
SUBJECT: 2021/22 ANNUAL SERVICE PLAN, BASE BUDGET AND TAX REGULATION

PURPOSE

The 2021/22 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 every year to provide the Victoria Regional Transit Commission with a proposal for service improvements over the following Fiscal period. Due to additional complexities associated with COVID-19, the 2021/22 Annual Service Plan includes two distinct plans including the following:

Base Plan - Return to Targeted Essential Service Levels:

- a) In response to COVID-19, 2020/21 service levels were reduced in alignment with changes to ridership demand¹. In addition, passenger fares and fuel tax revenue also fell below budget. In October 2020, the Safe Restart Agreement was signed in order to support transit services and assist the Commission in meeting their share of costs to maintain Essential Transit Service levels during the COVID-19 recovery period. The service plans for phasing service levels back to the targeted Essential Transit Service levels are outlined in Table 1.

Expansion Plan:

- a) In the December 1st, 2020 Commission Meeting, the Victoria Regional Transit Commission approved BC Transit to submit an expansion funding request to the Ministry of Transportation and Infrastructure for the 2021/22 Fiscal for the deferred expansion previously approved for the 2020/21 Fiscal period of 20,000 service hours and 8 buses. If approved by the Province, Table 3 outlines a revised version of the 2020/21 Annual Service Plan that the Commission approved in February of 2020, which proposes how those expansion hours would be used within the transit system for the 2021/22 Fiscal period onwards. These service improvements would be in addition to the service changes identified in the 'Base - Return to Targeted Essential Service Levels' plan.

This document also presents the 2021/22 Base Budget for approval, along with multiple options for taxation levies to support the Commission share of expenses.

¹ See Report 12a – Ridership Performance Report for more details.

BASE PLAN - RETURN TO TARGETED ESSENTIAL SERVICE LEVELS

Table 1 identifies the proposed service changes under the return to targeted essential service levels scenario.

Table 1: 2021/22 SERVICE PLAN – Base Plan – Return to Targeted Essential Service Levels

Service Period	Proposed Service Change
April 2021	<ul style="list-style-type: none"> • Schedule changes to improve weekend service reliability • Service level changes to better match changing demand conditions, including improvements to Routes 2, 6, 8, 27/28, 30/31, 50, 52, and 75 • Change to Route 1, moving service from Humboldt Street to Fairfield Road • Minor service improvements from endorsed Local Area Transit Plans, including added midday and early evening service on Route 46 and later evening service span on Routes 3 and 10
June 2021	<ul style="list-style-type: none"> • Remove school overload and special trips. • Realign Route 53: Extend to terminate at the Victoria General Hospital, with year-round service to Thetis and select trips continuing to downtown Victoria • Regular seasonal summer service increases to Butchart Gardens and BC Ferries postponed for 2021.
September 2021	<ul style="list-style-type: none"> • Reinstate school overload and special trips. • Investment to address opportunities arising from a comprehensive weekday service reliability review being conducted by the Scheduling team this Spring. • Minor weekday investment in higher-ridership routes to address emerging capacity issues.
Winter Holiday 2021	<ul style="list-style-type: none"> • Standard seasonal changes matching service with demand
January 2022	<ul style="list-style-type: none"> • Service improvements to address demand from potential return of Post-Secondary institutions to in-person classes • Further schedule changes based on opportunities arising from a comprehensive weekday service reliability review being conducted by the Scheduling team in Spring 2021 • Investment in the Frequent and Rapid Transit Networks based on ridership performance

This scenario proposes to gradually increase service back to the service levels required to meet the Safe Restart Agreement for the 2022/23 Fiscal period. Due to initial COVID-19 service level reductions, actual service delivered in this proposal will fall slightly below originally budgeted service levels for the 2021/22 Fiscal period as identified in Table 3, and elaborated upon in Figure 1.

The gradual approach identified in this scenario is recommended to align with anticipated demand changes over this Fiscal period. Although there is still significant uncertainty, short-term ridership is not anticipated to grow significantly until the return of Post-Secondary institutions to in-person classes; according to current discussions with UVIC and Camosun, this is unlikely to happen until the Winter 2022 service period. Consequently, additional resources must be withheld for that service period.

EXPANSION PLAN

Subject to Provincial operating funding approval, this service plan reflects the 20,000 annual service hours and 8 bus expansion request for 2021/22, which was reaffirmed by the VRTC at the December 1, 2020 meeting. Table 2 provides details on how those expansion resources would be incorporated into the 2021/22 Fiscal period.

Table 2: 2021/22 SERVICE PLAN – Expansion

Fiscal	Service Period	Annual Hours	2021/22 Fiscal Hours	Peak Expansion Buses	Proposed Service Expansion
2021/22	January 2022	1,500	380	1	Expand service to new areas.
		5,000	1,260	1	Improvements to service reliability.
		7,250	1,820	2	Improvements to the Frequent and Rapid Transit Networks
2022/23	April 2022 ²	6,250	0	2	Develop the Local Transit Network - Realign Westshore and Sooke routes to better serve areas of growing demand
Total		20,000	3,460	6[†]	

† The expansion of 8 new high capacity vehicles requires the allocation of 2 vehicles for maintenance spare ratio.

² This item falls into the 2022/23 Fiscal. This expansion initiative needs to be bumped to the 2022/23 Fiscal to allow the completion of the Westshore LAMP Refresh process, which will identify the associated network restructure for this expansion priority.

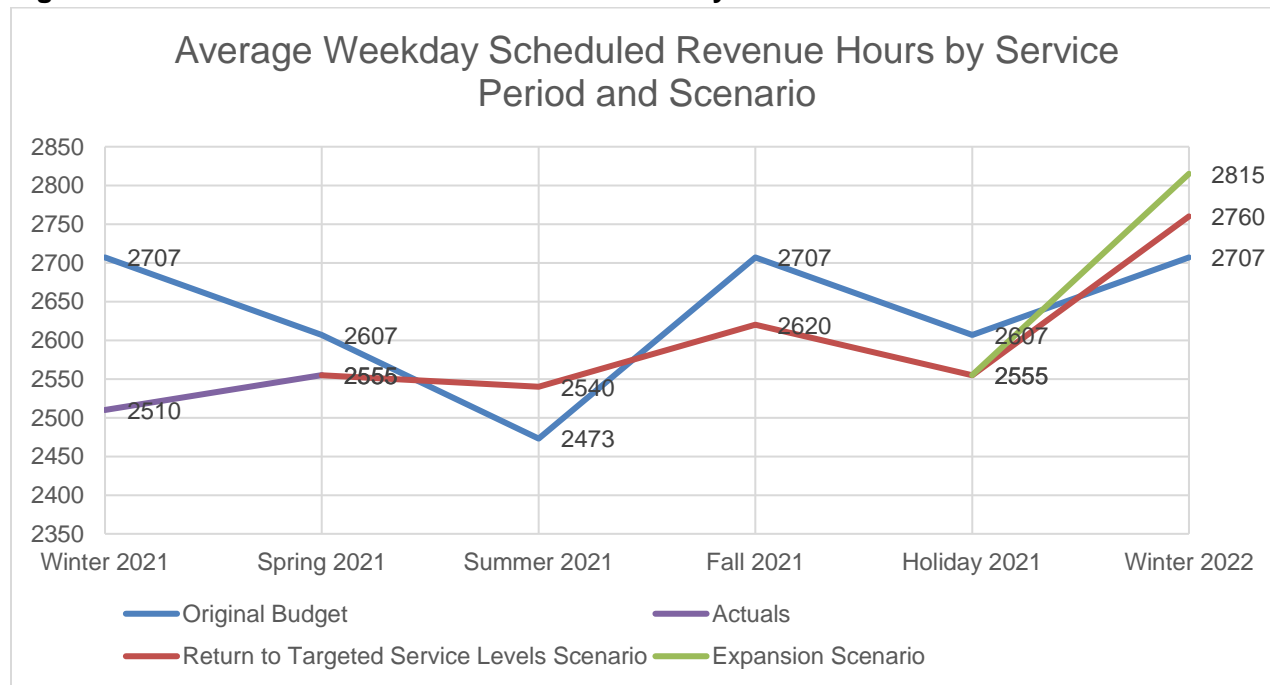
SEASONAL SERVICE LEVEL VARIATION

The Victoria Regional Transit System (VRTS) provides varying levels of service at different periods throughout the year to match transit investment to passenger demand. Figure 1 summarizes the original 2021/22 budgeted scheduled revenue hours for the Conventional Transit System, and compares that to the 2021/22 Annual Service Plan scenarios outlined in this report.

Changes in planned service levels for 2021/22 have arisen from a number of factors, including changes in maximum bus capacity, the funding uncertainty before the Safe Restart Agreement was signed, and changes to seasonal ridership patterns and the reduction in ridership generated by Post Secondary students through COVID-19. Overall, this has led to lower service level requirements in our traditionally busy fall and winter service periods while also rationalizing a service level increase in the traditionally lower-demand summer service period.

Based on the most recent conversations with Post Secondary institutions in the Greater Victoria Region, it is anticipated that there may be some return to in-person classes as of January 2022 (Winter 2022), which has prompted a larger proposed increase to service hours for that service period in both scenarios.

Figure 1: Allocation of Conventional Service Hours by Service Period and Scenario for 2021/22



2021/22 BASE BUDGET

The 2021/22 Base Budget for the Victoria Regional Transit System includes the following assumptions:

Revenue

- Passenger revenues reflect a medium scenario in line with the Safe Restart agreement where passenger trips and passenger revenues are 55% of the 2019/20 levels.
- Fuel tax revenue is estimated at 95% of 2019/20 actuals.
- \$21.3M of Safe Restart Funding used to offset lower passenger revenue and increase costs due to Covid-19.

Operating Expenses

- Labour and benefit increases for union and non-unionized staff in alignment with provincial mandate.
- Average fuel price of \$1.00 per litre.
- Lower operating costs (\$.5M) associated with reduced travel, conferences, and training.
- Additional \$1.9M operating expenses for Covid-19 related costs.
- Additional \$1.5M operating expenses in 2021/22 for the Rapid Transit Project (\$3.8M over 2 years) and Island Highway Priority Study (\$1.2M).

Lease fees

- Commission share of use of asset fees associated with planned replacement of vehicles and major capital repairs.
- Ongoing facility maintenance.

The 2021/22 Base Budget is summarized in Table 3:

Table 3: 2021/22 Base Budget

<i>(figures in thousands)</i>	Revised Budget 2020/21	Q3 Forecast 2020/21	Base Budget 2021/22
Revenues			
Passenger & Adv Revenue	\$24,738	\$22,470	\$25,866
Safe Restart Funding	21,323	21,323	21,323
Provincial Oper Contribution	43,164	40,506	45,202
Fuel Tax Revenue	18,360	16,850	18,360
Local Contribution	29,923	28,752	36,474
Total	\$137,508	\$129,901	\$147,224
Expenses			
Operating Costs	\$124,599	\$117,931	\$130,765
Lease Fees (local share)	\$12,909	\$11,970	16,459
Total	\$137,508	\$129,901	\$147,224
Conventional	864	810	854
Custom	127	117	127
Service Hours	991	927	981
Conventional	13,580	11,255	14,396
Custom	149	142	205
Passengers	13,729	11,397	14,601

Table 5 identifies options for the average per household transit levy and associated use of the Transit Fund to fund the local Commission share of expenses for the 2021/22 Base Budget. Estimates for transit levies are calculated using the January 2021 valuations from BC Assessment. The tax levy increases for the prior two years are identified in Table 4.

Table 4: Average Per Household Transit Levy (2018/19 to 2020/21)

	Average levy per household	\$ increase	% increase
2018/19	\$134.50		
2019/20	\$138.50	\$4.00	3.0%
2020/21	\$145.50	\$7.00	5.1%

Table 5: Options for Average Per Household Transit Levy
VICTORIA REGIONAL TRANSIT SYSTEM
TRANSIT FUND

			Option 1	Option 2	Option 3	Option 4
	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21
<i>(figures in thousands)</i>	Budget	Forecast	Base Budget	Base Budget	Base Budget	Base Budget
FUNDS GENERATED FROM PROPERTY TAXATION						
Estimated Transit Levy per Average Household	\$145.50	\$145.50	\$145.50	\$148.50	\$153.00	\$156.00
(% increase)			0.0%	2.1%	5.2%	7.2%
Current funds generated from Transit Levy	\$34,528	\$34,528	\$32,704	\$33,354	\$34,337	\$35,042
Balance from/(to) Transit Fund	(\$4,605)	(\$5,776)	\$3,770	\$3,120	\$2,137	\$1,432
Total Local Contribution	\$29,923	\$28,752	\$36,474	\$36,474	\$36,474	\$36,474
TRANSIT FUND						
Opening Balance	\$17,080	\$17,080	\$44,217	\$44,217	\$44,217	\$44,217
Contribution to expenses	4,605	5,776	(3,770)	(3,120)	(2,137)	(1,432)
Cowichan Valley Commuter						
Contribution to expenses	(96)	(62)	(90)	(90)	(90)	(90)
Other						
Safe Restart Funding and Interest	21,423	21,423	(21,223)	(21,223)	(21,223)	(21,223)
Ending Balance	\$43,012	\$44,217	\$19,135	\$19,785	\$20,768	\$21,473
Restricted Balance (2.5% of Operating Costs)	\$3,037	\$2,990	\$3,269	\$3,269	\$3,269	\$3,269
Unrestricted Balance	\$39,975	\$41,227	\$15,866	\$16,516	\$17,499	\$18,204

2021/22 EXPANSION BUDGET

Table 6 represents the three year budget for proposed expansion. At the time of this report, provincial expansion funding has not been confirmed. Therefore it is recommended that, if approved, the local commission share of expansion in 2021/22 be funded 100% from the Transit Fund.

Table 6: 2021/22 Expansion Budget

(figures in 000s)

	2021/22 YEAR 1	2022/23 YEAR 2	2023/24 YEAR 3
Revenues			
Passenger & Adv Revenue	51	349	536
Provincial Oper Contribution	121	697	697
Local Contribution	257	1,538	1,350
Total	429	2,584	2,584
Expenses			
Operating Costs	381	2,200	2,200
Lease Fees (local share)	48	384	384
Total	429	2,584	2,584
Service Hours	3	20	20
Passengers	30	205	315

RECOMMENDATION

It is recommended that the Commission:

- **APPROVE** the 2021/22 Service Plan
- **APPROVE** the 2021/22 Base Budget
- **APPROVE** either Option 1, 2, 3, or 4 for a tax regulation.

Respectfully,

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Director of Budgeting and Forecasting

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Attachment 1: Victoria Regional Transit System Routes
Attachment 2: 2021/22 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/Willows	Local Transit - High Demand	Core
3	James Bay/Royal Jubilee via Cook St. Village	Local Transit - High Demand	Core
4	UVic/Downtown	Frequent Transit	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 Exchange via Gorge/UVic via Hillside	Local Transit - High Demand	Core
10	James Bay/Royal Jubilee via Vic West	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
16	UVic/Uptown	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/Admirals Walk	Local Transit - High Demand	Core
25	Maplewood/Admirals Walk	Local Transit - High Demand	Core
26	Dockyard/UVic	Frequent Transit	Core
27	Downtown Express/Majestic Express	Frequent Transit	Core

#	Route Name	Service Type	Area
28	Gordon Head/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 Exchange/UVic	Local Transit - High Demand	Core
43	Royal Roads via Belmont Park	Local Transit - Coverage	Westshore
46	Dockyard/Westhills Exchange	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	Colwood Exchange/Langford Exchange via Atkins	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/Wishart	Local Transit - Coverage	Westshore
60	Triangle Mountain/Wishart	Local Transit - Coverage	Westshore
61	Sooke/Langford/Downtown	Local Transit - High Demand	Westshore

#	Route Name	Service Type	Area
63	Otter Point	Local Transit - Coverage	Westshore
64	East Sooke	Local Transit - Coverage	Westshore
65	Sooke/Langford/Downtown	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 Exchange/Royal Oak Exchange/Downtown	Local Transit - High Demand	Peninsula
76	Swartz Bay/UVic	Targeted Routes	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 Exchange	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: 2021/22 Operating Budgets

VICTORIA CONVENTIONAL TRANSIT	2021/22 BUDGET
EXPENDITURES	
Operations Wages	\$55,827,903
Tires	398,562
Major Operating Project	2,975,800
Fuel	7,324,861
Uniforms	199,120
Insurance	3,022,009
Vehicle Maintenance	21,242,610
Information Systems	4,260,476
Facility Maintenance	2,969,507
Safety/Security	507,102
Training	1,440,234
Marketing	703,500
Property Leases	624,445
Property Taxes	436,883
COVID expenses	1,567,033
Shared Services	15,286,373
TOTAL OPERATING COSTS	\$118,786,418
Lease Fees	15,743,248
TOTAL COSTS	\$134,529,666
Local Share of Costs	\$96,874,371
Provincial Share of Costs	\$37,655,295

VICTORIA CUSTOM TRANSIT	2021/22 BUDGET
EXPENDITURES	
Fixed Costs (Contracted Services)	\$2,530,549
Hourly Costs - Wages & Benefits	5,485,190
Fuel	643,918
Tires	118,843
Fleet Maintenance	938,427
Custom Registration Program	60,000
COVID expenses	100,000
Taxi Programs	455,400
Insurance	218,584
Information Systems	312,484
Rental - Property & Land	14,420
Property Taxes	48,410
Property Maintenance	73,673
Training	102,966
Marketing	12,000
Shared Services	863,252
TOTAL OPERATING COSTS	\$11,978,115
Lease Fees	716,239
TOTAL COSTS	\$12,694,354
Local Share of Costs	\$5,148,142
Provincial Share of Costs	\$7,546,212