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Fare Equity Analysis of Sound Transit's Tacoma Link Fare Proposal

Analysis Requirement

Guidance on Title VI analysis of proposed fare changes is given by FTA Circular 4702.1B. Per these guidelines, prior to implementing a fare on Tacoma Link Sound Transit needs to undertake a Fare Equity Analysis through the following steps:

- (1) Data Analysis. *For proposed changes that would increase or decrease fares on the entire system, or on certain transit modes, or by fare payment type or fare media, the transit provider shall analyze any available information generated from ridership surveys indicating whether minority and/or low-income riders are disproportionately more likely to use the mode of service, payment type, or payment media that would be subject to the fare change. Notably, Census data will not be effective data for fare analyses, since it is impossible to know, based on Census data, what fare media people are using. The transit provider shall describe the dataset(s) the transit provider will use in the fare change analysis. This section shall also describe what techniques and/or technologies were used to collect the data. The transit provider shall—*
 - (i) *Determine the number and percent of users of each fare media being changed;*
 - (ii) *Review fares before the change and after the change;*
 - (iii) *Compare the differences for each particular fare media between minority users and overall users; and*
 - (iv) *Compare the differences for each particular fare media between low-income users and overall users.*
- (2) Assessing Impacts. *Transit providers shall evaluate the impacts of their proposed fare changes (either increases or decreases) on minority and low-income populations separately, using the following framework:*
 - (a) Minority Disparate Impact Policy. *The transit provider shall develop a policy for measuring disparate impact to determine whether minority riders are bearing a disproportionate impact of the change between the existing cost and the proposed cost. The impact may be defined as a statistical percentage. The disparate impact threshold must be applied uniformly, regardless of fare media, and cannot be altered until the next Title VI Program submission.*
 - (b) Public Participation Process. *The transit provider shall engage the public in the decision-making process to develop the disparate impact threshold.*
 - (c) Modification of Proposal. *If the transit provider finds potential disparate impacts and then modifies the proposed changes in order to avoid, minimize or mitigate those impacts, the transit provider must reanalyze the proposed changes in order to determine whether the modifications actually removed the potential disparate impacts of the changes.*
 - (d) Finding a Disparate Impact on the Basis of Race, Color, or National Origin. *If a transit provider chooses not to alter the proposed fare changes despite the disparate impact on minority ridership, or if the transit provider finds, even after the revisions, that minority riders will continue to bear a disproportionate share*

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of the proposed fare change, the transit provider may implement the fare change only if:

- *the transit provider has a substantial legitimate justification for the proposed fare change, **and***
 - *the transit provider can show that there are no alternatives that would have a less disparate impact on minority riders but would still accomplish the transit provider's legitimate program goals.*
- (a) *It is important to understand that in order to make this showing, the transit provider must consider and analyze alternatives to determine whether those alternatives would have less of a disparate impact on the basis of race, color, or national origin, and then implement the least discriminatory alternative.*
- (e) *Examining Alternatives.* *If the transit provider determines that a proposed fare change will have a disparate impact, the transit provider shall analyze the alternatives (identified in the second bullet above) to determine whether alternatives exist that would serve the same legitimate objectives but with less of a disparate effect on the basis of race, color, or national origin. The existence of such an alternative method of accomplishing the transit provider's substantial and legitimate interests demonstrates that the disparate effects can be avoided by adoption of the alternative methods without harming such interests. In addition, if evidence undermines the legitimacy of the transit provider's asserted justification—that is, that the justification is not supported by demonstrable evidence—the disparate effects will violate Title VI, as the lack of factual support will indicate that there is not a substantial legitimate justification for the disparate effects. At that point, the transit provider must revisit the fare changes and make adjustments that will eliminate unnecessary disparate effects on populations defined by race, color, or national origin. Where disparate impacts are identified, the transit provider shall provide a meaningful opportunity for public comment on any proposed mitigation measures, including any less discriminatory alternatives that may be available.*
- (f) *Low-Income Disproportionate Burden Policy.* *The transit provider shall develop a policy for measuring the burden of fare changes on low-income riders to determine when low-income riders are bearing a disproportionate burden of the change between the existing fare and the proposed fare. The impact may be defined as a statistical percentage. The disproportionate burden threshold must be applied uniformly, regardless of fare media, and cannot be altered until the next program submission.*
- (i) *The transit provider shall engage the public in the decision-making process to develop the disproportionate burden threshold.*
- (ii) *At the conclusion of the analysis, if the transit provider finds that low-income populations will bear a disproportionate burden of the proposed fare change, the transit provider should take steps to avoid, minimize or mitigate impacts where practicable. The transit provider should describe alternatives available to low-income populations affected by the fare changes.*

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This report is provided to document the Fare Equity Analysis steps undertaken by Sound Transit prior to a Board decision on implementation of fares for Tacoma Link. This includes a description of the data analysis and resulting assessment of the potential disparate impact on minority communities and disproportionate burden on low-income communities, a discussion of alternatives to the establishment of a general fare structure on Tacoma Link, and a description of the steps taken to avoid, minimize or mitigate any disparate impacts or disproportionate burdens created by the recommended implementation of a general fare structure on Tacoma Link.

Tacoma Link Fare Implementation Proposal

Sound Transit is proposing implementation of fares on Tacoma Link light rail, a 1.6 mile streetcar service which operates in downtown Tacoma. Since it began operations, Tacoma Link has been provided as a free service. The reasoning for this was established by the Sound Transit Board in 1999, when an analysis of projected ridership and projected costs of implementing a fare collection system indicated that it would be more costly to collect fares on the system than would be generated in fare revenue.

However, updated analysis of current projected ridership on Tacoma Link, using updated estimates of the costs of fare collection, indicate that despite ridership losses attributable to pricing the service, implementation of fares on Tacoma Link would generate significant net revenue. Because fare revenue is required to cover a portion of Sound Transit's operating expenses as part of the agency's long-term financial plan, the Sound Transit Board must consider implementation of fares on Tacoma Link to comply with its own financial policies and public expectation that user fees will offset a portion of the costs of taxpayer-funded transit services. Currently Tacoma Link is the only service operated by Sound Transit which does not charge a fare and there no longer exists any policy basis for this exception.

Analysis of alternative fare structures indicates that setting a regular adult fare below \$0.75 would continue to raise insufficient revenue to cover the costs of fare collections, let alone offset additional operating costs. An adult fare of \$0.75 would likely generate net revenue, but has a high risk of being insufficient to do so. An adult fare level at or above \$1.00 would generate significant net revenue, even accounting for the loss of ridership due to price elasticity effects. However, an adult fare of \$2.00 is seen as the upper limit as this is the current fare for local bus service operated by Pierce Transit in the same corridor and as connecting transfer service.

Title VI analysis methodology

To determine if this proposal creates a disparate impact for minority communities or a disproportionate burden for low-income communities, we compare the percentage of minority and low-income persons in the affected population (residing in census tracts within ½ mile of the Tacoma Link alignment) with the comparison population (the population within Sound Transit's taxing and service district). Because current riders on Tacoma Link do not pay fare, it was not possible to segment current riders in the affected population by fare payment type, so census data were used in this analysis. A disparate impact was found to be the case if the minority percentage of affected riders were greater, to a statistically significant degree, than the minority percentage of the comparison population. A disproportionate burden was found to be the case if the low-income percentage of the affected population were greater, to a statistically significant degree, than the low-income percentage of the comparison population.

Impact of Tacoma Link fares on minority communities

For the Sound Transit district as a whole encompassing 595 census tracts in the urban areas of Snohomish, King and Pierce Counties, the overall minority percentage is 31.13% (see

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Attachment A). For the 11 census tracts within ½ mile of the Tacoma Link alignment, the overall minority percentage is 37.62% (see Attachment B). The minority percentage for the population around Tacoma Link is higher than that for the Sound Transit district as a whole, so we do determine that implementation of a fare would have a disparate impact on minority communities.

Impact of Tacoma Link fares on low-income communities

For the Sound Transit district as a whole encompassing 595 census tracts in the urban areas of Snohomish, King and Pierce Counties, the overall low income percentage (measured as percentage of households at or below federal poverty level) is 11.52% (see Attachment C). For the 11 census tracts within ½ mile of the Tacoma Link alignment, the overall low income percentage is 23.10%. The low income percentage for the population around Tacoma Link is significantly higher than that for the Sound Transit district as a whole, so we do determine that implementation of a fare would create a disproportionate burden on low income communities.

Examination of Alternatives

The proposed general implementation of fares on Tacoma Link would impact all riders, and there are no viable alternatives or pricing structures which would adequately segment the market to distinguish between minority/non-minority or low-income/non-low-income riders in the payment of fares. A program of pre-certification of riders as minority or low-income to provide an exception or pricing preference in the day-to-day payment of fares would be too intrusive and burdensome to be practicable.

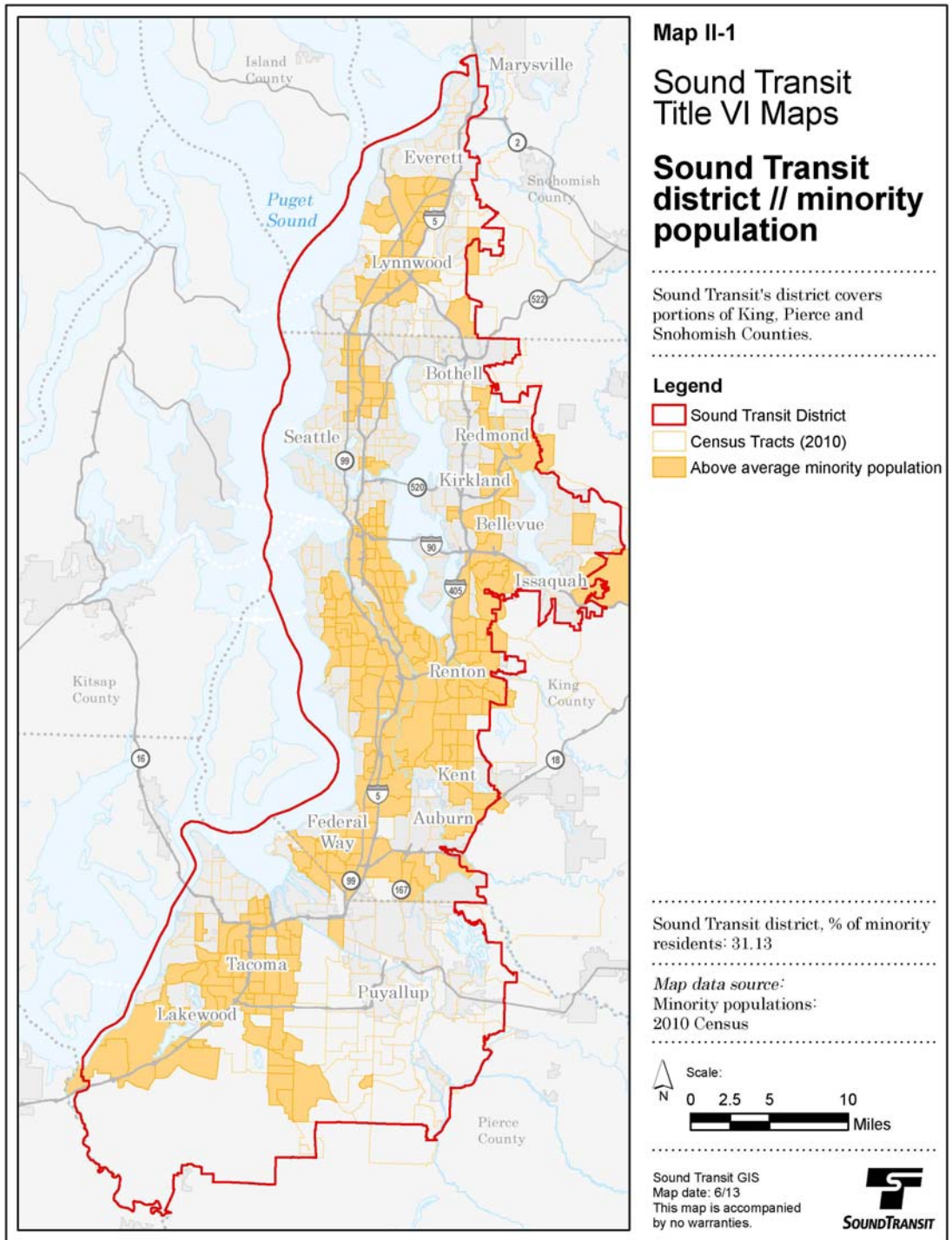
The only potential alternative to a general pricing structure would be to preserve the fare-free service for all riders, however this approach would not be in compliance with agency policy to charge fares for generation of revenue to help fund service operating costs, which reduces the need for taxpayer subsidization and preserves long term viability of service.

However, though imposition of a general fare structure would require payment by all riders regardless of income or minority status, programs for subsidization of fare payment targeted to identified minority and low income communities would serve efficiently to minimize and mitigate the adverse effects.

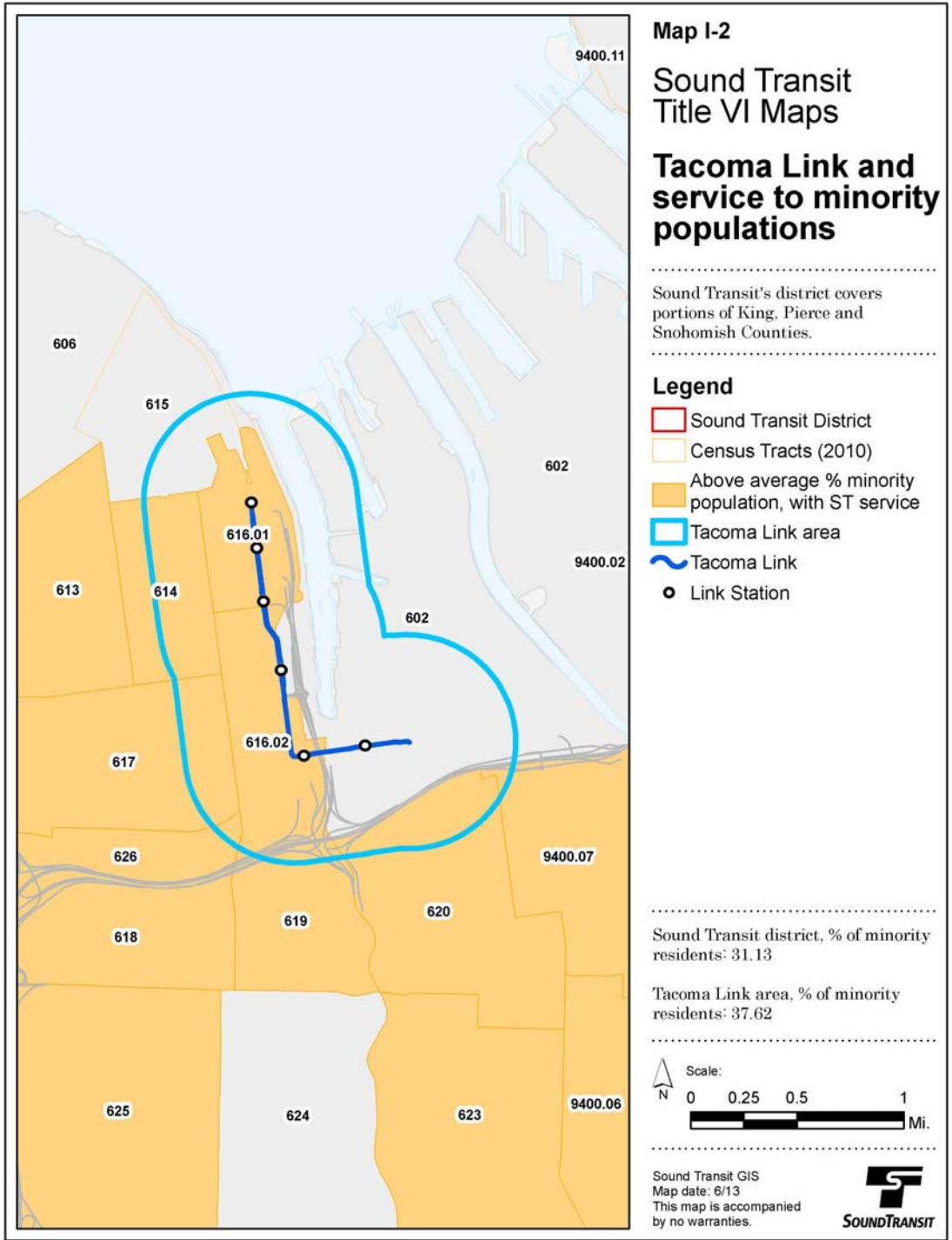
Strategy to minimize, mitigate or offset adverse effects

Sound Transit engaged the public, riders, communities around the Tacoma Link alignment, social/advocacy organizations (see Attachment E) and other stakeholders to develop mitigation strategies to offset the adverse impacts of a fare implementation on affected minority and low-income communities. Identified strategies will include distribution of ORCA electronic fare payment cards or other types of fare media to target communities, directly to riders or through community, social service or advocacy organizations or local government agencies. Sound Transit will work with Pierce Transit and other parties in Pierce County as needed to replicate elements of a Human Services Ticket/Pass program currently in place in King County (administered by King County Metro Transit with Sound Transit as a participating partner), including ongoing provision of fare media to human services agencies serving Title VI populations for an 80% discount. Other strategies will continue to be considered as suggested by community and stakeholder feedback.

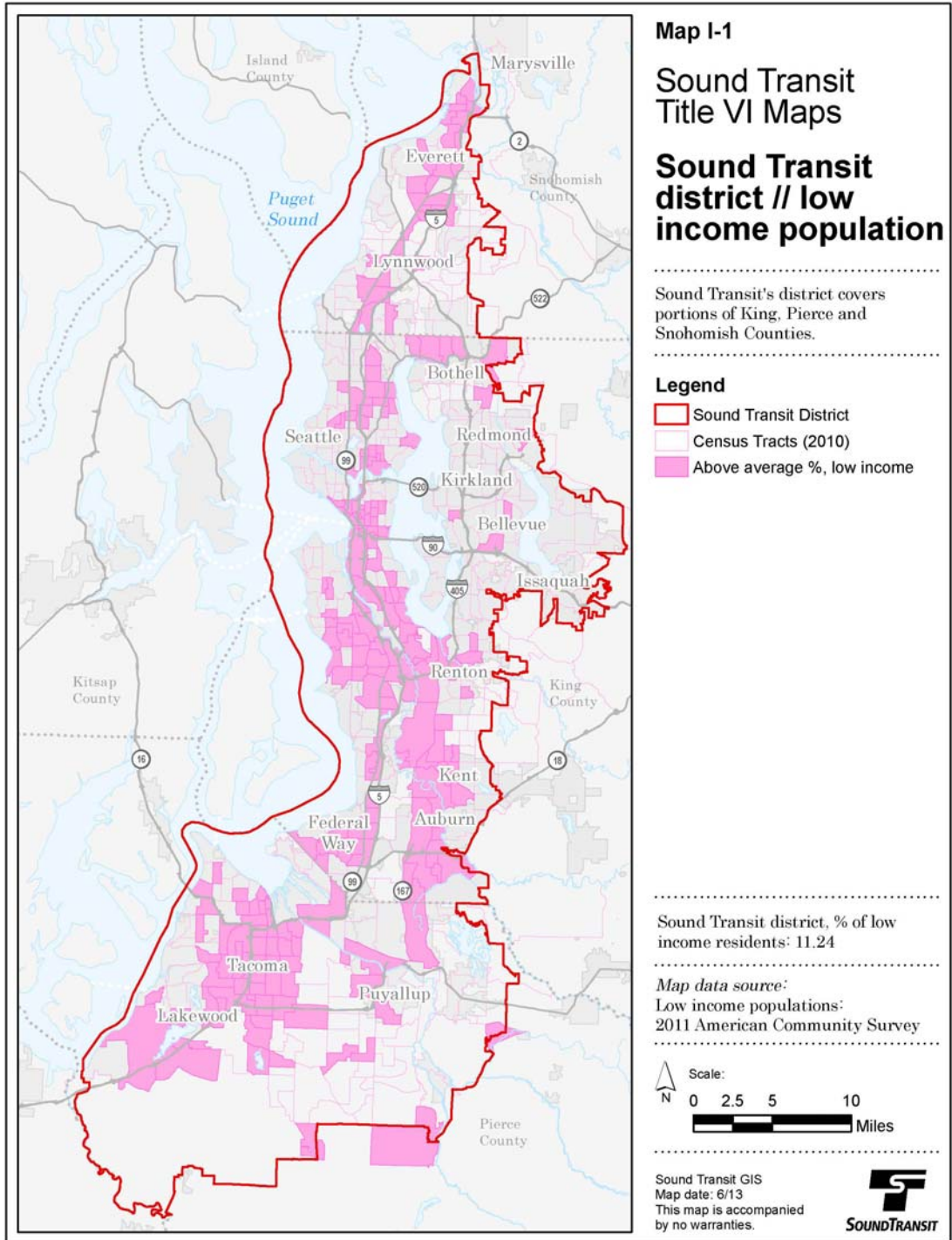
Attachment A



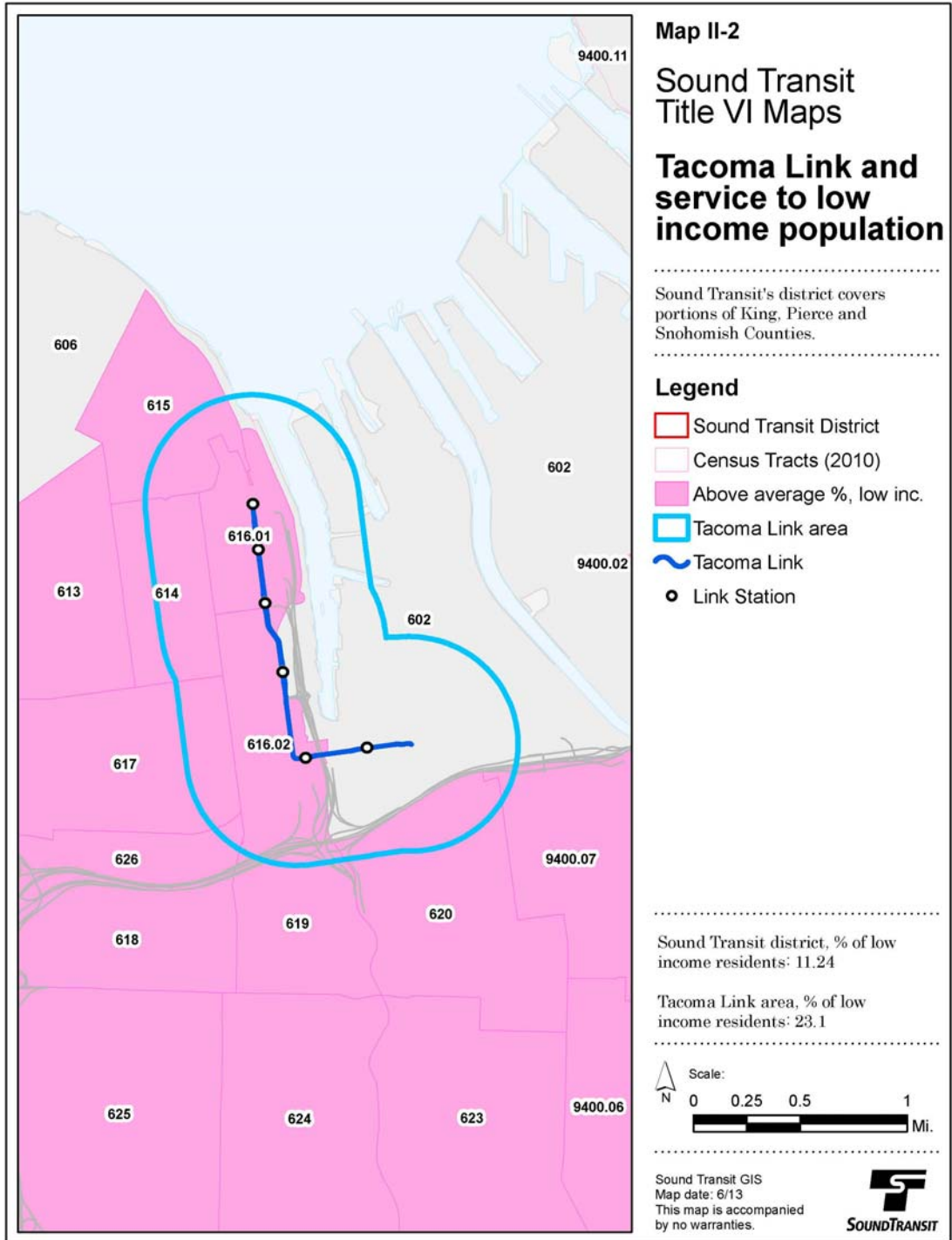
Attachment B



Attachment C



Attachment D



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Attachment E: Title VI outreach summary

In addition to the general fare change public outreach efforts in multiple languages (English, Korean, Spanish and Vietnamese), Sound Transit contacted the following community and advocacy organizations with information specific to Title VI with invitation to provide a follow-up presentations and requests for mitigation suggestions:

- Asian Pacific Cultural Center
- Black Collective
- Catholic Community Services of Western Washington
- Centro Latino
- Childcare Aware
- Cross Cultural Collaborative
- Department of Social and Health Services
- Korean Women's Association
- Metropolitan Development Council
- MoLE
- Native Quest
- Oasis
- Peaceworks
- Pierce County Aging and Disability Resource Center
- Pierce County (PC) Alliance
- Pierce County Human Services Coalition
- Rainbow Center
- REACH Center
- SeaMar
- South Sound Hispanic Chamber
- South Sound Outreach
- Tacoma Association of Individuals with Disabilities (TACID)
- Tacoma Community House
- Tacoma Goodwill
- Tacoma Library
- Tacoma-Pierce County Affordable Housing Consortium
- Tacoma-Pierce County Public Health
- Tacoma Rescue Mission
- Tacoma Slavic Christian Association
- Tacoma Urban League
- Tahoma Indian Center
- United Way of Pierce County
- University of Washington Tacoma, Diversity Resource center
- Washington Women's Employment Education

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The following organizations were provided presentations with specific Title VI outreach and mitigation information:

- 8/5/13: University of Washington Tacoma, (staff representing Diversity Resource Center and enrollment/financial aid)

- 8/13/13: Pierce County Human Services Coalition, including representatives from
 - City of Lakewood
 - City of Tacoma
 - Catholic Community Services of Western Washington
 - Community Counseling Institute
 - FISH Food Banks of Pierce County
 - Gateways for Youth and Families
 - Helping Hand House
 - Hope Sparks
 - U.S. Rep. Val Kilmer’s office
 - Lindquist Dental Clinic
 - Making a Difference in Community
 - National Alliance on Mental Illness
 - Pierce County Community Services
 - Pierce County Labor Community Services Agency
 - Pierce Transit
 - Rebuilding Together South Sound
 - Tacoma Community House
 - Tacoma/Pierce County Affordable Housing Consortium
 - Tacoma/Pierce County Health Department
 - United Way of Pierce County
 - Washington Service Corps
 - Washington Women’s Employment Education

- 8/15/13: Social Services Luncheon
 - Asia Pacific Cultural Center
 - City of Tacoma
 - Korean Women’s Association
 - Pierce Transit

- 8/28/13: Solutions for Humanity, Community and the Environment