

2013 FARE PROPOSAL

IMPLEMENTATION DATES

OCTOBER 1, 2013

MAY 1, 2014



Washington State
Transportation Commission

GENERAL FARE INCREASE PROPOSAL

June – July 2013

State funding from tax revenues covers a portion of the Washington State Department of Transportation Ferries Division (WSF) operating costs, and fare revenue needs to cover the rest. Each biennium, the state Legislature enacts a biennial Transportation Budget that includes a financial plan with fare revenue targets. Using ridership projections provided by the Transportation Revenue Forecast Council plus analysis and recommendations from WSF, the Washington State Transportation Commission (The Commission) must develop and adopt a fare proposal to meet that revenue target.

The fare revenue target for maintenance and operations for the 2013-2015 biennium is \$328 million, which is about 6% higher than total fare revenues collected during the 2011-2013 biennium. While other components of the fare proposal have some impacts on revenue, the primary tool for generating additional fare revenue is the general fare increase. The general fare increase applies to all fares in the system, except those which are set according to other specific policy directives.

2013 PROPOSAL

The Commission is proposing a two-year fare proposal that includes different percentage increases for vehicle and passenger fares:

- Implement a 2.0% general fare increase on passenger fares and a 3.0% general fare increase on vehicle fares on October 1, 2013.
- Implement a 2.0% general fare increase on passenger fares and a 2.5% general fare increase on vehicle fares on May 1, 2014.

Due to rounding and other fare proposal items outlined in this document, not all fare categories will experience a percentage change equal to the applicable general fare increase. The Commission's established policy is to round fares to the nearest nickel – this means that some fares are rounded up and others are rounded down.

The Commission is not proposing changes to bicycle surcharges.

This combination of timing and magnitude of the general fare increase, modest forecasted ridership increases, and the full effect of the last fare increase in May of 2012 is estimated to raise the \$328 million in fare revenue required by the Legislature.

Two-year Fare Proposal. The Commission is proposing a two-year tariff proposal with implementation dates on October 1, 2013 and May 1, 2014. With a two-year proposal, the fare structure change and fare increase percentages are prescribed for both fare changes during the 2013-15 biennium.

Different Vehicle and Passenger Increases. WSF's most valuable asset is its vehicle deck space, as the amount of vehicle space during peak travel times continues to be the primary ongoing capacity constraint. As directed by the legislature, a number of operational and pricing strategies designed to spread vehicle demand and grow the overall



utilization of vessels throughout the day are being implemented. The most significant of these have been developing a vehicle reservation system that will encourage drivers to time shift from peak sailings to off-peak sailings and implementing an Under 14' Vehicle fare category that encourages people to bring smaller cars to the boats.

Increasing vehicle and passenger fares at different rates is another targeted pricing strategy designed to improve overall system utilization, which the Legislature has explicitly directed WSF to do. The policy objectives that are being furthered by this adjustment are:

- **Encouraging Passenger Travel.** The differential fare increase could encourage additional passenger travel by making passenger fares relatively less expensive than vehicle fares, both by drawing new, discretionary trips from passengers that may not have otherwise traveled and by encouraging customers to travel as walk-ons or as passengers in cars when convenient. WSF has adequate capacity to carry additional passenger trips, even during peak periods when vehicle capacity is the most constrained.
- **Partially Offsetting the Impacts of the Capital Surcharge.** In 2011 the Legislature required that a \$0.25 capital surcharge be added on every fare in the system. Since passenger fares are smaller than vehicle fares, this surcharge had a greater percentage impact on passenger fares than vehicle fares. Changing the underlying fares' relationship will help mitigate this impact and realign effective fares closer to the original relationships.
- **Making Travel More Affordable for Families.** We've heard from our customers that our current fare structure could be more supportive of families by making travel in groups and with children more affordable. The general fare increase proposal, which reduces the relative cost of additional passengers on a trip, combined with the increased youth discount will support families traveling on WSF.

This fare change will change the relationship between vehicle and passenger fares in a way that will result in different impacts to vehicle customers depending on how many people are riding in the car. Exhibit 1 shows how the total trip cost for different combinations of vehicles with passengers will change based on the fare proposal.

Exhibit 1
Round-trip Costs for Vehicles with Varying Number of Passengers
(Central Sound, off-peak full fares, including capital surcharge)

Vehicle Occupancy	Current Fare	2013 Fare	2014 Fare	Total \$ Change	Total % Change
Vehicle w/Driver & 0 Passengers	\$26.30	\$27.10	\$27.80	\$1.50	5.7%
Vehicle w/Driver & 1 Passenger	\$34.00	\$34.95	\$35.80	\$1.80	5.3%
Vehicle w/Driver & 2 Passengers	\$41.70	\$42.80	\$43.80	\$2.10	5.0%
Vehicle w/Driver & 3 Passengers	\$49.40	\$50.65	\$51.80	\$2.40	4.9%
Vehicle w/Driver & 4 Passengers	\$57.10	\$58.50	\$59.80	\$2.70	4.7%