

Date: April 26, 2023

To: Board of Directors

From: Sam Desue, Jr.

Subject: ORDINANCE NO. 374 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) ADOPTING FARE INCREASES AND AMENDING TRIMET CODE CHAPTER 19 (FIRST READING AND PUBLIC HEARING)

1. Purpose of Item

Ordinance No. 374 will amend Chapter 19 of the TriMet Code to adopt transit fare increases which will become operative on January 1, 2024.

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Ordinance

3. Reason for Board Action

A fare increase requires amendment of the TriMet Code, which may be amended only by an ordinance adopted by the Board of Directors. Adoption of Ordinance No. 374 requires two readings and a public hearing.

4. Type of Action

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

Historically, TriMet has reviewed fares annually to ensure that fares kept pace with increases in the costs of operating the transit system, and new fares were regularly implemented in September. However, TriMet’s most recent Adult Fare increase was implemented on July 13, 2012, and the most recent fare increase of any kind took effect on September 1, 2015, when TriMet raised the Honored Citizen fare to make it equivalent to the Youth Fare (50% of the Adult fare). TriMet has not increased any fares since that date. Going forward, and consistent with TriMet’s Strategic Financial Plan, staff will review fares annually and present the Board with proposals that allow fares to keep pace with TriMet’s operating costs.

After numerous public discussions that included staff analyses of the need and effect of a fare increase, the Board directed staff to prepare an ordinance for a fare increase that would take effect on January 1, 2024. The Board asked that the proposed ordinance be considered at the Board’s April 2023 meeting.

As shown on the attached Exhibit A, Ordinance No. 374 will increase current fares as follows:

- Adult 2½ hour fare from \$2.50 to \$2.80,
- Adult All-Day fare from \$5.00 to \$5.60,
- Honored Citizen and Youth 2½ hour fares from \$1.25 to \$1.40,
- Honored Citizen and Youth All-Day fare from \$2.50 to \$2.80, and
- LIFT fares from \$2.50 to \$2.80 per ride.

However, the Ordinance will not increase the monthly Hop Fastpass cost or fare cap for adults, Honored Citizens, Youth or LIFT riders. Those monthly prices would remain the same at \$100.00 for adults, \$28.00 for Honored Citizens and Youth, and \$74.00 for LIFT riders.

A. Financial Need. The TriMet Code states that “TriMet’s ability to collect fares is essential to TriMet’s budget and its ability to provide mass transportation services to the region.” TMC Chapter 29.05A. TriMet’s Strategic Financial Plan, adopted by the Board in December of 2019, calls for a financially sustainable system that encourages and supports ridership and ensures broad access to transit services. The Strategic Financial Plan strives for a sustainable balance of ridership growth and passenger revenue and contains four essential elements:

- Promotes a fare pricing strategy that keeps pace with the cost of service
- Encourages pre-payment of fares for operational efficiency and efficient fare enforcement
- Encourages electronic fare collection to reduce costs and improve fare recovery
- Pursues transit industry standards in pricing for reduced fare categories

Over the last ten years, TriMet’s maintenance and transportation operating costs have steadily increased on average by \$13.8 million (4.2%) annually, including costs associated with additional safety and security on the system. Although payroll tax revenues and income from federal and other governmental operating grants have increased, fare revenues from fixed-route bus, MAX, WES and LIFT services have not kept pace with the cost of service but have remained relatively flat or decreased. Recent one-time federal stimulus funding will be depleted by the end of the fiscal year.

Also competing for funding are State of Good Repair (SGR) initiatives. With an aging infrastructure, additional funding will be required beyond the current forecasted projections if we are to meet federal SGR requirements. Given its rising operating costs, forecasted SGR needs and current revenue projections, TriMet could experience a fiscal deficit as early as FY2026, at which point current levels of operations and service delivery will not be sustainable. For all these reasons, a fare increase is necessary.

B. Public Outreach and Title VI Fare Increase Equity Analysis. TriMet’s Public Affairs Division conducted extensive public outreach over the last year to obtain comments and feedback from over 5,100 riders and system stakeholders concerning the proposed fare increase and the effects of such an increase on ridership. The Agency’s outreach efforts consisted of traditional and non-traditional methods. This outreach included meetings with sixty-six (66) community based organizations, participating in community-partner hosted focus groups that brought together over 1,550 people, online marketing, email, as well as Facebook, Twitter and other social media tools that gathered over 250,000 impressions about the proposed fare increase and how to provide feedback.

TriMet was able to rely on the cultural expertise of various local communities and multiple languages, including Arabic, Burmese, Chinese, Farsi, Korean, Nepali, Somali, Swahili, Taiwanese, Japanese, Filipino, Rohingya, Russian, Spanish, Vietnamese, and Ukrainian to conduct the widest possible public outreach for the proposed fare increase.

TriMet hired Disadvantaged Business Enterprise (DBE)-certified firm Espousal Strategies, LLC (Espousal) to conduct a Title VI Equity Analysis of the proposed fare increase. The analysis relied heavily on the information gathered through these outreach and public participation efforts. TriMet's adopted policy for fare changes states: "When minority populations or riders will experience a 10% (or more) greater adverse effect than that borne by the non-minority populations or riders, such changes will be considered to have a disparate impact." The same 10% threshold applies to determine if a fare change would cause a disproportionate burden on low-income riders.

The existence of TriMet's fare-capping policy means that frequent riders who use Hop and meet the fare cap within the calendar month will not experience a fare increase. The monthly fares will remain at \$100.00 for Adults, \$28.00 for Honored Citizens and Youth, and \$74.00 for LIFT riders. However, riders who purchase fares on a daily basis potentially could experience a fare increase of approximately twelve percent (12%) per month.

As a result, TriMet's Title VI Equity Analysis concluded that the fare increase proposed by Ordinance No. 374 would have a disparate impact on riders who are minority and would impose a disproportionate burden on riders who earn a low income, unless those riders are able to take advantage of Hop fare-capping. Because of these Title VI impacts, TriMet must consider mitigating the effects of the fare increases on these vulnerable populations.

TriMet's proposed mitigations include using Statewide Transportation Improvement Funds and other grant revenues to:

- Maintain current monthly Fare Caps across all Adult, Youth, Honored Citizen and LIFT programs, without any increase;
- Continue to provide a 50% discount for LIFT paratransit rides at half the cost of the federally approved designated rate of two-times the cost of the adult fare per trip;
- Expand access and registration for the Honored Citizen reduced fare program for those who qualify based on income;
- Extend program participation in the Honored Citizen reduced fare program, from two to three years for all new and renewing participants;
- Expand the Hop retail network to increase Hop Fastpass sales.

Espousal and TriMet staff presented the preliminary results and findings of the Title VI Equity Analysis Report, as well as proposed mitigations, to the Board at its public strategy session on March 29, 2023. The draft Title VI Report was provided to the Board for its consideration prior to its April 26, 2023 meeting. The final Title VI Report with any supplemental public feedback will be provided to the Board prior to its May 24, 2023 meeting.

6. Financial/Budget Impact

Ordinance No. 374 proposes fare increases that will augment TriMet's fare income by an estimated \$4,900,000 per year, which will help cover a greater proportion of TriMet's ongoing operating costs.

7. **Impact if Not Approved**

Should the Board not proceed with adoption of the proposed fare increase, the existing fare structure will remain in place and TriMet's ongoing financial health will suffer due to lack of funding from this essential revenue source.

ORDINANCE NO. 374

**ORDINANCE NO. 374 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) ADOPTING
FARE INCREASES AND AMENDING TRIMET CODE CHAPTER 19
(FIRST READING AND PUBLIC HEARING)**

THE BOARD OF DIRECTORS OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET), pursuant to the authority of ORS Chapter 267, having reviewed, considered and approved the Final Title VI Fare Increase Transit Equity Analysis and considered testimony offered during a public hearing, does hereby ordain and decree the following Ordinance:

Section 1- Adoption of Fare Increase; Amendment of TriMet Code

TriMet Code Chapter 19 is hereby amended as set forth on the attached Exhibit A, which is incorporated herein and made part of this Ordinance No. 374.

Section 2- Effective / Operative Dates

This Ordinance shall take effect thirty days after the date of its Second Reading. Amendments to TriMet Code Chapter 19.15 Fares shall become operative on January 1, 2024.

Dated: April 26, 2023.

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department