

About the proposed King County Metro Transit fare increase

King County Executive Ron Sims' proposed budget for 2008 includes a proposal to increase almost all Metro Transit fares by 25 cents. This would be the first fare increase in seven years. During this same time, Metro's revenues have not kept pace with inflation.

Over the past several years, Metro Transit has been taking steps to offset rising costs and hold fares steady. This has limited Metro's ability to keep up with increasing demand for transit services, and is affecting the on-time performance of the bus service. Demand for transit service is at an all-time high, and the agency must respond to issues related to overcrowded and late buses. The fare increase would raise \$11.7 million in additional revenues annually, and allow Metro to maintain and improve the reliability, dependability and predictability of its system. It would also bring Metro's fares more in line with other national and regional transit agencies

Transit operating costs have increased significantly over the past seven years. Since the last fare increase in 2001, operating costs have increased by 37 percent and rising fuel costs have really affected Metro's budget. For example, the price Metro paid for diesel fuel in July 2001 was 75 cents a gallon. In July 2007, Metro paid \$2.15 a gallon. A significant portion of the fare increase would cover increasing fuel costs, which are expected to continue upward. The fare increase would also help cover rising employee costs.

A 25-cent increase in fares also would enable Metro to move closer to the county's target of recovering 25 percent of transit costs from the farebox to achieve greater financial stability, and to match neighboring transit agencies' fares — which is important as the region continues moving toward a single regional transit pass system.

Most fare categories would be adjusted

The 25-cent per trip increase would apply to most Metro cash fare categories: adult peak and off-peak, youth, and senior/disabled off-peak. Senior/disabled peak and Access cash fares would not increase.

Prices would increase for all Metro passes, as shown in the table.

These fare changes would be phased in during the first half of 2008:

- Adult fares would increase March 1, 2008.
- Youth, Senior/Disabled and Access fares would increase July 1, 2008. The timing of these changes is intended to match school district budget cycles and to give senior and disabled riders more time to adjust.

Fare Categories	Current	Proposed
Cash		
Adult Off-Peak	\$1.25	\$1.50
Adult Peak 1-Zone	\$1.50	\$1.75
Adult Peak 2-Zone	\$2.00	\$2.25
Youth	\$0.50	\$0.75
Senior/Disabled Off-Peak	\$0.25	\$0.50
Senior/Disabled Peak	\$0.50	\$0.50
Access	\$0.75	\$0.75
Pass		
Adult Off-Peak	\$45.00	\$54.00
Adult Peak 1-Zone	\$54.00	\$63.00
Adult Peak 2-Zone	\$72.00	\$81.00
Youth	\$18.00	\$27.00
Senior/Disabled	\$5.50	\$9.00
Access	\$13.50	\$18.00
All-Day Pass	\$2.50	\$3.50

Prices would also increase for FlexPasses – bus passes that employers provide to their employees. The timing of the increase will depend on when individual contracts between Metro and the employers renew, with all contracts being revised by July 1, 2008.

Capturing more operating costs from riders

Most of Metro's operating revenue comes from two sources, countywide sales tax and the fares paid by riders. For 2008, Metro's projected revenues include: \$348 million from sales tax; \$87.5 million from the farebox, if the new fares are approved; and approximately \$6 million from advertising on buses.

The county council has set a policy target of recovering 25 percent of the transit agency's costs from riders, so both users and non-users share system costs. This target is close to the average farebox recovery rate achieved by transit agencies similar to Metro. With the current fares, riders cover about 21 percent of Metro's costs. With the proposed increase, fares would cover approximately 23 percent of costs.

Additional revenue would increase financial stability

Sales tax revenues – the bulk of Metro's funding – can vary dramatically with changes in the economy. By increasing the percentage of its funding that comes from fares, Metro would have a more stable, predictable revenue source.

Transit Now funds are for expansion

King County voters passed the Transit Now initiative in November 2006, increasing the sales tax by one-tenth of one percent to pay for expanded transit services. County residents may wonder why a fare increase is needed. The baseline budget upon which Transit Now was based included periodic fare increases. Without these increases, Metro Transit will not be able to deliver on all the promises made to the citizens who supported Transit Now.

King County is expecting to add 1.2 million new residents by 2020, and Transit Now is intended to expand Metro's system countywide to keep up with this growth — not to pay for increasing costs to maintain daily services and operations. Transit Now funds are being used to expand Metro Transit service by up to 20 percent over the next 10 years.

Metro estimates that the proposed fare increase would generate \$7.9 million in new revenue in 2008 and \$11.7 million when it is in place for a full year. If the proposed fare increase is not approved, Metro will need to reduce some services to cover the shortfall that would be created in the budget. Any reductions of this magnitude would affect the quality and level of Metro service.

County Council will act on fare proposal in November

Executive Sims' proposed 2008 budget, including the Metro fare increase, was transmitted to the King County Council on Oct. 15, 2007. The council will hold budget hearings between mid- October and early November, and expects to adopt a final budget during the week of Nov. 19. More information about the budget process can be found at www.metrokc.gov/council/budget, or by calling (206) 296-1000.