

New Link Fares and Fare Structure

Rider Experience and Operations Committee

12/07/2023

Why we are here

- Share a summary of 2023 activities supporting today's action.
- Seek a do pass recommendation to change the fare structure and establish a new fare rate on Link light rail to take effect with the 1 Line extension to Lynnwood City Center Station in fall 2024.
- Review next steps following potential Board action later this month.

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.

Areas of focus in 2023

Major policy topics

- Fare policy – originally adopted in 2010 with a minor update in 2014 (Resolution No. [R2014-27](#))
 - Link fare structure and rate.
 - 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.

Link fare change

Existing fare structure and rate

Mode	Fare structure	Adult fares	Notes
1 Line	Distance-based	\$2.25-\$3.50	Base fare of \$2.25 + \$0.05 per mile charge (rounded to nearest \$0.25)

Rationale for a fare change now

- Our last fare change on Link occurred in 2015.
- An expanding system results in a larger distance-based fare table and more fare rates.
- We heard interest from Board members to explore a flat fare structure.

Overall activities this year

Board and external engagement

March: kicked off fare change process at Executive & REO Committees.

Aug: previewed public and passenger engagement on Link fare structures & parking.

Nov: reviewed engagement findings and presented an initial staff recommendation on Link fare structure.

April/May: provided briefings with initial analysis on fare structures to Executive & REO Committees and received direction to consider a flat fare structure on Link.

Sept/Oct: conducted public and passenger engagement on changes Link fare structure and rates and parking program expansion.

Dec: REO and Board action to change fare structure and set new fare rates on Link light rail.

Summary considerations – fare structure

Fare structure

- Flat fares are better positioned to be regionally integrated and are simpler.
- Ridership and financial stewardship affected more by fare rates than structure.
- Equity trade-offs exist for both, but no disparate impacts for rates under consideration.

Fares vision	Distance-based fares	Flat fares
Regionally integrated	–	+
Ridership	✓	✓
Equitable*	✓	✓
Simple	–	+
Financial stewardship	✓	✓
+ Better impacts	✓ Neutral/minimal impacts	– Worse impacts

*Results per the Title VI analysis findings showing no disparate impact for minority passengers or disproportionate burden for low-income passengers from any of the rates under consideration.

Staff recommendation

Fare structure

Staff recommend the Board adopt a flat fare structure on Link.

Fares vision	Distance-based fares	Flat fares
Regionally integrated	−	+
Ridership	✓	✓
Equitable*	✓	✓
Simple	−	+
Financial stewardship	✓	✓

+ Better impacts	✓ Neutral/minimal impacts	− Worse impacts
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*Results per the Title VI analysis findings showing no disparate impact for minority passengers or disproportionate burden for low-income passengers from any of the rates under consideration.

Summary considerations – fare rates

Fare rates

- \$3.50 fare is too great of an increase and staff do not recommend this option.
- \$3.00 and \$3.25 rates present challenging trade-offs.

Fares vision	Option 1: \$3.00	Option 2: \$3.25	Option 3: \$3.50
Regionally integrated	✓	+	✓
Ridership	✓	✓	-
Equitable*	✓	✓	✓
Simple	+	+	+
Financial stewardship	✓	+	+



+ Better impacts	✓ Neutral/minimal impacts	- Worse impacts
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*Results per the Title VI analysis findings showing no disparate impact for minority passengers or disproportionate burden for low-income passengers from any of the rates under consideration.

Regionally integrated

Impacts from fare rates under consideration

- ST Express fares are \$3.25.
- No other agency has a \$3.00 fare rate.
- Potential near-term fare changes are under consideration at Community Transit and King County Metro.

Link fare rates under consideration

\$3.00 flat fare

\$3.25 flat fare

Partner Agency	Adult fares
Sound Transit Express	\$3.25
King County Metro Bus	\$2.75
Community Transit	\$2.50/\$4.25
Pierce Transit	\$2.00
Everett Transit	\$2.00
Seattle Streetcar	\$2.25
Seattle Center Monorail	\$3.50
Washington State Ferries	\$6.25-\$9.45

Ridership

Impacts from fare rates under consideration

- Ridership impacts are based on an elasticity factor associated with the relative percentage increase in the fare rate.
- As such, a higher increase in fares means a higher proportional reduction in estimated ridership.
- Many other factors than fares also influence ridership changes.

	\$3.00 fare	\$3.25 fare
Ridership impact	-3%	-6%

Passenger impacts

Impacts from fare rates under consideration

- A fare structure change will be felt most on existing passengers taking short trips on Link who tap on and tap off.
- In spring 2023, 86.5% of trips made by passengers paying their full fare were \$2.75 or less.
- A \$3.00 fare is between a 9-33% increase for passengers paying \$2.75 or less today.
- A \$3.25 fare is between 18%-44% increase for passengers paying \$2.75 or less today.

Fare rates	% of Total
\$2.25	25.7%
\$2.50	41.0%
\$2.75	19.8%
\$3.00	9.9%
\$3.25	2.3%
\$3.50	1.3%

Fare rate distribution for passengers paying full adult fare based on ORCA taps on & off (spring 2023)

Financial stewardship

Impacts from fare rates under consideration

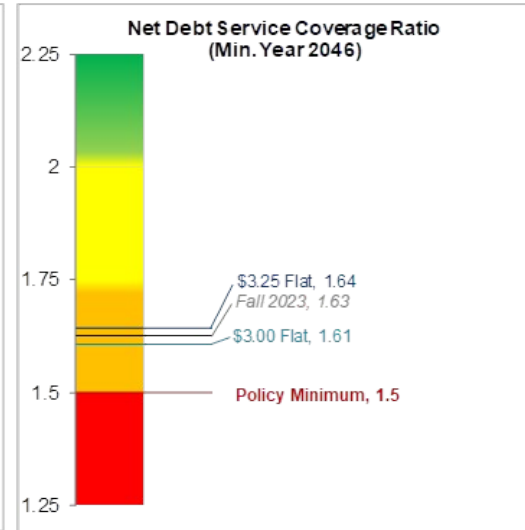
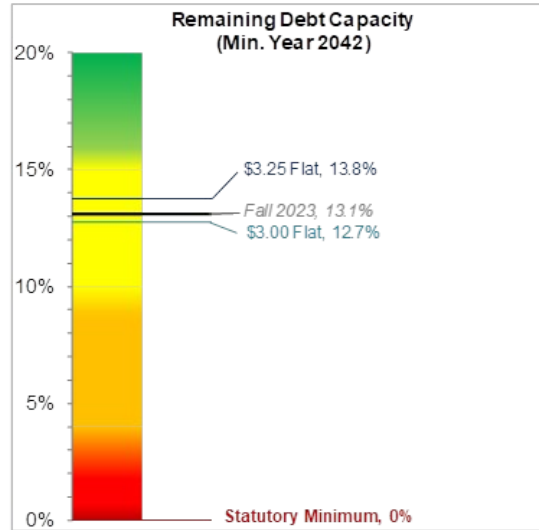
- The \$3.25 fare rate is positive compared to fall 2023 finance plan.
- The \$3.00 fare rate is slightly negative compared to the fall 2023 finance plan.
- However, the fall 2023 finance plan assumes a \$0.25 increase of the base fare and so a \$3.00 flat fare outperforms a no fare change alternative.

	\$3.00 fare	\$3.25 fare
2027 Link Fare Revenue	\$95M	\$103M
2027 Link Farebox Recovery	17%	19%
2017-2046 Link Fare Revenue	\$4.1B	\$4.4B
2017-2046 Link Farebox Recovery	18%	20%

Financial stewardship

Key assumptions

- Assumes a **\$0.25 fare increase on Link of every four years.**
- Assumes a gradual increase in fare compliance to 75% of boardings with fare media by 2029 and holding at that level through the life of the Finance Plan.


















Summary considerations – fare rates

Fares vision	\$3.00	\$3.25
Regionally integrated	<ul style="list-style-type: none"> Doesn't currently align with any existing fare rate but may following potential future changes by partner agencies. 	<ul style="list-style-type: none"> Aligns with ST Express fare rate.
Ridership	<ul style="list-style-type: none"> 3% ridership decrease. 	<ul style="list-style-type: none"> 6% ridership decrease.
Equitable	<ul style="list-style-type: none"> Title VI analysis finds no disparate impacts or disproportionate burden from this rate. 9%-33% increase for passengers paying \$2.75 or less today. 	<ul style="list-style-type: none"> Title VI analysis finds no disparate impacts or disproportionate burden from this rate. 18%-44% increase for passengers paying \$2.75 or less today.
Financial stewardship	<ul style="list-style-type: none"> Slightly revenue negative. 	<ul style="list-style-type: none"> Revenue positive.

Staff recommendation

Fare rate

Staff recommend the Board set either a \$3.00 or \$3.25 fare on Link light rail.

Fares vision	Option 1: \$3.00	Option 2: \$3.25
Regionally integrated	 	
Ridership		 
Equitable*	 	 
Simple		
Financial stewardship	 	

 Better impacts	 Neutral/minimal impacts	 Worse impacts
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*Results per the Title VI analysis findings showing no disparate impact for minority passengers or disproportionate burden for low-income passengers from any of the rates under consideration.

Resolution R2023-37

Summary of main points

- Sets a new flat fare rate for Link light rail to take effect when the 1 Line extends to Lynnwood City Center Station in fall 2024.
- Requires staff to provide a report no later than the July 2024 Rider Experience & Operations Committee on a road map to fare capping, an update on reduced fare program activities, and a potential recommendation to convene a regional fare forum.

Toward a comprehensive fares strategy

Key dates toward Board action

December

- 12/15: Board action on Link fare change.

February

- 2/1: Executive & REO Committees report on engagement findings on parking program expansion.

March

- 3/7: Executive Committee recommendation on parking program expansion.
- 3/28: Board action on parking program expansion.

Thank you.



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