



July 2, 2021

**BY EMAIL:** jdombowsky@kelowna.ca

Jerry Dombowsky  
Transit and Programs Manager  
City of Kelowna  
1435 Water Street  
Kelowna, BC V1Y 1J4

Dear Jerry,

**Re: Free Transit for Children 12 and Under Program Details – Kelowna/Central Okanagan Conventional & Community Transit**

As a follow up to the letter sent to you on June 16, 2021, BC Transit would like to outline the next steps in finalizing the Free Transit for Children 12 and Under program.

The Province, BC Transit and our Local Government Partners all share an interest in building a culture of transit ridership and reducing greenhouse gas emissions. Providing free transit to children age 12 and under is expected to advance progress towards these objectives.

As outlined in the contribution agreement with the Province, BC Transit will work with Local Government Partners to ensure that fares for children age 12 and under are set to zero in all 86 BC Transit systems across British Columbia by September 1, 2021.

The Province has committed to provide funding to BC Transit for the benefit of Local Government Partners for foregone fare revenue in conjunction with fares being lowered to zero for children age 12 and under. This letter outlines the provincial contribution(s) to your transit system(s) and your adjusted tariff schedule as a result of this program and confirms the applicable amendment to your 2021/22 Annual Operating Agreement with BC Transit.

BC Transit has developed a model to determine the fare revenue compensation for each Local Government Partner for the implementation of the Free Transit for Children 12 and Under program. To achieve this, BC Transit created an “indexed mode share” percentage for each community. The “indexed mode share” was created through the methodology below:

- BC Transit identified the Capital Regional District 2017 Household Travel Survey as an applicable base line data source to provide ridership levels of the targeted age group of the program. The survey indicated that 5.3% of transit rides are made by children age 5-12.
- As a percentage of the total population, children age 5-12 make up 6.89% in the Capital Regional District. Source: BC Stats 2019.
- From the above two points, children’s transit use in the Capital Regional District is under-represented by a factor of 0.7685. This factor was then used to estimate the number of transit rides made by children age 5-12 in all other communities with BC Transit service by multiplying the factor by the children’s share of population in each community. This is the “indexed mode share.”

The “indexed mode share” was then applied to the total annual fare revenue from cash, tickets, and day-passes in 2019 from each Public Passenger Transportation System, which resulted in an estimated impact to fare revenue for each Local Government Partner. An additional indexed allocation was made to compensate for possible fare evasion as a result of a fare product not being implemented until Phase 2 of this program.

For your applicable transit system(s), the revenue allocation for the period September 1, 2021, to March 31, 2022, is presented below:

	Revenue Impact (September 1, 2021 – March 31, 2022)	Monthly Amount
Kelowna/Central Okanagan Conventional & Community	\$93,954.70	\$13,422.10

Effective September 2021, the monthly amount will be credited on your monthly BC Transit municipal invoice and will reduce your total amount owing.

In addition, BC Transit has adjusted the **Schedule “A”: Tariff and Fares** section of your 2021/22 Annual Operating Agreement to formally reduce the fares of children 12 and under to zero. A copy of this revised Schedule “A” is included with this letter for your review and approval.

**By signing below, your local government is agreeing to an amendment of your 2021/22 Annual Operating Agreement including fare structures, by September 1, 2021. This amendment includes:**

- a) adjusting the Schedule “A” tariff schedule to ensure fares for children age 12 and under are set to zero;
- b) agreeing to receive the aforementioned provincial contribution towards estimated foregone fare revenue compensation

**IN WITNESS WHEREOF, the parties have hereunto set their hand this \_\_\_\_ day of \_\_\_\_\_, 2021.**



x \_\_\_\_\_  
 Jerry Dombowsky  
 Transit and Programs Manager  
 City of Kelowna

x \_\_\_\_\_  
 Chelsea Mossey  
 Senior Manager, Government Relations  
 BC Transit

This signed letter must be returned to BC Transit before September 1, 2021, in order for BC Transit to be able to facilitate your payments under this program. If you have any additional questions regarding the Free Transit for Children 12 and Under program, please feel free to contact me directly.

Regards,



Chelsea Mossey  
Senior Manager, Government Relations

MH:kr  
Attached: Schedule "A": Tariffs and Fares Schedule from 2021/22 Annual Operating Agreement