## STAFF REPORT

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| **Agenda Item:** | 9 | **Name:** | Leah Krekel-Zoppi  Paul Carlson |
| **Proposed No**.: | 2017-0182 | **Date:** | May 17, 2017 |

**SUBJECT**

A motion accepting the report and recommendations of the 2016 Regional Fare Forum.

**SUMMARY**

On April 19, 2017, the Regional Transit Committee (RTC) was briefed on Metro’s transit fare outreach project, which responds to the work of the 2016 Regional Fare Forum and the regional project for the next generation ORCA card.

As transmitted by the Executive, Proposed Motion 2017-0182 would accept the recommendations of the 2016 Regional Fare Forum and would express the County Council’s intent to complete action on fare revisions by the end of 2017, in response to the Executive’s transmittal of a fare ordinance later this year.

The potential fare changes that the Executive is expected to propose, would be consistent with countywide policy established by the RTC and Council in the Transit Strategic Plan and METRO CONNECTS. It is not expected that the ordinance amending the King County Code fare provisions would amend countywide policy.

Nonetheless, the fare changes may include modifications to the King County Metro two-zone fare structure and/or the peak surcharge for the regular adult fares[[1]](#footnote-1). Depending on the fare amounts proposed by the Executive later this year, some riders could find themselves paying more or less for their trips. The Chair of the County Council has therefore used the non-mandatory referral option which exists to allow regional committee review of matters when the County Council is interested in the committee’s perspective.

**BACKGROUND**

**King County Metro Fare Structure and Policies**

King County Metro’s fares are adopted by the King County Council and established in King County Code section 4A.700.010. The current fare categories include regular off-peak, regular one-zone peak, regular two-zone peak, child, youth, senior and persons with disabilities, and low-income. Regional and institutional passes are also available. Further code sections address fares and rules for customized bus service,[[2]](#footnote-2) limited services to special or seasonal activities or events,[[3]](#footnote-3) Vanpools,[[4]](#footnote-4) tickets to human services agencies,[[5]](#footnote-5) visitor passes,[[6]](#footnote-6) transfers,[[7]](#footnote-7) interagency trip agreements,[[8]](#footnote-8) ticket or pass agreements with government agencies[[9]](#footnote-9) and public schools,[[10]](#footnote-10) and vouchers.[[11]](#footnote-11)

The policy framework for these fare structures and rules is established by the Strategic Plan for Public Transportation 2011-2021. Strategy 6.3.2 is to: “Establish fare structures and fare levels that are simple to understand, aligned with other service providers, and meet revenue targets established by Metro’s fund management policies.” Metro’s Fund Management Policies call for a farebox recovery ratio of at least 25 percent, with a target of 30 percent. The Fund Management Policies also call for achieving fare parity, defined as a one to one ratio, between the Access fare and adult off-peak fare over time.

**Next Generation ORCA**

The timing for assessing potential fare changes is, in part, driven by the Next Generation ORCA project. King County is one of seven regional transit agencies[[12]](#footnote-12) that partnered on a smart card technology that established a common, noncash fare system throughout the regional participants’ service areas, called One Regional Card for All (ORCA).

An ORCA card allows users to purchase electronic daily or monthly passes for unlimited rides, or load value on an E-purse that works like a debit card to deduct the cost of individual trips. The card is valid on transit services within all the ORCA partner agencies and allows for free transfers between services (except Washington State Ferries) within a two-hour window. Qualified ORCA users can obtain reduced fares through the Regional Reduced Fare Permit for seniors and disabled riders, youth fare, and ORCA LIFT for low income riders.

The ORCA system was deployed in 2009. Currently, the technology and hardware behind the ORCA system is becoming outdated, and the contract with the vendor who operates and maintains the ORCA system software and hardware ends in 2021. Planning for a replacement system, called Next Generation ORCA, began in 2015 and is currently identifying system requirements and getting ready to procure contracts for the various aspects of the next generation system. System design is scheduled to begin in 2018. To inform design of the ORCA replacement project, the regional project team would need agency direction on fare structure changes by December 2017.

**Regional Fare Forums and Summary Report**

A series of Regional Fare Forums made up of representatives of the ORCA system were convened in September, October, and December 2016 to discuss regional fare coordination and simplification in advance of designing the Next Generation ORCA system. King County’s representatives at these forums were Councilmembers Rod Dembowski and Claudia Balducci.

According to the Regional Fare Forum Summary Report, the motivation for the forums was to provide the Next Generation ORCA project with guidance on the regional fare structure to be included in the new system design.

During the fare forums, participants agreed on shared policy values, developed shared understanding of fare simplification and innovation options, reached consensus recommendations on fare simplification options, determined the level of interest in fare capping, and identified a path forward for working with councils and boards.

Concepts for simplifying and innovating fares were discussed, including:

* Eliminating zones
* Eliminating trip-based peak
* Fare capping

The Regional Fare Forum Summary Report was issued on March 9, 2017. The report includes recommendations to:

* Eliminate zone-based fares in order to reduce Next Generation ORCA system development time and costs, reduce customer confusion, reduce operator interactions, and improve boarding times.
* Eliminate trip-based peak fares but allow for time-based peak fares in the ORCA system design, in order to reduce Next Generation ORCA system development time and costs, increase regional fare coordination, and make fares simpler for customers to understand.
* Not to pursue fare capping because it could increase Next Generation ORCA system design complexity and costs and is expected to negatively impact agency revenue.

**Fare Change Outreach and Proposals under Consideration**

Metro began public outreach on fares in March, including convening an advisory group, conducting a public survey, and other targeted outreach. Based on the regional fare forum recommendations and feedback from the initial round of public outreach, the proposals currently under consideration are a flat fare of $2.75 and an off-peak/peak fare without zones of $2.50/$3.00. Metro is also considering ways to mitigate the impacts of these potential changes for categories of riders who would be most adversely affected.

**Non-mandatory referral**

Proposed Motion 2017-0182 was given a dual referral first to the Regional Transit Committee and then to the Transportation, Economy and Environment Committee. This is a non-mandatory referral to the Regional Transit Committee under KCC 1.24.065.I as an issue that is not a countywide policy or plan but would benefit from interjurisdictional discussion.

This type of regional committee analysis and comment is not subject to the mandatory procedural requirements of Section 270.30 of the King County Charter and the county council may need to act on such issues before comment from the regional committee.

**ANALYSIS**

Approval of the proposed motion would result in the King County Council:

* Accepting the Regional Fare Forum Summary Report;
* Reaffirming King County's commitment to regional transit fare coordination; and
* Committing to consider any fare changes to simplify fares for customers and increase regional coordination recommended by the executive by July 2017, and to act on these recommendations by the end of 2017.

While changes to Metro’s fare structure could result in increased regional transit fare coordination and reduced Next Generation ORCA project costs, they could also impact customers and reduce future Metro fare revenue or require fare increases in order to remain revenue neutral. The Council may wish to fully consider potential impacts of the transmitted fare change proposal before committing to a particular outcome or timeline for acting.

**ATTACHMENTS**

1. Proposed Motion 2017-0182 (and its attachments)

2. Executive’s transmittal letter

**INVITED**

* Chris O’Claire, Assistant General Manager, Planning and Customer Service, King County Metro Transit Division

1. Other fares – ORCA Lift (low-income) fare, senior/disabled, youth – do not pay zone or peak surcharges so would not be affected. [↑](#footnote-ref-1)
2. K.C.C. 4A.700.070 [↑](#footnote-ref-2)
3. K.C.C. 4A.700.090 [↑](#footnote-ref-3)
4. K.C.C. 4A.700.130 [↑](#footnote-ref-4)
5. K.C.C. 4A.700.210 [↑](#footnote-ref-5)
6. K.C.C. 4A.700.230 [↑](#footnote-ref-6)
7. K.C.C. 4A.700.330 [↑](#footnote-ref-7)
8. K.C.C. 4A.700.350 [↑](#footnote-ref-8)
9. K.C.C. 4A.700.410 [↑](#footnote-ref-9)
10. K.C.C. 4A.700.450 [↑](#footnote-ref-10)
11. K.C.C. 4A.700.470 [↑](#footnote-ref-11)
12. The ORCA system includes King County Metro, Community Transit (Snohomish County), Everett Transit, Kitsap Transit, Washington State Ferry System, Sound Transit, and Pierce Transit. [↑](#footnote-ref-12)