



King County

Metropolitan King County Council Budget and Fiscal Management Committee

STAFF REPORT

Agenda Item:	23	Name:	Paul Carlson
Proposed No.:	2016-0491	Date:	October 25-27, 2016

SUBJECT

An ordinance to increase the maximum amount of transit fare revenue that can be waived for the years 2017 and 2018, to allow further promotional efforts to encourage transit ridership.

SUMMARY

K.C.C.4A.700.610 authorizes the Transit Division to waive fares or provide discounted fares to attract new ridership, relieve congestion, develop market strategies, test prices or experimental service, and implement other promotions. The value of lost revenue from trips that would otherwise have been taken on Metro Transit is capped at \$350,000 per year. Proposed Ordinance 2016-0491 would increase the annual cap to \$550,000 for 2017 and 2018. For 2019 and future years, the cap would revert to \$350,000.

BACKGROUND

The Executive's budget transmittal letter includes this paragraph about Proposed Ordinance 2016-0491:

Transit Special Rate Ordinance - This ordinance will temporarily raise the cap on lost revenue from programs and promotions pursuant to section 4A.700.610 of the King County Code. This proposal would raise the current cap by two-hundred thousand dollars per year in the next two years from three hundred and fifty thousand dollars to five hundred and fifty thousand dollars. This will provide Transit with greater ability to test new pricing strategies for improving access to transit and to the customer benefits of One Regional Card for All (ORCA) fare payment for youth, college students, seniors and disabled riders.

The Transit Division encourages new riders to try transit through promotional efforts that may include distribution of free or discounted bus tickets. Approaches include outreach events at key employment sites, direct mail residential promotions, and special events. These activities promote ridership by: providing citizens with information about transit, vanpool and ridematch services; selling passes; explaining High Occupancy Vehicle

(HOV) incentives including pass subsidies and carpool parking discounts offered by employers at work sites; and providing personalized trip planning/ridematch services.

A detailed list of events and activities is included in the Rates of Fare for the Transit Program report, which is submitted to the Council each year. For 2015, the total revenue loss to King County Metro Transit for waiving or discounting fare or pass prices is estimated at about \$154,834. These promotional activities allowed an estimated 62,466 trips to be taken by individuals who do not usually ride the bus.

For 2015, activities described in the report (with estimated revenue losses where available) include:

- Employer Site Promotions – an estimated 10,500 tickets were distributed at employer site promotions.
- Adopt-A-Stop Program – 60 free tickets per quarter are provided to volunteers who “adopt” one or more non-sheltered bus zones to assist in disposing of litter and cleaning minor graffiti from the zones. In 2015, 220 volunteers adopted 274 stops.
- Customer Service Office, Service Supervisors and Service Changes – free ride tickets were given to riders who had negative experiences on our transit service, and to aid riders in need (e.g. lost wallet, took wrong bus, route change impacts, etc.).
- Marketing/Community Outreach events – an ORCA LIFT low-income fare card promotion went out to 35,000 low income households that included 70,000 free ride tickets. The RapidRide B-Line was promoted to 16,600 households with a direct mail piece that contained four tickets. A total of 9,809 tickets were redeemed for an estimated revenue loss of \$12,254 from these marketing efforts.
- Five *In Motion* projects were conducted to introduce including Community Van in Duvall and TripPool in Mercer Island, programs in Green Lake and southwest Seattle including White Center, South Park and West Seattle. Project participants were offered a two-week unlimited ride ORCA card in all programs resulting in an estimated 11,438 boardings taken by customers who usually do not ride Metro. The estimated revenue loss from these programs was \$24,019. In the I-405 corridor, a similar promotion was covered by grant funds so no revenue was lost.
- 2015 Seafair Fleet Week – during the week of July 26 through August 3, Metro Transit provided free rides on all regular Metro Transit service for US Navy and US Coast Guard personnel in uniform or with proper identification. This service has been provided for many years. No estimate of lost revenue is available.
- Rideshare/Access Program support – a total of 1,600 free ride tickets were distributed to customers in support of Rideshare programs and 4,490 free ride tickets were used for Access bus training and customer support.

- Bikes on SR-520 Deadhead Service – beginning in 2008, deadheading coaches began providing free bike service between Montlake and Evergreen Point on the SR-520 Bridge for customers with bicycles. This is a low-cost way to assist bicycle riders while waiting for the completion of a bike/pedestrian lane on the new SR-520 Bridge. Revenue loss for this program was estimated to be \$9,392 during 2015.

In 2016, there were two promotions coordinated with the opening of the Sound Transit Link extension to Capitol Hill and University of Washington Stations and the associated restructure of Metro bus routes:

- The first involved a promotional mailing to households in neighborhoods near the UW. There were about 9,900 ORCA cards distributed in response to this mailing. Each card had a 1-week unlimited use pass. ORCA data show that Metro lost \$38,536 from the free rides provided by these passes. However, during the first two months after the promotion, customers added \$116,722 of E-purse and pass value to the ORCA cards they received.
- The second promotion involved the distribution of ORCA cards to riders at the Capitol Hill Link and U-Link stations and nearby bus stops. Customers received 1,440 cards with a 1-week unlimited use pass. Metro's revenue loss from this promotion amounted to \$7,634. During the four months following this promotion, customers added \$28,730 of E-purse and pass value to the cards they received.

This authority was also used to allow the sale of fare media combining Metro tickets with Sound Transit Link day passes through the Human Services Ticket program. These "combo" fare media were priced to allow human services agencies to avoid having to pay for both Metro tickets and the Link day pass for those clients that needed to make a trip involving a transfer between Metro and Link. As a result, the Metro discount exceeded the 80 percent established in the King County Code (K.C.C. 4A.700.210). To date, Metro has sold 704 books of combo fare media to human services agencies. Each book contains 20 Metro tickets and 10 Link day passes and is priced at \$11. This has resulted in a revenue loss of about \$3,700 beyond the 80 percent discount.

The Executive requests approval of Proposed Ordinance 2016-0491 to give Transit more flexibility in testing new pricing strategies for improving access to transit and to the benefits of ORCA use for youth, college students, seniors and disabled riders. Development of specific projects would be a 2017-2018 work program item.

ANALYSIS

Approval of this two-year increase in the maximum value of foregone revenue to Transit would allow more flexibility to promote transit ridership through the distribution of fare media to potential new riders. This is a policy decision for the Council.

AMENDMENT

A title amendment is attached, reflecting Legal Counsel's advice.

ATTACHMENTS

1. Proposed Ordinance 2016-0491
2. Title Amendment
3. Fiscal Note

INVITED

1. Dwight Dively, Director, Office of Performance, Strategy and Budget
2. Rob Gannon, Interim General Manager, King County Transit Division