

# ***New Link Fares and Fare Structure***

*Board of Directors*

*12/15/2023*



# *Why we are here*

- Share a summary of 2023 activities supporting today's action.
- Seek final action 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 Board action.

# 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   | ✓                                | ✓                      |
| <b>+</b> Better impacts | <b>✓</b> Neutral/minimal impacts | <b>–</b> 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   | ✓                                | ✓                      |
| <b>+</b> Better impacts | <b>✓</b> Neutral/minimal impacts | <b>−</b> 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.

# 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 | ☑                | +                | +                |

|                         |                                  |                        |
|-------------------------|----------------------------------|------------------------|
| <b>+</b> Better impacts | <b>☑</b> Neutral/minimal impacts | <b>-</b> 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.

# 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

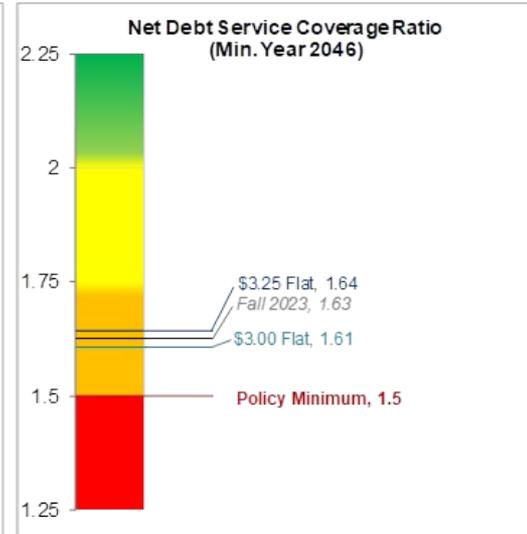
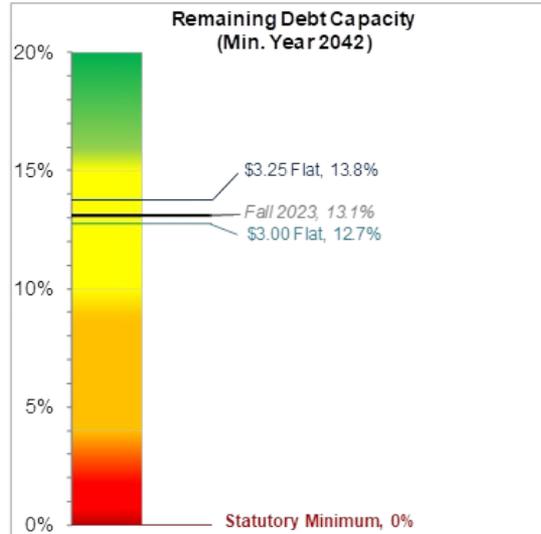
- The \$3.25 fare rate is positive compared to fall 2023 finance plan.
- The \$3.00 fare rate is slightly negative compared to the fall 2023 finance plan.
- However, the fall 2023 finance plan assumes a \$0.25 increase of the base fare and so a \$3.00 flat fare outperforms a no fare change alternative.

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

# REO recommendation

## Fare structure and rate

REO Committee is forwarding a do pass recommendation to adopt a flat fare structure and set a \$3.00 fare rate 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

\*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 flat fare rate of \$3.00 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***

## ***Next steps for 2023 areas of focus***

### **Q1**

- TBD: Executive Committee and Board briefings and action to update the Board's fare policy.

### **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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