## STAFF REPORT

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| **Agenda Item:** | 6 | **Name:** | Leah Krekel-Zoppi |
| **Proposed No**.: | 2017-0350.2 | **Date:** | October 31, 2017 |

**SUBJECT**

An ordinance that would eliminate zone and peak fare differentials in Metro Transit fares.

**SUMMARY**

The King County Executive has transmitted a package of fare-related ordinances and motions that would make the following changes to Metro Transit fares:

* Eliminate zone and peak price differentials to create a flat adult fare of $2.75;
* Increase the cap on the Human Services Ticket Program;
* Allow for elimination of the $3 fee for Regional Reduced Fare Permits and for reduction of the ORCA card fee from $5 to $3.

Proposed Ordinance 2017-0350 would establish a $2.75 flat adult fare that would take effect on July 1, 2018, raising fares by $0.25 for off-peak trips and reducing fares by $0.50 for two-zone peak trips. Fares for youth, seniors, people with disabilities, and those making less than 200 percent of the poverty limit would not change.

The proposal is projected to produce a net revenue increase of $3.5 million in 2020. Subtracting the costs associated with the other components in the fare package would yield a projected net revenue increase of $2.3 million in 2020.

Metro staff state that the proposed fare change would make adult fares easier to understand and more affordable for non-discounted adults traveling across current zone boundaries during the peak, but acknowledge that the new fare would be less affordable for non-discounted adults traveling during the off-peak.

On September 27, 2017, the Regional Transit Committee passed this proposed ordinance out of committee with a “Do Pass” recommendation. The ordinance was amended in committee with Amendment 1 to replace the transmitted Title VI Analysis with a corrected Title VI Analysis.

The Transportation, Economy, and Environment Committee discussed the proposed ordinance at the October 3, 2017 meeting.

**BACKGROUND**

**King County Metro Fare Structure and Policies**

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.

The policy framework for these fare structures and rules is established by the [Strategic Plan for Public Transportation 2011-2021](http://metro.kingcounty.gov/planning/strategic-plan/)*,* which was adopted by the Regional Transit Committee and King County Council in 2011[[1]](#footnote-1) and updated in 2016[[2]](#footnote-2). 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.

**History of Metro’s Fares[[3]](#footnote-3)**

Metro service began in 1973 and fares were charged based on the number of zones crossed in a system of 38 fare zones. In 1977, the zones were simplified to from 38 to 2, with the Seattle city limits as the zone boundary. These same two zones continue to be used today. In 1999, the two-zone surcharge was eliminated in the off-peak to simplify fares.

In 1982, a peak surcharge was added in order to shift demand towards off-peak hours. It was later eliminated for youth passengers in 1993. It was added to the senior and persons with disabilities fare in 2001 and eliminated again in 2008.

Since 2000, adult fares have been increased by $0.25 in 2001, 2008, 2009, 2010, 2011, and 2015.[[4]](#footnote-4) In 2017, the adult fare is $2.50 off-peak, $2.75 one-zone peak, and $3.25 two-zone peak.

**Fare Change Outreach and Proposals**

A series of Regional Fare Forums[[5]](#footnote-5) 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 was 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[[6]](#footnote-6)

The Regional Fare Forum Summary Report was issued on March 9, 2017. The report included recommendations to eliminate zone-based fares, eliminate trip-based peak fares, and not to pursue fare capping in the initial design phase.

Building on the recommendations of the Regional Fare Forum, Metro conducted public outreach on fares between March and June 2017, with the premise that “Metro’s fares are complex” and “Metro is exploring ways to simplify our fare structure.”[[7]](#footnote-7) Metro’s outreach efforts included convening a stakeholder advisory group[[8]](#footnote-8); conducting two online public surveys; gathering customer input through street teams and two public meetings; and targeting outreach to business account customers, difficult to reach populations such as English language learners, and other interested groups. Metro received more than 12,000 comments from these outreach efforts. The Public Engagement Report is Attachment C to the proposed ordinance.

The initial fare change options offered for consideration to the stakeholder advisory group were:

* $2.50 flat fare
* $2.75 flat fare
* Local and express fares
* Off-peak/peak fare of $2.50/$2.75
* Off-peak/peak fare of $2.50/$3.00

The stakeholder advisory group helped narrow the options to those that they determined preserved Metro’s fare revenues and were simpler to understand. The committee also discussed ways to mitigate the impacts of these potential changes and address overall affordability and access barriers.

The two options that emerged from the stakeholder advisory committee and were taken to the public were:

* $2.75 flat fare
* Off-peak/peak fare of $2.50/$3.00

According to Metro staff, the majority of the public input favored the $2.75 flat fare.

Proposed Ordinance 2017-0350 would implement a $2.75 flat fare and eliminate the adult peak and zone fare categories. The new fare would take effect July 1, 2018.

**Other Components of the Fare Change Package**

This proposed ordinance is part of a package of transit fare-related legislation proposed by the Executive. The other components of the fare change package include:

* Proposed Motion 2017-0351 would accept a report on very-low-income fare options, recommending an increase in the cap on the Human Services Ticket Program, a pilot of using ORCA products in the Human Services Ticket Program, and further research on the needs of very-low-income residents;
* Proposed Ordinance 2017-0352 would increase the annual cap on the subsidy for the Human Services Ticket Program by $400,000 to $4 million;
* Proposed Motion 2017-0353 would accept a report on options to eliminate the ORCA card fee, recommending elimination of the $3 fee for Regional Reduced Fare Permits (available to seniors over age 65 and people with disabilities) and working with regional partners to reduce the ORCA card fee from $5 to $3;
* Proposed Ordinance 2017-0354 would allow for elimination of the $3 fee for Regional Reduced Fare Permits.

The proposed ordinances were referred to both the Regional Transit Committee and the Transportation, Economy, and Environment Committee. The proposed motions are in response to Council provisos in the 2017-2018 budget and were referred to the Transportation, Economy, and Environment Committee as directed by the proviso language. The proposals rely on revenues generated by Proposed Ordinance 2017-0350 to offset the costs associated with them.

On September 27, 2017, Proposed Substitute Ordinance 2017-0350.2 passed out of the Regional Transit Committee with a “Do Pass” recommendation. The ordinance was amended in committee with Amendment 1 to replace the transmitted Title VI Analysis with a corrected Title VI Analysis. Proposed Ordinances 2017-0352 and 2017-0354 also passed out of the Regional Transit Committee with “Do Pass” recommendation.

**Next Generation ORCA**

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[[9]](#footnote-9) 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[[10]](#footnote-10) 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 that operates and maintains the ORCA system software and hardware ends in 2022. Planning for a replacement system, called Next Generation ORCA, began in 2015. Currently, preliminary design and contract procurement is underway for the various aspects of the next generation system. System design is scheduled to begin in 2018. To inform design of the ORCA replacement project, the regional project team has indicated that it would be desirable to receive agency direction on fare structure changes by December 2017.

**Non-mandatory Referral**

This proposed ordinance was given a dual referral first to the Regional Transit Committee and then to the Transportation, Economy, and Environment Committee. This is a non-mandatory referral to the Regional Transit Committee 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.

**ANALYSIS**

**Rider Impacts**

The proposed changes to Metro’s fare structure would primarily affect full-fare paying adults who do not have a transit pass subsidized by their employer, college or university, or housing manager. These full-fare paying adults would see different impacts depending on the time of day they are traveling and where they are traveling. Riders eligible for discounts, including children and youth through age 18, seniors and persons with disabilities who have a regional reduced fare permit (RRFP), and adults with incomes up to 200 percent of the poverty level[[11]](#footnote-11), would not see any change to their fares under the proposal. Table 1 below shows the various impacts to riders.

**Table 1. Rider Impacts of Proposed Fare Change**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Current Fare | Proposed Change | % of Boardings[[12]](#footnote-12) |
| Adult riding off-peak[[13]](#footnote-13) | $2.50 | + .25 | 35% |
| Adult riding one zone[[14]](#footnote-14) peak | $2.75 | No change | 28% |
| Adult riding two zone peak | $3.25 | - .50 | 6% |
| Child age 5 and under | $0 | No change | 31% |
| Youth age 6-18 | $1.50 |
| Senior and person with disability with a RRFP | $1.00 |
| Adult earning less than 200% of poverty level | $1.50 |

As the table shows, the largest percentage of riders, totaling 59 percent of boardings, would experience no change as a result of the proposal. Adults traveling off-peak, who make up 35 percent of Metro’s boardings, would experience an increase in fares. Adults traveling two zones during the peak, who make up six percent of Metro’s boardings, would experience a decrease in fares as a result of the proposal.

The proposal would not change fares on Access, Metro’s ADA[[15]](#footnote-15) paratransit service for people with disabilities who are unable to use fixed route transit services. However, Metro’s fund management policies call for achieving parity between Access fares and adult off-peak fares over time, so the proposed increase in adult off-peak fares would raise the parity target for Access fares. Historically, however, policymakers have chosen to increase Access fares in a similar increment and timeframe as adult fares rather than by the larger or more frequent increases that would be needed to achieve parity.

Of the 35 percent of Metro boardings that would experience a fare increase under the proposal, 60 percent of those boardings are paid for directly by the customer, which represents 21 percent of Metro’s total boardings. The other 40 percent of off-peak full-fare boardings are paid for by business accounts.

To understand the demographics of riders who would be most negatively affected by the proposed change, Metro analyzed the sub-category of riders who identified themselves in Metro’s 2015 Rider/Non-rider survey[[16]](#footnote-16) as adults riding only during the off-peak and paying their own fares, rather than using a subsidized pass. While the sample size[[17]](#footnote-17) may be too small to be statistically valid, it provides an idea of the possible demographics of those most affected by the increase in the off-peak fare. The off-peak only unsubsidized adults surveyed were generally higher income, younger, and of similar racial mix than all riders surveyed.

Full-fare paying adults who board during both the peak and off-peak would experience higher fares for some but not all of their boardings. Examining the demographics of those riders surveyed in Metro’s 2015 Rider/Non-rider survey, again representing a sample size that may be too small to be statically valid, they were generally of more middle income, younger, and slightly more racially diverse than all riders surveyed.

**Employer impacts**

Metro has a number of programs that allow employers, universities and colleges, and multifamily housing managers to purchase passes for their employers, students, and residents. According to Metro, these programs, called Passport, U-Pass[[18]](#footnote-18), and Business Choice, are used to pay for 32 percent of all of Metro’s boardings. Transit passes provided by these programs can be either fully or partially subsidized by the employer or institution, with any remaining portion of the cost paid by the pass holder.

Costs through the Business Choice program are the same as those for retail customers, so the fare change would have the same impact on participating employers as other full-fare riders. Costs for Passport and U-Pass participants are charged based on a weighted average fare per trip[[19]](#footnote-19). Metro estimates the impact on passport customers from the proposal would be minimal, an average decrease of approximately 1 percent in the cost per trip. The U-Pass Program is estimated to experience an increase of approximately 4 percent in the cost per trip, due to the higher percentage of U-Pass participants who make off-peak transit trips.

Of the Business Choice and Passport employer representatives who responded to Metro’s survey about the proposed change, 67 percent indicated they thought the proposal would make it easier to manage their transportation benefit account. Asked by Metro whether the proposal would increase their participation in providing transportation benefits to employees, 48 percent of respondents were neutral, 35 percent agreed, and 18 percent disagreed.

**Human Services Provider Impacts**

Metro’s Human Services Ticket Program allows human services providers to purchase transit tickets at 10 percent of face value, which agencies can then provide to their clients to use as transit fare. The program is currently capped at a total annual subsidy of $3.6 million. In 2016, 44 percent of the tickets agencies purchased were $2.50 face value off-peak tickets, while 13 percent were $3.25 face value two-zone peak tickets. If the $2.75 flat fare had been in effect in 2016, it would have cost human services agencies an additional $7,000 annually[[20]](#footnote-20). The proposal would, however, simplify agencies’ decisions about which tickets to purchase.

To help mitigate the impact the increased off-peak cost would have on human services clients, Metro is also proposing to increase the cap on the Human Services Ticket Program by $400,000 (Proposed Ordinance 2017-0352) so that human services agencies with additional funds available would be able to provide a greater number of tickets to their clients than under current conditions. Additionally, effective in 2017, the King County Council reduced the subsidized price charged to human services agencies from 20 percent of face value to 10 percent of face value, doubling agencies’ buying power[[21]](#footnote-21).

**Ridership Impacts**

Metro’s fare model projects the proposed fare change would reduce ridership by 400,000 annual boardings, which would represent a negligible change of -0.3 percent in annual boardings.

**Equity and Social Justice Impacts**

The Federal Transit Administration (FTA) requires transit agencies to evaluate service and fare changes for Title VI impacts to determine whether they would result in disparate impacts on the basis of race, color, or national origin. FTA also requires transit providers to evaluate the effects of fare changes on low-income populations. The Title VI report is Attachment B to Proposed Ordinance 2017-0350.

Metro uses census tract demographics and boardings to classify routes as low-income, minority, or both based on whether they have a higher percentage of boardings from census tracts with above the county average of low-income, minority, or both populations. Note that the Title VI analysis attached to the proposed ordinance contains an error in the map showing Metro’s low-income and minority routes. Amendment 1 would correct the error.

Metro’s Title VI equity analysis compared impact the fare proposal would have on the average non-subsidized adult fare that would be paid on low-income and non-low-income, and minority and non-minority routes. Table 2 shows the results of that analysis.

**Table 2. Impact of Fare Proposal on Low-Income and Minority Routes**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Average non-subsidized adult fare | Low-income routes | Not low-income routes | Minority routes | Not minority routes |
| Current | **$2.68** | **$2.66** | **$2.70** | **$2.65** |
| Proposed | **$2.75** | **$2.75** | **$2.75** | **$2.75** |

The table shows that because average fares would not increase more on low-income and minority routes than on Metro’s other routes, Metro’s Title VI analysis determined the fare proposal would not have a disparate impact on minority or low-income riders. However, it also shows that under the proposal, average non-subsidized adult fares would increase for low-income and minority routes, potentially affecting the affordability for the non-subsidized adult riders who are most price sensitive. Note that low-income adults are eligible for the ORCA LIFT card with a flat $1.50 fare if their income is 200 percent or less of the federal poverty level, provided that they complete the application process.

In Metro’s online survey about the fare change proposal, 70 percent of respondents considered a $2.75 flat fare affordable, while 14 percent of respondents did not.[[22]](#footnote-22)

In conducting outreach about the fare proposal, Metro sought feedback from customers and community representatives about how to address potential barriers for those who may be adversely impacted by the fare change proposal. Included in the fare change legislation package are proposals to decrease the ORCA card fee from $5 to $3, eliminate the fee for the Regional Reduced Fare Permit, and increase the cap on the total annual subsidy for the Human Services Ticket Program. Reducing ORCA card fees would save customers $2-3 in costs and reduce a potential barrier to obtaining cost saving benefits from ORCA, such as free or lower cost transfers between different transit systems and access to senior and disability discounts. Increasing the cap on the Human Services Ticket Program would increase the number of discounted tickets available for human services agencies to provide to clients.

Table 3 shows other strategies for addressing affordability that arose during fares outreach discusses, and Metro’s plans for considering them.

**Table 3. Strategies for addressing transit affordability**

|  |  |
| --- | --- |
| Strategy | Status |
| Increasing ORCA LIFT enrollment | Metro is working on new partnerships with institutions that provide services to people with low incomes and on translating ORCA LIFT materials into more languages. Additional strategies may be considered as part of Phase 2 of Metro’s fares work program. |
| Providing a free youth fare with each purchase of an adult fare | Metro will be doing further research about customer needs related to youth fares as part of Phase 2 of the fares work program. |
| Raising the income level to qualify for ORCA LIFT | Metro will be doing further research about customer needs related to the needs of customers at various income levels as part of Phase 2 of the fares work program. The current income qualification level helps simplify enrollment because it aligns with other benefit programs. |
| Expanding the ORCA transfer window | Phase 2 of the fares work program will evaluate possible changes to the transfer policy. The current transfer window aligns with other ORCA agencies. |
| Creating a student fare for college/university enrollees | Metro has been increasing ORCA LIFT outreach and enrollment events at colleges and universities and is working with interested schools on pass programs within the current ORCA fare structure. Phase 2 of the fares work program will consider options to address the needs of college students. |

**Financial Impacts**

Revenue

Fares represent Metro’s second largest source of revenue, after sales tax receipts. According to Metro, Metro collected $162 million in fare revenue in 2016, representing 31 percent of Metro’s passenger related operating costs.

The fare proposal is estimated by Metro to increase net fare revenue by $3.5 million by 2020, which represents a 2.2 percent increase. The additional changes proposed in Proposed Ordinance 2017-0352, Proposed Motion 2017-0353, and Proposed Ordinance 2017-0354, which would increase the cap for Metro’s Human Services Ticket Program and reduce ORCA card fees, would decrease revenue for Metro by $1.175 million in 2020. The net revenue impact of these proposals would be an annual increase of $2.3 million in 2020 compared to projected revenue under the current fare policies. $2.3 million represents a very minor increase in Metro’s $800 million annual operating budget.

Farebox Recovery and Future Fare Increases

Metro’s fund management policies, updated by the King County Council in 2016, require Metro to maintain a farebox recovery ratio of at least 25 percent, with a target of 30 percent.

In 2016, Metro’s farebox recovery ratio was 31 percent. Because the farebox recovery ratio was above the target, and because there was interest in examining Metro’s fare structure, the 2017-2018 adopted budget did not include a fare increase. Metro’s financial plan assumes adult fare increases in 2020 and 2024.

Metro projects that the proposed fare change would increase the farebox recovery ratio in 2020 by 0.5 percent compared to no change in fares. This would bring the projected 2020 farebox recovery from 25.9 percent under current fares to 26.4 percent under the proposal.

The Executive plans to review Metro’s updated revenue and costs projections in 2018 in order to determine whether to propose a $0.25 fare increase in the 2019-2020 budget. Under current projections, it appears a fare increase may be needed in the 2020-2021 timeframe under existing conditions and in the 2021-2022 timeframe under the proposed fare change, in order to maintain a farebox recovery ratio above 25 percent. In order to maintain a farebox recovery ratio closer to the target, a fare increase may need to occur in 2020. Fluctuations to operating costs and revenues, such as larger than expected increases or decreases in fuel costs or sales tax receipts, could change these projected timelines.

**Next Generation ORCA Implications and Impacts**

Some of the goals identified by the ORCA agencies for the $94 million Next Generation ORCA project include making the system easier for customers to access and use, and reducing operating costs and complexities for ORCA agencies. According to the Next Generation ORCA project team, less complexity within ORCA agencies’ fare structures would reduce the risk and complexity in designing and implementing the Next Generation ORCA system.

In order to keep fare structure options open to ORCA agencies now and in the future, the request for proposals[[23]](#footnote-23) for the contractor to help design Next Generation ORCA calls for the system to be designed to support time of day-based fares and distance-based fares, to allow for fare changes without software modifications, and not to preclude future projects such as fare capping.

At the 2016 Regional Fare Forums attended by representatives of ORCA agencies, Metro presented the following cost and schedule estimates for including zones and time-based peak fares to the design of the Next Generation ORCA:

* Up to $500,000-$700,000 and three to six months for inclusion of zones, and
* Up to $1-2 million and six months to one year for inclusion of peak fares.

These estimates are based on the cost of adding these elements to the system design as a change order. However, these cost ranges should not be viewed as potential savings to the project if the Council adopts the proposal to simplify fares by the end of 2017. The contract for Next Generation ORCA system design would be negotiated based on ORCA agencies’ fare structures at the time of negotiation and would not involve change orders unless the fare structure changes after the contract is finalized, which is expected to occur in mid-2018.

**Evaluation against Metro’s Fare Policies and Objectives**

The Strategic Plan for Public Transportation 2011-2021 sets Metro’s policy framework for fares. Strategy 6.3.2. provides this guidance for fares: “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.”

Under that guidance, Metro developed the following objectives for evaluating proposed changes to the fare structure: simplification, regional coordination, speed up boarding, increase safety, affordability, and reflect cost of service. The subsections below evaluate the fare proposal against those objectives.

Simplification

Metro states that it seeks to make fares simpler for customers to understand. and found in a 2017 online survey[[24]](#footnote-24) that 32 percent of respondents find Metro’s fares difficult to understand. While the proposed change does not address aspects of the fare structure that outreach participants have reported confusing, such as pass types, transfers, and eligibility for discounts, it would make the adult fare and some aspects of purchasing monthly passes simpler to understand and easier for Metro’s operators and customer service representatives to explain.

Regional Coordination

Metro seeks to coordinate fares with other regional transportation providers, both to reduce the cost and complexity of the Next Generation ORCA project and to make it easier for transit riders to transfer between service providers. Table 3 shows the current adult fares of the other ORCA agencies.

**Table 3. Current Adult Fares of ORCA Agencies**

|  |  |  |  |
| --- | --- | --- | --- |
| Agency | Adult Fare | Peak variability | Distance variability |
| Metro (proposed) | $2.75 | No | No |
| Sound Transit (bus) | $2.75-$3.75 | No | Yes |
| Sound Transit (rail[[25]](#footnote-25)) | $2.25-$5.75 | No | Yes |
| Community Transit | $2.25-$5.50 | No | Yes |
| Everett Transit | $1-$2.25 | No | Local/commuter pricing |
| Pierce Transit | $2.00 | No | No |
| Kitsap Transit | $2.00 | No | No |
| Washington State Ferries (Passengers) | $3.30-$24.05 | No | Varies by distance & geographic location |
| King County Water Taxis (ORCA fare) | $4.50-$5.25 | No | Yes |

As shown in the table, Metro’s fare proposal would eliminate any time of day variability among the ORCA agencies, which would simplify one aspect of implementing Next Generation ORCA and serving customers transferring between systems. However, variability would continue to exist among ORCA agencies on pricing, discounted fare types and amounts (not shown in the table), and whether fares vary by route type and distance traveled.

Speed Up Boarding

While unlikely to have a measurable systemwide impact on boarding times, the fare proposal may reduce some boarding delays associated with questions and disputes about what fare to pay. A simpler adult fare would also make off-board fare payment, which is currently available at some RapidRide stops and planned for Third Avenue and additional RapidRide lines, somewhat easier to implement.

Increase Safety

While simplifying fares would not resolve all of the issues that cause disputes or confusion about fares, it may reduce some fare-related safety incidents. According to Transit Security and Emergency Management, hundreds of negative fares-related passenger interactions occur each month on Metro buses, a fraction of which escalate into safety incidents. Table 4 shows all fare-related safety incidents documented in 2017, but the data is not broken down by which incidents, if any, are specifically related to peak or zone fare-related disputes.

**Table 4. 2017 Fare-related security incident reports (SIRs)[[26]](#footnote-26)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | All reported | Operator assaults | Threats | Verbal abuse |
| Total SIRs | 2,767 | 83 | 373 | 730 |
| # of fares related | 136 | 11 | 40 | 85 |
| % fares related | 5% | 13% | 11% | 12% |

Affordability

Metro states that its fare policies seek to balance affordable fares with the need to generate revenue. Metro provides discounted fares to categories of riders who are most likely to be affected by affordability issues, and the fare proposal would not affect discounted fares. For riders paying the adult fare, the proposed change increases the cost by $0.25 for a greater number of boardings while decreasing the cost by $0.50 for a smaller number of boardings. More than three-quarters percent of those who responded to Metro’s 2017 fare survey reported that the current cost to ride Metro is affordable for them. In a second survey asking about the affordability of the $2.75 fare, 70 percent of respondents considered it affordable[[27]](#footnote-27).

Reflect Cost of Service

Fares that reflect Metro’s cost of service help ensure riders are paying a proportionate cost of Metro’s operating expenses. Metro’s operating costs are greater during the peak than in the off-peak, with average operating costs of $212 per hour in the peak, $199 per hour in the off-peak, and $245-$264 per hour for peak-only routes. Therefore, the proposal is less reflective of the cost of service than the current fare structure that charges more during peak periods.

Additionally, Metro’s operating cost per passenger mile is $11.88, so carrying passengers greater distances is more costly than carrying passengers shorter distances. While zone-based fares are an imperfect measure of the distance a passenger travels, particularly for trips originating or terminating near zone boundaries, they generally allow Metro to charge more for routes that travel greater distances. Therefore, in this respect also, the proposal is somewhat less reflective of the cost of service than the current fare structure.

**Outreach**

Metro conducted a public engagement effort on the fare proposal that produced more than 12,000 comments and reached a diverse range of customers. Those who participated in outreach efforts supported the $2.75 flat fare in greater numbers than the other alternative offered, which did not include the current fare structure. Of the responses to the online survey, 80 percent indicated support for the $2.75 flat fare, while only 28 percent indicated support for a $2.50 off-peak/$3.00 peak fare.

Looking at the breakdown support among respondents by household income level, support for the flat fare was fairly uniform across income levels, while opposition to the $2.50/$3.00 fare was greater for lower income respondents, with more mixed support and opposition among higher income respondents. Survey results received from community-based organizations conducting outreach to difficult-to-reach populations expressed only a slight preference for the $2.75 flat fare over the $2.50/$3.00 fare and often identified other barriers to accessing transit and understanding fares.

Responses from survey and outreach participants indicated their top priorities related to Metro’s fares are:

* Improving affordability for low-income customers,
* Making boarding faster, and
* Improving safety for bus drivers and customers.

**Timing and Next Steps**

The Executive is seeking a Council decision on the fare proposal by December 2017 in order to inform the Next Generation ORCA project design. According to Metro, the fare change is proposed to take effect on July 1, 2018, in order to simplify fares as soon as possible while providing time for the technical and administrative work associated with a fare change.

Metro plans to embark on a second phase of fare work, incorporating the feedback they received in the first phase and the results of several pilot efforts underway to identify strategies to:

* Speed up boarding,
* Improve safety, and
* Improve access and affordability for those facing barriers.

**ATTACHMENTS**

1. Proposed Ordinance 2017-0350.2 (and its attachments)
2. Transmittal Letter
3. Fiscal Note

**INVITED**

* Rob Gannon, General Manager, Metro Transit Division

1. Ordinance 17143 [↑](#footnote-ref-1)
2. Ordinance 18301 [↑](#footnote-ref-2)
3. Summarized from Metro handout “Metro bus fares over time” [↑](#footnote-ref-3)
4. Fares increased frequently between 2008 and 2011 during the Great Recession at a time when Metro experienced significant revenue shortfalls necessitating service cuts. [↑](#footnote-ref-4)
5. 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-5)
6. Fare capping would allow customers to be charged per trip up to defined daily or monthly maximum value, and after the maximum value is reached, no longer be charged for subsequent trips during the defined time period. [↑](#footnote-ref-6)
7. Quotations from the introductory text of public surveys. [↑](#footnote-ref-7)
8. The Fare Review Advisory Group was made up of representatives from the King County Transit Advisory Commission, University of Washington, Urban League of Metropolitan Seattle, Bellevue Downtown Association, Sound Generations, Public Health – Seattle King County, Transportation Choices Coalition, Alliance of People with disAbilities, Catholic Community Services of King County, Transit Riders Union, International Community Health Services, Rainier Beach Action Coalition, Microsoft, Seattle Central College, and Commute Seattle. [↑](#footnote-ref-8)
9. 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-9)
10. Some ORCA cards provided by institutions are limited to use on certain agencies or services. [↑](#footnote-ref-10)
11. Maximum monthly income to qualify by household size: 1-$2,010, 2-$2,707, 3-$3,403, 4-$4,100, 5-$4,797, 6-$5,493, 7-$6,190, 8-$6,887 [↑](#footnote-ref-11)
12. Based on estimates of Metro’s 2016 ORCA and cash ridership data. [↑](#footnote-ref-12)
13. Off-peak is defined by Metro as 9 a.m.-3 p.m. and 6 p.m. – 6 a.m. [↑](#footnote-ref-13)
14. Metro defines the two zones according to the Seattle city limits. Travel that does not cross the zone boundary is “one-zone” while travel that crosses the zone boundary is “two-zone” [↑](#footnote-ref-14)
15. Americans with Disabilities Act [↑](#footnote-ref-15)
16. This survey is designed to statistically valid and representative of the county population [↑](#footnote-ref-16)
17. 60 people out of 1025 riders surveyed identified themselves as off-peak only full-fare adults paying their own fare [↑](#footnote-ref-17)
18. Provided to students and employees of the University of Washington [↑](#footnote-ref-18)
19. According to Metro, the weighted average fare per trip is determined by the ratio of off-peak, one-zone peak, two-zone peak, water taxi, and Seattle Streetcar trips taken with ORCA passport cards, multiplied by a weighted transfer rate. The weighted average fare per trip for the U-Pass and youth school programs also considers youth fares. [↑](#footnote-ref-19)
20. This amount has been corrected from the staff report dated October 3, 2017, which stated costs would have been $14,000 higher. The corrected figure accounts for the reduction of human services agencies ticket costs from 20 percent to 10 percent of retail value, which went into effect January 1, 2017. [↑](#footnote-ref-20)
21. Ordinance 18399 [↑](#footnote-ref-21)
22. A significantly higher number of respondents did not consider a $2.50 off-peak/$3.00 peak fare affordable. In a previous survey, six percentage of respondents stated they do not consider current fares affordable. [↑](#footnote-ref-22)
23. The Request for Proposals for the System Integrator for Next Generation ORCA was advertised in August 2017 with vendor responses due on November 1, 2017. [↑](#footnote-ref-23)
24. The survey was answered by self-selected respondents and was set up with parameters that allowed respondents to complete the survey more than once and therefore does not statistically represent Metro’s ridership. [↑](#footnote-ref-24)
25. Includes Link light rail and Sounder trains [↑](#footnote-ref-25)
26. Security incident reports as of August 31, 2017 [↑](#footnote-ref-26)
27. The results of the two surveys should not necessarily be compared to one another as the question about affordability was phrased differently in each survey, and neither survey is statistically representative of Metro’s ridership. [↑](#footnote-ref-27)