



## Resolution No. R2024-08

### Adoption of an updated Sound Transit Fare Policy

Meeting:	Date:	Type of action:	Staff contact:
Executive Committee	05/02/2024	Recommend to Board	Russ Arnold, Deputy CEO, Service Delivery
Board	05/23/2024	Final action	<b>Alex Krieg, Director of Access, Integration and Station Area Planning</b>

### Proposed action

Adopts an updated Fare Policy and supersedes Resolution No. R2014-27 and Resolution No. R2010-10.

### Key features summary

- This action updates the Board's Fare Policy, which was last adopted by the Board in 2010 through Resolution No. R2010-10, with a minor update in 2014 to add the low-income adult passenger fare category through Resolution No. R2014-27.
- The updated Fare Policy establishes new farebox recovery minimums and targets for both the regional system and for individual modes of service. The updated minimums are aligned with fare revenue projections in the current Finance Plan and are 17% for Link light rail, 13% for commuter rail, and 7% for regional express bus. The updated farebox recovery targets are 22% for Link light rail, 18% for commuter rail, and 12% for regional express bus.
- The updated Fare Policy also establishes the expectation for when the Board will set farebox recovery minimums and targets at three years after new modes of service begin operating with a fare or when existing modes of service begin charging a fare. Per this change, staff will set farebox recovery minimums and targets for the T Line in 2026 and anticipate setting farebox recovery minimums and targets for Stride in 2032.
- The updated Fare Policy also requires Board consideration of potential fare changes every four years to be in line with assumptions for fare increases in the agency's Finance Plan. In addition, the Fare Policy establishes a trigger for a fare change when an individual mode does not achieve its farebox recovery minimum in consecutive calendar years.
- In addition to placing the Fare Policy into the updated Board policy template, which includes a scope and definitions section, there are minor changes to the organization of policy sections and various edits to the fare structures, fare media and transfers, special fare rates, and fare reporting sections of the Fare Policy.

### Background

The Board's Fare Policy addresses farebox revenue and fare structure for all modes of Sound Transit service. The Fare Policy was adopted by the Board in 2010 with a minor amendment in 2014 to add the low-income adult passenger fare category. It has not been substantively updated since its original adoption in 2010.

Since the Covid-19 pandemic, actual and projected fare revenues have declined significantly. This has been exacerbated on Link light rail where fare boardings with valid fare media has also declined from pre-Covid levels. While the Board's updated Fare Compliance Policy only went fully in effect in November 2023, fare revenue projections indicate that farebox recovery across all modes will be much less than the farebox recovery targets in the current Fare Policy, which are 40% for Link light rail, 23% for commuter rail, and 20% for regional express bus.

The updated Fare Policy addresses this new reality by establishing a farebox recovery minimum for the overall system as well as minimums for light rail, commuter rail, and regional express bus that are in line with current fare revenue projects in the Finance Plan. The updated Fare Policy also establishes farebox recovery targets at both the system and modal levels.

In addition, the updated Fare Policy requires that the Board consider fare changes every four years, which is in line the assumption in the Finance Plan for regular fare increases. Furthermore, the Fare Policy establishes a trigger for a fare change when individual mode does not achieve its farebox recovery minimum in consecutive calendar years.

The updated Fare Policy is also placed into the existing Board policy template and there are minor changes to the organization of policy sections and various edits to the fare structures, fare media and transfers, special fare rates, and fare reporting sections of the Fare Policy, and updated references to the updated Fare Compliance Policy through Resolution No. R2022-07 and the Public Comment on Fare Changes and Major Service Changes Policy through Resolution No. R2023-34.

## **Fiscal information**

The updated policy has no budget or financial impact.

## **Small business participation and apprenticeship utilization**

Not applicable to this action.

## **Public involvement**

Not applicable to this action.

## **Time constraints**

A one-month delay would not create a significant impact to the policy update schedule.

## **Prior Board/Committee actions**

Resolution No. R2023-34: Adopted a policy on public comment on fare changes and major service changes and supersedes the public engagement portion of the current fare policy, Resolution No. R2010-10 as amended by Resolution No. R2014-27.

Resolution No. R2022-07: Adopted an updated Fare Compliance Policy and supersedes Resolution No. R2009-02.

Resolution No. R2014-27: Amended Resolution No. R2010-10 Attachment A—Fare Policy to establish "Low Income Adult" as a new Reduced Fare category.

Resolution No. R2010-10: Adopted a Fare Policy and superseded Resolution No. R99-2-2, Resolution No. R2005-05, Resolution No. R2007-06, and Motion No. M2004-53.

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**Environmental review** – KH 3/18/24

**Legal review** – AJP 3/26/24



## Resolution No. R2024-08

### Fare Policy

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority adopting a Fare Policy and superseding Resolution Nos. R2010-10 and R2014-27.

WHEREAS, the Central Puget Sound Regional Transit Authority, commonly known as Sound Transit, was formed under chapters 81.104 and 81.112 of the Revised Code of Washington (RCW) for the Pierce, King, and Snohomish Counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, Sound Transit is authorized to plan, construct, and permanently operate a high-capacity system of transportation infrastructure and services to meet regional public transportation needs in the Central Puget Sound region; and

WHEREAS, in general elections held within the Sound Transit district on November 5, 1996, November 4, 2008, and November 8, 2016, voters approved local funding to implement a regional high-capacity transportation system for the Central Puget Sound region; and

WHEREAS, Sound Transit is committed to wisely managing public funds in accordance with state law while fulfilling its mission; and

WHEREAS, Sound Transit charges fares for access to transit services pursuant to RCW 81.112.080 to generate revenue to cover a portion of operating expenses as part of the agency's long-term financial plan; and

WHEREAS, regional fare forums comprised of elected officials convened in 1997, 2007, and 2016 and recommended policies for regional transit fare integration in the Central Puget Sound region, which guided the development of interlocal agreements establishing a regional fare integration framework to provide seamless fare payment for regional transit customers; and

WHEREAS, this policy builds on, and is consistent with, the fare integration framework adopted by the region's transit agencies; and

WHEREAS, the Sound Transit Board seeks to update its fare policy to better serve passengers with a fare structure that is regionally integrated to encourage transit ridership through equitable and simple pricing and financial stewardship.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that a Fare Policy is adopted as follows and Resolution Nos. R2010-10 and R2014-27 are superseded.

#### 1.0 Scope

1.1 This policy addresses farebox revenue and fare structure for all Sound Transit modes.

#### 2.0 Definitions

2.1 Fare cap: The maximum amount a passenger would pay in fares per time period (e.g., day, week, or month).

2.2 Farebox recovery: The portion of operating costs recovered from fare revenue. Farebox recovery ratios are calculated for each calendar year by dividing farebox revenue by direct and indirect operating costs and expressed as percentages.

- 2.3 Pass: Fare product offering customers unlimited rides at a defined rate of fare over a defined time period.
- 2.4 Regional transit fare program: The agreement for implementation, operation, and maintenance of the one regional card for all (ORCA) system or successor regional agreement, as authorized by the Sound Transit Board.

### **3.0 Policy**

#### **3.1 Farebox recovery**

- 3.1.1 Sound Transit seeks farebox recovery to support transit service as identified in the agency's long-range financial plan. The Board establishes minimum and target farebox recovery ratios for all modes within three years of the start of operation or fare collection.
- 3.1.2 Consistent with the agency's financial plan, the systemwide farebox recovery ratio is a minimum of 15 percent, with a target of 20 percent for all modes.
- 3.1.3 The following modal minimum and target farebox recovery ratios apply to modes that charge fares:
  - 3.1.3.a Sounder commuter rail – 13 percent minimum to 18 percent target.
  - 3.1.3.b ST Express bus – seven percent minimum to 12 percent target.
  - 3.1.3.c Link light rail – 17 percent minimum to 22 percent target.

#### **3.2 Fare structures**

- 3.2.1 Sound Transit fare structures classify the way fares are determined on each mode.
- 3.2.2 Transit modes may use one or more of the following fare structures:
  - 3.2.2.a Distance-based fares – vary based on miles traveled.
  - 3.2.2.b Flat fares – do not vary based on service used within a mode.
  - 3.2.2.c Route-based fares – vary based on market or service characteristics for particular routes.
  - 3.2.2.d Zone-based fares – vary depending on whether a trip crosses established geographic boundaries.

#### **3.3 Fare rates and adjustments**

- 3.3.1 The Board establishes fare structures and rates for each mode.
- 3.3.2 At least once every four years, the Board must consider fare changes and review operational expenses by mode that impact the farebox recovery ratio and long-range financial plan.
- 3.3.3 The Board must consider a fare change proposal under the following conditions:
  - 3.3.3.a A farebox recovery ratio falls below the minimum set by section 3.1 of this policy for more than two consecutive calendar years, or
  - 3.3.3.b A Sound Transit service operating in a ride-free zone no longer qualifies under the ride-free zone criteria.
- 3.3.4 Fare change proposals must include analysis of Sound Transit's fare revenues, operating costs, fare structures, Title VI requirements, and equity considerations.

- 3.3.5 Fare change proposals must consider fare rates, fare structures, and timing of service changes of the region's transit agencies, and where possible coordinate these elements to reduce pricing complexity as a barrier to customer use of regional transit services.

#### 3.4 **Passenger fare categories**

- 3.4.1 Sound Transit sets fare rates by fare categories, which are groupings defined by customer traits and market factors.
- 3.4.2 Passengers from 19 to 64 years old pay the full fare.
- 3.4.3 Reduced fare categories are as follows:
  - 3.4.3.a Youth. Passengers 18 years and younger or with a valid high school ID ride free.
  - 3.4.3.b Seniors. Passengers 65 years old and older receive a reduced fare that may not exceed 50 percent of the full fare for the same service. Valid identification, a valid Medicare card, or a regional reduced fare permit administered by local transit agencies within the Puget Sound Regional Council's region are accepted as proof of eligibility.
  - 3.4.3.c Persons with disability. This reduced fare may not exceed 50 percent of the full fare for the same service. A valid Medicare card, ADA paratransit card, disabled parking placard with identification, certification from the Veterans Administration or a physician, or regional reduced fare permit administered by local transit agencies within the Puget Sound Regional Council's region are accepted as proof of eligibility.
  - 3.4.3.d Low-income adults. Passengers receive a reduced fare when eligible based on low-income transit discount fare programs implemented by partner agencies that utilize low-income fare categories provided through the regional transit fare program. Payment by means of a valid low-income card is required to receive this discount.

#### 3.5 **Proof of payment**

- 3.5.1 Passengers must carry a ticket or pass that verifies payment of the appropriate fare.
- 3.5.2 The chief executive officer (CEO) is authorized to establish procedures for implementation of proof of payment and take other action as necessary to ensure fare compliance in accordance with Board policies.

#### 3.6 **Fare media and transfers**

- 3.6.1 Passengers may pay fares with the following fare media:
  - 3.6.1.a Cash paid through a farebox or vending machine. On modes requiring fare but without onboard fareboxes, passengers must purchase a ticket or pass with cash or other payment method before boarding or entering a fare paid zone.
  - 3.6.1.b Regional or Sound Transit specific electronic fare media used to access payment accounts or products, such as passes, tickets, transfer value, or stored value, loaded electronically onto the media. Regional pass prices and fare caps must be established in accordance with the regional transit fare program.
  - 3.6.1.c Tickets and other fare media as authorized by the CEO when in the best interest of Sound Transit.

- 3.6.2 Sound Transit issues transfer value for the full amount of fare paid when fare is paid by products loaded onto regional electronic fare media.
  - 3.6.2.a Sound Transit accepts fare transfer value issued by any transit agency honoring transfer value issued by Sound Transit through the regional transit fare program.
  - 3.6.2.b The regional transit fare program establishes how long transfer value may be used after issuance.
- 3.6.3 The CEO may establish, determine pricing of, and sell passes and other fare media based on rates established by the Board for use on Sound Transit services and may enter into agreements with other transit agencies for joint acceptance, sales, pricing, and revenue sharing of multi-agency passes.

### 3.7 **Special fare rates**

- 3.7.1 **Special event service.** The CEO may establish special event fare structures, rates, or external-party payments for public transportation needs that temporarily exceed the capacity of regularly scheduled services, with the goal of recovering the marginal cost of providing such service to the extent possible.
- 3.7.2 **Ride-free zones.** The CEO may establish geographic areas or service segments through which no fare is collected from passengers under the following conditions:
  - 3.7.2.a Cost of fare collection is greater than the revenue to be collected,
  - 3.7.2.b Sound Transit provides a minimal amount of total service through an existing ride-free zone, or
  - 3.7.2.c Sound Transit establishes an agreement with an external party to cover lost revenue.
- 3.7.3 **Law enforcement fares.** Sound Transit recognizes a law enforcement uniform or presentation of the badge of an officer of a general authority Washington or federal law enforcement agency as fare payment.
- 3.7.4 **Paratransit fares.** Sound Transit may accept paratransit fare media issued by local transit agencies within Sound Transit's service area to customers qualifying for paratransit service under Section 504 of the Rehabilitation Act or the Americans with Disabilities Act.
- 3.7.5 **Discounted and free fares.** The CEO may provide discounted or free fares for the following purposes:
  - 3.7.5.a Customer relations and complaint resolution.
  - 3.7.5.b Demonstration of transit services and vehicles and facility tours hosted by Sound Transit or local transit agencies.
  - 3.7.5.c Educational outreach and transit training activities.
  - 3.7.5.d Participation in human services and low-income fare media distribution programs administered by local transit agencies, by Sound Transit, or as part of the regional transit fare program.
  - 3.7.5.e Public emergencies including natural disasters.
  - 3.7.5.f Support of educational and public safety programs.
  - 3.7.5.g Sound Transit promotional and marketing campaigns.

3.7.5.h Transportation to and from Sound Transit offices for invited participants to agency meetings.

3.7.6 **Employer/institutional programs.** The CEO may enter into multi-agency bulk pass sales agreements or authorize participation in agreements administered by other lead agencies with businesses, organizations, and institutions for distribution to their employees, students, or clients pursuant to the regional transit fare program and when:

3.7.6.a It is in the best interest of Sound Transit, and

3.7.6.b Pricing of an agreement recovers either fare revenue based on actual usage during the contract period or estimated fare revenue based on data collected in a prior period; for new agreements, estimated fare revenue is based on the best information available, such as commute trip reduction surveys or experience of a similar organization, or

3.7.6.c For purposes of market development and customer retention, a discount of no more than 20 percent may be granted on a temporary basis, not to exceed two years, provided that the bulk purchaser of the passes offers a subsidy of at least 50 percent of the per-pass purchase price to the individual pass recipients.

3.8 **Fare reporting.** The CEO reports annually to the Board or appropriate Board committees on fare revenues, farebox recovery, and the value and purpose of special fare rates authorized by the CEO.

#### 4.0 References

4.1 Resolution No. R2011-15 Inclusive Public Participation and Community Outreach Policy

4.2 Resolution No. R2017-13 Safety Policy

4.3 Resolution No. R2017-14 Security, Law Enforcement and Emergency Management Policy

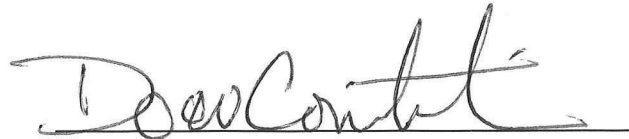
4.4 Resolution No. R2018-29 Expulsion and Suspension Policy

4.5 Resolution No. R2022-07 Fare Compliance Policy

4.6 Resolution No. R2022-19 Disparate Impact and Disproportionate Burden Policy

4.7 Resolution No. R2023-34 Public Comment on Fare Changes and Major Service Changes Policy

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on May 23, 2024.



Dow Constantine  
Board Chair

**Attest:**



Kathryn Flores  
Board Administrator