

SUBJECT: 2021/22 DRAFT BUDGET

PURPOSE

The 2021/22 Draft Budget is submitted to the Victoria Regional Transit Commission (the "Commission") for **INFORMATION**.

BACKGROUND

BC Transit is required to submit operating and capital projections to the Province which form the basis for the provincial budget request and for the development of BC Transit's Service Plan. As part of this annual process, BC Transit works with all local government partners to provide preliminary annual costs and funding requirements and confirm service levels for the following year.

DISCUSSION

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

Revenue

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

Operating Expenses

- Operations and maintenance costs reflects part-year implementation of 20,000 service hours for 2021/22 service expansion that was deferred from 2020/21.
- Labour and benefit increases for union and non-unionized staff in alignment with provincial mandate.
- Average fuel price of \$1.00 per litre.
- Lower operating costs (\$0.5M) associated with reduced travel, conferences, and training.
- Additional \$1.9M operating expenses for Covid-19 related costs.
- Additional \$5.0M operating expenses for the Rapid Transit Project (\$3.8M) and Island Highway Priority Study (\$1.2M).

Lease fees

- Commission share of use of asset fees associated with planned replacement of vehicles and major capital repairs.
- Ongoing facility maintenance.
- 8 additional high capacity vehicles to support 2021/22 service expansion.

The 2021/22 Draft Budget is summarized in the following table:

| <i>(figures in thousands)</i> | Original Budget 2020/21 | Revised Budget 2020/21 | Q2 Forecast 2020/21 | DRAFT Base Budget 2021/22 | DRAFT Expansion Budget 2021/22 | DRAFT Total Budget 2021/22 |
|-------------------------------|--|---------------------------------------|------------------------------------|--|---|---|
| Revenues | | | | | | |
| Passenger & Adv Revenue | \$44,647 | \$24,738 | \$22,970 | \$26,620 | \$328 | \$26,948 |
| Safe Restart Funding | 0 | 21,323 | 21,323 | 21,323 | 0 | 21,323 |
| Provincial Oper Contribution | 43,495 | 43,164 | 41,241 | 46,429 | 465 | 46,894 |
| Fuel Tax Revenue | 19,360 | 18,360 | 16,990 | 18,360 | 0 | 18,360 |
| Local Contribution | 39,619 | 29,923 | 29,703 | 43,724 | 1,014 | 44,739 |
| Total | \$147,121 | \$137,508 | \$132,227 | \$156,456 | \$1,808 | \$158,264 |
| Expenses | | | | | | |
| Operating Costs | \$125,644 | \$124,599 | \$119,957 | \$134,046 | \$1,467 | \$135,513 |
| Lease Fees (local share) | 21,477 | 12,909 | 12,270 | 22,411 | 341 | 22,751 |
| Total | \$147,121 | \$137,508 | \$132,227 | \$156,456 | \$1,808 | \$158,264 |
| Conventional | 873 | 864 | 810 | 864 | 13 | 877 |
| Custom | 127 | 127 | 117 | 127 | | 127 |
| Service Hours | 1,000 | 991 | 927 | 991 | 13 | 1,004 |
| Conventional | 28,338 | 13,580 | 11,325 | 14,940 | 210 | 15,150 |
| Custom | 383 | 149 | 149 | 205 | | 205 |
| Passengers | 28,721 | 13,729 | 11,474 | 15,145 | 210 | 15,355 |

The Commission's local contribution towards expenses for 2021/22 will be funded through the transit levy and/or a portion of the contributed surplus in the Transit Fund.

At the February 23, 2021 Commission meeting, the final 2021/22 Budget will be presented for approval.

RECOMMENDATION

It is recommended that the Victoria Regional Transit Commission receive the 2021/22 Draft Budget for **INFORMATION**.

Respectfully,

Megan Hill
Director, Budgeting & Forecasting