Date: January 25 , 2021

To: Seattle City Councilmembers

From: Sam Zimbabwe, Director, Seattle Department of Transportation (SDOT); Candida Lorenzana, Transit & Mobility Division Director; Briana Lovell, Transit Service & Strategy Manager

Subject: Response to 2020 Statement of Legislative Intent (SLI) SDOT-15-A-1, Request that SDOT develop a plan to make all public transit in Seattle free to ride

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Note: This SLI response was prepared in a period of uncertainty for transit ridership, revenues, costs and financing strategies in year of global pandemic, the legal challenge to Initiative 976, and uncertainty around whether and how the Seattle Transportation Benefit District transit measure expiring at the end of 2020 would be replaced or extended. While the state Supreme Court unanimously found I-976 unconstitutional on October 15, and Seattle voters overwhelmingly approved a new, 0.15% sales tax-based STBD transit measure on November 3, Covid-19 continues to be a major source of uncertainty for ridership and operating revenues, both sales tax and fares. It's also unclear at this point whether another federal Covid relief package will include CARES Act like funding for transit agencies. Transit agencies facing major budget shortfalls may respond differently to these challenges in terms of fare policy changes and consideration of revenue impacts from any new free fare strategy. Due to this degree of uncertainty, all assumptions in the SLI response are based on pre-COVID-2019 data.

Executive Summary

The following memo responds to 2020 Statement of Legislative Intent SDOT-15-A-1, requesting that the Seattle Department of Transportation (SDOT):

> "…develop an administrative plan and supporting budget proposal to make all public transit in Seattle (including bus, light rail, and streetcar) free to ride. Models to investigate could include providing ORCA passes with public funding, requiring employers to provide ORCA passes to employees, and establishing a Seattle Ride Free Zone.
>
> Council requests that SDOT report to the Sustainability and Transportation Committee (or successor committee) and the Central Staff Director by June 1, 2020."

This response provides an assessment of options based on existing information and focuses primarily on the cost to administer and provide fare subsidies for such a program. Full development of an administrative plan and budget proposal for a fare-free proposal spanning multiple transit agencies would require significant data collection and analysis, potentially requiring consultant resources, as well as cooperation and staff time from transit operators including King County Metro and Sound Transit. Additionally, it would be vital to clarify the desired policy goals for a free fare program to determine which strategies may be most appropriate.

This memo finds that while there are several models that could expand free access to transit for a great number of Seattle residents or travelers – particularly through a universal pass or ride free zone model - the cost of such a program would be unprecedented in the United States. Estimates in this report range from $192 million to over $500 million for a City-funded approach, but there are many factors that could lead to higher or lower costs. An employer mandate would have lower direct costs to the City but may not expand access to those who need it most. Because the City of Seattle does not directly operate any transit service (the Seattle Monorail is operated by a private vendor and the Seattle Streetcar is operated through a contract with King County Metro), the costs of such a program would be highly contingent on negotiations with transit operators and on their respective fare policies.

If there is a desire to further explore a free fare program, it will be critical to determine whether this investment aligns with community priorities and with the City's adopted policies around equity and mobility. Peer agency experience and research suggests that free fare programs can increase transit ridership; however, they may have limited impact on drive-alone travel. It will be valuable to learn from the *Seattle Commuter Benefit Ordinance (*Ordinance 125684), which was passed in 2018 and took effect in January of 2020, as well as from the expanded ORCA LIFT low-income fare program that King County Metro plans launched in 2020.

Background

Fare Rates, Revenue, and Policy

Public transit services operating within the City of Seattle are provided by a variety of local and regional transit agencies and operators. Table 1 below shows that fixed-route services in the Seattle area generate over $300 million in annual fare revenue. Transit fares are set individually by each agency. The City of Seattle sets rates of fare directly only for the First Hill and South Lake Union streetcars, and for the Seattle Center Monorail, which joined the ORCA system in Fall 2019. Many transit agencies have adopted fare policies that govern the portion of operating costs recovered through fares – known as farebox recovery rates – and mandate a minimum recovery ratio for their services.

Table 1- 2018 Ridership Revenue, and Fare Recovery by Agency in the Puget Sound Region [1]

Operator	Service	Annual Boardings[2]	Annual Fare Revenue	2018 Farebox Recovery	Farebox Recovery Target
King County Metro	Bus	104,261,625	$142,597,278	26.2%	25%
	Trolley Bus	17,950,742	$23,655,207		
	Water Taxi	664,365	$3,189,322	45%	N/A
Seattle Streetcar	Streetcar	1,685,668	$1,405,910	13.4%	N/A
Seattle Center Monorail	Monorail	2,021,780	$4,265,280	100%	N/A
Community Transit	Express Bus	2,994,035	$20,237,210	19.3%	20%
	Local Bus*	6,584,139	$8,272,384		
Sound Transit	Express Bus	18,189,263	$37,694,736	28%	20%
	Light Rail	24,470,264	$41,636,645	38%	40%
	Commuter Rail	4,631,525	$16,671,148	33%	40%
Kitsap Transit	Local Bus*	2,510,211	$4,031,367	18%	N/A
	Fast Ferries	854,729	$1,830,705	25%	N/A
Pierce Transit	Local Bus	8,654,242	$8,621,722 $	12.5%	N/A
Everett Transit	Local Bus*	1,800,312	$1,205,648	7.8%	N/A
Total		**197,272,900**	**$315,314,562**		

**These services are not operated within the City of Seattle but are included here to demonstrate the overall scale of transit ridership in the region.*

In the interest of facilitating seamless travel throughout the region, seven Puget Sound transit agencies (King County Metro, Sound Transit, Pierce Transit, Community Transit, Everett Transit, Kitsap Transit, and Washington State Ferries) formed the ORCA (One Regional Card for All) system in 2008 through an intergovernmental agreement. The ORCA system offers transit riders the ability to pay fares across participating services[3] with a unified card system that provides for easy travel, including a two-hour transfer of fare value paid on most services and

[1] Source for Annual Boardings and Annual Fare Revenue: 2018 National Transit Database (NTD) reporting. Note that ridership and revenue data shown here does not include other transit services such vanpool, demand-response/paratransit, and the Washington State Ferries. Sources for Farebox Recovery and Targets: Sound Transit 2018 Fare Revenue Report, King County Metro website.
[2] Reporting from NTD.
[3] Seattle Streetcar and Seattle Center Monorail accept ORCA payments through King County Metro; the City of Seattle is not a member of the ORCA system.

pass products. ORCA also allows for bulk purchasing of fare products by institutions and employers through the following programs:

- **ORCA Business Choice** allows purchase of any existing retail pass or purse product and is available to any entity wishing to manage an account.
- **ORCA Business Passport** provides participants with unlimited travel on the condition that participating organizations offer the pass to all employees and subsidize at least 50% of the cost.

These programs have been particularly successful in the Seattle area, generating $170 million in fare revenue in 2018,[4] representing 64% of all ORCA revenue. This also signifies a significant annual investment by large businesses and institutions to support transit operations.

Free Fare Programs & Peer Agency Experience

There are no large urban transit agencies or cities in the United States that operate fare-free or provide free fares to all residents. A 2012 report on Implementation and Outcomes of Fare-Free Systems from the Transit Cooperative Research Program (TCRP) found that fare-free systems in the United States generally fall into one or more of the following categories: 1) small systems with low ridership, 2) resort communities with highly seasonal demand, and 3) university-dominated communities.[5] These systems tend to have either low farebox recovery and/or a clear alternative funding source (e.g. university contracts) to replace lost revenue. Agencies that have adopted or prepared to pilot fare-free operations recently – including Intercity Transit in Olympia (WA), Chapel Hill (NC) Transit, and the Kansas City (MO) Area Transportation Authority – generally share these characteristics.[6]

Among larger urban transit agencies, the only free fare programs implemented were later cancelled. Programs in Denver, Colorado in 1979 and Austin, Texas in 1990 did increase

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[4] Source: King County Metro 2018. *ORCA Joint Board 2018 4th Quarter Report*. https://kingcounty.gov/~/media/depts/transportation/metro/accountability/reports/2018/orca-joint-board-program-management-report-4th-quarter.pdf

[5] Source: National Academies of Sciences, Engineering, and Medicine 2012. *Implementation and Outcomes of Fare-Free Transit Systems*. Washington, DC: The National Academies Press. https://doi.org/10.17226/22753.

[6] For general background on recent developments for Kansas City, Intercity Transit and other agencies nationwide, see: https://www.nytimes.com/2020/01/14/us/free-public-transit.html ; https://www.vox.com/the-goods/2019/12/17/21026425/kansas-city-free-bus-system ; https://transitcenter.org/transit-be-free/ ; and https://www.theolympian.com/news/local/article240447351.html. According to the National Transit Database 2018 Annual Agency Profiles, Kansas City Area Transit Authority carries around 44,000 riders per average weekday, with a roughly 12% farebox recovery ratio, for about $8 million in annual fare collections. Olympia-based Intercity Transit carries about 15,000 riders on an average weekday with an approximately 12% farebox recovery for a total of about $5.75 millioni in 2018. Both agencies are dwarfed by King County Metro's more than 400,000 average weekday riders in 2018 with farebox recovery at 26.2% that year, for a total of nearly $300 million.

ridership, however significant issues with safety and conditions for operators, along with cost of supporting increased demand, ultimately led these agencies to re-institute fares.

Research on free fare programs has found that while there is significant potential to increase ridership, such increases do not necessarily correspond with decreases in single-occupancy vehicle travel that might be desired as part of policy objectives related to congestion or carbon emissions reduction. Instead, new riders may shift from "green" travel modes such as biking and walking. For this reason, free fares have not been found to be effective as long-term travel-demand modifiers, nor as a pollution or emissions reduction strategies.[7] More recently, some have advocated for free fare systems as a means to decrease transportation costs for low-income households. While there is no current research on the efficacy of a systemwide approach with this purpose, many agencies have adopted low-income fare programs that offer free or reduced fares to people with low-incomes. King County Metro, with participation from the City of Seattle and Sound Transit, launched a new low-income free fare program in October 2020 and are planning a rigorous evaluation of benefits and impacts.

Some agencies or cities, including Seattle, have operated specific services or zones fare-free with the intent to speed boarding, increase usage by tourists or visitors, and improve local circulation. King County Metro's Ride Free Area (RFA) was started at the request of the City of Seattle in July 1973. By 2010, the City of Seattle was compensating Metro close to $400,000 a year to help underwrite the free service. Following a 2009 King County audit finding that lost fare revenue from the RFA was actually $2.2 million annually, and in the context of service reductions and fare increases following the 2008 recession, the King County Council voted to eliminate the RFA in 2012.[8] Since that time, the City of Seattle Transportation Benefit District (STBD) has funded a free downtown circulator to provide access to social services in the downtown area for a cost of $400,000 annually. The service is operated by Solid Ground and runs every 30 minutes Monday to Friday.[9]

More recently, as a public health precaution in response to the COVID-19 pandemic, most transit agencies in the region have moved to fare-free operations on a temporary basis. This decision was made specifically to minimize interactions between operators and fare enforcement personnel with passengers, and to allow rear-door boarding. Metro's incident report data showed during this time period there were increased reports of safety and other issues; once additional public health measures were put in place Metro re-instituted fares.. In 2020, transit agencies benefited from one-time funding from the Federal Coronavirus Aid, Relief, and Economic

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[7] Ibid.
[8] Source: King County Metro 2012. *KCM Ride Free Area Implementation Plan*. http://metro.kingcounty.gov/am/reports/2012/Ride-Free-Area-Implementation-Plan_2012-copy.pdf
[9] Map and information on stops can be found here: https://s14621.pcdn.co/wp-content/uploads/2015/10/Circulatorflyer12-2012-WEB.pdf

Security (CARES) Act, which included direct payments to transit agencies to account for declining ridership, fare payments, and tax revenue. However, it is expected that financial impacts from the COVID-19 pandemic will quickly surpass CARES funding.

Evaluation

To respond to SLI SDOT-15-A-1, three potential approaches to proving free fares in the City of Seattle were considered. A summary of the evaluation findings is shown in Table 2. Significant coordination with external and internal partners including transit agencies, City of Seattle staff, and others would be required to implement a fare-free program. The City of Seattle has no direct control of the policies and operations of transit agency partners, including fare rates, service levels, capital investments, fare enforcement and security policies, or other aspects of essential transit operations.

In addition to direct fare costs, transit agencies may seek to recuperate the other operating and capital costs created by a free fare program as a condition of any agreement. Such costs would require significant additional analysis to understand and would be subject to negotiations with multiple agencies, therefore are not included in this report. To give a sense of the potential scale of such costs, a 2008 study by the San Francisco Municipal Transit Agency (Muni) estimated that the net operating impact of going fare-free would range between $136-$255 million annually, depending on ridership growth, while net capital costs would increase between $125-$886 million.[10] There may also be administrative costs for lead agencies and operators specific to the program model selected, but for which transit agencies may seek reimbursement.

These extra costs would need to be considered in light of the fact that many local transit agencies already have significant backlogs of service and capital priorities unrelated to future system growth or new programming. Furthermore, with the economic impacts of COVID-19, agencies will be facing the prospect of budget reductions and will be further challenged in meeting existing system needs. It is possible that given this, transit agencies may consider fare increases or other policy changes that could significantly impact the cost of a Seattle program. Transit agencies may also be reluctant to enter new pass programs that have the potential to exacerbate funding challenges if revenue does not fully account for all agency impacts.

Table 2 - Evaluation Summary

	Universal Pass	**Employer Mandate**	**Ride Free Zone**
Ease of Use/Legibility	Medium/High; depends on ease of enrollment and uptake	Medium; depends on quality of information for employers	Medium; depends on signage and communications

[10] Source: San Francisco Municipal Transportation Agency, 2008. *Fare Free Muni System Feasibility Analysis*. https://www.sfcontroller.org/ftp/uploadedfiles/controller/reports/MuniFareFree012908.pdf

Reach	Medium/High; depends on uptake	Low/Medium depending on exemptions	Medium; only covers fare one-way for trips across City limits
Fare Subsidy Cost	High	Low; depends on whether transit agencies require reimbursement for administrative impacts	High
Administrative Cost	High	Medium	Medium
Equity	Medium/High; depends on ease of enrollment and uptake	Low; unlikely to benefit populations with greatest need	Medium

Universal Pass Model

In this model, the City of Seattle would administer an ORCA Business Passport program that would be offered to all city residents (excluding youth aged five and younger, who already ride free). Participants would receive access to an ORCA card or account valid for travel on all local and regional transit services that are part of the ORCA system, including trips made outside of the city limits.

Background and Assumptions

A more detailed estimate of costs for a pass program would need to be developed in partnership with participating agencies and incorporate modeling of the potential transit usage by service type, geography, and other factors, since pricing would likely be customized. For this report, estimates are based on existing pass programs, which may not be representative of a citywide universal pass program (Table 3). These costs use an estimate range based on the information below.

- **Transit Fare Subsidy Costs:** The current cost for a regional ORCA Business Passport program based on geographic area ranges from $680-$806 per card per year within the City of Seattle[11]. The City's program for over 12,000 City of Seattle employees costs approximately $500 per person each year. These calculations use $500 as a low-end estimate and $806 as a high-end estimate. Passport rates are based on usage from current program participants, therefore higher or lower usage could have a major impact on costs.
- **Administrative Costs:** An annual transit pass has significant value ($1,188 retail value for the Metro base fare), requiring a robust administration plan that mitigates fraud risks,

[11] These prices are for contract renewal. First-year pricing is not representative of overall program costs, as promotional rates are available for the first year of participation.

while also addressing individual privacy and security. While these programs are not directly comparable, the administrative costs for the following programs provide a sense of scale for a Seattle fare program. This assessment uses the lowest of these costs, $42 for the ORCA LIFT program as the low-end and $108 as a high-end cost estimate.

  - Seattle ORCA Opportunity Seattle Housing Authority: $108 per card
  - Seattle ORCA Opportunity Youth Program: ~$55 per card average over 4 years
  - ORCA LIFT: Estimated $42 per card
  - New King County Low Income Fare Program: Estimated $60-$80 per card

- **Enrollment:** There are currently an estimated 710,000 people in the City of Seattle above the age of five (youth aged five and under ride transit for free). Enrollment and usage of a free program is not known, therefore estimates at 50% and 90% of eligible population enrolled are used as benchmarks.

Table 3 - Potential Program Costs: Universal Pass Model

Enrollment Estimate	Portion of Eligible Population	Pass Costs (Low)	Pass Costs (High)	Admin. Costs (Low)	Admin. Costs (High)	Total Estimate (Low)	Total Estimate (High)
355,000	50%	$177.5 M	$286.1 M	$14.9 M	$38.3 M	$192.4 M	$324.5 M
639,000	90%	$319.5 M	$515 M	$26.8 M	$69 M	$346.3 M	$584 M

Evaluation

Advantages of this approach include:

- Ease of Use/Legibility: A pass program would be relatively easy to understand, since many residents already purchase or use a transit pass or fare card, and the pass has the potential to cover all transit trips that Seattle residents wish to make in the area. If some services or agencies were to be excluded, the program could become quite confusing to customers. There would also be a lot of overlap with existing employer, school, and university programs, which could create challenges.
- Reach: There is potential to reach all residents of the City of Seattle, depending on program enrollment and usage. To achieve widespread usage, a streamlined enrollment process would need to be easy and designed to reach all residents equitably. This program model would not service many people traveling within the City of Seattle for work, school, or other reasons who do not have a Seattle residence, and would require systems to manage accounts for people who move in and out of the city.

Disadvantages of this approach include:

- City Costs: Fare subsidy costs and administrative costs would be high; ranging between close to $200 million to over $500 million annually at the level of enrollment and ridership used to generate an estimate range for this report.
- Equity: The most significant beneficiaries of this program in terms of total dollars saved would be large businesses who currently subsidize employee fares but would no longer do so under a universal free pass model. It is also unclear whether an investment of this magnitude is in line with priorities for communities within Seattle, particularly in alignment with the City's Race and Social Justice Initiative (RSJI). This approach could require significant investment in outreach and enrollment to ensure that the program reaches all eligible populations. Additionally, there are many people who work, study, seek services, or otherwise travel within the City of Seattle (some of whom cannot afford to live in Seattle) who would not benefit.

Employer Mandate Model

In this model, the City would pass new legislation imposing requirements that employers provide subsidized passes to employees.

Background and Assumptions

Seattle employers are currently affected by two major transportation related mandates: the Commute Trip Reduction Law and the Commuter Benefit Ordinance. Each provides insight into a mandated employer transit subsidy. Seattle's large employers[12] are required to participate in the Commute Trip Reduction (CTR) Program and comply with the requirements of the associated state law (and local ordinance). The program is aimed at reducing the use of single occupancy vehicles (SOVs) particularly during hours of peak congestion. A key requirement for affected employers is the offering of an employee transportation program that meets minimum requirements. Employers must choose to implement a minimum of two modal subsidies – one of those options is to provide of transit subsidies, such as ORCA business products. As seen in Table 4 below, 88% of employers surveyed already provide transit subsidy in some form.

In 2018, Council passed the *Seattle Commuter Benefit Ordinance* (Ordinance 125684) requiring all employers with 20 or more employees to offer their employees the opportunity to make pre-tax payroll deductions for transit or vanpool expenses.[13] Employees do not have to be residents of the City of Seattle to qualify for the benefit, they only must work within the city. Pre-tax payroll deductions can save participants up to 40% on transit and vanpool expenses compared to paying out of pocket. Taking advantage of federal pre-tax transit benefits also provides about a

[12] Affected employers include those with 100+ employees at a single site who begin work between the hours of 6-9 a.m.

[13] The legislation excludes tax-exempt organizations and includes employers with 20 or more employees worldwide (meaning employees both inside and outside of Seattle count towards size).

9% savings in payroll tax benefits to the employer, which covers program administration and incentivizes employers to encourage employee uptake. The ordinance only went into effect at the beginning of 2020. However, due to the COVID-19 pandemic, there are marked disruptions in employment and commute patterns, making it difficult to assess the effectiveness of this legislation for the foreseeable future.

As shown in Table 4, the vast majority of Seattle's large, CTR-affected employers already provide partially or fully subsidized transit passes to their employees; only 12% report offering no transit benefit at all. Typically, these businesses are located in areas with lower access to transit or have other business requirements that make transit use more difficult and, therefore, a transit-specific subsidy is a less useful means for reducing drive-alone trips.

Table 4 - Seattle Commute Trip Reduction Survey Program Report Results, 2018

Benefit type	**Number responding employers who offer**	**Percentage responding employers who offer**
ORCA Passport (Unlimited Pass w/ 50% minimum employer subsidy)	139	59%
ORCA Choice (Bulk purchase of retail pass and E-purse products, no subsidy requirement)	24	10%
General commuter subsidy including transit	42	18%
Did not indicate any transit specific benefit or no info provided	29	12%
Total responding employers in dataset	**234**	**100%**

Evaluation

Advantages of this model include:

- Ease of Use/Legibility: For individual participants (i.e. employees) this model would be relatively easy to use. However, employers would likely need significant outreach and support to understand the legislative requirements and pass programs options and details. Employers would also need assistance and training with ongoing administration of the pass program.
- City Costs: There would be administrative costs associated with this approach, although some would be borne by employers rather than by the City. Transit agencies leading the negotiation and management of new employer contracts may seek reimbursement for their new costs to manage contracts. Additionally, experience with the Commuter Benefit Ordinance has shown that significant City staff support is needed from both the Office of Labor Standards (OLS) for enforcement and from SDOT for outreach. A successful

initiative would likely require dedicated funding for staffing, research and evaluation, outreach, enforcement, and other activities. Fare subsidy costs for the City would be zero.

Disadvantages of this model include:

- Reach: This approach would reach non-Seattle residents who work within Seattle at a compliant worksite. However, at work sites located in areas of the city without frequent transit service, where a high percentage of employees work non-traditional schedules, or where employers provide plentiful on-site parking, expanding pass programs are not likely to incentivize transit use. Reach could also be limited by compliance, which would likely be on a complaint basis, similarly to the Commuter Benefits Ordinance. Furthermore, this approach would provide no benefit to Seattle residents who are youth, retired, unemployed, self-employed, or who are employed outside of Seattle.
- Equity: By tying the benefit to employment, this approach would not reach the populations with the greatest need. Many large employers already offer a pass program as part of their compliance with Commute Trip Reduction laws (as shown in Table 4). Without exempting smaller employers or providing direct funding, an employer-based model may also have a disproportionate fiscal impact on small business owners and non-profits, imposing costs and administrative burden on employers whose locations, lines of business, and hours of operation may make their employees less likely to use transit. Adding such costs could also inhibit small business startups and hiring within Seattle and exacerbate business impacts related to the COVID-19 public health crisis.

Ride Free Zone Model

In this model, the City would negotiate an agreement with regional transit providers not to charge a fare for any passengers boarding within Seattle city limits (even those with a destination outside of the city). This response assumes that this would operate similarly to the downtown Ride Free Area (RFA), with key differences: 1) The boundary would be the City of Seattle; 2) Because several services operate in a proof-of-payment model that includes fare enforcement officers, which is incompatible with rear-door payment, the City would need to design and implement a system for distribution of free transfers on these services that would be acceptable to transit operators. Transit agency partners who negotiate labor contracts would need to consider the potential implications of a free fare proposal for hiring and retention of operators as well as for any union agreements.

Background and Assumptions

A Ride Free Zone would provide similar benefits to the previous RFA in terms of speeding boarding in congested areas and local circulation, particularly on regular pay-on-entry services, where all-door boarding could then be implemented. A system of free transfers would need to be developed for passengers on proof-of-payment services such as King County Metro's RapidRide and Sound Transit's Link Light Rail, which could prove particularly complex for services where an operator could not conceivably issue transfers directly to individuals (e.g. light rail). On services such as RapidRide, an operator could distribute transfers, however this could have the effect of significantly slowing boarding if all passengers boarding in Seattle were to receive one.

Table 5 shows an estimate of the fare revenue currently collected within Seattle, which totals nearly $200 million annually. Given that transit ridership would likely increase under such a program, it could be expected that transit agencies would want to tie costs to ridership and that costs could therefore escalate significantly over time.

Table 5 Estimated Fare Revenue Collected in Seattle

Operator	***Service***	***Total annual fare revenue (2018)***	***Estimated Seattle Portion of Boardings***	***Estimated Seattle Revenue (calculated based on boardings)***
King County Metro	*Bus (includes KCM-operated ST Express*	$175,588,995	73%	$128,179,967
	Water Taxi	$3,189,322	81%	$2,590,697
Seattle Streetcar	*Streetcar*	$1,405,910	100%	$1,405,910
Seattle Monorail	*Monorail*	$4,265,280	100%	$4,265,280
Community Transit	*Express Bus*	$20,237,210	50%	$10,118,605
	Local Bus	$ 8,272,384	0%	-
Sound Transit	*Express Bus (excludes KCM-operated)*	$20,660,097	24%	$2,508,659
	Light Rail	$41,636,645	82%	$34,127,309
	Commuter Rail	$16,671,148	50%	$8,335,574
Kitsap Transit	*Local Bus*	$4,031,367	0%	-
	Fast Ferries	$1,830,705	50%	$915,353
Pierce Transit	*Local Bus*	$8,621,722	0%	-
Everett Transit	*Local Bus*	$1,205,648	0%	-
Total		**$315,314,562**		**$192,447,354**

Evaluation

Advantages of this approach include:

- City Costs: Administrative costs would be lower than for a pass program. However, it is likely that significant analysis and planning support would be needed to track, monitor, and update contractual agreements.
- Reach: This approach has the potential to make a large number of transit trips entirely within or originating in Seattle free.

Disadvantages of this approach include:

- Ease of Use/Legibility: This approach would be easy to understand for those only traveling within the city limits. However, it could be very confusing for people making trips across city limits (who would for example not pay on an outbound trip, but would need a fare to return to Seattle).
- City Costs: The cost to reimburse transit agencies for lost fare revenue would be an estimated $194 million at current ridership levels but could increase dramatically with the increased ridership likely to follow implementation of a citywide ride free zone. Transit agencies could also seek reimbursement for any additional security measures, facilities repair, or enforcement of the code of conduct as other free fare systems have found additional costs in these areas.
- Equity: This approach would most advantage those who can live, work, and otherwise travel within city limits, while requiring those who must travel across city limits to pay a one-way fare. The most significant beneficiaries of this program in terms of total dollars saved would be large businesses who currently subsidize employee fares as well as individuals who are not low-income. It is also unclear whether an investment of this magnitude to provide free fares without regard to income or other measures of ability to pay is in line with community priorities.

Conclusion

A fully subsidized free fare program for Seattle would be, by far, the largest such program in the nation. This report finds that the program models most likely to increase transit ridership and reach a large portion of Seattle residents - Universal Pass model and Ride Free Zone model - also carry extremely high costs. Most current fare revenue is collected from large employers, institutions, and higher-income customers, who would therefore be the largest beneficiaries of any new subsidy. The costs for program administration and fare subsidies would be in addition to potential service and capital costs needed to support higher ridership levels.

Given the magnitude of potential investment and distribution of beneficiaries, more information is needed about community priorities. In particular, outreach and engagement with low-income people, people with disabilities, aging adults, and communities of color would be necessary to understand whether this would be considered more important than improvements to transit service or other priorities. In addition, a more robust analysis would be needed to fully evaluate a free fare program. This analysis would need to include detailed accounting for enrollment costs, operating and maintenance costs, vehicle and fleet impacts, capital projects avoided, new capital project needs, development of new policies within both the City and partner transit agencies, plus identification of risk and other issues.

In contrast, an Employer Mandate model has much lower costs. However, it is unclear how much value a new program would add above and beyond the Seattle Commuter Benefit Ordinance passed in 2018, which has been in effect only since January of 2020.

Surveys and outreach to transit riders consistently find that additional trip frequency, as well as speed and reliability improvements, are high priorities. Metro's Service Guidelines consistently identify millions of dollars of service investment needs just to meet existing reliability, crowding, and ridership needs. The existing Seattle Transportation Benefit District (STBD) has invested over $60 million annually in Metro service and fare programs and represents a significant investment of City resources to increase the number of residents with access to high-quality transit. A free fare program would need a new funding source if it were not to compete with current City and transit agency priorities.

In the meantime, numerous efforts are underway to expand low-income benefit and fare programs. ORCA Opportunity, which after the passage of Prop 1 on November 3, 2020 will continue to be funded by the STBD, has provided transit access to thousands of middle school and high school students and Seattle Promise Scholars, and in a first-year pilot during 2019-20, to residents of select Seattle Housing Authority properties. King County Metro and Sound Transit are planning to launch a new income-based free fare program for the lowest-income people in the region. These programs can only be continued with dedicated funding, but offer a way to ensure that investment is directed towards those populations with the greatest need for transit access and fare subsidies.