

WSDOT Ferries Division: 2019/20 Fare Proposal

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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

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

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

	Fare Increase		Surcharge			Revenue Estimates			
	1st year	2nd year	1st year	2nd year		Operating	Base Capital Surcharge	New Vessel Capital Surcharge	
			Existing	Existing	New				
March Forecast (No Fare Increase)	0.0%	0.0%	\$0.25	\$0.25		\$398,280,000	\$8,430,000	N/A	
Legislative Operating Budget	2.5%	2.5%	\$0.25	\$0.25		\$407,850,000	\$8,380,000	N/A	
WSF Fare Proposal	Timing	October	May	October	May		\$407,970,000	\$8,330,000	\$4,910,000
	Passengers	2.0%	2.0%	\$0.25	\$0.25	\$0.25			
	Vehicles	2.5%	2.5%	\$0.25	\$0.25	\$0.25			

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

		Fare Increase		Surcharge			Revenue Estimates		
		1st year	2nd year	1st year	2nd year		Operating	Base Capital Surcharge	New Vessel Capital Surcharge
		Existing	Existing	New					
October/October with Minimal Capital Surcharge Requirement	Timing	October	October	October	May		\$408,080,000	\$8,350,000	\$2,960,000
	Passengers	2.9%	2.5%	\$0.25	\$0.25	\$0.15			
	Vehicles	2.9%	2.5%	\$0.25	\$0.25	\$0.15			
October/October with Maximum Capital Surcharge Requirement	Timing	October	October	October	May		\$408,090,000	\$8,340,000	\$4,920,000
	Passengers	2.9%	2.9%	\$0.25	\$0.25	\$0.25			
	Vehicles	2.9%	2.9%	\$0.25	\$0.25	\$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.

DRAFT April 8, 2019

	WSF	BC FERRIES		BLACK BALL	
	Peak Fare	Low	High	Low	High
22' to Under 30', Under 7'2"	\$104.75	\$94.23	\$132.84	\$86.50	\$127.98
22' to Under 30', Over 7'2"	\$104.75	\$94.23	\$132.84	\$86.50	\$127.98
30' to Under 40'	\$140.15	\$133.33	\$181.71	\$128.50	\$180.48
40' to Under 50'	\$175.55	\$182.20	\$230.59	\$181.00	\$232.98
50' to Under 60'	\$210.95	\$231.08	\$279.46	\$233.50	\$285.48
60' to Under 70'	\$246.30	\$279.95	\$328.33	\$286.00	\$337.98
70' to Under 80'	\$281.70	\$328.82	\$377.20	\$338.50	\$390.48

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

ROUTES	Oversize Vehicle Ferry Tolls ¹ Overall Unit Length - Including Driver			
	22' To Under 30' Under 7'2" High ⁵	22' To Under 30' Over 7'2" High ⁵	30' To Under 40' ⁵	40' To Under 50' ⁵ Ur

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:

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