

Fare Strategy Briefing: Fare Policy Update

Executive Committee

10/05/2023



Why we are here

- Recap the Board's fares-related work in 2023.
- Review anticipated fare policy updates.
- Discuss updates related to farebox recovery targets and triggers for future fare adjustments.
- Share current Board schedule for fares and parking work through 2023 and early 2024.

Where we're going

Fares guiding framework

We serve passengers with a fare structure that is regionally integrated to encourage transit ridership through equitable and simple pricing, and financial stewardship.

Toward a comprehensive fares strategy

Upcoming needed Board actions

- ✓ Adopt an equitable and accountable fare compliance policy and expand reduced fare programs.
- ✓ Establish fare rates where none currently exist.
 - ✓ T Line
- ❑ Consider adjusting existing fare structures, fare levels (including parking fees), and categories to meet established targets.
- ❑ Review and consider modifying revenue and farebox recovery targets.

Areas of focus in 2023

Major policy topics

- Fare policy – originally adopted in 2010 with a minor update in 2014 (Resolution No. [R2014-27](#))
 - Fare structure.
 - Farebox recovery targets.
- Parking management program – last Board action in 2018 to allow priced monthly parking permits (Resolution No. [R2018-27](#))
 - Expanded program with daily paid parking.

Fare policy update

Fare policy update

Purpose

- The Board's existing fare policy was adopted in 2010, with a minor update in 2014 that added a new low-income adult passenger fare category.
- Addressing substantive issues associated with farebox recovery targets and approach to adjusting fare rates.
- Making other minor and administrative changes.

Fare policy update

Policy sections

- Farebox recovery
- Fare rates & adjustments
- Fare structures
- Proof of payment
- Passenger fare categories
- Fare media & transfers
- Special fare rates
- Fare reporting

Fare policy update

Policy sections with substantive changes

- **Farebox recovery**
- **Fare rates & adjustments**
- Fare structures
- Proof of payment
- Passenger fare categories
- Fare media & transfers
- Special fare rates
- Fare reporting

Farebox recovery targets

The Board's fare policy establishes farebox recovery ratios

- Farebox recovery ratio is the percentage of operating expenses made up by passenger fares.
- RCW requires Sound Transit to have a farebox recovery policy: “Agencies providing high capacity transportation service shall...establish [a] farebox recovery return policy.” (RCW 81.104.130)
- Existing fare policy states that **“farebox recovery below the minimum recovery targets signals that fare revenues are not keeping pace with costs of operations and that the financial plan is threatened.”**

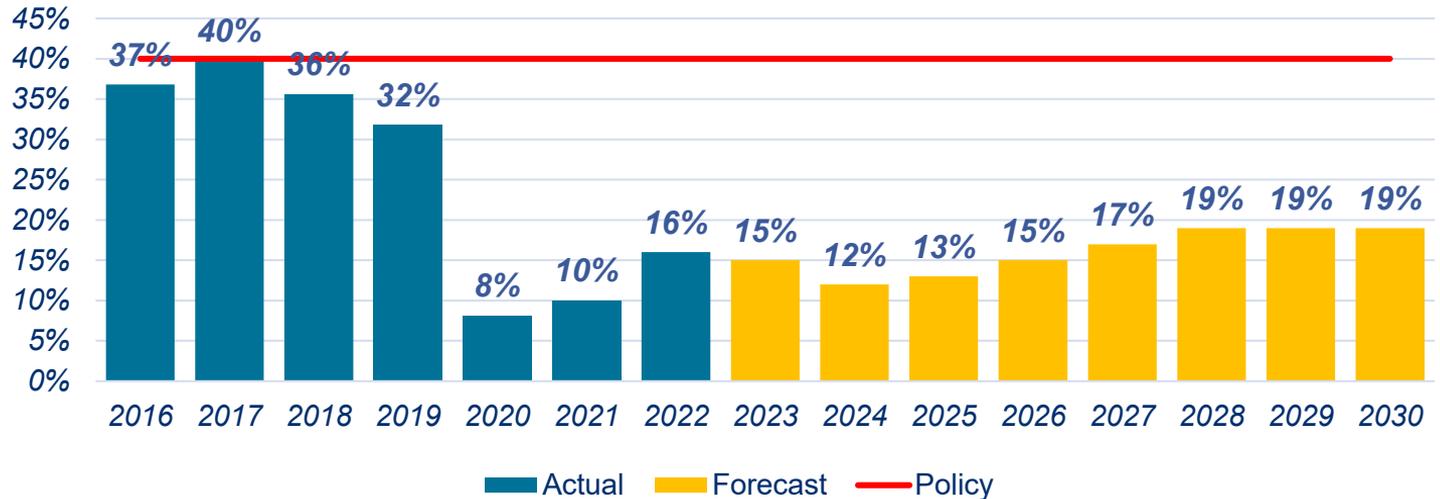
Existing farebox recovery targets by mode

Mode	Farebox recovery target
Link	40%
Sounder	23%
ST Express	20%
T Line	Not yet established
Stride	Not yet established

We are out of compliance with Board-adopted fare policy

Link farebox recovery below 40% policy

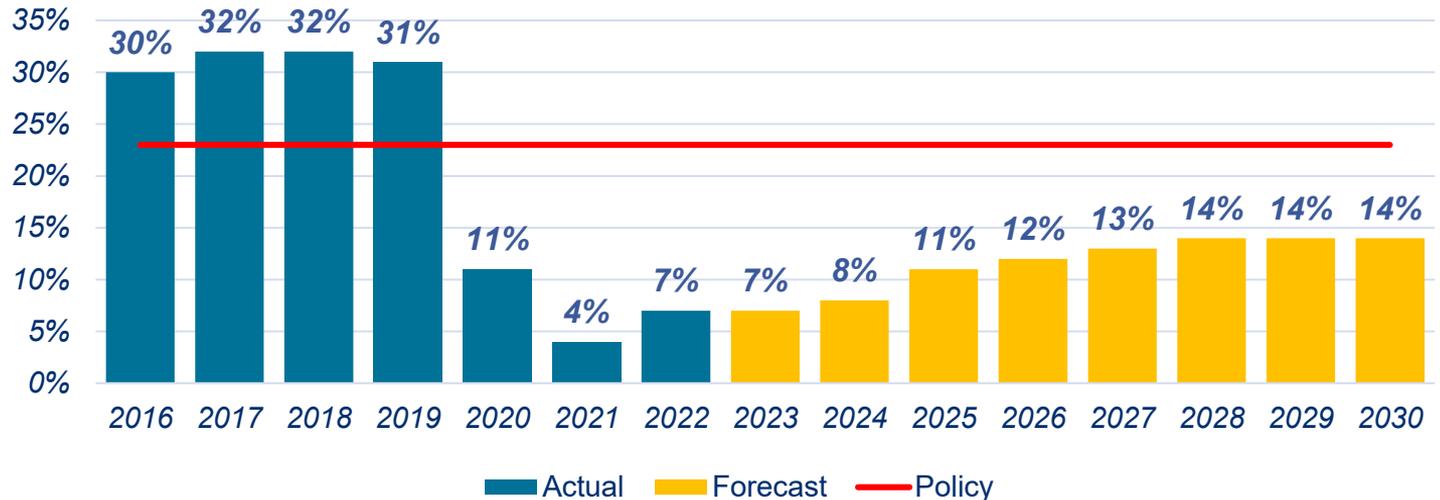
Link farebox recovery



We are out of compliance with Board-adopted fare policy

Sounder farebox recovery below 23% policy

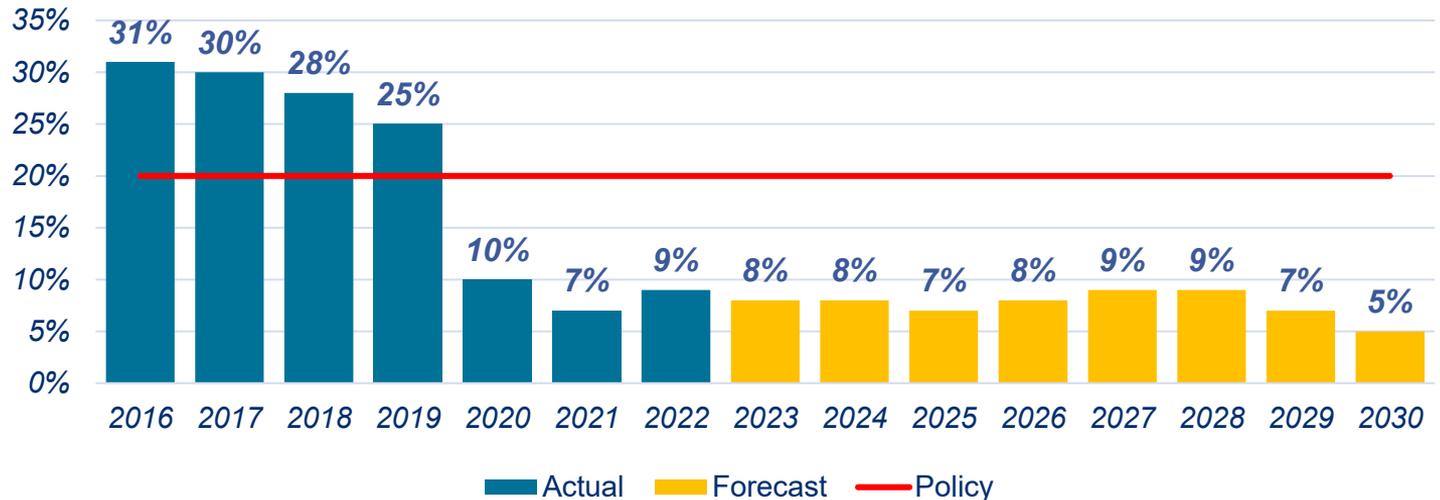
**Sounder
farebox
recovery**



We are out of compliance with Board-adopted fare policy

ST Express farebox recovery below 20% policy

ST Express
farebox
recovery



Fare rates & adjustments

The Board's fare policy establishes a trigger for when a fare change must be considered

- Farebox recovery below the minimum recovery targets signals that fare revenues are not keeping pace with costs of operations and that the financial plan is threatened.
- Per existing fare policy, **“when farebox recovery falls below these minimum levels, a fare change process is triggered.”**

Anticipated fare policy updates

Farebox recovery

- Adjusting existing modal targets to be more achievable.
- Establishing minimum thresholds by mode in addition to targets.

Fare rates & adjustments

- Initiating fare change processes when revenues underperform the minimum threshold.
- Requiring formal check-ins with the Board about adjusting fare rates to align with assumptions in the Finance Plan.

Fare policy update

Policy sections with administrative changes

- **Fare structures:** adding flat fare.
- **Proof of payment:** adding reference to updated fare compliance policy.
- **Fare reporting:** clarifying Board committees to report to and anticipated timing for regular updates on fare revenue and fare changes.
- **Passenger fare categories, fare media & transfers, and special fare rates.** Clerical changes only.

Next steps

Toward a comprehensive fares strategy

Key dates toward Board action

October

- 10/19: Fare revenue update at Finance and Audit Committee.
- 10/22: Engagement period ends.

November

- 11/2: Executive and REO Committee briefings on public engagement findings and initial recommendations for fare policy update and Link fare changes.

December

- 12/7: REO for potential action on Link fare changes (including Title VI analysis).
- 12/14: Executive Committee for potential action on fare policy update.
- 12/21: Board for potential action on a far policy update and Link fare changes.

By March 2024: Executive and REO Committees for report on engagement and potential action on parking program expansion.

Thank you.



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