



COUNCIL REPORT

To: Mayor and Council

Date: July 22, 2025

From: Ron Bowles, Chief Administrative Officer

File No: P 25-09

Subject: **P25-09 Transit Fare Review**

Prepared by: Natalie Gerritsen, Senior Planner

Reviewed by: Chris Oliver, Planning Manager

RECOMMENDATION:

THAT Council endorse Option 1 Fare Changes, effective October 1, 2025 as outlined in staff report dated July 22, 2025, and presented by BC Transit.

STRATEGIC AREA(S) OF FOCUS

Invest in Infrastructure – We will invest in building, improving and maintaining infrastructure to meet the needs of, and to provide a high quality of life for, current and future generations.

Foster Safety and Well-Being – We will pursue through direct action, advocacy, and collaboration with local and regional service providers, investments in community health, needs-based housing, emergency preparedness, policing, and other services that foster safety and well-being in West Kelowna.

BACKGROUND

As requested by local government and First Nation partners in 2024, BC Transit has conducted a comprehensive fare review for the Kelowna Regional Transit System. The objective of the fare review is to update the fare structure to improve cost recovery, modernize fare options, and enhance rider experience, while maintaining affordability and alignment with BC Transit Fare Guidelines. The proposed changes are intended to support long-term system sustainability, enhance equity and convenience for riders, and improve financial performance in a balanced and reasonable manner.

The cost of delivering transit services rises over time due to inflation and transit investments. Periodic increases in fare rates aim to improve cost recovery and maintain the balance of user pay and public subsidy. Fare reviews are a collaborative process between BC Transit and the Kelowna Regional Transit partners and are typically conducted on three to five-year cycles.

DISCUSSION

Context

- The current fare structure has remained unchanged since 2015, despite significant increases in operating costs due to inflation, post-pandemic impacts, and service expansion.
- Fare revenue is shared between all local government and First Nation partners, based on ridership and service hours.
- Local councils and the regional board collectively have the ultimate authority to set fare rates. All decisions regarding fares must be **unanimously** approved by all local government and First Nation partners to allow for implementation.
- The introduction of BC Transit's electronic fare system, Umo, in 2024, has modernized fare collection and enables enhanced fare products and data collection.
- As a part of the fare review, BC Transit undertook public consultation to gain insights from residents within the Kelowna Regional Transit System in the form of an online survey.

Fare Review

BC Transit evaluated three fare change options for consideration. Table 1 outlines the current fare rates and includes three fare structure options which were developed considering the benchmarking, public input, the local cost-recovery target, BC Transit fare guidelines, and financial and ridership modelling. Table 2 outlines the projected change in revenue and ridership, and cost recovery for each option assessed.

Each option increases fares, starting with a modest increase in rates in **Option 1** (recommended), a larger increase in rates to align the cost of various fare products with BC Transit's fare guidelines in Option 2, and an increase in rates to the level required to meet the region's cost recovery goal of 35% shown in Option 3.

Table 1: Current Fare Rates and Proposed Fare Options

Fare Product		Existing Fares	Option 1 Recommended Increase	Option 2 Fare Guideline Alignment	Option 3 Cost Recovery Goal
Single Ride		\$2.50	\$3.00 (+20%)	\$3.00 (+20%)	\$4.00 (+60%)
DayPASS*		\$5.00	\$6.00 (+20%)	\$6.00 (+20%)	\$8.00 (+60%)
10 Rides	Adult	\$22.50	Discontinued		
	Concession	\$20.25			
30 Day / Monthly Pass	Adult	\$70	\$80 (+14%)	\$80 (+14%)	\$112 (+60%)
	Concession**	\$45	\$55 (+22%)	\$68 (+51%)	\$95.20 (+111%)
Post-Secondary 30-Day Pass		\$55	\$65 (+18%)	\$68 (+23%)	\$95.20 (+73%)
Post-Secondary Semester Pass		\$176	\$208 (+18%)	\$217 (+23%)	\$304.64 (+73%)
5-Tickets (handyDART)	Adult	\$11.25	\$15 (+33%)	\$15 (+33%)	\$20 (+77%)
	Senior	\$10	\$15 (+50%)	\$15 (+50%)	\$20 (+100%)

*DayPASS-on-Board and Fare Capping to generate automatic DayPASS. **Concession fare for youth and seniors.

Table 2: Region-Wide Revenue and Ridership Projections for Proposed Fare Options:

Quantitative Analysis	2024/2025 Actuals	Option 1 Recommended Change	Option 2 Fare Guideline Alignment	Option 3 Cost Recovery Goal
Passenger Fare Revenue	\$5,369,062	\$6,275,953	\$6,707,534	\$8,189,314
U-PASS Revenue	\$1,556,879	\$1,784,601	\$1,784,601	\$2,498,442
ProPASS* Revenue	\$100,083	\$114,240	\$114,240	\$159,936
Total Fare Revenue**	\$7,026,024	\$8,174,795	\$8,606,376	\$9,906,129
Revenue Increase	-	\$1,148,771 (+16.4%)	\$1,580,352 (+22.5%)	\$2,880,105 (+41%)
Total Ridership***	6,540,465	6,585,233	6,450,535	6,042,983
Ridership Decrease	-	-164,712 (+0.68%)	-299,410 (-1.4%)	-706,962 (-7.6%)
Cost Recovery	31%	29%	31%	35%

*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.

Recommendations

BC Transit has the following recommendations as an outcome of this fare review:

Primary Recommendation

- Endorse **Option 1** fare changes, effective as of October 1, 2025. This option is recommended as it will stabilize cost recovery in the face of rising operating costs while maintaining transportation affordability.

Further Recommendations

- Increase the U-PASS fee at UBCO to \$80 less approved administration costs. The UPASS agreement with UBCO allows for increases to the UPASS rate if public fare prices rise.
- Replace the existing transfer policy with the DayPASS system. The DayPASS system automatically caps the rate of a single ride fare after the second trip, incentivizing transit usage and simplifying the rider experience.
- Introduce the EcoPASS pre-paid fare program. EcoPASS is a program that enables the creation of pre-paid transit funds that facilitates the bulk purchase of transit passes. Developers commonly use it to invest in transit access for residents of new developments in exchange for parking variances.

FINANCIAL IMPLICATIONS

The recommended fare Option 1 is projected to increase West Kelowna's annual share of fare revenues by \$109,363 from \$772,719 in 2024/2025, and serve to stabilize cost recovery to maintain the balance of user pay and public subsidy. Cost recovery has been declining since 2019 and are below the system target of 35%.

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 labour, 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.

Increases to fares are proposed along with the introduction of new tools and programs aimed at incentivizing ridership, improving the customer experience, and ensuring access to transit for all. A balanced approach to increasing fares is proposed; one that moves toward the region's cost-recovery target and closer alignment with BC Transit fare strategy guidelines while recognizing transportation affordability remains a challenge for many residents.

Alternate Recommendation:

THAT Council NOT endorse Option 1 Fare Changes as presented by BC Transit, effective October 1, 2025, and provide direction to Staff on next steps.

PowerPoint: Yes ☒ No ☐

Attachments:

Attachment 1 – Kelowna Regional Transit System Fare Review Report