

**King County Metro Transit
Fare Simplification Ordinance Report**

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Prepared for:
King County Council

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Executive Summary

This report examines potential opportunities for simplifying King County Metro Transit's complex fare structure, and concludes that Metro could make fare payment easier, improve safety, speed up operations, and increase transit access and affordability for some riders by adopting a flat fare for full-fare adult riders, at all times of day, no matter where a rider is going.

The ORCA Joint Board's initiation of the Next Generation ORCA project gave Metro an opportunity to address a long-standing issue: fare simplification. Metro's current fare structure, one of the most complex in the country, is confusing. It has seven customer categories as well as surcharges for adult riders during peak-period travel (6-9 a.m. and 3-6 p.m.) and on trips that cross zone boundaries. Customers have told us our fare structure is difficult to understand. Simplification would make fares easier to understand and would improve Metro's efficiency.

For these reasons, along with recommendations from elected officials representing ORCA agencies in a Regional Fares Forum, and Metro's policy objectives and guidelines, Metro decided to re-examine our fare structure and consider specific approaches to simplification.

The first phase of our Fares Work Program focused on fare simplification, regional coordination, and affordability. Based on the work conducted in this phase, **Metro recommends that the King County Council adopt a \$2.75 flat fare for full-fare adult riders during all hours of day and across all areas of the county, for implementation in July 2018.** These changes would make fares easier to understand and pay, reduce travel time by speeding up boarding, increase access and affordability for some riders, and improve safety by reducing fare confusion and disputes between customers and bus operators. It would also help Metro prepare for and improve the efficiency of Next Generation ORCA and coordinate Metro's fare structure with regional partners. *The recommended changes would apply only to full fare adult riders (69 percent of Metro's ridership).* ORCA LIFT, youth, senior, and disabled fares would remain unchanged.

As with any change of this magnitude, this proposal would benefit some riders and negatively impact others. Although it is impossible to mitigate all negative impacts on our riders, this report highlights the ways Metro plans to address some of the negative impacts of simplification. Metro proposes to expand the Human Services Ticket Program, continue working with partners to enhance programs for college students, increase ORCA LIFT outreach, reduce card fees, and continue to evaluate the fares program to increase access and affordability for low-income and very-low-income riders. (See Appendix 1, Summary of Recommendations in Phase 1 of Metro's 2017-2018 Fares Work Program.)

This report also points to areas needing further research that can be addressed in Phase 2. Metro has more work to do to equitably address the service needs of our priority populations – low-income communities, communities of color, immigrant and refugee communities, and limited English-speaking communities – and attempt to find ways to provide affordable, accessible mobility options for all people in King County. Growing income disparities in King County create an inherent disproportionate impact from fares on our priority populations who pay a greater percentage of their income towards transit because they more heavily depend on public transportation to access basic needs including jobs, housing, food, education, and health and social services. We recognize this fact, and we will work to provide access and affordability to those who can least afford to travel.

The main goals of the second phase of Metro's Fares Work Program (late 2017-2018) are continuing to increase equitable access and affordability, speed up operations for customers, and improve safety. Metro will balance these goals with meeting the farebox recovery requirement, reflecting the cost of service through fare policies, and complying with federal regulations.

Background

The process of developing this fare-change recommendation began in 2016, when the ORCA Joint Board initiated the Next Generation ORCA project. This regional project aims to build on the success of, and address concerns with, the current ORCA fare payment system. Next Generation ORCA will be a scalable, modern system that will improve the customer experience, prepare for expected regional transit growth and integration, and provide flexibility to adapt to emerging public transportation opportunities.

The Joint Board recognized the importance of re-evaluating current fare structures and making necessary improvements now, to prepare for Next Generation ORCA. The more complicated Metro's fare structure is, the more time and money it will cost to design the Next Generation ORCA system, and the greater the risk of project delay. With this in mind, the ORCA Joint Board called for a Regional Fare Forum in 2016 to discuss and make recommendations on regional fare structure and fare simplification. Forum members represented the governing bodies of each ORCA agency (Sound Transit, Pierce Transit, Everett Transit, King County, Kitsap Transit, Community Transit, and Washington State Ferries), and included King County Council members Claudia Balducci and Rod Dembowski.

After considering three different options for fare structure changes, the Forum recommended examining the potential for simplifying the regional fare structure by eliminating zone-based fares and the peak/off-peak fare structure. Metro took these recommendations into account when considering options for our own fare change proposal for full-fare adult riders. Metro did not consider changes to ORCA LIFT, youth, senior, or disabled fares.

This fare simplification proposal is a key element of the first phase of Metro's 2017-2018 Fares Work Program, which aims to achieve the following key objectives:

- | | |
|---|---|
| → Improve safety | <i>Minimize negative interactions between operators and customers in fare transactions</i> |
| → Simplify fares | <i>Make fares easier to understand and pay</i> |
| → Coordinate with regional partners | <i>Better coordinate fares with regional partners in preparation for Next Generation ORCA</i> |
| → Speed operations | <i>Speed up buses and reduce travel time by making fare payment faster</i> |
| → Increase transit ridership and reduce affordability barriers | <i>Begin to identify affordability barriers and opportunities to address these for low-income or other rider groups</i> |

Throughout the fares program, Metro has been continually balancing goals, needs, and requirements to provide the best system possible. We want to facilitate equitable access to our transit system and provide as much service as possible. Other goals include meeting the farebox cost recovery requirement, reflecting the cost of service through fare policies, and complying with federal regulations. Our recommendations and planned actions reflect Metro's policy goals, adopted by the King County Council in Metro's Strategic Plan for Public Transportation and Fund Management Policies. They especially reflect Strategic Plan Strategy 6.3.2, which states, "Establish fare structures and fare levels that are easy to understand, aligned with other service providers, and meet revenue targets by Metro's fund management policies."

Our recommendations also align with other plans adopted by the County Council, including Metro's Service Guidelines, the Metro Connects long-range plan, and King County's Strategic Plan for Equity and Social Justice. Metro Connects establishes a vision of increasing Metro's service by 70 percent and

envisions an expanded network of frequent service. Simplifying fares will help Metro achieve this more smoothly. These policy documents guide our work and provide a framework for assessing fare change options.

The first phase of Metro’s Fares Work Program began with the Regional Fare Forum in fall 2016 and will continue through 2017. This phase focuses primarily on simplifying fares and coordinating Metro’s fare structure with its regional partners. In the latter half of 2017 and in 2018, Metro will move into the work program’s second phase and work to address a broader range of fare-related issues and opportunities raised by transit operators, human services agencies, advocacy groups, elected officials and other stakeholders in King County. Phase 2 will build on lessons learned in the first phase. Metro will focus on addressing affordability barriers to increase equitable access and transit ridership, and examine ways to improve safety for operators and speeding fare payment and boarding, including transfers and off-board fare payment.

Existing Conditions

With seven customer categories and surcharges for peak-period travel and trips that cross the zone boundary for full-fare adult riders (Table 1), Metro’s current fare structure is confusing and among the most complex in the nation:

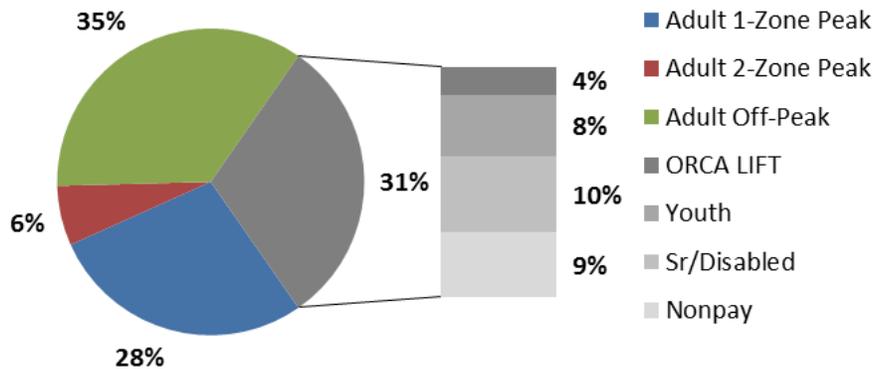
Table 1: Metro's Current Bus Fares

	Off-peak	One-zone peak	Two-zone peak	Monthly pass
Full-fare adult fare	\$2.50	\$2.75	\$3.25	\$90/\$99/\$117
Child (five years and under)	No charge			
Youth (six through 18)	\$1.50			\$54
Seniors and persons with disabilities (RRFP)	\$1.00			\$36
ORCA LIFT (low-income adult)	\$1.50			\$54

Adult riders pay higher fares if they travel at peak commute time (6-9 a.m. or 3-6 p.m.) and if they cross the zone boundary (approximately Seattle city limits) during peak hours. *As a result, an adult rider might pay \$2.50, \$2.75, or \$3.25 on the same route depending on when and how far they travel.* This could be especially confusing for riders who pay with cash, E-purse, or purchase their own passes, in addition to limited English-speaking riders, new and infrequent riders, and visitors.

As shown in Fig. 1, full-fare adult riders comprise 69 percent of Metro’s ridership, so this complex fare structure impacts the majority of our customers. One-zone peak refers to trips during peak commute periods (6-9 a.m. or 3-6 p.m.) within the zone boundary (Seattle city limits). Two-zone peak refers to peak-period trips that cross that zone boundary. Zones do not apply on off-peak trips, which occur outside of the peak-commute periods. The 31 percent of riders who pay ORCA LIFT, youth, or senior/disabled (RRFP) fares, in addition to children five and under and fare evaders (non-paying riders), would not be affected by this proposed fare change. Simplification would also not impact Access fares.

Figure 1: Distribution of Metro Boardings by Fare Category, 2016¹



Fares have an inherent disproportionate negative impact on lower income populations, people of color, limited English-speaking communities, and immigrants and refugees, who pay a greater percentage of their income towards transportation. Metro acknowledges this and the need to work to understand the barriers to access of those most negatively impacted. Metro runs several programs to increase affordability of and access to transit among our county’s low-income, homeless, and other historically disadvantaged populations². The ORCA LIFT program, which launched in 2015 and provides a reduced fare of \$1.50 to adults below 200 percent of the federal poverty level, has been a model for the nation. Metro also provides a discounted fare of \$1.50 to youth (ages 6-18) and, between June and early September of 2017, is piloting a reduced summer ORCA youth fare of \$0.50 with a free ORCA card. Metro offers a \$1 reduced fare for senior/disabled riders through the Regional Reduced Fare Permit (RRFP). Finally, Metro’s Human Services Ticket Program helps human service agencies provide transit opportunities for King County’s homeless and very-low-income populations who cannot afford the discounted LIFT fare. In 2016, Metro provided over 1.5 million discounted tickets through this program. Despite these efforts, Metro realizes there is more work to do to better serve the populations that most need transit. For example, there are people who qualify for ORCA LIFT but are not accessing the program. Metro remains committed to working to increase enrollment in ORCA LIFT and continuing other efforts to reduce affordability barriers.

King County is currently experiencing growing income inequality and the suburbanization of poverty. Poverty has shifted significantly to the suburbs over the past two decades. 2010 data shows that more than 140,000 people below the poverty line live in King County outside of Seattle, compared with about 80,000 people in Seattle. Between 2011 and 2015, the King County poverty rate increased by 11.2 percent, compared with 13 percent in South King County³.

Similarly, income inequality has increased substantially in King County over the last 20 years. Between 1999 and 2012, more than 95 percent of the net change in the number of households by income in King County occurred in the “high income” bracket (\$125,000 or more) or the “low income” bracket (under \$35,000).⁴ Income also differs greatly by race. 2007-2011 census data showed the average median income of white households as \$74,700, compared to \$38,700 for African-American/black households

¹ Based on estimates of Metro’s ORCA and cash ridership data.

² For a more detailed description of this program, see the “Very-Low-Income Transit Fare Options” report.

³ King County Demographer, King County Office of Performance, Strategy, and Budget.

⁴ King County Demographer, King County Office of Performance, Strategy, and Budget.

and \$49,400 for Hispanic/Latino households. The 20 zip codes with the lowest annual household income tended to be in west and south parts of King County.⁵

Per our FTA-mandated Title VI analysis, Metro’s current fare structure results in a disparity between the average adult fare paid on Title VI designated low-income and minority routes and non-low-income and non-minority routes. Currently, the average adult fare on low-income routes is \$0.02 higher than on non-low-income routes. The average adult fare on minority routes is \$0.05 higher than on non-minority routes.

Final Recommendation

Metro recommends that the King County Council adopt a \$2.75 flat fare for full-fare adult riders during all hours of day and across all areas of the county, for implementation in July 2018. This fare structure would aid in simplifying fares, coordinating our fare structure with regional partners, increasing access and affordability for some riders, improving safety by reducing fare disputes, and saving travel time by speeding boarding. Adoption of this option would respond to customer feedback, help increase equity, and better prepare Metro for Next Generation ORCA, while allowing Metro to remain within farebox recovery guidelines.

In order to alleviate the negative impacts of this fare change for some riders, Metro proposes to reduce adult ORCA card fees from \$5 to \$3, eliminate the \$3 fee for the Regional Reduced Fare Permit, increase the Human Service Ticket Program subsidy by 11 percent in 2018 (\$400,000, bringing the total to \$4 million), continue to explore enhancements to college programs for students, and increase outreach to promote ORCA LIFT enrollment and re-enrollment. Metro will also continue researching and working to address ways to speed boarding, increase safety, and reduce affordability barriers for rider groups with the greatest needs in the next phase of its work program.

Impacts of Simplification

Impacts on Riders

As always, fare changes impact various rider groups differently. **This recommended fare change would mean a \$0.50 fare decrease for two-zone peak riders, no change for one-zone peak riders, and a \$0.25 increase for off-peak riders.** Six percent of Metro’s 2016 boardings are two-zone peak and would see a \$0.50 decrease. Fifty-nine percent of Metro’s boardings are reduced fare or one-zone peak. They would see no changes. Thirty-five percent of boardings in 2016 were off-peak and would see a \$0.25 increase.

Making our system easier to understand would benefit riders by making their payment experience easier – especially those who pay with cash or E-purse, purchase their own passes, or are limited English-speaking, new and infrequent riders, or visitors. Although we cannot assess the impact of this fare change on each individual rider, Metro examined the demographics and ridership characteristics of impacted rider groups, and while we do not know as much as we would like, this research provided some valuable information, summarized below. We remain committed to further studying the needs of these groups in Phase 2 of the fares work program.

Off-Peak Riders

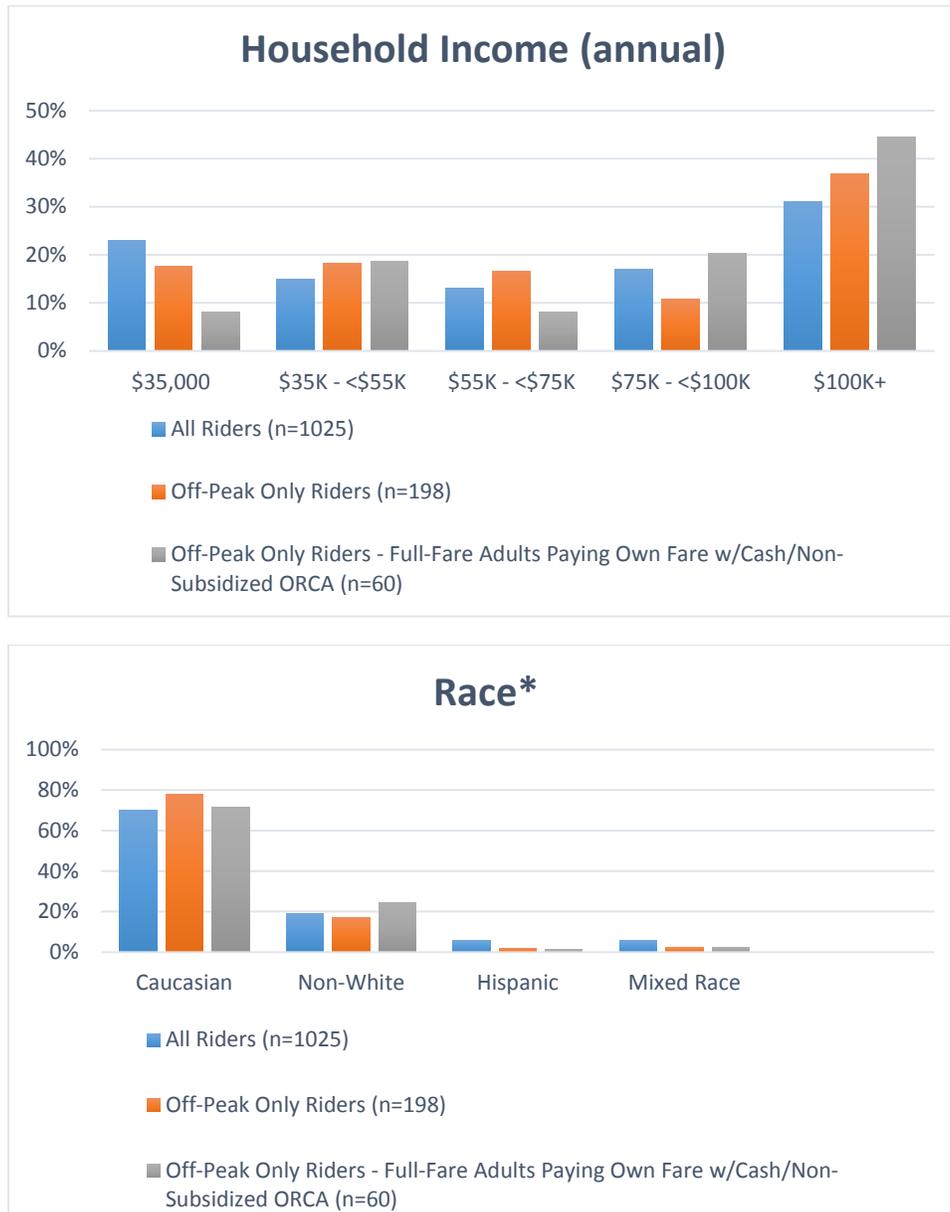
Demographic Information

Fig. 3 illustrates limited demographic information from the 2015 Rider/Non-Rider survey on all riders and off-peak only riders (riders who ride only during the off peak period). “Off-Peak Only Riders” is a

⁵ King County Demographer, King County Office of Performance, Strategy, and Budget.

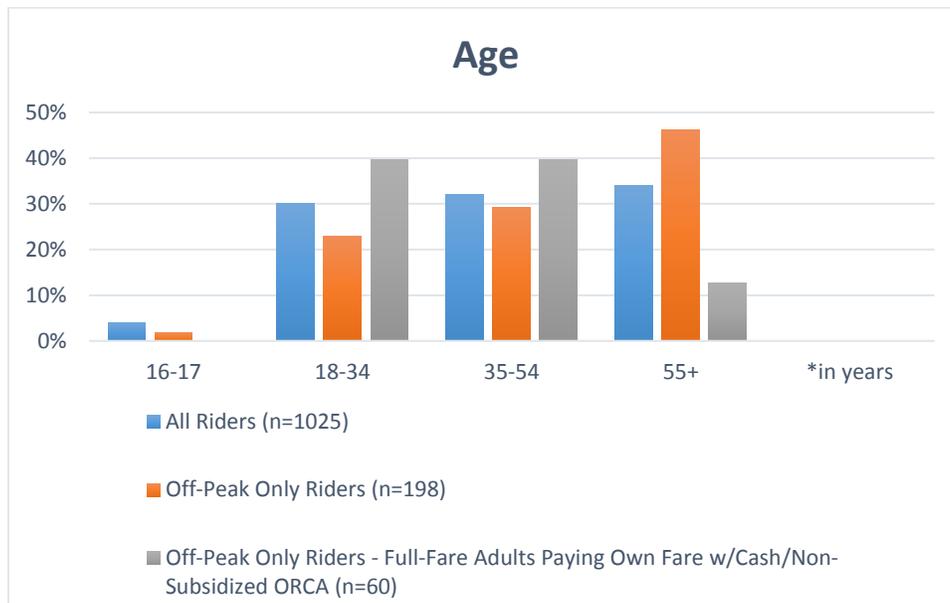
subset of “All-Riders,” and “Off-Peak Only-Riders – Cash/Non-Subsidized ORCA” is a subset of both groups. “Off-Peak Only Riders” represents the 19 percent of all Metro customers, including reduced-fare customers, who ride *only* during the off-peak period. The full-fare adults in that group would be impacted every time they ride. It is important to note that though the survey is designed to reflect the larger rider population, the sample size (n) is small and there is a significant difference in sample size between the all riders and the two subsets.

Figure 2: Demographic Information about Off-Peak Only Riders⁶



*Caucasian and Non-White do not include Hispanic. Non-White includes Black/African-American, American Indian or Alaskan Native, and Asian or Pacific Islander

⁶ From data in the 2015 Rider/Non-Rider Survey.



Overall, the survey data implies that lower-income off-peak only riders will not disproportionately pay the fare increase. The survey indicates that while approximately 23 percent of all riders make less than \$35,000 per year, less than 10 percent of off-peak only riders paying cash or non-subsidized ORCA fares fall into this income category. Similarly, approximately eight percent of off-peak only riders paying their own fare make between \$55,000 per year and \$75,000 per year, while approximately 13 percent of all riders fall within this income range. The proportions of riders making \$35,000 to \$55,000 in those two survey groups are similar (15 percent for all riders versus 19 percent for off-peak only riders paying their own fare). Conversely, of higher income riders (making greater than \$75,000 per year) the proportion who ride off-peak only and pay using cash or non-subsidized ORCA cards is higher than that for all higher-income riders.

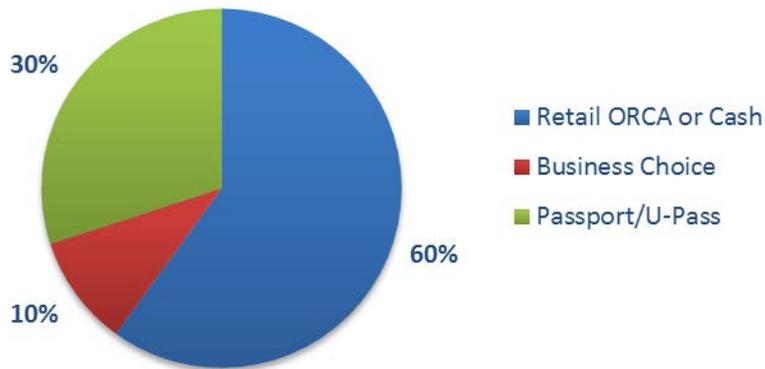
The 2015 Rider/Non-Rider survey also demonstrated that off-peak riders are more likely to ride infrequently (less than five trips a month). The percentage of off-peak only riders riding infrequently (37 percent) is greater than the percentages of peak-only riders and riders who travel during both time periods who ride infrequently (16 and 15 percent, respectively).

Boardings

Off-peak boardings span a longer time period (any time other than 6-9 a.m. and 3-6 p.m) than peak boardings do. As shown earlier in Fig.1, full-fare adult off-peak boardings represent about 35 percent of Metro’s total boardings across both zones. Sixty percent of those adults pay their own full fare with cash or ORCA, which means 21 percent of Metro’s total boardings come from full-fare adults paying their own fare. That group will be negatively impacted by the \$0.25 fare increase.

The impacts on the ORCA Business Choice customers would depend upon the mix of passes purchased for their employees. Based on Metro’s initial review, the ORCA Passport customers may see a very slight decrease in the Metro cost per trip used in program pricing (\$0.01-\$0.02/trip). The University of Washington may see a very slight increase in their U-Pass program cost because they have a higher percentage of off-peak boardings. Fig. 5 illustrates off-peak ridership by fare category.

Figure 3: 2016 Off-Peak Boardings by Fare Payment Type⁷



Two-Zone Peak Riders

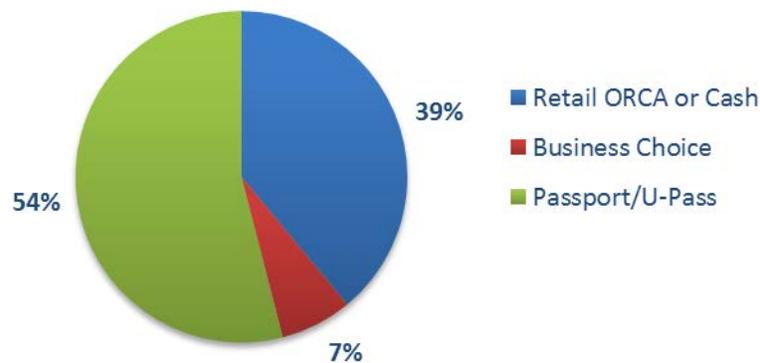
Demographics

Metro could not derive demographic information about two-zone peak riders from the Rider/Non-Rider survey because the survey did not ask about the number of zones traveled.

Boardings

As shown previously in Fig. 1, full-fare adult, two-zone peak boardings represent 6 percent of Metro’s total boardings. Of those riders, 39 percent pay their own full fare with cash or ORCA fare media. These riders would benefit from a \$0.50 decrease in fares. It is likely that the fare decrease for two-zone peak full-fare adults will make it somewhat more affordable for some constituents, especially those who commute across the zone boundary for work and cannot afford to live in Seattle. Fig. 4 illustrates the breakdown of two-zone peak boardings by fare payment type:

Figure 4: 2016 Metro Two-Zone Peak Boardings by Fare Payment Type (Cash and ORCA Data)



Routes designated as minority and low-income per the Title VI regulations⁸ have more two-zone peak boardings than one-zone and off-peak boardings. The Title VI analysis required by the FTA uses proxy data to evaluate potential impacts to low-income and minority populations. This analysis indicated that currently, the average fare for full-fare adults on low-income and minority routes is higher than on non-

⁷ Based on ORCA and cash ridership data

⁸ Routes serving corridors where a greater percentage of boardings are in low-income or minority census tracts than Metro’s corresponding system average. See Title VI report for more information.,

low-income and non-minority routes. The proposed fare change would eliminate this fare disparity for all full-fare adults.

Impacts on Metro's Key Objectives

Simplification: Metro's customers have repeatedly asked for simpler fares: one-third of respondents to the March 2017 online fare survey said they find Metro's fares difficult to understand. Though this survey includes responses from individuals who chose to participate and is not statistically representative of Metro ridership, it does provide valuable insight into the desires of our customers. As mentioned above, eliminating the zone and peak-period surcharges would make fares easier for all customers to understand and pay. This could also speed up boarding and increase safety by reducing fare confusion and possible disputes. With King County's population expected to grow to approximately 3.2 million people by 2030, Metro must help accommodate growth and increased transit use by making fares easier to use and understand.

Regional Coordination: A flat fare would best prepare Metro for the transition to Next Generation ORCA by better coordinating Metro with regional partners. Metro is the only ORCA agency with peak fares, while Sound Transit and Community Transit have zone fares but are working to eliminate zone pricing. Of Metro's peer agencies (the 30 largest agencies in the U.S. plus Vancouver, B.C.), only Metro and Vancouver have both peak and zone surcharges.

Speed Boarding: A \$2.75 flat fare would speed up boarding by reducing interactions between operators and customers that result from fare confusion, improving the customer experience. By saving boarding and trip time, this fare structure change could help decrease the traffic congestion expected from continued growth, construction projects, and transportation changes such as the end of joint rail/bus operations in the Downtown Seattle Transit Tunnel. Simplifying fares would also contribute to smoother off-board fare payment, planned for Third Avenue and additional RapidRide lines.

With the Seattle region looking toward a multi-year period of "maximum constraint" in traffic conditions starting in the 2018-2019 time frame, we should make as many improvements as possible now to simplify and speed up our system.

Increase Safety: A flat fare would likely increase safety by making fare payment and boarding less confusing and decreasing potential customer interactions with operators, which sometimes result in disputes. Planned off-board fare payment, as noted above, will amplify this impact.

Affordability: As outlined above, this fare change would reduce affordability barriers for some (two-zone peak full-fare adults) while increasing them for others (off-peak full-fare adults). Our Title VI analysis, included in this ordinance package, determined that the proposed change would have no disparate impact as defined by the federal Title VI analysis. Beyond the limited scope of the Title VI analysis, we do acknowledge that a change of this magnitude will have real and potentially inherently negative impacts on many of our rider groups, particularly on lower income populations, people of color, limited English-speaking communities, and immigrants and refugees, who pay a greater percentage of their income towards transportation.

Fare simplification would result in a \$0.25 increase for off-peak riders – a negative impact on those riders. Metro has proposed additional actions to reduce affordability barriers and to continue to work to find solutions to address some of the challenges for off-peak riders most negatively impacted by this fare increase. We plan to do more through our second phase of research to understand how to reach and provide access and affordable transportation options to vulnerable populations.

The \$0.50 fare decrease for full-fare adult two-zone peak riders is important considering the dramatic increase in suburban poverty, outside the Seattle zone boundary, over the last 20 years⁹. A \$2.75 flat fare may somewhat increase equity by eliminating the small disparity between the average fares paid on minority and non-minority and on low income and non-low-income routes.

Reflect Cost of Service: It costs more for Metro to operate during peak periods because of slower travel times and more non-revenue mileage (deadheading) than occurs during non-peak hours. The no-peak surcharge option does not reflect the higher cost of peak service as well as some of the other options Metro initially considered.

Other Impacts: Simplification would help employers who partner with Metro to provide transit benefits to their employees. It would also generate internal benefits, making it easier for Metro to administer various pass programs, monitor and project revenue, and communicate our fare structure to riders. The simpler fare structure would allow Metro to advance our other work program objectives more easily. Simplifying Metro's fare structure will reduce project design costs, project risk, and project delay for Next Generation ORCA.

Simplification could also impact transit ridership and use. Though Metro's fare model projects a very slight decrease in ridership, the proposed fare simplification could potentially have the opposite effect. Simpler fares will likely appeal to more riders, and simplifying fare payment could speed up service and result in ridership increases or cost savings. A 2009 study by the Passenger Transport Executive Group reviewed case studies from major urban areas in Europe, North America, and Australia¹⁰. The study found that fare simplification resulted in increases in ridership, some revenue increases, and decreased confusion. Metro anticipates some degree of ridership increase could occur here as well.

Estimated Revenue and Farebox Recovery Impacts

Bus fare revenue is a key funding source for Metro, supporting current and expanding transit service in King County. In 2016, the King County Council emphasized the importance of fare revenue in the update of Metro's Fund Management Policies. The Council set a goal that fare revenue recover 30 percent of transit operating costs, with a required minimum 25 percent farebox recovery floor (Ordinance 18321). Metro's 2016 bus fare revenue was about \$162 million, providing a farebox recovery ratio of approximately 31 percent – above Metro's target. As a result, Metro did not implement a previously planned fare increase in the 2017-2018 biennium to benefit customers and give Metro time to review its fares program.

Any proposed change to Metro's fare structure must ensure that Metro's farebox recovery remain above 25 percent. If a proposed change were to bring Metro's farebox recovery under 25 percent, Metro might have to consider cutting service or delaying service adds as one way to reduce costs. A baseline forecast with no fare changes and current expenditures projects Metro's farebox recovery ratio to be 25.9 percent by 2020. The \$2.75 flat fare would increase net fare revenue by an estimated \$3.5 million, or about 2.2 percent, by 2020. This would increase the farebox recovery ratio in 2020 by 0.5 percent, bringing it to 26.4 percent.

Though moving to a \$2.75 flat fare would generate some additional revenue, it would not generate as much as a traditional \$0.25 fare increase under our current fare structure. The 6-year financial plan

⁹ King County Demographer, King County Office of Performance, Strategy, and Budget.

¹⁰ "The Benefits of Simplified and Integrated Ticketing in Public Transport," Passenger Transport Executive Group. <http://www.urbantransportgroup.org/system/files/general-docs/integratedticketingreportFINALOct09.pdf>

submitted with the 2017-2018 budget assumed general fare increases in 2020 and 2024 that would each generate approximately \$12-15 million in additional fare revenue in the first year after implementation.

Metro is also transmitting several other recommendations with this legislative package to help alleviate the impacts of fare simplification. Some of those recommendations – eliminate the \$3 RRF card fee (pending final approval of a revised RRF MOA by all 16 participating agencies) and increase the subsidy for the Human Services Ticket Program – would impact revenue and farebox recovery. Metro is also working with the ORCA partners to reduce the adult and youth card fee from \$5 to \$3, which would also impact farebox recovery. Metro has had positive conversations with ORCA partner agencies about this change. Table 2 summarizes those implications and the net revenue (fare and other revenue) impact in 2020.

Table 2: 2020 Projected Revenue Effects of Recommended Fares-Related Changes (1)

	2020 Projections – No Changes to Fare Structure or Rate (3)	2020 Projected Change - 2.75 Flat Fare, Increase in HS Ticket Cap, and Changes to Card Fees	Est. 2020 Total Revenue Impact - \$2.75 Flat Fare, Increase in HS Ticket Cap, and Changes to Card Fees
KC Metro Service Fare Revenue	\$160,727,000	\$3,488,000	\$164,215,000
Seattle CMC Service Fare Revenue (2)	\$12,334,000	\$268,000	\$12,602,000
Seattle’s Community Mobility Contract Fare Credit (2)	(\$12,334,000)	(\$268,000)	(\$12,602,000)
HS Ticket Cap (4)	(\$3,600,000)	(\$400,000)	(\$4,000,000)
RRFP Administrative Fee	\$75,000	(\$75,000)	\$0
Youth/Adult Card Fee (5)	\$1,587,000	(\$700,000)	\$887,000
Estimated Net Revenue	\$158,789,000	\$2,313,000	\$161,102,000
Estimated 2020 Farebox Recovery	25.9%	0.3%	26.2%

1. Projections - Actual revenue and farebox recovery amounts depend on actual ridership, economic conditions, fuel prices, etc.
2. King County Metro provides transit service to the City of Seattle under a Community Mobility Contract (CMC). Metro operates the service and the City of Seattle reimburses King County for 100% of the operating costs for this service. However, the payment due to King County is reduced by the fare revenue earned on the City of Seattle CMC service. The proposed \$2.75 fare simplification measure would increase fares on City of Seattle routes, but would also result in a reduction of the funds owed to Metro for the operating service, resulting in a next zero impact on Metro.
3. The fiscal impact to revenue shown here is the variance from current state (i.e., current fare structure and fare rate carried into the future years). The 2017/2018 adopted budget anticipated a fare increase in 2020, which would have generated \$12-15 million additional revenue per year. Therefore, while fare simplification generates some additional revenue per year, it is less than would be generated from an across-the-board fare increase. Metro will regularly evaluate farebox recovery to identify the need for a fare increase in the future.

4. *The amount of revenue loss illustrated here is the maximum revenue loss anticipated as it assumes that all new trips taken with tickets purchased with the increased subsidy amount would be taken even without the increase in the subsidy.*
5. *These numbers are estimates of 2016 impacts and are not adjusted to reflect 2020 projections*

Overall, based on current assumptions for expenses and revenue, Metro estimates that, in 2020, the proposed fare changes would result in a net revenue gain of \$2,313,000 over revenue projections without any fare increases. This change would also result in \$9-12 million less fare-related revenue than planned in the 2017-2018 adopted budget associated with a 25 cent fare increase in 2020. The adopted budget assumptions of the current fare structure and a fare increase in 2020 would have resulted in an estimated farebox recovery of 27.5 percent in 2020. As always, farebox recovery depends on many factors including ridership, economic conditions, future service changes, wages and benefits, fuel prices, and others. Metro will monitor these factors and consider fare increases with biennial budget cycles as needed to maintain recovery rates above the floor.

Additional Recommendations to Improve Access and Affordability

Metro remains committed to making transit accessible for everyone. In particular, we want to address the barriers to transit for King County’s populations with the greatest needs. The proposed fare change would *not* impact the low-income riders who participate in ORCA LIFT or those who participate in the senior/disabled and youth fare programs. However, it would result in a \$0.25 increase to off-peak fares, potentially affecting many riders who may not be currently participating in any of Metro’s existing programs to increase affordability and access..

Table 3 outlines Metro’s current and planned actions to reduce affordability barriers for low-income and off-peak riders. The responses to the provisos relating to ORCA card fees and the feasibility of a very-low-income fare, provided with this report, explain these actions further.

Table 3: Actions to Benefit Low-Income and Off-Peak Riders

Objective	Action
<i>Relating to King County Council proviso on card fees</i>	
Reduce cost of card fees	<ul style="list-style-type: none"> • Work with ORCA partners via ORCA Joint Board to consider reducing adult card fees from \$5 to \$3 • Would provide a small financial benefit to all youth and full-fare adult riders using ORCA. Cards for ORCA LIFT recipients and their children would remain free. As is always the case, transit costs have a greater cost-burden on lower-income populations. • Would also help increase ORCA market share, which would help speed boarding and increase safety
<i>Relating to King County Council proviso on the feasibility of a very-low-income fare</i>	
Increase ORCA LIFT enrollment, which offers a \$1.50 reduced fare for adults below	<ul style="list-style-type: none"> • Provide information to the 40% of the 120 human service agencies that indicated they want more information about ORCA LIFT for clients • Use new tools:

<p>200% of the federal poverty level</p>	<ul style="list-style-type: none"> - Appendix 2, “How to pay for your ride with your ORCA card” infographic explains the difference between e-purse and monthly pass (now included in LIFT welcome packet) - Launch “What is an ORCA card and how do you use it?” videos in fall 2017 • Work to address barriers identified by community-based organizations who work with hard-to-reach populations • Consider developing a general “How to Use ORCA” campaign to increase ORCA and ORCA LIFT market share • Expand outreach about ORCA LIFT re-enrollment by notifying customers through mail, email, and posters • Promote \$0 ORCA card fee for youth (ages 6-18) of ORCA LIFT recipients • Utilize online verification system for re-enrollment • Provide additional translations of ORCA LIFT materials
<p>Increase subsidy cap for the Human Services Ticket Program to ensure agencies can purchase more tickets and better serve their clients</p>	<ul style="list-style-type: none"> • Increase subsidy cap for the Human Services Ticket Program by \$400,000, bringing total to \$4 million, in 2018 <ul style="list-style-type: none"> - 2017 survey of participating human service agencies indicated that agencies wanted and could spend more on additional tickets - Metro proposes increasing subsidy by \$400,000, or 11%, to address demand • Subsidy increase will help offset impacts of off-peak fare increase on agencies, which will increase the average human services ticket cost by approximately 2%
<p>Pilot - Streamline Human Services Ticket Program</p>	<ul style="list-style-type: none"> • Work with key agencies to design and implement a pilot program to test use of ORCA fare media to improve the Human Services Ticket Program
<p>Learn more about very-low-income and off-peak riders (and strategies for addressing needs)</p>	<ul style="list-style-type: none"> • Further evaluate results of pilot programs • Research needs of off-peak riders (especially those lower-moderate income riders who are most negatively impacted by the \$0.25 fare increase), very-low-income riders, youth, cash riders and others to address barriers to affordability and find solutions that expand access to our system for the most vulnerable populations in Phase 2 of Metro’s Fare Work Program • Consider all options available to very-low-income riders as part of Next Generation ORCA
<p><i>Other Related Efforts</i></p>	
<p>Help increase affordability and access to transit for college students (many of whom ride off-peak)</p>	<ul style="list-style-type: none"> • Consistent with emphasis on equity and social justice in community partnerships, Metro plans to pursue the options outlined above to increase equitable access among college students and encourage participation in ORCA LIFT and other programs for which they qualify. • Partner with students, colleges, and jurisdictions to continue to explore enhancements to college programs for students that meet the needs of individual schools/student populations <ul style="list-style-type: none"> - Metro has reached out to students and administrators at Seattle Community Colleges and Highline Community College about the possibility of developing

	<p>a passport program, similar to U-PASS, and will reach out to other colleges in King County</p> <ul style="list-style-type: none"> - Metro will work with schools to explore other options as needed • Coordinate with colleges for ORCA LIFT and ORCA-to-Go outreach to help low-income students use ORCA LIFT <ul style="list-style-type: none"> - Between March of 2015 and June of 2017, Metro has enrolled more than 1500 students for the ORCA LIFT program through its college outreach. - Metro has held 55 events at colleges in 2017 and will continue to work with colleges to plan events into the fall and the beginning of each new quarter. - Starting fall 2017, colleges will have their own schedule on the website for students that will clearly show when ORCA-to-Go and Public Health will be on campus and it will also direct them to the closes LIFT enrollment site. - Metro and Public Health created ongoing outreach and enrollment strategies for the University of Washington students that included enrolling students not eligible for the U- Pass, their summer programs for low-income residents, (e.g. Upward Bound, Girls in Science and Bio-engineering Camp). Fall enrollment event scheduled. - North Seattle College has enrollment assistance available four days per week at the Opportunity Center for Employment & Education building. - Seattle Central College continues to lead the way in LIFT enrollments. Weekly LIFT enrollment location and referral process set up through the women’s program. Fall enrollment event scheduled. - Metro also provides materials about ORCA LIFT, including posters, electronic posters, and brochures, to schools so they can distribute them to students. - Reached out to colleges to develop and train staff at the colleges to enroll their own students. We’ll continue to recruit college personnel.
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Overview of Public Engagement

Metro began an extensive public engagement program related to fares in March 2017, going beyond what we traditionally do for public outreach and what we have done for any other fare change. Metro’s public engagement efforts are designed to meet multiple goals – including goals of providing the opportunity for members of the public to shape a decision with their opinions, demonstrating transparency, building public awareness, and helping elected officials understand qualitative opinions of those they serve. Public engagement programs are not fully representative of all Metro riders because they depend on individuals to opt-in to the conversation.

In this particular engagement program, we worked to solicit feedback from the public, community members involved in transit, people with low incomes, limited English-speakers (LES), and other populations less likely to respond to online surveys. Metro hoped to learn more about our customers’ preferences, transit use habits, and barriers they may face to access to transit. We used several tactics throughout our engagement program, including but not limited to public online surveys, an employer survey, a stakeholder advisory group, outreach through community-based organizations, public open houses, briefings of key stakeholder groups and elected officials, and street teams.

We gathered feedback on our current fare structure and potential changes. One-third of responses to Metro’s first public survey indicated riders felt Metro’s current structure is confusing. Eighty percent of

responses to Metro's second public survey said riders liked a flat fare. Metro learned a lot of valuable information about the needs of our customers related to fares and will continue working to improve our processes so we can learn more about how our customers can equitably and affordably access our system in Phase 2 of the fares work program. As the County's Office of Equity and Social Justice expands the use and application of equity tools, Metro will adopt these tools and insights to improve our public engagement processes.

For a comprehensive description of our public engagement effort and what we heard, see Appendix 4, "Public Engagement Processes," in this report and the Public Engagement Report, Attachment D in this legislative package.

Next Steps and Preparation for Phase 2 of the Fares Work Program

The ORCA agencies plan to move forward with an RFP for a Next Generation ORCA vendor in fall 2017. Given that timeline, Metro needs the King County Council to adopt the \$2.75 flat fare structure by the end of 2017 to inform system design. Metro also recommends implementing this fare structure on July 1, 2018 to simplify fares as early as possible to make fares easier for customers to use and understand.

Metro intends to build on our experiences and lessons learned in the first phase of this fares work program to find ways to speed boarding, increase safety, and more equitably serve King County residents with the greatest needs with Phase 2 of the fares work program. Metro looks forward to partnering with the Office of Equity and Social Justice and using the Equity Impact Review tool when considering ways to reduce affordability barriers and improve our system.

Many of Metro's current actions and programs will help inform recommendations made in Phase 2 of the Fares Work Program. For example, Metro is providing free ORCA cards and a \$0.50 reduced ORCA fare to King County Youth from June 17 to September 4, 2017 as part of a "Reduced ORCA Summer Youth Fare" pilot program. This demonstration program aims to increase mobility among youth and bring more youth into the transit system. Metro will evaluate this program and consider its continuation, in addition to applying lessons learned about youth riders to actions taken in Phase 2. In the summer of 2018, Metro will also implement a pilot program that would provide certain students in the Highline and Lake Washington school districts with a free ORCA card during the summer using \$250,000 appropriated to King County by the state of Washington during the 2017 legislative session. Additionally, we will further research to analyze options and work to find solutions that meet the needs of very-low-income riders, off-peak riders, youth, cash riders, and college students.

Metro has started conversations with operators about ways to improve safety and speed boarding. Metro is also conducting a mobile ticketing pilot program, for evaluation in fall 2017. Metro is following up with community-based organizations about information acquired during Phase 1 outreach and discussing opportunities for continued partnership. We are also developing plans for research that will delve deeper into issues of speeding boarding, increasing safety, and reducing affordability barriers. Finally, Metro will review the fares of other services, including Access, and examine eliminating paper transfers and other ways to increase ORCA market share.

Appendix 1: Summary of Recommendations in Phase 1 of Metro’s 2017-2018 Fares Work Program

Project	Description	Target Market
Fare Simplification (transmitted via ordinance)	<ul style="list-style-type: none"> • Recommend a \$2.75 flat fare, for implementation on July 1, 2018, to be transmitted to Council in mid-August (eliminates surcharges for zone and peak- period travel) <ul style="list-style-type: none"> – Impacts: \$0.50 decrease for 2-Zone Peak, \$0.25 increase for off-peak, no change for 1-Zone Peak – Objectives: simplify fares to improve customer experience, better coordinate with regional partners, increase safety and security, speed boarding – Outcomes: Makes system easier for customers to use and understand. Prepares for efficiencies in Next Generation ORCA. Better coordinates with regional partners. Increases safety and speeds boarding by reducing confusion and disputes with operators. Increases affordability for many. Does not reflect cost of service as well as peak surcharge 	Full fare adult riders, business accounts (no change to ORCA LIFT, youth, senior/disabled fares)
Very-Low-Income Fare Proviso (transmitted via motion and ordinance)	<ul style="list-style-type: none"> • Analysis of implementing a “very low income fare” via proviso, response transmitted via motion and ordinance in mid-August (with simplification package) • Recommendations include: <ul style="list-style-type: none"> – Expand partnerships with human service agencies to help them better serve very-low-income clients by increasing ticket program subsidy cap by \$400,000 in 2018 – Launch pilot program to test use of ORCA products in Human Services ticket program in 2018 – Continue evaluating pilot programs and researching needs of and potential strategies for helping very-low-income residents 	“Very-low-income” riders —especially those who cannot afford or access ORCA Lift, or reduced Youth and Senior/Disabled fares

Project	Description	Target Market
ORCA Card Fees Proviso (transmitted via motion and ordinance)	<ul style="list-style-type: none"> • Revised response transmitted via motion and ordinance in mid-August (with simplification package) • Recommendations include*: <ol style="list-style-type: none"> 1. Free RRFP card fees (including free replacements) King County only, for implementation in first quarter of 2018 2. Work with regional partners to reduce youth card fees from \$5 to \$3 (including replacements), for implementation in 2018 3. Work with regional partners to reduce adult fees from \$5 to \$3 (including replacements), for implementation in 2018 <p>*require regional decisions by ORCA partner agencies</p>	RRFP (senior/disabled) riders, youth riders, full fare adult riders (especially helpful to those who ride off-peak), and business accounts
College Student Program (referenced in ordinance package)	<ul style="list-style-type: none"> • In response to the Council’s “college student fare” proviso, Metro will continue to explore enhancements to college programs for students that better meet the needs of individual schools/student populations in collaboration with students, colleges, jurisdictions, and other stakeholders • Increase ORCA LIFT and ORCA-to-Go outreach to colleges and vocational schools 	College students (many of whom ride off-peak) —especially those who don’t qualify for LIFT
Increased ORCA LIFT Outreach (referenced in ordinance package)	<ul style="list-style-type: none"> • Use new tools like infographics and videos to increase enrollment among English language learners (currently 48,000 customers out of new target of 66,000 – 86,000 likely riders) • Provide human service ticket agencies with more information about ORCA LIFT for their clients • Address issues identified through outreach with community-based organizations and continue other efforts to increase enrollment 	LIFT eligible adults (under 200% of federal poverty level)
Continued Evaluation of Fares Program (referenced in ordinance package)	<ul style="list-style-type: none"> • Evaluate pilot programs, such as the summer 2017 \$0.50 reduced youth ORCA fare (plus a free ORCA card), and further research needs of very-low-income riders, off-peak riders, youth, and college students • Examine other ways to speed boarding, increase safety, and increase affordability • Examine eliminating paper transfers and other potential ways to increase ORCA market share • Review fares of other services (Rideshare, Access, Custom Bus, etc.) 	Very-low-income riders, off-peak riders, youth, college students, cash riders

Appendix 2: “How to pay for your ride with your ORCA card” Infographic

How to pay for your ride with your ORCA card



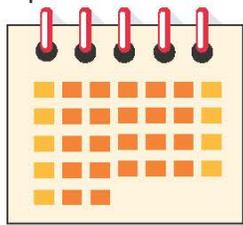
E-purse

- Is short for electronic purse
- Value from \$5 up to \$300 can be loaded onto an ORCA card E-purse
- E-purse holds funds to be used like cash to pay the fare like a Debit Card
- Holds your money like a purse, take it out as you need it and unused funds roll over to the next month



Regional Monthly Pass

- A pass that allows travel on transit services in the region for a specified month
- Good for people who ride the bus more than 36 trips for 18 round trips per month
- Allows you to have unlimited rides for a calendar month up to the trip value of the pass
- The cost of a pass is determined by the fare you normally pay, if your fare is \$1.50 you would buy a \$54 pass, if your fare is \$2.50 you would buy the \$90 pass



Cómo pagar su pasaje con su tarjeta ORCA



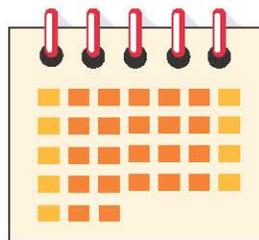
E-purse

- Término abreviado que significa monedero electrónico
- se puede cargar la cantidad de \$5 hasta \$300 en el E-purse de una tarjeta ORCA
- El E-purse guarda fondos para pagar tarifas en lugar de dinero en efectivo, tal como una tarjeta de débito
- Guarda su dinero como un monedero y permite sacar lo necesario según sus circunstancias; los fondos que restan se quedan para el siguiente mes.



Pase Regional Mensual

- Un pase que permite viajar mediante servicios de tránsito en la región por un mes específico
- Válido para personas que usan el autobús más de 36 veces o 18 viajes redondos por mes
- Permite hacer viajes ilimitados por un mes calendario hasta el valor nominal del pase
- El costo de un pase es determinado por la tarifa que paga normalmente; si su tarifa es \$1.50 compraría un pase de \$54; si su tarifa es \$2.50, compraría el pase de \$90.



Spanish

Appendix 3: Comparison of Original Five Fare Change Options

	\$2.50 Flat Fare	\$2.75 Flat Fare	\$2.50 Local, \$3.25 Express	\$2.75 Peak Fare	\$3.00 Peak Fare
Policy	Eliminate the zone and peak surcharges. Adult riders pay the current \$2.50 adult base fare to travel anywhere and anytime	Eliminate the zone and peak surcharges. Adult riders pay \$2.75 to travel anywhere and anytime	\$2.50 Local fare for slower routes serving shorter trips and a \$3.25 Express fare for routes that provide faster service	A \$2.50 base adult fare with a \$0.25 surcharge for adult fares during peak commute hours (6-9am and 3-6pm), based on trip schedule	A \$2.50 base adult fare with a \$0.50 surcharge for adult fares during peak hours, based on trip schedule
Rationale	<ul style="list-style-type: none"> • Easy to understand 	<ul style="list-style-type: none"> • Easy to understand 	<ul style="list-style-type: none"> • Reflect cost of service • Somewhat easier to understand 	<ul style="list-style-type: none"> • Reflect cost of service • Provides modest disincentive for discretionary peak travel 	<ul style="list-style-type: none"> • Reflect cost of service • Provides modest disincentive for discretionary peak travel
2020¹¹ Revenue Impact	\$\$\$ Decrease of more than \$9 million	\$ Increase of \$3.5-4 million	\$ Decrease of less than \$2 million/year	\$\$ Decrease of \$2-5 million/year	\$ Increase of \$3.5-4 million
Impact on Adult Fares	<ul style="list-style-type: none"> • Off-peak: no change • 1-Zone Peak: \$0.25 decrease • 2-Zone Peak: \$0.75 decrease 	<ul style="list-style-type: none"> • Off-peak: \$0.25 increase • 1-Zone Peak: no change • 2-Zone Peak: \$0.50 decrease 	<ul style="list-style-type: none"> • Off-peak riders on local routes pay the same • 1-Z (2-Z) Peak riders on Local routes pay \$0.25 (\$0.75) less • 2-Z Peak riders on express routes pay the same Off-Peak --(1-Z Peak) riders on Express routes pay \$0.75 (\$0.25) more 	<ul style="list-style-type: none"> • Off-peak: no change • 1-Zone Peak: no change • 2-Zone Peak: \$0.50 decrease 	<ul style="list-style-type: none"> • Off-peak: no change • 1-Zone Peak: \$0.25 increase • 2-Zone Peak: \$0.25 decrease

¹¹ All revenue estimates in Appendix 3 only reflect impacts of fare simplification. They do not reflect impacts of other proposals in this package that influence revenue, such as recommended changes to ORCA card fees and the Human Services Ticket Program.

	\$2.50 Flat Fare	\$2.75 Flat Fare	\$2.50 Local, \$3.25 Express	\$2.75 Peak Fare	\$3.00 Peak Fare
Regional Coordination	Aligns fare structure with ORCA partners	Aligns fare structure with ORCA partners	Aligns fare structure with ORCA partners. CT Commuter fares \$4.25/\$5.50, ST \$2.75/\$3.75	Metro would remain only ORCA agency with time-of-day pricing	Metro would remain be only ORCA agency with time-of-day pricing
Relation to other key goals	<ul style="list-style-type: none"> • Decreases disputes and improves safety • Speeds up boarding • Preps for Next Gen. ORCA • Does not reflect cost of service 	<ul style="list-style-type: none"> • Decreases disputes and improves safety • Speeds up boarding • Prep for Next Gen. ORCA • Does not reflect cost of service 	<ul style="list-style-type: none"> • Simplifies fares somewhat – 1 adult fare by route 	<ul style="list-style-type: none"> • Does not fully simplify fares • Reflects cost of service • Complicates Next Gen ORCA system design 	<ul style="list-style-type: none"> • Does not fully simplify fares • Reflects cost of service • Complicates Next Gen ORCA system design • Does not align with regional partners

Appendix 4: Public Engagement Processes

Public Engagement – Phase 1

Metro began an extensive public engagement program related to fares in March 2017, going above what we traditionally do for public outreach and what we have done for any other fare change. Metro’s public engagement efforts are designed to meet multiple goals – including goals of providing the opportunity for members of the public to shape a decision with their opinions, demonstrating transparency, building public awareness, and helping elected officials understand qualitative opinions of those they serve. In this particular engagement program, we worked to solicit feedback from the general public, community members involved in transit, people with low incomes, English language learners (ELL), and other populations less likely to respond to online surveys. We gathered feedback on our current fare structure and potential changes. Metro hoped to learn more about our customers’ preferences, transit use habits, and barriers they may face to access to transit. Public engagement programs are not fully representative of all Metro riders because they depend on individuals to opt-in to the conversation. For a comprehensive description of our public engagement effort and what we heard, see the Public Engagement Report, Attachment D in this legislative package.

Metro conducted an online survey of the general public concerning our current fare structure¹². We engaged a Fare Stakeholder Advisory Group, representing a range of perspectives, and contracted with community-based organizations to conduct outreach with low-income populations, some communities of color, limited English-speaking populations, some immigrant and refugee communities, and other harder-to-reach populations. We also began a series of stakeholder interviews and briefings.

Through our stakeholder interviews and first public survey, we received feedback, which informed the development of the five initial options Metro considered for fare simplification. One-third of the 4,487 responses indicated riders find it difficult or very difficult to understand Metro’s fares. In addition to simplification, respondents want us to prioritize improving affordability for low-income customers, increasing ridership, speeding board, and improving safety for customers and operators. For more detail about Metro’s survey results and outreach, see the Public Engagement Report, Attachment D in the legislative package.

We learned a lot from this public outreach process about the needs of our customers related to our fare structure and also about some things we could do more effectively in future processes. Metro will incorporate these learnings into the second phase of our fares program to better understand the needs and limitations of our customers in equitably accessing and affording our system. As the County’s Office of Equity and Social Justice expands the use and application of equity tools, Metro will adopt these tools and insights to improve our public engagement processes.

Five Initial Options

Using public feedback, our policy guidelines, and recommendations from the Forum, we developed five initial fare change options:

- **\$2.50 Flat Fare:**
 - Would eliminate the zone and peak-period surcharges and make our current base adult fare, \$2.50, the fare for all travel – no matter time of day or distance
 - Would simplify fares, align our fare structure with regional partners, increase safety, increase affordability for some riders, and speed travel time
 - Would not reflect the cost of service as well as some of the other options

¹² Since respondents opted in to taking the survey, and there is some selection bias, it is not representative of all riders

- Would result in a revenue decrease of more than \$9 million in 2020 as compared to that anticipated with no change to the fare structure or rate
- **\$2.75 Flat Fare:**
 - Would eliminate zone and peak-period surcharges and increase base adult fare by \$.25 (to \$2.75)
 - Would simplify fares, align Metro’s fare structure with regional partners, increase safety, and speed travel time
 - Would not reflect the cost of service as well as other options
 - Would increase affordability for some riders by giving two zone peak riders a \$0.50 decrease
 - Would decrease affordability for some riders by raising fares for off-peak riders by \$0.25
 - Would result in a revenue fare increase of \$3.5-\$4 million in 2020 as compared to that anticipated with no change to the fare structure or rate
- **Local and Express Fares:**
 - Would eliminate the zone and peak-period surcharges by creating two new fare categories – “local” and “express.” Metro would charge \$2.50 on local routes (slower service, shorter trips), and \$3.25 on express routes (faster service, longer trips)
 - Would better reflect the cost of service
 - Elements would be simpler, but having both local and express routes use the same bus stops could lead to confusion
 - Could result in disputes between drivers and passengers
 - Would result in a revenue decrease of less than \$2 million in 2020 as compared to that anticipated with no change to the fare structure or rate
- **Peak Fare – \$2.75 peak/\$2.50 off-peak:**
 - Would eliminate the zone surcharge while maintaining the peak surcharge
 - Would charge \$2.75 for peak trips and \$2.50 as the base adult fare
 - Would better reflect the cost of service
 - Would not simplify Metro’s fare structure and align it with regional partners as completely as some other options
 - Would not increase safety or speed boarding as much as some of the other options
 - Would result in a 2020 revenue decrease of \$2-5 million as compared to that anticipated with no change to the fare structure or rate
- **Peak Fare – \$3.00 peak/\$2.50 off-peak:**
 - Would eliminate the zone surcharge while maintaining the peak surcharge
 - Would increase the peak fare to \$3
 - Would maintain a \$2.50 base adult fare
 - Would better reflect the cost of service
 - Would not simplify Metro’s fare structure and align it with regional partners as completely as some other options
 - Would not increase safety or speed boarding as much as some of the other options
 - Would result in a 2020 revenue increase of \$3.5 million–\$4 million as compared to that anticipated with no change to the fare structure or rate

For a complete breakdown of the policy rationale for and impacts of each initial proposal, see Appendix 3: Comparison of Original Five Fare Change Options.

Metro developed, analyzed, and reviewed these options. There was concern that the \$2.50 flat fare would not be feasible because of the \$9 million expected decrease in revenue (which would fund almost 82,000 service hours in 2020, assuming a projected cost per hour for 2020). The “\$2.75 Peak Fare Low” option was expected to result in moderate fare revenue loss and was seen as less effective in reflecting the cost of service and incentivizing off-peak travel than the “\$3 Peak Fare High” option.

There were also a number of important concerns about the “Local and Express Fare” option. First, the routes are difficult to categorize. Many also raised concerns about the fairness of this option, given the suburbanization of poverty. Census data confirms that many likely riders on the more expensive express routes would be riders of modest incomes who may have been forced to outlying areas because of Seattle’s lack of affordable housing problem. As mentioned earlier, King County has experienced a significant shift in poverty to the suburbs over the last two decades.

We also heard feedback that having different routes with different rates serving the same areas – and in some cases, using the same bus stops – might lead to confusion and conflict. Some express routes provide local service before or after beginning the “express” portion of their route. Implementing express routes in those areas would require us to eliminate those “local tails” and cut or figure out a new way to provide that service. Lastly, this option is not in line with Metro Connects. As a result, we asked the public for input on the \$2.75 flat fare and the \$3 peak-period fare.

The Final Two Options

The \$2.75 flat fare option would eliminate both the peak-commute period pricing and the surcharge for crossing a zone boundary. The \$3 peak/\$2.50 off-peak fare would eliminate the zone pricing but keep the trip-based peak surcharge.¹³ We brought these options to the public as possible alternatives to our current fare structure. Table 4 summarizes their impacts:

¹³ Metro chose to base peak-period pricing on trip schedules, as we currently do, instead of time, after receiving feedback from drivers who felt a time-based approach would create significant operational issues and increase the potential for disputes.

Table 4: Summary of Options

Option 1: \$2.75 Flat Fare	Option 2: \$3.00 Peak/\$2.50 Off-Peak Fare
<p>Description</p> <ul style="list-style-type: none"> No zone and peak category – travel any time, any distance for \$2.75 <p>Features</p> <ul style="list-style-type: none"> Easy for customers to understand Speeds boarding and operations Minimizes interactions with operators Does not reflect cost of service as well as peak surcharge <p>2020 Revenue*</p> <ul style="list-style-type: none"> Minor net increase (\$3.5 million - 2.1%) <p>2020 Ridership</p> <ul style="list-style-type: none"> Minor decrease (0.4 million -0.3%) <p>Rider Impacts</p> <ul style="list-style-type: none"> Off-Peak: \$0.25 fare increase 1-Zone Peak: no change 2-Zone Peak: \$0.50 fare decrease <p>Title VI Impacts</p> <ul style="list-style-type: none"> Will bring the average fare paid by regular adult riders on low-income and minority routes in line with the average fare on non-low-income and non-minority routes Decrease for 2-Zone Peak riders on routes with a higher percentage of boardings in low-income or minority census tracts Will raise fares for off-peak riders <ul style="list-style-type: none"> - Full-fare adult off-peak boardings represent approximately 35 percent of total boardings - 21 percent of total boardings are off-peak-only full-fare adults paying their own fare 	<p>Description</p> <ul style="list-style-type: none"> No zone category, keep trip-based peak surcharge <p>Features</p> <ul style="list-style-type: none"> Metro would be the only ORCA agency with peak pricing Reflects Cost of Service Does not fully simplify fares <p>2020 Revenue*</p> <ul style="list-style-type: none"> Minor net increase (\$3.3 million – 2%) <p>2020 Ridership</p> <ul style="list-style-type: none"> Minor decrease (0.2 million -0.1%) <p>Rider Impacts</p> <ul style="list-style-type: none"> Off-Peak: no change 1-Zone Peak: \$.25 fare increase 2-Zone Peak: \$0.25 fare decrease <p>Title VI Impacts</p> <ul style="list-style-type: none"> Will bring the average fare paid by adult riders on low-income and minority routes in line with the average fare on non-low-income and non-minority routes Will raise fares for 1-Zone Peak riders (people riding during peak commute period within Seattle)

* Assuming fare change implemented no later than March 2019, exclude Seattle Community Mobility Contract revenue.

Both options have very similar revenue and ridership implications. Therefore, other key policy goals—including simplification, preparation for Next Generation ORCA, safety, travel time, regional coordination, and affordability—factored significantly into Metro’s decision.

As required by the FTA Title VI equity analysis, Metro compared estimated boardings by full-fare adult riders paying with cash, E-purse or retail passes on minority and non-minority and low-income and non-low-income routes. As provided in King County Metro’s Service Guidelines, adopted by the County Council, Metro uses census tract demographics and boardings to classify corridors as low-income, minority, or both. A census tract is defined as low-income if the low-income percentage of the population in that tract is greater than the average in King County (23.9 percent)¹⁴. Similarly, a census tract is defined as minority if the minority percentage of

¹⁴ Metro uses 200% of the Federal Poverty Level or lower, consistent with the income guideline established in the King County Code for the ORCA LIFT program.

the population in that tract is greater than the average in King County (37.2 percent). Routes with a higher percentage of boardings in low-income or minority census tracts than Metro's corresponding system averages are defined as low-income or minority routes.

Under our current fare structure, the average full-fare adult fare paid on low-income and minority routes is higher than that on non-low-income and non-minority routes. The \$2.75 flat fare would eliminate that disparity. The \$3 peak/\$2.50 off-peak fare structure would significantly reduce it. Riders on two-zone, peak routes would see the most immediate benefit under both options, but the benefit is greater under the \$2.75 flat fare option. The impact on those two-zone peak riders is especially important considering the suburbanization of poverty. The \$2.75 flat fare option would be easier to understand, thus also likely benefitting riders who speak limited English.

Public Engagement Phase 2

Metro launched our second online public survey in April asking for input about those two fare change proposals. We also continued our contracted outreach with community-based organizations, including World Relief, Hopelink, and White Center Community Development Association. Additionally, Metro presented to various elected officials, our Advisory Group, and various transportation boards.

Metro received 6,496 responses to our second public online survey¹⁵. 80 percent of responses said indicated they liked the \$2.75 flat fare option (strongly or somewhat agree), compared with 28 percent of respondents who liked the \$3 peak/\$2.50 off-peak option. Our employer survey garnered 183 responses – 67 percent of which thought a \$2.75 flat fare would make it easier to manage their transportation benefit account with Metro. Taken together, these responses provided considerable support for the \$2.75 flat fare option.

The Public Engagement Report, Attachment D in this legislative package, includes more information about Metro's promotion of the survey, survey results, and additional outreach.

¹⁵ Since respondents opted in to taking the survey, and there is some selection bias, it is not representative of all riders