## STAFF REPORT

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| **Agenda Item:** | 5 | **Name:** | Leah Krekel-Zoppi |
| **Proposed No**.: | 2020-0172 | **Date:** | September 9, 2020 |

**SUBJECT**

A motion approving the Reduced Fare ORCA Card Procurement Locations Implementation Plan submitted in response to a proviso in the 2019-2020 Biennial Budget Ordinance.

**SUMMARY**

Obtaining senior, disabled, and youth reduced fare ORCA cards requires completing an application and submitting documentation, and therefore cannot be done at the full network of locations available for obtaining adult ORCA cards. A proviso in the 2019-2020 Biennial Budget Ordinance (as amended)[[1]](#footnote-1) required Metro to provide an Implementation Plan for expanding reduced fare ORCA card procurement locations. Proposed Motion 2020-0172 would approve the Reduced Fare ORCA Card Procurement Locations Implementation Plan transmitted by Metro.

The Implementation Plan provides the following potential strategies for expanding reduced fare ORCA Card procurement locations:

1. Build a network of verifying agencies to assist with applications and to approve the documentation for these card types;
2. Evaluate opportunities to create a more comprehensive schools program to distribute Youth cards and educate students and staff about how to access and use transit;
3. Expand Metro’s Neighborhood Pop-Up program to offer additional mobile outreach and distribution; and
4. Improve customer communications about these fare products, how to apply for them, and how to use them.

Estimated total expenses associated with these strategies would be $5.1 million between 2021 and 2026, while the estimated revenue that would result from implementing the strategies would be $5.8 million between 2021 and 2016, although those estimates were developed prior to ridership changes brought about by the COVID-19 pandemic.

**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, 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[[2]](#footnote-2) and most recently updated in 2016[[3]](#footnote-3). 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[[4]](#footnote-4) call for a farebox recovery ratio of at least 25 percent, with a target of 30 percent.

**ORCA Fare Card System and Regional Reduced Fare Permit Program**

King County is one of seven regional transit agencies[[5]](#footnote-5) that partnered on a smart card technology, called One Regional Card for All (ORCA) to establish a common, noncash fare system throughout the regional participants’ service areas.

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 (RRFP) for seniors and disabled riders, the youth fare, and the ORCA LIFT low-income fare program.

The RRFP is governed by a Memorandum of Agreement among 14 Puget Sound Region transit agencies, including Metro Transit.[[6]](#footnote-6) The program is available to seniors over age 65 and people with disabilities, and makes permit holders eligible for discounted fares among Puget Sound transit providers and on the Washington State Ferry System.

In order to obtain an ORCA card that allows eligible customers to access RRFP or Youth discounts, customers must complete an application and provide documentation to verify their eligibility. Obtaining ORCA Youth cards also requires payment of a $5 card fee. The application process for RRFP or Youth ORCA cards can be done in person at Metro's Pass Sales Office in downtown Seattle, in person at a Metro Neighborhood Pop-Up mobile outreach event, and by mail (with the exception of RRFP Disability cards which must be obtained in person due to the RRFP photo requirement).

**ORCA Card Procurement Proviso**

In the 2019-2020 Biennial Budget, as amended, the King County Council included Proviso P7, which states:

*P7 PROVIDED FURTHER THAT:*

*Of this appropriation, $1,000,000 shall not be expended or encumbered until the executive transmits an implementation plan for expanding the number of locations where individuals who qualify for regional reduced fare permit ORCA cards and youth ORCA cards ('reduced fare ORCA cards') can apply for and receive those cards and a motion approving the implementation plan, and a motion approving the implementation plan is passed by the council. The motion should reference the subject matter, the proviso's ordinance, ordinance section and proviso number in both the title and body of the motion.*

*A. The implementation plan shall be informed by:*

 *1. Engagement with: (1) populations that would be eligible for a reduced fare ORCA card, such as youths ages six to eighteen, seniors ages sixty-five and over, and individuals with disabilities; and (2) parents of youth, schools, other stakeholders, and members of the public. The engagement process should solicit input on what are the barriers to immediately accessing the existing reduced fare ORCA cards and suggestions for more accessible and convenient procurement locations and enrollment processes for these ORCA cards. This engagement may be carried out in conjunction with other Metro fares outreach and engagement efforts; and*

 *2. King County's Equity and Social Justice Strategic Plan.*

*B. The reduced fare ORCA card procurement location implementation plan shall include, but not be limited to:*

 *1. A description of the types of reduced fare ORCA card procurement locations considered including but not limited to libraries, schools, retail locations and buildings where government services are provided such as city halls, evaluation criteria used to assess them, and how flexible delivery through ORCA to Go integrates with this plan;*

*2. Estimated new and existing costs, FTE and contracting needs, and proposed funding sources, including fare revenue impacts, to implement the plan;*

 *3. Potential policy changes that would be needed to implement an expansion of Regional Reduced Fare Permit and youth reduced fare ORCA card procurement locations, including policy changes that provide for expanded locations for immediate issuance both of ORCA cards that require photographs and those that do not;*

 *4. A summary of engagement efforts and stakeholder input required by subsection A.1 of this proviso;*

 *5. How the expansion of reduced fare ORCA card procurement locations would be marketed to eligible populations;*

 *6. How the Metro transit department would partner or seek partners to serve as reduced fare ORCA card procurement locations;*

 *7. A description of populations anticipated to be served at each reduced fare ORCA card procurement location;*

 *8. A map of the potential and proposed reduced fare ORCA card procurement locations; and*

 *9. A schedule for opening the new reduced fare ORCA card procurement locations as early as 2020.*

*The executive should file the reduced fare ORCA card procurement location implementation plan and a motion required by this proviso by March 31, 2020 in the form of a paper original and an electronic copy with the clerk of the council, who shall retain the original and provide an electronic copy to all councilmembers, the council chief of staff and the lead staff for the mobility and environment committee, or its successor.*[[7]](#footnote-7)

**ANALYSIS**

Proposed Motion 2020-0172 would approve the Reduced Fare ORCA Card Procurement Locations Implementation Plan, satisfying the requirements of Proviso P7, Section 75 in the amended 2019-2020 Biennial Budget Ordinance and freeing up $1,000,000 in the Public Transportation Fund to be expended or encumbered.

The Reduced Fare ORCA Card Procurement Locations Implementation Plan provided the following potential strategies for expanding options for customers to obtain Youth and RRFP ORCA cards:

1. **Build a network of verifying agencies to assist with applications and to approve the documentation for these card types**. This strategy would work similar to passport offices for the U.S. Department of State, where members of the public who wish to apply for a passport can go to designated public institutions like post offices and city halls to submit documents and receive application assistance. This strategy would require completion of a capital project currently underway to create an online portal to accept Youth and RRFP ORCA card applications and documentation. In this strategy, Metro would partner with a network of verifying agencies, located at convenient community locations, that would help customers apply for ORCA cards.
2. **Evaluate opportunities to create a more comprehensive schools program to distribute Youth cards and educate students and staff about how to access and use transit**: In this strategy, Metro would work with school districts in King County to build a comprehensive approach to distribute more ORCA cards and provide transit education through schools.

1. **Expand Metro’s Neighborhood Pop-Up program to offer additional mobile outreach and distribution**: This strategy involves expanding Metro' Neighborhood Pop-Up program which provides mobile outreach to sell and provide information about ORCA cards. The Neighborhood Pop-Up program currently serves approximately 30 individual sites throughout King County every month.

1. **Improve customer communications about these fare products, how to apply for them, and how to use them**: This strategy involves ongoing engagement and continuous improvement in marketing materials to address feedback that Metro heard in the engagement process, including confusion about the products and application process.

Metro does not currently have funding designated to implement these potential strategies. According to the Implementation Plan, funding for these strategies would be evaluated as part of future supplemental appropriation requests or in the 2021-2022 budget deliberations.

Estimated total expenses associated with the strategies included in the Implementation Plan are $5.1 million between 2021 and 2026. Revenue as a result of implementing the strategies was estimated to be $5.8 million between 2021 and 2016, but that estimate was developed prior to the ridership changes brought about by the COVID-19 pandemic. Table 1 provides the estimated costs and revenues associated with each strategy.

**Table 1. ORCA Procurement Expansion Estimated Costs and Revenues**

|  |  |  |  |
| --- | --- | --- | --- |
| Strategy | Estimated Expenses 2021-2026 | Estimated Revenues 2021-2026 | Estimated Net Cost 2021-2026 |
| Network of verifying agencies | $2.24 million | $1.79 million | $451,000 |
| School distribution | $1.22 million | $2.63 million | -$1.41 million |
| Expand Neighborhood Pop-Ups | $1.34 million | $1.48 million | -$145,000 |
| Improve communications to customers | $312,000 | - | $312,000 |

Some costs associated with these strategies include strategies such as subsidizing the $5 ORCA Youth card fee or preloading $20 value onto cards in order to simplify implementation or incentivize ORCA card uptake.

According to Metro staff, the Reduced Fare ORCA Card Procurement Locations Implementation Plan was informed by input from youth, parents, seniors, people with disabilities, and representatives of organizations that support these individuals. Input from these stakeholders was obtained through in-person surveys, focus groups, and in-depth telephone interviews. In evaluating potential strategies, Metro considered each strategy's alignment with King County's Equity and Social Justice Plan and the feedback they received through stakeholder engagement.

The Reduced Fare ORCA Card Procurement Locations Implementation Plan appears to be consistent with the proviso requirements as it includes the elements listed in the proviso, including:

* A description of the types of reduced fare ORCA card procurement locations considered;
* The fiscal impacts, as described above;
* Potential policy changes that would be needed to implement the plan;
* A summary of engagement efforts and stakeholder input;
* How the expansion of reduced fare ORCA card procurement locations would be marketed to eligible populations;
* How the Metro transit department would partner or seek partners to serve as reduced fare ORCA card procurement locations;
* A description of populations anticipated to be served at each reduced fare ORCA card procurement location;
* A map of potential reduced fare ORCA card procurement locations; and
* A potential schedule for opening the new reduced fare ORCA card procurement locations.

**ATTACHMENTS**

1. Proposed Motion 2020-0172 (and its attachments)
2. Transmittal Letter
1. Ordinance 18835, Section 109, as amended by Ordinance 18930, Section 75. [↑](#footnote-ref-1)
2. Ordinance 17143 [↑](#footnote-ref-2)
3. Ordinance 18301 [↑](#footnote-ref-3)
4. Ordinance 18321 [↑](#footnote-ref-4)
5. The transit agencies that have partnered to form the ORCA system are King County, Sound Transit, Community Transit, Kitsap Transit, Pierce Transit, Everett Transit and Washington State Ferries. [↑](#footnote-ref-5)
6. King County first entered into the RRFP Memorandum of Understanding in 1997 through Ordinance 12643. [↑](#footnote-ref-6)
7. Ordinance 18930 [↑](#footnote-ref-7)