

WSDOT Ferries Division

WSF Fare Proposal

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Washington State Transportation Commission
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WSF Fare Proposal Presentation Outline:

- Process and Timeline
- WSF Fare Proposal
- Alternatives Considered
- FAC-T Perspectives
- Charter Rates
- Next Steps

2017/18 Tariff Cycle

Timeline

Milestone	Current Date
FAC-T Kick off	November 2016
WSTC Presentation	January 2017
Adopted Budget	April 2017
CR101 Filing	NLT 5/3/17
Fare Proposal to WSTC	May 16, 2017
CR102 Filing	June 16-21
Public Comment	June/July
Public Hearing	July 26 th
CR103 Filing	NLT 8/31/17
Fares Take Effect	Oct 1, 2017

2017/18 Tariff Cycle

Issues Reviewed

- Effectiveness of demand management strategies (spreading of passenger and vehicle fares) over the last two cycles
- Changes to the oversize vehicle portion of the CUBE policy
- School group fee and application to home school customers
- Fare categorization of unique 2- and 3-wheeled vehicles
- Cumulative impact of annual fare increases
- International route market screen
- The need for a general fare increase

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Issues Reviewed, continued

- WSF fare programs and potential WAC language modifications:
 - In-need organizations
 - Fire district fares
 - Commercial accounts
 - Changes to prohibit Wave2Go resale
 - Bicycles with Stowage
 - Small Vehicle Length determination

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Fare Revenue Requirement

- Legislature establishes fare revenue target in biennial budget
- The 2017 – 2019 Transportation Budget is based on a March 2017 forecast scenario that assumed a 2.5% fare increase in October 2017 and October 2018:

	March Forecast Alternative Scenario		Difference between Alternative Forecast and Base Forecast	
	Revenue	Ridership	Revenue	Ridership
2018	\$187,287,000	24,391,000	\$2,393,000	(103,000)
2019	\$193,965,000	24,581,000	\$5,973,000	(277,000)
Total	\$381,252,000		\$8,366,000	(380,000)

Note: Base forecast assumes fares are maintained at their current level.

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WSF Proposal

- WSF Fare Proposal is consistent with budget revenue requirement
- Proposal addresses several operational and policy objectives:
 - Eliminates a deviation from the CUBE policy that was introduced in 2011, which increased fares for oversize vehicles
 - Gradually increases the fare differential between Vehicle and Passenger fares
 - Maintains the Tariff Route Equity relationship among routes
 - Increases the school group fee and broadens the WAC to explicitly address eligibility of students learning in a home schooling environment
 - Cleans up and clarifies several minor, but operationally important, issues in the WAC

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Timing Element of Proposal

Proposal: Increase Fares in October 2017 and October 2018

- Return to October/October timing for fare increases.
- Previous three tariff cycles used October & May timing to create additional revenue in the biennium, while limiting overall fare increases.

Tariff 2011	Tariff 2013	Tariff 2015
<ul style="list-style-type: none"> • Offset lower revenue forecasts due to economic recession 	<ul style="list-style-type: none"> • Offset increase to Youth Discount from 20% to 50%. • First year to differ increases for vehicle and passenger fares 	<ul style="list-style-type: none"> • Offset lower passenger fares • Offset removal of overweight surcharge for vehicles under 22' in length

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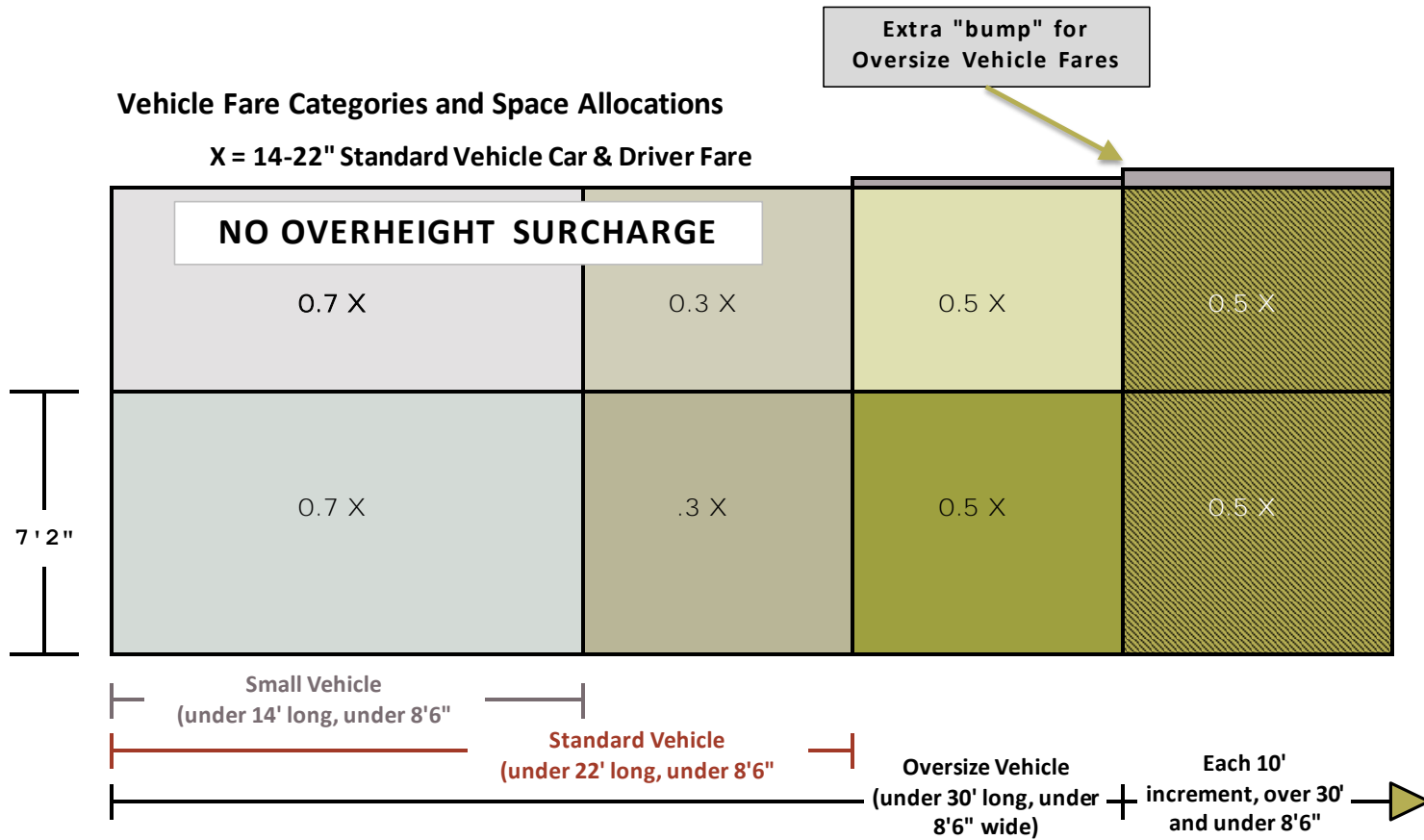
Oversize Vehicle Fares

Proposal: Phase out 2011 Oversize Vehicle CUBE “Bump”

- 2011 tariff cycle introduced an extra fare increment for oversize vehicles in addition to fares based on standard CUBE pricing policies.
- CUBE “Bump” increased fares for oversize categories along a curve, with each subsequent 10-foot increment receiving a percentage increase over the base CUBE fare.
- Variation originally introduced to:
 - Partially offset revenue loss from the introduction of the small vehicle fare
 - Encourage the use of incrementally smaller vehicles when possible, even among oversize vehicles.

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Oversize Vehicle Fares



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Oversize Vehicle Fares

Issue Description

Concerns were raised about the impact of high oversize fares, particularly for island communities which get most goods and supplies delivered by ferry.

- The addition of the oversize vehicle CUBE “bump” in 2011 was thought to be particularly unfair and contrary to the intent of the CUBE policy

Proposal: Phase out 2011 Oversize Vehicle CUBE “Bump”

- The goal is to eliminate the CUBE “Bump” over two years.
- Phasing approach would:
 - Reduce the extra charge by 35% in October 2017; and,
 - Eliminate the remaining 65% in October 2018.
- Revenue loss from elimination of “bump” would be recovered by adjusting the general fare increase.

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Oversize Vehicle Fares

Proposal: Phase out a 2011 Oversize Vehicle CUBE “Bump”

Estimated impact of removing the gradual oversize increase, or CUBE “Bump”.

	Current Vehicle Equivalent	Standard Vehicle Equivalent	Ridership Total	Base Fare Revenue	Fare Revenue: Remove Oversize Increase	Revenue Impact	% Change
22-30" Underheight	1.55	1.50	20,401	\$ 548,000	\$ 532,000	\$ (16,000)	-3.0%
22-30" Overheight	3.10	3.00	82,906	\$ 4,423,000	\$ 4,281,000	\$ (142,000)	-3.2%
30-40" Vehicles	4.15	4.00	83,771	\$ 6,063,000	\$ 5,853,000	\$ (210,000)	-3.5%
40-50" Vehicles	5.20	5.00	25,349	\$ 2,622,000	\$ 2,530,000	\$ (92,000)	-3.5%
50-60" Vehicles	6.25	6.00	14,482	\$ 1,874,000	\$ 1,804,000	\$ (70,000)	-3.7%
60-70" Vehicles	7.30	7.00	18,064	\$ 2,332,000	\$ 2,236,000	\$ (96,000)	-4.1%
70-80" Vehicles	8.35	8.00	13,872	\$ 1,887,000	\$ 1,811,000	\$ (76,000)	-4.0%
Total			258,845	\$ 19,750,000	\$ 19,047,000	\$ (702,000)	-3.6%

Note: Revenue impact estimated of CUBE bump removal based on May 2015 – June 2016 ridership data. Estimate is not forecasted.

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Vehicle-Passenger Price Differential

Proposal: Continue to Increase the Price Differential

- Consistent with the WTP and WSF/WSTC Joint Recommendations on Operational and Pricing Strategies.
- Differential fare increases first proposed in the 2013/14 tariff cycle and was part of the Commission fare action at that time.
- WSF evaluated several options to continue this approach:
 - Including different increases between travel sheds
 - Moving the second year increase earlier to generate additional offsetting revenue
 - Testing various vehicle and passenger fare combinations

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Vehicle-Passenger Price Differential

Proposal will meet several policy goals

- Modest shift toward pricing that favors walk-on and passengers in vehicles, where WSF has the most capacity to accommodate riders during peak periods
- Recognizes that the vehicle deck is the most valuable and constrained capacity that WSF offers and that value should be recognized in the pricing model

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School Groups

Issue Description

School Group Program hasn't been changed in over thirty years. Reviewed for:

- (1) Overall participation and an operational assessment of the program
- (2) Fare policy, including the structure and level of the school group fee
- (3) How to explicitly integrate eligibility for students learning in a home schooling environment.

Proposal:

- Raise the fee to \$5 per group each-way or \$10/round trip
-- **(implement October 2018)**
- Integrate eligibility requirements for students learning in a home schooling environment to have access to the program
-- **(implement October 2017)**

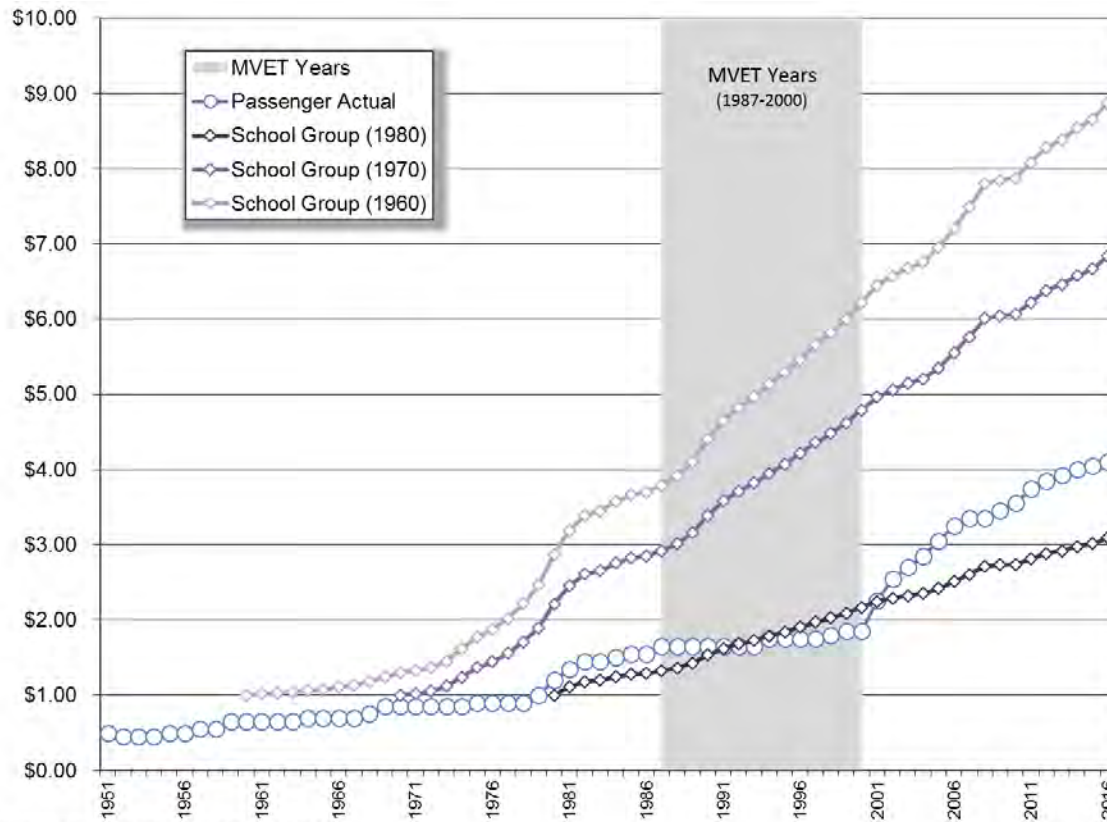
FAC-T Preference:

- 9 members: yes
- 9 members: yes

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School Groups

Actual Historic One-Way Passenger Fares and School Group Fares Adjusted for Inflation, 1951 – 2016



Note: Fares adjusted for inflation using Seattle area CPI

- The school group fee has been around since at least 1980, though the actual initiation date is unknown
- Looking at a range of “start dates” and adjusting the \$1 fee to reflect inflation, suggests a range of \$3.00 to almost \$9.00

Year Introduced	Inflation adjusted one-way fare in 2016
1960	\$8.90
1970	\$6.85
1980	\$3.00

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School Groups Language Changes

WAC 468-300-010 SCHOOL GROUPS - Passengers traveling in authorized school groups, including home-school groups, for institution-sponsored activities will be charged a flat rate of \$5 per walk-on group or per vehicle of students and/or advisors and staff. All school groups require a letter of authorization and prior notification. In the case of home-school groups, in addition to prior notification, a copy of the filed Declaration of Intent (as outlined in RCW 28A.200.010) shall be submitted to the tollbooth at the time of travel. Notification shall be made no less than 72 hours before the scheduled departure and will include the expected number of school-age children and adults that will be traveling to ensure WSF can satisfy U.S. Coast Guard lifesaving equipment requirements. Failure to provide adequate notification may result in delayed travel. Vehicles and drivers will be charged the fare applicable to vehicle size. The special school rate is \$10 on routes where one-point toll systems are in effect.

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Electric Bicycles

Issue Description

WSF ticket sellers face increasing challenges making fare determination decisions for riders using electric bicycles. Operations staff requested that the WAC be adjusted to explicitly address how the fare policy is to be applied to the different classes of electric bicycles.

Proposal:

- Align WSF fare policies with vehicle class definitions as stated in the RCW and applied by DOL for licensing purposes.
- New motorcycle & bicycle definitions will be added to WAC 468-300-020

FAC-T Preference:

- All in favor

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Electric Bicycles WAC Language Additions

Add new footnotes to the fare table in WAC 468-300-020:

MOTORCYCLE - Motorcycles include both mopeds and motorcycles as defined by RCW 46.04.304 and RCW 46.04.330. Both are considered vehicles for the purposes of vehicle registration, license plate display, and WSF fare determination.

BICYCLE - For the purpose of WSF fare determination, the bicycle fare category shall include both bicycles and electric bicycles that do not require registration or license plates as defined by RCW 46.04.071 and RCW 46.04.169.

[Change to be implemented on October 1, 2017]

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Fire District Fares

Issue Description

In 2009, Fire District fare language was introduced to the WAC that would permit WSF and a Fire District to enter into a joint service agreement.

In June of 2011, a pilot agreement was reviewed and found to be unfavorable to WSF. Since then, there have been no fire district agreements.

Options Considered:

- **Option 1.** Remove reference to the pilot program, but retain WSF's authority to enter into a Fire District agreement in the future if circumstances change.
- **Option 2.** Based on the outcome of the 2011 pilot, remove the Fire District Fare language from the WAC.

FAC-T Preference:

- 7 for Option 1
- 1 for Option 2

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Fire District Language Changes

WAC 468-300-020 FIRE DEPARTMENT AND FIRE DISTRICT FARE CONSIDERATION -

At the discretion of the WSF Assistant Secretary, WSF may authorize no-fare or discounted fare passage on scheduled and/or special ferry sailings for fire departments and fire districts that provide contracted fire protection services for WSF ferry terminals and/or other WSF facilities within their jurisdiction. Such passage shall be considered full and complete consideration for such fire protection services, in lieu of annual payments for such services, to be so noted in such fire protection agreements.

The scope of such authorization includes designated fire department and fire district vehicles (see below), drivers and passengers en route to and from an emergency call, on ferry routes with a WSF terminal and/or other WSF facility served by a fire department or fire district pursuant to a WSF fire protection service agreement.

Authorized vehicles may include public fire department and fire district medical aid units, fire trucks, incident command and/or other vehicles dispatched to and returning from an emergency call. ~~WSF may implement such ferry passage on a pilot project basis to assess the operational, financial and administrative impact on WSF.~~

~~By June 30, 2011, WSF shall submit a written report to the Transportation Commission identifying such impacts with a recommendation whether to make such passage authorization a permanent component of the WSF ferry toll schedule.~~

[Change to be implemented on October 1, 2017]

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Commercial Accounts

Issue Description

WSF offers commercial customers the opportunity to have a WSF account whereby travel is invoiced monthly. A current discretionary feature of the commercial program is the opportunity to earn a discount through frequent travel. The frequency is based on all trips charged to the account.

While the current discretionary approach is consistent with policy intent and permissible through the Group or Volume Sales language in the WAC, WSF asked the FAC-T to consider the value in formalizing the policy in the WAC.

Proposal:

- Amend the WAC language to codify the discretionary frequent user discount terms to be applied to commercial account customers.

FAC-T Preference:

- 10 yes

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Commercial Accounts Language Changes

WAC 468-300-040 ~~COMMERCIAL ACCOUNTS DISCOUNT FROM REGULAR TOLL - Effective June 1, 2005, through fall of 2005, oversize~~ Commercial customers vehicles making 12 or more, one-way crossings per week (Sunday through Saturday) will qualify for a 10% discount from the regular ferry tolls. ~~With the implementation of EFS in spring 2006,~~ WSF will provide a commercial account program that will be prepaid and offer access to volume discounts based on travel, revenue or other criteria in accordance with WSF business rules. On an annual basis, commercial accounts will pay a \$50 nonrefundable account maintenance fee.

[Change to be implemented on October 1, 2017]

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Commercial Wave2Go Resales

Issue Description

There is no language in the WAC that specifically prohibits commercial resale of Wave2Go multi-ride products.

At the request of the Attorney General, WSF and the FAC-T developed new WAC language to make clear the intent that such resales are not permitted.

Proposal:

- Add a sentence to the WAC to prohibit the commercial resale of multiride fare media.

FAC-T Preference:

- 8 yes
- 1 favoring adding an enforcement mechanism in the future

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Multiride Media Language Changes

WAC 468-300-010 and WAC 468-300-020 MULTIRIDE MEDIA - Shall be valid only for 90 days from date of purchase after which time the tickets shall not be accepted for passage. Remaining value will not be eligible for refund or exchange. There shall be no commercial resale of this fare media. For mail order deliveries, WSF may add additional days to allow for delivery times.

[Change to be implemented on October 1, 2017]

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Bicycles with Stowage

Issue Description

WSF ticket takers have been dealing with a fare determination issue related to bicycles traveling with trailers.

Operations staff wish to add specific language to clarify how fares are to be applied in these situations.

Proposal:

- Add a sentence to clarify how bicycles towing trailers are to be treated under the Stowage definition in the WAC.

FAC-T Preference:

- 9 yes
- 1 no, felt would eliminate the incentive to bicycle

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Stowage Language Changes

WAC 468-300-010 & WAC 468-300-020 STOWAGE - Stowage carry-on items including kayaks, canoes and other items of comparable size which are typically stowed on the vehicle deck of the vessel shall be charged at the motorcycle rate. This rate includes the walk-on passenger carrying on the item to be stowed. Bicycles towing cargo trailers, kayaks and other items of comparable size are to be charged the applicable Stowage Fee, which is inclusive of passenger fare and bicycle surcharge.

[Change to be implemented on October 1, 2017]

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Small Vehicle Length

Issue Description

The 14-foot vehicle length cutoff was established in 2011 when the small car fare category was introduced. The determination was based on the number of vehicle models that were available at that time.

At the request of operations staff, the 14-foot cutoff was reviewed this cycle to see if a change in length might improve processing times at the toll booth.

Proposal:

- To improve transaction times, put the onus on the customer to demonstrate the length requirement.
- This would be analogous to a youth or senior proving their age to qualify for the lower passenger fare.

FAC-T Preference:

- 8 yes
- 1 no, definition seemed counter to small car initiative goals
- 1 abstained

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Small Vehicle Language Changes

WAC 468-300-020 SIZE – Vehicles ~~up to~~ under 14' in length, shall pay the vehicle under 14' toll. All vehicles from 14' to under 22' in length shall pay the 14' to ~~up to~~ under 22' toll. Motorcycles towing a trailer and vehicles licensed as motorcycles with three or more wheels that are 8'0" or longer shall pay the appropriate length-based vehicle fare. Customers may be required to provide documentation at the tollbooth to prove vehicle length.

[Change to be implemented on October 1, 2017]

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Fare Proposals Considered by FAC-T

- WSF discussed several alternatives:
 - Applying the assumptions used for the legislative budget.
 - Varying the increases for passenger and vehicle fares.
 - Removing the CUBE “bump”
 - Addressing both the CUBE “bump” and the spreading of vehicle and passenger fares.
- Timing of fare increases:
 - October each year
 - Moving the second year increase earlier, to May 2018

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Fare Proposals Considered by FAC-T

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Alternative Timing and Structure Options Reviewed by FAC-T

Implementation Timing	Scenario 1	Scenario 2	Scenario 3
	Increase the Vehicle/ Passenger Ratio	Remove the Gradual Oversize Increase (CUBE Bump)	Both Vehicle/ Passenger Ratio & Remove CUBE Bump
October/October	VEH = 2.9%	VEH = 2.9%	VEH = 3.3%
	PAX = 1.0%	PAX = 2.9%	PAX = 1.5%
October/May	VEH = 2.5%	VEH = 2.4%	VEH = 2.5%
	PAX = 0.4%	PAX = 2.4%	PAX = 2.1%

Variants:

- Reducing the Commercial Frequent Use Discount
- Varying vehicle and passenger increases by travel shed

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Fare Proposals Considered

Outcome of the discussion of proposal scenarios

- The majority of FAC-T members (8) preferred the October timing for the second year increase, with one member preferring a second year increase in May.
- WSF staff proposed and the majority (7 members) of the FAC-T was in favor of a draft proposal that followed these guidelines:
 - Passenger fare increases set between 2.1% and 2.5%
 - Vehicle fare increases set between 2.5% and 2.9%
 - Removal of the CUBE “bump” within two-years
 - Fare changes implemented in October 2017 & October 2018.
- Two were opposed: one because the vehicle-passenger spread was not high enough; and, one because they did not support increasing the spread.

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Fare Proposal vs Baseline

March Revenue Forecast (Leg Budget)

	March Revenue Forecast (Leg Budget)	WSF Proposal		
Vehicle fares	2.5% in Oct '17 & Oct '18	2.9% in Oct '17 & 2.5% Oct '18		
Passenger fares	2.5% in Oct '17 & Oct '18	2.5% in Oct '17 & 2.1% Oct '18		
Standard Vehicle (14'-22') - without capital surcharge				
	Fare	Yr-Yr Chg	Fare	Yr-Yr Chg
Current full fare	\$14.35	--	\$14.35	--
2017 Increase:	2.5%		2.9%	
Apply pct increase	14.7088		14.7662	
Round to nearest nickel	\$14.70	\$0.35	\$14.75	\$0.40
2018 Increase:	2.5%		2.5%	
Apply pct increase	15.0675		15.1188	
Round to nearest nickel	\$15.05	\$0.35	\$15.10	\$0.35
Total increase over current		\$0.70		\$0.75
Passenger - without capital surcharge				
	Fare	Change	Fare	Change
Current full fare	\$7.95	--	\$7.95	--
2017 Increase:	2.5%		2.5%	
Apply pct increase	8.1488		8.1488	
Round to nearest nickel	\$8.15	\$0.20	\$8.15	\$0.20
2018 Increase:	2.5%		2.1%	
Apply pct increase	8.3538		8.3212	
Round to nearest nickel	\$8.35	\$0.20	\$8.30	\$0.15
Total increase over current		\$0.40		\$0.35

WSF

Proposal

Increase Veh-Pax Spread &
Phase in CUBE Bump Removal

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Recent and Proposed Fare Increases

Preliminary WSF Fare Proposal in context of recent fare increases:

	Vehicle Fare Increase	Passenger Fare Increase
2013	3.0%	2.0%
2014*	2.5%	2.0%
2015	2.5%	1.0%
2016*	2.5%	1.0%
Proposed		
2017	2.9%	2.5%
2018	2.5%	2.1%

*Increase occurred in May

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Calendar of Upcoming Events

Milestone	Schedule
Proposal to WSTC, Commission Action	May 16th
Development and distribution of proposal information	Late May
CR102 Filing	June 16th - 21st
Public Comment Period <ul style="list-style-type: none"> Public Meetings in ferry communities 	Late June – Early July
WSTC Public Hearing, Commission Action	July 26th
CR103 Filing	NLT August 31st
Fares Take Effect	Oct 1, 2017

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Questions?

For more information, please contact:

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