

RESOLUTION NO. R2010-10
Adoption of a Consolidated Fare Policy

MEETING	DATE	TYPE OF ACTION	STAFF CONTACT	PHONE
Executive Committee	4/1/10	Recommendation to Board	Ric Ilgenfritz, Executive Director	206-398-5239
Operations & Administration Committee	4/15/10	Recommendation to Board	Brian Brooke, Program Manager	206-398-5229
Board	4/22/10	Final Action		

PROPOSED ACTION

Adopts a Fare Policy and supersedes Resolution No. R99-2-2, Resolution No. R2005-05, Resolution No. R2007-06, and Motion No. M2004-53.

KEY FEATURES

- Establishes policies governing fare and pricing adjustments
- Provides guidance for establishing fare payment structures and categories
- Provides guidance for the use of special rates of fare, discounts and free fares
- Lists the fare media and payment types accepted on Sound Transit services
- Establishes annual reporting to the Board on fare revenues, farebox recovery and discounts provided
- Consolidates several fare policies into one policy

PROJECT DESCRIPTION

Current policies governing agency fares are embodied in several motions and resolutions of the Sound Transit Board. They address a variety of specific policies or respond to specific situations, but as a whole do not address the need for comprehensive documentation and guidance for setting and changing Sound Transit fares.

FISCAL INFORMATION

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.

SMALL BUSINESS PARTICIPATION

Not applicable for this action.

EQUAL EMPLOYMENT WORKFORCE PROFILE

Not applicable for this action.

BACKGROUND

Key elements of the proposed fare policy are as follows:

Principles for setting fares

These principles include the need to maintain operating revenue, ease of customer fare payment, and coordination with regional transit markets.

Policy and pricing structures for fare rates

This policy describes the customer fare categories that are recognized regionally by Sound Transit and partner transit agencies, and defines agency policy to differentiate fares based on distance or zones traveled.

Parameters for setting special rates of fare

These parameters authorize customized pricing, discounts, and free fares in specific well-defined situations.

Guidelines for changing fares

These guidelines tie the fare change process to the Sound Transit financial plan and allow response to increases in service operating costs with adjustments to operating revenues so that consistent farebox recovery ratios are maintained over time. This policy includes language that specifically recognizes the need to coordinate with partner transit agencies to reduce regional pricing complexity.

The proposed policy adopts specific farebox recovery targets (the percentage of operating costs covered by fare revenue) for each service mode. The Sound Move Plan noted minimum farebox recovery ratios, this policy formally establishes minimum farebox recovery ratios and triggers consideration of a fare increase based on dropping below those minimum ratio levels. The levels proposed, based on Sound Transit history and common experience in the U.S. transit industry, are as follows:

- Bus - The minimum farebox recovery ratio for bus is 20%.
- Commuter Rail - The minimum farebox recovery ratio for commuter rail is 23%.
- Light Rail - The minimum farebox recovery ratio for light rail is 40%.

ENVIRONMENTAL COMPLIANCE

Jl 3/23/10

PRIOR BOARD/COMMITTEE ACTIONS

Resolution No. R2007-06 – Amended Sound Transit’s Fare Policy regarding Sounder fares from a zone-based fare structure to a distance-based fare structure and increasing Sounder fares

Resolution No. R2005-05 – Increased fares for ST Express Bus service effective June 2005

Motion No. M2004-53 – Established a policy describing the public comment process for increases in the basic fare structure

Resolution No. R99-2-2 – Superseded Resolution No. R99-2-1, Sound Transit’s Fare Policy

TIME CONSTRAINTS

A two-week delay in Board action would not have a significant impact.

PUBLIC INVOLVEMENT

Not applicable to this action.

LEGAL REVIEW

RM 3/30/10

SOUND TRANSIT

RESOLUTION NO. R2010-10

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority adopting a Fare Policy and superseding Resolution No. R99-2-2, Resolution No. R2005-05, Resolution No. R2007-06, and Motion No. M2004-53.

WHEREAS, the Central Puget Sound Regional Transit Authority, commonly known as Sound Transit, was formed under RCW Chapters 81.104 and 81.112 for the Pierce, King, and Snohomish Counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, Sound Transit is authorized to plan, construct, and permanently operate a high-capacity system of transportation infrastructure and services to meet regional public transportation needs in the Central Puget Sound region; and

WHEREAS, in general elections held within the Central Puget Sound Regional Transit Authority district on November 5, 1996 and November 8, 2008, voters approved local funding to implement a regional high-capacity transportation system for the Central Puget Sound region; and

WHEREAS, Sound Transit charges fares for access to transit services in order cover a portion of Sound Transit's operating expenses as part of the long-term financial plan; and

WHEREAS, RCW 81.112.080 grants a regional transit authority the power to establish fares; and

WHEREAS, the fare policy builds from, and is consistent with, the fare integration framework adopted by the regional transit agencies; and

WHEREAS, the Board formally establishes minimum farebox recovery ratios based on Sound Transit history and common experience in the U.S. public transit industry; and

WHEREAS, the Board establishes fare structures, fare rates, and fare categories for all Sound Transit modes; and

WHEREAS, Sound Transit desires to coordinate fare structures, rates, and categories with those of regional transit providers within Sound Transit's service area; and

WHEREAS, to comply with FTA regulations and regional policy, youth fares will be no more than 75 percent of adult fares and senior/disabled fares will be no more than 50 percent of an adult fare; and

WHEREAS, acceptable forms of payment for fares are standardized across all Sound Transit modes; and

WHEREAS, the chief executive officer is authorized to establish fare structures and rates for special fares in certain defined situations; and

WHEREAS, the Board may consider adjusting fare structures and rates to maintain compliance with minimum farebox recovery ratios; and

WHEREAS, Sound Transit is committed to providing opportunities for public involvement prior to implement adjustments to fare structures or rates.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that Sound Transit's Fare Policy (Attachment A of this Resolution) is adopted and Resolution No. R99-2-2, Resolution No. R2005-05, Resolution No. R2007.06, and Motion No. M2004-53 are superseded.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on April 22, 2010.



Aaron Reardon
Board Chair

ATTEST:



Marcia Walker
Board Administrator

**SOUND TRANSIT
RESOLUTION NO. R2010-10 - Attachment A**

As Amended by Resolution No. R2014-27

FARE POLICY

Sound Transit's mission is to plan, build, and operate regional transit systems and services to improve mobility for central Puget Sound. Sound Transit is committed to wisely managing public funds while fulfilling the mission. The regional transit system plan and services are funded through a combination of voter-approved local taxes, federal grants, bonds, interest revenues, and farebox revenues.

Fare policy principles:

- Purpose – fares are required to generate revenue to cover a portion of Sound Transit's operating expenses as part of the long-term financial plan.
- Customer acceptance –the basis for fares and the need to increase fares is rational and explainable.
- Ease of application and understanding – fare structures are simple for customers to understand and transit employees and fare enforcement personnel to apply.
- Responsible adjustments – fare revenues are tied to Sound Transit's financial plan and fare levels are adjusted as needed to meet revenue requirements.
- Coordination with other regional transit systems – fare media and pricing are integrated regionally among partner transit agencies to:
 - avoid conflicting pricing;
 - facilitate customer and transit employee understanding;
 - minimize fare payment confusion as a barrier to regional transit use;
 - promote regional consistency in provisions for low income and transit dependent riders; and
 - promote public safety
- Discount fares – discounts and pricing levels are established for categories of customers to reflect market factors, the best interest of Sound Transit, to remain compliant with federal and state laws governing transit fares.

Based on these principles, Sound Transit's fare policies are:

1. Farebox Recovery

Fares are only a portion of Sound Transit's revenues and do not fully fund service operations. Farebox recovery ratios are calculated by dividing the fare box revenue by direct and indirect service operating costs and expressed as percentages.

It is the goal of Sound Transit to continuously seek the highest possible farebox recovery ratio while maintaining fares at levels consistent with the fare policy principles. Farebox recovery below the minimum recovery ratios signals to the agency that the financial plan is threatened. Consistent with the agency's financial plan, minimum farebox recovery ratio thresholds are established as follows:

- A. Express Bus - 20%.
- B. Commuter Rail - 23%.
- C. Light Rail - 40%.

Minimum farebox recovery ratios are not applicable to services in startup phase, as defined in Sound Transit's Service Standards and Performance Measures, and services specifically exempted from fare collection by this policy.

When farebox recovery falls below these minimum levels, a fare change process is triggered as set forth in Section 7 of this policy.

2. Fare Structure

The fare structure varies the fare rates based on a measure of services used.

The following fare structures are used to differentiate fare within a given mode:

- A. Zone-based fares
 - 1. Based on geographic zones through which a trip travels.
- B. Distance-based fares
 - 1. Based on trip distance, measured in miles.

The Sound Transit Board adopts fare structures by service mode in separate actions.

3. Fare Categories

Fare rates are set by fare categories. Fare categories are groupings defined by customer traits and market factors.

The fare categories are:

- A. Adult Fare
 - 1. Customers from 19 to 64 years old are charged the full fare as established by the Sound Transit Board.
- B. Reduced Fare Categories

The chief executive officer is authorized to establish reduced fare rates for the following fare categories:

 - 1. Children
 - a. Customers 5 years old and younger ride free.
 - 2. Youth
 - a. Customers from 6 to 18 years old or with a valid high school ID.
 - 3. Seniors
 - a. Customers 65 years old and older.
 - b. To comply with Federal Transit Administration (FTA) regulations, the Senior Fare will be no more than 50 percent of the Adult Fare for the same service.
 - c. A valid Regional Reduced Fare Permit or valid Medicare card is required as proof of eligibility.
 - 4. Persons with Disability
 - a. To comply with FTA regulations, the reduced fare will be no more than 50 percent of the Adult fare for the same service.
 - b. A valid Regional Reduced Fare Permit or valid Medicare card is required as proof of eligibility.
 - 5. Low Income Adult
 - a. Eligibility based on the Kitsap Transit Low Income Pass program, the King County Metro low-income program, or other equivalent low-income transit discount fare programs implemented by ORCA partner agencies, which utilize the "Low Income" fare category functionality in the ORCA or other regional fare collection systems.
 - b. A valid Low Income ORCA card issued by an ORCA partner agency would be required to receive the discount.

The Regional Reduced Fare Permit program and eligibility criteria are administered by the Puget Sound Regional Council (PSRC). Regional Reduced Fare Permit certification and issuance are performed by local transit operators within the PSRC region.

4. Fare Media

The following fare media are acceptable forms of payment for fares on Sound Transit modes.

- A. Cash
 - 1. Cash payment will be in denominations of no less than five cents.
- B. ORCA
 - 1. ORCA is a smart card for fare payment developed through an interlocal agreement with the region's transit partners.
 - 2. Customers can use ORCA to pay fares using products loaded electronically onto the smart card, including passes, tickets and e-purse stored value.
 - 3. Sound Transit will issue and accept transfer value when fare is paid by ORCA e-purse stored value.
 - a. Transfer value is issued for the full amount of fare paid.
 - b. Transfer value expires two hours after issuance.
 - c. Sound Transit will honor toward payment of fare transfer value issued by any transit agency honoring transfer value issued by Sound Transit under the ORCA system.
- C. Passes
 - 1. Passes offer customers unlimited rides at a defined rate of fare over a defined period of time.
- D. Delegation of Authority
 - 1. The chief executive officer is authorized to establish, determine pricing of, and sell passes for use on Sound Transit services, and to enter into agreements with other transit agencies for joint acceptance, sales, pricing and revenue sharing of multi-agency passes.
 - 2. The chief executive officer is authorized to issue and honor tickets and other fare media when in the best interest of Sound Transit.

5. Special Rates of Fare

- A. Special Event Service
 - 1. Special event services are for public transportation needs that temporarily exceed the capacity of regular scheduled services.
 - 2. The chief executive officer is authorized to establish special event fare structures, rates or third-party payments for the purpose of providing special event service, with the goal of recouping the marginal cost to provide such service to the extent practicable.
- B. Ride Free Zones
 - 1. The chief executive officer is authorized to establish ride-free zones given one or more of the following conditions:
 - a. Cost of fare collection is greater than the revenue to be collected,
 - b. Sound Transit will provide a minimal amount of total service through an existing ride free zone, or
 - c. Local jurisdictions and Sound Transit establish an agreement to cover lost revenue.
- C. Peace Officer Fares
 - 1. Sound Transit will recognize the law enforcement uniform or presentation of the badge of a peace officer of a general authority Washington law enforcement agency, or federal law enforcement agency as payment of fare.
- D. Discounts and Free Fares
 - 1. The chief executive officer is authorized to provide discounted or free fares for the following purposes:
 - a. Sound Transit promotional and marketing campaigns.
 - b. Educational outreach and transit training activities.
 - c. Customer relations and complaint resolution.
 - d. Participation in human services and low income fare media distribution programs administered by local transit agencies within Sound Transit's service area.
 - i. Eligibility criteria for low income fares are uniformly established by Sound Transit and one or more local transit agencies operating within Sound Transit's service area, and
 - ii. Certification of eligibility and issuance of proof of eligibility is performed by the local transit agency or agencies providing low income fare service.
 - e. Acceptance of paratransit fare media issued by local transit agencies within Sound Transit's service area to customers qualifying for paratransit service under Section 504 of the Rehabilitation Act or the Americans with Disabilities Act.

- f. Demonstration of transit services and facility tours hosted by Sound Transit or local transit agencies.
 - g. Public emergencies.
 - h. Natural disasters.
 - 2. The chief executive officer will report annually to the Board the value and purpose of fare discounts and waivers authorized under this section.
- E. Employer/Institutional Programs
- 1. The chief executive officer is authorized to enter into bulk pass sales agreements with businesses, organizations and institutions for distribution to their employees, students or clients, under the following conditions:
 - a. It is in the best interest of Sound Transit, and
 - b. Passes are priced according to actual or estimated use at a level no lower than the fare revenue that would be expected from the pass users as a group if the bulk purchase/distribution program were not in place, or
 - c. For purposes of market development and customer retention, a discount of no more than 20 percent may be granted on a temporary basis provided that the bulk purchaser of the pass offers a subsidy of at least 50 percent of the per pass purchase price to the individual pass recipients.
 - 2. The chief executive officer will report annually to the Board the value and purpose of such discounts.

6. Proof of Payment

A proof of payment fare system requires customers to carry a ticket or pass that verifies payment of the appropriate fare. Sound Transit uses a proof of payment system for Sound Transit rail services.

- A. The chief executive officer is authorized to establish procedures for implementation of a proof of payment system for Sound Transit rail services and take other action as necessary to provide for enforcement of fare payment and issuance of citations consistent with this policy and applicable law.
- B. Sound Transit's Fare Enforcement Policy, adopted by separate Resolution, applies to customers who fail to pay appropriate fare.

7. Fare Adjustments

The Sound Transit Board establishes fare rates by separate action.

- A. The chief executive officer will report to the Board an annual review of fare revenues.
- B. The Board may consider a fare change proposal under the following conditions:
 - 1. The farebox recovery ratio falls below the minimum level set by Section 1 of this policy, or
 - 2. A Sound Transit service currently operating in a ride-free zone no longer qualifies under the ride-free zone criteria.
- C. Fare change proposals will include analysis of Sound Transit's fare revenues, operating costs, and fare structures.
- D. Fare change proposals will consider fare rates, fare structures, and timing for service changes of regional partner transit agencies, and where possible coordinate those elements to reduce pricing complexity as a barrier to customer use of regional transit services.

8. Public Involvement Policy

It is the policy of Sound Transit that adjustments to the basic fare structure will be implemented only after opportunities for public comment are provided, affording affected customers sufficient opportunity to provide input to the Sound Transit Board.

Prior to adjusting basic fare structures or pricing, Sound Transit will:

- A. Perform a Title VI report to determine the impact of the proposed change on low income, limited English proficiency and minority populations.
- B. Appropriately publicize plans to increase the basic fare structure in a variety of ways. Options include the Sound Transit website, agency e-mails, newsletters and other means of correspondence.
- C. Provide opportunities for public input. Options include holding open houses, mailing comment forms to customers, and/or soliciting for public comment via e-mail, at the discretion of the chief executive officer.
- D. Hold a public hearing with written notice and recording services.
- E. Review and document public comments for the Sound Transit Board.

**SOUND TRANSIT
RESOLUTION NO. R2010-10 - Attachment A**

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