

Report to Council



Date: July 22, 2024
To: Council
From: City Manager
Subject: Transit Community Fare Programs
Department: Integrated Transportation

Recommendation:

THAT Council receives, for information, the report from the Integrated Transportation Department dated July 22, 2024, with information related to Transit Community Fare Programs;

AND THAT Council direct staff to undertake a fare review in conjunction with BC Transit and our Central Okanagan Regional Transit partners;

AND FURTHER THAT Council direct staff to report the results of the fare review back to Council in 2025 to inform the 2026 operating budget.

Purpose:

To review the existing transit community fare programs in Kelowna and investigate the costs and implications of endorsing fare-free transit for youth aged 13 to 18.

Council Priority Alignment:

Transportation

Background:

The Kelowna Regional Transit System operates throughout the Central Okanagan, including Kelowna, Lake Country, West Kelowna, Westbank First Nation, Peachland, and the Regional District of Central Okanagan. Routes and service levels are set by each individual partner community in collaboration with BC Transit, while fares are established jointly by all regional partners.

The Kelowna Regional Transit System offers various fare products which provide a discount to riders. Additionally, there are two distinct equity-based programs to facilitate transit access for residents. The Emergency Transit Assistance Program (ETAP) provided through the City’s partnership with the United Way BC and the Family Pass Maximum. In addition, the Province of British Columbia offers the [Get on Board!](#) program to all transit systems across the province.

At the April 22, 2024, meeting, Council passed the following resolution:

Previous Council Resolution

| Resolution | Date |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| THAT Council directs staff to investigate the costs and implications of endorsing fare-free transit for youth up to age 18 and report back to Council. | April 22 nd , 2024 |

Discussion:

Standard Transit Fare Products

Presently, various standard fare products provide a discount, outlined in the table below.

| Type | Fare | Discount |
|--------------------------|---------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Day Pass | \$5.00 | Recently reduced from \$6.50 to \$5.00 per day as part of the Umo fare system launch. |
| 30-Day Concession Pass | \$45.00 | \$35 less than the 30-Day Adult Pass. Available to youth aged 13-18 and adults over age 65. |
| 10-Rides Concession Pack | \$20.25 | \$2.25 less than the 10-Rides Adult Pack; a 10% discount compared to adult 10-ride packs, which themselves are priced 10% below face value. |

Provincial Program

The Province of British Columbia launched the Get on Board! Program on September 1, 2021, allowing children aged 12 and under to ride transit free of charge. The program was implemented to increase affordable transportation options, foster a culture of transit use, and support efforts to reduce greenhouse gas emissions. The province currently funds this program by providing financial support via a grant to BC Transit which credits local governments to offset the revenue impacts.

Equity-Based Transit Fare Programs

There are two distinct equity-based programs that facilitate access to transit for residents:

1. Emergency Transit Assistance Program (ETAP)

Since 2001, through the City's partnership with United Way BC, the ETAP has provided transit tickets to community organizations that support low income and at-risk citizens, including families. Annually, 10,200 tickets are made available, helping recipients access services and opportunities throughout the region.

The ETAP program was last adjusted in 2012. Since that time, Kelowna's population has grown by 38%. The compounded effects of the COVID-19 pandemic, coupled with the housing crisis and the rising cost of living, have driven up the costs of essentials like childcare, housing, and food. Consequently, there are more individuals and families relying on the assistance provided by the ETAP to access essential services and opportunities.

United Way BC advises that only 46% of requested tickets will be met in 2024. To address growing demand, the City of Kelowna will be increasing the number of single-ride adult transit tickets allocated to the ETAP annually from the existing 10,200 to 22,200, providing 100, 30-day passes to support select community organizations who support citizens with more regular travel needs, and providing a 7.5% program management fee to United Way BC to sustain and enhance program delivery.

2. Family Pass Maximum

The Family Pass Maximum policy assists families by capping the cost of student passes per family at 2.5 times the current student rate. For example, the maximum rate of \$112.50 is equal to 2.5 times the current student rate of \$45. Families needing passes for three or more youth aged 13 to 18 can access this program at City Hall.

Fare Review and Means-Based Fare Exploration

Transit fare reviews are typically conducted every five years. A fare review has not been undertaken since 2015, as the planned review in 2020 was postponed due to the COVID-19 pandemic, and the terms of the Federal Safe Restart funding grant required that fares be capped through April 1, 2025.

A comprehensive transit fare review provides an opportunity to assess current fare rates, service costs, community fare programs, and historical revenue and ridership trends. It may also be a forum to explore new fare options, such as means-based fares. Means-based fare programs aim to expand transit access to those who may not be able to afford it, providing mobility for essential travel and access to opportunities.

A fare review, supported by BC Transit, will begin this fall and extend through 2025. A parallel city-led study would be necessary to assess the feasibility, method and implications of means-based fare options.

Implementation of Fare-Free Transit for Youth Program in Kelowna

By 2024, the region is projected to have approximately 17,000 youths aged 13 to 18, with 11,100 of them residing in Kelowna.¹ Although it is difficult to determine the exact ridership of this demographic, drawing from the experience in Victoria where 45% of youth currently hold annual fare-free passes (also known as a U-PASS), up to an equivalent of 91,800 monthly passes could potentially be issued locally if the Fare-Free Transit for Youth Program were to be implemented. This represents a 125% increase from the 40,754-student month passes sold in 2023.

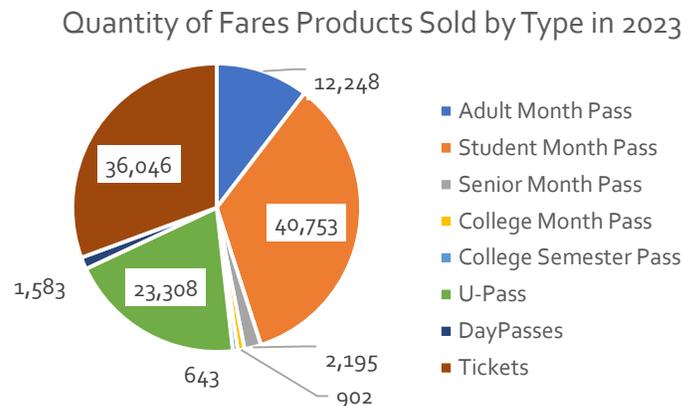
¹ Population estimates and projections according to BCStats.

Although increasing ridership is a goal of the Kelowna Regional Transit System and BC Transit, existing capacity and service levels must be considered. The anticipated increase in demand would likely be focused on routes serving schools during peak hours, which are already among Kelowna’s busiest services.² Meeting this demand would require investment in additional services.

The Transit Expansion Initiatives – 3 Year Outlook that comes before Council each year details priority service investments. If a fare-free program for youth were to be implemented, resulting service improvements required to meet demand would need to be included in these expansion proposals.

Cost Implications

In 2023, sales of student monthly passes reached 40,753, up from 29,160 in 2018, representing a 28.5% increase. Revenues from these passes totaled \$1,834,000, accounting for 24% of the total \$7,629,000 in Conventional transit fare revenues³. Without a provincial revenue offset, providing fare-free transit for youth aged 13 to 18 would reduce fare revenues by up to \$1,834,000, with this figure expected to rise should sales trends continue.



BC Transit systems are funded through a mix of provincial and municipal contributions that vary based on service type. The province funds 46.69% of conventional transit system operating costs, with local governments covering the remaining 53.31%. The collected fare revenues offset the municipal portion, reducing the reliance on property taxes to fund transit. In 2023, fare revenues collectively offset just over 33% of total conventional transit operating costs, reducing the local share funded by property taxes to nearly 20%.⁴ Revenues from student monthly passes accounted for nearly 8% of this reduction.

Other Considerations

³ Revenue indicated does not include cash or ticket paid fares by youth. It is assumed that a proportion of youth passes sold were purchased by young adults over 18 as vendors do not all verify age.

⁴ In the 2023/24 BC Transit fiscal, system-wide Conventional transit operating costs totaled \$23 million.

When transit is free for youth, there is a potential that young adults may pose as under 18 to access the free service. There may be ways to mitigate fare evasion, such as implementing identification and verification with ID processes, as well as monitoring and enforcement measures. However, these approaches may be resource intensive as they are required to be managed by municipalities, leading to increased costs for residents. All considerations when determining a method for such a program should Council wish to proceed.

Additionally, youth behavior aboard transit and at transit stops is of growing concern. Increased teen ridership with this program would likely exacerbate this issue. Unbecoming behavior affects the experience of other riders and the perception of transit which can negatively affect ridership. Strategies would need to be implemented to protect the positive experience for all riders.

Other Fare-Free Transit for Youth Programs

Many municipalities across Canada are exploring free transit for youth aged 13 to 18. In communities that have implemented such programs, increases in youth ridership have varied, often taking several years to fully manifest. In places like Victoria and Penticton, different funding models were adopted to support the program. The tables in Attachment 1 highlight key impacts and implications observed in other programs implemented nationwide.

As discussions on free transit continue, BC Transit has also provided a summary of considerations. Their report emphasizes that adopting a balanced approach, accommodating the needs of all transit users, is key to building a robust and widely utilized system. This blended approach removes the cost barrier for some populations while retaining fares for others to fund improvements. As part of this strategy, local governments may employ targeted fare programs to achieve social goals.⁵

Conclusion:

The number of student passes purchased in the region has significantly increased since 2018 resulting in higher revenue from student fares. Without a provincial offset to replace these revenues, providing fare-free transit for youth aged 13 to 18 would shift transit operating costs increasingly to taxation.

The potential rise in ridership may also require expedited investment in additional services without corresponding revenue to support them. Pending BCTransit's completion of operating system and fleet assets, the region's ability to increase service is limited.

The community's growing population and escalating socio-economic challenges underscore the need for equity-based transit fare programs. The ETAP program plays a critical role in helping vulnerable citizens access services and opportunities. A comprehensive fare review, supported by BC Transit from fall 2024 through 2025, offers an opportunity to consider additional means-based fare options alongside existing programs like the ETAP which may provide greater value to the community than the implementation of a fare-free transit for youth program.

⁵BC Transit, *Fare-Free Transit: A summary of Considerations for BC Transit*, November 2019.

Internal Circulation:

Active Living & Culture, Social Development Manager
Community Communications, Community Engagement Manager
Community Communications, Communications Advisor
Financial Systems & Reporting, Financial Analyst
Financial Planning Manager, Financial Planning
Revenue Supervisor, Financial Services

Considerations applicable to this report:

Existing Policy:

Council Transportation Priority: Improve transit service and promote inclusive transportation.
Transportation Master Plan recommendation: Expand transit pass programs to improve the affordability of transit service and help remove barriers to using transit.

Official Community Plan Objective 9.3.6: Foster collaborative efforts to equitably enhance community wellbeing.

Imagine Kelowna Goal: Build healthy neighborhoods that support a variety of households, income levels, and life stages.

Financial/Budgetary Considerations:

Based on 2023 figures, providing free transit for youth aged 13 to 18 would result in a reduction in fare revenues of up to \$1,834,000, and increasing over time. In the absence of a provincial revenue offset, an additional 7.95% of the local share of transit operating costs would need to be funded through taxation. If the province were to expand the Get on Board! program to include youth aged 13 to 18 and compensate communities for lost revenues (accounting for annual ridership growth and potential fare evasion) the fiscal impact to the city would be limited to the cost of increasing services to meet demand which benefits all riders.

Expanding the United Way partnership and ETAP has limited financial implications as it is assumed that ETAP beneficiaries would not otherwise purchase transit fare products due to financial hardship.⁶ To support UWBC in managing ETAP, a 7.5% administrative fee totaling \$10,455.33 will be funded from the transit reserve in 2024. A budget request for 2025 will be included in the transit operating budget to ensure continuity.

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

⁶ Costs are limited to production and shipping of paper QR code Umo tickets and additional smartcards for 30-Day passes and, staff time required to program cards.

***Consultation and Engagement:
Communications Comments:***

Submitted by: M. Kittmer, Transit and Programs Manager

Reviewed by: B. Hallam, Integrated Transportation Department Manager

Approved for inclusion: M. Logan, Infrastructure General Manager

Attachments: Attachment 1: Other Fare-Free Transit for Youth Programs

cc: B. Walman, Manager Government Relations, BC Transit
J. Sass, General Manager, Corporate Services
L. Cocran, Communications Director, Corporate Strategic Services
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