



Staff Report

Request for Decision

TO: Committee of the Whole – June 26, 2025

AUTHOR: Shelley Gagnon, GM Community Services

SUBJECT: **Final 2025-2026 Sunshine Coast Transit Services Annual Operating Agreement (AOA)**

OVERVIEW

Purpose of Report:

The purpose of this report is to provide the Board with the highlights of the final 2025-2026 Annual Operating Agreement (AOA) between the Sunshine Coast Regional District (SCRD) and BC Transit. The report requests Board decision to accept, reject or provide alternate direction with respect to the recommendations as presented below.

Recommendation(s):

- (1) THAT the report titled 2025-2026 Annual Operating Agreement (AOA) for the Sunshine Coast Transit Service be approved;**
 - (2) AND THAT the delegated authorities be authorized to execute the agreement.**
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BACKGROUND

Every year, BC Transit and the SCRD enter into an Annual Operating Agreement (AOA) to establish transit service hours, costs and funding for the BC Transit fiscal year, from April 1 to March 31.

BC Transit supplies a three-year budget projection every fall for use in SCRD budget planning. Staff bring forward budget proposals accordingly. The financial implications of the anticipated 2025/26 AOA budget and 2025/26 Expansion Priorities were included in the 2025-2029 Financial Plan.

016/25 (in part) **Recommendation No. 35** Budget Proposal 1 - 2025/26 Annual Operating Agreement – Base Budget Lift, \$189,170 funded \$115,785 through Taxation and \$73,385 from BC Transit Recovery / Fare Revenue increasing to \$198,628 in 2026 and \$208,560 in 2027.

320/24 (in part) **Recommendation No. 53** Budget Proposal 3 - Transit Expansion Priorities 2025+, \$171,000 funded by User Fees \$8,200, Taxation \$39,500 and BC Transit Share \$123,300 (\$1,100,000 funding required for 2026).

Ridership continues to increase, and by the end of 2024, surpassed pre-COVID numbers. Highlights of 2024 service improvements included: the implementation of UMO (electronic fare collection system), implementation of approved Custom Transit (handyDART) expansion

hours including service on the weekend, and implementation of S-Pass (Fare Free Transit for Youth).

DISCUSSION AND ANALYSIS OF OPTIONS

In alignment with BC Transit fiscal year, the final AOA is presented to the SCRD in the spring of each year and confirms service levels to be delivered, and the associated costs and budget involved. If expansion funding was approved, it would be incorporated into the AOA as well.

The SCRD budget process is typically concluded prior to receipt of the final AOA budget from BC Transit (received after provincial budget is announced in March). It is therefore not always possible to incorporate any changes into the annual SCRD Financial Plan. This can result in funding surpluses or shortfalls, however, historically such changes have not had a material financial impact.

The SCRD has been notified that the 2025/26 transit expansion priorities for the Sunshine Coast Transit Service have been approved and have been incorporated into the final 2025/26 AOA budget.

Staff recommend the 2025-2026 final AOA be approved and executed.

There are no other options presented as the AOA with BC Transit is required for the continued operations of Transit Services on the Sunshine Coast.

FINANCIAL IMPLICATIONS

The financial implications of the anticipated 2025/26 AOA and 2025/26 Expansion Priorities were included in the 2025-2029 Financial Plan.

The tables below summarize the changes between the draft AOA and the final 2025-2026 AOA for Custom and Conventional Services.

Custom Service	2025-2026 Draft AOA Budget	2025-2026 Final AOA Budget	Net Change	% Change
Total Revenue	\$ 11,025	\$ 12,133	\$ 1,108	10.05%
Total Operating Costs	\$ 579,014	\$ 641,748	\$ 62,734	10.83%
Total Costs	\$ 619,853	\$ 688,046	\$ 68,193	11.00%
SCRD Net Share of Costs per AOA	\$ 216,177	\$ 241,425	\$ 25,248	11.68%

Conventional Service	2025-2026 Draft AOA Budget	2025-2026 Final AOA Budget	Net Change	% Change
Total Revenue	\$ 885,127	\$ 907,733	\$ 22,606	2.55%
Total Operating Costs	\$ 5,286,563	\$ 5,298,212	\$ 11,649	0.22%
Total Costs	\$ 5,768,010	\$ 5,791,483	\$ 23,473	0.41%
SCRD Net Share of Costs per AOA	\$ 2,377,495	\$ 2,372,925	\$ (4,570)	-0.19%

The figures above are based on the BC Transit fiscal year and are not reflective of the actual SCRD budget values which incorporate pro-rated portions of both AOA's as well as non-shareable costs. Further information on each line item is provided below.

Revenues:

AOA revenues include fares and advertising and are applied against the local share of operating costs. 2025/26 final AOA revenue show an increase of \$23,714. This difference is based on updated projections from BC Transit which are based on actual 2024 ridership data.

Operating Costs:

The total operating costs included in the 2025-2026 final AOA, have an increase in both custom transit and conventional transit (reflective of the expansion costs) for a combined increase of \$74,383.

Total Costs:

Total costs are reflective of operating costs plus the local share of lease fees for buses, equipment, land, and buildings. The combined 2025-2026 total costs for both services are estimated at \$6,479,529, an increase of \$91,666 as compared to the draft AOA budget.

SCRD Net Share of Costs:

The SCRD net share of costs is the portion of shareable costs. It is calculated as the SCRD share of total shareable operating costs, less fare and advertising revenue and any reserve fund adjustment, if applicable. The net share of costs in the 2025-2026 final AOA budget is estimated to be \$6,032,908, an increase of \$20,678 as compared to the draft AOA budget.

The SCRD net share of costs is funded from taxation, Transit [310].

2025 Taxation Impact:

Due to the difference in fiscal years between the SCRD budget and the BC Transit AOA budget, pro-rated values from both the draft 2025-2026 and final 2025-2026 AOA's are used to calculate the budget values for the SCRD financial plan.

Given that the change in the SCRD's net share of costs is immaterial, a financial plan amendment is not being recommended. Any related variances will be reported through the quarterly variance reports to the Board. Any changes impacting the 2026 portion of the budget will be reflected next year.

STRATEGIC PLAN IMPLICATIONS

N/A

TIMELINE

The AOA is to be signed and returned to BC Transit no later than June 30, 2025.

SUMMARY AND CONCLUSION

Each year, BC Transit and the SCRD enter an AOA that governs transit service costs and funding for the fiscal year from April 1 to March 31. In support of the AOA process, BC Transit provides a draft budget that becomes the basis for the AOA.

The Final 2025-26 AOA budget projects an increase of \$20,678 in the SCRD net share of costs. Staff recommend that the BC Transit 2025-2026 Annual Operating Agreement be approved, and the delegated authorities be authorized to execute the Agreement.

Reviewed by:			
Manager	X - A. Kidwai	Finance	X – B. Wing
GM		Legislative	
CAO	X - T. Perreault	Purchasing & Risk	X – V. Cropp