

# Victoria Regional Transit Commission

Chair and Members

March 13, 2023

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**PREPARED FOR:** Victoria Regional Transit Commission

## **PURPOSE**

The 2023/24 Annual Service Plan, Budget and Tax Regulation is submitted to the Victoria Regional Transit Commission (the “Commission”) for APPROVAL.

## **BACKGROUND**

BC Transit develops an Annual Service Plan for the Victoria Regional Transit System (VRTS) every year to provide the Commission with a proposal for service improvements over the upcoming fiscal period. This document also presents the 2023/24 Base Budget for approval, along with multiple options for taxation levies to support the Commission share of expenses.

Due to ongoing labour challenges, planned service levels for 2023/24 are below the budgeted targets set in the summer of 2022. This plan proposes to increase planned service levels based on the most recent operator hiring projections provided by the VRTS Operations team.

Table 1 provides an overview of the service changes recommended for 2023/24, following an exercise where all identified expansion opportunities in the VRTS from service reviews and approved Local Area Transit Plans were ranked through the Transit Evaluation Process (TEPs). This process evaluates each expansion opportunity using a range of criteria including population served, ridership potential, GHG reduction impacts, accessibility and service reliability.

**Table 1: 2022/23 ANNUAL SERVICE PLAN**

Service Period	Proposed Service Change
<b>April 2021</b>	<ul style="list-style-type: none"> <li>• Implementation of the route 95 West Shore RapidBus Line<sup>1</sup></li> <li>• Route adjustments and service level improvements to Route 61 to align with the West Shore RapidBus Line implementation</li> <li>• Seasonal service reductions to post-secondary institutions to align with reduced demand, including routes 4, 7, 12, 14, 15, 21, 26, 39, and 51</li> <li>• Improved service on routes 70, 71, 72 and 75 to support returning tourism demand for Swartz Bay and Butchart Gardens</li> <li>• Schedule changes on Routes 4, 14, and 26 to improve service reliability</li> </ul>
<b>June 2021</b>	<ul style="list-style-type: none"> <li>• Seasonal removal of K-12 schools' overload and special trips</li> <li>• Regular seasonal summer service increases to Butchart Gardens and BC Ferries on Routes 70 and 75</li> </ul>
<b>September 2021</b>	<ul style="list-style-type: none"> <li>• Reintroduction of later evening service on Fridays and Saturdays (discontinued during COVID-19 pandemic)</li> <li>• Reinstate K-12 and post-secondary seasonal service improvements, including overload and special trips</li> <li>• Minor weekday investment in higher-ridership routes to address emerging capacity issues, including Routes 4, 14, and 26</li> <li>• Adjustment of double decker route assignments to improve passenger comfort and fleet utilization within the transit system</li> <li>• Schedule changes for Routes 7, 8, 15, 21, and 22 to improve service reliability</li> <li>• Schedule changes to improve service reliability on Routes 4, 8, 9 and 11 to coincide with the City of Victoria's Gorge/Hillside bike lane project</li> </ul>
<b>Winter Holiday 2021</b>	<ul style="list-style-type: none"> <li>• Standard seasonal changes matching service with demand</li> </ul>
<b>January 2022</b>	<ul style="list-style-type: none"> <li>• Implementation of the Phase 1 West Shore Network Restructure outlined in the 2022 West Shore Local Area Transit Plan, including developing the future West Shore Frequent Transit Network alignment<sup>2</sup></li> <li>• Standard seasonal changes matching service with demand</li> <li>• Weekend schedule changes for Routes 4, 11, 14, 15, and 26 to improve service reliability</li> <li>• Schedule changes to Route 6 to improve service reliability</li> </ul>

<sup>1</sup> Implementation will include unique branding, stop spacing harmonization, and a minimum of 15-minute service frequency, 15 hours per day, seven days per week. Implementation will also include weekday peak service increases to improve passenger comfort and service reliability.

<sup>2</sup> Includes introductory service to Skirt Mountain

## 2023/24 BASE BUDGET

The 2023/24 Base Budget for the VRTS includes the following assumptions:

Revenue:

- Passenger and advertising revenues are budgeted at 90% of pre-pandemic levels.
- Fuel tax revenue is estimated at 95% of 2019/20 actuals.
- \$7.9M of Safe Restart Funding used to offset lower passenger revenue.
- \$957K annually for Free Transit 12 & Under revenues from the province.

Operating expenses reflect:

- Labour increases due to general wage increases.
- Increased fuel costs (\$4.9M) due to a budgeted diesel fuel price of \$2.05 per litre, compared to \$1.36 per litre in 2022/23.
- Increased expenses related to supply chain issues (parts & materials, software, and IT expenses).
- Additional operating expenses related to annualization of 2021/22 expansion.
- Implementation of the Electronic Fare Collection System (UMO).
- Operating expenses for the Rapid Bus studies and VRTS Facility Master Plan.

Lease fees:

- Commission shares of use of asset fees associated with planned replacement of vehicles and major capital repairs, planned facility maintenance/upgrades, and equipment purchases.

The 2023/24 Base Budget is summarized in the following table:

<i>(figures in thousands)</i>	<b>Base Budget</b>	<b>Q3 Forecast</b>	<b>Base Budget</b>
	<b>2022/23</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Revenues</b>			
Passenger & Adv Revenue	\$33,598	\$37,074	\$39,019
Safe Restart Funding	10,882	10,882	7,866
Provincial Oper Contribution	48,794	49,136	53,882
Fuel Tax Revenue	18,360	17,805	18,360
Local Contribution	46,361	43,432	53,886
<b>Total</b>	<b>\$157,995</b>	<b>\$158,330</b>	<b>\$173,012</b>
<b>Expenses</b>			
Operations	89,884	90,462	102,109
Maintenance	32,657	32,872	34,973
Administration	18,778	18,894	19,189
Operating Costs	\$141,319	\$142,228	\$156,272
Lease Fees (local share)	\$16,676	\$16,102	\$16,740
<b>Total</b>	<b>\$157,995</b>	<b>\$158,330</b>	<b>\$173,012</b>
<b>Service Hours</b>	<b>1,003</b>	<b>909</b>	<b>1,011</b>
<b>Passengers</b>	<b>19,758</b>	<b>21,775</b>	<b>23,927</b>

Below are options for the average per household transit levy and associated use of the Transit Fund to fund the Commission's share of expenses for the 2023/24 Base Budget. Estimates for transit levies are calculated using the January 2023 valuations from BC Assessment.

**VICTORIA REGIONAL TRANSIT SYSTEM  
TRANSIT FUND**

			Option 1	Option 2	Option 3
	2022/23	2022/23	2023/24	2023/24	2023/24
<i>(figures in thousands)</i>	Budget	Forecast	Base Budget	Base Budget	Base Budget
<b>FUNDS GENERATED FROM PROPERTY TAXATION</b>					
Estimated Transit Levy per Average Household	\$162.60	\$163.30	\$187.72	\$195.95	\$204.06
(\$ Increase)			\$24.42	\$32.65	\$40.77
Current funds generated from Transit Levy	\$36,424	\$36,487	\$41,840	\$43,621	\$45,379
Balance from/(to) Transit Fund	\$9,937	\$6,945	\$12,046	\$10,264	\$8,507
<b>Total Local Contribution</b>	<b>\$46,361</b>	<b>\$43,432</b>	<b>\$53,886</b>	<b>\$53,886</b>	<b>\$53,886</b>
<b>TRANSIT FUND</b>					
Opening Balance	\$49,382	\$49,382	\$31,666	\$31,666	\$31,666
Contribution to expenses	(9,937)	(6,945)	(12,046)	(10,264)	(8,507)
<b>Cowichan Valley Commuter</b>					
Contribution to expenses	(180)	(88)	(294)	(294)	(294)
<b>Other</b>					
Safe Restart Funding and Interest	(10,682)	(10,682)	(7,716)	(7,716)	(7,716)
<b>Ending Balance</b>	<b>\$28,583</b>	<b>\$31,666</b>	<b>\$11,610</b>	<b>\$13,392</b>	<b>\$15,150</b>
Restricted Balance (2.5% of Operating Costs)			\$3,907	\$3,907	\$3,907
Unrestricted Balance			\$7,703	\$9,485	\$11,243

The tables below reflect the estimated subsequent increases required to support the three-year budget from 2023/24 - 2025/26:

<b>Estimated Increases in Transit Levy over 3 Years</b>			
Base Budget	2023/24	2024/25	2025/26
Option 1	15%	40%	15%
Option 2	20%	30%	19%
Option 3	25%	21%	23%

<b>Estimated Increases in Transit Levy over 3 Years</b>			
Base Budget	2023/24	2024/25	2025/26
Option 1	\$ 24	\$ 74	\$ 39
Option 2	\$ 33	\$ 58	\$ 48
Option 3	\$ 41	\$ 42	\$ 57

## RECOMMENDATION

It is recommended that the Commission:

- **APPROVE** the 2023/24 Service Plan
- **APPROVE** the 2023/24 Base Budget
- **APPROVE** Option 2 for a tax regulation to maintain a sufficient transit fund balance.

Respectfully,

Greg Hill

Director of Financial Planning & Analysis

Levi Megenbir

Senior Transit Planner Work Lead

Attachment 1: Victoria Regional Transit System Routes

Attachment 2: 2023/24 Operating Budgets (Conventional and Custom)

### Attachment 1 - Victoria Regional Transit System Routes

#	Route Name	Service Type	Area
1	South Oak Bay/Downtown	Local Transit - Coverage	Core
2	James Bay/South Oak Bay	Local Transit - High Demand	Core
3	James Bay/Royal Jubilee	Local Transit - High Demand	Core
4	UVic/Downtown	Frequent Transit	Core
5	James Bay/Willows	Local Transit – High Demand	Core
6	Royal Oak Exchange/Downtown	Frequent Transit	Core
7	UVic/Downtown	Local Transit - High Demand	Core
8	Interurban/Tillicum Centre/Oak Bay	Local Transit - High Demand	Core
9	Royal Oak /UVic	Local Transit - High Demand	Core
10	James Bay/Royal Jubilee	Local Transit - Coverage	Core
11	Tillicum Centre/UVic	Frequent Transit	Core
12	University Heights/UVic	Local Transit - Coverage	Core
13	Ten Mile Point/UVic	Local Transit - Coverage	Core
14	Vic General/UVic	Frequent Transit	Core
15	Esquimalt/UVic	Rapid Transit	Core
17	Cedar Hill	Targeted Routes	Core
21	Interurban/Downtown	Local Transit - High Demand	Core
22	Vic General/Hillside Centre	Local Transit - High Demand	Core
24	Cedar Hill/Tillicum Centre	Local Transit - High Demand	Core
25	Maplewood/Tillicum Centre	Local Transit - High Demand	Core
26	Dockyard/UVic	Frequent Transit	Core
27	Gordon Head/Downtown	Frequent Transit	Core
28	Majestic/Downtown	Frequent Transit	Core
30	Royal Oak Exchange/Downtown	Frequent Transit	Core
31	Royal Oak Exchange/Downtown	Frequent Transit	Core
32	Cordova Bay/Royal Oak Exchange	Local Transit - Coverage	Core
35	Ridge	Local Transit - Coverage	Core
39	Westhills Exchange/Interurban/ Royal Oak/UVic	Local Transit - High Demand	Core

#	Route Name	Service Type	Area
43	Royal Roads via Belmont Park	Local Transit - Coverage	Westshore
46	Dockyard/Westhills	Local Transit - Coverage	Westshore
47	Goldstream Meadows/Downtown	Targeted Routes	Westshore
48	Happy Valley/Downtown	Targeted Routes	Westshore
50	Langford/Downtown	Rapid Transit	Westshore
51	Langford/UVic	Targeted Routes	Westshore
52	Colwood Exchange/Bear Mountain	Local Transit - Coverage	Westshore
53	Vic General Hospital/Langford Exchange	Local Transit - Coverage	Westshore
54	Metchosin	Local Transit - Coverage	Westshore
55	Happy Valley	Local Transit - Coverage	Westshore
56	Thetis Heights/Langford Exchange	Local Transit - Coverage	Westshore
57	Thetis Heights/Langford Exchange	Local Transit - Coverage	Westshore
58	Goldstream Meadows	Local Transit - Coverage	Westshore
59	Triangle Mountain	Local Transit - Coverage	Westshore
60	Wishart	Local Transit - Coverage	Westshore
61	Sooke/Langford/Downtown	Local Transit - High Demand	Westshore
63	Otter Point	Local Transit - Coverage	Westshore
64	Langford Exchange/Sooke via East Sooke and Beecher Bay	Local Transit - Coverage	Westshore
65	Sooke/Downtown via Westhills	Targeted Routes	Westshore
70	Swartz Bay/Downtown	Rapid Transit	Peninsula
71	Swartz Bay/Downtown	Targeted Routes	Peninsula
72	Swartz Bay/Downtown	Local Transit - High Demand	Peninsula
75	Saanichton/Royal Oak/Downtown	Local Transit - High Demand	Peninsula
81	Brentwood/Saanichton/Sidney/Swartz Bay	Local Transit - Coverage	Peninsula
82	Sidney/Saanichton via Stautw	Local Transit - Coverage	Peninsula
83	Sidney/Brentwood/Royal Oak	Local Transit - Coverage	Peninsula
85	North Saanich	Local Transit - Coverage	Peninsula
87	Saanichton/Sidney via Dean Park	Local Transit - Coverage	Peninsula
88	Airport/Sidney	Local Transit - Coverage	Peninsula

**Attachment 2: 2023/24 Operating Budgets**

<b>VICTORIA CONVENTIONAL TRANSIT</b>	<b>2023/24 BUDGET</b>
Operations	\$91,586,449
Maintenance	32,946,191
Administration	17,862,279
<b>TOTAL OPERATING COSTS</b>	<b>\$142,394,919</b>
Provincial Share (\$)	\$45,139,189
Provincial Share (%)	31.7%

<b>VICTORIA CUSTOM TRANSIT</b>	<b>2023/24 BUDGET</b>
Operations	\$10,523,051
Maintenance	2,026,744
Administration	1,326,926
<b>TOTAL OPERATING COSTS</b>	<b>\$13,876,721</b>
Provincial Share (\$)	\$8,742,334
Provincial Share (%)	63.0%