

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2007-127

Renewal of Regional Pass and Fare Reconciliation Program Agreement

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Board	12/13/07	Discussion/Possible Action	Greg Walker, OPP Officer Brian Brooke, Project Mgr	(206) 398-5070 (206) 398-5229

Contract/Agreement Type:	✓	Requested Action:	✓
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	✓
Agreement with Other Jurisdiction(s)	✓	Budget Amendment	
Real Estate		Property Acquisition	

PROJECT NAME

Fare Integration Program

PROPOSED ACTION

Authorizes the chief executive officer to execute an amendment to the Regional Pass and Fare Reconciliation Program Agreement with Community Transit, Everett Transit, King County Metro and Pierce Transit for regional fare media acceptance and reconciliation of Puget Pass revenues to add three additional one-year optional extension periods to the agreement term.

KEY FEATURES of PROPOSED ACTION

- The purpose of this action is to authorize the chief executive officer to extend the Regional Pass and Fare Reconciliation Agreement through up to three additional one-year optional extensions.
- The final extension of the current agreement expires at year-end 2007. Additional extensions are required to ensure uninterrupted continuation of current regional Puget Pass fare acceptance policies until the new smart card system is in place and all paper pass fare media is phased out.
- The need for additional extensions of the agreement beyond those originally authorized is driven by delays in the full roll out of the Smart Card system.
- The Agreement provides for administration of the Puget Pass program, including regional pass production, pass sales, pass acceptance and revenue reconciliation. It specifies the methodology for distributing the funds received from sales of regionally-accepted Puget Passes among participating agencies. It also specifies the methodology for calculating the payment made from Sound Transit's Fare Integration Fund to partner agencies in order to offset discounts provided to riders, who are able to transfer between Sound Transit and partner transit agency vehicles without paying two separate fares.

BUDGET IMPACT SUMMARY

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.

BUDGET and FINANCIAL PLAN DISCUSSION

The Adopted 2008 Lifetime Budget for the Fare Integration operating budget is \$26,672,654, of which \$19,948,982 has been expended through October of 2007. The lifetime budget for activities governed by this agreement is \$19,948,982, of which \$17,008,664 has been expended through October of 2007. The current action extends the existing agreement and does not add any new financial responsibilities to Sound Transit. The project budget appears on page 39 of the Proposed 2008 Budget book (amended by Resolution No. R2007-25 for the Adopted 2008 Budget).

BUDGET TABLE

Not applicable to this action.

SMALL BUSINESS PARTICIPATION

This interlocal agreement among transit agency partners governs the administration of interagency accounting processes; no outside vendor participation is involved.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

The Regional Pass and Fare Reconciliation Program Agreement provides for regional fare media and reconciliation of Puget Pass revenues among the partner transit agencies. The original agreement provided for up to three one-year extensions through December 31, 2007. This amendment is required to authorize Sound Transit's chief executive officer to approve up to three additional one-year optional extensions, in order to accommodate the delay in bringing the regional smart card system on line.

Specifically, the agreement provides for:

- Administration of the Puget Pass program, including regional pass production, pass sales, pass acceptance and revenue reconciliation.
- An agreed-upon methodology for distributing among participating agencies the funds received from sales of regionally-accepted Puget Passes.
- An agreed-upon methodology for calculating the payment made from Sound Transit's Fare Integration Fund to partner agencies in order to offset discounts provided to riders, who are able to transfer between Sound Transit and partner transit agency vehicles without paying two separate fares.
- The commitment to provide these subsidies, the overall budget, and the timeline for their phase out, is set forth in Motion No. M2003-26. The Regional Pass and Fare Reconciliation Program Agreement is specifically called out as the administrative mechanism for implementing the direction of Motion No. M2003-26 until the regional smart card system is operational and a successor agreement is adopted.

The budget commitment for these activities is already assumed in the financial plan. The extension of the agreement is required to authorize continuance of interagency administrative

functions required to support ongoing sales, acceptance and revenue reconciliation of current regional fare media. These processes will be automated and improved once the smart card fare collection system is put into service, but an extension of current processes is required due to smart card project delays.

Prior Board/Committee Actions

Motion/Resolution Number and Date	Summary of Action
M2003-26 4-17-03	Authorized the Executive Director to allocate funding from the Regional Fund/Fare Integration Fund budget to provide Smart Card project funding for Sound Transit implementation and operations; to provide funding support to Community Transit, Everett Transit, and Pierce Transit; and to renegotiate the Regional Pass and Fare Reconciliation Program Agreement to reduce and sunset Sound Transit’s participation in the Puget Pass program and obligation to subsidize intersystem transfers.
M2001-114 11-08-01	Authorized the Executive Director to execute the Regional Pass and Fare Reconciliation Program Agreement between the transit agencies of Pierce Transit, King County Metro Transit, Community Transit, Everett Transit, and Sound Transit.
M99-7 2-11-99	Approved and authorized the Executive Director to execute an Interim Regional Pass and Fare Reconciliation Program Agreement between the transit agencies of Pierce Transit, King County Metro Transit, Community Transit, Everett Transit, and Sound Transit
M98-54 7-23-98	Supported 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.

CONSEQUENCES of DELAY

Regional acceptance of Puget Passes and the reconciliation among partner agencies after January 1, 2008 is dependent upon extension of the current agreement. Delay would result in lack of authorization and procedures to properly distribute revenues received from Puget Pass sales.

PUBLIC INVOLVEMENT

Representatives from each of the transit agency boards in the three-county area held a series of three forums between December 1997 and June 1998:

- 12/5/97 – Alternative Fare Policy Structures
- 3/18/98 – Framework and Financial Implications
- 6/3/98 - Refined Agreement Framework and Phased Approach

The focus of those meetings was to discuss potential ways the region could develop an integrated fare structure that would allow customers to easily transfer between different transit providers. The purpose was to provide a forum for agency representatives to discuss possible options and implications before taking back for full board adoption at each agency.

ENVIRONMENTAL COMPLIANCE

SSK 11-29-07

LEGAL REVIEW

JW 11/6/07

Attachment: Amendment #1 to the Regional Pass and Fare Reconciliation Program Agreement

AMENDMENT #1

to the

REGIONAL PASS AND FARE RECONCILIATION PROGRAM AGREEMENT

by and among

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY ("Sound Transit"); CITY OF EVERETT ("Everett Transit"); KING COUNTY ("King County Metro"); PIERCE COUNTY PUBLIC TRANSPORTATION BENEFIT AREA CORPORATION ("Pierce Transit"); and SNOHOMISH COUNTY PUBLIC TRANSPORTATION BENEFIT AREA CORPORATION ("Community Transit")

This First Amendment to the Regional Pass and Fare Reconciliation Program Agreement (the "First Amendment") is entered into this _____ day of _____, 2007, by and among the Central Puget Sound Regional Transit Authority ("Sound Transit"), the City of Everett ("Everett Transit"); King County ("King County Metro"); Pierce County Public Transportation Benefit Area Corporation ("Pierce Transit"); and Snohomish County Public Transportation Benefit Area Corporation ("Community Transit"), any of which entities may be referred to hereinafter individually as "Party" or collectively as the "Parties."

WHEREAS, the Parties are public transit agencies that support regional fare integration and share a goal of promoting the use of public transportation throughout the central Puget Sound region by developing and implementing a uniform, integrated fare collection and revenue distribution system that will allow public transit users to transfer seamlessly from system to system, making it more convenient and less expensive for riders to use public transit for traveling and commuting throughout the region; and

WHEREAS, to further the Parties' shared regional fare integration goals the Parties entered into a Regional Pass and Fare Reconciliation Program Agreement (the "Regional Fare Agreement", also known as the "PugetPass Agreement") dated January 1, 2002 that provides for a program of coordinated regional fares, including a shared set of regional passes (known as "PugetPass"), and an associated fare reconciliation arrangement; and

WHEREAS, to further realize their shared goal of developing and implementing a regional fare coordination system, and thereby increasing the simplicity and convenience of public transportation services within their respective service areas and throughout the region, the Parties, together with the Kitsap County Public Transportation Benefit Area ("Kitsap Transit") and the Washington State Department of Transportation, Washington State Ferries Division ("Washington State Ferries"), entered into an Interlocal Cooperation Agreement for Design, Implementation, Operation and Maintenance of the Regional Fare Coordination System (the "Smart Card System Development Agreement") dated April 23, 2003, that establishes the operational and financial relationships among the participating transit agencies for purposes of developing and implementing a regional "smart card" pass and electronic fare collection and distribution system; and

WHEREAS, the development and implementation of the smart card system, entitled "ORCA" (One Regional Card for All), is progressing but is not yet fully operational; and

WHEREAS, the Parties intend to develop a new regional fare agreement that will apply to smart card media and that will govern fare revenue allocation among the Parties once the ORCA system becomes operational and that will eventually supercede the current Regional Fare Agreement; and

WHEREAS, the ORCA system is currently projected to start being phased-in by the end of 2008; and

WHEREAS, the current Regional Fare Agreement, pursuant to Section 2(a), expires at the end of 2007; and

WHEREAS, the Parties now desire the current Regional Fare Agreement to be extended for up to three more years to allow for a new smart card-based regional fare agreement to be developed and to allow for an orderly transition to the new ORCA system by, among other things, providing for the natural expiration of any outstanding PugetPasses; and

WHEREAS, the Parties also desire to update the inter-agency reimbursement principles provided for in the current Regional Fare Agreement to reflect the ongoing phase-out of Sound Transit's Fare Integration Budget;

NOW, THEREFORE, in consideration of the foregoing the Parties hereto hereby agree, subject to obtaining any necessary approvals of their legislative or governing bodies, to amend the Regional Fare Agreement as provided for below.

1. Section 2(a) (TERM OF AGREEMENT/EFFECTIVE DATE). Section 2(a) of the Regional Fare Agreement is amended by revising the last sentence of the paragraph as follows:

This Agreement may be extended for ~~three~~six (36) additional one-year periods with the prior written consent of the General Managers of the Parties.

2. New Section 2(b) (SCOPE). Section 2 of the Regional Fare Agreement is further amended by adding a new section, to be designated Section 2(b) (Scope), as follows:

This Agreement shall not apply to the allocation of revenue from riders using smart card media, including ORCA passes, e-purse and stored ride products.

3. Section Heading Revised. The heading for Section 2 of the Regional Fare Agreement is also amended to reflect the inclusion of the foregoing new Section 2(b) as follows:

Section 2. TERM AND SCOPE OF AGREEMENT.

4. Section 11 (REIMBURSEMENT PRINCIPLES). Section 11 of the Regional Fare Agreement is amended to reflect the phase-out of Sound Transit's Fare Integration Budget by revising the second sentence of the first paragraph as follows:

Until such time as it is fully phased-out, pursuant to the current projected schedule set forth in Exhibit G as amended, Sound Transit's Fare Integration Budget shall be used to make up any shortfall between revenues collected and revenue to be reimbursed according to these principles.

5. Exhibit G. Subsection 5(a) of Exhibit G of the Regional Fare Agreement is amended to set forth the specific schedule referred to in amended Section 11 as follows:

a. “Local-Sound Transit Total Boardings” are all fare-paid transfer boardings between Sound Transit Sounder commuter rail service, and LINK light rail service, and another Party, regardless of whether or not the fare medium used is subject to regional reconciliation of revenue received, pursuant to the following schedule:

- Sounder – January 1, 2007 through December 31, 2008,
- LINK – the first date of fare paid operations and for twenty-four (24) months thereafter

6. Remaining Terms in Effect. Except as specifically modified herein, all other terms and conditions of the Regional Fare Agreement remain unchanged and in full force and effect.

7. Effective Date of Amendment. This First Amendment to the Regional Fare Agreement shall take effect upon execution by the Parties.

IN WITNESS WHEREOF, the Parties hereto have hereby executed this First Amendment to the Regional Fare Agreement as of the date set forth below their signatures.

CENTRAL PUGET SOUND REGIONAL
TRANSIT AUTHORITY

By _____
Joni Earl
Chief Executive Officer

Date _____

KING COUNTY

By _____
Kevin Desmond
General Manager, Transit Division

Date _____

PIERCE COUNTY PUBLIC
TRANSPORTATION BENEFIT AREA
CORPORATION

By _____
Lynne M. Griffith
Chief Executive Officer

By _____
Wayne Fanshier
Vice President, Finance & Administration

ATTEST:

By _____
Sandy Byers, CMC
Clerk of the Board

Date _____

CITY OF EVERETT

By _____
Ray Stephenson
Mayor, City of Everett

Approved as to Form:

By _____
Elmer E. "Ned" Johnston
City Attorney

Attest: _____
Sharon Marks, City Clerk

SNOHOMISH COUNTY PUBLIC TRANSIT
BENEFIT AREA CORPORATION

By _____
Joyce Eleanor, Executive Director

Date _____

SOUND TRANSIT

MOTION NO. M2007-127

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute an amendment to the Regional Pass and Fare Reconciliation Program Agreement with Community Transit, Everett Transit, King County Metro and Pierce Transit for regional fare media acceptance and reconciliation of Puget Pass revenues to add three additional one-year optional extension periods to the agreement term.

Background:

The Regional Pass and Fare Reconciliation Program Agreement provides for regional fare media and reconciliation of Puget Pass revenues among the partner transit agencies. The original agreement provided for up to three one-year extensions through December 31, 2007. This amendment is required to authorize Sound Transit's chief executive officer to approve up to three additional one-year optional extensions, in order to accommodate the delay in bringing the regional smart card system on line.

Specifically, the agreement provides for:

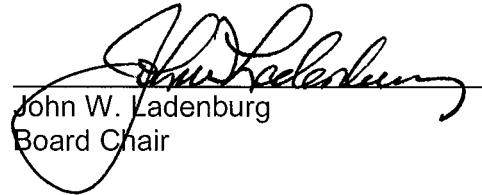
- Administration of the Puget Pass program, including regional pass production, pass sales, pass acceptance and revenue reconciliation.
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The budget commitment for these activities is already assumed in the financial plan. The extension of the agreement is required to authorize continuance of interagency administrative functions required to support ongoing sales, acceptance and revenue reconciliation of current regional fare media. These processes will be automated and improved once the smart card fare collection system is put into service, but an extension of current processes is required due to smart card project delays.


Motion:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute an amendment to the Regional Pass and Fare Reconciliation Program Agreement with Community Transit, Everett Transit, King County Metro and Pierce Transit for regional fare media acceptance and reconciliation of Puget Pass revenues to add three additional one-year optional extension periods to the agreement term.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 13, 2007.


John W. Ladenburg
Board Chair

ATTEST:


Marcia Walker
Board Administrator