



COUNCIL REPORT

To: Mayor and Council

Date: July 22, 2025

From: Ron Bowles, Chief Administrative Officer

Subject: **2025-2026 Transit Annual Operating Agreement**

Prepared by: Lisa Siavashi, Acting Chief Financial Officer

RECOMMENDATION:

THAT Council approves the City entering into an Annual Operating Agreement (AOA) with British Columbia Transit for the 2025-2026 period;

AND THAT the Mayor and Corporate Officer be authorized to execute the 2025-2026 Annual Operating Agreement (AOA) between British Columbia Transit and the City of West Kelowna.

STRATEGIC AREA(S) OF FOCUS

Invest in Infrastructure – We will invest in building, improving and maintaining infrastructure to meet the needs of, and to provide a high quality of life for, current and future generations.

Pursue Economic Growth and Prosperity – We will work with stakeholders throughout the region to advocate for and support efforts aimed at helping West Kelowna businesses prosper. With a focus on the future, we will advance opportunities to expand our economy, increase employment, and develop the community in ways that contribute towards prosperity for all.

Strengthen Our Community – We will provide opportunities for the residents of West Kelowna to build connections, celebrate successes, embrace the community's strengths and diversity, address shared needs, and contribute to shaping the community's future.

Foster Safety and Well-Being – We will pursue through direct action, advocacy, and collaboration with local and regional service providers, investments in community health, needs-based housing, emergency preparedness, policing, and other services that foster safety and well-being in West Kelowna.

BACKGROUND

Each year BC Transit provides an Annual Operating Agreement (AOA) that details the provisions of the Public Passenger Transportation System. This agreement involves the City of West Kelowna (the Municipality) and the British Columbia Transit Authority (the Authority). It encompasses both conventional and community (paratransit) transit systems. Upon approval and execution, the AOA is integrated into the 2025 Transit Service Agreement (TSA), which serves as the primary overarching agreement for delivering public transportation to the City of West Kelowna.

DISCUSSION

In the annual AOA, BC Transit confirms the budgeted service levels, revenue projections and cost structure for the City's transit system. Due to the different fiscal year period used between BC Transit and the City of West Kelowna, the agreements straddle two financial planning years, which create challenges when matching budgets. The City's budget for transit is typically completed before receiving the AOA documents and is therefore based on estimates and previous year's actuals. The City's Financial Plan is normally not amended as variances naturally occur due to timing differences between the transit budget (April to March) and the City Financial Plan (January to December).

In September 2024 Council received a Transit Service Review presentation and approved the service improvements shown in Table 1. Due to the different fiscal periods, a prorated amount of \$296,470 to cover these services was added to the 2025 budget.

Table 1: Service Improvements Proposed for Year 1

Year 1 (2025-2026)			
Route	Service Description	Estimated Resources	Estimated Annual Net City Share*
97 Rapid Bus	Improve service frequency, weekend service, and on-time performance	3600 hours, 3 buses	\$312,760
28 Shannon Lake & 29 Bear Creek	Introduce evening service (currently limited to 5:42 pm and 7:14 pm)	550 hours	\$47,783
21 Glenrosa	Extend evening span	300 hours	\$26,063
29 Bear Creek	Minor route changes (potential access to 100 more residents)	100 hours	\$8,688
Year 1 Totals		4550 hours, 3 buses	\$395,294

FINANCIAL IMPLICATIONS

The 2025-2026 AOA expenditure budget of \$2,786,945 represents an increase of \$157,454 or 6%, however this amount also includes a prorated amount of \$73,409 for the expansion of hours of service for route 97 starting in January 2026. The other budgeted increases are mostly due to increases in vehicle lease rates.

Comparatively, the City's budget for transit in 2025 is \$2,919,006 before an offset of \$770,385 for fare revenue, which is received outside the AOA agreement. This budget

included the prorated amount of \$296,470 for all the service improvements requested as shown in Table 1 above. As the service request will not occur in 2025, a surplus will be expected for this line item. Actual results will be tracked and monitored for any other variances throughout 2025. Budgeted amounts for 2026 will be reviewed in the fall after Council deliberates their service requests for 2026.

Transit Budget Schedule from 2025-26 AOA:

The schedule below from BC Transit includes a prorated budgeted costs for the route 97 expansion starting in January 2026.

KELOWNA COMMUNITY BUS	OFFICIAL AOA 2025/26		CITY OF KELOWNA	CITY OF WEST KELOWNA	WESTBANK FIRST NATION	DISTRICT OF PEACHLAND	DISTRICT OF LAKE COUNTRY	RDCO / ELLISON
TOTAL REVENUE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OPERATING COSTS	\$ 4,413,447	\$ -	\$ 2,172,365	\$ 1,203,793	\$ 607,446	\$ 169,927	\$ 259,916	\$ -
TOTAL COSTS (including Local Government Share of Lease Fees)	\$ 4,702,681	\$ -	\$ 2,309,706	\$ 1,285,382	\$ 648,617	\$ 181,444	\$ 277,532	\$ -
NET LOCAL GOVERNMENT SHARE OF COSTS	\$ 2,614,241	\$ -	\$ 1,281,668	\$ 715,789	\$ 361,194	\$ 101,041	\$ 154,549	\$ -

KELOWNA/CENTRAL OKANAGAN CONVENTIONAL	OFFICIAL AOA 2025/26		CITY OF KELOWNA	CITY OF WEST KELOWNA	WESTBANK FIRST NATION	DISTRICT OF PEACHLAND	DISTRICT OF LAKE COUNTRY	RDCO / ELLISON
TOTAL REVENUE	\$ 8,906,698	\$ -	\$ 8,906,698	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OPERATING COSTS	\$ 31,151,754	\$ -	\$ 25,525,029	\$ 3,387,004	\$ 611,156	\$ -	\$ 1,573,729	\$54,836
TOTAL COSTS (including Local Government Share of Lease Fees)	\$ 34,130,323	\$ -	\$ 27,970,082	\$ 3,705,196	\$ 669,021	\$ -	\$ 1,725,887	\$60,138
NET LOCAL GOVERNMENT SHARE OF COSTS	\$ 9,197,781	\$ -	\$ 5,748,384	\$ 2,071,155	\$ 376,476	\$ -	\$ 967,890	\$33,876
REVENUE SHARE			100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COST SHARE			82.01%	10.60%	1.98%	0.00%	5.22%	0.18%
MAJOR OPERATING PROJECT			100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BRT SHARE			67.15%	26.34%	6.51%	0.00%	0.00%	0.00%

CWK 2025 Budget Schedule:

The amounts below in the CWK Budget schedule include the prorated amount of \$296,470 from the service improvement proposal sent to BC Transit in the fall of 2024.

City of West Kelowna				
Transit Services Operating Agreement Reconciliation				
	2025-2026	2024-2025	YOY Variance	2025 CWK Budget
Direct Operating	3,826,054	3,629,293	196,761	2,351,507
Fixed Operating Costs	764,743	740,887	23,856	607,499
Less Transit Reserve Fund & Admin Recoveries	-52,649	-40,165	-12,484	-40,000
Total Operating Costs	4,538,149	4,330,015	208,134	2,919,006
Provincial Share	-2,143,443	-2,040,432	-103,011	-
Lease Fees	392,239	339,908	52,331	-
Net Operating Costs	2,786,945	2,629,491	157,454	2,919,006
Fare Revenue Estimated	-962,586	-864,154	-98,433	-770,385
CWK Share Net of Expense	1,824,358	1,765,337	59,021	2,148,621

Alternate Recommendation:

THAT Council approves the City entering into an Annual Operating Agreement (AOA) with British Columbia Transit for the 2025-2026 period as amended;

THAT the Mayor and Corporate Officer be authorized to execute the 2025-2026 Amended Annual Operating Agreement (AOA) with additional amendments between British Columbia Transit and the City of West Kelowna.

PowerPoint: Yes ☒ No ☐

Attachments:

BC Transit and City of West Kelowna Annual Operating Agreement April 1, 2025