

ANNUAL OPERATING AGREEMENT

between

**Regional District of East Kootenay**

and

**British Columbia Transit**

Effective  
**April 1, 2023**

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## ANNUAL OPERATING AGREEMENT

April 1, 2023 – March 31, 2024

BETWEEN: **Regional District of East Kootenay**  
(the "Municipality")

AND: **British Columbia Transit**  
(the "Authority")

WHEREAS the Authority is authorized to contract for transit services for the purpose of providing and maintaining those services and facilities necessary for the establishment, maintenance and operation of a public passenger transportation system in the Transit Service Area;

WHEREAS the Municipality is authorized to enter into one or more agreements with the Authority for transit services in the Transit Service Area;

WHEREAS the parties hereto have entered into a Transit Service Agreement which sets out the general rights and responsibilities of the parties hereto;

WHEREAS the Municipality and the Authority are authorized to share in the costs for the provision of a Public Passenger Transportation System pursuant to the *British Columbia Transit Act*;

AND WHEREAS the parties hereto wish to enter into an Annual Operating Agreement which sets out, together with the Transit Service Agreement, the specific terms and conditions for the Public Passenger Transportation System for the upcoming term.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and of the covenants hereinafter contained, the parties covenant and agree with each other as follows:

### SECTION 1: DEFINITIONS

Unless agreed to otherwise in the Annual Operating Agreement, the definitions set out in the Transit Service Agreement shall apply to this Annual Operating Agreement including:

- a) "*Annual Operating Agreement*" shall mean this Annual Operating Agreement and any Annual Operating Agreement Amendments negotiated and entered into by the parties subsequent hereto;
- b) "*Transit Service Agreement*" shall mean the Transit Service Agreement between the parties to this Annual Operating Agreement, including any amendments made thereto;
- c) "*Incurred*" means an event or transaction has taken place for which an obligation to pay exists, even if an invoice has not been received, such that the underlying evidence indicates there is little or no discretion to avoid the obligation. The value of the obligation is to be calculated in accordance with recognized Canadian accounting standards.

### SECTION 2: INCORPORATION OF SCHEDULES

All schedules to this agreement are incorporated into the agreement, and form part of the agreement.

### SECTION 3: INCORPORATION OF TRANSIT SERVICE AGREEMENT

Upon execution, this Annual Operating Agreement shall be deemed integrated into the Transit Service Agreement and thereafter, the Transit Service Agreement and Annual Operating Agreement shall be read together as a single integrated document and shall be deemed to be the Annual Operating Agreement for the purposes of the *British Columbia Transit Act*, as amended from time to time.

#### SECTION 4: TERM AND RENEWAL

- a) The parties agree that the effective date of this agreement is to be April 1, 2023, whether or not the agreements have been fully executed by the necessary parties. Once this agreement and the associated Transit Service Agreement are duly executed, this agreement will replace all provisions in the existing Transit Service Agreement and Master Operating Agreement with respect to the rights and obligations as between the Authority and the Municipality.
- b) Upon commencement in accordance with Section 4(a) of this agreement, the term of this agreement shall be to March 31, 2024, except as otherwise provided herein. It is acknowledged by the parties that in the event of termination or non-renewal of the Annual Operating Agreement, the Transit Service Agreement shall likewise be so terminated or not renewed, as the case may be.
- c) Either party may terminate this agreement as follows:
  - i. Cancellation by the Authority: In the event that the Authority decides to terminate this Agreement for any reason whatsoever, the Authority shall provide at least one hundred and eighty (180) days prior written notice. Such notice to be provided in accordance with Section 12.
  - ii. Cancellation by the Municipality: In the event that the Municipality decides to terminate this Transit Service Agreement for any reason whatsoever, and by extension, the Annual Operating Agreement, the Municipality shall provide at least one hundred and eighty (180) days prior written notice. Such notice to be provided in accordance with Section 12.

#### SECTION 5: FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT

This Agreement and the parties hereto are subject to the provisions of the *Freedom of Information and Protection of Privacy Act* (FOIPPA). Any information developed in the performance of this Agreement, or any personal information obtained, collected, or stored pursuant to this Agreement, including database information, shall be deemed confidential and subject to the provisions of FOIPPA, including the handling, storage, access and security of such information. Confidential information shall not be disclosed to any third party except as expressly permitted by the Authority or pursuant to the requirements of FOIPPA.

#### SECTION 6: SETTLEMENT OF DISPUTES

In the event of any dispute arising between or among the parties as to their respective rights and obligations under this Agreement, or in the event of a breach of this Agreement, the parties agree to use their best efforts to find resolution through a mediated settlement. However, in the event that mediation is not successful in finding a resolution satisfactory to all parties involved, any party shall be entitled to give to the other notice of such dispute and to request arbitration thereof; and the parties may, with respect to the particular matter then in dispute, agree to submit the same to a single arbitrator in accordance with the applicable statutes of the Province of British Columbia.

#### SECTION 7: MISCELLANEOUS PROVISIONS

- a) Amendment: This agreement may only be amended in writing as signed by the Municipality and the Authority and specifying the effective date of the amendment.
- b) Assignment: This Agreement shall not be assignable without prior written consent of the parties.
- c) Enurement: This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors.
- d) The parties agree that this agreement is in substantial compliance with all relevant legislative requirements to establish the rights and obligations of the parties as set out in the *British Columbia Transit Act*.

- e) BC Transit acknowledges receipt of a copy of the Community Transit Partnership Agreement between the Municipality and the Kootenay East Regional Hospital District and the Interior Health Authority (the “Partner”) effective April 1, 2006. BC Transit hereby provides written consent for the Municipality to enter into the Community Transit Partnership Agreement provided, however, that:
- i. In the event the Partner provides one year’s notice of its intention to terminate the Community Transit Partnership Agreement, the Municipality will immediately notify the Authority in writing of such termination;
  - ii. In the event the Partner provides the Municipality with a payment in lieu of providing notice of termination pursuant to Section 4 of the Community Transit Partnership Agreement, the Municipality will immediately forward to BC Transit the full amount of such payment, without set-off whatsoever; and,
  - iii. In the event the Partner provides the Municipality with payment in accordance with the subsection above, and the Municipality fails or neglects to forward such payment to the Authority, the Authority shall have the right to include such amount in its monthly invoice to the Municipality for immediate payment by the Municipality.

## SECTION 8: LOCAL CONTRIBUTIONS AND RESERVES

British Columbia Transit service is provided using a cost-sharing model. Where any transit-related contributions are received and/or third-party revenues are earned that are in excess of expenses, the Authority is required to hold these excess funds in a reserve account for use against transit-related expenditures in future years. When unanticipated expenditures occur that were not included in the budget and cannot be covered by reserves, the Authority will seek to recover these based on the cost-sharing ratios between the Municipality and the Authority.

### Eligible Operating Expenses

The Authority will invoice the Municipality and collect on monthly invoices based on incurred eligible operating expenses to provide Transit Service. Eligible operating expenses are comprised of the following costs of providing Public Passenger Transportation Systems:

- a) For *Conventional Transit Service*:
  - i. the operating costs for providing Conventional Transit Service excluding interest and amortization;
  - ii. the amount of any operating lease costs of BC Transit for Conventional Transit Services;
  - iii. the amount of the municipal administration charge not exceeding 2% of the direct operating costs payable under an Annual Operating Agreement;
  - iv. an amount of the Annual Operating Costs of the Authority not exceeding 8% of the direct operating costs payable under an Annual Operating Agreement.
- b) For *Custom and Paratransit Transit Service*:
  - i. the operating costs for providing Custom Transit Service excluding interest and amortization, but including the amount paid by the Authority to redeem taxi saver coupons issued under the Taxi Saver Program after deducting from that amount the amount realized from the sale of those coupons;
  - ii. the amount of any operating lease costs of the Authority for Custom Transit Service;
  - iii. the amount of the municipal administration charge not exceeding 2% of the direct operating costs payable under an Annual Operating Agreement; and
  - iv. an amount of the Annual Operating Costs of the Authority not exceeding 8% of the direct operating costs payable under an Annual Operating Agreement.
- c) Eligible operating expenses exclude the costs of providing third-party 100%-funded services.

- d) Annual operating costs of the Authority are operations, maintenance and administration costs that are for the shared benefit of all transit systems operated by the Authority. These costs are allocated to each transit system on a pro rata basis, based on the nature of the costs.

### Lease Fees

The Authority will invoice the Municipality and collect on monthly invoices for lease fees on tangible capital assets owned by the Authority that are used in the provision of transit service. Lease fees are comprised of the following:

- a) The Municipality's fee for use of the asset, including for the costs of acquisition, construction, development and betterment of the asset and the costs of installing the asset at the location and condition necessary for its intended use;
- b) Debt financing and risk-related charges or costs payable on assets;
- c) Payment into a reserve fund for preventative maintenance and major repair of assets owned or leased by the authority;
- d) Amounts sufficient for the Authority to recover all other costs relating to the asset, including, but not limited to taxes and administrative charges.

Where lease fees are received that exceed actual asset-related expenses in any given period, these will be placed in a pooled reserve. This reserve will be used to offset against future lease fees as outlined above.

### Reserve Funds

The Authority will establish the following for each transit system to record the contributions that have been received but not yet earned as follows:

- a) **Local Transit Fund:** Contributions by the Municipality towards eligible operating expenses that have been received but not matched with a Provincial share contribution will be deferred in the Local Transit Fund.
  - i. Any expenditure of monies from the Local Transit Fund will:
    - 1. only be credited towards the Municipality's share of expenses for the transit system for which it was collected.
    - 2. be applied to reduce Municipal invoices at the discretion of the Municipality as agreed to under the Annual Operating Agreement or amendments as required.
  - ii. The Local Transit Fund may be used towards lease fees.
  - iii. The Authority will provide a quarterly statement of account of the Local Transit Fund balance including contributions, amounts utilized and interest earned.

## SECTION 9: SAFE RESTART CONTRIBUTION

Under the Safe Restart Program, the federal and provincial governments provided joint, non-recurring contributions to transit systems in British Columbia (the "Safe Restart Contribution") in 2020/21 and 2021/22.

The Authority applied the Safe Restart Contributions as follows:

- a) As an allocation towards the Municipality's share of eligible operating expenses in the fiscal year of the contribution;
- b) After applying the allocation of Safe Restart Contribution, any excess contributions received from the Municipality were deferred to the Local Transit Fund;
- c) The Authority will apply the remaining Local Transit Fund balance to reduce 2022/23 and future municipal invoices at the discretion of the Municipality as agreed to under an Annual Operating Agreement or amendments as required.

It is expected that by receiving the Safe Restart contribution, the Municipality will work with the Authority to maintain targeted essential transit service levels by not reducing transit service below existing planned service levels and maintain affordability by limiting annual fare increases to an average of 2.3% from April 1, 2020 through March 31, 2025.

#### SECTION 10: GOVERNING LAW

This agreement is governed by, and shall be construed in accordance with, the laws of the Province of British Columbia, with respect to those matters within provincial jurisdiction, and in accordance with the laws of Canada with respect to those matters within the jurisdiction of the Government of Canada.

#### SECTION 11: COUNTERPARTS

This contract and any amendment hereto may be executed in counterparts, each of which shall be deemed to be an original and all of which shall be considered to be one and the same contract. A signed facsimile or PDF copy of this contract, or any amendment, shall be effective and valid proof of execution and delivery.

#### SECTION 12: NOTICES AND COMMUNICATIONS

All notices, claims and communications required or permitted to be given hereunder shall be in writing and shall be sufficiently given if personally delivered to a designated officer of the parties hereto to whom it is addressed where an electronic signed document is emailed to the parties or if mailed by prepaid registered mail to the Authority at:

British Columbia Transit  
c/o Executive Assistant, Strategy and Public Affairs  
PO Box 9861  
520 Gorge Road East  
Victoria, BC V8W 9T5

and to the Municipality at:

East Kootenay Regional District  
19-24<sup>th</sup> Avenue South  
Cranbrook, BC V1C 3H8

and, if so mailed, shall be deemed to have been received five (5) days following the date of such mailing.

IN WITNESS WHEREOF, the parties have hereunto set their hand this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

**Regional District of East Kootenay**

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**British Columbia Transit**

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Vice President, Strategy and Public Affairs

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Vice President, Finance and Chief Financial Officer

**SCHEDULE A: TARIFF AND FARES**

APPENDIX 1: TARIFF NOTES

**Columbia Valley Transit System**

**Fare Zones:**

**Local Service:** Radium, Invermere, Windermere, Fairmont

**Regional Service:** Edgewater, Canal Flats

**Fares:**

a) For each one-way passenger trip scheduled and door-to-door service.

<b>Cash Fare</b>	<b>Local*</b>	<b>Regional*</b>
Adult	\$2.00	\$2.50
Children, 12 and under	Free	Free

**Sheet of 10 Tickets**

All Passengers	\$15.00	\$18.00
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**Monthly Pass (Available from bus operator)**

All Passengers	\$42.00
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**Please note:** cash fares apply to the Door-to-Door service as well

b) BC Bus Pass valid for the current calendar year and available through the Ministry of Housing and Social Development.

c) BC Transit Employee Bus Pass

**Health Connections:** \$2.50 one-way to Cranbrook – Children 12 and under Free.

**Elk Valley Transit System**

**Local Service:** Elkford, Sparwood, Fernie

a) Regular Fares: For each one-way passenger trip

**Cash Fares**

Adult	\$2.00
Children, 12 and under	no charge

**Sheet of 10 Tickets**

All Passengers	\$15.00
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**Monthly Pass**

All Passengers	\$42.00
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b) BC Bus Pass valid for the current calendar year and available through the Ministry of Housing and Social Development.

c) BC Transit Employee Bus Pass

**Health Connections:** \$2.50 one-way to Cranbrook – Children 12 and under Free.

**SCHEDULE B: SERVICE SPECIFICATIONS**

**Columbia Valley Transit System**

Transit Service Area: The boundaries of the Transit Service Area shall be as described in the following bylaw:

Bylaw No. 2003 cited as “Regional District of East Kootenay - Columbia Valley Transit Service Establishment Bylaw No. 2003, 2007”

Annual Service Level for the Columbia Valley Paratransit Service shall be **3,500** Service Hours.

Exception Days annually for the Columbia Valley Paratransit Service are:

<b>Exception Days</b>	<b>Service Level</b>
Good Friday	No Service
Easter Monday	No Service
Victoria Day	No Service
Canada Day	No Service
BC Day	No Service
Labour Day	No Service
Truth and Reconciliation Day	Regular Service
Thanksgiving Day	No Service
Remembrance Day	No Service
Christmas Day	No Service
Boxing Day	No Service
New Year’s Day	No Service
Family Day	No Service

## Elk Valley Transit System

Transit Service Area: The boundaries of the Transit Service Area shall be as described in the following bylaw:

Bylaw No. 2012 cited as “Regional District of East Kootenay - Elk Valley Transit Service Establishment Bylaw No. 2012, 2007”

Annual Service Level for the Elk Valley Paratransit Service shall be **3,100** Service Hours.

Exception Days annually for the Elk Valley Paratransit Service are:

<b>Exception Days</b>	<b>Service Level</b>
Good Friday	No Service
Easter Monday	No Service
Victoria Day	No Service
Canada Day	No Service
BC Day	No Service
Labour Day	No Service
Truth and Reconciliation Day	Regular Service
Thanksgiving Day	No Service
Remembrance Day	No Service
Christmas Day	No Service
Boxing Day	No Service
New Year's Day	No Service
Family Day	No Service

SCHEDULE C: BUDGET

**COLUMBIA VALLEY PARA TRANSIT**

	OFFICIAL AOA 2023/24	REGIONAL DISTRICT OF EAST KOOTENAY	KOOTENAY EAST REGIONAL HOSPITAL DISTRICT
TOTAL REVENUE	16,684	16,684	
TOTAL OPERATING COSTS	542,272	542,272	
TOTAL COSTS (including Local Government Share of Lease Fees)	587,436	436,710	150,726
<b>NET LOCAL GOVERNMENT SHARE OF COSTS</b>	<b>342,533</b>	<b>191,807</b>	<b>150,726</b>

**ELK VALLEY PARA TRANSIT**

	OFFICIAL AOA 2023/24	REGIONAL DISTRICT OF EAST KOOTENAY	KOOTENAY EAST REGIONAL HOSPITAL DISTRICT
TOTAL REVENUE	13,167	13,167	
TOTAL OPERATING COSTS	444,432		
TOTAL COSTS (including Local Government Share of Lease Fees)	493,092	377,034	116,058
<b>NET LOCAL GOVERNMENT SHARE OF COSTS</b>	<b>300,386</b>	<b>184,329</b>	<b>116,058</b>