## STAFF REPORT

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| **Agenda Item:** | 11 | **Name:** | Leah Krekel-Zoppi |
| **Proposed No**.: | 2017-B0037 | **Date:** | February 21, 2017 |

**SUBJECT**

A briefing on Metro’s 2017-2018 fares work program.

**SUMMARY**

Metro is proposing to assess potential changes to the transit fare structure in 2017 and 2018. Some of the potential changes to be considered are driven by the timeline of the next generation ORCA project, the project to replace the current regional smartcard system. Boarder consideration of other potential issues identified by the Council and the public will also be part of the work program.

Today, Metro will brief the Council on Metro’s objectives, timeline, and public outreach strategy for the fare work program.

**BACKGROUND**

**King County Metro Fare Structure and Policies[[1]](#footnote-1)**

King County Metro’s fares are adopted by the King County Council and established in King County Code section 4A.700.010. The current fare categories include regular off-peak, regular one-zone peak, regular two-zone peak, child, youth, senior and persons with disabilities, and low-income. Regional and institutional passes are also available. Further code sections address fares and rules for customized bus service,[[2]](#footnote-2) limited services to special or seasonal activities or events,[[3]](#footnote-3) Vanpools,[[4]](#footnote-4) tickets to human services agencies,[[5]](#footnote-5) visitor passes,[[6]](#footnote-6) transfers,[[7]](#footnote-7) interagency trip agreements,[[8]](#footnote-8) ticket or pass agreements with government agencies[[9]](#footnote-9) and public schools,[[10]](#footnote-10) and vouchers.[[11]](#footnote-11)

The policy framework for these fare structures and rules is established by the Strategic Plan for Public Transportation 2011-2021. Strategy 6.3.2 is to: “Establish fare structures and fare levels that are simple to understand, aligned with other service providers, and meet revenue targets established by Metro’s fund management policies.” Metro’s Fund Management Policies call for a farebox recovery ratio of at least 25 percent, with a target of 30 percent. 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 over time.

**Next Generation ORCA and the Regional Fare Forums**

The timing for assessing potential fare changes is, in part, driven by the Next Generation ORCA project. King County is one of seven regional transit agencies[[12]](#footnote-12) that partnered on a smart card technology that established a common, noncash fare system throughout the regional participants’ service areas, called One Regional Card for All (ORCA).

An ORCA card allows users to purchase electronic daily or monthly passes for unlimited rides, or load value on an E-purse that works like a debit card to deduct the cost of individual trips. The card is valid on transit services within all the ORCA partner agencies and allows for free transfers between services (except Washington State Ferries) within a two-hour window. Qualified ORCA users can obtain reduced fares through the Regional Reduced Fare Permit for seniors and disabled riders, youth fare, and ORCA LIFT for low income riders.

The ORCA system was deployed in 2009. Currently, the technology and hardware behind the ORCA system is becoming outdated, and the contract with the vendor who operates and maintains the ORCA system software and hardware ends in 2021. Planning for a replacement system, called Next Generation ORCA, began in 2015 and is currently identifying system requirements and getting ready to procure contracts for the various aspects of the next generation system. System design is scheduled to begin in 2018.

A series of Regional Fare Forums[[13]](#footnote-13) were convened in 2016 to discuss regional fare coordination and simplification in advance of designing the Next Generation ORCA system. The premise of these conversations is that current agency fare structures increase the complexities and costs of designing Next Generation ORCA. Concepts for simplifying and innovating fares were discussed, including:

* Eliminating zones
* Eliminating trip-based peak
* Fare capping

While these concepts could reduce Next Generation ORCA project costs, they could also reduce future Metro fare revenue or require fare increases in order to remain revenue neutral.

To inform design of the ORCA replacement project, the regional project team would need agency direction on fare structure changes by December 2017. Attachment 2 provides a timeline showing in more detail how Metro’s fare work plan and the Next Generation ORCA (nextgenORCA) project interact.

**Fare Provisos**

In addition to consideration of fare issues related to the Next Generation ORCA project, the Council, through a series of provisos, has identified several fare structure issues for further assessment. These include:

* **Cashless fares:** This proviso,[[14]](#footnote-14) passed by the Council in November 2014, requires a report analyzing the costs, benefits, and impacts of transitioning to a cashless fare system and eliminating paper transfers. No date was required for transmittal of this report, and it has not yet been developed.
* **Youth/student fares:** This proviso,[[15]](#footnote-15) passed by the Council in February 2016, required a report on options for improving access to ORCA LIFT for low-income college or university students. The report was approved by the Council in December 2016. The report identified improvements already underway as well as further work program items, including consideration of a student fare category.
* **Very low income fares:** This proviso,[[16]](#footnote-16) passed by the Council in November 2016, requires a report on very low fare options and is scheduled to be transmitted by September 30, 2017.

The timeline for assessing these fare issues, and other issues that may be raised during the public outreach process, are not directly tied to the time sensitives of the Next Generation ORCA project, and therefore are designated by Metro for further work in the latter half of the 2017-2018 work program. According to Metro, proposed actions related to these issues may include incremental assessments such as pilots or demonstrations before moving forward with proposals for larger scale change.

**ATTACHMENTS**

1. Metro 2017-2018 Fares Work Program Summary
2. King County Fare Work Program Compiled Timeline
3. Summary of Transit Fares and Fare Policies
4. Excerpt fromMETRO CONNECTS, Boarding and Fares

**INVITED**

* Briana Lovell, Transportation Planner, King County Metro Transit
* Jana Demas, Strategic Planning Team Lead, King County Metro Transit
* Victor Obeso, Deputy General Manager, King County Metro Transit
* DeAnna Martin, Community Relations Planner, King County Metro Transit

1. See Attachment 3 for the full text of these policies. [↑](#footnote-ref-1)
2. K.C.C. 4A.700.070 [↑](#footnote-ref-2)
3. K.C.C. 4A.700.090 [↑](#footnote-ref-3)
4. K.C.C. 4A.700.130 [↑](#footnote-ref-4)
5. K.C.C. 4A.700.210 [↑](#footnote-ref-5)
6. K.C.C. 4A.700.230 [↑](#footnote-ref-6)
7. K.C.C. 4A.700.330 [↑](#footnote-ref-7)
8. K.C.C. 4A.700.350 [↑](#footnote-ref-8)
9. K.C.C. 4A.700.410 [↑](#footnote-ref-9)
10. K.C.C. 4A.700.450 [↑](#footnote-ref-10)
11. K.C.C. 4A.700.470 [↑](#footnote-ref-11)
12. The ORCA system includes King County Metro, Community Transit (Snohomish County), Everett Transit, Kitsap Transit, Washington State Ferry System, Sound Transit, and Pierce Transit. [↑](#footnote-ref-12)
13. The forums took place in September, October, and December 2016. King County’s representatives at these forums were Councilmembers Rod Dembowski and Claudia Balducci. [↑](#footnote-ref-13)
14. Ordinance 17941, Section 113, Proviso P7 [↑](#footnote-ref-14)
15. Ordinance 18239, Section 35, Proviso P9 [↑](#footnote-ref-15)
16. Ordinance 18409, Section 114, Proviso P1 [↑](#footnote-ref-16)