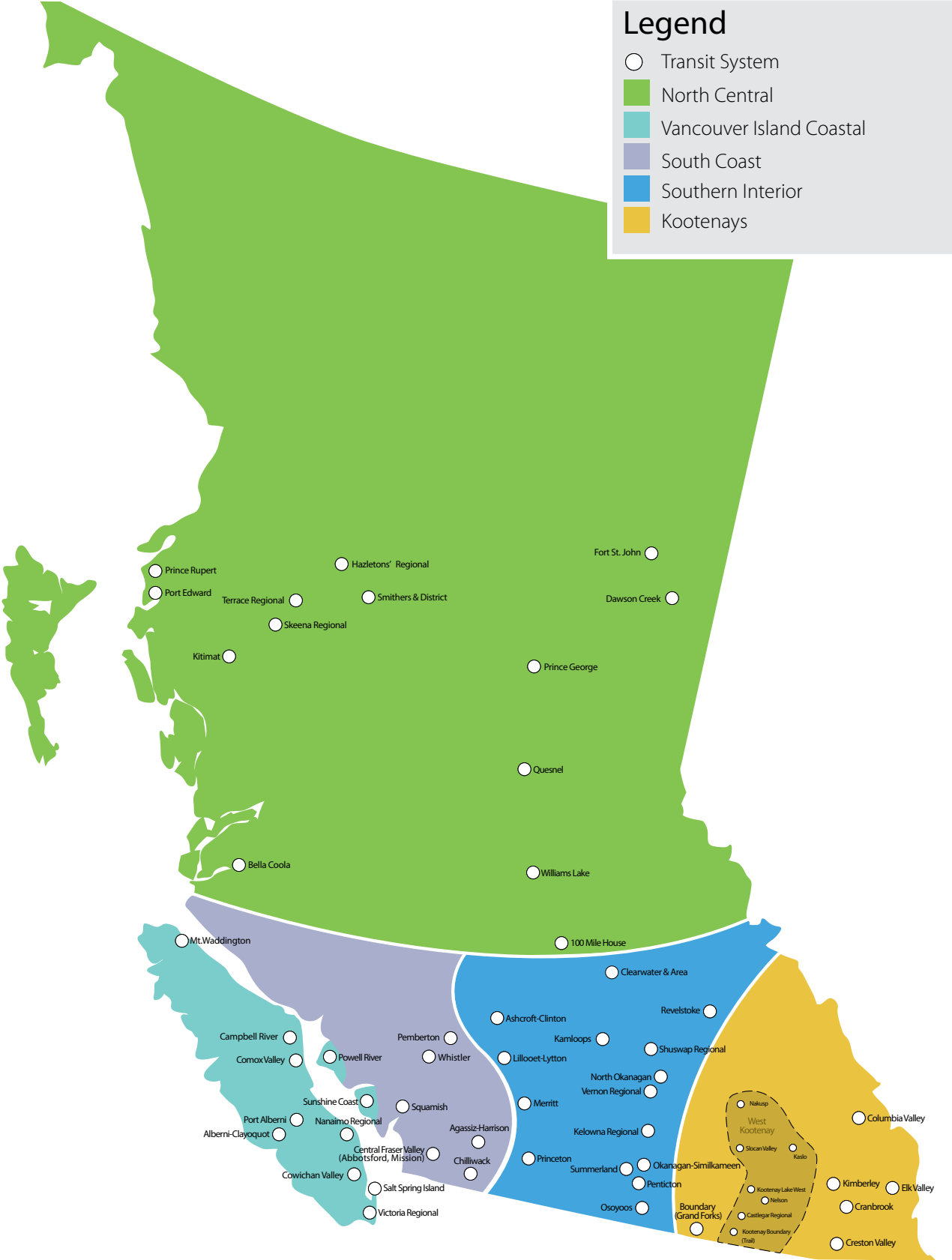




## Service Plan | 2014/15 – 2016/17

# Map of BC Transit Systems





## Message from the Chair to the Minister Responsible

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### **HONOURABLE TODD STONE**

*Minister of Transportation and Infrastructure and  
Minister Responsible for BC Transit*

On behalf of the Board of Directors of British Columbia Transit ("BC Transit"), I am pleased to provide our Service Plan for 2014/15 – 2016/17 (the "Service Plan").

BC Transit carries more passengers, using less service hours, at a lower cost than comparable transit systems across Canada. In an environment of fiscal restraint, continuing to provide the most effective transit services possible by leveraging our existing resources will be a primary focus. In support of the Province's balanced budget objective, BC Transit will continue to focus on controlling costs, maximizing service hours, and utilizing efficiencies gained through our shared services model to deliver value for money.

Planned service expansion over the next three years will be modest, and BC Transit will work with local government partners to increase ridership and meet customer demand mostly through the optimization of existing services. Last year, we implemented a robust performance monitoring program for our regional transit systems; this will enable us to prioritize future investments by identifying which investments will have the greatest impact.

Our ability to achieve economies of scale in fuel procurement, as well as our willingness to test emerging technologies, will assist us in controlling costs. In 2014, we are proudly taking delivery of our first fleet of compressed natural gas (CNG) fuelled heavy duty buses that will operate within the Regional District of Nanaimo. BC Transit has always been a leader to test and operate new fleet technology, and the CNG buses will not only support British Columbia's developing natural gas industry, but also reduce our dependency on volatile diesel fuel markets. In addition, we are the first North American company to operate medium-duty Vicinity buses, which provide efficient and cost effective vehicles that are right-sized to meet community needs. Since BC Transit's initial purchase of these 28 foot buses, other manufacturers have announced new vehicle configurations that will also compete with the traditional 40 foot bus. The introduction of these new vehicles will increase choice and provide cost competition to the benefit of our customers and partners.

As we focus on remaining as effective and efficient as possible over the next three years, we have several new initiatives that will be introduced. Our ability to reach customers to deliver timely information will be vastly improved when we roll out our improved

online presence. Customers can expect easy access to user-friendly schedules and maps, personalized views of transit information for mobile devices, and direct access to preferred routes. The second phase of the Kelowna RapidBus project will also complete in 2014, providing customers with improved stations, amenities, transit signal priority, and real-time information along Highway 97 between the City of Kelowna and the District of West Kelowna. In Victoria, BC Transit is working with the Province and local government partners to provide transit priority on key corridors within the region. These projects are expected to improve travel time and reliability by allowing buses to bypass traffic congestion and reach their destinations with ease.

As we complete these projects, we will focus on the planning work required to implement facility infrastructure improvements in some of our larger transit systems. Many of our facilities are nearing the end of their economic lives, or are operating at capacity. Over the next two years, BC Transit will work with local government partners to identify the most cost effective mechanisms for replacing these assets. The cost to replace or expand fleet, facilities and information technology infrastructure remains a significant barrier to transit expansion across the province. We look forward to continuing the dialogue with our provincial and local government partners on the best ways to overcome this barrier.

This Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The Service Plan is consistent with the B.C. government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been built into the plan and how it has been reported.

To the best of our knowledge the significant assumptions, policy decisions, events and identified risks are current and have been considered in preparing this plan. The performance measures presented are consistent with BC Transit's mandate and goals, and focus on aspects critical to the organization's performance.

The targets in this plan have been determined based on an assessment of BC Transit's operating environment, forecast conditions, risk assessment and past performance. BC Transit looks forward to delivering on those targets and continuing to demonstrate our value in the years ahead.



**Kevin Mahoney**  
Chair, Board of Directors

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# Organizational Overview

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## Legislated Mandate

BC Transit is the provincial Crown agency charged with coordinating the delivery of public transportation across British Columbia with the exception of those areas serviced by TransLink (Metro Vancouver). More than 1.6 million British Columbians in over 130 communities across the province rely on BC Transit for local and regional transit services.

According to the *British Columbia Transit Act* (Section 3.1), BC Transit has a mandate to:

“... plan, acquire, construct or cause to be constructed public passenger transportation systems and rail systems that support regional growth strategies, official community plans, and the economic development of transit service areas, to provide for the maintenance and operation of those systems, and with the approval of the minister, to pursue commercial opportunities and undertake or enter into commercial ventures in respect of those systems and the authority’s assets and resources.”

BC Transit’s activities include planning, financial management, marketing, asset management, supply chain management, the provision of safety and human resources expertise, and contracting for the operation of transit services. BC Transit also operates the Victoria Regional conventional transit system.

The funding of transit service is provided by customer fares and through a partnership of local governments and the Province through BC Transit.

BC Transit’s corporate office is located in Victoria, British Columbia.

## Vision, Mission and Values

### Our Vision

To connect people and communities to a more sustainable future.

### Our Mission

Through the strength of our people and partners, we provide safe, effective, and efficient customer-focused transportation solutions.

### Our Values

**Safety** – We will ensure the safety of our employees, customers and transit systems.

**Customer Service** – We will work with our customers to meet their needs and exceed their expectations.

**Sustainability** – We will continuously improve and be accountable for our financial, environmental and social results.

**Integrity** – As stewards of public resources, we will use our assets prudently and conduct ourselves honestly and respectfully.

**Innovation** – We will pursue opportunities to enhance value for our customers.

**Collaboration** – We will cultivate strong partnerships, community connections and links to other types of travel.



## Benefit of Services to British Columbia

BC Transit connects people, communities, and businesses across the province through cost-effective, sustainable public transit. These services contribute to government objectives and deliver public benefits in four key areas:

- Contributing to the economic, social and environmental sustainability of the province's communities through efficient and effective public transit
- Increasing the mobility of the aging population and providing improved transit to support aging in place
- Supporting rural and First Nations communities by linking them to regional services
- Supporting the achievement of climate change initiative goals

To ensure the continued delivery of these benefits, the following five long-term objectives form the foundation of the *BC Transit Strategic Plan* and are used to guide business activities:

- **Develop Financial Sustainability** – Ensure the long term viability of transit by systematically renewing and revising revenue sources, cost structures and internal processes
- **Deliver Operational Excellence** – Deliver safe, reliable, easy-to-use services that continuously improve through active public engagement
- **Support and Shape Livable Communities** – Encourage transit- supportive community planning and development to facilitate movements by walking, cycling and transit
- **Change the Perception of Transit** – Target transit messaging and advocacy to build public support and attract customers
- **Strengthen our People and Partnerships** – Create an adaptable, socially responsible organization that lives its values, develops its employees and partnerships, and attracts new people and opportunities

These objectives frame the strategies and initiatives for this Service Plan.

The scope of BC Transit's program as at April 1, 2014:

- Provides services to over 130 communities across B.C. in collaboration with 59 local government partners
- Contracts with 18 private management companies, 6 public operating organizations and 13 non-profit agencies
- Carries 50 million passengers annually
- Serves more than 1.6 million people in B.C.
- Operates 83 transit systems – conventional, community, custom and paratransit
- Owns a fleet of 1,054 conventional and double-deck buses and minibuses
- Manages a \$237 million annual operating budget
- Manages a \$112 million annual capital budget

## Partners and Stakeholders

BC Transit works with its funding partners, the Province and local governments, to deliver transit services in communities throughout British Columbia. Stakeholders include customers, local governments, operating companies, First Nations communities, health authorities, post-secondary institutions, major employers, school districts, resident's associations, recreational facilities and others.

Sponsoring local governments provide a portion of funding for transit systems (less provincial funding and passenger fares), approve service levels and fare structures, maintain transit infrastructure such as bus stops, exchanges and shelters, and help promote ridership.

In the Capital Regional District, BC Transit operates the regional conventional transit system and contracts the service delivery of custom transit. The governance is set out in the *BC Transit Act* and is overseen by the Victoria Regional Transit Commission (the "Commission"), a board of provincially-appointed local government representatives. The Commission makes decisions regarding service priorities, fares and local taxation for transit purposes.

In other parts of the province, BC Transit contracts service delivery to operators – including local government, not-for-profits, and independent businesses – based on operating agreements. Services are formalized through a Transit Service Agreement called the Annual Operating Agreement (AOA) which is signed by local governments and the operator. BC Transit oversees operations to ensure service delivery targets are achieved.

Operators are responsible for delivering services specified in local operating contracts, providing trained staff to meet operating standards for safety and quality, and managing labour relations.

Transit systems served by BC Transit are highlighted on the System Map, which can be found on the inside front cover of this report.

## Core Business Areas

BC Transit's core business is the delivery of public transit services.

- **Conventional & Community transit** which serves the general population in urban settings and offers scheduled bus service that operates on fixed routes. Vehicles are mobility-aid accessible and range in size from small to double-deck buses to best match ridership and community needs. In 2012/13, conventional and community transit services carried 47.3 million passengers.
  - **Custom transit** which employs small buses and taxis to deliver dial-a-ride and door-to-door handyDART service for passengers with disabilities who cannot use conventional transit. Contracted taxi supplement and Taxi Saver (discounted coupon) programs offer additional flexible service to complement custom transit and adapt to customer needs. Custom transit provided 1.1 million passenger trips in 2012/13.
  - **Paratransit** which serves small town, rural and First Nations communities as well as some suburban areas using small and medium-sized buses and taxis for flexible routing and schedules. In 2012/13, paratransit provided 1.2 million passenger trips.
- In delivering these services, and based on the mandate and roles outlined in the *British Columbia Transit Act*, BC Transit's key business activities include:
- **Funding** 48 per cent of transit system costs on a corporate-wide basis through funds provided by the Province, with cost-sharing for individual systems ranging from 31.7 per cent to 66.7 per cent based on provincial regulations
  - **Operating** the Victoria Regional Transit system (carrying over 23 million passengers per year)
  - **Financial management** to ensure the cost-effective use of provincial and municipal funding for the delivery of public transit
  - **Contract and risk management** to ensure contract development, oversight, management of insurance, claims and legal activities
  - **Local government collaboration** to ensure operational plans meet local needs, integrate services across municipal boundaries, and build collaboration on ways to improve transit service efficiency and effectiveness
  - **Operational planning and scheduling** to ensure transit services can reliably meet the service levels set out in local service agreements at agreed-to funding levels
  - **Operational delivery and performance management** to ensure transit services meet operational goals, provide a safe and convenient service to customers, and quickly resolve any service disruptions or other issues
  - **Transit system planning** to integrate future transit services into community sustainability, meet social needs, and support community growth or development plans
  - **Corporate and capital planning** to ensure the transit fleet and supporting information technology, equipment, and facilities infrastructure can meet existing needs, planned growth is financially sustainable, and the organization is meeting its performance objectives
  - **Marketing, branding and community relations** to build interest in public transit, increase ridership, and support provincial goals related to carbon reduction (greenhouse gas emissions)



- **Asset management** to specify, test and acquire fixed assets (facilities and equipment) and transit vehicles, set maintenance standards and conduct asset inspections. Asset management employs strategies to ensure the most efficient and sustainable use of the company's assets
- **Supply chain management** to ensure the timely provision of fuel and inventory throughout the province on a cost-effective basis
- **Safety, training and security** to promote safety initiatives, standardize training and support policies to meet security and safety standards
- **Professional services** including environmental, human resources and procurement







# Corporate Governance

## Board of Directors

BC Transit is governed by a seven member Board of Directors appointed by the Province according to the *British Columbia Transit Act* (the "Act") (Section 4.1). The Act requires four of the Board members to be local government elected representatives. The Board of Directors (the "Board"), through the Chair, reports to the Minister of Transportation and Infrastructure (designated as the Minister responsible for BC Transit).

The Board complies with the Province of B.C.'s *Best Practices Guidelines Governance and Disclosure Guidelines for Governing Boards of B.C. Public Sector Organizations*. The Board also draws its governance principles from these Guidelines.

The members of the Board are:

**Mr. Kevin Mahoney** (Chair), North Vancouver

**Mr. Kelly Cairns**, Kelowna

**Mr. Bob De Clark**, Nanaimo

**Councillor Susan Brice**, District of Saanich

**Mayor Mary Sjostrom**, City of Quesnel

**Mayor Peter Milobar**, City of Kamloops

**Mayor Carol Hamilton**, City of Colwood

The Board is responsible for setting the long-term strategic direction of BC Transit, approving the three-year Service Plan, approving the annual business plan presented by management, allocating the provincial grant to achieve government expectations, approving operating and capital budgets and major capital projects, appointing the Chief Executive Officer, and monitoring the performance of management towards short-term and long-term business and strategic goals.

The Board has one standing committee: the Audit, Finance and Risk Management Committee.

The purpose of this committee is to review and oversee financial reporting, internal controls, external audits, and risk management. The Committee is comprised of at least three Board members, elected annually by the Board of Directors. Existing membership is:

**Mr. Kelly Cairns**, Committee Chair

**Mr. Kevin Mahoney**

**Councillor Susan Brice**

With respect to budget development, corporate budget submissions are approved by the Board and forwarded to the Minister responsible for review and presentation to Treasury Board. Once provincial funding is approved, local funding requirements are submitted for the endorsement of the appropriate local government partner. Provincial funding is provided through the public transportation sub-vote of the Ministry of Transportation and Infrastructure. This Service Plan and the public transportation budget were tabled in the legislature on February 18, 2014.

More information about BC Transit's corporate governance is available on the company website<sup>1</sup>.

## Senior Leadership Team

**Manuel Achadinha**, President and CEO

**Mike Davis**, Vice President, Operations and COO

**Anwar Chaudhry**, Vice President,  
Finance and CFO

**Brian Anderson**, Vice President,  
Business Development and CIO

**Aaron Lamb**, Executive Director,  
Asset Management

The senior leadership team takes an inclusive and hands on approach to aligning operational activities to achieve organizational goals and objectives.

<sup>1</sup> [http://www.bctransit.com/corporate/general\\_info/governance.cfm](http://www.bctransit.com/corporate/general_info/governance.cfm)





# Strategic Context

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## Internal Operating Environment

BC Transit's shared services model, which drives economies through administrative efficiencies, bulk procurement, fleet, and fixed asset management, will be instrumental in ensuring performance remains in the top 25<sup>th</sup> percentile of comparable transit systems across Canada. Over the next three years, BC Transit will continue to leverage its wide range of management services including expertise in planning, operations, marketing, asset management and safety programming to benefit transit systems across the province. This experience will allow for the most effective distribution of resources to meet service demands in a climate of fiscal restraint.

The 2012/13 Annual Report performance results indicated that BC Transit made improvements in the area of Partnership Satisfaction. BC Transit will continue to strengthen this core competency by engaging partners, aligning processes and building transparent and constructive working relationships.

The introduction of a new enterprise-wide extranet will improve communications with our local government partners and stakeholders. This new digital environment will also include a mobile friendly customer focused website and employee intranet to facilitate internal communications and engagement through the development of collaborative project spaces and online forms.

In 2014, BC Transit's five-year fuel cell bus fleet demonstration project in Whistler will come to a close. The key goals of the demonstration project were to evaluate hydrogen fuel cell bus performance in daily use, showcase clean energy technology options, and contribute to the Province's

climate action goals. The project was successful in meeting these goals. In the coming year, BC Transit will need to transition the fleet in Whistler and will be focused on doing so while meeting operational requirements in the region.

In addition, BC Transit will take delivery of its first CNG fuelled heavy duty bus fleet. The purchase of CNG buses provides an opportunity for BC Transit to test an alternative fuel and propulsion system that will lower the reliance on diesel fuel. The first 25 buses will go into service in the Regional District of Nanaimo, and over the next year BC Transit will monitor the fleet's performance. The second 25 bus fleet will be introduced in Kamloops by the Spring of 2015.

## External Operating Environment

In the context of slow economic recovery, British Columbia has fared slightly better than the national average; however, the global economy remains fragile. The provincial government has committed to a balanced budget and local government partners are looking for ways to deliver services and infrastructure requirements in the most cost effective manner. As a result, BC Transit must find ways to deliver effective and efficient services that meet demand within the context of fiscal restraint.

While BC Transit remains committed to assisting the Province meet its *Provincial Transit Plan* objectives, there is a recognized shortfall between actual ridership and the targets in the plan. The drive to meet ridership targets must be balanced with the ability to fund service expansion and infrastructure requirements. Over the next three years, planned service expansion will be modest and BC Transit will work to maximize ridership gains mostly through



optimization of existing service levels. Working with local government partners, BC Transit will complete service optimization reviews and strategically prioritize investment accordingly.

Information and technology will both be a challenge and an opportunity for BC Transit over the service plan period. As technology advances, customers are demanding access to real-time information, passenger information displays, and trip planning capabilities. BC Transit's ability to reach customers to deliver timely information will be vastly improved in 2014 when the first phase of the online communication

project is completed. Customers can expect easy access to user-friendly schedules and maps, personalized views of transit information for mobile devices, and direct access to preferred routes. However, for technology enhancements to remain affordable, investments may need to be phased. For instance, the Kelowna region will be the first transit system to implement real time passenger information displays along the RapidBus line. BC Transit will use the results of this pilot project to guide future investment opportunities in other regions across the province.

## Risks and Opportunities

The following table summarizes the significant risks and opportunities that could impact BC Transit's performance during the planning period.

| Risks and Opportunities  | Impacts  | Actions   |
|--|--|---|
| <b>Financial Sustainability</b>  |  |   |
| <p><b>Risk:</b> The funding requirements for capital replacement, operating cost inflation and service expansion, paired with the need to meet customer expectations, will continue to put pressure on provincial and local governments.</p> <p><b>Opportunity:</b> Focus on developing new revenue sources and cost control measures will improve BC Transit's long term efficiency and effectiveness. Work with local government partners to establish fare structures that maximize revenue for the community while still promoting long-term ridership growth.</p> | <ul style="list-style-type: none"> <li>Increasing operating costs and infrastructure replacement requirements will place increased pressure on long term financial sustainability.</li> <li>Funding partners may not be able to fund expansion and in some cases, existing levels of service.</li> <li>Financial sustainability for funding partners is considered to be high risk; without mitigation, this could result in a high impact to the success of future transit operations.</li> </ul> | <ul style="list-style-type: none"> <li>Work closely with the provincial and local governments to ensure transit investments achieve the outcomes desired by both the Province and local government partners.</li> <li>Work closely with local government partners to monitor transit system performance. Prudent financial management practices will be used to control costs and ensure performance is maintained in the top 25 per cent of comparable transit systems.</li> <li>Discussions with provincial and local governments will continue regarding the assessment of alternative funding strategies.</li> <li>Review fares to ensure each local transit system has the right fares, priced to reflect economic factors, the size of the transit system and service levels as well as balance revenue growth with ridership encouragement.</li> <li>Investigate revenue generating opportunities that can offset provincial and local partners funding requirements.</li> <li>Leverage the BC Transit shared-service model and offer value by maximizing efficiency through the use of common resources, specialization and standardization.</li> </ul> |

| Risks and Opportunities  | Impacts   | Actions  |
|--|---|--|
| <b>Ridership</b>   |   |  |
| <p><b>Risk:</b> Ongoing economic uncertainty can negatively impact transit programs. Ridership may decline as overall travel usually decreases in a slower economy.</p> <p><b>Opportunity:</b> BC Transit uses its Transit Future Bus, a mobile consultation vehicle, to solicit feedback from the public during service reviews. This allows BC Transit to be responsive to demand and build future ridership when implementing service enhancements.</p>   | <ul style="list-style-type: none"> <li>Decreased ability to assist the Ministry of Transportation and Infrastructure in meeting the ridership targets identified in the <i>Provincial Transit Plan</i>.</li> <li>Increased pressure on local governments to fund revenue shortfalls. Local governments fund transit system expenditures with property taxes, and the remainder is generated through passenger fares, advertising, investments, and fuel tax. Therefore, local governments absorb the risk of revenue shortfalls.</li> <li>Ridership is trending relatively flat; therefore there is a high risk of not reaching the ridership targets identified in the <i>Provincial Transit Plan</i>; however, provided ridership does not trend downwards for an extended period, the impact to operations would not be severe.</li> </ul> | <ul style="list-style-type: none"> <li>Work with local government partners to implement modest service expansion in 2014/15 to encourage increased ridership; however, it is expected that service expansion will level off in the following two years due to funding capacity.</li> <li>Leverage BC Transit’s enhanced performance management framework to make evidence-based and timely decisions to drive results. BC Transit will monitor ridership trends in specific communities and target service enhancements in areas that will be most effective in meeting objectives.</li> <li>Work with local government partners to develop Transit Future Plans and service optimization reviews. These planning processes promote compact, sustainable communities that support densification along key transit corridors, as well as ensure existing service levels are delivered in the most efficient and cost-effective manner.</li> </ul> |
| <b>Infrastructure Replacement</b>  |   |  |
| <p><b>Risk:</b> The cost to replace and expand assets to meet service requirements will continue to place increased funding pressure on provincial and local government partners. Many of BC Transit’s facilities are near the end of their useful lives and require investment to meet the physical requirements of expanding service levels. In addition, a number of facilities are at or operating beyond capacity which is a driver for maintenance costs and future facilities expansion.</p> <p><b>Opportunity:</b> Construction of new facilities allows for the incorporation of new technology that decreases overall operating and maintenance lifecycle costs.</p> | <ul style="list-style-type: none"> <li>Replacement or expansion of an operations and maintenance facility is a large step function that is often considered unaffordable for local government partners who are balancing competing asset investment requirements. As a result, service expansion will be severely constrained in some communities due to inadequately sized operations facilities that store and maintain buses.</li> <li>This is considered to be a high risk with a significant impact to operations, with some regional transit systems unable to expand further until facility infrastructure is upgraded.</li> </ul>   | <ul style="list-style-type: none"> <li>Continue to develop Strategic Facilities Master Plans, which identify the facility growth strategies required to make the most effective use of existing facility resources, provide interim accommodation plans, and identify infrastructure options to enable BC Transit to meet the goals identified within approved Transit Future Plans.</li> <li>Work with higher levels of government to identify alternate sources of capital funding, which will alleviate funding pressure on local government partners.</li> <li>Phase facility construction to balance service requirements with affordability concerns.</li> </ul>   |

| Risks and Opportunities   | Impacts  | Actions   |
|---|--|---|
| <b>Fuel Pricing</b>   |  |   |
| <p><b>Risk:</b> Fuel price volatility remains high due to demand in emerging economies, and geopolitical risk in oil producing nations.</p> <p><b>Opportunity:</b> Work within BC Transit’s legislative and fiscal constraints to develop reserves and enter into fixed price fuel contracts to mitigate volatility.</p> <p>In addition, BC Transit is testing new vehicle technology that is less dependent on petroleum-based fuel markets.</p>   | <ul style="list-style-type: none"> <li>• The volatility of commodity prices and currency rates, in particular with respect to oil and metals has a direct impact on the cost of providing transit services. Fuel comprises 10.3 per cent of BC Transit’s costs.</li> <li>• Fuel pricing remains a high risk and would have a significant financial impact if not mitigated.</li> </ul> | <ul style="list-style-type: none"> <li>• Use the existing BC Transit fuel price risk management program to mitigate the risk of fuel price volatility. The program includes entering into targeted fixed price supply agreements on a portion of fuel consumption to contain the cost volatility and identifying other initiatives to realize cost savings to market such as large volume bulk purchases to mitigate risk.</li> <li>• Test BC Transit’s first CNG fuelled heavy duty bus fleet in Nanaimo, starting in 2014.</li> </ul>   |
| <b>Attraction and Retention of Qualified Personnel</b>  |  |   |
| <p><b>Risk:</b> Managing and delivering effective service will require recruiting and retaining qualified personnel to meet existing vacancies and expected retirements. Attracting and retaining skilled trades and professional staff in an increasingly tight job market represents a significant challenge. In addition, exempt staff have been subject to a public sector-wide wage freeze since 2009, making it increasingly difficult to retain qualified professionals.</p> <p><b>Opportunity:</b> Undertake proactive human resources strategies to meet specific, immediate requirements which will also have an overall positive impact on long term employee engagement and organizational culture.</p> | <ul style="list-style-type: none"> <li>• Loss of, or failure to attract and retain, key personnel could have an adverse effect on the ability to deliver this Service Plan.</li> <li>• The inability to attract and retain quality personnel would impact the delivery of an effective transit program.</li> </ul>   | <ul style="list-style-type: none"> <li>• Continue the implementation of the Human Resources Action Plan which is focused on strengthening culture, succession planning, and building internal capacity through professional development opportunities.</li> <li>• Work with PSEC on revised compensation framework, exploring alternative benefits and contracts versus salary arrangements.</li> <li>• Continue to improve upon the results in the annual Employee Engagement Survey. Improvements in this area will be a key indicator of employee satisfaction, and will provide constructive feedback on areas that require further attention.</li> </ul> |

## Organizational Capacity

The goals and objectives identified within this plan reflect services and initiatives that can be accomplished within a fiscally conservative environment. Service expansion will be constrained, with the last two years of the plan focused on optimizing existing services only. This will limit BC Transit's ability to attract and grow new riders across the province, especially at a time when ridership is already trending flat across North America. This will have an impact on the ability to meet targets identified in the *Provincial Transit Plan*, and could impact key performance indicators in this service plan such as service hours per capita, passengers per service hour, and customer satisfaction. Enhanced performance monitoring of provincial transit systems and service optimization reviews will assist in identifying the most effective allocation of funding and resources to mitigate these concerns.

Local government funding capacity continues to be an ongoing risk, especially with regards to infrastructure requirements. In many systems, significant capital investment is required to replace vehicles, upgrade or expand operations and maintenance facilities, or improve core information

technology systems. This will place additional pressure on local government partners, who fund their portion of costs through property tax and fare revenue. As local government partners face these increasing costs, some regional systems will struggle to maintain existing services, and may even choose to reduce services. BC Transit will work with partners to identify potential funding opportunities through higher levels of government, and remains committed to providing accurate and timely budget forecasting for local government partners; however, funding will remain a primary constraint for some systems.

To provide a high quality of service, it is imperative that BC Transit remain competitive in the labour market. The ability to attract and retain qualified personnel to meet organizational objectives is an ongoing concern, particularly with regards to the recruitment of skilled trades and qualified professionals. A government mandated wage freeze for excluded employees has made it difficult to compete with the private sector and other transit authorities for qualified professionals. In response to this challenge, BC Transit has developed a Human Resources Action Plan, which is focused on strengthening culture, succession planning, and building internal capacity through professional development opportunities.



# Goals, Strategies and Key Performance Indicators

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This section sets out BC Transit's goals, strategies, performance measures, and targets for 2014/15 – 2016/17. The five goals are unchanged from the 2013/14 – 2015/16 Revised Service Plan and were first published in *Shaping our Future*, the strategic plan developed in response to the *Provincial Transit Plan*.

Reflecting BC Transit's focus on continuous improvement, some of the strategies, performance measures and targets have been updated to reflect the current business environment. Where applicable, reference is made to measures outlined in the 2013/14 – 2015/16 Revised Service Plan and any variance from those projections is explained. Three of the measures from the 2013/14 – 2015/16 Revised Service Plan have been removed (passengers per capita, level of perceived transit improvement and level of perceived transit importance) as it was difficult to set appropriate targets or control the results. BC Transit will continue to track and monitor these measures internally as they provide contextual information to support internal decision making processes. Two of the measures from the 2013/14 – 2015/16 Revised Service Plan have been combined (passenger trips and service hours) to provide a measure that reflects operational effectiveness (passenger trips per service hour), which is now reflected under Goal 1: Financial Sustainability. New measures and targets are noted and explained under their respective goals.

One key change to BC Transit's approach for measuring and reflecting performance has been to separate and identify measures that reflect the

performance of the corporation, versus measures that reflect the performance of provincial transit systems. Both categories are important; however, measures of transit system performance reflect the overall health of transit within the province, whereas corporate performance measures reflect the efficiency, effectiveness and overall success of BC Transit in providing transit services. In addition, where appropriate, measures have been separated to reflect the performance of conventional service versus custom/paratransit service. Operating models differ between these transit types; therefore, expectations regarding performance and trends will be unique for each type of service.

BC Transit recognizes that the ridership targets identified in this Service Plan are less than those in the *Provincial Transit Plan*. While BC Transit remains committed to assisting the Province meet its *Provincial Transit Plan* objectives, these targets were developed in consultation with provincial and local government partners and reflect prevailing local economic conditions. Over the service planning period, BC Transit will continue to work closely with provincial and local government partners to maximize ridership gains in the most appropriate manner.

Several references are made in this section to the BC Transit strategy, *Shaping our Future*, which is available on the corporation's website<sup>2</sup>.

<sup>2</sup> <http://www.bctransit.com/2030>



## BC Transit Performance Measures Framework 2014/15 – 2016/17

| GOAL   | PERFORMANCE CATEGORY | STRATEGIES                               | PERFORMANCE MEASURES  | 12/13 Results     | 13/14 Forecast | 14/15 Target | 15/16 Target | 16/17 Target |
|--|----------------------|--|---|-------------------|----------------|--------------|--------------|--------------|
| Goal 1: Develop financial sustainability       | Transit system       | Service effectiveness optimization       | Conventional passenger trips / service hour                                       | New measure 14/15 |                | 28.2         | 28.2         | 28.3         |
|  |                      |  | Custom passenger trips / service hour   | New measure 14/15 |                | 4.1          | 4.1          | 4.1          |
|  | Corporate            | Increase revenue                         | Conventional operating cost recovery  | 37.4%             | 35.9%          | 34.8%        | 33.4%        | 32.8%        |
|  |                      |  | Custom operating cost recovery  | 10.7%             | 10.1%          | 9.9%         | 9.6%         | 9.2%         |
|  |                      | Cost efficiencies                        | Conventional operating cost / passenger trip                                      | \$3.65            | \$3.73         | \$3.85       | \$4.01       | \$4.09       |
|  |                      |  | Custom operating cost / passenger trip  | \$14.32           | \$15.15        | \$16.02      | \$16.60      | \$17.29      |
| Goal 2: Support and shape liveable communities | Corporate            | Planning and integration                 | Major urban centers with Transit Future Plans completed                           | 50%               | 79%            | 93%          | 100%         | 100%         |
|  |                      |  | % of communities with a service optimization review completed in the past 5 years | New measure 14/15 |                | 75%          | 80%          | 85%          |
| Goal 3: Change perception of transit           | Transit system       | Service delivery or customer orientation | Customer satisfaction (on a scale of 1 to 5)                                      | 3.62              | 3.63           | 3.64         | 3.64         | 3.64         |
|  | Corporate            | Information effectiveness                | Online communication strategy impact (on a scale of 1 to 5)                       | New measure 14/15 |                | 3.75         | 3.85         | 3.85         |
|  |                      | Awareness                                | Brand recognition   | 29%               | 29%            | 30%          | 31%          | 32%          |
| Goal 4: Deliver operational excellence         | Transit system       | Accessibility                            | Conventional service hours / capita   | New measure 14/15 |                | 1.45         | 1.46         | 1.44         |
|  |                      |  | Custom service hours / capita   | New measure 14/15 |                | 0.26         | 0.26         | 0.26         |
|  | Corporate            | Safety                                   | Number of passenger injury claims / million passenger trips                       | 2.5               | 3.0            | 3.0          | 3.0          | 3.0          |
|  |                      |  | Workplace injuries / 100 employees  | New measure 14/15 |                | 7.2          | 6.9          | 6.7          |
|  |                      | Quality                                  | % of planned service delivered in conventional transit systems                    | New measure 14/15 |                | 99.8%        | 99.8%        | 99.8%        |
| Goal 5: Strengthen accountability              | Transit system       | Reduce carbon intensity                  | GHGs / service hour   | 28.30             | 28.22          | 28.91        | 28.90        | 28.90        |
|  | Corporate            | People                                   | Employee engagement   | N/A               | 56%            | 57%          | 60%          | 63%          |
|  |                      | Partnerships                             | Partner satisfaction (on a scale of 1 to 5)                                       | 3.77              | 3.77           | 3.75         | 3.75         | 3.75         |

## GOAL 1: Develop Financial Sustainability

Sustainable long-term revenue sources are fundamental to the ability of BC Transit to deliver on its mandate now and into the future. Since more than two thirds of total revenues come from provincial and local government sources, the viability of transit services is directly linked to financial support from these levels of government. Maintaining government funding support requires continued public demand for transit services (as demonstrated through ridership) as well as the cost-effective use of public monies (as demonstrated through operating and administrative efficiency).

| Strategies  | Measures   |
|---|--|
| <p>The strategic intent is to ensure an affordable public transportation system by:</p> <ul style="list-style-type: none"> <li>• Providing effective transit services that are used by the public</li> <li>• Renewing and revising fare-based revenue sources and systems to reflect changing ridership patterns and reduce fare evasion</li> <li>• Developing and taking advantage of non fare-based revenue opportunities</li> <li>• Improving cost control, communication and monitoring processes to mitigate cost volatility, maximize efficiencies, and reduce costs</li> </ul> | <ul style="list-style-type: none"> <li>• <i>NEW</i>: Passenger trips per service hour</li> <li>• Operating cost recovery</li> <li>• Operating cost per passenger trip</li> </ul> |

| Performance category  | Performance measures                          | 12/13 RESULTS     | 13/14 FORECAST | 14/15 TARGET | 15/16 TARGET | 16/17 TARGET |
|-----------------------|---|-------------------|----------------|--------------|--------------|--------------|
| <b>Transit System</b> | Conventional passenger trips / service hour+  | New measure 14/15 |                | 28.2         | 28.2         | 28.3         |
|                       | Custom passenger trips / service hour +       | New measure 14/15 |                | 4.1          | 4.1          | 4.1          |
| <b>Corporate</b>      | Conventional operating cost recovery*         | 37.4%             | 35.9%          | 34.8%        | 33.4%        | 32.8%        |
|                       | Custom operating cost recovery*               | 10.7%             | 10.1%          | 9.9%         | 9.6%         | 9.2%         |
|                       | Conventional operating cost / passenger trip* | \$3.65            | \$3.73         | \$3.85       | \$4.01       | \$4.09       |
|                       | Custom operating cost / passenger trip*       | \$14.32           | \$15.15        | \$16.02      | \$16.60      | \$17.29      |

+This is a new measure introduced to demonstrate the effectiveness of BC Transit's services as reflected by passengers per service hour. While this is a new measure, it provides performance information leveraging both passenger trips and service hours which were previously provided under Goal 4: Operational Excellence. It has been broken out by conventional and custom to reflect the effectiveness of two different service models.

\* These measures have been broken out by conventional and custom to reflect the efficiency of two different service models.

### Importance of measures

**Conventional passenger trips per service hour** is measured by dividing conventional passenger trips by conventional service hours. The ratio indicates the level of effectiveness of, and the demand for, transit services as provided. The more demand for services as provided will result in an increase of passenger trips per service hour. The expectation is for this to remain relatively flat over the coming years as service expansion will be modest within the three year period.

**Custom passenger trips per service hour** is measured by dividing custom passenger trips by custom service hours. The ratio indicates the level

of effectiveness of, and the demand for, custom transit services as provided. The more demand for services as provided will result in an increase of passenger trips per service hour. It is important to note that because custom transit has the goal of providing service area coverage and accessibility to those who cannot access fixed route service, it is unlikely to have high passenger per service hour results. The key is to balance these services with high passengers per service hour results in the fixed-route transit services where there is high demand. The expectation is for this to remain flat over the coming years as service expansion will be modest within the three year period. Note that this metric excludes taxi passenger trips.

**Conventional operating cost recovery** is measured by dividing annual conventional passenger and advertising revenue by conventional operating costs. The ratio indicates the proportion of costs recovered from passenger and advertising revenue within conventional transit. A strong cost recovery is desirable, as it reduces the subsidy from the taxpayer. Under the *British Columbia Transit Act*, local governments are responsible for establishing fares and making decisions with respect to trade-offs between fares and property taxes to fund transit service. These decisions can have an impact on the cost recovery ratio as they may reduce passenger and advertising revenues. The expectation is for this to decrease over time because ridership (and consequently revenue) is expected to remain flat while the cost of providing existing services will increase (these costs include fuel, labour, parts, maintenance and traffic congestion, which causes longer travel times for buses delivering the same service). Revenue forecasts do not assume fare increases as fares are set by local government partners.

**Custom operating cost recovery** is measured by dividing annual custom passenger and advertising revenue by custom operating cost. The ratio indicates the proportion of costs recovered from passenger and advertising revenue within custom transit. A strong cost recovery is desirable, as it reduces the subsidy from the taxpayer. The cost to provide custom services is extremely high, and capacity constraints make it challenging to increase

ridership. The expectation is for this to decrease over time because operating costs to deliver these services are expected to increase, with very limited opportunity to increase revenue. Revenue forecasts do not assume fare increases as fares are set by local government partners.

**Conventional operating cost per passenger trip** reflects annual conventional operating cost divided by conventional passengers carried. This ratio indicates the efficiency of transit expenditures directed toward passengers carried. Increasing cost per passenger indicates that costs are growing faster than ridership. The expectation is for conventional operating costs per passenger trip to increase over time because ridership is expected to remain relatively flat while the cost of providing existing services will increase.

**Custom operating cost per passenger trip** reflects annual custom operating cost divided by custom passengers carried. This ratio indicates the efficiency of transit expenditures directed toward passengers carried. Increasing cost per passenger indicates that costs are growing faster than ridership. Custom has a much higher operating cost per passenger trip relative to conventional transit, yet there is limited ability to increase revenue due to system capacity constraints. The expectation is for custom operating costs per passenger trip to increase over time because ridership is expected to remain relatively flat while the cost of providing existing services will increase.



## GOAL 2: Support and Shape Livable Communities

BC Transit supports more livable communities, a goal of the Provincial Transit Plan, by encouraging transit-supportive community planning and investments to make it easier to get around by walking, cycling and transit. Greater integration between land use development and transit planning enables greener, more sustainable communities and improves the efficiency of transit services and related infrastructure.

| Strategies   | Measures  |
|--|---|
| <p>Plan for the effective growth of public transit through the following actions:</p> <ul style="list-style-type: none"> <li>• Increase integration with other types of sustainable travel to enhance transportation options and make it easier for the public to link to transit services</li> <li>• Work with partners to influence land use development patterns that encourage walking and cycling, and increase the effectiveness of transit</li> <li>• Identify and establish priority corridors for transit</li> <li>• Review services on an on-going basis to identify and recommend opportunities for continuous improvement</li> </ul> | <ul style="list-style-type: none"> <li>• Proportion of Transit Future plans completed in major urban centers</li> <li>• <i>NEW</i>: Percentage of communities that have had a service optimization review completed in the past five years</li> </ul> |

| Performance category | Performance measures   | 12/13 RESULTS     | 13/14 FORECAST | 14/15 TARGET | 15/16 TARGET | 16/17 TARGET |
|----------------------|--|-------------------|----------------|--------------|--------------|--------------|
| <b>Corporate</b>     | Major urban centers with Transit Future Plans completed                            | 50%               | 79%            | 93%          | 100%         | 100%         |
|                      | % of communities with a service optimization review completed in the past 5 years+ | New measure 14/15 |                | 75%          | 80%          | 85%          |

+This is a new measure introduced to demonstrate the effectiveness of BC Transit's ability to provide timely planning expertise and evidence-based recommendations to communities with regards to their transit systems.

### Importance of measure

**Proportion of Transit Future Plans completed in major urban centers** measures the completion of planning to align local land use plans, including efforts to increase density and build more pedestrian and cycling paths, with investments in transit services and infrastructure. By 2015/16, all major urban centers (over 25,000 population) are expected to have completed a joint "Transit Future Plan" to ensure alignment between local land use plans and decision making and investment in transit services and infrastructure.

**Percentage of communities that have had a service optimization review completed in the past five years** measures BC Transit's ability to provide transit systems with timely reviews and recommendations to increase transit system efficiency and effectiveness. These may include discussion documents, service reviews, evaluations and others. The goal is to ensure communities receive transit service optimization reviews on a minimum five-year cycle.

## GOAL 3: Change the Perception of Transit

*Implicit in Goals 1 and 2 is the need for effective communication and marketing. To keep existing customers and attract new ones, BC Transit must market its services in competition with private automobiles and reach out to customers in new ways, such as through social media. To help build livable communities, BC Transit must connect with various community and stakeholder groups to build awareness of, and support for, public transportation as an important part of creating sustainable, green communities.*

| Strategies  | Measures   |
|---|--|
| Build increased support for public transportation transit through the following actions: <ul style="list-style-type: none"> <li>Promote sustainable transportation and its role in building sustainable, livable communities</li> <li>Build awareness of BC Transit's services and role as a transportation leader</li> </ul> | <ul style="list-style-type: none"> <li>Customer satisfaction</li> <li><i>NEW:</i> Online communication strategy impact</li> <li>Brand recognition</li> </ul> |

| Performance category  | Performance measures                                      | 12/13 RESULTS     | 13/14 FORECAST | 14/15 TARGET | 15/16 TARGET | 16/17 TARGET |
|-----------------------|---|-------------------|----------------|--------------|--------------|--------------|
| <b>Transit System</b> | Customer satisfaction (on a scale of 1-5)*                | 3.62              | 3.63           | 3.64         | 3.64         | 3.64         |
| <b>Corporate</b>      | Online communication strategy impact (on a scale of 1-5)+ | New measure 14/15 |                | 3.75         | 3.85         | 3.85         |
|                       | Brand recognition   | 29%               | 29%            | 30%          | 31%          | 32%          |

\*This measure has been moved from Goal 4: Operational Excellence to Goal 3: Change the Perception of Transit to reflect the public's perception of, and satisfaction with, the transit system across the province.

+This is a new measure introduced to demonstrate the effectiveness of information provided online, which is becoming BC Transit's primary means of providing information to the public.

### Importance of measures

**Customer satisfaction** measures the average rating of customer tracking survey respondents when asked to rate their overall transit experience from one ("very poor") to five ("excellent"). This measure tracks the effectiveness of BC Transit in meeting customer expectations. Targets shown reflect the challenge of meeting high passenger demand with reduced capacity to fund new service. Between 2013/14 and 2014/15, the results are expected to increase slightly as labour contracts in Victoria have been negotiated and there will be a slight increase in new service offerings across the province. After this, the results should stabilize as service hours are projected to remain flat for 2015/16 and 2016/17.

**Online communication strategy effectiveness** measures the average rating of customer tracking survey respondents when asked to rate the quality of the online information, ranging from one ("very poor") to five ("excellent"). This measure tracks the quality, value and effectiveness of BC Transit's

information online (for example, BC Transit's corporate website, Facebook, Twitter, etc.). These results are expected to improve in 2015/16 when the new BC Transit internet site has been live for a year.

**Brand recognition** is based on the per cent of customer tracking survey respondents who recognize BC Transit's role in the delivery of transit service in their local transit system. This tracks the effectiveness of marketing and communication programs that are building awareness of BC Transit and its leadership role in providing sustainable transportation services to British Columbia, since this messaging is embedded in all branding activities. The targets shown reflect ongoing progress in this area, particularly due to the continued roll out of vehicle and signage branding province-wide. These results are expected to improve steadily through various marketing campaigns planned for the next three years, in addition to implementing the new BC Transit internet site.



## GOAL 4: Deliver Operational Excellence

The BC Transit business model is based on developing and delivering safe, reliable, easy to use services that continuously improve through active engagement with employees, customers and partners. These services must continuously adapt and improve to meet the needs of customers, especially in the midst of continuing social, technological and community development change.

| Strategies  | Measures  |
|---|---|
| Deliver a safe, reliable and affordable transit experience through the following actions: <ul style="list-style-type: none"> <li>• Provide accessible service</li> <li>• Ensure the safety of employees and customers</li> <li>• Monitor and address transit system service reliability and on-time performance</li> <li>• Improve customer service and ensure an effective transit system</li> </ul> | <ul style="list-style-type: none"> <li>• <i>NEW</i>: Service hours per capita</li> <li>• Number of passenger injury claims</li> <li>• <i>NEW</i>: Workplace injuries per 100 employees</li> <li>• <i>NEW</i>: Percentage of trips delivered as scheduled</li> </ul> |

| Performance category  | Performance measures   | 12/13 RESULTS     | 13/14 FORECAST | 14/15 TARGET | 15/16 TARGET | 16/17 TARGET |
|-----------------------|--|-------------------|----------------|--------------|--------------|--------------|
| <b>Transit System</b> | Conventional service hours / capita*                           | New measure 14/15 |                | 1.45         | 1.46         | 1.44         |
|                       | Custom service hours / capita*                                 | New measure 14/15 |                | 0.26         | 0.26         | 0.26         |
| <b>Corporate</b>      | Number of passenger injury claims / million passenger trips+   | 2.5               | 3.0            | 3.0          | 3.0          | 3.0          |
|                       | Workplace injuries / 100 employees^                            | New measure 14/15 |                | 7.2          | 6.9          | 6.7          |
|                       | % of planned service delivered in conventional transit systems | New measure 14/15 |                | 99.8%        | 99.8%        | 99.8%        |

\*This is a new measure introduced to demonstrate how much service is provided to the population that lives within a reasonable distance of service routes. This measure has been broken out by conventional and custom to reflect two different service models.

+The way in which this measure is calculated has been changed to reflect passenger injury claims reported to ICBC and is consistent with industry standard. The 12/13 results have been restated to reflect this improved measurement methodology.

^This is a new measure introduced to demonstrate workplace safety for BC Transit employees.

%This is a new measure introduced to demonstrate service reliability as passengers depend on BC Transit to deliver the service as communicated through scheduling and the Riders Guides. Delivering the service as communicated is critical for passengers to trust BC Transit to provide service that they can rely on for transportation.

### Importance of measures

**Conventional service hours per capita** measures the number of conventional service hours delivered divided by the population that lives within 400 m of fixed route bus service. This demonstrates how much service is invested in, and provided to, the population that lives within a reasonable distance of service routes. This is a reflection of the transit system rather than the performance of BC Transit. This measure is expected to increase slightly in 2014/15 and 2015/16 because of annualized increases in service hours. It is expected to then decrease in 2016/17 as service hours will remain flat while the population increases.

**Custom service hours per capita** measures the number of custom service hours delivered divided by the population that lives within 1.5 km of fixed route bus service. This demonstrates how much service is invested in, and provided to, the population that lives within a reasonable distance of service routes. This is a reflection of the transit system rather than the performance of BC Transit. This measure is expected to decrease slightly (0.002) over the next three years as service hours will remain flat while the population will increase slightly. This decrease is not shown in the KPI targets above because they are rounded to significant figures.

**Number of passenger injury claims per million passenger trips** measures passenger safety. Maintaining and improving safety is of primary importance in BC Transit’s mission and values. A safe trip from start to finish is a fundamental commitment to both employees and customers. The way in which this measure is calculated reflects passenger injury claims through ICBC and is consistent with industry standard. The 2012/13 results have been restated according to this improved measurement methodology. This measure is influenced by an aging population, increased traffic and a trending increase of bodily injury claims, and targets have been adjusted upwards slightly accordingly. BC Transit will mitigate this risk through enhanced preventative driver training and safety measures.

**Workplace injuries per 100 employees** measures the Total Recordable Injury Rate (TRIR). TRIR is a measure of the rate of recordable workplace injuries, normalized per 100 workers per year. Maintaining

and improving safety is of primary importance in BC Transit’s mission and values. This measure is expected to decrease over the next three years because of BC Transit’s focus on creating a culture of safety and a number of safety initiatives intended to reduce the risk of workplace injuries.

**Percentage of planned service delivered in conventional transit systems** measures the percentage of trips that delivered as scheduled. This measure is important to track as broken and cancelled trips have a negative impact on the customer experience and the overall perception of transit. It also reflects BC Transit’s ability to manage preventative issues and respond to emerging challenges on the road while delivering the service that is expected, and relied upon, by customers. This measure is expected to remain stable over the next three years and is reflective of BC Transit’s operational excellence.



## GOAL 5: Strengthen Our People and Partnerships

BC Transit's success depends on creating an adaptable, socially responsible organization that lives its values, develops its existing employees and partnerships, and attracts new people and opportunities. This means actively working to improve how employees are attracted and developed, encouraging a culture of innovation and accountability, monitoring environmental, social and economic impacts, and strengthening relationships with local government and other partners.

| Strategies  | Measures   |
|---|--|
| Be a responsive, accountable organization through the following actions: <ul style="list-style-type: none"> <li>• Increase environmental accountability</li> <li>• Be an adaptable workplace of choice</li> <li>• Enhance existing partnerships and develop new ones</li> </ul> | <ul style="list-style-type: none"> <li>• Carbon intensity per service hour</li> <li>• Employee engagement</li> <li>• Partnership satisfaction</li> </ul> |

| Performance category  | Performance measures                        | 12/13 RESULTS | 13/14 FORECAST | 14/15 TARGET | 15/16 TARGET | 16/17 TARGET |
|-----------------------|---|---------------|----------------|--------------|--------------|--------------|
| <b>Transit System</b> | Carbon intensity per service hour           | 28.30         | 28.22          | 28.91        | 28.90        | 28.90        |
| <b>Corporate</b>      | Employee engagement                         | N/A           | 56%            | 57%          | 60%          | 63%          |
|                       | Partner satisfaction (on a scale of 1 to 5) | 3.77          | 3.77*          | 3.75         | 3.75         | 3.75         |

\* The 2013/14 forecast for Partner satisfaction is higher than what was identified in the 2013/14 – 2015/16 Service Plan due to a significant improvement in the 2012/13 results. BC Transit's efforts in this area have been consistent in 2013/14 and the forecast has been adjusted upwards accordingly.

### Importance of measures

**Carbon intensity per service hour** measures the ability of BC Transit to reduce its direct Greenhouse Gas Emissions (GHG) and supports the *Provincial Transit Plan* goal to reduce GHG emissions by 4.7 million tonnes by 2020. Carbon intensity is calculated using the Provincial Government's SMARTTool methodology and is measured by calculating the total emissions of BC Transit's fleet, facilities, and paper usage in carbon dioxide equivalent tonnes. The increase in 2014/15 is due to the completion of the hydrogen fuel cell fleet demonstration project in Whistler. The 2014/15–2016/17 numbers assume that fleet composition and motive fuel types will stay the same as it is at the end of 2012/13 fiscal year with the substitution of diesel incumbent technology fleet in Whistler.

**Employee engagement** measures an employee's involvement with, commitment to, and satisfaction with work. Engagement is assessed through a survey that models what aspects of the workplace influence employee engagement characteristics. The survey was not distributed in 2012/13 due

to ongoing labour negotiations. Continued improvements are expected as a result of the implementation of the new Human Resources Action Plan.

**Partnership satisfaction** measures the average rating of local government transit partner respondents when asked to rate their customer service received from BC Transit from one ("very poor") to five ("excellent"). This reflects efforts by BC Transit to improve service delivery as well as engage more extensively with partners in identifying and developing solutions to local transit needs. This target is expected to remain high in 2013/14 as BC Transit continues to implement specific recommendations identified in the Report from the Independent Review Panel and stabilize in 2014/15 onward.

## Performance Management System

The following outlines the sources of information used for the various measures reported in the Performance Measurement Framework.

| Measure   | Source  |
|---|---|
| <b>Goal 1: Develop financial sustainability</b>                                       |   |
| Conventional and custom passenger trips per service hour                              | Internal tracking data  |
| Conventional and custom operating cost recovery                                       | BC Transit financial system and audited financial statements  |
| Conventional and custom operating cost per passenger trip                             | BC Transit financial system and audited financial statements  |
| <b>Goal 2: Support and shape livable communities</b>                                  |   |
| Major urban centers with Transit Future Plans completed                               | Internal tracking data  |
| % of communities with a service optimization review completed within the last 5 years | Internal tracking data  |
| <b>Goal 3: Change the perception of transit</b>                                       |   |
| Customer satisfaction   | Annual customer tracking survey, conducted by a third party research firm   |
| Online communication strategy impact  | Annual customer tracking survey, conducted by a third party research firm   |
| Brand recognition   | Annual customer tracking survey, conducted by a third party research firm   |
| <b>Goal 4: Deliver operational excellence</b>   |   |
| Conventional and custom service hours per capita                                      | Service hours tracked internally; capita data population is based on the defined service area and uses Census Canada information updated by the latest BC Statistics data |
| Number of passenger injury claims per million passenger trips                         | Passenger injury claims as reported by ICBC and internal tracking data  |
| Workplace injuries per 100 employees  | Internal tracking data  |
| % of planned service delivered in conventional transit systems                        | Internal tracking data and reports from operating partners  |
| <b>Goal 5: Strengthen our accountability, people and partnerships</b>                 |   |
| Carbon intensity per service hour   | SMARTTool data and internal tracking data   |
| Employee engagement   | BC Stats (BC Transit employee survey)   |
| Partnership satisfaction  | CivicInfoBC Transit Survey  |

The integrity and reliability of BC Transit's performance monitoring data are assured through a number of processes.

- Financial operating and capital actual expenditures are reviewed monthly, quarterly and annually by internal finance and source department staff. The financial statements are audited annually by the Auditor General of British Columbia.
- Revenue, service hour and passenger trip statistics are reviewed monthly, quarterly and

annually by internal staff, with passenger trip statistics reconciled against passenger revenue data to validate accuracy. Revenue results are also reviewed as part of BC Transit's annual financial statement audit by the Auditor General of British Columbia.

- Broken trips, scheduled trips, workplace injuries and base data used to calculate carbon intensity are supplied monthly by contracted and internal operations staff and reviewed monthly, quarterly and annually by BC Transit staff. BC Transit self



certifies its greenhouse gas emissions following the Public Service Organization Self-Certification Emissions Checklist and this is subject to periodic audit by the Province.

- Capita data is based on the population within the defined service area (400 m of fixed service routes for conventional service and 1.5 km of fixed service routes for custom service) and uses Census Canada information updated by the latest BC Statistics data.
- Transit Future Plan, service optimization reviews, service standards and performance guideline statistics are collected and maintained by internal staff with trends compared by community and annually to review anomalies and ensure accuracy.
- All remaining statistics collected by third parties—such as those from ICBC, Stats Canada, BC Stats, CivicInfoBC and third party research firms—are reviewed annually by BC Transit staff to analyze trends and investigate apparent anomalies.



## Benchmarking

BC Transit benchmarks its performance against transit statistics collected and published by the Canadian Urban Transit Association (CUTA). The selected performance ratios gauge and compare overall service effectiveness and efficiency and are the statistics most universally used by the North American transit industry to track achievement of strategic goals.

To ensure that transit system comparisons are most relevant and accurate, BC Transit divides its systems for benchmarking based on population size and service type. The divisions and statistics used for each are as follows.

**Conventional Transit Service** – Victoria Regional Transit System conventional service performance is compared with CUTA urban transit systems of a similar size. In the case of Regional Transit Systems outside Greater Victoria, service in the six largest systems (Central Fraser Valley, Prince George, Kamloops, Kelowna, Nanaimo and Whistler) is averaged and compared with systems of a similar size in CUTA. Measures used include:

- Passengers per capita
- Passengers per hour
- Operating cost per hour
- Operating cost per passenger

**Custom Transit Service** – Victoria Regional Transit System custom service performance is compared with CUTA specialized transit systems of a similar size. In the case of Regional Transit Systems, custom transit performance in the eight largest systems is averaged to compare with similarly-sized CUTA specialized transit systems. Measures used include:

- Operating cost per van hour
- Van passengers per hour

In the case of custom transit statistics, “van” is used to denote those hours of service and passengers carried by custom transit vehicles only. For reasons of comparative consistency it therefore excludes the passengers that BC Transit carries through other means, such as through partnerships with taxi companies and regional transportation services.

# Government's Letter of Expectations

The *Government's Letter of Expectations* is a fundamental component of BC Transit's governance framework as it outlines the government's priorities for BC Transit and the public benefits that flow out of implementing these priorities. The following table summarizes the actions taken on these priorities and the status of these initiatives.

The complete BC Transit *Government's Letter of Expectations* can be found on the BC Transit website<sup>3</sup>.

| Specific Direction to the Corporation  | Planned BC Transit Action   |
|--|---|
| Align actions and activities that assist the Ministry of Transportation and Infrastructure (Ministry) to achieve the goals and objectives of the <i>Provincial Transit Plan</i> and in collaboration with local government partners, subject to Ministry fiscal funding allocations and local government affordability   | <ul style="list-style-type: none"> <li>• BC Transit's strategic plan, <i>Shaping our Future</i>, was developed following the release of the <i>Provincial Transit Plan</i> with the intent of setting out a long-term framework for achieving the goals of the transit plan; the strategy guides the creation of the business plan and service plan</li> <li>• Performance measures in the 2014/15 – 2016/17 <i>Service Plan</i> reflect BC Transit's ability to support the <i>Provincial Transit Plan</i> objectives within the context of fiscal restraint</li> </ul>  |
| Develop and share with the Ministry a three-year annual operating budget and a ten-year capital budget by August 2014 and finalize these budgets by November 30, 2014; work with the Ministry to ensure that financial targets are achieved, and meet reporting requirements as identified in the Ministry's budget letter to BC Transit and the Ministry-BC Transit contribution agreements, and accurately report quarterly forecasts and have balanced budgets in each year | <ul style="list-style-type: none"> <li>• BC Transit's annual budget cycle allows for the development and submission of three year operating budgets and ten year capital budgets within the required timeframes</li> <li>• Provide quarterly financial forecasts to the Ministry as instructed in both the Ministry's budget letter and capital contribution agreements with BC Transit, and advise of any anticipated surpluses or deficits immediately</li> <li>• Hold quarterly meetings with the Ministry, and brief Treasury Board staff when applicable. These processes ensure BC Transit's direction is aligned with evolving provincial fiscal priorities</li> </ul>   |
| Enhance performance measures and targets that align with, and aid in the achievement of, the goals and strategies documented in the Corporation's 2014/15 <i>Service Plan</i>  | <ul style="list-style-type: none"> <li>• BC Transit revised a number of the performance measures in its 2014/15 – 2016/17 <i>Service Plan</i> to better align performance measures and targets with the goals of the Ministry</li> </ul>  |
| Work with the Ministry to develop performance expectations with regard to the above noted goals, objectives, strategies policies and implement strategic policy priorities of government including direction related to the 2012 BC Transit Independent Review   | <ul style="list-style-type: none"> <li>• BC Transit welcomed the findings from the Independent Review Panel and is committed to continuing to work with its partners</li> <li>• BC Transit will participate in a working group with UBCM, the Ministry, and local government partners to address the recommendations in the report</li> <li>• BC Transit will hold quarterly briefings with Ministry staff to review progress against the recommendations from the report. Provide regular updates to BC Transit Board of Directors</li> <li>• When not limited by legislative restrictions, act immediately to implement recommendations where BC Transit has been identified as the "lead". In many cases, such as the development of a strategic communications plan and performance reporting templates, recommendations have already been addressed</li> </ul> |

<sup>3</sup> [http://www.bctransit.com/corporate/general\\_info/annual\\_reports.cfm](http://www.bctransit.com/corporate/general_info/annual_reports.cfm)

### Specific Direction to the Corporation

Contribute to the BC Provincial Government's climate action objectives and comply with the requirement to be carbon neutral in accordance with the *Greenhouse Gas Reduction Targets Act*

### Planned BC Transit Action

- Evaluate and monitor environmental impact of the natural gas bus fleet in the Regional District of Nanaimo
- Continue to advance low emission and low carbon fuel buses and opportunities for low emission and right sized vehicles, particularly for community shuttle bus service
- Evaluate the deployment of BC Transit's first all battery electric car for use as a pool car in corporate operations. Explore additional all battery non-revenue vehicle deployments
- Implement a revised stewardship plan for printed paper, reporting our printed paper tonnage to MMBC and have them administer our printed paper recycling obligations



# Summary Financial Outlook

## Assumptions, Risk Factors and Sensitivities

Significant risks and inflationary factors associated with the projection for the Service Plan period include:

- This Service Plan is based on a multi-year projection of operating and capital funding. However, both the local and provincial funding partners confirm budgets annually. Consequently, funding levels are committed only one year at a time. Subsequent years' funding will be impacted by prevailing economic conditions.
- Ongoing economic uncertainty can impact transit programs. Ridership may decline as overall travel usually decreases in a slower economy. By virtue of the legislated funding formula, local governments partly fund transit system expenditures with passenger revenues. Accordingly, local governments absorb the risk of revenue shortfalls that may occur. BC Transit will be working closely with its local partners to monitor transit system performance. Prudent financial management practices will be used to control costs and ensure performance is maintained in the top quarter of transit properties.
- Over the next five years, 37 per cent of the fleet is due for replacement and additional buses and new exchanges and facilities are required to allow for anticipated service expansion. The funding requirements for capital infrastructure investment will continue to put pressure on provincial and local governments.
- Over the next three years, 23 operating contracts will expire. To provide more certainty to both local partners and operating companies, new contracts will be structured over longer periods, with fixed cost provisions. Enhanced key performance indicators will also be used to ensure operating company success against specific targets.
- BC Transit administers three collective agreements. Unionized employees are represented by Unifor, Canadian Office & Professionals Employee's (COPE), and the Canadian Union of Public Employees (CUPE). Furthermore, BC Transit relies on third parties – such as transit management companies – most with unionized workforces. If those workers engage in strike or other work stoppages, operations of BC Transit systems could be disrupted.
- The ability to attract and retain professional staff is an ongoing concern. A government mandated wage freeze for exempt staff has made it more challenging for BC Transit to remain competitive in an increasingly tight labour market.
- Additional employees will be required by contract operators delivering transit service in the remainder of the province to meet expected retirements and expansion. This issue is especially apparent in northern communities where attracting skilled maintenance personnel is increasingly challenging. Loss of, or failure to attract and retain, key personnel may adversely affect the ability to deliver transit service.



- Diesel fuel price volatility remains a significant financial risk. BC Transit mitigates this risk by utilizing a fuel risk management program. This program includes entering into targeted fixed price supply agreements and identifying other initiatives that result in cost savings to market, such as large volume bulk purchases. Additionally, BC Transit has introduced a trial fleet of CNG heavy duty buses as part of its vehicle replacement program. Natural gas costs less than diesel and historically experiences less price volatility.
- Fleet maintenance costs continue to increase. These costs include repairs, major component

overhauls and mid-life tune-ups that are largely attributable to the age of the fleet, increasing costs of parts and the technological complexity of newer vehicles. As most parts originate from American or European suppliers, foreign exchange rates also contribute to maintenance cost fluctuations. To mitigate maintenance cost volatility, BC Transit utilizes a scheduled preventative maintenance program that minimizes major unplanned or reactive repairs. Major capital maintenance expenditures are capitalized and amortized over their estimated useful lives to reduce the financial impact on funding partners.

Table 1 presents the financial risk to BC Transit from a one per cent change in the cost of selected factors. For example, a one per cent increase in fuel prices above budgeted levels will increase BC Transit costs by \$326,000 per year.

BC Transit's financial forecast for the Service Plan period is summarized in Table 2.

Table 1

### BC Transit 2014/15 Risk Factors and Sensitivities Corporate Summary

| Risk Factor<br>(1% change)                              | Financial<br>Risk | Provincial<br>Share* | Local Share |
|---|-------------------|----------------------|-------------|
| Ridership   | \$698,000         | –                    | \$698,000   |
| <b>Labour</b>   |                   |                      |             |
| Collective agreements                                   | \$571,000         | \$181,000            | \$390,000   |
| Non-unionized staff                                     | \$105,000         | \$33,000             | \$72,000    |
| Currency exchange                                       | \$500,000         | \$205,000            | \$295,000   |
| Interest rates (new issues)                             | \$361,000         | –                    | \$361,000   |
| Fuel  | \$326,000         | \$134,000            | \$192,000   |
| Maintenance parts pricing                               | \$184,000         | \$75,000             | \$109,000   |
| Regional Transit System<br>Contract Costs (on renewals) | \$138,000         | \$69,000             | \$69,000    |
| Property Maintenance & Lease                            | \$98,000          | \$40,000             | \$58,000    |
| Insurance   | \$45,000          | \$18,000             | \$27,000    |

\* Provincial Share of total risk varies by type and location of service.

Table 2

**BC Transit 2014/15 – 2016/17 Forecast<sup>4</sup>**

(figures in thousands)

|  | 2012/13<br>Plan | 2013/14<br>Forecast | 2014/15<br>Plan | 2015/16<br>Plan | 2016/17<br>Plan |
|--|-----------------|---------------------|-----------------|-----------------|-----------------|
| <b>Income Statement</b>  |                 |                     |                 |                 |                 |
| <b>Revenue</b>   |                 |                     |                 |                 |                 |
| Operating Contributions from the Province                        | 89,013          | 96,385              | 103,492         | 109,241         | 111,535         |
| Amortization of Deferred Capital Contribution (DCC) <sup>5</sup> | 40,149          | 42,104              | 42,833          | 40,202          | 42,223          |
| Amortization of Contributed Surplus and Other Capital Grants     | 3,425           | 3,359               | 4,360           | 4,987           | 4,840           |
| Local taxation   | 76,312          | 86,254              | 95,828          | 104,649         | 110,987         |
| Passenger & advertising revenue                                  | 67,944          | 69,620              | 71,018          | 72,170          | 72,760          |
| Investment & other earnings                                      | 4,152           | 3,876               | 3,810           | 3,809           | 3,672           |
| <b>Total Revenues</b>  | <b>280,995</b>  | <b>301,598</b>      | <b>321,341</b>  | <b>335,058</b>  | <b>346,017</b>  |
| <b>Expenditures</b>  |                 |                     |                 |                 |                 |
| <b>Operating costs</b>   |                 |                     |                 |                 |                 |
| Operations   | 144,661         | 154,717             | 164,381         | 172,474         | 175,654         |
| Maintenance  | 41,259          | 45,070              | 48,834          | 50,995          | 52,598          |
| Administration   | 21,735          | 23,078              | 23,856          | 25,757          | 26,786          |
| <b>Total Operating Costs</b>                                     | <b>207,655</b>  | <b>222,865</b>      | <b>237,071</b>  | <b>249,226</b>  | <b>255,038</b>  |
| Capital asset amortization expense <sup>6</sup>                  | 62,295          | 67,016              | 70,875          | 71,164          | 75,183          |
| Debt service costs   | 11,045          | 11,717              | 13,395          | 14,668          | 15,796          |
| <b>Total Expenditures</b>  | <b>280,995</b>  | <b>301,598</b>      | <b>321,341</b>  | <b>335,058</b>  | <b>346,017</b>  |
| <b>Net Income (Loss)</b>   | <b>-</b>        | <b>-</b>            | <b>-</b>        | <b>-</b>        | <b>-</b>        |
| <b>CAPITAL EXPENDITURES</b>                                      |                 |                     |                 |                 |                 |
|  | <b>47,008</b>   | <b>74,093</b>       | <b>136,283</b>  | <b>136,919</b>  | <b>93,539</b>   |
| <b>LONG TERM DEBT</b>  |                 |                     |                 |                 |                 |
| Debt   | 240,706         | 240,301             | 257,082         | 277,787         | 308,612         |
| Sinking Funds  | 85,429          | 93,771              | 99,021          | 99,045          | 117,683         |
| <b>Net Debt</b>  | <b>155,277</b>  | <b>146,530</b>      | <b>158,061</b>  | <b>178,742</b>  | <b>190,929</b>  |
| <b>NET ASSETS</b>  |                 |                     |                 |                 |                 |
| Total liabilities  | 1,107,356       | 1,106,108           | 1,178,631       | 1,247,450       | 1,289,389       |
| Accumulated surplus / Retained earnings                          | 60,268          | 56,076              | 55,646          | 55,216          | 54,786          |

<sup>4</sup> BC Transit receives capital funding for the construction or acquisition of assets and their use in program/service delivery. Capital contributions are deferred and recognized in revenue over the useful life of the asset, as program/services are delivered, as directed by the Province.

<sup>5</sup> For purposes of this Service Plan, amortization of Contributed Surplus is disclosed as Revenue (\$429 in 2012/13), whereas BC Transit's Financial Statements are prepared using Public Sector Accounting Standards (PSAS), recording amortization of Contributed Surplus as a recovery from Accumulated Surplus.

<sup>6</sup> Retrospective amortization relating to the PSAS adoption in 2011/12 is not included for Service Plan purposes (\$213 in 2012/13), whereas BC Transit's Financial Statements are prepared using PSAS and include the retrospective amortization.

# Capital Plan and Major Capital Projects

To achieve the objectives of the *Provincial Transit Plan* and Provincial Government expectations, infrastructure investment is required. Over the next five years, 37 per cent of the fleet will be at the end of useful life and require replacement. Furthermore, additional buses, exchanges, park and rides, and maintenance facilities are necessary to facilitate service expansion. Technical infrastructure investment in fleet management, financial systems,

information, security systems and transit priority are also required to meet provincial and local government service objectives.

BC Transit's capital plan is summarized in Table 3 below. Two projects with budgets in excess of \$50 million have been identified within the service plan period. These projects are described in Table 4.

Table 3

## BC Transit Capital Plan

| (figures in thousands)                          | 2014/15        | 2015/16        | 2016/17       | TOTAL          |
|---|----------------|----------------|---------------|----------------|
| Province-Capital Grants                         | 60,485         | 41,526         | 24,707        | 126,718        |
| Municipal (FAL)                                 | 36,055         | 46,300         | 37,203        | 119,558        |
| Other   | 15,827         | 882            | 153           | 16,862         |
| <b>Subtotal BC Transit Managed Capital Plan</b> | <b>112,367</b> | <b>88,708</b>  | <b>62,063</b> | <b>263,138</b> |
| Vancouver Assets                                | 23,916         | 48,211         | 31,476        | 103,603        |
| <b>Total Capital Plan</b>                       | <b>136,283</b> | <b>136,919</b> | <b>93,539</b> | <b>366,741</b> |



Table 4

**Capital Projects over \$50 Million**

| Project   | Project Objectives  | Risks  | Budget | Costs Incurred to Date |
|---|---|--|--------|------------------------|
| <b>Kelowna Transit Facility</b>                     | Construction of a new operations and maintenance facility in the Kelowna region. The existing facility has reached capacity and requires replacement. A new, expanded facility will allow for more efficient operations and accommodate the anticipated growth of the transit system over time. | The primary risk for this project is local government partner funding affordability. The ability to identify and acquire appropriate land in a suitable location will also be a challenge. | \$60M  | \$100,000              |
| <b>Victoria Third Conventional Transit Facility</b> | Construction of a third operations and maintenance facility for the conventional transit system in the Victoria region. Existing conventional facilities have reached capacity and service expansion is constrained until such time as a new facility can be constructed.                       | The primary risk for this project is local government partner funding affordability. The ability to identify and acquire appropriate land in a suitable location will also be a challenge. | \$60M  | None                   |





## Contact information

For further information about BC Transit contact our head office:

BC Transit

520 Gorge Road East

PO Box 610

Victoria, British Columbia V8W 2P3

Telephone: (250) 385-2551

Fax: (250) 995-5639

Web: [www.bctransit.com](http://www.bctransit.com)

BC Transit's Corporate Service Plans, Annual Reports and Financial Reports are available on the BC Transit website at [www.bctransit.com](http://www.bctransit.com).

