revenues. Fuel tax revenues for 2011/12 are trending over budget.

Ridership: Ridership declined in 2011/12 from 2010/11 and is forecast to remain flat.



Key Risks and Sensitivities

Victoria Regional Transit Commission 2012/13 Risks & Sensitivities		
	1% Change	Local Share
Labour - salaries & benefits	\$629,000	\$429,600
Ridership/Fares - 24.9 million passengers	\$365,600	\$365,600
Fuel Tax Revenue - 2010 average 27.5 million litres/month - 3.5 cents/litre	\$115,000	\$115,000
Fuel - 8.9 million litres - Budget \$1.26/litre	\$111,700	\$76,300



Budget 2012/13

<i>(figures in thousands)</i>	Budget 2011/12	Jan Fcst 2011/12	Base Budget 2012/13	% Chg To Bud	% Chg To Fcst
Revenues					
Passenger & Advert. Revenue	\$35,594	\$36,993	\$37,128	4.3%	0.4%
Provincial Operating Contribution	30,011	30,077	31,438	4.8%	4.5%
Fuel Tax Revenue	11,300	11,600	11,500	1.8%	-0.9%
Local Contribution	24,254	22,550	25,006	3.1%	10.9%
Total	\$101,159	\$101,220	\$105,072	3.9%	3.8%
Expenses					
Operations	\$86,867	\$87,145	\$90,972	4.7%	4.4%
Lease Fees (local share)	\$14,292	\$14,075	\$14,100	-1.3%	0.2%
Total	\$101,159	\$101,220	\$105,072	3.9%	3.8%



Operations

<i>(figures in thousands)</i>	Budget 2011/12	Jan Fcst 2011/12	Base Budget 2012/13	% Chg To Bud	% Chg To Fcst
Operations	\$86,867	\$87,145	\$90,972	4.7%	4.4%

Fuel is forecast to increase 15 percent budget to budget from this year to next from \$1.10 to \$1.26 per litre.

Maintenance is forecast to increase 4 percent budget to budget due increased cost of materials.

Administration is forecast to be flat. A 9 per cent cut in excluded positions, already conducted, has been forecast into these projections.

Labour: No labour increase has been included in projection but every 1% increase in labour will equate to \$629,000.



Lease Fees

<i>(figures in thousands)</i>	Budget 2011/12	Jan Fcst 2011/12	Base Budget 2012/13	% Chg To Bud	% Chg To Fcst
Lease Fees (local share)	\$14,292	\$14,075	\$14,100	-1.3%	0.2%

To maintain existing service levels in 2012/13, only required replacement vehicles (Custom vehicles) and necessary major capital repairs such as transmission, engine and differential repairs and refurbishments (Double Deckers) will be performed.



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Total	\$101,159	\$101,220	\$105,072	3.9%	3.8%
<i>Average Tax/Household</i>	<i>\$120.50</i>	<i>\$120.50</i>	<i>\$120.50</i>		
<i>Ending Transit Fund Balance</i>	<i>\$2,386</i>	<i>\$4,225</i>	<i>\$4,563</i>		

Passenger and Advertising Revenue:

Increase based on approved fare increase on passes effective April 1, 2012.

Passenger revenues credited to the Commission as a funding source; accordingly, risk and reward of gains or losses accrues to the Commission.

Provincial Operating Contribution:

Reflects the provincial share of generating expenditures cost shared with the Province.

Fuel Tax Revenue:

2012/13 budgeted at \$11.5M based on year to date trend.

3.5 cents / litre fuel tax.

Local Contribution:

Increased based on cost shared expenditures offset by revenues and fuel tax.



3-Year Budget Outlook

<i>(figures in thousands)</i>	Base Budget 12/13	Base Budget 13/14	Base Budget 14/15
Expenses			
Operating Costs	\$90,972	\$92,985	\$94,987
Lease Fees (local share)	14,100	15,100	15,900
Total	\$105,072	\$108,085	\$110,887
% Increase		2.9%	2.6%

Fuel is projected to increase by 7% per year in 2013/14 and 2014/15.

No labour increase has been included in projections.

Lease fees increases are due primarily to vehicle replacements, and seismic upgrade and waste water treatment in 2013/14.



Options

1. Status Quo

No change in service levels or property tax

2. Adjust Tax Multiplier

Business ratio is reduced from 5.0 to 4.85.

3. Service Options

a) 2,000 hours

b) 5,000 hours

c) 7,000 hours



Option 1 - Status Quo

<i>(figures in thousands)</i>	Property Tax Increase	Impact on Fund Balance	Ending Transit Fund Balance
Status Quo	\$0	\$0	\$4,563

Reflects current service levels (913,000 hours), no increase in property tax, and an increase to the transit fund of \$338,000. The increase in the transit fund is due to higher actual assessments.



Option 2 – Adjust Tax Multiplier

<i>(figures in thousands)</i>	Property Tax Increase	Impact on Fund Balance	Ending Transit Fund Balance
Business ratio from 5.0 to 4.85	\$0	(\$298)	\$4,265

Reflects current service levels, no increase in property tax, and a reduction in the business assessment ratio from 5.0 to 4.85. The change in ratio would maintain the transit fund at \$4.3M.



Option 3 - Service Scenarios

(figures in thousands)

Options	Service Hours	Total Cost	Impact on Fund Balance	OR	Property Tax Increase
a	2,000	\$130	(\$48)		\$0.25 (0.2%)
b	5,000	\$329	(\$184)		\$0.95 (0.8%)
c	7,000	\$506	(\$319)		\$1.62 (1.3%)

a) 2,000 handyDART hours. This would extend existing handyDART service.

b) 2,000 handyDART hours and 3,000 Conventional hours. Expanded Conventional service would be directed towards weekday service outside of peak hours to address pass ups.

c) 2,000 handyDART hours and 5,000 Conventional hours. Additional 2,000 Conventional service hours would require one peak bus and be used for targeted service as required including peak hours.



Recommendation

It is recommended that the Victoria Regional Transit Commission approve:

- 1) The 2012/13 Service Option 3 c (base of 913,000 hours plus 2,000 handyDART and 5,000 Conventional hours);
- 2) Reduction of business assessment ratio to 4.85
- 3) Total 2012/13 expenditure budget of \$105.6M; and
- 4) Taxation regulation attached as Appendix A detailing the continuation of 2011/12 taxation rates into 2012/13.

