## STAFF REPORT

|  |  |  |  |
| --- | --- | --- | --- |
| **Agenda Item:** | 7 | **Name:** | Mary Bourguignon |
| **Proposed No**.: | 2022-0205 | **Date:** | June 15, 2022 |

**SUBJECT**

Proposed Ordinance 2022-0205 would establish free fares for youth on Metro Transit.

**SUMMARY**

As currently set in the King County Code, children under six ride free on Metro. Transit fares for youth ages six to 18 are $1.50 for Metro buses, trolleys, transit vans, dial-a-ride vehicles, or streetcars;[[1]](#footnote-1) $1.75 for Access paratransit;[[2]](#footnote-2) and $3.75 (West Seattle) or $4.50 (Vashon Island) for water taxi.[[3]](#footnote-3)

The recently adopted Move Ahead Washington transportation investment program includes $3 billion in funding for transit programs and projects, including $1.45 billion in transit support grants.[[4]](#footnote-4) However, a transit agency is only eligible to compete for a transit support grant, beginning with the 2023-2025 biennium, if it implements a fare-free policy for youth 18 years and under for all modes provided by the agency and submits documentation of this zero-fare policy by October 1, 2022.

Proposed Ordinance 2022-0205 would set Metro fares in the King County Code for youth 18 and younger to zero. The required Title VI equity analysis submitted with the legislation indicates that a free-fare policy for youth would have a favorable impact on youth riders and would not impose either disproportionate adverse impacts on minority riders or disparate burdens on low-income riders.

The proposed ordinance has been given a non-mandatory dual referral to the Regional Transit Committee (RTC) and the Council’s Transportation, Economy & Environment (TrEE) Committee.

Amendment 1 would change the ordinance’s effective date from October 1, which is the deadline set by the State, to September 1, to facilitate coordination with local school districts by making the free fare available at the start of the 2022-2023 school year.

**BACKGROUND**

**King County Metro fare structure and policies.** King County Metro’s fares are adopted by the King County Council and codified in the King County Code.[[5]](#footnote-5) The current fare categories are shown in Tables 1 and 2. Regional and institutional passes are also available.

**Table 1. Current Transit Fares[[6]](#footnote-6)**

**(Buses,** **trolleys, transit vans, dial-a-ride vehicles, streetcars, paratransit)**

|  |  |  |
| --- | --- | --- |
| **Category** | **One-way fare** | **Fare media** |
| Regular fare | $2.75 | Cash, transfer, ORCA[[7]](#footnote-7) |
| Child fare (0-5) | No charge | -- |
| Youth fare (6-18, 18+ with student pass) | $1.50 | ORCA Youth[[8]](#footnote-8) |
| Senior (65+) and person with disabilities fare | $1.00 | RRFP[[9]](#footnote-9) |
| Low-income fare (200% of federal poverty level) | $1.50 | ORCA LIFT[[10]](#footnote-10) |
| Access paratransit (ages 6+) | $1.75 | Cash, paper ticket, Transit GO ticket, monthly Access pass (on ORCA)[[11]](#footnote-11) |

**Table 2. Current Water Taxi Transit Fares[[12]](#footnote-12)**

**(King County Metro passenger ferries)**

|  |  |  |  |
| --- | --- | --- | --- |
| **One-way water taxi fare category** | **West  Seattle** | **Vashon  Island** | **Fare Media** |
| Cash fare | $5.75 | $6.75 | Cash |
| Regular prepaid fare | $5.00 | $5.75 | ORCA |
| Child fare (0-5) | No charge | No charge | -- |
| Youth prepaid fare (6-18, 18+ with student pass) | $3.75 | $4.50 | ORCA Youth |
| Senior (65+) and person with disabilities fare | $2.50 | $3.00 | RRFP |
| Bicycle fare | No charge | No charge | -- |
| Low-income fare (200% of federal poverty level) | $3.75 | $4.50 | ORCA LIFT |

The policy framework for Metro fares is established in the Strategic Plan for Public Transportation 2021-2031*,* which was most recently updated in 2021.[[13]](#footnote-13) The Strategic Plan’s Stewardship goal includes a strategy to “Align fares with other service providers, meet revenue targets, and advance equity through Metro’s income-based approach to fares.”

The revenue policy framework for Metro fares is established in Metro’s fund management policies, which call for a farebox recovery ratio of at least 25 percent of passenger related operating costs, with a target of 30 percent.[[14]](#footnote-14) The fund management policies also call for achieving fare parity, defined as a one-to-one ratio, between the Access fare and adult off-peak fare[[15]](#footnote-15) over time.

**History of Metro fares.**[[16]](#footnote-16)In 1972, voters authorized an existing regional authority, the Municipality of Metropolitan Seattle (called Metro), to operate a regional bus system, taking over operations from the City of Seattle’s Seattle Transit System and the private Metropolitan Transit Corporation.[[17]](#footnote-17) When Metro began operating transit service in 1973, it used the 38 fare zones that had been established by its predecessors. The adult fare was $0.20, with a $0.10 surcharge for each zone that was crossed.

In 1977, the Metro Council reduced the number of zones to two (inside Seattle and outside Seattle) with a fare surcharge for crossing from one zone to the other.

In 1982, the Metro Council added a surcharge for trips during peak hours (6:00-9:00 am and 3:00-6:00 pm) to reflect the higher cost of providing peak-hour service.

In 1992, following a challenge to the constitutionality of Metro’s governance, voters approved the merger of Metro’s functions into King County.[[18]](#footnote-18) As part of this merger, King County assumed operations of Metro Transit.

In 1999, the King County Council eliminated the zone surcharge during off-peak periods, to simplify fares and reduce fare impacts on low-income riders.

Over the years, both the Metro Council and the King County Council developed reduced-fare options for youth, seniors, people with disabilities, low-income people, as well as riders who could pre-pay their fare.

* In 1982, Metro developed the Regional Reduced Fare Permit (RRFP)[[19]](#footnote-19) system to simplify and streamline existing fare discounts for seniors and people with disabilities. The RRFP is now available on an ORCA card.
* In 1991, Metro developed the first pass partnership with an employer through the University of Washington’s U-Pass program for students, faculty, and staff. Metro’s Passport program, through which local employers provide a full or partial subsidy for employees’ transit trips, remains in effect today.[[20]](#footnote-20)
* In 1993, Metro developed a flat reduced fare for youth and reduced the cost of student passes school districts purchase from Metro.[[21]](#footnote-21)
* In 1993, Metro developed the Human Services Ticket Program to provide reduced-rate bus tickets to human services agencies to provide to their clients. This program remains in existence, with Metro providing up to $4 million in discounts on tickets each year.[[22]](#footnote-22)
* In 1999, through the Regional Fare Agreement, Metro, Sound Transit, Pierce Transit, Community Transit, and Everett Transit established a system of regional monthly passes priced at 36 times the equivalent cash fare. This system continued when the ORCA fare card was launched in 2009.
* In 2015, Metro developed the ORCA LIFT program to provide a reduced-fare rate for people with incomes at or below 200 percent of the federal poverty level.[[23]](#footnote-23)

In 2016, the ORCA partners convened a series of Regional Fare Forums[[24]](#footnote-24) to discuss regional fare coordination and simplification as the Next Generation ORCA[[25]](#footnote-25) system was developed. Based on this work, Metro proposed, and the Regional Transit Committee and King County Council approved a $2.75 flat fare ($1.75 for Access paratransit),[[26]](#footnote-26) which eliminated the adult peak and zone fare categories. The youth fare for ages six to 18 was set at $1.50 for Metro buses, trolleys, transit vans, dial-a-ride vehicles, or streetcars (with the paratransit fare set at $1.75 for all riders ages six and over). For Metro’s two water taxis, the prepaid youth fare was set at $3.75 for the West Seattle route and $4.50 for the Vashon Island route.[[27]](#footnote-27) Children under six would continue to ride free on all Metro services.

**Youth fare.** As noted above, children under six ride free on all Metro services. The youth fare (ages six through 18) for Metro services is currently set at $1.50 for Metro buses, trolleys, transit vans, dial-a-ride vehicles, or streetcars (youth Access paratransit riders currently must pay the full $1.75 fare); $3.75 for the West Seattle water taxi route; and $4.50 for the Vashon Island water taxi route. To access this youth fare, Metro has created an ORCA youth card,[[28]](#footnote-28) which also offers youth fares on the services of the ORCA partner agencies.[[29]](#footnote-29)

Youth or their parents can purchase an ORCA youth card and keep it loaded with funds so that the youth fare is deducted each time the youth taps it to use transit. In addition, the Code allows Metro to execute agreements with school districts to sell ORCA youth cards to school districts to provide to their students.[[30]](#footnote-30) Metro currently has agreements in place with five school districts and two local private schools (Bellevue, Highline, Lake Washington, Renton, and Seattle school districts and Lakeside School and The Northwest School). Metro notes that out of an estimate 329,000 students enrolled in K-12 public and private schools in King County, approximately 22,000 currently possess subsidized ORCA youth cards during the school year.[[31]](#footnote-31)

Table 3 shows revenue and boardings for the last several years from youth ridership of Metro services, based on contracts with school districts, as well as youth use of ORCA youth cards, the Transit GO ticketing app,[[32]](#footnote-32) and cash. As the table shows, youth boardings, like all Metro boardings, declined in 2020 due to the onset of the COVID-19 pandemic, which had a significant impact on fare revenue.

**Table 3. Metro Youth Revenue and Boardings[[33]](#footnote-33)**

**All figures are in millions**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **School District Revenue** | **ORCA Youth Revenue** | **Youth TransitGO Revenue** | **Youth Cash Revenue** | **Total Youth Revenue** | **Youth Boardings** | **TOTAL Boardings** | **% Youth Boardings** |
| **2018** | $5.110 | $1.542 | $0.149 | $3.164 | **$9.967\*** | 12.228\* | 120.156 | **10.2%\*** |
| **2019** | $4.852 | $1.323 | $0.288 | $2.978\* | **$9.443\*[[34]](#footnote-34)** | 13\* | 116 | **11.2%\*** |
| **2020** | $0.926\* | $0.291 | $0.104 | $0.725\* | **$2.048\*** | 6.497\* | 57.251 | **11.3%\*** |
| **2021** | $1.404\* | $0.243\* | $0.193 | $1.175\* | **$3.015\*** | 6.585\* | 50.070 | **13.2%** |

\*Estimate

**Move Ahead Washington.** During the 2022 legislative session, the Washington State Legislature approved Move Ahead Washington, a $17 billion, 16-year transportation investment program. The plan includes $3 billion in funding for transit programs and projects, including $1.45 billion in transit support grants.[[35]](#footnote-35)

However, a transit agency is only eligible to compete for a transit support grant, beginning with the 2023-2025 biennium, if it implements a fare-free policy for youth 18 years and under for all modes provided by the agency and submits documentation of this zero-fare policy by October 1, 2022. The transit agency must then report to the state on the number of trips that were taken. The Washington State Transit Association estimates that Metro could receive $31.7 million each year during the 2023-2025 biennium in annual formula allocations through the transit support grant program.

**ANALYSIS**

Proposed Ordinance 2022-0205 would amend the King County Code to set the transit fare to zero for youth from six to 18 years of age[[36]](#footnote-36) for all Metro’s modes of transit. (Children under six would continue to be able ride Metro services for free.) As transmitted, the proposed ordinance would comply with the requirements of Move Ahead Washington.

Proposed Ordinance 2022-0205 would also reflect the new free youth fare in the section of the King County Code that addresses the Executive’s ability to negotiate agreements with school districts to provide students with passes,[[37]](#footnote-37) by removing the formula that had previously been used to charge school districts for student passes.

The proposed ordinance would not make any additional policy changes. As noted above, the policy framework for Metro fares is established in the Strategic Plan for Public Transportation 2021-2031*,*[[38]](#footnote-38) and the policy framework for fare revenues is established in Metro’s fund management policies.[[39]](#footnote-39) Setting a free fare for youth would not be inconsistent with these policy frameworks.

**Equity impacts.** Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color, and national origin, including people with limited English proficiency. The Federal Transit Administration (FTA) requires all transit agencies that receive federal funding to report every three years on how they have complied with Title VI. In addition, transit agencies must prepare a Title VI equity analysis for any major service change and for all fare changes.[[40]](#footnote-40) FTA-required Title VI reports on transit service or fare changes must analyze a number of factors, including:

* **Adverse effect:** whether negative effects of the service or fare change are predominantly borne by a population protected by Title VI due to race/ethnicity, income, or national origin, and whether those effects are greater in magnitude than negative effects borne by non-protected populations.
* **Disparate impact:** whether Title VI-protected populations based on race/ ethnicity are more impacted by the service or fare changes than non-protected populations.
* **Disproportionate burden:** whether Title VI-protected populations based on household income are more burdened by the service or fare changes than non-protected populations.

The required Title VI equity analysis submitted with Proposed Ordinance 2022-0205 indicates that a free fare for youth would have a favorable impact on youth riders and would not impose either disproportionate adverse impacts on minority riders or disparate burdens on low-income riders.

**Fiscal impacts.** The fiscal note, as updated May 31, 2022 (see Attachment 4 to this staff report), projects a reduction of $26 million in fare revenue from 2022 to 2026 due to the free fare for youth ($1 million for the remainder of 2022, $11 million in 2023-2024, and $14 million in 2025-2026). Metro staff note that this estimate is based on current ridership projections, as summarized above in Table 3. Metro staff note that Metro will be monitoring youth ridership to comply with State reporting requirements, as well as to understand the demand for service on specific routes. Metro anticipates providing an initial set of updated ridership projections in the proposed 2023-2024 budget.

The fiscal note does not include any estimated expenditures. Metro staff note that the proposed 2023-2024 budget will include proposals, if needed, for coordination support for free youth fares.

The Move Ahead Washington program establishes transit support grants to support transit agencies’ operating and capital expenses, with the requirement that a transit agency is only eligible to compete for a transit support grant, beginning with the 2023-2025 biennium, if it implements a fare-free policy for youth 18 years and under for all modes provided by the agency and submits documentation of this zero-fare policy by October 1, 2022. Estimates from the Washington State Transit Association indicate that Metro could receive $31.7 million each year during the 2023-2025 biennium in annual formula allocations through the transit support grant program. The fiscal note does not include an estimate for transit support grant funding.

**Implementation.** As noted above, Metro staff currently has agreements in place to provide ORCA youth cards to five school districts and two local private schools (Bellevue, Highline, Lake Washington, Renton, and Seattle school districts and Lakeside School and The Northwest School). Beginning with the 2022-2023 school year, if Proposed Ordinance 2022-0205 is adopted (and amended to set a start date of September 1, 2022), there would be no charge for school districts to acquire and distribute ORCA youth cards.

Metro staff have noted that youth will continue to use ORCA fare media when boarding transit to help Metro track ridership trends and to minimize fare disputes between youth customers and operators. However, consistent with Metro’s current approach, no young person will be turned away if they do not have an ORCA card. Because not all youth will have an ORCA youth card when the new free fare policy takes effect, Metro staff note that they are working with school districts both to coordinate bulk ORCA card distribution and to explore options, such as using student IDs as an interim measure. Metro staff note that the ORCA system will eventually allow for mobile apps and other types of fare media (such as wristbands or stickers that could be affixed to a student ID).

**Next Steps.** Proposed Ordinance 2022-0205 was given a dual referral to the Regional Transit Committee (RTC) and the Transportation, Economy, and Environment (TrEE) Committee. This is a non-mandatory referral to the RTC under KCC 1.24.065.I as an issue that is not a countywide policy or plan but would benefit from interjurisdictional discussion.

This type of regional committee analysis and comment is not subject to the mandatory procedural requirements of Section 270.30 of the King County Charter, and the County Council may need to act on such issues before comment from the regional committee. The legislation is scheduled to be heard at RTC on June 15, 2022, and at the TrEE Committee on July 19, 2022, and, if approved, would move to the full Council.

Under the terms of the Move Ahead Washington program and the adopted State budget, the fare change must be in effect by October 1, 2022.

**AMENDMENT**

The proposed ordinance, as transmitted, would take effect on October 1, 2022, which is the date required by the Move Ahead Washington program (line 161). However, during the development of the ordinance, Metro determined that it would be best to have the free youth fare take effect in September to facilitate the disbursement of student passes and coordination with local school districts. The transmitted ordinance includes a finding stating this intention to coordinate beginning at the start of the 2022-2023 school year (lines 39-42).

The effective date was inadvertently left as October 1 in the transmitted legislation, instead of September 1. The amendment would change the effective date to September 1, 2022, to meet Metro’s goal of providing free youth fare beginning at the start of the school year. Moving the effective date forward would not affect Metro’s compliance with the State requirement, as the free youth fare would be in effect by October 1.

**INVITED**

* Chris O’Claire, Director, Mobility Division, Metro Transit Department
* Rachel Wilch, Policy and Equity Impact Analyst, Metro Transit Department
* Ina Percival, Supervisor, Market & Business Development, Metro Transit Department
* Geoff Kaiser, Special Projects Manager, Finance & Administration Division, Metro Transit Department

**ATTACHMENTS**

1. Proposed Ordinance 2022-0205
2. Amendment 1
3. Transmittal Letter
4. Fiscal Note (updated May 31, 2022)
5. Title VI Report

1. KCC 4A.700.010 (defined as those six to 18 years old or over 18 with a student pass) [↑](#footnote-ref-1)
2. KCC 4A.700.010.D (the Access paratransit fare is currently $1.75 for all riders older than five) [↑](#footnote-ref-2)
3. KCC 4A.700.820 (youth water taxi fare currently requires a youth ORCA card) [↑](#footnote-ref-3)
4. Chapter 47.66 RCW (per ESSB 5974, C 182 L 22) [↑](#footnote-ref-4)
5. KCC 4A.700.010 covers fares for buses, trolleys, transit vans, dial-a-ride vehicles, and streetcars. KCC 4A.700.820 covers passenger ferry (water taxi) fares. [↑](#footnote-ref-5)
6. KCC 4A.700.010 [↑](#footnote-ref-6)
7. The One Regional Card for All (ORCA) is used by seven regional transit agencies: King County Metro, Sound Transit, Community Transit, Kitsap Transit, Pierce Transit, Everett Transit, and Washington State Ferries. The fare listed in this staff report are for Metro services only. ([link](https://myorca.com/)) [↑](#footnote-ref-7)
8. The ORCA Youth Card is available for youth ages 6-18 and those over 18 with a student pass. ([link](https://kingcounty.gov/depts/transportation/metro/fares-orca/orca-cards/youth.aspx)) [↑](#footnote-ref-8)
9. The Regional Reduced Fare Permit (RRFP) is established in K.C.C. 28.94.255. ([link](https://kingcounty.gov/depts/transportation/metro/fares-orca/orca-cards/reduced-fare-permit.aspx)) [↑](#footnote-ref-9)
10. The ORCA LIFT low-income fare program is established in K.C.C. 4A.700.490 ([link](https://kingcounty.gov/depts/transportation/metro/fares-orca/orca-cards/lift.aspx)) [↑](#footnote-ref-10)
11. Fares for paratransit are established in 4A.700.010.D ([link](https://kingcounty.gov/depts/transportation/metro/travel-options/accessible/programs/access-transportation.aspx)) [↑](#footnote-ref-11)
12. KCC 4A.700.820 [↑](#footnote-ref-12)
13. Ordinance 19367 [↑](#footnote-ref-13)
14. Ordinance 18321. Note that Ordinance 19206 suspends the farebox recovery section of the fund management policies during the 2021-2022 biennium due to the COVID-19 pandemic emergency. [↑](#footnote-ref-14)
15. The off-peak fare was eliminated in 2017 in place of a $2.75 flat fare (Ordinance 18608). [↑](#footnote-ref-15)
16. King County Metro, “Report on Transit Fares,” August 2014, response to Ordinance 17476, Section 116, Proviso P1 ([link](https://mkcclegisearch.kingcounty.gov/View.ashx?M=F&ID=3209849&GUID=977507C0-E6E5-45D9-999A-A141759FA2B9)) [↑](#footnote-ref-16)
17. King County Department of Metropolitan Services, 1995, “Better than Promised: An Informal History of the Municipality of Metropolitan Seattle,” Bob Lane ([link](https://metro.kingcounty.gov/am/history/history-btp.html)) [↑](#footnote-ref-17)
18. King County, History of the Charter Review ([link](https://kingcounty.gov/independent/charter-review-commission/about/history.aspx)) [↑](#footnote-ref-18)
19. The Regional Reduced Fare Permit (RRFP) is established in K.C.C. 28.94.255. ([link](https://kingcounty.gov/depts/transportation/metro/fares-orca/orca-cards/reduced-fare-permit.aspx)) [↑](#footnote-ref-19)
20. The business program is established in KCC 4A.700.470. Metro estimates that, in 2019, just prior to the start of the COVID-19 pandemic, almost half of fare revenue came from employer Passport accounts. [↑](#footnote-ref-20)
21. The youth fare is established in KCC 4A.700.010, 4A.700.450, and 4A.700.820. [↑](#footnote-ref-21)
22. The human service ticket program is established in KCC 4A.700.210. [↑](#footnote-ref-22)
23. The ORCA LIFT low-income fare program is established in K.C.C. 4A.700.490 ([link](https://kingcounty.gov/depts/transportation/metro/fares-orca/orca-cards/lift.aspx)) [↑](#footnote-ref-23)
24. The Regional Fare Forum Summary Report was issued in March 2017 ([link](https://www.soundtransit.org/st_sharepoint/download/sites/PRDA/FinalRecords/2017/170928%20Regional%20Fare%20Forum%20Summary%20Report.pdf)) [↑](#footnote-ref-24)
25. The Next Generation ORCA launched in spring 2022 ([link](https://myorca.com/)) [↑](#footnote-ref-25)
26. Ordinance 18608 [↑](#footnote-ref-26)
27. Note that the Marine Division did not become part of Metro until 2019 (Ordinance 18777), so fare changes prior to 2019 were not coordinated by Metro. [↑](#footnote-ref-27)
28. ORCA Youth Card ([link](https://kingcounty.gov/depts/transportation/metro/fares-orca/orca-cards/youth.aspx)) [↑](#footnote-ref-28)
29. The ORCA partner agencies are King County Metro, Sound Transit, Community Transit, Kitsap Transit, Pierce Transit, Everett Transit, and Washington State Ferries ([link](https://myorca.com/)) [↑](#footnote-ref-29)
30. KCC 4A.700.450 [↑](#footnote-ref-30)
31. Metro Matters, Executive Constantine moves Free Youth Transit Pass forward, aiming for implementation in time for school June 2, 2022 ([link](https://kingcountymetro.blog/2022/06/02/executive-constantine-moves-free-youth-transit-pass-forward-aiming-for-implementation-in-time-for-school/)) [↑](#footnote-ref-31)
32. Transit GO Ticket ([link](https://kingcounty.gov/depts/transportation/metro/fares-orca/transit-go-ticket.aspx)) [↑](#footnote-ref-32)
33. Source: King County Metro, March 2022 (2019 boarding figures are based on the Title VI report submitted along with Proposed Ordinance 2022-0205) [↑](#footnote-ref-33)
34. The 2019-2020 biennial budget forecasted total fare revenue of $372 million (pre-pandemic estimate), which would equate to $186 million for 2019 and place youth fare revenue for that year at approximately five percent of total fare revenue. [↑](#footnote-ref-34)
35. Chapter 47.66 RCW (per ESSB 5974, C 182 L 22) [↑](#footnote-ref-35)
36. As well as those over 18 who receive student passes under KCC 4A.700.450 [↑](#footnote-ref-36)
37. KCC 4A.700.450 [↑](#footnote-ref-37)
38. Ordinance 19367 [↑](#footnote-ref-38)
39. Ordinance 18321. Note that Ordinance 19206 suspends the farebox recovery section of the fund management policies during the 2021-2022 biennium due to the COVID-19 pandemic emergency. [↑](#footnote-ref-39)
40. US Department of Transportation, Federal Transit Administration, Circular FTA C 4702.1B, “Title VI Requirements and Guidelines for Federal Transit Administration Recipients” ([link](https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/FTA_Title_VI_FINAL.pdf)) [↑](#footnote-ref-40)