

## Motion No. M2022-28

### Authorizing Participation in an Income Based Pilot Program

| Meeting:                                | Date:      | Type of action:    | Staff contact:  |
|---|------------|--------------------|---|
| Rider Experience & Operations Committee | 04/07/2022 | Recommend to Board | <b>Russ Arnold, Chief Passenger Experience and Innovation Officer</b> |
| Board                                   | 04/28/2022 | Deferred to May    |   |
| Board                                   | 05/27/2022 | Final Action       |   |

#### Proposed action

Authorizes the chief executive officer to (1) modify an agreement with King County to extend Sound Transit's participation in a reduced fare program managed and administered by King County to support no to low-income riders in King, Snohomish and Pierce counties until the end of 2024, or until a permanent program is approved, and (2) execute further modifications to the agreement with King County that do not change the term or the original amount of the agreement.

#### Key features summary

- This action authorizes the CEO to modify an existing agreement with King County to extend Sound Transit's participation in the pilot program for the duration of the program.
- Participation in the pilot program is part of Sound Transit's action plan to update the Sound Transit fare compliance program.
- Sound Transit will participate in the program for an additional time period not to exceed the end of 2024, or the approval of a permanent program, whichever comes first. Staying in the program is key to ensuring Sound Transit learns how to best serve riders with no to low incomes and will provide more time to increase participation and optimize systems.
- The pilot program is being managed by King County and will cover qualifying riders in King, Snohomish and Pierce County.
- Under the program, fully subsidized annual transit passes will be provided to eligible participants on an ORCA LIFT card to allow pass holders to ride fare free on all Sound Transit and King County services.
- Eligibility is limited to people who are no to very low income, defined as households with incomes at eighty percent of the Federal Poverty Level or less. Participation is also limited to people enrolled in specific benefit programs.

#### Background

As part of Sound Transit's continuous improvement process and based on community concerns, Sound Transit has been working to reimagine the way we check fare compliance. Through this process the agency developed an action plan to achieve the following vision:

A system where everyone taps – where everyone who has fare media can get to where they want to go, and everyone who needs fare media can get access to it.

There was a first round of commitments published in the Fare Enforcement Action Plan includes multiple actions that were implemented starting March 2020. The Income Based Pilot Program was included in the action plan to allow Sound Transit to provide fare media to people who currently may not have access to it. The pilot was intended to give agency staff valuable information on how best to serve the very low-income population, so best practices can be implemented as Next Gen ORCA comes online.

The proposed income-based fare program was developed in partnership with King County Metro and community leaders and members who are experiencing poverty. The program serves individuals who are “Very Low Income” defined as people with household incomes less than 80 percent of the Federal Poverty Level (FPL), limited to people participating in specific benefit programs with the same income qualification threshold.

In March 2020, the Board approved Motion No. M2020-22 to authorize Sound Transit’s participation in the Income Based Pilot Program. The pilot program kicked off in September 2020.

Under the program, participants were initially enrolled by the same agencies that do the majority of enrollment for existing low-income fare program, ORCA LIFT. Participants received fully subsidized annual transit passes for use on transit services operated by Sound Transit and King County Metro and could use the ORCA card they are issued through the program to receive discounted fares on other regional transit services. Passes provided by this program are valid only on Sound Transit and Metro service but offered in Snohomish, Pierce and King Counties to eligible individuals.

Since the beginning of the program through December 2021, nearly 7,000 people have enrolled, including 232 youth and 6,769 adults. This has translated to nearly 150,000 boardings using the fully subsidized pass. The number of enrollees and boardings are much lower than estimated before COVID-19. The enrollment rates have been impacted by the COVID-19 pandemic. In addition, technological and administrative processes have not been optimized to meet enrollment estimates.

Staying in the program is key to ensuring that Sound Transit will receive the full benefits of being in the pilot to learn how best to serve riders with no to low incomes. Extending the program will also allow more time to increase participation and optimize systems.

This program has a very robust and supported evaluation process. The goal is to determine if changes in travel patterns and behaviors are modified because of the fare product, and if measures of health and wellbeing are improved by having access to a subsidized pass.

The results of this evaluation are expected in 2024, when King County and Sound Transit will determine whether to develop a permanent program.

Staying in the program will promote enrollment and boardings on Sound Transit service, so the agency can benefit from the findings of the evaluation and have time to develop a permanent program for King County and Sound Transit Board consideration.

## **Fiscal information**

The fiscal impact of the pilot program extension through the end of 2024 will not increase beyond the initial approved program budgeted costs. There is no impact to the affordable Financial Plan projections.

Motion No. M2020-22 established in an intergovernmental agreement with King County Metro as a not to exceed \$2,000,000 for the two-year pilot initial planned to end in July 2022. The proposed action would extend the pilot program to the end of 2024. Expenditure and lost revenue estimates for the initial pilot period were based on enrollment projections that were developed pre-COVID. As noted earlier, COVID-19 significantly reduced enrollment below the levels projected. Sound Transit’s total expenditures through February 28, 2022, have totaled \$248,475, and it is not anticipated that expenditures will reach the not-to-exceed amount through 2024. Sound Transit originally estimated that

the lost revenue from this program would be \$1,800,000. Lost revenue through the end of 2021 was about \$150,000, and it is currently anticipated that the amount of lost revenue through 2024 will not exceed the original estimate.

The below table is provided for reference and represents the current board approved agreement amount and fiscal performance for the life of the agreement September 2020 – February 2022.

**Fare Administration (For Reference Only)**  
(in thousands)

| Project Phase               | Authorized Project Allocation | Board Approvals | This Action | Approved Plus Action | Uncommitted / (Shortfall) |
|-----------------------------|-------------------------------|-----------------|-------------|----------------------|---------------------------|
| Operating and Maintenance   | \$14,251                      | \$4,649         |             | \$4,649              | \$9,602                   |
| Research and Technology     | 708                           | 708             |             | 708                  |                           |
| <b>Total Current Budget</b> | <b>\$14,959</b>               | <b>\$5,357</b>  |             | <b>\$5,357</b>       | <b>\$9,602</b>            |

**Operating and Maintenance Phase Detail**

|                              |                 |                |  |                |                |
|------------------------------|-----------------|----------------|--|----------------|----------------|
| KCM Low Income Pilot Program | \$2,000         | \$248          |  | \$248          | \$1,752        |
| Other Phase Activities       | \$12,251        | \$4,400        |  | \$4,400        | \$7,851        |
| <b>Total Phase</b>           | <b>\$14,251</b> | <b>\$4,649</b> |  | <b>\$4,649</b> | <b>\$9,602</b> |

| King County Metro            | Board Approvals to Date | Approved Contract Status | Proposed Action | for Board Approval |
|------------------------------|-------------------------|--------------------------|-----------------|--------------------|
| Agreement Amount             | \$2,000                 | \$2,000                  | \$              | \$                 |
| Agreement Contingency Amount | -                       | -                        | -               | -                  |
| <b>Total Agreement</b>       | <b>\$2,000</b>          | <b>\$2,000</b>           | <b>\$</b>       | <b>\$</b>          |

**Notes:**  
Board Approvals = Committed To-Date + Contingency as of 2/28/2022.

## Title VI compliance

The purpose of this pilot program is to increase transit access to very low-income residents of King, Pierce and Snohomish Counties. American Community Survey, King County Metro and Sound Transit survey data indicate that minorities are more likely than non-minorities to be very low-income. Therefore, this demonstration program will not have a disproportionate impact on low-income riders, nor will it have a disparate impact on minority riders.

## Public involvement

This action is part of the Sound Transit action plan on fare enforcement. The action plan was informed by an extensive public engagement process that included seven listening sessions with people of color and with those experiencing poverty, an on-board survey with 1,100 respondents, and an online survey of over 8,000 respondents. The specific design of the income-based fare program is the result of an extensive engagement process led by King County Metro that included multiple meetings with people experiencing poverty or people that work with people experiencing poverty.

## Time constraints

A one-month delay would create a significant impact. Delay of this policy would impair Sound Transit's ability to participate in the program with King County past mid-2022.

## Prior Board/Committee actions

Motion No. M2020-22: (1) Authorized participation in a two-year income based pilot program managed and administered by King County to support low-income riders in King, Snohomish and Pierce counties and (2) directed the chief executive officer to negotiate and enter into an agreement or modify and existing agreement with King County for Sound Transit's participation in the pilot program in an amount

not to exceed \$2 million for the duration of the two-year pilot program, including any modifications to the agreement that do not change the term or amount of the agreement.

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**Environmental review** – KH 3/17/22

**Legal review** – AJP 4/1/22



## Motion No. M2022-28

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to (1) modify an agreement with King County to extend Sound Transit's participation in a reduced fare program managed and administered by King County to support no to low-income riders in King, Snohomish and Pierce counties until the end of 2024, or until a permanent program is approved, and (2) execute further modifications to the agreement with King County that do not change the term or the original amount of the agreement.

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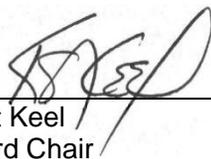
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## Motion

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to (1) modify an agreement with King County to extend Sound Transit's participation in a reduced fare program managed and administered by King County to support no to low-income riders in King, Snohomish and Pierce counties until the end of 2024, or until a permanent program is approved, and (2) execute further modifications to the agreement with King County that do not change the term or the original amount of the agreement.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on May 26, 2022.

  
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Kent Keel  
Board Chair

## Attest:

  
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Kathryn Flores  
Board Administrator