WSDOT Ferries Division: 2019/20 Fare Proposal

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June 18, 2019
WSF 2019/2020 Fare Proposal: Presentation Outline

• Fare Development Process Timeline
• Legislative Guidance
• 2019/2020 Fare Proposal and FAC-T Feedback
• Public Outreach Summary
• Next Steps
# Fare Development Process Timeline

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Current Date</th>
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<tbody>
<tr>
<td>Ferries Team/WSF Staff Meetings</td>
<td>October and December 2018</td>
</tr>
<tr>
<td>WSTC Presentation</td>
<td>January 2019</td>
</tr>
<tr>
<td>Begin FAC-T Meetings</td>
<td>February 2019</td>
</tr>
<tr>
<td>WSTC Presentation</td>
<td>April 2019</td>
</tr>
<tr>
<td>Adopted Budget</td>
<td>Mid/Late April 2019</td>
</tr>
<tr>
<td>CR 101 Filing</td>
<td>NLT 5/1/19</td>
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<tr>
<td>Public Outreach on Fare Issues</td>
<td>May 2019</td>
</tr>
<tr>
<td>CR 102 Filing</td>
<td>June 14 – July 3, 2019</td>
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<tr>
<td><strong>Fare Proposal to WSTC</strong></td>
<td><strong>June 18/19 2019</strong></td>
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<tr>
<td>Public Comment</td>
<td>Late July/Early August</td>
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<tr>
<td>Public Hearing</td>
<td>August 6, 2019</td>
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<tr>
<td>CR 103 Filing</td>
<td>NLT 8/30/19</td>
</tr>
<tr>
<td>Fares Take Effect</td>
<td>Oct 1, 2019</td>
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Ferry fare development:
General fare increase

Legislature’s budget requirement:

- Requires additional operating revenue for the 2019-2021 biennium.

- Without an increase, WSF is projected to generate $398.3 million in fares for operations.

- The legislature’s adopted budget requires $407.9 in fare revenue, an increase of $9.6 million.

- The budget is based on the amount of revenue raised by 2.5% base fare increases in October 2019 and again in October 2020.

- Rates and timing could vary as long as the required fare revenues are generated.
Fare issues: Capital surcharge

Issue Summary:
• In order to fund the debt service on the next new vessel, the legislature has directed the Transportation Commission to add a vessel replacement surcharge beginning May 1, 2020.

ESHB 2161:
• Will need to cover the estimate of debt service that isn’t covered by additional revenues from HB 1789.
• May only be used for construction or purchase of ferry vessels and pay principal and interest on bonds for the vessels.
• The additional vessel replacement surcharge shall not increase any one fare more than 10 percent.
• The capital surcharge could be applied evenly to all fares or differently to various fare types.
2019/2020 Fare Proposal: 
WSF Recommendation

• General Fare Increase in October 2019 and May 2020
  – Aligns second year general fare increase with timing of required new vessel capital surcharge implementation May 1, 2020.
  – Provides additional revenue to allow for lower general fare increases and spreading of Vehicle and Passenger Fares.

• Increase Passenger Fares at 2.0% and Vehicle Fares at 2.5%
  – Partially offsets the “reverse direction narrowing” in vehicle/passenger fares from the new capital surcharge.

• Implement a $0.25 Capital Surcharge
  – Slightly higher capital surcharge allows for changes in rising construction or other costs and a more robust vessel capital revenue stream to make it easier to continue construction of subsequent vessels.
## 2019/2020 Fare Proposal: WSF Recommendation

<table>
<thead>
<tr>
<th></th>
<th>Fare Increase</th>
<th>Surcharge</th>
<th>Revenue Estimates</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>1st year 2nd year</td>
<td>1st year 2nd year</td>
<td>Operating Base Capital New Vessel Capital Surcharge</td>
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<td>March Forecast</td>
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<td>WSF Fare Proposal</td>
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<tr>
<td>Passengers</td>
<td>2.0% 2.0%</td>
<td>$0.25 $0.25 $0.25</td>
<td>$407,970,000 $8,330,000 $4,910,000</td>
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<tr>
<td>Vehicles</td>
<td>2.5% 2.5%</td>
<td>$0.25 $0.25 $0.25</td>
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2019/2020 Fare Proposal: Other Options

October/October with Minimal Capital Surcharge Requirement
• General Fare Increase in October 2019 and October 2020
• Increase Passenger and Vehicle Fares at 2.9% in October 2019 and 2.5% in October 2020
• Implement a $0.15 Capital Surcharge

October/October with Maximum Capital Surcharge Requirement
• General Fare Increase in October 2019 and October 2020
• Increase Passenger and Vehicle Fares at 2.9%
• Implement a $0.25 Capital Surcharge
## 2019/2020 Fare Proposal: Other Options

<table>
<thead>
<tr>
<th></th>
<th>Fare Increase</th>
<th>Surcharge</th>
<th>Revenue Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st year</td>
<td>2nd year</td>
<td>1st year</td>
</tr>
<tr>
<td><strong>Existing Timing</strong></td>
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<tr>
<td>October</td>
<td>October</td>
<td>October</td>
<td>October</td>
</tr>
<tr>
<td>Passengers</td>
<td>2.9%</td>
<td>2.5%</td>
<td>$0.25</td>
</tr>
<tr>
<td>Vehicles</td>
<td>2.9%</td>
<td>2.5%</td>
<td>$0.25</td>
</tr>
<tr>
<td><strong>New Timing</strong></td>
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<tr>
<td>May</td>
<td></td>
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</table>

### October/October with Minimal Capital Surcharge Requirement

- **Passengers**: 2.9% in October, 2.5% in October, Surcharge $0.25 in October, $0.25 in October, $0.15
- **Vehicles**: 2.9% in October, 2.5% in October, Surcharge $0.25 in October, $0.25 in October, $0.15

### October/October with Maximum Capital Surcharge Requirement

- **Passengers**: 2.9% in October, 2.9% in October, Surcharge $0.25 in October, $0.25 in October, $0.25
- **Vehicles**: 2.9% in October, 2.9% in October, Surcharge $0.25 in October, $0.25 in October, $0.25
2019/2020 Fare Proposal: FAC-T Feedback

Transportation Demand Management
• Reviewed historic vehicle-passenger differential increases.
• The additional capital surcharge will effectively lower the vehicle-passenger fare ratio.
• Raising general fares in May 2020 rather than October 2020 generates additional revenues to allow a lower passenger fare increase.

FAC-T Feedback:
• The FAC-T was split on this issue.
2019/2020 Fare Proposal: FAC-T Feedback

Timing of a General Fare Increase:
- In recent tariff cycles, moving the second-year increase from October to May resulted in a revenue increase of approximately $1.5 million.
- The additional capital surcharge must be implemented on May 1, 2020 per the legislature. WSF identified additional administrative and customer coordination costs associated with having three fare increases if the general fare increase occurs in October 2020, instead of May 2020.

FAC-T Feedback:
- The FAC-T was split.
  - 3 supported Oct/May timing
  - 3 supported Oct/Oct timing
  - 1 expressed no preference
2019/2020 Fare Proposal: FAC-T Feedback

Capital Surcharge
• The additional capital surcharge must be implemented on May 1, 2020, with WSF determining the level of the surcharge sufficient to fund 25-year debt service on one vessel.
• WSF estimates that a 15-cent capital surcharge would meet the 25-year debt service need, with a 25-cent capital surcharge accounting for risk in WSF’s assumptions, including the cost of the vessel, bond rates, and timing of bond issuance.

FAC-T Feedback
• Five FAC-T members supported implementing the 15-cent capital surcharge, with optional increases in future cycles if WSF’s debt service costs change.
• Three FAC-T members did not express a preference.
International Market Screen: WSF Recommendation

WSF Recommendation

• Increase oversize vehicle fares 5% each year in excess of the general fare increase to better align with competitors’ oversize vehicle fares.
• Increase all other fares in line with general fare increase.

Analysis

• WSF Sidney route oversize vehicle fares are below competitor fares for most oversize length categories.
• Increasing the oversize vehicle fares 5% each year is estimated to generate additional revenue of $28,000 to $40,000 over the biennium.
International Market Screen: Issue Description and FAC-T Feedback

FAC-T Feedback:

• Agreement that standard size vehicles should be increased in line with the general fare increase.

• Agreement that the international route oversize vehicle fares should be increased 5% each year in excess of the general fare increase to better align oversize vehicle fares with competitors.

<table>
<thead>
<tr>
<th></th>
<th>WSF</th>
<th>BC FERRIES</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Peak Fare</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>22' to Under 30', Under 7'2&quot;</td>
<td>$104.75</td>
<td>$94.23</td>
<td>$132.84</td>
</tr>
<tr>
<td>22' to Under 30', Over 7'2&quot;</td>
<td>$104.75</td>
<td>$94.23</td>
<td>$132.84</td>
</tr>
<tr>
<td>30' to Under 40'</td>
<td>$140.15</td>
<td>$133.33</td>
<td>$181.71</td>
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<tr>
<td>40' to Under 50'</td>
<td>$175.55</td>
<td>$182.20</td>
<td>$230.59</td>
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<tr>
<td>50' to Under 60'</td>
<td>$210.95</td>
<td>$231.08</td>
<td>$279.46</td>
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<tr>
<td>60' to Under 70'</td>
<td>$246.30</td>
<td>$279.95</td>
<td>$328.33</td>
</tr>
<tr>
<td>70' to Under 80'</td>
<td>$281.70</td>
<td>$328.82</td>
<td>$377.20</td>
</tr>
</tbody>
</table>
Low Income Fare Pilot: WSF Recommendation & FAC-T Feedback

WSF Recommendation

• Add language to the Ferry Passenger Tolls WAC to allow WSF to explore a low income fare pilot, conditional on legislative funding.

LOW INCOME FARE PILOT – Starting no earlier than 2020, special passenger fare rate(s) may be established for a pilot program offering a low-income fare on any ferry route for riders made eligible through an existing transit agency’s low-income fare program. Enactment of this program is dependent upon legislative funding for the pilot project. If funded, Washington State Ferries shall submit a proposal to carry out this pilot program and the Commission must review and approve both the program and the fare schedule before it is implemented. Once implemented, WSF shall provide at a minimum biannual updates to the Commission on the pilot. The pilot will conclude no longer than three years from its implementation.

FAC-T Feedback

• Agreement from the FAC-T for a Low-Income Fare Pilot if funding comes from the legislature and not from fares.
Good to Go! Pilot: WSF Recommendation & FAC-T Feedback

WSF Recommendation
• Add language to the WAC to allow WSF to explore pilot methods to more efficiently collect fares and improve throughput at the tollbooth.

GOOD TO GO! PILOT – Special ferry toll rate(s) may be established for a pilot program of Good to Go! or similar fare collection infrastructure, technology, or ORCA replacement system on any ferry route. WSF shall submit a proposal to carry out this pilot program and the Commission must review and approve both the program and the fare schedule before it is implemented. Once implemented, WSF shall provide at a minimum biannual updates to the Commission on the pilot. The pilot will conclude no longer than three years from its implementation.

FAC-T Feedback
• Agreement that proposed WAC language would allow for a pilot program of Good to Go! or other similar traffic control infrastructure, technology, or ORCA replacement system.
Reservation No Show Fees: 
WSF Recommendation & FAC-T Feedback

WSF Recommendation
• Allow slightly higher no-show fees up to 100% of the one-way fare for the applicable vehicle size to disincentivize no-shows.

FAC-T Feedback
• The FAC-T suggested modifying the WAC language to allow WSF more flexibility in setting the amount of the no-show fees, while still keeping the fees to within 25-100% of the fare for the no-show trip.
Transfers in the San Juan Islands: WSF Recommendation & FAC-T Feedback

WSF Recommendations

• Change transfer use period from “24-period” to “end of the service day” to reduce misuse of interisland vehicle transfers.
• Update WAC to allow oversize transfers to be made available for a stopover at an intermediate island with the purchase of the full fare to the furthest destination from Anacortes.

FAC-T Feedback

• Agreement that WAC language should be updated to indicate transfers expire at the end of the service day.
• Agreement that the transfer from Anacortes language should be changed. Instead of listing a specific oversize transfer fee calculated in a complex way, FAC-T suggests charging for the furthest destination and making a transfer available at Anacortes.
Disability Charge Language: WSF Recommendation & FAC-T Feedback

WSF Recommendation
• Clarify WAC language to ensure disabled drivers and attendants are consistently charged the appropriate fare.
• Update outdated language in the passenger ferry toll WAC that should be aligned with current ADA language and guidance.

FAC-T Feedback:
• General agreement that proposed WAC changes clarify the policy.
Under/Over 7’2” Vehicles: WSF Recommendation

WSF Recommendation
• Clarify which fare should be charged for a vehicle 22’ to under 30’ long and exactly 7’2”, and align with other fare cutoffs.

Proposed WAC 468-300-040 Table Header Updates
• 22’ To Under 30’ Under 7’2” High
• 22’ to Under 30’ Over 7’2” High or Over

FAC-T Feedback:
• Agreement that the proposed WAC updates would close the loophole and be consistent with existing cutoffs.
Public Outreach Meetings

Spring 2019 Meeting Schedule

Kingston
Monday, April 29, 6 p.m.

Coupeville
Wednesday, May 1, 6 p.m.

Bremerton
Wednesday, May 8, 5:30 p.m.

Bainbridge Island
Wednesday, May 9, 6 p.m.

Anacortes
Wednesday, May 14, 4 p.m.

San Juan Islands - Orcas
Wednesday, May 15, 5 p.m.

Southworth
Wednesday, May 21, 6 p.m.

Mukilteo
Wednesday, May 23, 6 p.m.

San Juan Islands – Friday Harbor
Wednesday, May 29, 5:30 p.m.

Vashon Island
Wednesday, May 30, 7 p.m.

Meeting Topics included:
• Potential changes to fares
• Implementation of the 2040 Long Range Plan
• Local projects specific to each route
Ferry Fare Development: Community Outreach Summary

General Fare Increases and Tariff Process Comments

- Ferry fare costs and fare increase concerns.
- **Farebox recovery rates between routes** seen as inequitable. Questions around why some routes subsidize others. (Bainbridge and Bremerton meetings)
- **Multi-ride passes.** Customers expressed concern about the 90-day expiration for multi-ride cards and would like to see other fare systems for frequent riders.
- **Incentives, subsidies, or discounts for certain rider groups or users.** Consideration for applying fare increases differently for different user categories.
- Consideration of community demographics when determining fare increases. (i.e. some communities can’t afford increases)
- Using fares to promote certain modes (i.e. only increasing vehicle fares, or providing carpooling discounts)
Ferry Fare Development:
Community Outreach Summary

### Capital Surcharge for New Ferries

- Comments expressed general support for a capital surcharge.
- Some comments asked for additional information or more transparency on how the current capital surcharge is spent.
- Comments expressed widespread concern about the lack of spare vessels in the system and a sense of urgency to speed up the process of building new vessels, especially if customers are being asked to pay a surcharge.
Ferry Fare Development: Community Outreach Summary

Anacortes/Sidney B.C. Route Vehicles Over 22’ Fares
- One commenter expressed support for keeping Anacortes/Sidney BC fares low to remain competitive with other ferry systems.

Bicycle Surcharge
- Comments generally expressed support for keeping the bicycle surcharge in place.

Pilot Programs (ORCA LIFT and Good To GO!)
- Commenters expressed general support for using Good to Go! to collect ferry fares.

Reservation No Show Fees
- Comments on increasing reservation no show fees were mixed. In general, there were not many comments on this issue.

Changes to Regulatory Language
- At the Friday Harbor meeting, the San Juan Islands FAC made two comments on proposed regulatory language. These were the only comments in this section.
Next Steps

• By July 3, 2019: File CR 102 form with Commission fare proposal
• June/July 2019: Public comment period for Commission fare proposal
• August 6, 2019: Commission holds adoption hearing on tariff proposal
• By August 30, 2019: File CR 103 with final amended tariff
• October 1, 2019: Adopted fares go into effect
Questions?

For additional information on the 2019/20 Fare Proposal, please contact:

Ray Deardorf, Senior Planning Manager, Community Services and Planning

(206) 515-3491 or Deardorf@wsdot.wa.gov