

# Regional Fare Forum Summary Report

## 1. Executive Summary

The existing ORCA regional fare collection system, implemented in 2009, is approaching the end of its useful life. In 2015, the ORCA Joint Board initiated Next Generation ORCA, a regional program to replace the existing system's aging and obsolete technology. This program will build upon the success of the existing ORCA system and implement a scalable, modern solution to improve customer experience, prepare for expected regional transit growth, and provide flexibility to adapt to emerging transportation possibilities.

As the ORCA agencies embark on the development of a new fare system, it is an opportune time to evaluate the region's fare structure, so that any potential changes can be incorporated into the new system design. Recognizing this opportunity, the ORCA Joint Board called for a Regional Fare Forum ("Forum") in 2016 to discuss and provide recommendations on regional fare structure and fare simplification. The Joint Board nominated Forum Representatives from the governing bodies of each of the ORCA agencies to participate.

Based on the work of fare experts within the ORCA agencies, three options for fare structure changes were presented to the Representatives. Through the course of three Forum meetings, consensus recommendations were achieved for all three options.

The first Forum recommendation was to simplify the regional fare structure by eliminating zone-based fares. The benefits of this change are expected to include reduced customer confusion and operator interactions, decreased boarding times, and simplified system design and lower development costs for the Next Generation ORCA system. Agencies directly impacted by this change would be Community Transit, King County Metro and Sound Transit.

The second Forum recommendation was to simplify the fare structure by eliminating trip-based peak fares. The benefit of this change are expected to include a more consistent fare structure across the region, as well as a simplified system design and lower development costs for the Next Generation ORCA system. King County Metro is the only agency that currently uses a peak fare structure.

The third Forum recommendation was not to pursue a new structure of fare capping in the near term. Representatives considered this new "pay-as-you-go" concept that would replace current ORCA period passes (e.g., monthly) with gradual E-purse payments that would be "capped" at a pre-defined limit. After further investigation and comparisons with peers, this change was determined to be too confusing for customers, likely to limit the number of vendors who could demonstrate experience with such strategies, and too costly to pursue, given the current fare complexity in the region. However, the Forum Participants recommended the system not preclude this type of innovation from being implemented down the road.

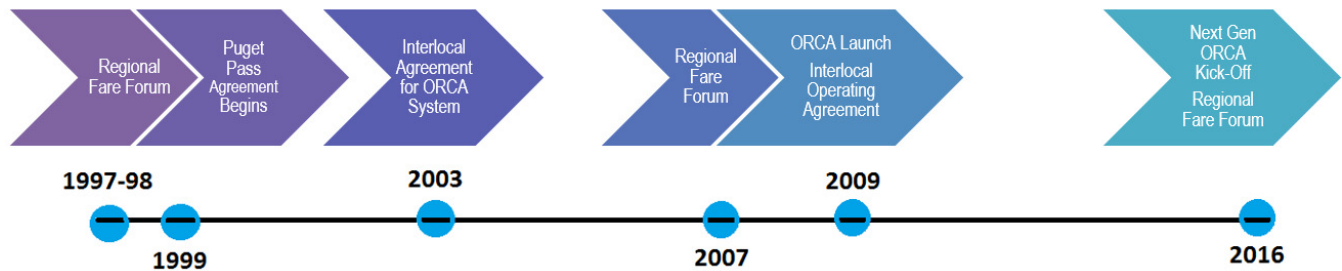
This Regional Fare Forum Summary Report explains each of these consensus recommendations and provides a brief background on the work that was done through the course of the 2016 Forum meetings.

## 2. Background: Why was the Regional Fare Forum held?

### 2.1. Introduction and Framework

The ORCA agencies have a history of working together for regional fare coordination, starting in 1997 when agencies gathered for the first Regional Fare Forum to consider what fare coordination could look like for the Central Puget Sound region. As a result of that effort, and subsequent Forum meetings in 2007, the Forums achieved: the introduction of regional passes, transfers, and revenue reconciliation; standardized customer categories; and a recommitment to regional fare coordination with the introduction of ORCA.

#### *History of Regional Fare Coordination*



The motivation to call for a 2016 Regional Fare Forum was to bring together board and council representatives across the ORCA agencies once again and provide the Next Generation ORCA program with guidance on the regional fare structure to be included in the new system design. The mission of the 2016 Forum was to:

- Reaffirm a commitment to regional fare coordination
- Provide guiding principles for the Next Generation ORCA system’s fare structure design
- Discuss strategies to further integrate and simplify fares for seamless regional travel

### 2.2. Decision-Making Timeline

The Forum was timed to coincide with critical phases in the Next Generation ORCA program: planning for the new fare collection system and developing requirements for procurement of the system. By meeting early in the program, the Forum had the opportunity to provide recommendations for simplifying fare structures to improve the customer experience and simplify system design, as well as consider fare innovations such as fare capping. The end of 2017 is the critical point in the Next Generation ORCA program where these fare simplification and innovation decisions must be made for consideration in the new system, prior to the award of vendor contracts and the start of system design.

### 2.3. Participants

The Next Generation ORCA Regional Program Manager, Brittany Esdaile, and Facilitator, John Howell, were joined by representatives from the governing bodies of each of the seven ORCA agencies:

- Community Transit – Dave Earling (Mayor, City of Edmonds), Mike Todd (Mill Creek City Council)
- Everett Transit – Scott Bader (Everett City Council)
- King County Metro – Claudia Balducci (King County Council), Rod Dembowski (King County Council)
- Kitsap Transit – Robert Gelder (Kitsap County Board of Commissioners), Robert Putaansuu (Mayor, City of Port Orchard)

- Pierce Transit – Ryan Mello (Tacoma City Council), Rick Talbert (Pierce County Council)
- Sound Transit – Paul Roberts (Everett City Council), Marilyn Strickland (Mayor, City of Tacoma)
- Washington State Ferries – Debbie Young (Washington State Transportation Commission)

#### 2.4. Work Plan

The group met for a series of three Regional Fare Forum Meetings in 2016:

- Meeting #1 – September 23, 2016
- Meeting #2 – October 28, 2016
- Meeting #3 – December 2, 2016

The following was accomplished during the Forum sessions:

- Agreed on Shared Policy Values
- Developed shared understanding of fare simplification and innovation options
- Reached consensus recommendations on fare simplification options
- Determined level of interest in fare capping
- Identified path forward for working with councils and boards

### 3. **Consensus Recommendations: *What were the outcomes of the 2016 Regional Fare Forum?***

#### 3.1. Shared Policy Values

The Forum Representatives defined the shared policy values below to serve as guiding principles for the Next Generation ORCA system’s fare structure design. These values reaffirmed the ORCA Agencies’ commitment to regional fare coordination.

Policy Value	Description
<b>Simple and easy to use for our customers</b>	Simpler fare structure and media, easier to understand for infrequent customers
<b>Enhance user experience</b>	Improved customer service, real-time account information
<b>Better access/availability to all users</b>	Greater distribution of fare media, convenient access to all
<b>Seamless travel in the region</b>	Extend regional integration, seamless regional branding
<b>Innovative technology</b>	Anticipate new technology, learn from peers, be an international model
<b>Fiscal responsibility</b>	Reduce fare evasion, collect fares to continue to provide service, appropriate distribution of revenue
<b>Operational efficiency</b>	Better data/analytics, improved security, move away from cash collection
<b>Promote equity and social justice</b>	Eliminate barriers that limit access to transportation, support programs such as low income fares

### 3.2. Fare Structure Options

Forum Representatives were asked to consider two opportunities for simplifying the regional fare structure as well as one fare innovation idea. The options and resulting recommendations are summarized in the following subsections.

#### 3.2.1. Eliminate Zones

Currently, Community Transit, King County Metro, and Sound Transit all have routes with zone-based pricing. Passengers are charged based upon the zone associated to their route, with multi-zone routes having higher fares. The zone boundaries differ for each of the three agencies. While it is possible for passengers to make a one zone or local trip on a multi-zone route, if they want to pay the lower fare, in most cases passengers must ask the operator to override the higher fare.

Forum participants were asked to consider simplifying the fare structure by eliminating zone fares.

#### **Recommendation: Eliminate Zones**

The consensus recommendation was to eliminate zone-based fares. In addition to a simplified Next Generation ORCA design and reduced system development time and costs, the operational benefits from eliminating zones include reduced customer confusion, fewer operator interactions regarding fares, and improved boarding times. Revenue impacts are expected to be relatively minimal, but will vary for impacted agencies.

#### 3.2.2. Eliminate Trip-Based Peak Fares

Currently, King County Metro charges a higher fare on adult trips scheduled to arrive or depart downtown Seattle during peak hours (6-9 AM and 3-6 PM on non-holiday weekdays). Higher peak fares are intended to reflect the higher cost of peak service and to provide a price incentive for passengers to travel during off-peak periods.

Metro's "trip-based" peak fare assigns a higher fare to a specific scheduled trip and applies that fare to all passengers on the trip, regardless of the actual time they board the bus. For example, if a trip is designated as a "peak hour trip," all passengers on that trip pay the higher fare whether they board and pay at 5:44 AM or 6:30 AM.

Forum participants were asked to consider simplifying the fare structure by eliminating trip-based peak fares. Participants additionally discussed an option to include within the Next Generation ORCA design only "time-based" peak fares – fares based solely on the actual time of day when a customer boards or a fare is paid. Time-based peak fares are currently used for off-board fare payment on King County Metro, such as at RapidRide stations.

#### **Recommendation: Eliminate Trip-Based Peak Fares**

The consensus recommendation was to eliminate trip-based peak fares, but build time-based peak fares into Next Generation ORCA system capabilities. The primary benefits to adopting time-based peak fares are a simplified Next Generation ORCA design and reduced system development costs, in addition to making fare payment more consistent across regional modes and easier for customers to understand.

King County Metro has not found peak fares to significantly alter demand, and will consider whether to eliminate peak pricing entirely or move to time-based peak fares, which would be much easier to design and implement in Next Generation ORCA. Although King County Metro is currently the only agency with peak fares, other agencies have expressed interest in keeping the option open for future consideration. While eliminating peak fares may have a relatively moderate impact on fare revenue, implementing a change from trip-based peak to time-based peak is not expected to impact revenue. Any change will require coordination with bus operators and outreach to customers.

### 3.2.3. Fare Innovation – Fare Capping

Forum participants were asked to consider a system design for Next Generation ORCA that would replace the current ORCA passes with “fare capping.” Customers under a fare capping program would pay for each trip using E-purse value, but once a pre-defined cap (or limit) is reached, the remainder of the customer trips at the corresponding fare level would be “free.” Fare capping’s pay-as-you-go scheme would offer customers the benefits of a) not having to pay the up-front cost of a period pass and b) being guaranteed they will pay the optimal fare for their trips. The caps would be variable based on the cost of the transit services used and could be set for both daily and monthly accumulations to match current ORCA pass discounts.

The three options considered for fare capping were the following:

- Do not pursue fare capping (no change to fare structure)
- Adopt full fare capping
- Include fare capping framework in the requirements and design of the new ORCA system

#### **Recommendation: Do Not Pursue Fare Capping in Initial System Design**

The consensus recommendation was to not pursue fare capping at this time. An assessment of the Puget Sound region’s fare complexity was performed compared with the fare structures of other transit agency peers considering or implementing fare capping. Given the numerous fares, passenger types, and pricing levels that the Next Generation ORCA system must support, it would be complex and costly to implement as well as highly challenging for customers to understand. Fare capping would also be expected to have a large negative impact on agency revenue. Finally, including fare capping in the requirements for the new fare system would limit the number of vendors who could demonstrate implementation experience and feasibly bid on the project. While it was determined that fare capping should not be pursued at this time, the Next Generation ORCA system will be designed in a flexible manner so that it will not preclude the introduction of fare capping and other innovative fare strategies for future phases of fare system development.

#### **4. Next Steps: *Where should we go from here?***

The following sections describe the actions to be brought forward to the governing bodies that support the seven ORCA Agencies.

##### 4.1. Regional Fare Forum Alignment

All ORCA Agencies will be taking the Regional Fare Forum Summary Report document to their governing bodies in the second quarter of 2017 for adoption in acknowledgement of the work achieved by the Forum.

##### 4.2. Zone Fare Structure Changes

Community Transit, King County Metro, and Sound Transit will commit to work with their governing bodies, conducting any additional analysis and outreach, to take a formal action to their boards/councils for eliminating zone fares, working towards a decision by the end of 2017. If the elimination of zone fares is approved by the agencies' governing bodies, the actual timeline for implementation will be as directed by the boards and council.

##### 4.3. Peak Fare Structure Changes

King County Metro will commit to work with their council, conducting any additional analysis and outreach, to take a formal action to their council for elimination of trip-based peak fares, working towards a decision by the end of 2017. If a change to peak fares is approved by the King County Council, the actual timeline for implementation will be as directed by the council.

##### 4.4. Fare Capping Innovation

No action is required by the ORCA Agency governing bodies at this time, aside from acknowledgement of the Forum consensus recommendation on fare capping through the adoption of the Regional Fare Forum Summary Report.

##### 4.5. Further Fare Simplifications

Building off shared policy values, Forum Representatives expressed a strong interest in continuing to work on fare simplification for the region. While no further actions are required by the boards/councils at this time, the ORCA Joint Board Chair will take a discussion to the Transit Executive Committee and ORCA Joint Board to determine their support of continuing a regional fare coordination effort.

**5. 2016 Regional Fare Forum Representatives**



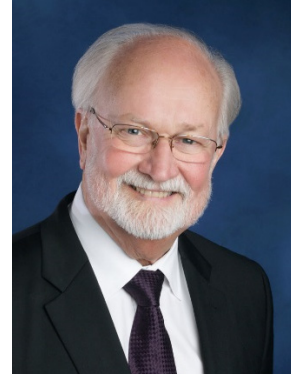
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