

WSDOT Ferries Division: 2021/22 Ferry Fare Development Process

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WSF Fare Development: Presentation Outline

- Overview of Fare Development Process
- Policies and Guidance
- Timeline of 2021/22 Fare-setting cycle
- Legislature's Budget Requirements
- FAC-T Engagement and Discussion
- Public Outreach Plan
- Next Steps
- Q&A



Ferry Fare Development Process

Roles and responsibilities

- WSTC adopts fares through a rulemaking process; fares are effective for approximately one year **(RCW 47.60.315)**
- WSF conducts a review of its fares and develops a fare proposal for submittal to the WSTC for their consideration **(RCW 47.60.290)**
- WSF develops fare proposals with input from ferry users, by review of the affected FACs, and data gathered from FROG surveys **(RCW 47.60.290)**



Fare Review Timeline

Milestone	Current Date
Ferries Team/WSF Staff Meetings	October 2020 and January 2021
WSTC Presentation	February 2021
FAC-T Meetings	March and April 2021
Legislature's Fare Revenue Budget	April 2021
CR101	NLT 5/5/2021
Fare Cycle Update to WSTC	May 18 2021
WSF Public Meetings	May 25 - 26
Fare Alternatives Presentation to WSTC	June 15/16 2021
CR102 Filing Window	June 18 – July 7
Commission Proposal Public Outreach	July 2021
Commission Adoption Hearing	August 10, 2021 or later
CR103 Filing	NLT 8/30/2021
Fares Take Effect	October 1, 2021

Ferry Fare Development: FAC-T Engagement

- **Meetings this cycle:**
 - March 31: Overview of process and initial issue identification. Update on COVID-related ridership and fare revenue changes
 - May 6: Reviewed legislative language redefining vanpool requirements. Focused on fare options to meet legislature's fare revenue budget requirements.

WSDOT & WSF Policy Context

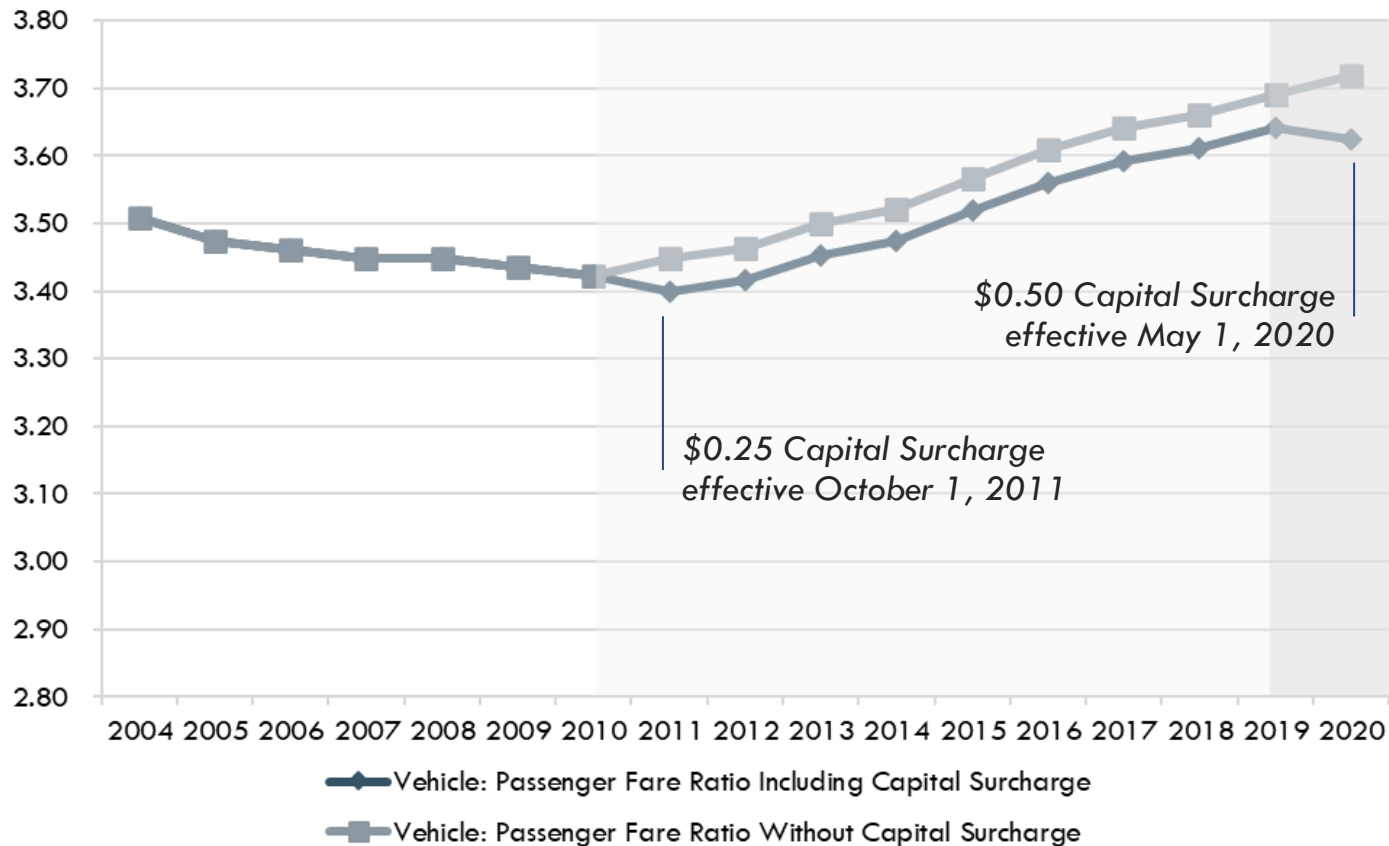
- **Overarching Agency Goals**

- Encourage mode shift, especially walk-on and bicycle ridership
- Promoting racial justice, equity, diversity and inclusion

- **Ferry Fare Specific Policy Goals**

- “CUBE” Policy – charging vehicles based on space taken
- Tariff Route Equity (TRE) – as a rule, fares should be based on distance of route, with a few travel shed exemptions
- Align policies with ORCA pass program partners when possible

Vehicle-Passenger Fare Ratio Trends



Legislature's Fare Revenue Requirement for 2021/2023

March Forecast Base Fare Revenue for Operations compared to 2.5% increase in Oct/Oct

	BASELINE – No Fare Increase		March Alt 1 - 2.5% INCREASE		DIFFERENCE	
	Revenue	Ridership	Revenue	Ridership	Revenue	Ridership
2021	\$142,725,000	14,651,000	\$142,725,000	14,651,000		
2022	\$171,842,000	19,363,000	\$174,358,000	19,305,000	\$2,516,000	(58,000)
2023	\$195,628,000	22,804,000	\$202,269,000	22,605,000	\$6,641,000	(199,000)
Total					\$9,157,000	(257,000)

- The transportation budget has \$9.2 million in additional operating revenue that will need to be generated with a general fare increase

Alternative 1 – 2.5% Applied to All Fares, October 2021 and 2022

Alternative 1 addresses the legislative fare revenue requirement, with all fares – passengers and vehicles increasing 2.5% in October/October of each year.

Alternative 2 – Passenger Fares Unchanged October 2021, higher vehicle fares in year 1

Alternative 2 assumes no passenger fare increase (0%) and a vehicle fare increase of 3.1% in the first year. In the second year, both passenger and vehicle fares would increase by 2.5%.

- Helps offset the downward trend in vehicle/passenger fares that resulted from the capital surcharge introduced in May 2020.
- Offsets the revenue loss from not increasing passenger fares in the first year.
- Encourages walk-on passengers which are still significantly below pre-pandemic levels.

Alternative 3 – Passenger Fares Unchanged October 2021, Second Year Increase Moved to May 2022

Assumes October/May general fare increases of 2.5% for vehicles in the first and second years, no increase for passengers in the first year, and a 2.5% increase in the second year.

- Helps offset the downward trend in vehicle/passenger fares that resulted from the capital surcharge introduced in May of 2020.
- Moving the second year increase earlier from October to May will offset the revenue loss from not increasing passenger fares in the first year.
- Won't discourage walk-on passengers which are still significantly below pre-pandemic levels.

Reasons for Alternatives 2 and 3

- **Rationale:**

- Continue WSF and WSTC goals of further encouraging walk-ons and carpooling to make more efficient use of vessel capacity
- Offset the impacts of the May 2020 \$0.25 capital surcharge
- Lessen the impact to returning passengers to the system – category hit most hard by COVID

Summary of 3 Fare Options

		Fare Increase		Biennial Fare Revenue Generated		
		1 st year	2 nd year	Operating	Surcharge	Total
Alternative 1	Timing	October	October			
	Passengers	2.5%	2.5%	\$376.63M	\$14.33M	\$390.95M
	Vehicles	2.5%	2.5%			
Alternative 2	Timing	October	October			
	Passengers	0.0%	2.5%	\$376.78M	\$14.34M	\$391.12M
	Vehicles	3.1%	2.5%			
Alternative 3	Timing	October	May			
	Passengers	0.0%	2.5%	\$377.45M	\$14.34M	\$391.78M
	Vehicles	2.5%	2.5%			

Note: These fare increases are conceptual. The Biennial Fare Revenue Generated is from a WSP analysis of potential fare changes.

- Fare options were developed to be revenue neutral and to achieve the revenue target set by the legislature

Summary of 3 Fare Options - Fares

	Alternative 1	Alternative 2	Alternative 3
Vehicle fares	2.5% in Oct '21 & Oct '22	3.1% in Oct '21 & 2.5% in Oct '22	2.5% in Oct '21 & May '22
Passenger fares	2.5% in Oct '21 & Oct '22	0.0% in Oct '21 & 2.5% in Oct '22	0.0% in Oct '21 & 2.5% in May '22

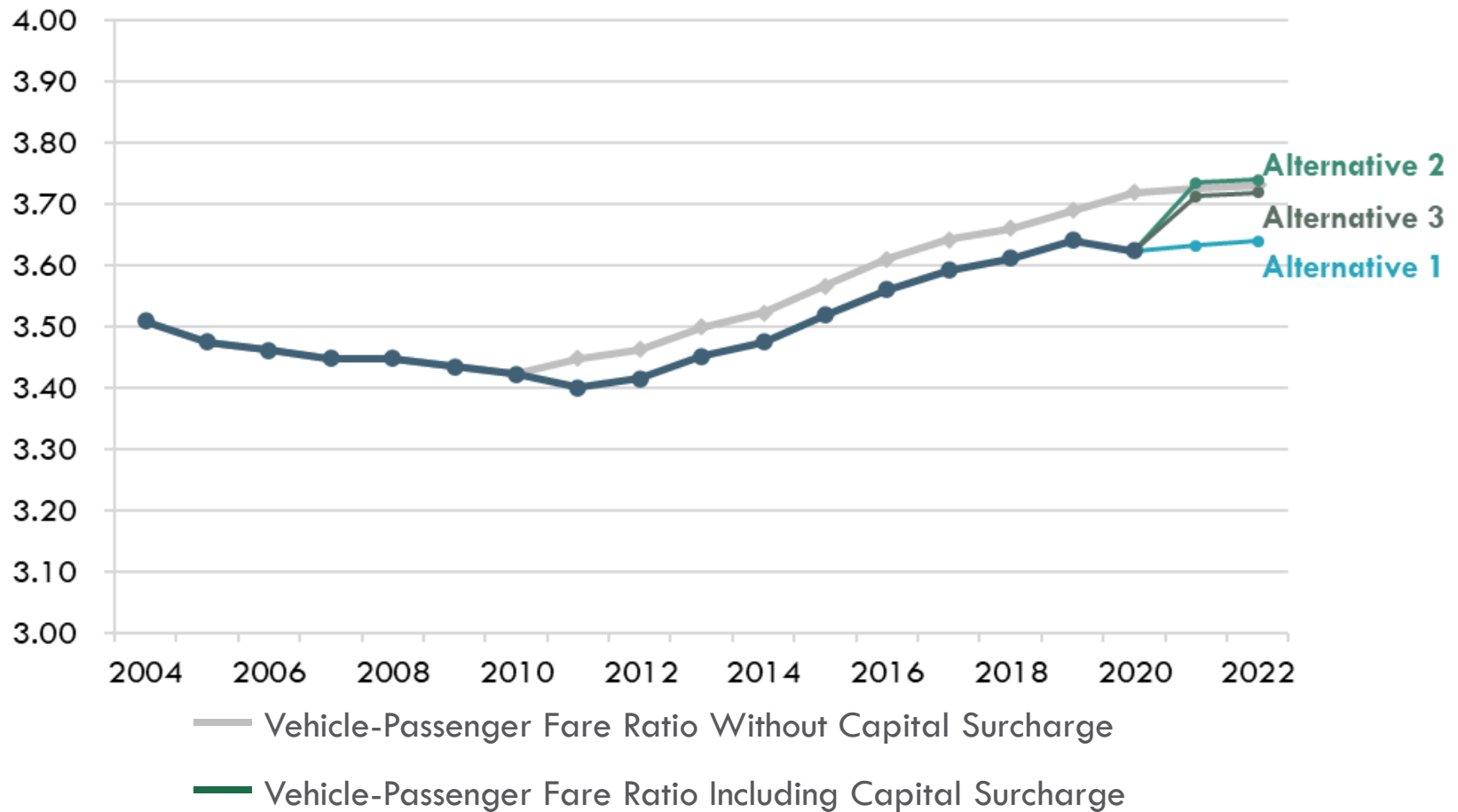
Standard Vehicle (14'-22') - with capital surcharge

	Fare	Yr-Yr Chg	Fare	Yr-Yr Chg	Fare	Yr-Yr Chg
Current full fare	\$16.40		\$16.40		\$16.40	
Current base fare	\$15.90	--	\$15.90	--	\$15.90	--
2021 Increase:	2.5%		3.1%		2.5%	
Apply pct increase	16.2975		16.3929		16.2975	
Round to nearest nickel	\$16.30		\$16.40		\$16.30	
Add capital surcharge	\$16.80	\$0.40	\$16.90	\$0.50	\$16.80	\$0.40
2022 Increase:	2.5%		2.5%		2.5%	
Apply pct increase	16.7075		16.8100		16.7075	
Round to nearest nickel	\$16.70		\$16.80		\$16.70	
Add capital surcharge	\$17.20	\$0.40	\$17.30	\$0.40	\$17.20	\$0.40
Total increase over current full fare		\$0.80		\$0.90		\$0.80

Passenger - with capital surcharge

	Fare	Change	Fare	Change	Fare	Change
Current full fare	\$9.05		\$9.05		\$9.05	
Current base fare	\$8.55	--	\$8.55	--	\$8.55	--
2021 Increase:	2.5%		0.0%		0.0%	
Apply pct increase	8.7638		8.5500		8.5500	
Round to nearest nickel	\$8.75		\$8.55		\$8.55	
Add capital surcharge	\$9.25	\$0.20	\$9.05	\$0.00	\$9.05	\$0.00
2022 Increase:	2.5%		2.5%		2.5%	
Apply pct increase	8.9688		8.7638		8.7638	
Round to nearest nickel	\$8.95		\$8.75		\$8.75	
Add capital surcharge	\$9.45	\$0.20	\$9.25	\$0.20	\$9.25	\$0.20
Total increase over current full fare		\$0.40		\$0.20		\$0.20

Summary of 3 Fare Options – Vehicle – Passenger Ratios



Note: The Vehicle-Passenger Fare Ratio Without Capital Surcharge shows Alternative 1 fares in the years 2021 and 2022.
Sources: WSF, 2020; BERK, 2021.

Other Issue – Vanpool Definition

Proposed WAC 468-300-020

RIDE SHARE VEHICLES - A commuter ride share vehicle which carries ~~five~~ three or more persons on a regular and expense-sharing basis for the purpose of travel to and from work or school and which is certified as such by a local organization approved by the Washington state ferry system, may purchase for a \$20 fee, a permit valid for one year valid only during the hours shown on the permit. The \$20.00 fee shall include the driver. Remaining passengers shall pay the applicable passenger fare. Except that the minimum total paid for all passengers in the van shall not be less than ~~four~~ two times the applicable passenger fare. Carpools of three or more registered in WSF's preferential loading program must also pay a \$20.00 yearly permit fee.

FAC-T Discussion – Key Comments

- Vehicle/Passenger Fare Ratio – target needs to be established.
- In some WSF service areas, the passengers are mostly tourists and the local residents need to use their vehicles.
- Fares need to take into account climate resilience and social equity.
- Small businesses are impacted by higher vehicle fares.
- Trucks bringing necessary goods to islands are impacted by higher vehicle fares.
- Social equity needs to be explored in future tariff cycles – are passengers higher income office workers while tradespeople need their vehicles?
- Moving the second year increase earlier from October to May is a “double whammy” for riders that first summer (5% instead of 2.5%), fare increases less predictable for riders with variable fare change dates.

Upcoming Meetings – 2 Options

Current FAC-T preferences are:

- Alternative 1 – 6 votes
 - Alternative 2 – 2 votes
 - Alternative 3 – 1 vote
- **Given its almost complete lack of support, and compelling reasoning about the “double fare increase” the first summer, WSF is not proposing Alternative 3 for further consideration.**
 - **WSF will take forward Alternatives 1 and 2 for review and comment at its May 25 – 26 outreach and present comments heard to the Transportation Commission in June to aid in the decision to develop a fare proposal.**

Ferry Fare Development: Public Outreach Meetings

Meeting Topics will include:

- Ferry service updates
- Fare review cycle
- COVID-19 precautions

Meeting Times:

- May 25, 11:00 am
- May 26, 6:00 pm

Next Steps

- May 25/26: WSF Online Public Meetings
- June 15: WSDOT/WSF fare proposals to Commission with initial comments
- By July 7, 2021: File CR 102 form with Commission fare proposal
- July 2021: Public comment period for Commission fare proposal
- August 10, 2021 or later: Commission holds adoption hearing on tariff proposal
- NLT August 30, 2021: File CR 103 with final amended tariff
- October 1, 2021: Adopted fares go into effect

Questions?

For more information, please contact:

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