

DISCUSSION ITEM

Fare Simplification/Coordination and Rate Change

MEETING:	DATE:	STAFF CONTACT:	PHONE:
Operations & Administration Committee	3/18/10	Ric Ilgenfritz, Executive Director Greg Walker, Planning and Policy Officer	206-398-5239 206-398-5070

DISCUSSION TOPIC

Discussion on proposal to align ST Express bus fares and discounted Link light rail fares with those of similar transit services in the region, resulting in net annual fare revenue increases of \$2.03m for the period June 2010 to May 2011 and \$5.15m for the period June 2011 to May 2012, while simplifying fare payment for customers using multiple transit systems and modes.

KEY FEATURES

Through two rate changes in June 2010 and June 2011, this proposal:

- Eliminates the current ST Express one-zone fare and two-zone fare within any single county, replacing those separate rates with a single consistent rate for any in-county ST Express bus trip.
- Eliminates the current ST Express three-zone fare and inter-county two-zone fare, replacing those separate rates with a single consistent rate for any ST Express bus trip spanning two counties.
- Coordinates ST Express bus fares with those of partner transit agencies to establish a target level for similar transit services in the shared regional transit market.
- Increases the base adult fare for Link light rail by \$0.25 (2011).
- Simplifies Link light rail fares for youth, seniors and persons with disabilities by reducing the distance surcharge to zero and aligning the resulting flat fare with that of in-county bus services.

CURRENT STATUS

ST Express Bus

Since establishing fares in 1999, Sound Transit has increased bus fares only once, compared to four times for each of our operating partner transit agencies:

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Community Transit	•						•			•		•
King County Metro			•							•	•	•
Pierce Transit	•			•				•			•	
Sound Transit							•					?

As a result, Sound Transit's bus fares, which had originally been established as higher premium service fares compared to those of partner agencies, are now relatively low in the region. Further, as operating costs have risen, the projected farebox recovery ratio (fare revenue as a percent of operating costs) for ST Express bus will fall below 20% (the minimum level noted in *Sound Move*) by 2011 without an increase in fare revenue.

The need to change fares also creates an opportunity to simplify and better coordinate fare levels with those of partner agencies. Currently a rider paying a basic adult bus fare in Sound Transit's service area is faced with as many as ten different prices, depending on the agency, route, zones traveled, or time of day for the bus trip.

Even within Sound Transit’s own bus network the current zone system, originally established to coincide with financial subareas, creates pricing differences that can be confusing and difficult to justify to customers. Examples, comparing trips of similar length:

- A trip from Renton to Kent costs \$1.50, while a trip from Renton to Bellevue costs \$2.50
- A trip from Seattle to Everett costs \$2.50, while a trip from Seattle to Tacoma costs \$3.00

KEY PROPOSAL ELEMENTS

ST Express Bus

This proposal would improve consistency with regional partners and among ST’s own bus routes by consolidating to two ST Express bus base adult fare levels by June 2011:

- \$2.50 for all in-county service, equal to the rate for Pierce Transit express service and most or all 2011 King County Metro peak service
- \$3.50 for all inter-county service, equal to the rate for Community Transit Snohomish/King inter-county fares

For youth, the resulting 2011 fares are:

- \$1.25 for in-county service, equal to the rate for Community Transit and establishing a proposed target rate for King County Metro youth fares
- \$2.50 for inter-county service, equal to the rate for Pierce Transit express service and establishing a proposed target rate for Community Transit Snohomish/King inter-county youth fares

For seniors and persons with disabilities, the 2011 fares are:

- \$0.75 for in-county service, equal to the rate for Community Transit and Pierce Transit and King County Metro service
- \$1.50 for inter-county service, equal to the rate for Community Transit Snohomish/King inter-county fares

The fare changes for June 2010 and June 2011 are proposed to be staged as follows:

Current Fares	One-zone	Two-zone	Three-zone
Adult	\$1.50	\$2.50	\$3.00
Youth	\$1.00	\$1.75	\$2.50
Senior/Disabled	\$0.50	\$1.25	\$1.50

June, 2010	One-zone	Two-zone	Inter-county
Adult	\$2.00	\$2.50	\$3.00
Youth	\$1.00	\$1.75	\$2.50
Senior/Disabled	\$0.75	\$1.25	\$1.50

June, 2011	In-county	Inter-county
Adult	\$2.50	\$3.50
Youth	\$1.25 (bus & Link)	\$1.75
Senior/Disabled	\$0.75 (bus & Link)	\$1.50

In total, these ST Express fare changes result in an estimated annual net fare revenue increase of \$1.18m in 2010 and \$3.68m in 2011, while 2011 ST Express farebox recovery rises to 22.6%. With all fare changes implemented, ST Express revenues would be 22.7% higher than at current fare levels – a roughly \$400,000 per month revenue increase on an ongoing basis.

This analysis does take into account a projected decrease in ridership due to higher fare levels. The proposed 2010 fare increase is projected to result in a 1.6% decrease in ST Express bus ridership, or

roughly 19,000 riders per month. The proposed 2011 fare change would result in a further 1.8% ridership decrease (3.4% total), or an additional loss of 23,000 riders per month (for a total loss of roughly 42,000 per month vs. leaving fares at current levels).

Link light rail

Fares for Link light rail are proposed for a basic \$0.25 increase in the adult fare categories in June 2011, with the youth and senior/disabled fare categories simplified to equal rates for bus services in King County:

	Current	June 2011
Adult	\$1.75 to \$2.50	\$2.00 to \$2.75
Youth	\$1.25 to \$2.00	\$1.25
Senior/Disabled	\$0.75 to \$1.25	\$0.75

In total, these Link light rail fare changes result in an estimated 4.2% increase to fare revenue, or roughly \$50,000 per month on an ongoing basis. The projected 2.1% net loss of Link ridership from these fare changes translates to roughly 17,000 riders per month.

FISCAL INFORMATION

The Adopted 2010 Budget for ST Express farebox revenue is \$19.1 million and \$10.5 million for Central Link. If the proposed fare structure and pricing level are adopted, the farebox revenue for ST Express would increase by about \$1.1 million in 2010. There would be no change for Central Link since the proposed change would not take effect until 2011.

There is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts or funding required from other parties other than what is already assumed in the financial plan.

PRIOR BOARD/COMMITTEE ACTIONS

Resolution No. R2009-01 - Establishes a distance-based fare structure for use on Link light rail and adopting the corresponding fare level to be charged for riding Link light rail.

Motion No. M2005-05 – Implements a fare increase on ST Express Bus service effective June 2005 and updates Resolution No. R99-2-2

Motion No. M2004-120 – Selects a preferred draft fare increase for public review and comment and directing staff to conduct public outreach for a potential fare increase

Motion No. M2004-54 – Aligns ST Express Route 550 fares with the regular Sound Transit fare structure

Resolution No. R99-2-2 – Supersedes R99-2-1, Sound Transit’s fare policy, updating fare zone boundaries along the SR-522 corridor and changing definition of “children” to those under age 6

Motion No. M98-54 – Supports the fare integration framework developed by elected officials from Pierce Transit, King County Metro Transit, Community Transit, Everett Transit, and Sound Transit through a series of three Fare Policy Forums

TITLE VI EVALUATION

Per FTA requirements, Sound Transit must “ensure that Federally supported transit services and related benefits are distributed in an equitable manner” and specifically for fare changes, to “determine whether those changes have a discriminatory impact on minority and low-income riders.”

Sound Transit will prepare an analysis of the distributional impacts of the proposed fare change, providing the analysis for public comment and Board consideration prior to the Board action.

PUBLIC INVOLVEMENT

- A Title VI analysis of environmental equity for this proposal will be issued in March, 2010.
- A public hearing for this proposed action will be held in mid-April, 2010.

LEGAL REVIEW

RM 3/15/10