

# 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.)

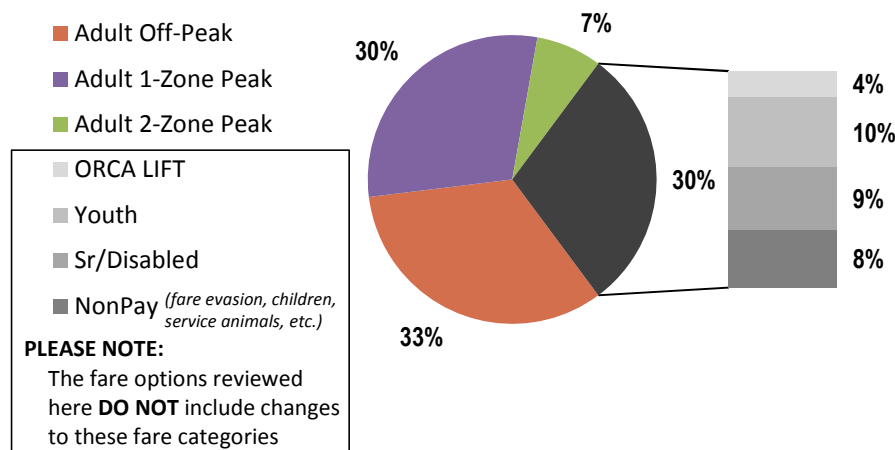
So an adult customer today could pay three different fares even on the same route. This creates confusion, slows down boarding, and causes fare disputes that jeopardize driver safety. **Our goal is to make transit more accessible for everyone.** That's why we're considering the following. That's why 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



Note: Fare scenarios were developed using Metro's fare model for 2019, including assumptions about future ridership and current fare levels. Metro's current budget assumes no adult fare increase until 2020.

## OPTIONS FOR REPLACING THE REGULAR ADULT ZONE AND PEAK FARE

	A) \$2.75 Flat Fare	B) \$2.50 Off-Peak, \$3.00 Peak Fare
What is it?	Adult fare of \$2.75 regardless of time of day or distance travelled.	\$2.50 base adult fare with \$0.50 surcharge for adult fares during peak hours.
Policy rationale	<ul style="list-style-type: none"> <li>• Easy for customers to understand</li> <li>• Promotes operational efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Eliminating zone makes fares easier to understand</li> <li>• Maintaining peak reflects the cost of service</li> </ul>
Effect on annual revenue	\$	\$
Effect on adult fares	<p><b>HIGHER FARE: Off-Peak - \$0.25</b></p> <p><b>NO CHANGE: 1-Zone Peak</b></p> <p><b>LOWER FARE: 2-Zone Peak - \$0.50</b></p>	<p><b>NO CHANGE: Off-Peak</b></p> <p><b>HIGHER FARE: 1-Z Peak - \$0.25</b></p> <p><b>LOWER FARE: 2-Z Peak - \$0.25</b></p>
Other factors	<ul style="list-style-type: none"> <li>• Eliminating zone and peak aligns fare structure with ORCA partners</li> </ul>	<ul style="list-style-type: none"> <li>• Metro would be the only ORCA agency with peak pricing</li> <li>• Does not fully simplify fares</li> <li>• Time-based peak pricing creates operational challenges, would lead to fare disputes.</li> <li>• Current schedule-based peak pricing increases complexity of Next Generation ORCA project</li> </ul>

### LEGEND

- \$ = Minor revenue increase
- \$ = Revenue decrease
- BLUE TEXT = Lower fare
- ORANGE TEXT = Higher fare