

Virtual Meeting Participation Information:
Dial: 1-253-215-8782 Meeting ID No. 84047421982
Webinar link: <https://us02web.zoom.us/j/84047421982>

Physical Meeting Location:
Pierce Transit Training Center
3720 96th Street SW
Lakewood, WA 98499

Call to Order

Approval of Minutes – July 20, 2023, committee meeting

Public Comment:

Citizens wishing to provide comment will be given up to three minutes to comment on transit-related matters regardless of whether it is an agenda item or not. The Chair, at his or her discretion, may reduce the comment time to allow sufficient time for the Board to conduct business.

*To request to speak virtually during public comment, please press the Raise Hand button near the bottom of your Zoom window or press *9 on your phone. If speaking in person, please sign in at the table at the back of the room. Your name or the last four digits of your phone number will be called out when it is your turn to speak. Written comments may also be emailed to Djacobson@piercetransit.org.*

Action Agenda

1. Election of Chair and Vice Chair
2. FS 2024-014, Authorize the Chief Executive Officer to Enter into and Execute a Contract with Fehr and Peers for Assistance with Developing the Agency's All-New Destination 2045 Long Range Plan

Darin Stavish
Principal Planner

Review/Discussion

1. Farebox Recovery Overview

Ryan Wheaton
Chief Planning Officer

Commissioner Comments

Executive Session – None Scheduled

Adjournment

Pierce Transit does not discriminate on the basis of disability in any of its programs, activities, or services. To request this information in an alternative format or to request a reasonable accommodation, please contact the Clerk's Office at 253.581.8066, before 4:00 p.m., no later than the Tuesday preceding the Board meeting.

**PIERCE TRANSIT
EXECUTIVE FINANCE COMMITTEE MEETING**

July 20, 2023

MINUTES

CALL TO ORDER

Vice Chair Campbell called the meeting to order at 3:05 p.m.

ATTENDANCE

Executive Finance Committee Commissioners present:

Marty Campbell, Pierce County Council, Vice Chair
John Hines, City of Tacoma
Ryan Mello, Pierce County Council

Executive Finance Committee Commissioners excused:

Jason Whalen, Chair, Mayor of the City of Lakewood

Staff present:

Chris Schuler, Chief Financial Officer
Brittany Carbullido, Assistant to the CEO/Deputy Clerk of the Board
Deanne Jacobson, Clerk of the Board

OPENING REMARKS AND HOUSEKEEPING

Vice Chair Campbell welcomed committee members, staff, and citizens to the virtual meeting and provided instructions for participation to attendees.

APPROVAL OF MINUTES

Commissioners Mello and Hines **moved** and seconded to approve the March 16, 2023, meeting minutes as presented.

Motion **carried**, 3-0.

PUBLIC COMMENT

No public comments were received.

ACTION AGENDA

- 1. FS 2023-029, Authorize the Chief Executive Officer to Increase Contract 1019 with All StarZ Staffing and Consulting, Inc., by up to \$200,000, for a new Contract Spending Authority Amount of \$600,000 to Continue Providing Temporary Staffing Services Primarily for bus Cleaning Custodians and Other Agency Temporary Staffing Positions on an as Needed Basis.**

Human Resources Assistant Manager Randal Shultz presented on the item. He advised that his request is to increase the contract spending authority amount by an additional \$200,000 to cover primarily bus cleaning custodian services, and temporary staffing needs that may unpredictably occur across the agency as needed through the end of 2024.

Commissioners Mello and Hines **moved** and seconded to authorize the Chief Executive Officer to increase Contract 1019 with All StarZ Staffing and Consulting, Inc., by up to \$200,000, for a new contract spending authority amount of \$600,000 to continue providing temporary staffing services primarily for bus cleaning custodians and other agency temporary staffing positions on an as needed basis.

Motion **carried**, 3-0.

REVIEW AND DISCUSSION

2023 Q2 Financial Report

Chief Financial Officer Chris Schuler presented on the item. He reported out on the general financial health of the agency, reviewing revenues vs. expenditures, sales tax collection, farebox recovery, status of capital projects, and staffing and operating costs. that expenses are slightly under than budgeted and capital projects are trending on budget so far. He advised that the Agency is ahead in revenue, primarily due to funding received from the Move Ahead Washington Package and the American Rescue Plan Act (ARPA).

Mr. Schuler reported that reserves are healthy, and the agency is on track. He responded to questions.

2022 Sustainability Report

Data Analyst Pamela Gant provided an overview of the Agency's sustainability metrics, noting Pierce Transit started collecting sustainability data in 2017. She advised that Sound Transit services are excluded from the data as they track their own data.

Ms. Gant reviewed the following items:

- Annual electricity consumption
- Annual water consumption
- Garbage recycling

- Fuel cost efficiencies
- Agency's carbon footprint

Ms. Gant responded to various questions.

COMMISSIONER COMMENTS

No comments were provided.

EXECUTIVE SESSION

No executive session was scheduled.

ADJOURNMENT

There being no further business before the committee, the meeting was adjourned at 3:29 p.m.

Deanne Jacobson
Clerk of the Board

Marty Campbell, Vice Chair
Executive Finance Committee

TITLE: Authority to Execute a Contract with Fehr & Peers (Contract No. 1833) to Provide Development Assistance for the All-New Destination 2045 Long Range Plan

DIVISION: Planning & Community Development

SUBMITTED BY: Darin Stavish, Principal Planner

RELATED ACTION: N/A

ATTACHMENTS:

RELATION TO STRATEGIC PLAN: Customer

BUDGET INFORMATION

Is it Budgeted? Yes / No

Project Name or Number: Destination 2045 Long Range Plan

Operating Budget

Capital Budget

FUNDING SOURCE:		EXPLANATION:
Local Amount	\$ 271,412.00	The contract is funded entirely through local operating funds budgeted under 1411-64110 Professional Services in CY 2024.
Grant/Other Amounts	\$ 0	
Total Expenditure	\$ 271,412.00	

BACKGROUND:

In November 2023, Pierce Transit released a Request for Proposals (No. 1833) to all consulting firms interested in providing professional planning, research, supplemental writing, graphic design/layout, and formatting services for the Agency's all-new *Destination 2045* Long Range Plan (LRP) document and related appendices. The Agency received and evaluated four proposals and interviewed the top three firms. It was determined that the proposal submitted by Fehr & Peers (Seattle, Washington office) best meets Pierce Transit's specifications at a competitive cost.

The need for hiring a private sector consulting firm is predominantly for graphic design, layout, editing, and formatting the document plus related appendices. Pierce Transit's vision is a long range planning document written in plain language with supporting infographics, charts, graphs, and other images that a non-transit or transportation planning practitioner could easily comprehend, plus use it as a "living" reference document for at least 8 to 10 years. Therefore, the Agency is seeking comprehensive graphic design expertise for inclusion in all sections and topic areas throughout the entire document. Examples include, but are not limited to, directly related infographics, drawings, photographs, artistic renderings, maps, charts, graphs, figures, tables, and any other effective method for presenting the related written or narrative information quickly and clearly.

As in the original Destination 2040 LRP, the baseline (i.e., existing conditions) plus four scenarios for growth in the fixed route system and Stream BRT network will be presented as part of the final deliverable. Note that the first

three growth scenarios are within the existing Pierce County, Washington, Public Transportation Benefit Area (PTBA) boundaries, along with one countywide "vision" beyond the service area boundaries:

- The 2025 Baseline (i.e., the full 2024 budgeted Service Hours recovery allocation): 500,000
- At 20% more Service Hours per year: 600,000
- At 30% more Service Hours per year: 650,000 (This was the Rapid Growth Scenario in the original Destination 2040 LRP of 2016)
- At 50% more Service Hours per year: 750,000
- At 80% more Service Hours per year: 900,000 (Pierce Countywide Service Area Vision)

STAFF RECOMMENDATION:

Based on the four proposals received, Fehr & Peers was the unanimous first choice among three internal (Pierce Transit) panel members on the proposals review, scoring, and final selection committee. Staff's recommendation is to therefore approve this request and authorize the contract with Fehr & Peers for a not to exceed amount of \$271,412.00.

ALTERNATIVES:

1. Reject all bids and do not move forward with the development of the new Long Range Plan. This is not recommended as this would result in the Agency not preparing a comprehensive 20-year vision for growth of the fixed route network when the 13 municipalities we serve, along with Pierce County, are all in the process of updating their Comprehensive Plans in 2024, as required by the Washington State Growth Management Act (GMA). In addition, the new LRP will directly complement the Puget Sound Regional Council Metropolitan Planning Organization's VISION 2050, as well as guide the Agency in determining what projects to submit for consideration in the Regional Transportation Plan when it is next updated. And finally, the new LRP will provide cost assumptions for both future capital projects and operating needs, per a recommendation of the USDOT (See: Model Long-Range Transportation Plans: A Guide for Performance-Based Planning - Element 6. Strategies, Investments, and Financial Plan, pp. 67, 82-87).
2. Select an alternate bidder. This is not recommended as staff is recommending the firm that most closely meets the standards of Pierce Transit and ensures the best price, based on an immediate Notice to Proceed authorization. Therefore, staff recommends the contract be awarded to Fehr & Peers.

PROPOSED MOTION:

Move to: Authorize the Chief Executive Officer to enter into and execute a contract with Fehr & Peers, (Contract No. 1833) to provide development assistance with the all-new Destination 2045 Long Range Plan, for a contract authority not to exceed amount of \$271,412.00

Introduction

This memo aims to provide a comprehensive understanding of farebox recovery concepts, while briefly contrasting with fare evasion. Additional attention will be paid to industry standards, Pierce Transit farebox history, and challenges that have resulted in declining rates over the years.

1. Defining the Data

Fare Evasion describes passengers avoiding payment of the required fare for utilizing Pierce Transit services. This illicit practice leads to revenue losses for transit agencies and poses challenges to maintaining fare integrity and financial stability. While mostly a separate topic, it is discussed here to delineate two similar-sounding transit terms, and later for its impact on farebox recovery.

Farebox recovery refers to the percentage of operating expenses covered by revenue collected from passenger fares (i.e., cash fare, ORCA, mobile ticket). This industry standard data point often serves as a critical metric for assessing the financial health and sustainability of transit agencies. A higher farebox recovery rate indicates a greater ability to offset operational costs through fare revenue, showcasing financial efficiency and viability. While there are similar farebox recovery issues throughout our four modes, the proceeding data only cover Pierce Transit's local bus service.

Pierce Transit's farebox recovery has declined considerably over the years. From 1999 to 2019, the agency rate was nearly halved, reducing from 22% to 12%. COVID-related issues have created further complications, which resulted in staff recommending that farebox recovery at the route level not be used to determine the strength of individual routes while interim route performance standards are in place.

2. Industry Standards

Industry standards for farebox recovery rates can vary depending on factors such as transit mode, geographic location, fare structures, and government subsidies. While there is no universal benchmark, general averages for American bus systems generally range from 15% to 25%. Rail and other high-capacity transit systems trend higher, often above 50%.

Several factors can influence farebox recovery rates, including:

- **Rising Costs of Doing Business:** Increasing operational costs, such as fuel, labor, and maintenance expenses, can put pressure on farebox recovery rates by outpacing revenue growth.

- **Stagnant Fare Prices:** Unchanged fare prices amidst rising costs can erode farebox recovery rates over time, as fares fail to keep pace with inflation and operational expenses.
- **Declining Ridership:** Decreases in ridership, whether due to external factors (e.g., economic downturns, shifting commuting patterns) or internal issues (e.g., service reliability, competition from alternative transportation modes), can negatively impact farebox recovery rates by reducing fare revenue.
- **Increased Creation and Use of Reduced Fare Programs:** The proliferation of reduced fare programs, such as discounts for seniors, students, and low-income individuals, can contribute to lower overall farebox recovery rates by reducing the revenue received per passenger trip.

3. Pierce Transit Farebox History

- **Rising Costs of Doing Business:** Pierce Transit hourly operations cost has increased 31% since the start of COVID and nearly 60% in the last decade.
- **Stagnant Fare Prices:** Pierce Transit had six increasingly higher fare prices in a 14-year period between 1996 and 2010 (from \$0.75 to \$2.00). In the 14 years since 2010, fare prices have remained unchanged at \$2.00.
- **Declining Ridership:** Pierce Transit bus ridership was above 10,000,000 annual trips for two decades. Recession-caused ridership issues started to show in 2011. In the last 13 years, only three (i.e., 2018, 2022, 2023) had higher ridership than the year prior.
- **Increased Creation and Use of Reduced Fare Programs:** While helpful in many ways, reduced fare programs require large ridership increases to make up for lost revenue. Since 2017, the following programs were introduced: Community College reduced student fare, 501c3 half-price tickets, Youth Free Transit Pass, ORCA Lift income-based reduced fare. Earlier actions created long-established programs: Senior Regional Reduced Fare Permit, Disabled Regional Reduced Fare, ORCA for Business reduced business fare.

4. Additional Factors

- Prior to Sound Transit Express, Pierce Transit operated Seattle Express routes. These high ridership routes were eliminated as Sound Transit assumed regional commuter service.
- In the 14 years between 1996 and 2010, local bus fare increased 167% alongside an hourly service cost increase of 65%. During the most recent 14-year period (2010-2024), local bus fare has not changed while hourly service cost grew another 61%.

The information above is not intended to make a statement about the current fare structure or previous decisions. Nor is this intended to imply a recommendation for action. Instead, this memo serves as an explanation for farebox recovery and highlights data inputs that have resulted in low farebox recovery numbers in recent years.

YEAR	TOTAL COST		FARE REVENUE		FAREBOX RECOVERY		COST/ SRVC HOUR		BUS FARE		REV/ TRIP		% FULL FARE		SERVICE HOURS	
	\$		\$		%		\$		\$		\$		\$			
1996	\$	31,117,500	\$	6,546,231	21%		\$	69	\$	0.75	\$	0.55	\$	73%		450,000
1997	\$	33,682,995	\$	7,060,419	21%		\$	73	\$	0.90	\$	0.54	\$	59%		458,584
1998	\$	35,382,956	\$	7,863,668	22%		\$	75	\$	0.90	\$	0.60	\$	67%		474,939
1999	\$	37,550,969	\$	8,371,482	22%		\$	72	\$	1.00	\$	0.64	\$	64%		522,994
2000	\$	35,221,463	\$	5,593,602	16%		\$	76	\$	1.00	\$	0.47	\$	47%		465,954
2001	\$	39,354,475	\$	6,225,490	16%		\$	84	\$	1.00	\$	0.53	\$	53%		465,954
2002	\$	42,015,263	\$	6,971,227	17%		\$	86	\$	1.25	\$	0.62	\$	50%		486,513
2003	\$	45,853,500	\$	7,207,565	16%		\$	83	\$	1.25	\$	0.64	\$	51%		550,000
2004	\$	57,062,610	\$	7,358,403	13%		\$	95	\$	1.25	\$	0.62	\$	49%		603,454
2005	\$	55,019,924	\$	7,215,241	13%		\$	95	\$	1.25	\$	0.59	\$	47%		580,073
2006	\$	54,365,546	\$	9,133,510	17%		\$	90	\$	1.50	\$	0.74	\$	49%		601,655
2007	\$	61,045,143	\$	9,983,459	16%		\$	97	\$	1.50	\$	0.75	\$	50%		629,591
2008	\$	69,342,559	\$	11,311,195	16%		\$	105	\$	1.50	\$	0.75	\$	50%		660,657
2009	\$	67,982,319	\$	12,796,106	19%		\$	106	\$	1.50	\$	0.90	\$	60%		642,555
2010	\$	70,528,895	\$	11,619,743	16%		\$	114	\$	2.00	\$	0.83	\$	41%		618,566
2011	\$	67,255,766	\$	10,496,943	16%		\$	135	\$	2.00	\$	0.86	\$	43%		498,856
2012	\$	57,090,035	\$	9,324,727	16%		\$	137	\$	2.00	\$	0.88	\$	44%		416,746
2013	\$	49,165,428	\$	8,952,627	18%		\$	119	\$	2.00	\$	0.87	\$	43%		412,704
2014	\$	53,567,310	\$	8,858,933	17%		\$	125	\$	2.00	\$	0.87	\$	43%		429,535
2015	\$	56,496,165	\$	9,366,803	17%		\$	131	\$	2.00	\$	1.03	\$	51%		432,755
2016	\$	66,509,760	\$	8,576,749	13%		\$	143	\$	2.00	\$	1.00	\$	50%		464,000
2017	\$	68,177,061	\$	8,735,996	13%		\$	145	\$	2.00	\$	1.02	\$	51%		471,683
2018	\$	69,246,073	\$	8,621,720	12%		\$	141	\$	2.00	\$	1.00	\$	50%		490,585
2019	\$	70,831,008	\$	8,456,158	12%		\$	144	\$	2.00	\$	1.01	\$	50%		491,882
2020	\$	67,696,458	\$	4,461,166	7%		\$	157	\$	2.00	\$	0.94	\$	47%		431,958
2021	\$	69,168,888	\$	4,462,150	6%		\$	155	\$	2.00	\$	1.02	\$	51%		447,203
2022	\$	71,570,202	\$	4,207,548	6%		\$	174	\$	2.00	\$	0.85	\$	43%		411,323
2023	\$	80,843,600	\$	4,311,690	5%		\$	189	\$	2.00	\$	0.71	\$	36%		428,061