

SOUND TRANSIT STAFF REPORT

MOTION NO. M2007-21

Select a draft Sounder fare structure change and fare increase for public review and comment

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	2/1/07	Discussion/Possible Action to Recommend Board Approval	Ric Ilgenfritz, Executive Director, Policy, Planning & Public Affairs	(206) 398-5239
Board	2/8/07	Action	Sheila Dezarn, Policy & Planning Officer Christie Parker, Policy Analyst	(206) 398-5071 (206) 398-5405

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

Transit Vision – Fare Integration

PROPOSED ACTION

Select a draft Sounder fare structure change and fare increase proposal for public comment and review.

KEY FEATURES of PROPOSED ACTION

- Identifies a proposal to change Sounder fares from a zone-based fare structure to a distance-based fare structure.
- Identifies a proposed estimated 10% revenue increase on Sounder commuter rail. This proposal would increase adult fares by as much as \$1.50 and as little as \$0.00. Additional information is provided in Tables 2-3 on page 5. An estimated 37% of riders would experience a fare increase greater than 10% and about 3% of riders would pay the same fares as they do today.
- Provides an alternative proposal to provide an estimated 20% revenue increase on Sounder commuter rail. This scenario would increase adult fares by as much as \$2.25 and as little as 25 cents. Additional information is found in Tables 4-5 on page 6. An estimated 53% of riders would experience a fare increase greater than 20%.
- Directs staff to conduct public outreach about a potential increase in the basic fare structure in accord with Sound Transit policy.

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 Sounder fare increase would increase operating revenues and improve fare recovery ratios. Revenue from a fare increase would be allocated to the subareas in accord with current policies.

BUDGET TABLE

Not applicable for this action.

SMALL BUSINESS PARTICIPATION

Not applicable for this action.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

Sound Transit established a zone-based fare structure and Sounder fares in 1999. Currently a one-way/one-zone adult fare is \$2.00, a two-zone fare is \$3.00 and a three-zone trip is \$4.00.

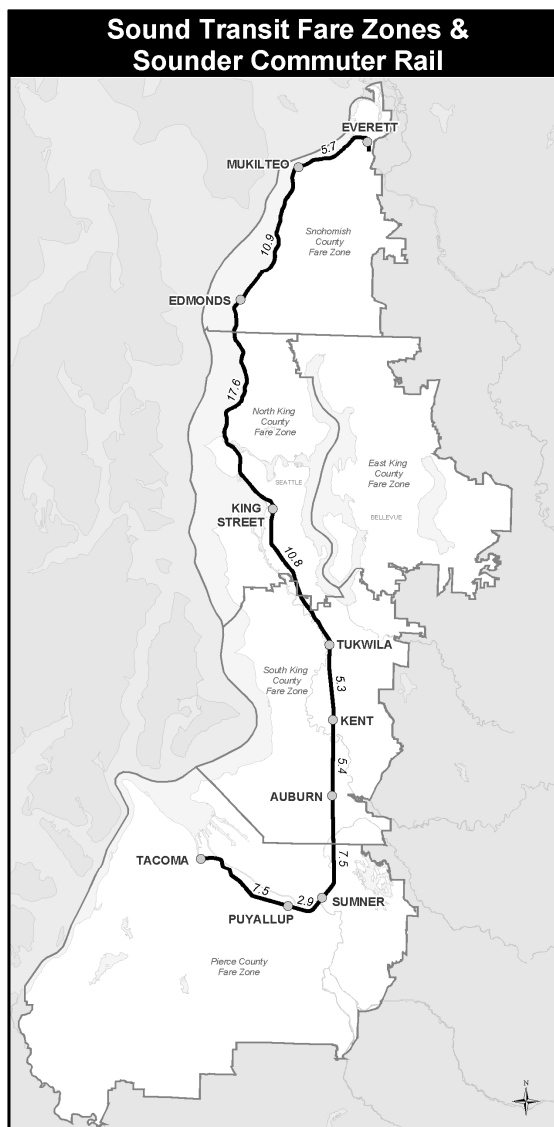
Since then, the agency has not increased Sounder fares, nor has it reviewed other potential changes to its basic fare structure. In 2005, the Board approved a general 20% fare increase for ST Express so that fares would keep pace with inflation. Also in 2005, the fare structure for Route 550 was modified to bring it into alignment with the fares charged on all other ST Express bus routes.

The Sound Transit Board considered increasing Sounder fares at the same time it considered the general fare increase for ST Express bus service; however, the Board decided to defer a fare increase until additional Sounder service was implemented. Since that time, service between Everett and Seattle has increased from one to two round-trips per day and service between Tacoma and Seattle has increased from three to four round-trips per day. This increased service has contributed to Sounder's strong ridership growth: average third quarter weekday boardings have increased 77 % since 2004.

Sound Move Appendix C identifies a farebox recovery goal of 23 – 32% for commuter rail. Fare recovery for the agency's 6 daily round-trips through September 2006 is currently about 20%. At the same time, the Consumer Price Index (CPI) has risen by 21.5% since Sounder fares were established (1999-2006) and the nationwide price of unleaded gasoline has risen by more than 70%. Cost of Sounder fuel has risen three-fold since the start of revenue service.

Sound Transit may therefore wish to again consider a general fare increase for Sounder. Since a proposal to increase fares would require staff effort and public involvement in accord with Board Motion No. M2004-53, staff seeks Board direction as to whether a fare increase should be explored, and what form that increase would take. Staff is recommending consideration of a general 10% fare increase.

In addition to considering a general fare increase for Sounder, staff recommends that the Board consider a change to the Sounder fare structure. Sounder, like ST Express bus, currently operates on a zonal fare structure.



When the fare policies were originally adopted in 1999, the policy was to establish a zonal structure with the goal of minimizing the number of short two-zone trips (whereby passengers are charged a premium for crossing a fare zone boundary) and minimizing confusion for riders who transfer from service operated by another agency. While the fare boundaries that were established have minimized the number of short two-zone trips for ST Express, this is not so much the case for Sounder which has created equity issues. A review of customer complaints between 2004-2006 shows that 57% of the concerns raised about Sounder fares are related to our current zone structure.

Examples of the inequities inherent in the Sounder zone-based fare structure include:

- On Sounder service between Tacoma and Seattle, adult riders between Sumner and Auburn pay \$3.00 (one-way) for a two-zone ride of 7.2-miles, whereas riders between Tukwila and Auburn pay \$2.00 (one-way) for a longer one-zone ride of 11.3 miles.
- Adult riders traveling between Seattle and Everett pay \$3.00 for a two-zone 34-mile trip whereas those traveling a comparable distance between Seattle and Tacoma (39 miles) pay a higher three-zone \$4.00 fare.

Distance-based fares are commonly used on other metropolitan rail systems, including Los Angeles' Metrolink, Vancouver BC's West Coast Express, Nashville's Music City Star, Toronto's GO Transit, Chicago's Metra, and MTA Maryland's MARC Train.

In the Bay Area, the BART system also uses distance-based fares. Distance-based fares are also used for other forms of transportation, such as airlines, Amtrak and taxi rides, and are therefore somewhat more intuitive for the riding public than charging additional fare when a passenger crosses an invisible and somewhat arbitrary fare zone boundary.

For these reasons, staff recommends that consideration of a fare increase be combined with consideration of a change to distance-based fares for Sounder. Under a distance-based fare structure, riders would be charged a base fare for boarding the train and then an incremental fare for each mile traveled. Two alternatives are outlined below as follows:

- Option One: This alternative is to increase Sounder farebox revenues by 10% by charging a \$2.55 base fare combined with a 5.5 cent per-mile distance fare charge, with fares rounded to the nearest quarter.
- Option Two: This alternative is to increase Sounder fare revenues by 20% by charging a \$2.70 base fare combined with a 7.5 cent per-mile distance fare charge, with fares rounded to the nearest quarter. Both proposals include senior and disabled fares at 50% of adult fares and youth fares at 75% of adult fares. About 98% of Sounder riders pay adult fares.

Following public involvement and any necessary Title VI review, staff would return to the board in March 2007 to share the results of public comment and to inform the Board's decision re: Sounder fare change. If approved, implementation would occur during summer 2007.

Sounder's current fare structure and projected 2008 revenue are illustrated below in Table 1.

Table 1						
Sounder Revenue and Ridership Projections						
2008 Projections - No Fare Change						
	Mukilteo	Edmonds	Seattle			
	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis			
Everett	\$2.00 / \$1.50 / \$1.00	\$2.00 / \$1.50 / \$1.00	\$3.00 / \$2.25 / \$1.50			
Mukilteo		\$2.00 / \$1.50 / \$1.00	\$3.00 / \$2.25 / \$1.50			
Edmonds			\$3.00 / \$2.25 / \$1.50			
	Tukwila	Kent	Auburn	Sumner	Puyallup	Tacoma
	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis
Seattle	\$3.00 / \$2.25 / \$1.50	\$3.00 / \$2.25 / \$1.50	\$3.00 / \$2.25 / \$1.50	\$4.00 / \$3.00 / \$2.00	\$4.00 / \$3.00 / \$2.00	\$4.00 / \$3.00 / \$2.00
Tukwila		\$2.00 / \$1.50 / \$1.00	\$2.00 / \$1.50 / \$1.00	\$3.00 / \$2.25 / \$1.50	\$3.00 / \$2.25 / \$1.50	\$3.00 / \$2.25 / \$1.50
Kent			\$2.00 / \$1.50 / \$1.00	\$3.00 / \$2.25 / \$1.50	\$3.00 / \$2.25 / \$1.50	\$3.00 / \$2.25 / \$1.50
Auburn				\$3.00 / \$2.25 / \$1.50	\$3.00 / \$2.25 / \$1.50	\$3.00 / \$2.25 / \$1.50
Sumner					\$2.00 / \$1.50 / \$1.00	\$2.00 / \$1.50 / \$1.00
Puyallup						\$2.00 / \$1.50 / \$1.00
Tacoma						
2008 Weekday Revenue (Projected)			\$20,658			
2008 Weekday Ridership (Projected)			7,228			
2008 Event Revenue (Projected)			\$250,000			
Operating Cost (Projected)			\$31,191,209			
Farebox Recovery (Projected)			17.8%			

Option One: 10% Revenue Increase

The projected impact of Option One, which combines a proposed farebox increase and fare restructure, is a 10.1% increase in 2008 Sounder weekday revenues and a ridership loss of 1.8%, or about 130 riders per day. The projected 2008 farebox recovery is 19.5%. An estimated 37% of riders would experience a fare increase greater than 10% and about 3% of riders would pay the same fares as they do today.

Table 2
Sounder Revenue and Ridership Projections
2008 Projections - 10% Revenue Increase Option

	Mukilteo			Edmonds			Seattle		
	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis
Everett	\$2.75 / \$2.00 / \$1.25			\$3.50 / \$2.50 / \$1.75			\$4.50 / \$3.25 / \$2.25		
Mukilteo				\$3.25 / \$2.25 / \$1.50			\$4.00 / \$3.00 / \$2.00		
Edmonds							\$3.50 / \$2.50 / \$1.75		
	Tukwila			Kent			Auburn		
	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis
Seattle	\$3.25 / \$2.25 / \$1.50			\$3.50 / \$2.50 / \$1.75			\$3.75 / \$2.75 / \$1.75	\$4.25 / \$3.00 / \$2.00	\$4.25 / \$3.00 / \$2.00
Tukwila				\$2.75 / \$2.00 / \$1.25			\$3.25 / \$2.25 / \$1.50	\$3.50 / \$2.50 / \$1.75	\$3.75 / \$2.75 / \$1.75
Kent							\$2.75 / \$2.00 / \$1.25	\$3.25 / \$2.25 / \$1.50	\$3.50 / \$2.50 / \$1.75
Auburn								\$3.00 / \$2.25 / \$1.50	\$3.00 / \$2.25 / \$1.50
Sumner									\$2.75 / \$2.00 / \$1.25
Puyallup									
Tacoma									\$3.00 / \$2.25 / \$1.50
2008 Weekday Revenue (Projected)							\$22,743		
2008 Weekday Ridership (Projected)							7,292		
2008 Event Revenue (Projected)							\$275,000		
Operating Cost (Projected)							\$31,191,209		
Farebox Recovery (Projected)							19.5%		
Δ Weekday Revenue (Projected)							\$2,086		
Δ % Weekday Revenue (Projected)							10.1%		
Δ Weekday Ridership (Projected)							-130		
Δ %Weekday Ridership (Projected)							-1.8%		

Table 3
Sounder Revenue and Ridership Projections
Comparison of Current and Proposed Fares - 10% Revenue Increase Option

	Mukilteo			Edmonds			Seattle		
	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis
Everett	\$0.75 / \$0.50 / \$0.25			\$1.50 / \$1.00 / \$0.75			\$1.50 / \$1.00 / \$0.75		
Mukilteo				\$1.25 / \$0.75 / \$0.50			\$1.00 / \$0.75 / \$0.50		
Edmonds							\$0.50 / \$0.25 / \$0.25		
	Tukwila			Kent			Auburn		
	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis
Seattle	\$0.25 / \$0.00 / \$0.00			\$0.50 / \$0.25 / \$0.25			\$0.75 / \$0.50 / \$0.25	\$0.25 / \$0.00 / \$0.00	\$0.25 / \$0.00 / \$0.00
Tukwila				\$0.75 / \$0.50 / \$0.25			\$1.25 / \$0.75 / \$0.50	\$0.50 / \$0.25 / \$0.25	\$0.75 / \$0.50 / \$0.25
Kent							\$0.75 / \$0.50 / \$0.25	\$0.25 / \$0.00 / \$0.00	\$0.50 / \$0.25 / \$0.25
Auburn								\$0.00 / \$0.00 / \$0.00	\$0.00 / \$0.00 / \$0.00
Sumner									\$0.75 / \$0.50 / \$0.25
Puyallup									
Tacoma									\$1.00 / \$0.75 / \$0.50

Option Two: 20% Revenue Increase

The projected impact of Option Two, which combines a proposed fare increase and fare restructure, is a 19.8% increase in 2008 Sounder weekday revenues and a ridership loss of 3.2%, or about 229 riders per day. The projected 2008 farebox recovery is 21.2%.

Because CPI has increased more than 20% since fares were established in 1999, staff is presenting an alternative that would generally correspond to the increase in CPI. A potential

issue to consider is that a fare increase that large would result in projected ridership losses that are about 76% higher than in Option One. However, it is possible that ridership losses would not be significant because elasticity of demand can be subject to a variety of factors, e.g. the price of gas and parking, the unemployment rate, and weather. Another issue to consider is that a 20% increase would result in fares as high as \$5.75 for riders traveling between Seattle and Tacoma, and riders traveling between Seattle and Everett would pay \$5.25, or a 75% fare increase. An estimated 53% of riders would experience a fare increase greater than 20%.

Table 4
Sounder Revenue and Ridership Projections
2008 Projections - 20% Revenue Increase Option

	Mukilteo			Edmonds			Seattle		
	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis
Everett	\$3.25 / \$2.25 / \$1.50			\$4.00 / \$3.00 / \$2.00			\$5.25 / \$3.75 / \$2.50		
Mukilteo				\$3.50 / \$2.50 / \$1.75			\$4.75 / \$3.50 / \$2.25		
Edmonds							\$4.00 / \$3.00 / \$2.00		
	Tukwila			Kent			Auburn		
	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis
Seattle	\$3.50 / \$2.50 / \$1.75			\$4.00 / \$3.00 / \$2.00			\$4.25 / \$3.00 / \$2.00		
Tukwila				\$3.00 / \$2.25 / \$1.50			\$3.50 / \$2.50 / \$1.75		
Kent							\$3.00 / \$2.25 / \$1.50		
Auburn							\$3.75 / \$2.75 / \$1.75		
Sumner							\$3.25 / \$2.25 / \$1.50		
Puyallup							\$3.50 / \$2.50 / \$1.75		
Tacoma							\$3.00 / \$2.25 / \$1.50		
							\$3.25 / \$2.25 / \$1.50		
2008 Weekday Revenue (Projected)							\$24,747		
2008 Weekday Ridership (Projected)							6,999		
2008 Event Revenue (Projected)							\$300,000		
Operating Cost (Projected)							\$31,191,209		
Farebox Recovery (Projected)							21.2%		
Δ Weekday Revenue (Projected)							\$4,090		
Δ % Weekday Revenue (Projected)							19.8%		
Δ Weekday Ridership (Projected)							-229		
Δ % Weekday Ridership (Projected)							-3.2%		

Table 5
Sounder Revenue and Ridership Projections
Comparison of Current and Proposed Fares - 20% Revenue Increase Option

	Mukilteo			Edmonds			Seattle		
	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis
Everett	\$1.25 / \$0.75 / \$0.50			\$2.00 / \$1.50 / \$1.00			\$2.25 / \$1.50 / \$1.00		
Mukilteo				\$1.50 / \$1.00 / \$0.75			\$1.75 / \$1.25 / \$0.75		
Edmonds							\$1.00 / \$0.75 / \$0.50		
	Tukwila			Kent			Auburn		
	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis	adult / youth / sr&dis
Seattle	\$0.50 / \$0.25 / \$0.25			\$1.00 / \$0.75 / \$0.50			\$1.25 / \$0.75 / \$0.50		
Tukwila				\$1.00 / \$0.75 / \$0.50			\$1.50 / \$1.00 / \$0.75		
Kent							\$1.00 / \$0.75 / \$0.50		
Auburn							\$0.75 / \$0.50 / \$0.25		
Sumner							\$0.25 / \$0.00 / \$0.00		
Puyallup							\$0.50 / \$0.25 / \$0.25		
Tacoma							\$1.00 / \$0.75 / \$0.50		
							\$1.25 / \$0.75 / \$0.50		

Although Link fares will not be established until 2008, looking forward, it is possible that the current zone structure may also create equity issues for Central Link. Specifically, the current boundaries would result in a one-zone fare from Downtown Seattle to Rainier Beach and the two-zone fare would only apply to those boarding or departing at the Tukwila International Boulevard station. In the longer term, under the current structure, the fare from Rainier Beach to Northgate (a distance of 15 miles) would be lower than the fare from Rainier Beach to Tukwila (a distance of just under 6 miles). The Board will consider this issue when they establish the structure and pricing for Central Link in 2008.

Prior Board/Committee Actions on this Project

Motion/Resolution Number and Date	Summary of Action
R2005-05 1/27/05	Increases fares for ST Express Bus service effective June 2005.
M2004-120 12/09/04	Selects a preferred alternative for a potential fare increase for ST Express Bus service of 20%, with necessary adjustments to the nearest 25-cent increment and the FTA half-fare requirement for the elderly/disabled, for public review and comment and directing staff to conduct public outreach regarding a potential fare increase.
M2004-54 6/24/04	Aligns the ST Express Route 550 fare structure with all other Sound Transit bus routes.
M2004-53 6/10/04	Establishes a Sound Transit policy to describe the public comment process for increases in the basic fare structure.
R99-2-2 6/13/02	Revises resolution 99-2-1, Sound Transit's fare policy, updating fare zone boundaries along the SR 522 corridor and changing definition of "children" to those under the age of 6.
R99-2-1 7/27/00	Revised resolution 99-2, Sound Transit's fare policy, to describe transfer rules.
R99-2 2/11/99	Established fare policy pricing for fares related to Sound Transit public transportation services.
M98-54 7/23/98	Supports 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

Delay of the decision to increase Sounder fares would cause fare recoveries to continue to decline. Delay of a decision to change the fare structure would cause customers to continue to pay what many perceive to be an inequitable fare. In addition, a decision in early 2007 would allow for the distance-based fares to be implemented prior to smart card implementation and integrated into the fare tables and customer information materials that will be prepared for smart card implementation. Staff does not recommend implementing a fare structure change concurrent with smart card start-up due to the complexity of the change and the need for a smooth transition from old to new fare media.

PUBLIC INVOLVEMENT

If the motion is adopted by the Board, Sound Transit staff would begin work to seek public input regarding potential changes to the Sounder fare structure. Staff would report back to the Board on the nature of public input prior to the Board's final decision.

ENVIRONMENTAL COMPLIANCE

Not applicable to this action.

LEGAL REVIEW

JW 1/25/07

SOUND TRANSIT

MOTION NO. M2007-21

A motion of the Board of the Central Puget Sound Regional Transit Authority selecting a draft Sounder fare structure change and fare increase proposal and directing the chief executive officer to conduct public outreach and seek public review and comment.

Background:

Sound Transit established a zone-based fare structure and Sounder fares in 1999. Currently a one-way/one-zone adult fare is \$2.00, a two-zone fare is \$3.00 and a three-zone trip is \$4.00.

Since then, the agency has not increased Sounder fares, nor has it reviewed other potential changes to its basic fare structure. In 2005, this Board approved a general 20% fare increase for ST Express so that fares would keep pace with inflation. Also in 2005, the fare structure for Route 550 was modified to bring it into alignment with the fares charged on all other ST Express bus routes.

This Board considered increasing Sounder fares at the same time it considered the general fare increase for ST Express bus service; however, the Board decided to defer a fare increase until additional Sounder service was implemented. Since that time, service between Everett and Seattle has increased from one to two round-trips per day and service between Tacoma and Seattle has increased from three to four round-trips per day. This increased service has contributed to Sounder's strong ridership growth: average third quarter weekday boardings have increased 77% since 2004.

Sound Move Appendix C identifies a farebox recovery goal of 23 – 32% for commuter rail. Fare recovery for the agency's 6 daily round-trips through September 2006 is currently about 20%. At the same time, the Consumer Price Index (CPI) has risen by 21.5% since Sounder fares were established (1999-2006) and the nationwide price of unleaded gasoline has risen by more than 70%. Cost of Sounder fuel has risen three-fold since the start of revenue service.

Sounder, like ST Express bus, currently operates on a zonal fare structure. When the fare policies were adopted in 1999, this Board established a zonal structure with the goals of minimizing the number of short two-zone trips (whereby passengers are charged a premium for crossing a fare zone boundary) and minimizing confusion for riders who transfer from services operated by another agency. While the fare boundaries that were established have minimized the number of short two-zone trips for ST Express, they have not done so for Sounder. This has created equity issues. A review of customer complaints in 2004-2006 shows that 57% of the concerns raised about Sounder fares are related to our current zone structure. Distance-based fares are commonly used on other metropolitan rail systems, including Los Angeles' Metrolink, Vancouver BC's West Coast Express, Nashville's Music City Star, Toronto's GO Transit, Chicago's Metra, MTA Maryland's MARC Train, and the Bay Area's BART system.

Public review and comment will be conducted in accordance with Board Motion No. M2004-53, which establishes the public comment process for increases in Sound Transit's basic fare structure.

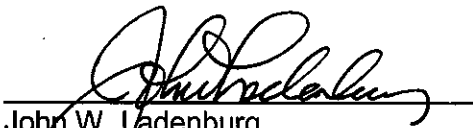
Following public involvement and any necessary Title VI review, staff would return to the Board in March 2007 to share the results of public comment to inform the Board's decision re: Sounder fare change. If the Board approves a Sounder fare change, implementation would occur during summer 2007.

Motion:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is directed to conduct public outreach and seek public review and comment, in accordance with process provided in Board Motion No. M2004-53, on the following Sounder fare structure and increase proposals:

1. Increase Sounder farebox revenues by 10% by charging a \$2.55 base fare (adult) combined with a 5.5 cent per-mile distance fare charge, with fares rounded to the nearest quarter; and
2. Increase Sounder fare revenues by 20% by charging a \$2.70 base fare (adult) combined with a 7.5 cent per-mile distance fare charge, with fares rounded to the nearest quarter.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on February 8, 2007.



John W. Ladenburg
Board Chair

ATTEST:



Marcia Walker
Board Administrator