

Update on Fare Capping and Reduced Fare Simplification

Board of Directors

07/25/24

Why we are here

- Responding to December 2023 Link fare change resolution (Resolution No. R2023-37) requiring an update on:
 - » *Feasibility of and realistic schedule for getting to fare capping.*
 - » *Efforts to simplify reduced fare program administration.*
 - » *Whether to recommend convening a regional fare forum to address fare capping and reduced fare program administration.*
- Information only, no action required.

Fare capping

What is fare capping?

A cap on how much someone will pay for transit

- Fare capping means that passengers will pay the lowest possible fare for their trips within a given period of time (typically daily or monthly).
- A fare payment system automatically calculates the best fare until a threshold is met after which each additional trip is free.
- Passengers who pay separately for each trip will pay no more than passengers who pay in advance for a pass product.

Why consider fare capping?

Passenger benefits

- Guarantees the best fare and ensures passengers don't pay more than they need to when riding.
- Saves on upfront costs for pass products that may be a better value.

Transit agency benefits

- Helps achieve equity outcomes by ensuring passengers pay the lowest cost for their trips.
- Incentivizes ridership by reducing costs for passengers.

Is it feasible to implement fare capping quickly on Sound Transit services?

Not at this time

- Staff do not recommend moving forward with fare capping only on Sound Transit services at this time.
- Our assessment is that pursuing ST-only fare capping through ORCA would result in higher costs and longer implementation and potentially come at the expense of other regional needs and priorities.
- Staff do recommend moving forward with an ORCA-based regional solution, which will require time to gain regional consensus on a fare capping approach.

What makes getting to fare capping quickly difficult?

ORCA governance & revenue apportionment

- ORCA was formed in 2003, launched in 2009, has a formal governance structure, and plays a significant role in apportioning revenue between agencies.
- ORCA is simple for and popular with passengers.
- A survey conducted in August 2023 found that 93% of 34,000+ respondents were very or somewhat satisfied with ORCA.
- Fare capping must exist in this context.



What makes getting to fare capping quickly difficult?

Passenger complexity

- **85%** of Sound Transit fare paid boardings use ORCA.
- **27%** of Sound Transit ORCA trips use transit operated by multiple agencies, a number we expect to increase as the light rail system expands.
- Increased complexity and confusion for passengers from a Sound Transit-only fare cap is the primary reason we do not recommend pursuing this approach at this time.
- In addition, it would almost certainly cost more for passengers transferring to or from partner agency services if Sound Transit moved forward with fare capping alone.
- More work needs to be done to develop regional fare capping scenarios that articulate financial impacts to and simplicity for passengers.

What makes getting to fare capping quickly difficult?

Policy complexity

- Policy direction from the 2016-2017 regional fare forum was to “not pursue fare capping in initial system design” of next generation ORCA.
- Assuming there is consensus to pursue regional fare capping, fare policies would need to be changed in a coordinated way by individual agencies and then implemented by ORCA.
- Coordinated policy changes take time and would need to be informed by agency-specific financial considerations from regional fare capping scenarios.

What makes getting to fare capping quickly difficult?

Technical feasibility & competing needs and priorities

- Previous regional policy direction means that fare capping was not included in the initial phase of next generation ORCA.
- Future phases for enhancements to next generation ORCA are not yet funded.
- ORCA agencies need to establish priorities for the next phase of work and fare capping may not be the highest priority for all agencies.

Why do we need a regional approach for fare capping?

It supports a higher likelihood of success

- It will be simpler for passengers with a regional solution.
- It will very likely be faster and cheaper to implement.
- There are trade-offs and uncertainty:
 - » More work needs to be done on financial impacts at the agency level.
 - » Partner agencies may have different priorities.
- Regionalism inherent in ORCA means Sound Transit shouldn't act alone.

What can we do in the meantime?

New & interim offerings for passengers

- Working with partners to reduce the cost for regional day passes with potential launch by early September.
- Move forward with a proposal to reduce the adult fare on ST Express from \$3.25 to \$3.

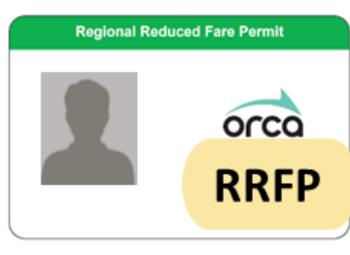
***Simplifying reduced fare
program administration***

What is happening with reduced fare programs?

Program details & facts/figures

Regional Reduced Fare Permit

- » *Reduced fare for seniors 65+ and people with disabilities.*
- » *Available on all ORCA agencies.*



Free Youth Transit Pass

- » *Free fare for youth under 19.*
- » *Available on all ORCA agencies.*

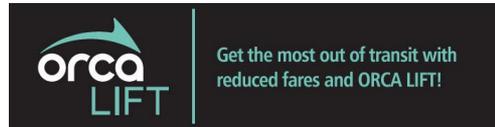


What is happening with reduced fare programs?

Program details & facts/figures

ORCA LIFT

- » *Reduced fare for passengers earning less than 200% of federal poverty level.*
- » *Available on all ORCA agencies except for Washington State Ferries.*
- » *72,000+ active ORCA LIFT cards, 30% increase since Jan 2024 and well above pre-pandemic totals.*



Subsidized Annual Pass

- » *Free transit for passengers earning <80% of federal poverty level and enrolled in one of six state benefit programs.*
- » *Available on Sound Transit, King County Metro, Seattle Streetcar & Monorail, and Everett Transit.*
- » *12,000+ active subsidized annual passes.*



Why is reduced fare simplification needed?

- **Meeting passenger needs:** Existing reduced fare products do not always meet the needs of our passengers.
- **Easing administration:** Current systems evolved over time and are labor intensive to operate.
- **Increasing access and enrollment:** Streamlined enrollment and eligibility may encourage ridership and make travel easier across systems and counties.
- **Responding to technological advances:** Next generation ORCA, the expanded retail network, and growth in electronic payment create new opportunities for reduced fare programs.

What effort is underway to simplify reduced fare programs?

Metro-led effort with all ORCA agencies participating

- **Process:**

- » Engaging transit agencies, passengers, and community service partners to consider current reduced fare products and programs and identify challenges.
- » Develop recommended changes using a human-centered, design thinking approach.

- **Timeline:**

- » Passenger survey and engagement under way.
- » Two-day design workshop with 75 passengers and stakeholders planned in October.
- » Recommendations and an implementation plan expected in January 2025.

What will come of that work?

Implications for regional coordination

- Recommendations are likely to include the following:
 - » Simplifying reduced fare types and pass options.
 - » Considering income eligibility changes.
 - » Making it easier to buy and distribute reduced fare products to eligible passengers.
 - » Modernizing products and processes and bringing them into ORCA.
- Implementation will require regional coordination and collaboration.

***Convening a regional fare
forum***

What is a regional fare forum?

History

- Given multi-agency operating environment, regional fare forums are where policy makers provide regional direction on fares.
 - » **1997-1998:** standardized passenger fare categories and established direction of delivering the ORCA fare payment system.
 - » **2007:** recommitment to regional fare coordination in advance of launch of ORCA in 2009.
 - » **2016-2017:** identified priorities and policy activities necessary to support implementation of next generation ORCA.

Does staff recommend a regional fare forum?

Yes

- We can't move forward with regional fare capping or to simplify reduced fare program administration without regional policy direction.
- A regional fare forum can provide direction for the next phase of ORCA and validate regional policy priorities.
- It is the appropriate policy forum to address fare capping and reduced fare program improvements.

Next steps

What are next steps?

- Implementation of reduced regional day pass pricing with target launch of early September.
- Initiate process to change regular fare rate on ST Express.
- Recruit and plan for regional fare forum with target for first meeting in Q4 2024.

Thank you.



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