

METRO 2016-2017 FARES WORK PROGRAM: EXISTING CONDITIONS REPORT

CONTENTS

METRO 2016-2017 FARES WORK PROGRAM:	1
DRAFT EXISTING CONDITIONS REPORT	1
INTRODUCTION	2
THE METRO FARES WORK PROGRAM	2
POLICY CONTEXT	2
2017-18 FARES WORK PROGRAM GOALS	3
CORE WORK AREAS	4
METRO PERFORMANCE AND TRENDS	8
RIDERSHIP	8
TRANSIT SERVICE AND REVENUE	8
OPERATING COSTS AND FAREBOX RECOVERY	9
METRO FARES 101	11
FARE PRODUCTS WE OFFER TODAY, AND HOW THEY'RE USED	11
CURRENT FARE PRODUCTS	11
HOW FARE PRODUCTS ARE USED	12
OUR CUSTOMERS AND FARES	14
PEER COMPARISON	17
HOW HAVE FARES CHANGED OVER TIME?	18
DISCOUNTED FARES: WHAT METRO DOES TODAY	21
CURRENT FARE DISCOUNTS	21
FARE EVASION	23

INTRODUCTION

THE METRO FARES WORK PROGRAM

Paying the fare is usually the first part of any trip on one of our buses. We want this process to be both quick and easy to understand, to keep our customers and our buses moving.

In our most recent rider/non-rider survey, customers told us they're satisfied overall with fare payment (only 5 percent said they were dissatisfied). Still, we're always working on ways to improve our service and make transit easier to understand and use. Also, we regularly hear from our customers and the public about new ideas for changing our fares. We started this two-year fares work program to make sure that future fare changes will be coordinated with our strategic planning goals and existing policies as well as meeting customer needs. This report summarizes what we've heard and what we know about the system today.

POLICY CONTEXT

The work planned for 2017 and 2018 will follow guidance provided by existing King County policies, including Fund Management Policies and guidance in the Strategic Plan for Public Transportation 2011-2021.

Fund Management Policies. Metro must comply with the recently updated fund management policy on farebox recovery. As of 2016, our fund management policy states that Metro will recover at least 25 percent of bus operating costs from farebox revenues, and will maintain a target of recovering 30 percent of costs from fares. In 2016, our farebox recovery rate was about 31 percent. Fares represent 15% of Metro's total operating budget (including non-bus operating costs such as Access paratransit).

Strategic Plan for Public Transportation 2011-2021. Policies related directly to fares in the 2015 Strategic Plan update include:

Goal 6 – Financial Stewardship

Objective 6.3: Seek to establish a sustainable funding structure to support short- and long-term public transportation needs.

Strategy 6.3.2: 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 fare structure and fare levels should enable Metro to meet cost-recovery targets that are established by fund management policies adopted by the King County Council. Fares should be set to reflect the cost of service, promote operational efficiency, ensure regional coordination, minimize impacts of fares on those least able to pay and reduce the costs of fare collection. Metro fare prices should strike a balance between revenue generation

objectives and the need to maintain existing service and attract new ridership. Metro's fares will comply with state and federal regulations. (p. 47)

Another Strategic Plan goal relevant to fares is related to safety. The fare payment process and associated fare disputes can jeopardize safety for our operators.

Goal 1– Safety

Objective 1.1: Keep people safe and secure.

*Metro protects the safety and security of customers, employees and facilities in a variety of ways, including planning, policing, facility design, operational practices, safety training, and collaboration with local jurisdictions and other agencies on safety-related matters. **Intended outcome: Metro's services and facilities are safe and secure.** (p. 27)*

Several other King County policies have implications for fare policy. The King County Strategic Plan (KCSP) includes as one of its guiding principles “Fair and Just: We serve all residents of King County by promoting fairness and opportunity and eliminating inequities.” This is consistent with and supported by “minimizing impacts of fares on those least able to pay” as identified in Strategic Plan Strategy 6.3.2 quoted above.

2017-18 FARES WORK PROGRAM GOALS

In the context of the policies described above, the Metro fares work program has identified five key goals for the 2017-18 work program:

- **Make fares easier to understand and pay**

It should be easy to understand what to pay and how to pay fares, even when you're riding multiple Metro routes or using multiple transit services. Metro will look for opportunities to make it easier to understand and pay the right fare.

- **Coordinate with regional partners**

The ORCA fare payment system allows riders to easily transfer between several transit agencies in the Puget Sound region. However, unique elements of each agency's fare system can be confusing for customers. For example, King County charges higher fares during peak hours, while none of the other ORCA agencies have fares that vary by time of day. Working to align Metro's fares with those of our ORCA partners will make it easier for customers to move throughout the region on transit.

The Next Generation ORCA project is planning for a major upgrade to fare collection technology that is intended to better serve our customers. The more consistent fares are across agencies, the easier it will be to design this new system.

- **Improve safety on buses and reduce fare disputes**

According to King County safety reports, both passenger and operator safety have consistently improved over the last 10 years, but fare disputes continue to threaten the safety of our drivers and disrupt operations. This program will identify actions that can reduce our bus drivers' role in handling fare payment, so their focus can be on providing safe and friendly service.

- **Save travel time by speeding boarding**

With congestion increasing throughout the region, speeding up our service is key to keeping our customers moving. This will be especially important in downtown Seattle in 2018, when buses will move from the Downtown Seattle Transit Tunnel to surface streets, and over time as ridership and congestion increase. Metro will evaluate strategies to increase the use of ORCA fare products and allowing customers to pay their fares before boarding or at back-door readers. These measures could save millions in operating costs each year—money that can be used to provide more service.¹

- **Grow transit ridership and increase affordability for low-income riders**

In 2016, Metro provided discounted fares amounting to more than \$27 million in total revenue value, including subsidies to human service agencies and low-income, young, senior, and disabled riders. Discounted fares can both attract new riders and reduce the financial burden on low-income customers. But reducing fare revenue also reduces Metro's ability to fund transit service, which can hurt mobility and access to transit in our region. This work program will evaluate options for new and existing programs to make transit more affordable, and identify how these options will affect revenue.

CORE WORK AREAS

Near-term work areas are described in detail in the following pages. Longer-term topics include:

- Increase ORCA market share to speed boarding for customers and improve safety.
- Evaluate strategies for all-door and/or off-board fare payment to make using transit faster and easier (demonstration projects could be done in the near-term).
- Additional changes to fare rates or fare products as identified in the near-term outreach.

¹ A 2016 Metro analysis found that increasing ORCA market share from the current rate of 64% to 95% could save between \$8 and \$17 million each year, depending on how much of the time savings could be translated into reducing scheduled running time.

NEAR-TERM TOPICS

What Metro does now	What we've learned	What we'll consider
Zone fares		
<p>We add a \$0.50 surcharge for trips that cross the Seattle city boundary during peak hours.</p>	<ul style="list-style-type: none"> • Passengers making short trips across county lines are charged a higher fare, raising equity concerns and limiting the effectiveness of meeting Metro's policy goal of having fares reflect the cost of service. • It's confusing for customers. • It's not consistent with the fares of our regional partner agencies • Fare exceptions (e.g. a one-zone fare on a two-zone route) require interactions that slow service. • Zone fares are a source of fare disputes and a safety risk for our drivers. 	<ul style="list-style-type: none"> • Options for fare changes that replace the revenue generated by the current two-zone fare, including the possibly of moving to a fare based on service class (for example fare for local service and a fare for commuter service).
Peak fares		
<p>We add a \$0.25 surcharge for trips taken in peak hours (6-9 a.m. and 3-6 p.m.)</p>	<ul style="list-style-type: none"> • It does not effectively meet Metro's policy goal of shifting demand to off-peak hours². • It's confusing for customers. • It's not consistent with our regional partner 	<ul style="list-style-type: none"> • Options for fare changes that replace the revenue generated by the peak fare, including the possibly of moving to a fare based on service class (for example fare for local service and a fare for commuter service), or for

² Because of the high percentage of Metro riders who use passes either partially or fully subsidized by their employer (33%) many do not pay the peak surcharge out of pocket. Others may not have the flexibility to change their working hours. Metro's ridership data does not indicate that a significant number of people wait to board after the peak pricing period ends.

What Metro does now	What we've learned	What we'll consider
	<p>agencies, none of which has a peak fare.</p> <ul style="list-style-type: none"> • Peak fares are a source of fare disputes and a safety risk for our drivers. 	<p>changing the way the peak fare is implemented.</p>
Low income fares		
<p>ORCA LIFT provides a 40-54% discount to riders below 200% of federal poverty level.</p> <p>Social service agencies can purchase bus tickets for 10% of retail value (with the total ticket discount capped at \$3.6 million/year).</p>	<ul style="list-style-type: none"> • ORCA LIFT renewal to verify income is required every two years, requiring Metro resources and customer response. • Even with the reduced ORCA LIFT fares, some eligible riders are not enrolled. • Human services tickets providers are facing high demand for tickets and limited resources. • Paper human service tickets are a source of fraud. 	<ul style="list-style-type: none"> • Multiple strategies to reach out to customers and streamline procedures for reenrollment. • Continue to develop new ORCA LIFT partnerships. • Reach out to customers and agencies to identify barriers to ORCA LIFT and ways to address these barriers. • With partners, assess the current annual cap on ticket subsidies • A pilot program to provide discounted ORCA products/passes to customers with very low incomes.
Youth fares		
<p>Metro provides a 40-54% discount to riders aged 6-18. Children under 5 ride free.</p> <p>Several school districts purchase youth passes for students who live a certain distance from school (costs are reimbursed by the state).</p>	<ul style="list-style-type: none"> • School district passes subsidized by the state are only available to some students and do not cover summer travel. • Fares may act as a barrier to transit use by youths. 	<ul style="list-style-type: none"> • Research to help us better understand barriers to transit and ORCA use for King County youths. • A pilot program to provide reduced summer ORCA youth fares.

What Metro does now	What we've learned	What we'll consider
College student fares		
<p>Metro does not provide a discount specifically to college students. Colleges may participate in the ORCA Passport or ORCA Choice Business Account programs to provide transit passes to students.</p>	<ul style="list-style-type: none"> • The UW has a long history of working with Metro to develop the successful U-Pass program, but other colleges do not have the funding sources to support such a program. • It's not convenient for students who qualify for ORCA LIFT fares to transfer the transit incentives provided by their colleges to their ORCA LIFT cards. 	<ul style="list-style-type: none"> • Continued work with colleges and students in King County to make it easier for low-income students to take advantage of college incentives. • Testing ORCA business account options for increasing transit use by college students.
ORCA card fees		
<p>All ORCA agencies charge a \$5 fee for adult cards and \$3 for Regional Reduce Fare Permit cards. The fee is used to cover the cost of purchasing the cards and administrative costs related to card distribution.</p>	<ul style="list-style-type: none"> • The card fee may be a barrier to transit use for some riders. 	<ul style="list-style-type: none"> • Research to better understand who is impacted by the card fee and how they're affected. • Pilot programs to subsidize card fees for select customer groups.
Free fares on select holidays		
<p>Metro does not provide free or reduced fares on holidays.</p>	<ul style="list-style-type: none"> • Free fares can help efforts to address traffic congestion related to events and reduce drunk driving. 	<ul style="list-style-type: none"> • Options to provide free fares on the nights of New Year's Eve and July 4.
Mobile ticketing		
<p>Metro and Sound Transit have been testing a pilot program to offer mobile ticketing as an alternative to cash payment. Metro riders can purchase single-ride youth and adult tickets.</p>	<ul style="list-style-type: none"> • Would like more options (transfers between agencies, reduced fare tickets other than youth) • <i>More customer feedback is being collected currently through the app</i> 	<ul style="list-style-type: none"> • Evaluate the mobile ticketing pilot program.

METRO PERFORMANCE AND TRENDS

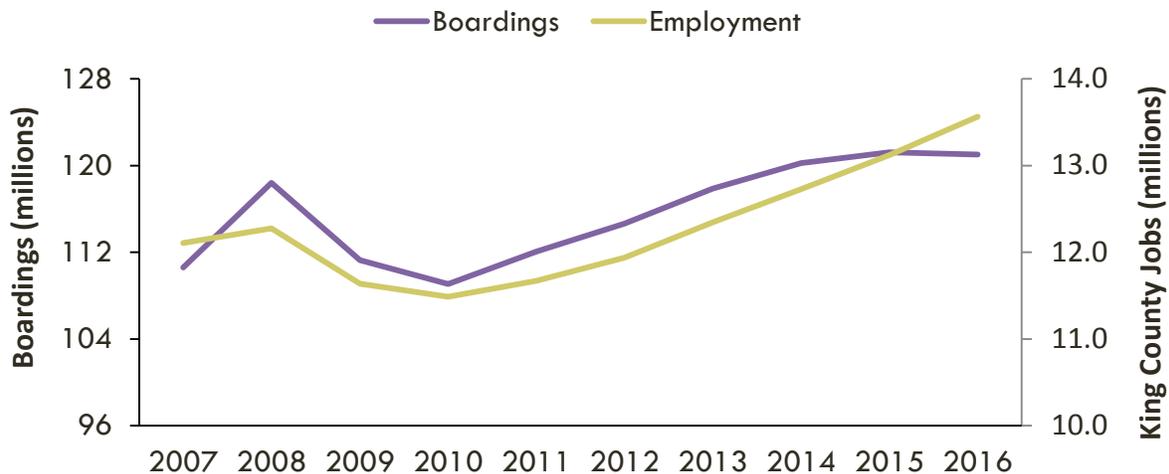
The following section provides background information on how Metro’s system works today and recent trends in fare revenue, ridership, and costs. This information is an important to understanding the history that has led to our current fare structure, as well as constraints around changes that reduce fare revenue.

RIDERSHIP

Each weekday Metro provides more than 420,000 rides, taking 175,000 cars off the road. A recent study found that public transportation carries almost half of downtown Seattle’s workforce to and from their jobs. Metro plays a key role in this achievement, providing more than 170,000 weekday rides to, from, and within the downtown Seattle core.

As shown in Figure 1, our ridership declined along with employment during the Great Recession (2008-2010). Starting in 2011, it rebounded along with employment in King County. Ridership reached a new record in 2015, topping 121 million, and then declined slightly in 2016, likely due to the opening of Sound Transit’s University and Capitol Hill Link stations. Metro plans to add a total of 300,000 new service hours in 2017 and 2018.

Figure 1: Transit ridership and employment in King County, 2007-2016



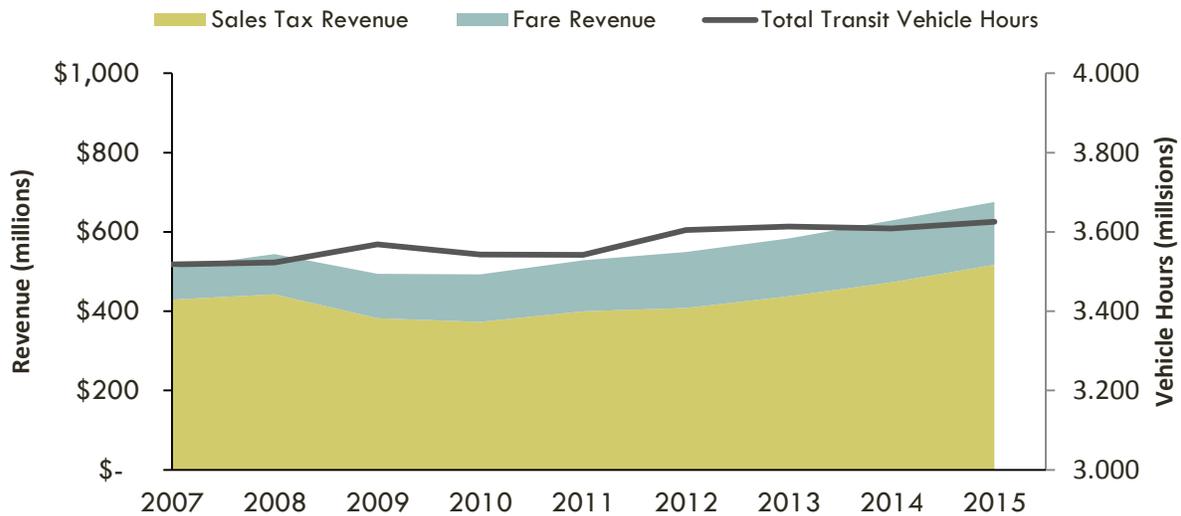
TRANSIT SERVICE AND REVENUE

After reaching a record high in 2009, the level of service Metro was able to provide declined in 2010 because of declining sales tax revenue during the Great Recession. Fare revenue increased over this period because fares were increased four times between from 2008 and 2011 in an

effort to preserve service. The King County Council approved a temporary congestion reduction charge (\$20 car tab fee) in 2011, which allowed Metro to restore service in 2012 and 2013.

In 2013, faced with ongoing effects of the Great Recession, Metro conducted extensive public outreach as we prepared to reduce service in order to maintain a balanced budget. Due to unexpected sales tax growth, the reductions planned for 2014 were not as extensive as we had planned. In 2015, economic conditions and sales tax revenue improved moderately, an additional fare increase was passed, and a voter-approved tax allowed the City of Seattle to begin purchasing service hours from Metro through the Community Mobility Contract Program.

Figure 2: Metro revenue and service levels, 2007-2015

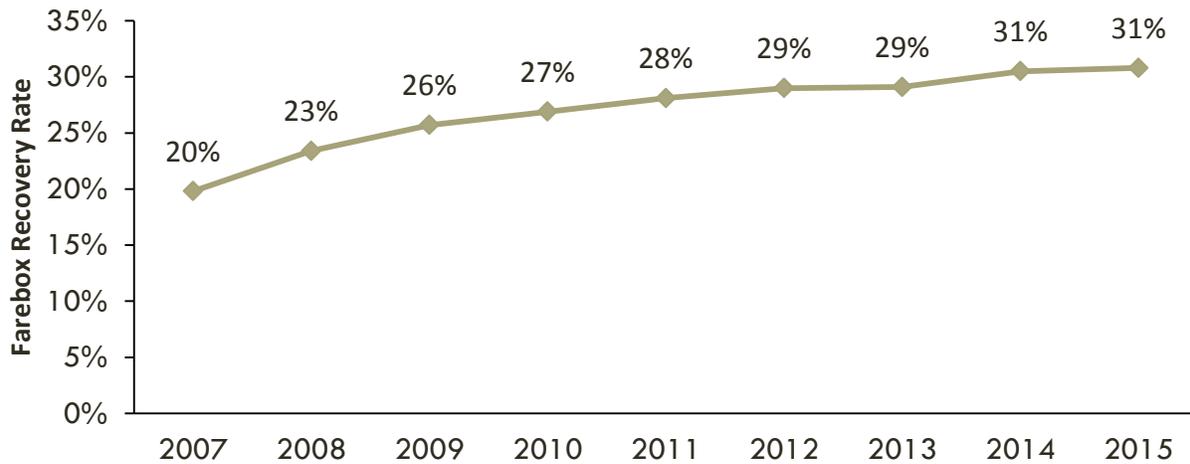


OPERATING COSTS AND FAREBOX RECOVERY

The percentage of operating costs that Metro must recover through fares is set by the King County Council. For many years, Metro’s fund management policies established a 25 percent target farebox recovery. In 2016, the council revised our fund management policies, establishing a transit revenue recovery target of 30 percent and a floor of 25 percent.

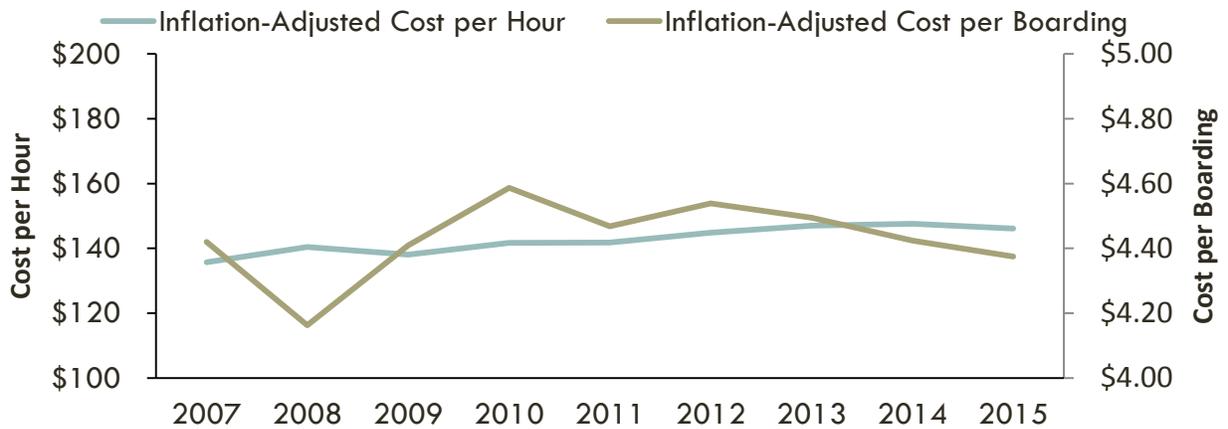
Our farebox recovery was less than 20 percent in 2007, after six years without a fare increase. Our recovery rate increased between 2008 and 2011, reflecting four fare increases during that period. It has continued to increase since then, due to ridership increases and another fare increase in 2015. In 2015 and 2016 our farebox recovery rate approached 31 percent.

Figure 3: Metro’s farebox recovery rate, 2007-2015



Metro’s Strategic Plan Objective 6.2 includes policy language directing us to manage costs so that they grow at or below the rate of inflation. Figure 4 shows that our inflation-adjusted operating costs per hour have increased 8 percent since 2007, while inflation-adjusted costs per boarding have declined 1 percent.

Figure 4: Metro’s inflation-adjusted operating costs, 2007-2015



METRO FARES 101

FARE PRODUCTS WE OFFER TODAY, AND HOW THEY'RE USED

Customers frequently comment on the complexity of Metro’s fare structure. We have one of the most complex fare structures among our peer agencies, with both peak/off-peak and one/two-zone fare differentials during peak hours. A recent survey of the 33 peer transit agencies in the U.S. plus TransLink in Vancouver, B.C., shows only three agencies with adult fares that vary by time of day. Seven of our 31 peers had zones or distance-based fares for bus service. No other agency had both zone and time-of-day pricing for bus service. A total of 19 agencies charge different fares for different services (for example a lower fare for “local” and a higher fare for “express”).

Figure 5: Metro’s existing fare structure

	Off-peak	One-zone peak	Two-zone Peak	Monthly pass
Regular fare	\$2.50	\$2.75	\$3.25	\$90/\$99/\$117
Child (five years and under)	No charge			
Youth (six through 18)	\$1.50			\$54
Seniors and persons with disabilities	\$1.00			\$36
ORCA LIFT (low-income adult)	\$1.50			\$54
ACCESS (paratransit service)	\$1.75			\$63
Vanpool	Variable based on distance and number of days traveled. In 2016, the average vanpool fare was \$104.50 per month.			

CURRENT FARE PRODUCTS

Cash and paper transfers—Passengers must have exact change for the fareboxes. Paper transfers given to customers who pay cash fares are not valid on other transit services such as Sound Transit buses, Link light rail, Sounder commuter trains, the Seattle Streetcar, and the King County Water Taxi. Transfers to other services are provided for ORCA payment thanks to revenue sharing agreements based on transfer data, which cannot be collected for cash payment.

Regional Reduced Fare Permit (RRFP)—The RRFP permit allows seniors (age 65 and older), customers with disabilities, and those with Medicare cards to pay reduced fares on 13 Puget Sound area public transportation agencies, including those that use ORCA fare cards. Permit holders can pay their reduced fares using either cash or ORCA.

Other options—Metro provides additional payment options for some of our services, including commuter vans, Access, and taxi scrip.

- **Mobile tickets**—Metro and Sound Transit are running a pilot project testing mobile ticketing as a possible alternative to cash payment.
- **Paper tickets**—Special purpose paper tickets are provided through promotions, through the Human Services Ticket Program, and through sales to schools and other agencies.

ORCA products—The following products are available for riders with an ORCA fare card.

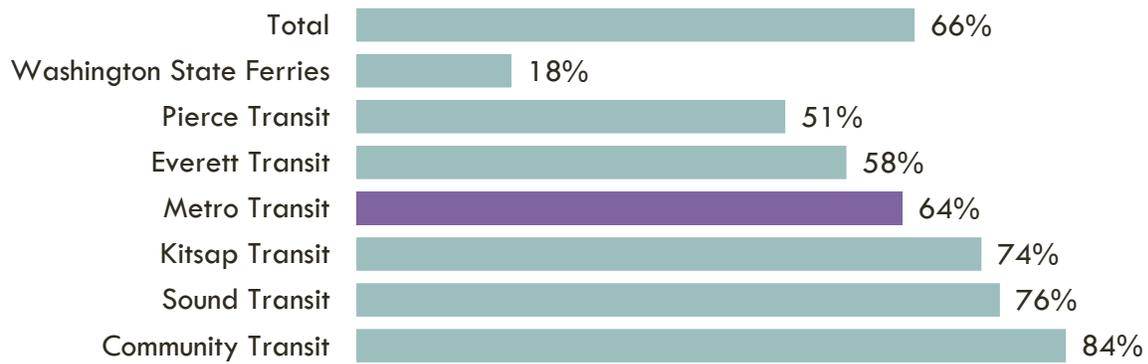
- **E-purse**—Customers can load value onto their ORCA cards. Each E-purse fare payment provides a two-hour transfer credit accepted by both Metro and ORCA partner agencies. If the second agency's fare is greater than the fare paid initially either with a pass or with E-purse, E-purse funds are used to pay only the difference between the two fares.
- **PugetPass**—Customers may purchase a regional monthly pass on an ORCA card. The pass pays for unlimited rides on participating ORCA partner service priced at or below the per-ride fare value on the pass. PugetPasses are available in per-ride fare increments of \$0.25 from \$0.50 to \$5.25. The monthly cost is 36 times the fare value—meaning a rider must use the card 36 times within a month to break even with the cost. Many employers in the region fully or partially subsidize PugetPasses for some or all of their employees.
- **Regional Day Pass**—Customers can buy regional day passes on their ORCA cards. These passes are valid for fare payment on all ORCA transit agencies. For \$8.00, full-fare adult riders can buy regional day passes that cover trip fares of up to \$3.50. For \$4.00, seniors, riders with disabilities, and customers with youth or ORCA LIFT cards can buy day passes that cover trip fares of up to \$1.75.
- **Passport Pass**—Metro and the other ORCA agencies have Passport Program agreements with many employers. These employers provide their employees with passes that are valid for any fare on any ORCA transit agency, the Seattle Streetcar, and the King County Water Taxi. The price charged to employers is based on an estimate of ridership during the previous contract year—except for the University of Washington, which is based on the exact trips taken each month. Employers must give employees a discount of at least 50 percent of the cost of the pass. Passport accounts are the largest single source of revenue and ridership in the region.

HOW FARE PRODUCTS ARE USED

More than 64 percent of Metro boardings are paid for using ORCA products. This figure is close to the regional average (66 percent), but below those of several other agencies in the region. Community Transit, for example, sees 84 percent of its fares paid for with ORCA. Metro's lower

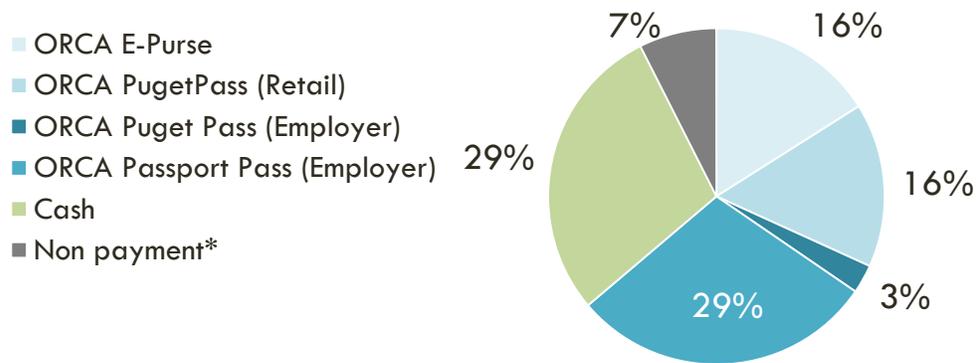
rate is probably a result of Metro being the only agency in the region that provides paper transfers to any other bus for riders who pay with cash—a significant incentive for customers to continue using cash³.

Figure 6: ORCA market share by agency, 2016



Nearly one-third of Metro boardings are paid for with employer passes, including both Passport and employer-provided PugetPasses. About another third of passengers pay with retail products (E-Purse or retail PugetPasses).

Figure 7: Fare payment by product type



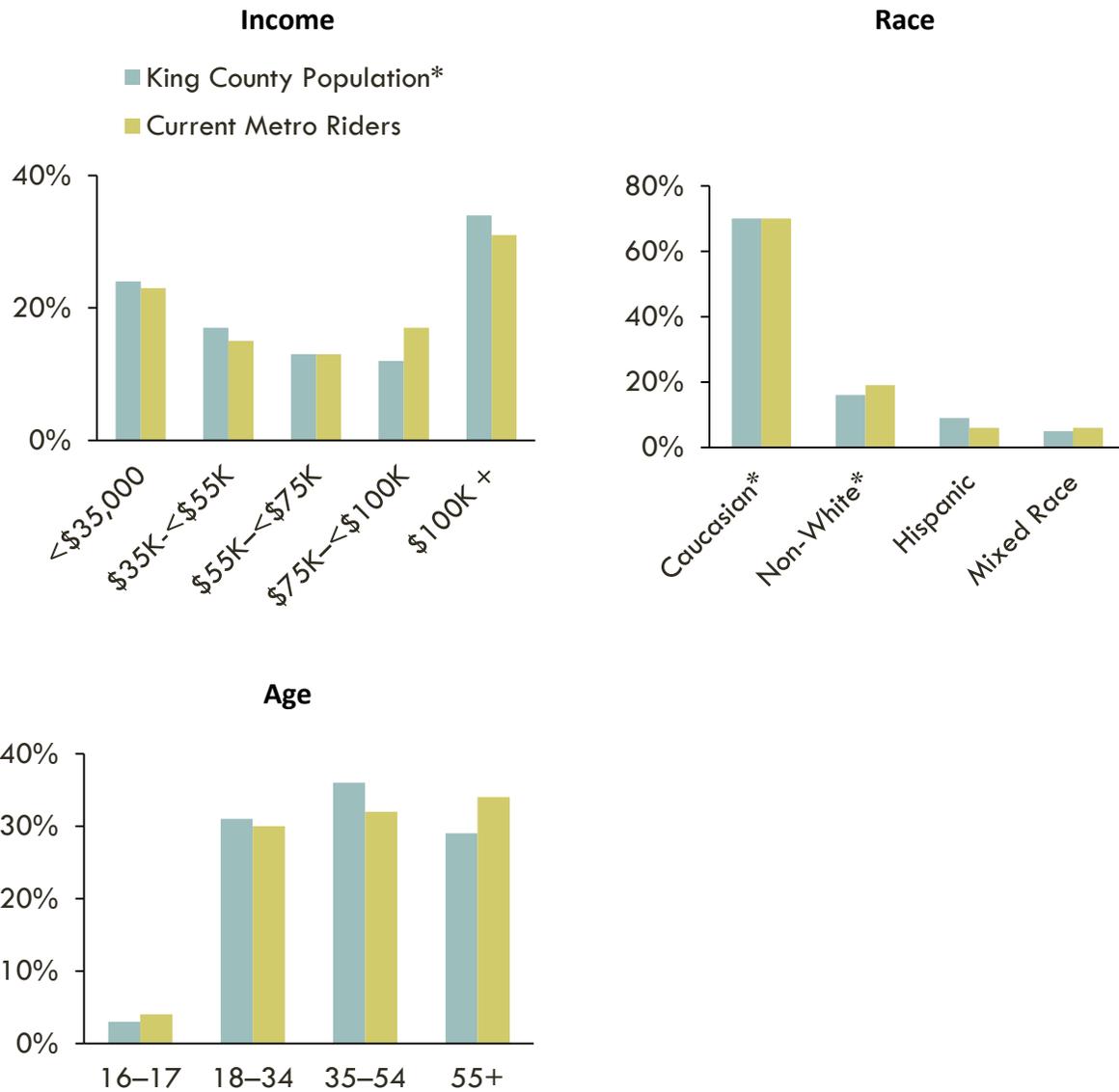
* Non-payment includes children riding free along with customers who underpay the fare owed or do not pay a fare.

³ Kitsap Transit gives paper transfers to cash riders on request, but these transfers are valid only at transit centers/points and only for the next connecting bus or foot ferry.

OUR CUSTOMERS AND FARES

Metro’s customer base is generally very similar in demographics to the King County population as a whole.

Figure 8: Demographics of Metro riders compared to King County as a whole



Data sources: King County Metro Transit 2016 Rider/Non-Rider Survey, 2014. American Community Survey three-year estimates.

* Does not include Hispanic

Since ORCA was introduced, its use has increased and the use of cash and paper tickets has decreased. But in recent years the growth in ORCA market share has slowed and even declined among some specific rider groups. Increasing ORCA market share can provide significant benefits to customers by speeding up boarding and bus operations, and by reducing the cost of collecting and handling cash fares. ORCA fare payment saves an estimated 4.5 to 6.8 seconds per boarding compared with cash⁴. Previous Metro analysis indicated that increasing the ORCA market share to 95 percent⁵ could potentially reduce operating costs by \$9 to \$17 million per year.⁶ This would benefit customers by speeding up their everyday travel and increasing the reliability of their bus service, and would also allow Metro to provide more service.

Our customer research shows that several factors influence fare payment choices.⁷ For example, infrequent riders are more than four times as likely as frequent riders to pay their fares with cash (see Figure 9). ORCA use increases somewhat in riders with incomes above \$75,000. Employment status also plays a role: retirees are twice as likely to pay with cash as with ORCA.

Most customers who pay with cash say they don't ride the bus often enough to justify getting an ORCA card, and paying with cash or tickets is easier. Others say they haven't gotten around to getting or replacing a card. Relatively few cite concerns about security or lack of awareness about ORCA as reasons for using cash. Fewer than four percent of those paying cash identify the ORCA card fee as a barrier.

⁴ 2014 Metro on-board survey and Welde, Morten, "Are Smart Card Ticketing Systems Profitable?" Evidence from the City of Trondheim," *Journal of Public Transportation*, Vol 15, No. 1, 2012.

⁵ This could also include Mobile Ticketing if it proves to be cost-effective and feasible.

⁶ These estimates assume that somewhere between 25 percent and 50 percent of the time savings from fare transactions will result in a reduction in service hours.

⁷ Metro Rider/Non-Rider Survey, 2015

Figure 9: Metro rider demographics by fare payment method, 2015

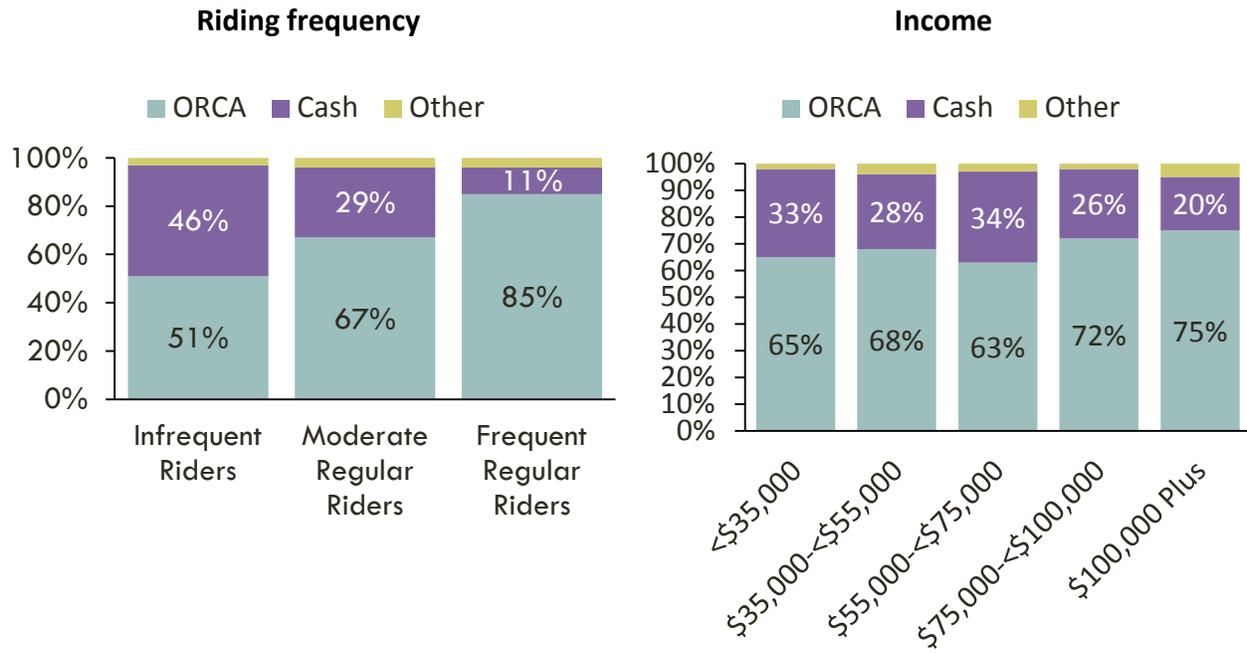
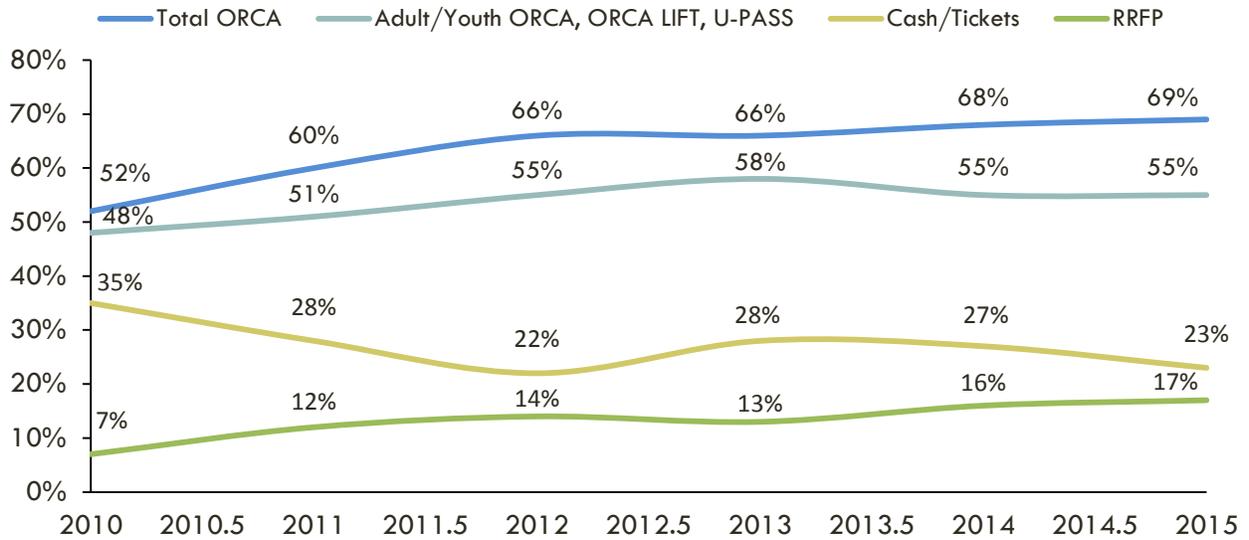
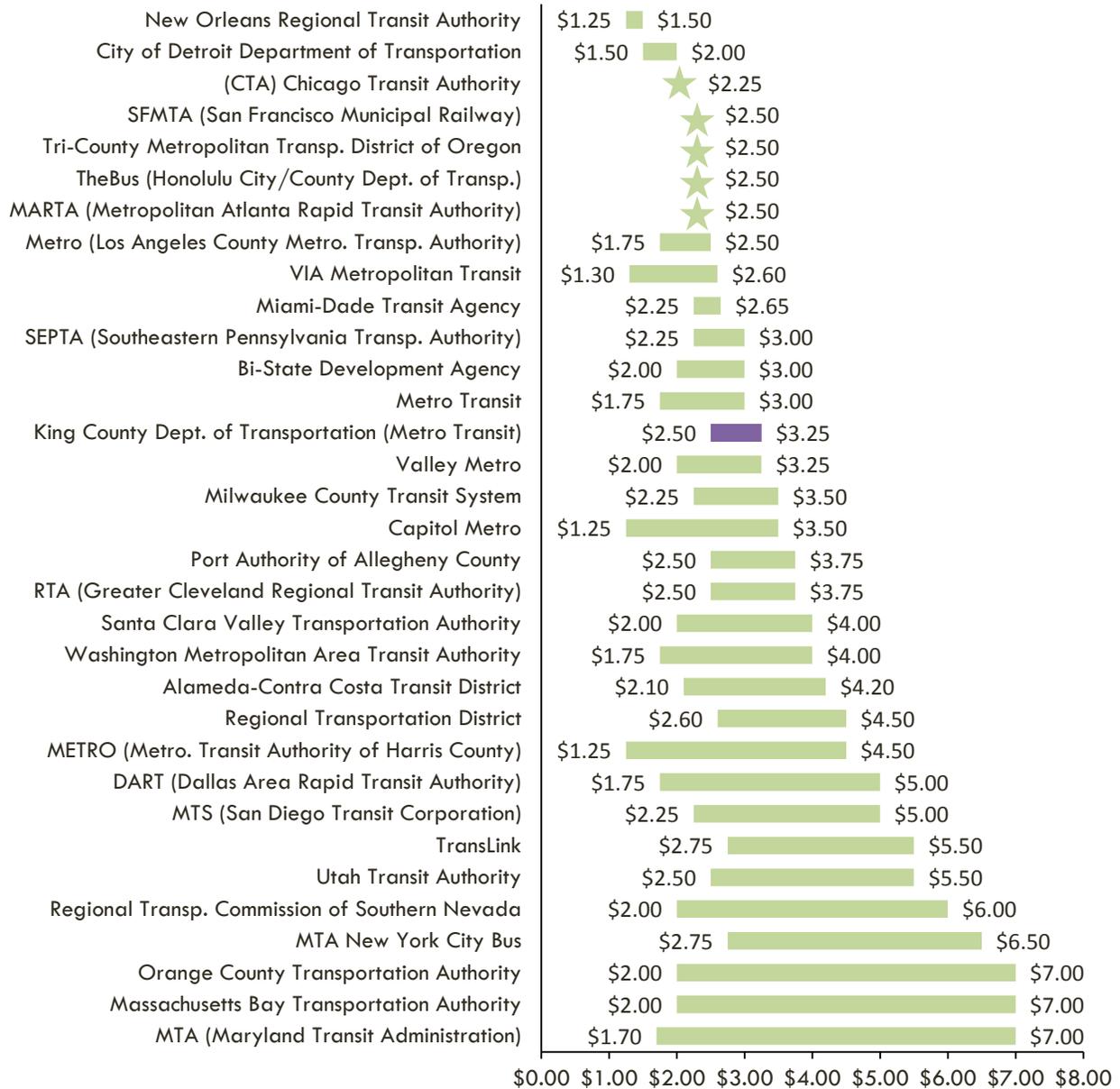


Figure 10: Trends in fare payment, 2010-2015



PEER COMPARISON

Figure 11: Metro fares compared to peers (low and high fare)⁸



⁸ Data excludes two agencies with commuter bus fares much higher than other peer agencies; New Jersey Transit Corporation has distance-based bus fares as high as \$48 and Golden Gate Bridge, Highway and Transportation District has fares as high as \$13.

HOW HAVE FARES CHANGED OVER TIME?

When Metro began providing service in 1973, our system included 38 fare zones. Our adult fare was \$0.20 plus \$0.10 for each zone traveled. The youth fare was the base adult fare with no zone surcharges, and the senior fare was half the adult fare (\$0.10) with no zone surcharges. Part of downtown Seattle was designated as a Ride Free Area to improve mobility, reduce congestion and air pollution, and support downtown businesses.

In 1976, the reduced fare for seniors was expanded to also include riders with disabilities. Before the Great Recession of 2008, Metro’s adult fares, adjusted for inflation, had increased only marginally over time. Youth and senior fares had increased at rates significantly below the rate of inflation. But Metro relies heavily on local sales tax revenue to fund service, so as revenues fell dramatically during the recession, the King County Council passed a series of fare increases along with direct cuts to transit service in order to avoid budget shortfalls. Four fare increases that took effect in 2008, 2009, 2010, and 2011 added \$1.00 to the price of adult fares in four years. The Ride Free Area in downtown Seattle was eliminated in 2012 as a way to increase fare revenue. And fares were raised again in 2015.

Metro’s fare structure and prices for various pass products have also changed over time in order to emphasize different goals, including increased sales, increased revenue, increased ridership, and mitigating the impact of fares on those least able to pay. The 1999 Puget Pass Agreement standardized regional pass pricing at 36 times the “fare value” of the pass.

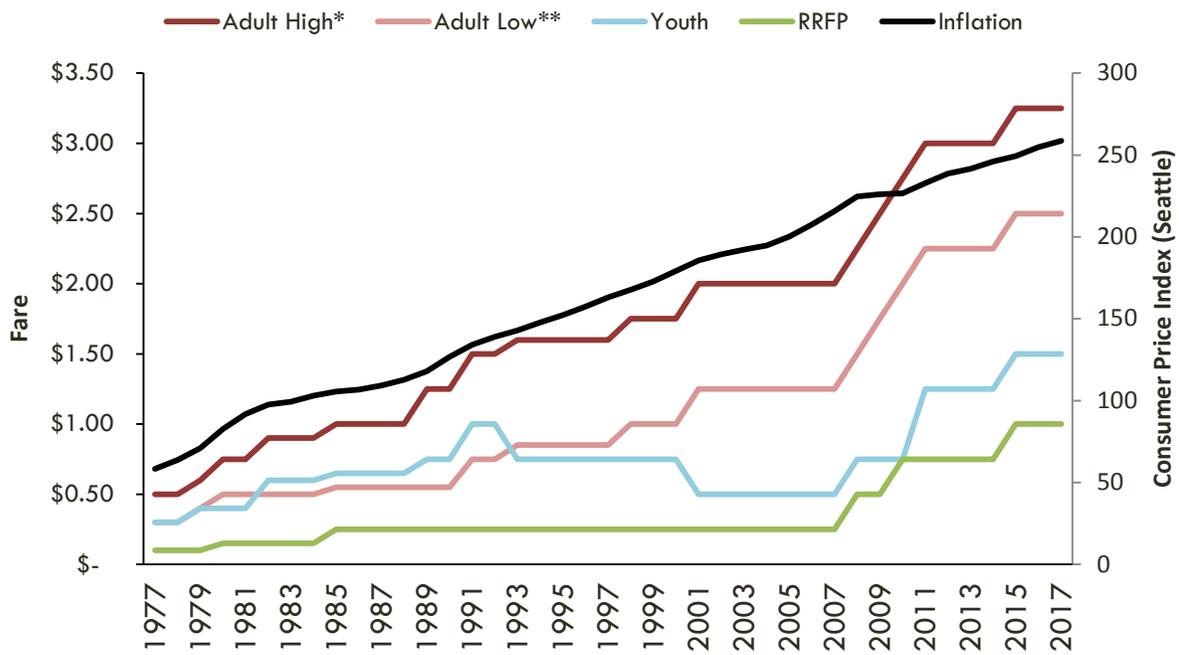
Timeline⁹
<p>1973 Metro begins operation with 38 zones.</p> <ul style="list-style-type: none"> • Adult fare: \$0.20 plus \$0.10 for each additional zone. • Youth fare: \$0.20 with no zone charges • Senior fare: \$0.10 with no zone charges <p>“Magic Carpet” free fare zone implemented in downtown Seattle to reduce traffic and air pollution and speed bus service (later renamed Ride Free Area).</p>
<p>1976 Reduced fare for riders with disabilities introduced: \$0.10 with no zone charges.</p>
<p>1977 To simplify fares, number of zones reduced from 38 to 2. Boundaries set at Seattle city limits.</p>
<p>1978 Metro Council approves Special Transportation Service Program serving low-income seniors and riders with disabilities with subsidized taxi scrip and rural area van program.</p>

⁹ Fare increases after 2000 are noted in the timeline; prior fare increases are shown in Figure 12

<p>1982</p> <ul style="list-style-type: none"> • Peak surcharge added, intended to shift demand towards off-peak hours. • The Regional Reduced Fare Permit is established as proof of eligibility for discounted senior/disabled fares.
<p>1987</p> <p>Ride Free Area closed after 9 p.m. due to concerns about operator and passenger safety.</p>
<p>1990</p> <p>The Americans with Disabilities Act is signed into law, requiring paratransit service.</p>
<p>1991</p> <p>15 percent ticket book discount implemented to provide discount to riders with low incomes unable to afford monthly passes.</p>
<p>1993</p> <ul style="list-style-type: none"> • Ticket book discount eliminated after it was found ineffective in increasing ticket use by low-income riders. • Peak surcharge eliminated for youth passengers. • Ride Free Area closed after 7 p.m. due to concerns about operator and passenger safety. • Human Services Ticket Program established. Tickets discounted 75 percent; subsidy limited to \$200,000 per year.
<p>1999</p> <ul style="list-style-type: none"> • Puget Pass Agreement adopted, providing for transit passes valid on Metro, Community Transit, Everett Transit, Pierce Transit, and Sound Transit, plus transfer credits and regional reconciliation. • Two-zone surcharge in eliminated during off-peak hours to simplify fares: customers now pay a “flat fare” 18 hours a day on weekdays and all day on weekends and holidays. • The King County Council decides that Access service fares should move toward parity with the adult off-peak fare for fixed-route service.
<p>2001</p> <ul style="list-style-type: none"> • Metro introduces peak fares for seniors and riders with disabilities to encourage off-peak ridership. • Adult fares were increased by \$0.25
<p>2008</p> <ul style="list-style-type: none"> • The peak-hour surcharge for seniors and riders with disabilities is eliminated to simplify fares. • Adult fares were increased by \$0.25
<p>2009</p> <ul style="list-style-type: none"> • The ORCA regional fare payment system is launched, providing regional passes with interagency transfer credits and regional revenue reconciliation. • Adult fares were increased by \$0.25
<p>2010</p> <p>Adult fares were increased by \$0.25</p>
<p>2011</p>

- Metro eliminates Metro-only passes for seniors and riders with disabilities as well as other non-regional fare products, and—with Sound Transit—makes fares consistent for youths, seniors, and riders with disabilities on bus and light rail service in King County.
 - The King County Council reaffirms its policy of moving the Access fare toward parity with the off-peak regular Metro fare.
 - Adult fares were increased by \$0.25
- 2012**
The Ride Free Area in downtown Seattle is eliminated.
- 2015**
- The ORCA LIFT program begins, offering a discount to riders with low incomes.
 - Adult fares were increased by \$0.25

Figure 12: Metro fares, 1977-2017



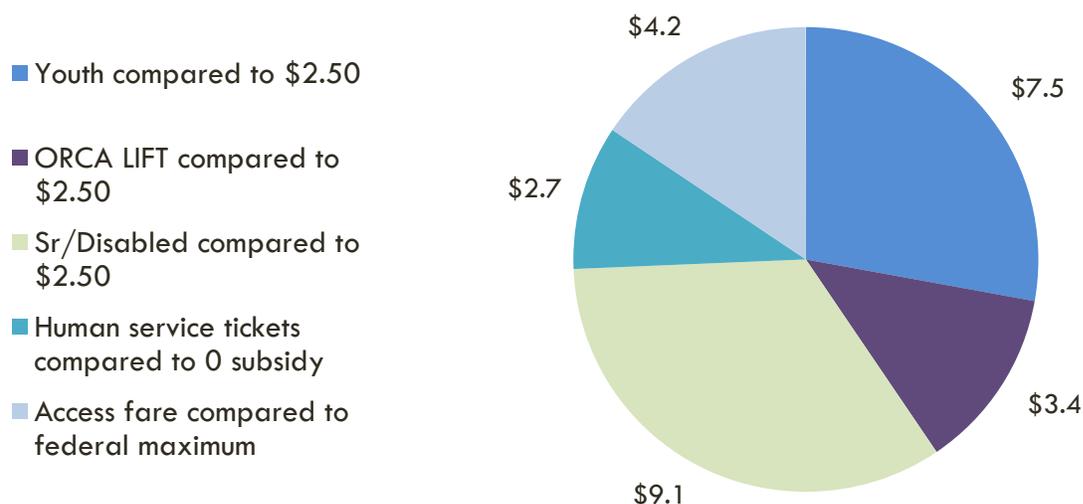
*Adult High is the highest adult fare (2-Zone Peak)
 **Adult Low is the lowest adult fare (1-Zone Off-Peak)

DISCOUNTED FARES: WHAT METRO DOES TODAY

CURRENT FARE DISCOUNTS

Today, King County offers reduced fares for special rider groups that go well beyond federal requirements. In total, Metro provided fare discounts valued at nearly \$27 million in 2016.¹⁰ In 2017, the human service ticket subsidy will increase to a maximum of \$3.6 million.

Figure 13: Estimated retail value of discounted fares (in millions of dollars), 2016



Regional Reduced Fare Permit—Metro provides a 60-70 percent discount to seniors and riders with disabilities with an all-day fare of \$1.00. The federally mandated discount for this rider group is 50 percent of the peak adult fare during off-peak hours. The total value of Metro’s discount in 2016, as compared to charging the base adult fare, was \$9.1 million. The difference in value of our discount compared to the federal requirement (in other words, Metro’s discretionary subsidy) was at least \$1.6 million. These estimates are conservative, in that they compare the discounted fare only to the base adult fare, not to the peak one- and two-zone fares.

¹⁰ Estimates of the value of each discount described in this section account for the retail value of the discount provided; they do not account for changes in ridership that would likely result if fares were higher. These estimates are conservative in that they compare the discounted fare only to the base adult fare, not to the peak one- and two-zone fares.

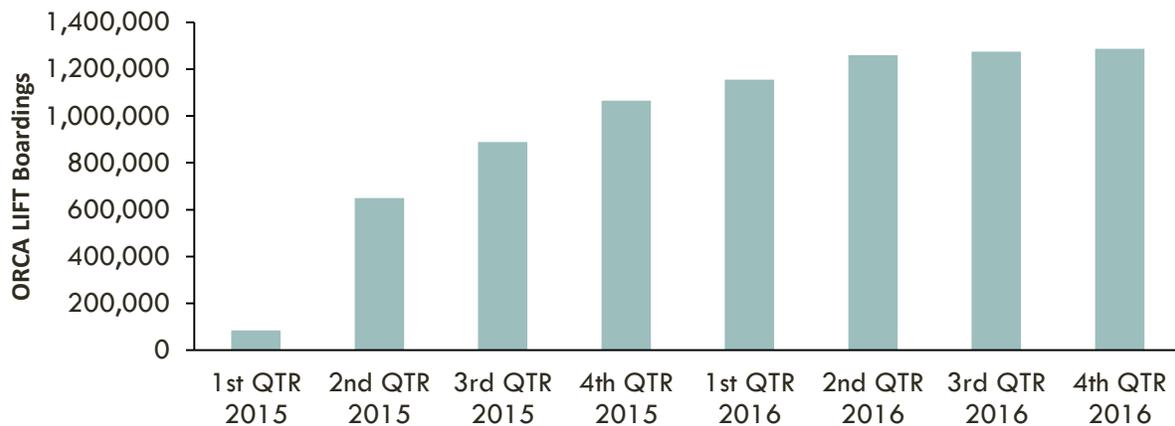
Youth fare—Metro provides a 40-54 percent discount to riders aged 6-18, with an all-day fare of \$1.50. The value of this discount in 2016 was \$7.5 million.

Child fare—Metro provides free rides to children aged 5 and under. No estimate of the value of this discount is available.

ORCA LIFT—Metro provides a 40-54 percent discount to riders with household incomes at or below 200 percent of the federal poverty level, with an all-day fare of \$1.50. The value of this discount in 2016 was \$3.4 million.

ORCA LIFT ridership has steadily increased since the program began in 2015, to 1.2 million boardings in the fourth quarter of 2016. ORCA LIFT enrollment reached 40,000 participants early in 2017.

Figure 14: ORCA LIFT boardings, 2015-2016



Human services tickets—In 2016, Metro provided tickets with a value of \$3.7 million to 149 human service agencies. This represents a King County subsidy of \$2.7 million (80 percent of the ticket value), and a cost to agencies of \$750,000. In 2017 and 2018, King County’s level of subsidy will increase to 90 percent, with a total maximum subsidy of \$3.2 million—an increase of \$600,000 per year.

Access fare—Metro’s fare for Access service for riders with disabilities who are unable to use regular transit is \$1.75. Our fare policy is that Access fares should eventually reach parity with the adult off-peak fare, currently \$2.50. Federal regulations limit the Access fare to two times the adult fare, or at least \$5.00 (higher for peak and two-zone trips). The value of the current Access fare discount, compared to the fare allowed by this policy, is \$746,000. The value of the Access fare discount compared to the federal maximum is \$4.2 million.

FARE EVASION

In addition to discounted fares, Metro loses revenue due to fare evasion, which includes making a partial payment, making no payment at all, using expired paper transfers, and using counterfeit tickets. Estimating the total value of fare evasion is difficult, given that fareboxes do not capture data related to expired or counterfeit paper media.

Partial or no payment: The most recent data on systemwide fare evasion was collected on one weekday and one weekend day in 2010. This analysis found an overall fare evasion rate of 4.8% of boardings, of which 2.9% paid no fare and 1.9% paid a partial fare. Fare loss due to evasion was estimated at \$62,000 for the survey week, or 2.5% of total fare revenue. This level of revenue loss would amount to approximately 3.2 million for the year. These numbers should be read as indicators of fare evasion, not precise measures, because there are many challenges in measuring fare evasion.

Expired paper media: We do not have estimates of the cost of fare evasion due to use of expired or old paper transfers.

Counterfeit tickets: Based on a one-week count of counterfeit tickets in 2016, Metro estimated a yearly loss of approximately \$600,000. Seventy percent of the counterfeit tickets counted were human service tickets; the rest were full-fare tickets.