
SUBJECT: Five Year Fare Strategy

PURPOSE

The purpose of this report is to provide the Victoria Regional Transit Commission (the “Commission”) with information regarding future fare decisions in the Victoria Regional Transit System over the next five years. This report is presented to the Commission for **INFORMATION.**

BACKGROUND

As a result of a full fare review which began in 2023, the Commission approved a fare change in September 2024 for the Victoria Regional Transit System (VRTS) which resulted in increasing the Single Ride fare to \$3.00, taking effect on April 1, 2025. Although a recommendation was made to increase the Concession pass pricing, no other fare changes were implemented as a result of the fare review. At the same time, a request was made to provide a five-year fare strategy to review the expected process for future fare changes and how the introduction of Umo, BC Transit’s new electronic fare technology, may impact future fare reviews.

DISCUSSION

BC Transit aims to conduct fare reviews in semi-regular intervals with the goal of a review occurring every three years, or at local government’s discretion. BC Transit references its own provincial fare strategy when formulating recommendations for local governments on fare changes to ensure revenue is maximized while considering affordability. Due to the recent changes in fare collection through Umo, fare review recommendations will be impacted. As a result, the existing provincial fare strategy is in the process of being updated to better leverage the data opportunities presented with Umo. It is expected that although Umo data may influence fare changes, the core fare strategy guidelines referenced below, as they apply to the VRTS, will continue to be utilized:

Product	Audience	Recommendation	VRTS Conventional/Custom Pricing
Single-Ride	All	Base	\$3.00
DayPASS	All	2 Times Base Fare	\$6.00
Adult Monthly/30-Day Pass	All	20 to 30 Times Base Fare	\$85.00
Concession Monthly/30-Day Pass	Senior/Youth/Student	Adult 30-Day Pass less 15%	\$45.00

As the fare products within the VRTS are already aligned with BC Transit's recommended fare strategy, future fare considerations will focus on fare pricing as a mechanism for increasing revenue.

Umo Improvements

As a phased approach, Umo was introduced in 2023 in the VRTS, with the official transition away from physical fare products occurring on October 1, 2024. Before fully informed decisions can be made using Umo data, BC Transit must allow sufficient time for data to accumulate. As an upcoming priority project, credit and debit tap payments are expected to be available to riders in the VRTS, allowing passengers to pay onboard without the need to pre-purchase a fare product. It is expected that this new payment method may influence fare product purchases and transit usage and will need to be included in future analysis for fare decisions.

Single Ride Fares

With the introduction of Umo, BC Transit is now able to implement incremental fare changes. Due to the prevalence of cash usage historically, \$0.25 increases were the consistent standard for previous fare changes. Riders who pay their Single Ride fares with Umo Cash Balance, or upcoming credit and debit payments, will not need exact change to ride the bus. This allows for small incremental increases to be approved on a multi-year basis, as those using automated payment will not be inconvenienced by the nominal fee change. For those riders continuing to use cash, it is recommended that Cash Single Ride fares continue to follow the historical \$0.25 increases as riders have indicated the inconvenience of needing to carry smaller change to allow for exact cash payment.

Pass Products

In the VRTS the 30-Day Pass is available for riders utilizing Umo on fixed-route transit service, while a physical monthly pass is available to handyDART customers for use on both custom and fixed-route transit. As pre-paid pass products offer secured revenue compared to Single Ride fares, fare pricing on these products is set to encourage purchases by offering value to customers who take transit regularly. Pre-paid products may encourage increased ridership, therefore helping to achieve the VRTC's goal of increased transit mode share. BC Transit will continue to collect Umo data to evaluate the average number of days passengers are riding within their pass duration. With this data, pricing recommendations can be made to evaluate whether customers would continue to see value with a pass product if the price was increased, or if many customers would potentially transition from a pre-purchased pass product to single ride options.

Cost Recovery Targets

Since the COVID-19 pandemic, operational costs have continued to increase at an escalated rate which has further necessitated the review of fare product pricing in the VRTS to aid in increasing revenues for the system. Due to the unique nature of each community, BC Transit does not have a consistent cost recovery goal that is recommended for all transit systems. Local government partners set their own cost recovery targets based on local considerations, with recommendations from BC Transit. The cost recovery target that the VRTC sets can be used as a baseline for future fare reviews, utilizing Umo data to optimize fare pricing to meet cost recovery targets.

Five Year Fare Strategy

Umo offers improved monitoring on how fare changes have impacted fare product sales and ridership, which will in turn help to inform future fare review recommendations based on actual patterns in the VRTS. As the most recent fare change took place on April 1, 2025, a period of time needs to be allowed for sufficient data to accumulate so the effects of this fare change can be analyzed and inform recommendations for the next fare review.

During the previous fare review, BC Transit recommended an increase to the Concession 30-Day Pass as the discount provided is currently outside of the recommendations, at 47 per cent less than the Adult Pass fare. Any future fare reviews will continue to recommend an increase in cost for the Concession 30-Day/Monthly pass as a priority to better align to BC Transit's recommended fare strategy and reduce the discount provided. As the Adult 30-Day/Monthly Pass currently sits at the high end of BC Transit's recommendations (28 times the Single Ride fare), it is therefore not a priority for adjustment, although future Umo data analysis may help inform these fare decisions.

As accumulated Umo data will inform fare decisions, particularly with the upcoming introduction of credit and debit and tap payments, it is recommended that this data be collected prior to multi-year fare decisions, which is reflected in the five-year strategy outlined below.

2025

- At the Commissions' direction, a fare review may be initiated in September to allow for a fare change as of April 1, 2026.
- Currently BC Transit recommends the fare review focus on the Concession 30-Day/Monthly Pass fare pricing as the only product warranting consideration for a 2026 fare change at this time.

2026

- If directed, a fare change may be implemented for April 1, 2026, as an outcome of a fare review initiated in September 2025. Considering the October 2026 municipal elections and the potential assignment of new Commissioners, it is recommended that a fare change take place no later than April 2026.
- As of 2026, BC Transit will have accumulated sufficient data from Umo and Debit and Credit tap payments to allow for data informed decisions to be made for future fare changes. BC Transit will utilize this data to continue preparatory work on a multi-year fare review to be presented in 2027 to the new Commission.

2027

- As of 2027, BC Transit will present a multi-year fare review that will be presented to the Commission. It is recommended that annual incremental fare changes be implemented to account for annual inflationary increases in costs, and that these increases take place over the following 4 years to align with municipal office terms.
- BC Transit recommends that the multi-year fare review approve annual fare changes for all fare products, effective as of July 1st. The fare changes could be set at an approved annual percentage rate, ie. 2 – 5 per cent/year. It is recommended that Concession Pass pricing increases at a higher interval than the Adult Pass fare to allow for the product to reach BC Transit's fare guidelines of a 15 per cent discount.

2028 -2030

- BC Transit will continue to implement annual fare increases based on the approved increases in the 2027 fare review report.
- Even with pre-approval of multi-year fare changes, BC Transit recommends that fare changes be reviewed and approved annually to ensure that the pre-approved fares remain appropriate. A fully informed fare review would not be required with this approval.

Prepared by: Tessa Stewart

Position: Manager, Business Development Date prepared: May 20, 2025

Approved by: Christy Harrold

Position: Vice President, Strategy, Planning and Public Affairs Date reviewed: June 5, 2025