

Report to Council



Date: July 21, 2025
To: Council
From: City Manager
Subject: Transit Fare Review
Department: Transit & Programs

Recommendation:

THAT Council receives, for information, the report from the Integrated Transportation Department, dated July 21, 2025, regarding the transit fare review;

AND That, Council direct staff to implement the proposed fare strategy including fare rate changes, UPASS, DayPASS and EcoPASS as outlined in this report, effective October 1, 2025.

Purpose:

To receive the outcome of the transit fare review and advance implementation of the recommended fare strategy.

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. Local councils and the regional board collectively have the ultimate authority to set transit fare rates for this system. All decisions regarding fares must be unanimously approved by all local government partners to allow for implementation. Fare revenues are shared between all partners based on ridership and service hours in each community and are applied to offset the local share of transit operating costs with the remainder funded through taxation and provincial contributions. The province covers 46.69 percent of conventional transit operating costs with local partners responsible for the balance, 53.31 percent, for services delivered in their communities. The provincial share for HandyDART (paratransit) is higher at 66.69 percent with the balance of the costs covered by the local partners.

Fare reviews are a collaborative process between BC Transit and all partners and are typically undertaken every three to five years. These reviews consider updates to the fare structure, modernize fare options,

and enhance the rider experience. The proposed changes are intended to support long-term sustainability of the transit system, enhance equity and convenience for riders, and improve financial sustainability in a balanced manner while also considering ridership impacts.

The cost of delivering transit services rises over time due to inflation and transit investments. Periodic increases in fare rates aim to maintain the balance of user pay and public subsidy. Fare reviews are a collaborative process between BC Transit and all partners of the Kelowna Regional Transit and are typically conducted on three to five-year cycles. However, the current fare structure has remained unchanged since 2015. A fare review planned for 2020 was cancelled due to the COVID-19 pandemic. During the pandemic, communities across the country experienced significant ridership declines. To sustain transit operations during this time, the Federal Government provided funding with the requirement that communities maintain pre-pandemic transit service levels and limit fare increases.

While the cost of fares has remained unchanged since 2015, minor changes to fare products were made. This includes the launch of the Umo electronic fare system in 2024. Other changes included shifting monthly passes to 30-day passes, decreasing the DayPASS rate from \$6.50 to \$5.00 (two times the single ride rate) and renaming of Student and Senior passes to a single Concession Pass. Additionally, the *Get on Board* program was introduced in 2021 providing children aged 12 and under no-cost access to public transit with local governments receiving revenue offset from the province.

Some cost of service increases are as a result of important investments that result in more service options for riders as well as inflation. Since 2019, 15,500 additional service hours have been added to the system supporting ridership growth which reached a record 6.45 million annual rides by the end of 2024, up 500,000 since 2019. Investments have also been made to plan for new facilities, renew fleet, and implement technologies such as the Umo electronic fare system, Next Ride real-time bus tracking enhancements and on-demand transit in the Crawford neighborhood. These technological enhancements come with new operational costs.

In the July 22, 2024 [Transit Community Fare Programs](#) report, Council directed staff to undertake a transit fare review and report back in 2025.

Previous Council Resolution

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

Discussion:

Per the 2012 [Transit Future Plan](#), as well as the [Central Okanagan Transit Service Guidelines](#), the cost recovery target for the Kelowna Regional Transit System is 35 percent of total system costs. Cost

recovery has not reached the target level since prior to the pandemic. Within BC Transit’s fiscal year 2024/2025, net conventional transit system revenues of \$8.6 million (fare revenues combined with on-bus advertising revenues) accounted for a 31.2 percent cost recovery on the total conventional transit operating costs in the Kelowna Regional Transit System of \$27.6 million. However, with operational costs expected to continue to rise over the next three years, in the absence of a fare increase, cost recovery will not be maintained at current ratio and will require additional local governments funding to cover costs.

Fares

Several factors are considered when reviewing existing fares and determining rates. BC Transit’s fare strategy guidelines (detailed in Appendix A) were utilized as the basis for developing fare rate options. Upon review of the resulting rates, a proposed fare structure was developed taking into consideration the local cost-recovery target, BC Transit fare guidelines, public engagement, and financial and ridership modeling and the results of national benchmarking (also detailed in Appendix A).

As outlined in Table 1, the recommended fare structure is a slight deviation from BC Transit’s fare guidelines as the fare guidelines would result in a disproportionate rise in fares for seniors and youth. Rates for seniors, according to these guidelines, would be 30 percent higher than the Canadian average. The proposed fare structure remain in line with the Canadian average.

Table 1: Fares

Fare Product		Existing Fare	BC Transit Fare Guidelines	Recommended Fare
Single Ride		\$2.50	\$3.00 (+20%)	\$3.00 (+20%)
DayPASS*		\$5.00	\$6.00 (+20%)	\$6.00 (+20%)
10 Rides	Adult	\$22.50	Discontinued	
	Concession	\$20.25		
30 Day / Monthly Pass	Adult	\$70	\$80 (+14%)	\$80 (+14%)
	Concession**	\$45	\$68 (+51%)	\$55 (+22%)
Post-Secondary 30-Day Pass		\$55	\$68 (+23%)	\$65 (+18%)
Post-Secondary Semester Pass		\$176	\$217 (+23%)	\$208 (+18%)
5-Tickets (handyDART)	Adult	\$11.25	\$15 (+33%)	\$15 (+33%)
	Senior	\$10	\$15 (+50%)	\$15 (+50%)

*DayPASS On-Board and Fare Capping to generate automatic DayPASS.

**Senior and Youth transit pass

Table 2 outlines the projected change in revenue and ridership with the proposed fare increase in comparison to 2024/2025 actuals and the BC Transit fare guidelines. The projected revenue increase is

calculated considering current fare product sales levels and the current UBCO student population (for UPASS revenue projection).

Table2: Revenue and Ridership projects

Quantitative Analysis	2024/2025 Actuals	BC Transit Fare Guideline	Recommended Fare Increase
Passenger Fare Revenue	\$5,369,062	\$6,707,534	\$6,275,953
U-PASS Revenue	\$1,556,879	\$1,784,601	\$1,784,601
ProPASS Revenue*	\$100,083	\$114,240	\$114,240
Total Fare Revenue**	\$7,026,024	\$8,606,376	\$8,174,795
Revenue Increase	-	\$1,580,352 (+22.5%)	\$1,148,771 (+16.4%)
Total Ridership***	6,540,465	6,585,233	6,450,535
Ridership Variance	-	-299,410 (-1.4%)	-164,712 (+0.68%)
Cost Recovery	31%	33%	31%

*ProPASS is an existing discounted transit pass program for workplaces.

**Total Fare Revenue excludes revenue from BC Bus Pass and the Children 12 & Under program.

***Total Ridership projections include budgeted ridership increases from the 2025/2026 budget.

With the proposed fare increases, it is anticipated that there would be a negligible impact on transit ridership while the total system revenues are projected to increase by \$1,148,771 with Kelowna retaining the majority (estimated at \$957, 845) as the community with the largest share of service and ridership. These increased revenues would be applied to offset Kelowna's share of transit operating costs which are forecast to increase. Without a fare increase, cost recovery is projected to decline by approximately two percent next year.

Fare Programs – UPASS

The existing UPASS agreement with UBCO allows for increases to the UPASS rate if public fare prices rise. Therefore, since today's rate is tied to that of the adult 30-day pass rate at \$70, the proposed fare increase would trigger the process to increase the UPASS rate.

UBCO provides students with a 10 percent subsidy on the adult 30-day pass rate resulting in an existing cost to students of \$63 per semester. Currently, the Transit system receives \$67 per pass after a 3 percent administration fee is subtracted. This fee supports the administration of the program by the UBCO Student's Union.

Fare Programs - DayPASS

Automatic DayPASS has been implemented in ten other BC Transit systems but has yet to be incorporated in the Kelowna Regional Transit System's existing fare structure. The Automatic DayPASS provides unlimited daily travel for the price of two single ride fares. Via fare-capping in Umo, Automatic DayPASS would cap fare paid in a single day at the DayPASS rate for riders paying fare from a cash-balance on their Umo account. Cash paying riders could opt to purchase a DayPASS on-board buses. In this scenario, the paper transfer slip would be eliminated.

Currently, in the Kelowna system, riders paying with cash or from a cash balance in Umo can request a transfer slip to travel on the next connecting bus only within 90 minutes without additional fare. Subsequent trips such as return trips later in the day require additional fare. The automatic DayPASS system incentivizes transit usage and simplifies the rider experience.

Fare Programs – EcoPASS

EcoPASS is a program not currently implemented in the Kelowna Regional Transit System which enables the creation of pre-paid transit funds that facilitates the bulk purchase of transit passes. Developers in other communities commonly use it to invest in transit access for residents of new developments in exchange for parking variances. Larger contributions qualify for greater discounts on fare products (ranging from 5-15 percent). EcoPASS creates secure, stable revenue and contributes to growing transit ridership while reducing auto use. Like all fare revenues, those resulting from the program are retained in full by the local partners. Program administration and fare product distribution are managed by BC Transit's Umo team.

Next Steps:

Upon approval:

- Staff will move forward with increasing fares effective October 1, 2025. Further, staff will work with BC Transit as well as the other partners to determine a schedule for more regular fare reviews in line with planned service enhancements throughout the region to incrementally move the system closer to its 35% cost recovery target in the near term while also continuing to mitigate the impact on ridership and affordability.
- A notice of intent to increase the UPASS rate will be presented to UBCO by August 1, 2025, to allow for the pricing to go into effect as of September 1, 2026. Once issued, a student referendum vote is required to approve the new fee with a majority 'yes' vote. In the case that the referendum resulted in a 'no' majority, the UPASS agreement could be terminated.
- The Automatic DayPASS system will be implemented in place of the existing transfer system.
- An EcoPASS program will be created and subsequently offered to private developers when contemplating parking requirements for new developments. Participation agreements would be negotiated between private developers and the local government in which the development is planned on a case-by-case basis.

Conclusion:

Like other service areas, transit costs are affected by inflationary pressures which have been significant in recent years. Costs are forecast to continue rising due to cost increases for labor, technology, and other operational necessities. Fares in the Kelowna Regional Transit System have not increased for a decade which has further eroded the proportion of operating costs offset by fare revenues. Healthy cost-recovery from fares alongside advertising revenues contributes to the sustainability of the system and can help to facilitate further service investments that contribute to increased ridership and help keep pace with growth in the region.

A balanced approach to increasing fares is imperative to incrementally move toward the region's 35 percent cost-recovery target in alignment with BC Transit Fare Strategy Guidelines while recognizing transportation affordability remains a challenge for many residents.

Internal Circulation:

Community Communications, Community Engagement Manager
Financial Planning Manager, Financial Planning
Financial Analyst, Financial Systems and Reporting

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.

Financial/Budgetary Considerations:

The recommended fare structure is projected to increase Kelowna's annual share of fare revenues by \$957,845 and serve to maintain the balance of user pay and public subsidy of public transit. To combat rising transit costs in 2025, Council approved use of reserve funding as part of the 2025 Preliminary Budget [Transit Operations](#) request. Cost recovery dipped below the target of 35 percent, beginning in 2020 and currently sits at 31 percent. Without a fare increase, it is projected to decline further.

If the recommended fare structure is implemented October 1, 2025, the 2025 budget will be amended to realize one fifth (2 months) of increased revenue at projected as \$191,569. Revenues in the subsequent full fiscal year would rise by the forecasted annual increase and could grow further should the impacts to ridership growth be less than forecasted. Budgets will be amended as part of the 2026 Financial Plan.

Consultation and Engagement:

Refer to Discussion section of report.

Communications Comments:

A transit fare increase will be communicated via media release by BC Transit and via various channels including the BC Transit website, postings within buses, and in transit print materials such as Riders Guide schedule booklets.

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Submitted by: M. Kittmer, Transit and Programs Manager

Reviewed by: B. Hallam, Integrated Transportation Department Manager

Approved for inclusion: M. Logan, General Manager, Infrastructure

Attachments:

Attachment A: Transit Fare Review Report, Appendix A

CC:

M. Antunes, Financial Planning Manager

D. Bartsch, Revenue Supervisor

D. Duncan, Parking Services Manager

C. Cornock, Social Development Manager