

Fare Strategy Briefing: Fare Policy Update

Community Oversight Panel

5/8/24

Why we are here

- Share an overview of recent work on fares and parking.
- Review substantive changes to the Board's fare policy, including updated farebox recovery targets and triggers for future fare adjustments.

Toward a comprehensive fares strategy

Recently complete and upcoming Board actions

- ✓ Adopt an equitable and accountable fare compliance policy and expand reduced fare programs.
- ✓ Establish fare rates where none currently exist.
 - ✓ T Line
- ✓ Consider adjusting existing fare structures, fare levels (including parking fees), and categories to meet established targets.
- ❑ Review and consider modifying revenue and farebox recovery targets.

Areas of focus in 2023 & 2024

Major policy topics

- Fare policy – originally adopted in 2010 with a minor update in 2014 (Resolution No. [R2014-27](#))
 - ✓ Fare structure on Link.
 - Farebox recovery targets.
- Parking management program – last Board action in 2018 to allow priced monthly parking permits (Resolution No. [R2018-27](#))
 - ✓ Expanded program with daily paid parking.

Fare policy update

Rationale for a fare policy update now

- Current fare policy was adopted in 2010 with a minor update in 2014 to add new passenger fare categories (low-income adult fare category).
- Addressing substantive issues associated with **farebox recovery targets and approach for adjusting fare rates.**
- Making minor and administrative/clerical changes to other sections.

Farebox recovery targets

The Board's fare policy establishes farebox recovery ratios

- Farebox recovery ratio is the percentage of operating expenses made up by passenger fares.
- RCW requires Sound Transit to have a farebox recovery policy: “Agencies providing high capacity transportation service shall...establish [a] farebox recovery return policy.” (RCW 81.104.130)
- Farebox recovery below the minimum recovery targets signals that fare revenues are not keeping pace with costs of operations and that the financial plan is threatened.

Existing farebox recovery targets by mode

Mode	Farebox recovery target
Link	40%
Souder	23%
ST Express	20%
T Line	Not yet established
Stride	Not yet established

How does *Link* compare to peer transit agencies with light rail?

Agency	Farebox recovery target	2019 farebox recovery	2021 farebox recovery
Sound Transit	40%	32%	10%
Tri-Met (Portland)	25%	36%	9%
MTS (San Diego)	31.9%	49%	19%
UTA (Salt Lake City)	17%	25%	10%
Metro (Minneapolis)	35%	35%	8%
RTD (Denver)	*	29%	13%

**RTD's farebox recovery target was 30% until 2021 when the requirement was removed by the Colorado legislature.*

How does *Sounder* compare to peer transit agencies with commuter rail?

Agency	Farebox recovery target	2019 farebox recovery	2021 farebox recovery
Sound Transit	23%	31%	4%
Caltrain (Bay Area)	65%	75%	24%
RTD (Denver)	*	41%	30%
UTA (Salt Lake City)	17%	16%	6%
Tri-Rail (South Florida)	22.5%	14%	4%

**RTD's farebox recovery target was 30% until 2021 when the requirement was removed by the Colorado legislature.*

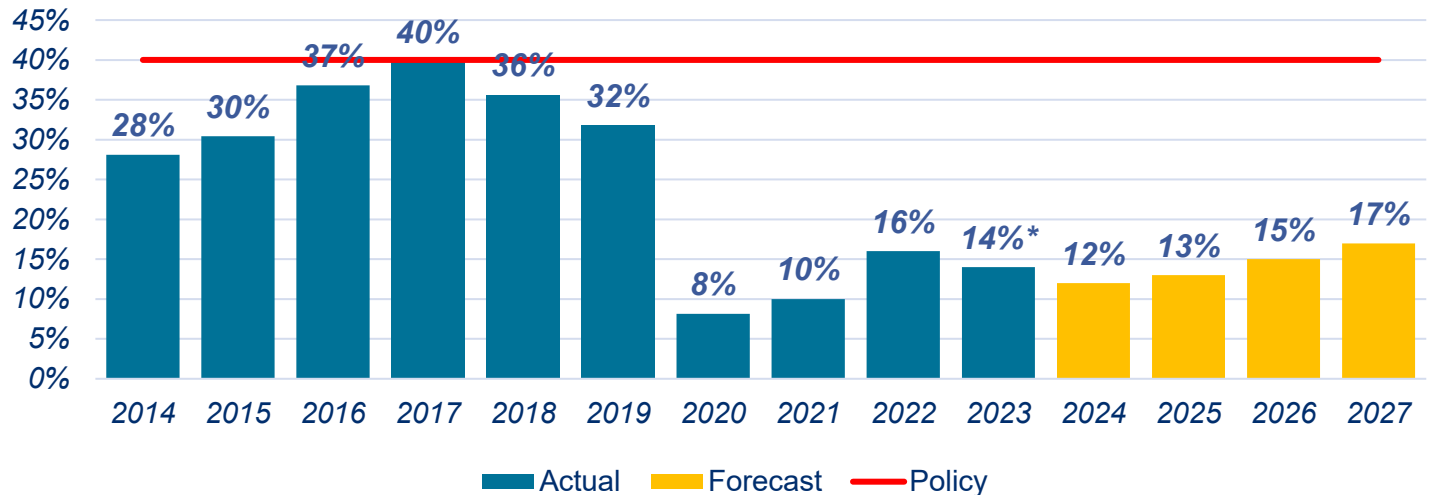
How does *ST Express* compare to peer transit agencies with express bus service?

Agency	Farebox recovery target	2019 farebox recovery	2021 farebox recovery
Sound Transit	20%	25%	7%
GRTA Xpress (Atlanta)	25%	36%	9%
MTA (Maryland)	17%	25%	8%

We are out of compliance with Board-adopted fare policy

Link farebox recovery well below 40% policy

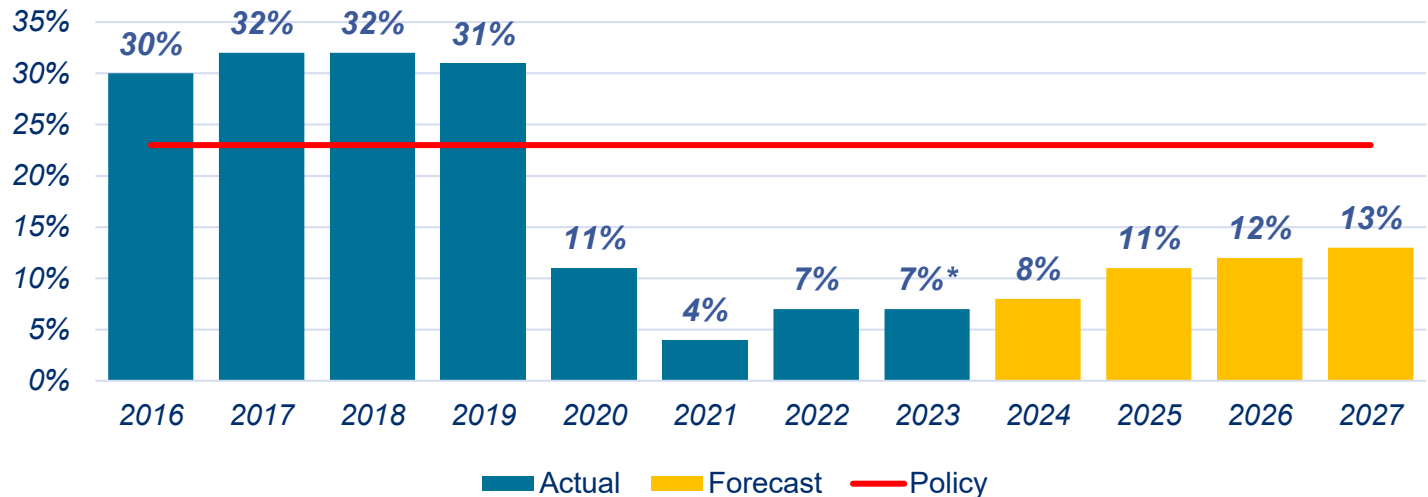
Link farebox recovery



We are out of compliance with Board-adopted fare policy

Souder farebox recovery well below 23% policy

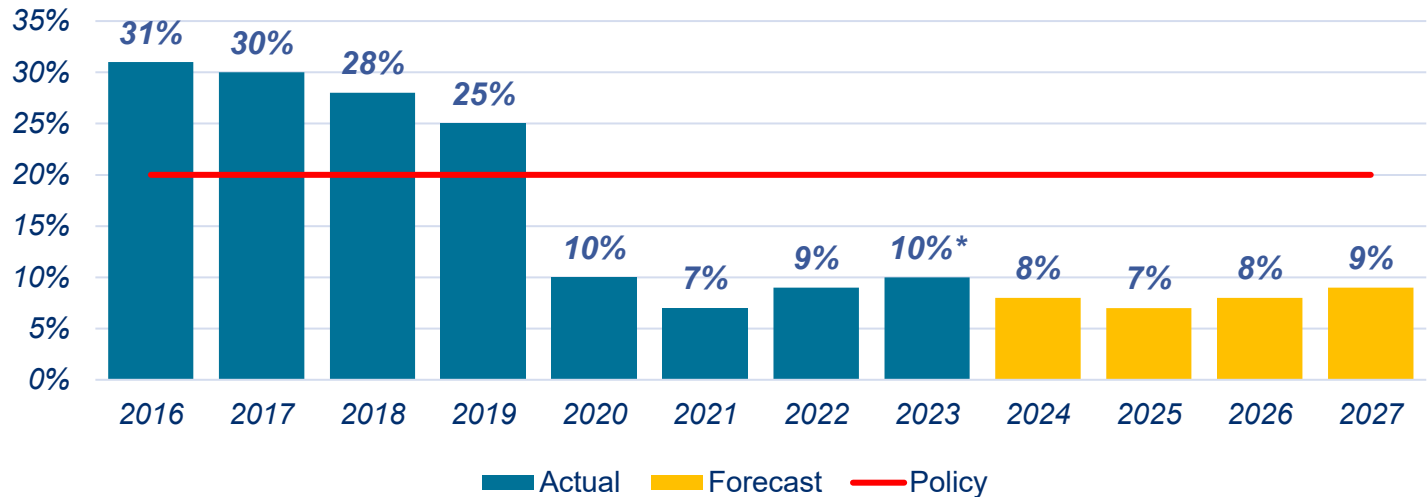
**Souder
farebox
recovery**



We are out of compliance with Board-adopted fare policy

ST Express farebox recovery well below 20% policy

**ST Express
farebox
recovery**



**preliminary figure and subject to change*

Fare policy update

Changes to farebox recovery section

- Update targets and add minimum thresholds.
- Add systemwide minimum threshold (15%) and target (20%).
- Update modal targets as follows:
 - » **Link:** 40% → 17% minimum threshold and 22% target.
 - » **Souder:** 23% → 13% minimum threshold and 18% target.
 - » **ST Express:** 20% → 8% minimum threshold and 13% target.
- Set minimums and targets 3 years after start of service or start of fare collection – will apply to Stride and Tacoma Link.

Fare rates & adjustments

The Board's fare policy establishes a trigger for when a fare change must be considered

- Farebox recovery below the minimum recovery targets signals that fare revenues are not keeping pace with costs of operations and that the financial plan is threatened.
- Per existing fare policy, **“when farebox recovery falls below these minimum levels, a fare change process is triggered.”**

Fare policy update

Changes to fare rates and adjustments section

- Require Board consideration of fare changes and trends in operational expenses every four years to align with Finance Plan assumptions for fare increases.
- Require Board consideration of a fare change if a minimum threshold isn't achieved in consecutive years.

Fare policy update

Changes to other sections

- Flat fare and route-based fares are added to the fare structures section.
- Passenger fare categories section incorporates youth fare changes and expands proof of eligibility for passengers with disabilities.
- Clarifying edits and minor changes to the fare media and transfers section.
- Clarifying edits and minor changes to the special fare rates section.
- Deletion of the public involvement section due to adoption of Resolution No. R2023-34 (Public Comment on Fare Changes and Major Service Changes Policy).

Toward a comprehensive fares strategy

Next steps for fare policy update

- Final action on fare policy update at April 25 Board meeting.

Thank you.



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