

2017/2018 FISCAL NOTE

Ordinance/Motion: An ordinance relating to rates of fare and eliminating the regular fare peak, off-peak and zone fare differential
 Title: August 2017 proposed fare changes
 Affected Agency and/or Agencies: Transit Division/DOT
 Note Prepared By: Chuck Sawyer
 Date Prepared: 6/27/2017
 Note Reviewed By: Nitin Chadha
 Date Reviewed: 07/06/2017

Description of request:

This ordinance would eliminate the zone and peak fares for regular adult riders, and establish a single regular adult fare of \$2.75

Revenue to:

Agency	Fund Code	Revenue Source	2017/2018	2019/2020	2021/2022	
Fiscal Impact of Rates of Fare Ordinance						
Transit/DOT	2.75 Fare - KC Metro Service	4641	Passenger Fares (2)	\$1,576,839	\$6,312,186	\$7,063,776
	2.75 Fare - Seattle CMC Service (1)	4641	Passenger Fares (2)	\$123,161	\$484,243	\$553,383
	Seattle CMC Fee Adjustment (1)	4641	Passenger Fares (2)	(\$123,161)	(\$484,243)	(\$553,383)
<i>Other Related Fiscal Impacts Associated with Actions Anticipated in this Transmittal</i>						
Transit/DOT	Human Service Ticket Subsidy Cap Increase (3)	4641	Passenger Fares	(\$400,000)	(\$800,000)	(\$800,000)
	RRFP Card Fee Elimination	4641	RRFP Card Fee	(\$75,000)	(\$150,000)	(\$150,000)

<i>Reduction of Adult/Youth Card Fee</i>	4641	<i>Adult/Youth ORCA Card Fee</i>	<i>(\$700,000)</i>	<i>(\$1,400,000)</i>	<i>(\$1,400,000)</i>
TOTAL			\$ 401,839	\$ 3,962,186	\$ 4,713,776

Expenditures from:

Agency	Fund Code	Department	2017/2018	2019/2020	2021/2022
Transit (4)		DOT	0	0	0
TOTAL			0	0	0

Expenditures by Categories

	2017/2018	2019/2020	2021/2022
TOTAL	0	0	0

Does this legislation require a budget supplemental? No

Notes and Assumptions:

1. 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 net zero impact on Metro.

2. The fiscal impact to fare revenue shown here assumes an effective date of July 1, 2018 for the new fare structure and 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.
 3. 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.
 4. There is no measurable impact to expenditures at this time.
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