

SOUND TRANSIT

RESOLUTION NO. R99-2

Sound Transit Fare Policy Adoption BACKGROUND AND COMMENTS

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	12/3/98	Discussion	Agnes Govern, Director,	684-1673
Executive Committee	12/4/98	Discussion	Regional Express	
Board of Directors	12/10/98	Discussion	Barbara Gilliland, Program	684-1630
Public Hearing	1/14/99		Manager, Systems	
Public Hearing	1/15/99		Integration	684-1605
Finance Committee	1/21/99	Discussion	Don Billen, Project	
Finance Committee	2/4/99	Recommend Board Approval	Manager, Systems	
Board of Directors	2/11/99	Approval	Integration	

ACTION:

Adopting fare policy for establishing pricing for fares related to Sound Transit public transportation services.

This action was considered at the January 21 meeting and was held over for further discussion at the February 4 meeting. Three issues remain on the table for further discussion: the recommended zonal structure; fares on existing services that Sound Transit will operate; and senior/disabled discount policy.

BACKGROUND:

In September 1997 staff began discussions with board members regarding developing a seamless system as called for in *Sound Move*. As a result of those discussions, the seamless system was identified as comprising three components: Integrated Fare Policy; Service Integration; and Common Fare Media. Beginning discussions with each of the transit agencies focused on the integrated fare policy. For the past year, the Board of Directors, Finance Committee, Executive Committee, and Public and Government Affairs Committee have held discussions on various aspects of fare policy. During this same time, elected officials representing each of the region's transit agencies began discussions regarding fare integration.

In March 1998, the board discussed initial fare policy options for use in Fare Policy Forums on fare integration. This discussion included review of *Sound Move* financial assumptions and identified objectives and principles for development of Sound Transit's fare policy. Those objectives and principles identified were as follows:

Objectives	Principles
<ul style="list-style-type: none"> • Encourage transit ridership • Simplify transfers • Encourage use of prepaid fare media • Maintain transit financial health 	<ul style="list-style-type: none"> • Zonal fare structure • Service quality premiums for Sounder service • Provide free transfers for feeder/distributor trips • Coordinate to minimize undercutting other agency fares or overpricing Sound Transit fares.

The proposed action builds from, and is consistent with, the fare integration work that all of the transit agencies began in December 1997. In keeping with the fare integration framework now adopted by the transit agencies, Sound Transit fare policy will include the use of only regional passes; Sound Transit will not develop a separate set of fare media. However, the framework does require each agency to adopt a payment schedule for its own services.

In December 1998, the board and each of its committees initiated a public discussion of alternative Sound Transit fare policy proposals. The Finance Committee reviewed the effect of the policies on the financial assumptions used in the plan and for budget purposes; Public and Government Affairs reviewed the outreach plans; the Executive Committee reviewed the options to be placed before the public; and lastly, the board approved the information for public review to begin on December 10, 1998.

Based on the board and committee discussions, further financial analysis requested by members of the Finance Committee and public input to-date, staff has developed a preliminary recommendation on fare policy. The public review process, however, will continue through January 23, 1999. Upon conclusion of the public review process, staff will finalize its recommendation prior to board adoption of the Sound Transit's fare policies at the Board meeting on January 28, 1999.

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

- ◆ Adoption of *Sound Move*, the ten-year Regional Transit System Plan (May 31, 1996) which provides that "The RTA will work with public transportation providers in the region to develop an integrated fare policy for the entire public transit service network" and Appendix C which provides for revenue forecasts and operating costs in determining Sound Transit farebox recovery ratio.
- ◆ Motion No. M98-54 – adopting the Fare Integration Framework and establishing a series of regional passes for use on all transit services within the three-county Sound Transit district (7/23/98).

PRELIMINARY RECOMMENDATION:

Three major components of the fare structure have been under review and are described in the attached Fare Policy Comment Kit: zone boundaries, fare levels, and discounted fare categories. A preliminary staff recommendation for each of these components of the Sound Transit fare structure follows.

Zone Boundaries

Recommendation:

Use the subarea zones alternative but modify the boundary between east and south King County to north of the City of Renton. (Exhibit A)

Rationale:

1. The recommendation provides the highest degree of consistency with existing transit agencies and thereby maximizes customer convenience.
 - The recommendation matches the King County Metro zone boundaries across Lake Washington and south of the Seattle City limits.
 - The recommendation considers the new zone boundaries adopted by the Community Transit Board which will set a \$2.50 fare for that agencies' service between north Snohomish County and King County and a \$2.00 fare for service from Everett and south Snohomish County to King County.
 - The recommendation matches the de facto zone boundary used by Pierce Transit and King County Metro at the King-Pierce County line.
 - The recommendation does not match the King County Metro zonal boundary in north King County. However, the only potential stop in Shoreline on Regional Express I-5 service is at NE 145th, which is already considered within the Seattle zone by King County Metro. An additional difference is in the SR 522 corridor placing a zone boundary at the Lake Forest Park – Kenmore City limits rather than at NE 145th.
2. The recommendation provides reasonable distance equity by placing zone boundaries such that very few short trips will require a two-zone fare.
 - Lake Washington creates a natural geographic boundary that lengthens even the shortest cross-lake trips. For instance, a trip from the Bellevue Transit Center to downtown Seattle is twelve miles.
 - The shortest potential trips across the King County-Snohomish County and Pierce County-King County line would be primarily between park-and-ride lots on opposite sides of the county line. The ultimate destinations of persons wishing to make such a short-trip via transit is normally away from the park-and-ride lots, so they are much more likely to use a local bus for the entire trip than using Regional Express or Sounder.
 - The shortest common trips across the zone boundary between east and south King County will be between Renton and Bellevue, an eleven-mile trip. Placing the boundary north of City of Renton also is consistent with the north-south location of the zone boundary between the City of Seattle and south King County.

Fare Levels

Regional Express Recommendation

Establish Regional Express fares as follows:

Regional Express	Single Trip	Monthly Pass
Travel within 1 zone	\$1.25	\$45
Travel within 2 zones	\$2.00	\$63
Travel within 3 zones	\$2.50	\$82.50 - 9/1/1999; \$90 – 9/1/2000

Rationale:

In order to meet the fare recovery ratios in the current Sound Transit financial plan, staff recommends fares listed in table above. These fare levels result in a \$2.00 two-zone fare. Other considerations are that a \$2.00 two-zone fare is simpler for cash paying customers than a \$1.75 fare. There also may be greater long-term opportunities for consistency among express bus fares in the region if transit agencies move towards the higher rather than lower common denominator of fare levels.

As discussed in the "Fare Policy Briefing Paper" previously presented the Seattle Express bus service \$2.50 pass currently uses a monthly multiplier of 30, while the standard multiplier in the region is 36. The proposed September 1, 1999 pass price of \$82.50 would increase this multiplier to 33. Staff recommends adopting a \$90.00 pass price for use beginning September 1, 2000 that would bring this multiplier in line with regional practice.

Souder Recommendation:

Establish Souder fares as follows:

Souder	Single Trip	One-Week Pass	Two-Week Pass	Monthly Pass
Travel within 1 zone	\$2.00	--	--	\$ 72
Travel within 2 zones	\$3.00	\$30	\$60	\$108
Travel within 3 zones	\$4.00	\$40	\$80	\$144

Rationale:

Both public and board comments thus far indicate a clear preference for the recommended Souder price option, which establishes an equal premium for 1-zone and 2-zone trips as for 3-zone trips. This option is able to meet the fare recovery ratios in the Sound Transit financial plan.

The Souder ticket vending machines will have the ability to issue one-week and two-week passes, as well as single trip tickets and monthly passes. Because Souder 2-zone and 3-zone passes will be priced higher than any existing pass in the region, staff recommends using the capabilities of the ticket vending machines to increase payment options for these trips by adopting one-week and two-week passes for 2-zone and 3-zone trips.

Discounted Fare Categories

Recommendation:

Establish all-day senior/disabled discounts of 50% rounded to the nearest lower quarter. Do not offer youth discounts on Sounder and Regional Express.

Rationale:

Federal Transit Administration (FTA) regulations state that to be eligible for FTA operating funds, a half-price fare must be available to seniors and the disabled during off-peak periods. Providing this discount all day rather than only in the off-peak will simplify the fare structure and increase customer convenience.

While there is no federal requirement to provide youth discounts, some operators within the Sound Transit district offer youth fares that are typically priced with a 25% discount. Two options were brought forward for public discussion on youth fares, or all-day youth fares at a 25% discount.

Staff recommends that no youth discount be provided. Providing a 25% youth discount creates three fare schedules for both Regional Express and Sounder with full fares, senior/disabled fares, and youth fares. Trips served by Regional Express and Sounder are longer than those made by most youth. Therefore, the potential low ridership does not appear to warrant the additional complexity necessary to introduce youth discounts into the fare structure.

Financial Implications

The projected operating recovery ratios for Regional Express and Sounder with the staff recommended alternative are as follows:

Staff Recommendation	Regional Express	Sounder
Year 2000 Annual Boarding	5.6 million	1.2 million
Year 2006 Annual Boarding	11.0 million	3.1 million
2000 Fare Revenue (95\$)	\$6.3	\$2.9
2006 Fare Revenue (95\$)	\$11.5	\$7.3
2000 Fare Recovery Ratio	26%	27%
2006 Fare Recovery Ratio	24%	40%

Regional Express fare recovery ratios are at the levels assumed in the financial plan. Any reductions in the recommended fare levels or additional discounts would result in a fare recovery ratio below the targets established in the financial plan. The following discussion outlines the effects of reduced fares or additional discounts, which have been proposed.

The Finance committee asked for analysis on the effects of reducing the two-zone Regional Express fare from \$2.00 to \$1.75. This reduction would reduce expected Regional Express fare revenue by 6%. The Board could set the two-zone fare at \$1.75 and still meet the financial plan targets if senior/disabled discounts are limited to off-peak service hours and no youth discounts are offered.

Staff analyzed the effects of providing the senior/disabled discount in the peak period, as well as the off-peak period and found it would reduce expected Regional Express and Sounder fare revenue by 4%. This effect is included in the financial analysis of the staff recommendation.

Public comments thus far about youth fares have varied from questioning whether the longer trips served by Regional Express and Sounder are the type of trips likely to be made by youth, to recommending that youth receive the same 50% discount as senior/disabled patrons. Staff analyzed the effects of a 50% discount on youth fares all day and found it would reduce expected Regional Express and Sounder fare revenue by 4%. Providing an all day 25% youth discount would reduce expected Regional Express and Sounder fare revenue by 2%.

The Board could provide youth discounts of 50% in off-peak service hours and still meet the financial plan targets if the two-zone fare is left at \$2.00 and 50% senior/disabled discounts were restricted to off-peak hours.

Other Fare Policy Issues

Employer/Institutional Programs:

Employer or school-based passes can be simple distribution programs. Other institutional programs allow all employees or students to receive passes at no greater cost to the employer than fare revenue generated by its current transit users. Over time, the price to the employer may inflate based on fare increases and ridership increases.

All transit operators within the Sound Transit district participate in institutional pass programs. Effective fare integration requires that Sound Transit become a partner to existing institutional programs including U-Pass and Flex-Pass programs.

The staff recommendation is that the Executive Director would have authority to participate in employer/institutional programs managed by partner transit agencies. Two types of discounts could be offered to employers/institutions who subsidize their employee or student purchases of transit passes:

- Up to a 20% discount could be offered to employers/institutions who provide a 50% or greater subsidy of pass purchases.

- Employers/Institutions could provide passes to all their employees or students at a price no lower than the fare revenue that would be expected from their transit users if the employer did not subsidize pass purchases.

Ride Free Zones

The staff recommendation is that the Executive Director be authorized to establish ride-free zones either that already exist or are newly established. Recommended policy guidelines discussed with the board in December 1998 were as follows:

- Cost of fare collection is greater than the revenue to be collected, or
- Sound Transit will provide a minimal amount of total service through an existing ride-free zone, or
- Local jurisdictions and Sound Transit work out an agreement to cover lost revenue.

Proof of Payment

Upon receiving legislative authorization, a request will be made to the board to amend the fare policy resolution to establish proof of payment fines.

Special Fares

Staff recommendation authorized the Executive Director to establish special rates and procedures for promotional and marketing campaigns.

FUNDING:

Adoption of the recommended fare policy structure will allow Regional Express and Sounder to meet the fare recovery ratios expected in *Sound Move*.

ALTERNATIVES:

Alternatives have been identified in previous Board materials and the attached Fare Policy Comment Kit. Sound Transit needs to develop its fare policy early in 1999 in order to have services operational by fall of 1999.

CONSEQUENCES OF DELAY:

Delay in adopting a fare policy early in 1999 will impact getting materials developed and produced to announce services beginning in September. In addition, programming of Sounder ticket vending machines needs to be completed in order to meet installation schedules and ultimate operation of Sounder service by the end of the year. Finally, it is important for Sound Transit to be able to participate in negotiations to include Sound Transit in employer/institutional programs which have already begun.

LEGAL REVIEW:

The Legal Department has reviewed and approved the Background and Comments and the Resolution.

SOUND TRANSIT

RESOLUTION NO. R99-2

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority establishing fare policy and establishing pricing for fares related to Sound Transit public transportation services.

WHEREAS, a Regional Transit Authority (“Sound Transit”) has been created for the Pierce, King, and Snohomish Counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, on November 5, 1996, Central Puget Sound area voters approved local funding for *Sound Move*, the ten-year plan for regional high-capacity transit in the Central Puget Sound region; and

WHEREAS, *Sound Move* calls for “seamless system” through development of a uniform single ticket fare system among local and regional transit providers and development of an integrated fare policy for the entire public transit network; and

WHEREAS, *Sound Move* further identifies revenue forecasts and operating costs to determine farebox recovery ratio; and

WHEREAS, the Board has identified the components of a “seamless system” as comprised of integrated fare policy; service integration, and common fare media; and

WHEREAS, Community Transit, Everett Transit, King County Metro, Pierce Transit and Sound Transit have adopted a Fare Integration Framework establishing a series of regional passes for use on all transit services within the Sound Transit district; and

WHEREAS, the Finance Committee reviewed financial effects of the alternative Sound Transit fare proposals on Appendix C of the *Sound Move* plan and financial plan targets; and

WHEREAS, the Public and Government Affairs Committee reviewed the public outreach plans for fare policy public review; and

WHEREAS, the Executive Committee reviewed the alternative proposals for public review; and

WHEREAS, the Board identified fare policy options and initiated discussion of such options with the public; and

WHEREAS, an extensive public review process was conducted throughout the Sound Transit district including outreach to subarea groups and individuals at park and ride lots, transit centers, and malls; displays at employer locations and malls; and three public hearings; and

WHEREAS, Sound Transit desires to establish a fare policy and pricing of fares for regional express bus services and commuter rail services which will begin operations in 1999; and

WHEREAS, the fare policy builds from, and is consistent with, the fare integration framework adopted by all of the transit agencies.

NOW, THEREFORE, BE IT RESOLVED that the Board of the Central Puget Sound Regional Transit Authority hereby establishes a fare policy and system of basic rates for fares for Sound Transit public transportation services effective with the commencement of Region Express bus service and Sounder commuter rail service in 1999 as follows:

A. Zone Boundaries – Exhibit A

B. Adult cash and pass fares – Exhibit B

C. Reduced fares

- a) Children age 4 and under: Up to four children free with an accompanying fare paying adult.
- b) Senior/Disabled – age 65 or older, or qualifying disability with appropriate identification – Exhibit B.

D. Transfers

- a) Transfers between Sound Transit and other agencies will be governed by separate regional fare integration agreements to be established between transit agencies connecting with Sound Transit.

- b) The Executive Director is authorized to establish a transfer system for Sound Transit routes. Such a system shall allow passengers to continue a trip by transferring to a Sound Transit bus or train and receive credit for the first fare paid. The fare system will specify a time limit for such transfers.

E. Ride Free Zones

- a) The Executive Director is authorized to establish ride-free zones ensuring a safe, secure, and convenient trip for customers given one or all of the following conditions:
- Cost of fare collection is greater than the revenue to be collected, or
 - Sound Transit will provide a minimal amount of total service through an existing ride free zone, or
 - Local jurisdictions and Sound Transit work out an agreement to cover lost revenue.

F. Employer/Institutional Programs

- a) The Executive Director is authorized to establish discounts for individual corporations, institutions, or mass purchases of passes when deemed to be in the interest of Sound Transit, subject to the following criteria:
- Up to a 20% discount could be offered to employers/institutions who provide a 50% or greater subsidy of pass purchases.
 - Employers/Institutions could provide passes to all their employees or students at a price no lower than the fare revenue that would be expected from their transit users if the employer did not subsidize pass purchases.

G. Special Fares


- a) The Executive Director is authorized to establish special rates and procedures for promotional and marketing campaigns that occur from time to time.

H. Proof of Payment System

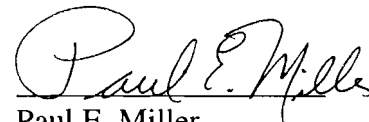
- a) A proof-of-payment system will be used for Sounder commuter rail services. The Board will adopt fines for passengers found riding Sounder commuter rail without proper fare proof-of-payment, upon approval of authorizing state legislation.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on the eleventh day of February 1999.

ATTEST:



Marcia Walker
Board Administrator



Paul E. Miller
Board Chair

Exhibit A Fare Zonal Boundaries

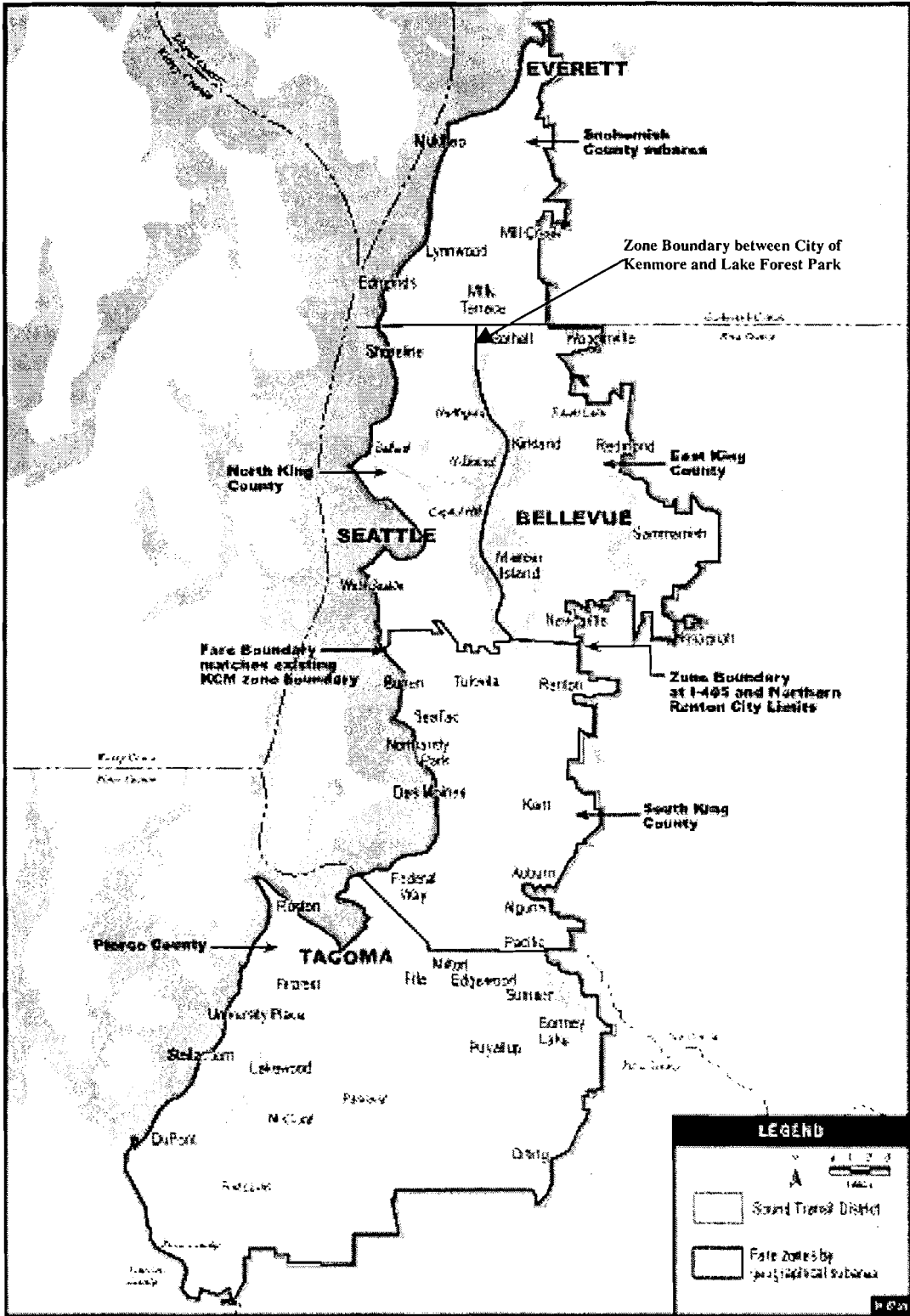


EXHIBIT B
Fare Schedule

Zones	Cash Price (Adult/Youth/Senior Disabled)	Monthly Pass (Adult/Youth/Senior Disabled)	Three-Month Passes (Adult)	Annual Pass (Adult)
Regional Express¹				
Travel within 1-Zone	\$1.25/\$.75/\$.50	\$45/\$27/\$18	\$135	\$495
Travel within 2-Zones	\$2.00/\$1.50/\$1.00	\$72/\$54/\$36		\$792
Travel within 3-Zones	\$2.50/\$2.00/1.25	\$82.50/\$72/\$45 (9/1/1999) \$90/\$72/\$45 (9/1/2000)		\$908
Sounder				
Travel within 1-Zone	\$2.00/\$1.50/\$1.00	\$72/\$54/\$36		\$792
Travel within 2-Zones	\$3.00/\$2.25/\$1.50	\$108/\$81/\$54		
Travel within 3-Zones	\$4.00/\$3.00/\$2.00	\$144/\$108/\$72		

One-week and Two-week Regional Passes will be available from Sounder Ticket Vending Machines in the following denominations with the following prices:

Sounder	Cash Price (Adult/Youth/Senior Disabled)	One-Week Pass (Adult)	Two-Week Pass (Adult)
Travel within 2-Zones	\$3.00/\$2.25/\$1.50	\$30	\$60
Travel within 3-Zones	\$4.00/\$3.00/\$2.00	\$40	\$80

¹Fares on Route G1, which will operate in substantially the same form as King County Metro's current Route 226, will remain at applicable King County fare levels, until such time as significant improvements in service levels are made or significant speed and reliability enhancements are made along the route. At such time, the Executive Director shall recommend for board approval an increase in fares for this route.