

CHAIR & MEMBERS
VICTORIA REGIONAL TRANSIT COMMISSION
June 17, 2014

#9

SUBJECT: Victoria Regional Transit Commission Transit Fund Balance Policy

1.0 PURPOSE

The purpose of this report is to provide the Victoria Regional Transit Commission (VRTC) with a Transit Fund Balance Policy for **APPROVAL**.

2.0 BACKGROUND

On February 18, 2014 a Transit Fund Balance Strategy was presented and the Commission asked BC Transit Staff to prepare a Transit Fund Balance Policy for APPROVAL.

3.0 DISCUSSION

Over the past ten years, the transit fund balance has ranged from a low of \$0.9 million in 2007/08 to a high of \$10.4 million at year end of 2013/14. The fund has grown substantially over the past three years due to lower than anticipated expenses (lease fees, administration, maintenance, operations and fuel).

The Transit Fund is intended to provide an internal source of funds to address situations such as a sudden increase in expenses, one-time unbudgeted expenses, or unanticipated loss in funding. The Reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as investment in infrastructure. The Transit Fund is not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.

4.0 RECOMMENDATION

It is recommended that the Commission **APPROVE** the attached Victoria Regional Transit Commission Transit Fund Balance Policy.

Respectfully,



Manuel Achadinha
President and Chief Executive Officer

Attachment: VRTC Transit Fund Balance Policy

**VICTORIA REGIONAL TRANSIT COMMISSION
TRANSIT FUND BALANCE POLICY**

OBJECTIVE

To define the financial management of the Victoria Regional Transit Commission's Transit Fund.

PURPOSE

The primary purpose for maintaining a Transit Fund balance is to mitigate risks that can affect the obligations of the Commission. The Transit Fund is intended to provide an internal source of funds to:

- a) Mitigate unbudgeted expenses or unanticipated loss in funding (i.e. revenue); and
- b) Fund nonrecurring expense to build capacity such as an investment in infrastructure;

POLICY

The minimum Transit Fund balance will be established as an amount sufficient to represent 2.5 per cent of the Commission's annual operating expense obligations. If the Transit Fund balance drops below 2.5 per cent of the Commission's annual operating expense obligations, sufficient funds will be deposited to restore the balance within the following year.

Approved this 17th day of June, 2014

Councillor Susan Brice, Chair