

DISCUSSION OUTLINE - Metro Fare Review 2017–2018

EXISTING CONDITIONS

Today's adult fares: \$2.50 Off-Peak, All Zones Fare
 \$2.75 Peak, One-Zone Fare
 \$3.25 Peak, Two-Zone Fare

Compared to our peers, Metro has a complex fare structure. Our customers must consider several factors in order to understand what to pay:

- **Are you eligible** for a senior, disabled, youth, or low-income fare discount?
- **What time of day** are you riding? (Full-fare adult riders pay \$0.25 more if the bus they ride is scheduled as a peak trip.)
- **Where** are you riding? (Full-fare adult riders pay \$0.50 more during peak periods if their trip crosses into or out of Seattle.)

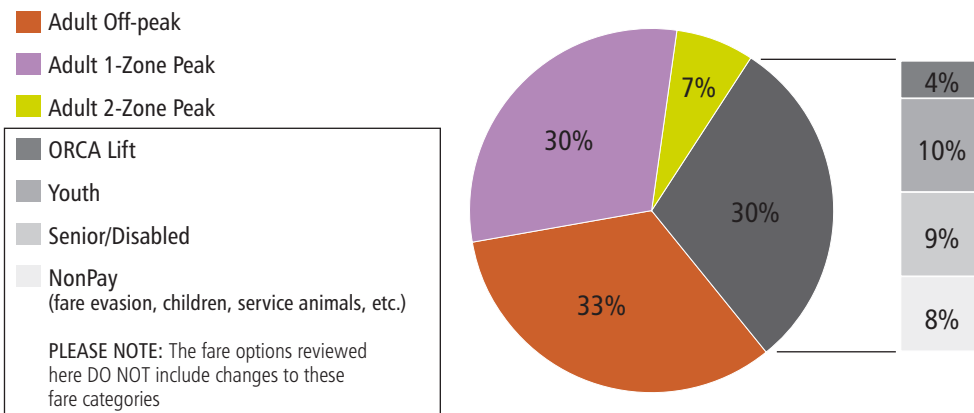
So an adult customer today could pay three different fares even on the same route. This creates confusion, slows down boarding, and causes fare disputes that jeopardize driver safety. Our goal is to make transit more accessible for everyone. That's why we're working to make our fares easier for our customers to understand, and more similar in structure to fares at our ORCA partner agencies.

The peak-period surcharge brings in \$6.5 million in revenue, or 5% of our fare revenue. The zone fare brings in \$2.5 million, or 2% of our fare revenue. Without either surcharge, Metro's fare recovery rate would drop from 31% to 29%. As we consider alternatives, it's important to recognize the tradeoffs between:

- **Fares and ridership.** Higher fares lead to lower ridership, and vice versa.
- **Simplicity and reflecting the cost of service.** Metro's fare policy states that fares should be easy to understand, but also that fares should reflect the cost of service—which varies based on factors such as productivity, time of day, trip length, and vehicle type.
- **Farebox recovery and delivery of services.** Lower fare revenue limits Metro's ability to deliver service or new programs, including additional fare discounts.

Today, 30% of riders pay reduced fares or do not pay at all, and are therefore not affected by surcharges. Of passengers paying adult fares, 33% pay the base fare (off-peak), 30% pay the peak 1-zone fare, and 7% pay the peak 2-zone fare.

Figure 1 Metro Fare Estimated Payment by Fare Category



OPTIONS FOR REPLACING THE REGULAR ADULT ZONE AND PEAK FARE

	A \$2.50 Flat Fare – current base adult fare	B \$2.75 Flat Fare – \$0.25 increase to base adult fare	C Local & Express – \$2.50 local, \$3.25 express
What is it?	Apply the current \$2.50 adult base fare to all adult riders at all times of day	Increase the base adult fare to \$2.75	\$2.50 Local fare for slower routes serving shorter trips, and \$3.25 Express fare for routes that provide faster service for longer regional trips
Policy rationale	<ul style="list-style-type: none"> • Easy for customers to understand • Promotes operational efficiency 	<ul style="list-style-type: none"> • Easy for customers to understand • Promotes operational efficiency 	<ul style="list-style-type: none"> • Reflects the cost of service • Promotes operational efficiency • Easier for customers to understand
Effect on 2019 revenue	\$\$\$	\$\$	\$
Effect on adult fares	NO CHANGE: Off-Peak LOWER FARE: 1-Zone Peak - \$0.25 LOWER FARE: 2-Zone Peak - \$0.75	HIGHER FARE: Off-Peak - \$0.25 NO CHANGE: 1-Zone Peak LOWER FARE: 2-Zone Peak - \$0.50	<u>LOCAL ROUTES</u> NO CHANGE: Off-Peak LOWER FARE: 1-Zone Peak \$0.25/2-Zone Peak - \$0.75 <u>EXPRESS ROUTES</u> HIGHER FARE: Off-Peak - \$0.75/1-Zone Peak - \$0.50
Regional partners	Aligns fare structure with ORCA partners	Aligns fare structure with ORCA partners	Aligns fare structure with ORCA partners (route-based)

OPTIONS FOR REPLACING ONLY THE REGULAR ADULT ZONE FARE – MAINTAIN PEAK PRICING

	D Peak Fare Low (\$2.75)	E Peak Fare High (\$3.00)
What is it?	\$2.50 base adult fare with \$0.25 surcharge for adult fares during peak hours, based on time of boarding.	\$2.50 base adult fare with \$0.50 surcharge for adult fares during peak hours, based on time of boarding.
Policy rationale	Reflect the cost of service	Reflect the cost of service
Effect on 2019 revenue	\$\$	\$
Effect on adult fares	NO CHANGE: Off-Peak NO CHANGE: 1-Zone Peak LOWER FARE: 2-Zone Peak riders pay \$0.50 less	NO CHANGE: Off-Peak HIGHER FARE: 1-Zone Peak - \$0.25 LOWER FARE: 2-Zone Peak - \$0.25
Regional partners	Metro would be the only ORCA agency with peak pricing	Metro would be the only ORCA agency with peak pricing
Other factors	<ul style="list-style-type: none"> • Does not simplify fares • Time-based peak pricing creates operational challenges, would lead to fare disputes. • Current schedule-based peak pricing increases complexity of Next Generation ORCA project 	<ul style="list-style-type: none"> • Does not simplify fares • Time-based peak pricing creates operational challenges, would lead to fare disputes. • Current schedule-based peak pricing increases complexity of Next Generation ORCA project

\$\$\$ = Significant effect on revenue (over \$5 million/year)
\$\$ = Moderate effect (\$2–5 million/year)
\$ = Minor effect (less than \$2 million/year)
\$ = Revenue increase
\$ = Revenue decrease
BLUE TEXT = Lower fare
ORANGE TEXT = Higher fare