

TARIFF REVIEW CYCLE 2011

Summary of WSF Proposal

June 29, 2011

FARE PROPOSAL ELEMENTS

General Fare Increase

1. **Proposal for General Fare Increase:** Implement a general fare increase of 3.0%, which will generate approximately \$1.1 M more revenue than a 2.5% fare increase over the 2011-13 biennium. Actual fare impacts will vary depending on rounding and application of other policy rules.

Raise international route fares by the same rate as the general fare increase.

Fare Structure Adjustments

2. **Proposal for Vehicle Categories Under 30 Feet:** Restructure the vehicle categories under 30 feet and phase implementation of resultant fare changes over three years to mitigate significant fare impacts in any given year. The purpose of this restructuring is to provide pricing incentives for use of smaller vehicles by introducing a small car category and gradually increasing the cost per foot as vehicles get longer, while also eliminating the source of significant tollbooth conflict around the current 20-foot cutoff. The following are specific implementation details
 - **Phasing Timeline.** Phase in fare structure changes over three years. Phasing over three years reduces the impact of fare increases on other vehicle categories.
 - **Offsetting Lost Small Car Revenues.** WSF will spread the revenue loss across other vehicle categories in order to minimize the impact on any specific fare. The standard vehicle fare on Central Sound will be increased by one nickel (about 0.4% on a central sound fare, with all other fares adjusted based their relationship to the central sound fare), and the rest of the loss will be spread across oversize vehicle categories by marginally increasing the per foot cost as vehicles get larger.
 - **Redefine the Length of Standard Vehicle to 14-22 feet.** The standard vehicle category has generally been defined as encompassing passenger vehicles and light trucks (i.e. SUV's and pickup trucks). WSF's reason for extending this category reflects the increase in length of light trucks in the last decade which have led to many conflicts at the tollbooth around the 20' cutoff. By extending the definition to 22', virtually all passenger and light-truck vehicles will fit in this category, simplifying tollbooth transactions.
 - **Motorcycle with Surcharge Fares.** As part of the reworked under 30-foot fares, the motorcycle with surcharge will be eliminated and these vehicles will pay the under 14-foot fare. To transition toward this eventual elimination, WSF will gradually increase the surcharge amount to grow the motorcycle with sidecar surcharge fare toward the higher small car fare. This would leave the standard motorcycle fare untouched.

Since the motorcycle surcharge is currently more than 25% higher in the peak season than the base season, due to its relationship to the passenger fare, the base season surcharge will need to increase more quickly than the peak surcharge to bring them into alignment with a standard 25% peak season surcharge. In the first year of 3-year phasing, the surcharge would increase by \$0.50 in the base season and \$0.25 in the peak season.

3. **Proposal for Bicycle Surcharges and Passes:** Eliminate the bicycle annual permit, and allow passengers paying with monthly passes, multi-ride cards, or ORCA ePurse to bring bicycles without charge. (In the San Juan Islands, only multi-ride card users could bring bicycles without charge). Bicycle surcharges would not increase.

Proposed Surcharge for Specific Needs Outside Base Budget

4. **Proposal for Fuel Surcharge:** Implement a system-wide, formula-based fuel surcharge during times when fuel costs are higher than those funded in the budget. Key policy recommendations:
 - **Minimum surcharge amount:** 2.5%
 - **Maximum surcharge amount (hard cap):** 10.0%
 - **Fixed Thresholds:** Implement surcharge at fixed thresholds of 2.5%, 5.0%, 7.5%, or 10.0%, where the surcharge would be set based on which threshold is triggered by applying the surcharge formula.

Proposed Surcharge Directed by the Legislature

5. **Proposal for Capital Surcharge:** Impose a 25-cent surcharge on each ferry fare system-wide (one-way or round trip). Adjust multi-ride and monthly pass products to reflect total per-ticket price, as required by the legislature to fund future vessel replacements.