

2025

TRANSIT MANAGEMENT
MODELS FOR THE
OKANAGAN

REPORT



BY THE OKANAGAN
TRANSIT ALLIANCE

Transit Operations in the Okanagan

Transit in BC is a shared responsibility across all levels of government. Funding comes from health authorities (0.8%), bus ads (0.3%), fares (18.6%), and contributions from both local and provincial governments. BC Transit, a provincial Crown corporation, is run by a board which is appointed by the province. BC Transit covers almost half the costs of conventional transit (46.69%) and takes care of big-picture planning, bus fleet management, and service contracts. Local governments decide service levels, set budgets, and pay the remaining costs.¹

Day-to-day operations in most regional systems are contracted to private companies through long-term contracts. These contracts follow a public-private partnership model where bids are judged half on cost and half on quality. Once signed, the operator gets control for at least nine years, with an option to extend up to six more.²

The private operators for the South, Central, and North Okanagan are as follows:

Region	Company	Headquarters
South Okanagan	Berry & Smith Trucking	Penticton, British Columbia
Central Okanagan	TransDev	Issy-les-Moulineaux, France
North Okanagan	TransDev	Issy-les-Moulineaux, France

Table 1: Entities managing transit in each region of the Okanagan.

¹ BC Transit. (n.d.). *Funding and Governance*. BC Transit. Retrieved October 8, 2023, from <https://www.bctransit.com/about/funding-and-governance>

² International Association on Public Transit. (2021). *Contracting In Transit: The Value And Benefits Of Private Contracting In North America And Internationally To Meet Passenger Needs*. <https://cms.uitp.org/wp/wp-content/uploads/2021/05/study-on-contracting-report-2-final.pdf>

Management Models across British Columbia

Managing Entity	Description	Example
BC Transit	The bus service is operated directly by BC Transit.	City of Victoria
Local Government	The bus service is operated by municipal or regional staff.	Regional District of Nanaimo, City of Nelson (current), District of Powell River and the Sunshine Coast Regional District
Local Company	Operations are contracted to a local, private, for-profit company.	City of Penticton
Local Nonprofit	Operations are contracted to a local, independent, not-for-profit organization.	Parts of the West Kootenay Region (past)
TransLink	TransLink is governed by a Board of Directors appointed by a Mayors' Council, with a Screening Panel selecting board candidates. It operates under the South Coast British Columbia Transportation Authority Act.	Metro Vancouver
International Company	Operations are contracted to an international, private, for-profit company.	Many communities across BC

Table 2: Existing management models across British Columbia.

Public versus Private Management

Public management refers to transit services that are owned, operated, and staffed directly by a government body: municipal, regional, or provincial. Decisions are made through public processes, and workers are public employees.

Private management involves contracting operations to a private company, even if routes and fares are set by the government. In BC's common model, BC Transit and local governments plan service while private firms handle daily operations.

When Private Management Works (*and when it doesn't*)

Private contracting can make sense in some situations. It works well when agencies need to cut costs, launch a brand-new service, or try out a flexible pilot project.

Contracting can also be attractive when governments want to avoid the complexities of public hiring or lean on a contractor's specialized expertise and resources. In these cases, outsourcing can provide speed, agility, and short-term savings.

But contracting comes with trade-offs. Studies show little long-term economic benefit, since most cost savings come from lower wages and benefits for drivers - often at the expense of service quality. Hidden "transaction costs" like writing contracts, monitoring performance, and enforcing penalties can add up, eroding any

initial savings. Long contract terms, limited competition, and unequal bargaining power can further weaken accountability.

Public management is a better fit when communities want direct control, stable long-term investment, or high standards of service. Existing union agreements, safety concerns, and the need for transparency may also make outsourcing more challenging. In these cases, public management usually delivers stronger results for both riders and workers.³

³ National Center for Transit Research. Analysis of Transit Contracting Models and Proper Incentives for Long-Term Success. November 2013.
https://www.tucsonaz.gov/files/sharedassets/public/v/1/transportation-and-mobility/documents/attachment_a_analysis_of_transit_contracting_models.pdf

Our Recommendation

Given these trade-offs, we recommend that the South, Central, and North Okanagan Regional Districts explore public management models for their transit systems. The Okanagan Region is facing labour challenges, a lack of transparency and accountability, and a fragmented service network.

Regarding labour challenges, the private transit operator for the Central and North Okanagan is not able to manage the transit workforce well - one of their primary responsibilities. In Kelowna, [private operator TransDev's profit-driven model contributed to a 2022 strike](#) that highlighted the risks of outsourcing essential services. Services have been cut in the past due to a [driver shortage](#). Workers are trained in the Central Okanagan and then leave for better paying opportunities, which wastes taxpayer funds. The lack of transparency exists because private companies can be bought and sold, including [TransDev's purchase of the previous operator](#), leaving little accountability and transparency to the public. Small contract sizes mean few companies are willing to bid - without competition, the benefits of privatization in this context are limited. Instead, riders face driver shortages, a lack of accountability, and a profit rather than service driven system.

Moving transit operations back into the public sector would make it simpler to update services and shift to electric buses without relying on private contractors. A unified public system across the region could [run more efficiently, create connections between communities, and take advantage of economies of scale](#).

Our vision: A publicly run Okanagan Regional Transit Authority which brings together local governments throughout the region, is accountable to local voters, creates good jobs within the community, and serves the region's diverse transit needs.