



City of
Peterborough

To: Members of the Peterborough Transit Liaison Committee
From: Barry Wakeford, Interim General Manager Transit Services
Meeting Date: May 25, 2023
Subject: PTLC23-003 Transit Operating Budget Overview

Purpose

A brief overview of the annual transit operating budget.

Background

The Peterborough Transit budget is funded from various sources including the Ontario gas tax rebate, Provincial & Federal assistance programs, and from fares collected (including Trent and Fleming student levies). The balance is funded from the property tax base. It is widely recognized that public transit services are a public investment and cannot fully cover their costs through fees and fares – the most successful transit operation in North America is in New York City where 75% of operating costs are covered by revenues and the municipality makes up the remaining 25% shortfall.

These funding sources are factored in as the budget is prepared. On an annual basis, there are often changes that may result in unanticipated overages, such as the price of fuel, unexpected repairs, and overtime costs. These costs are covered by transfers from the Transit Reserve – a fund dedicated to building a reserve of money to make future capital investments, mainly future replacement bus purchases.

The budget has two components: Capital and Operating.

The capital budget covers one-time procurements or investments in assets required to deliver the transit service (i.e., purchasing new buses, upgrades to transit facilities, new bus stop/shelter amenities).

The operating budget covers the day-to-day expenses (i.e., wages, fuel, regular maintenance, insurance, unexpected repairs).

The capital budget account is supplemented by government funding. This money is applied for through various programs offered by the federal and provincial governments; sometimes they must be applied to specific projects and can have completion dates attached. The City still must contribute to these projects – usually as a percentage of the total cost – and these contributions are requested through the annual budget process or funded through the Transit Reserve. An example would be funding being received through the Investing in Canada Infrastructure Program – Transit Stream to fund a variety of capital upgrades where 40% of the eligible expenses are covered by the Federal government, 33% by the Provincial government and 27% needs to be covered by the City.

The 2023 Operating budget has ~\$18.2 million of expenditures and breaks down as follows:

Personnel (wages, benefits, etc.) – 64%

Materials and Supplies (fuel) – 15 %

Inter-departmental charges (vehicle maintenance by Public Works Division) – 7%

Contractual charges (Insurance) – 7%

Repairs, debt charges, fees, training, and rentals – 4%

Contributions to reserves – 3%

Summary

Transit operations across North America and much of the world require public investment and routinely operate at a deficit. The vast majority of operating costs to provide transit services are staff costs to operate the vehicles, fuel for vehicles, and maintenance of vehicles (~86%). The 2023 Transit operating budget is facing a \$941,000 shortfall to maintain current levels of service. Additional funding is required to maintain service levels and future budgets will need to be increased or services will need to be cut.

Submitted by,

Barry Wakeford
Interim General Manager
Transit Services
Phone 705-742-7777 ext. 2879
Fax (705)-876-4621
E-mail address: bwakeford@peterborough.ca