

WSDOT Ferries Division 2013/2014 Tariff Proposal

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Presentation Overview

- Proposal Overview
- Structural Elements
- Fare Revenue Target
- Timeline
- Other Issues Reviewed
- Next Steps

2013 Tariff Cycle – Timeline

- May 22: Port Townsend Local Area Meeting: WSF fare proposal to Commission
- NLT June 19, 2013: file CR 102 form with Commission fare proposal
- Early/mid July 2013: Public comment period for Commission fare proposal
- July 29, 2013: Commission holds adoption hearing on tariff proposal
- NLT August 30, 2013: file CR 103 with final amended tariff
- October 1, 2013: New tariff in effect

Overview of Tariff Proposal

Elements w/o Significant Revenue Impacts

WAC Language Revisions

- School Groups: Require 72-hour advance notice
- Freight-only Charge: Reinstitute fare category
- Disabled Passengers w/Attendants: Adjust multiride rule to ensure equal fares
- Promotional Fares: Allow multi-organization promotions
- Reservations: Allow No-show fees in-lieu of deposits

Under 14' Vehicle Fare Category

- Change calculation methodology to remove driver portion before scaling
- Change fare to 70% of standard vehicle fare

Motorcycle Oversize Surcharge

- Eliminate the Motorcycle Oversize Surcharge
- 3-wheel vehicles under 8'0" in length pay motorcycle fare
- 3-wheel vehicles 8'0" and longer pay appropriate length-based fare

Elements with Positive Revenue Impacts

Anacortes-Sidney

- Consolidate oversize vehicle fares into one category; eliminate promotional half-fare
- Increase oversize vehicle fares by 5.1% in 2013 and 2.5% in 2014.
- Increase other vehicle and passenger fares by 4.1% in 2013 and 2.5% in 2014

Elements with Negative Revenue Impacts

Youth Discount

- Change the youth discount from 20% to 50%

San Juan Islands-Sidney (2014 only)

- Eliminate one-way fares between Friday Harbor and Sidney
- Institute a new, distance-based roundtrip fare that is lower than the current roundtrip cost

Systemwide Proposal Elements

- The fare proposal package must generate \$328 million in biennial operating revenue, per legislative budget
- WSF is proposing a two-year fare proposal, with fare changes in 2013 and 2014
- WSF is proposing differential increases in vehicle and passenger fares to begin increasing the ratio of the vehicle/driver fare to the passenger fare

Proposed General Fare Increase

On October 1, 2013:

- Increase vehicle fares by 3.0%
- Increase passenger fares by 2.0%

On May 1, 2014:

- Increase vehicle fares by 2.5%
- Increase passenger fares by 2.0%

Tariff Proposal Accomplishments

With this package of tariff changes, we are:

- Meeting the legislature's fare revenue target in the 13-15 biennium.
- Beginning to incorporate fare incentives to travel as a passenger, either in a vehicle or as a walk-on.
- Restoring youth fare discount to the same level as seniors/disabled passengers to benefit families using WSF.
- Addressing inequities in fares for smaller three wheeled motorcycles.
- Completing phase in of the Under 14' vehicle fares that started in 2011.
- Eliminating a possible inequity/confusion in fares charged to disabled passengers and attendant drivers.
- Supporting Phase II of the Vehicle Reservation System.
- Meeting U.S. Coast Guard requirements for proper number of children's life preservers.
- Simplifying the tariff structure by eliminating the motorcycle sidecar surcharge, Commercial Oversized rates on the Sidney route and combining two unequal one way fares into a single round trip for travel between the San Juan Islands and Sidney.

Vehicle/Passenger Fare Ratio

A “Cost of Service Analysis” was conducted at the request of the FAC-T:

- This analysis included many assumptions and started with the premise that WSF’s initial cost drivers in establishing the size of vessels and terminals was to carry vehicles.
- Passengers create additional costs for vessel crews and terminal staffing.
- The additional revenue that passengers bring to WSF’s bottom line, however, is proportionately more than the marginal cost it takes to carry them.
- This conclusion gives latitude to treat passenger fares more generously than vehicles in rate setting to meet transportation demand management goals.
- *There was not a FAC-T consensus on this analysis – some feel that an alternative conclusion could be reached with different assumptions and that more work needs to be conducted.*

Vehicle/Passenger Fare Ratio (cont.)

With the exception of the San Juan Islands, the standard size vehicle/driver to passenger fare ratio is 3.5 to 1.

Two components of this proposal would alter the relationship between passenger and vehicle/driver fares, making it relatively less expensive to travel as a passenger (walk-on or in-vehicle):

- The first increases the discount given youth (ages 6 through 18) fares from the current 20% discount to 50% to match the discount given to seniors and disabled. *FAC-T unanimous support.*
- The second is to increase the spread between passenger fares and vehicle/driver fares for all passenger categories. This is done gradually to minimize fare impacts for vehicles – a 1.0% differential in 2013's fare change and a 0.5% differential in 2014's. *FAC-T split on this, 4 yes and 3 no.*

Vehicle/Passenger Fare Ratio (cont.)

To estimate the impact on selected fares of the general fare increase, differential proposed fares were compared to an alternative scenario with even increases on vehicle/driver and passenger fares of 3.0% in 2013 and 2.0% in 2014.

The effect will be to increase the round-trip fare differential between full fare passenger and vehicle/driver fares, which would vary by route as follows:

- Port Townsend-Coupeville and Southworth-Fauntleroy, the fare differential be increased by \$0.10
- For Vashon routes & Mukilteo-Clinton, the fare differential be increased by \$0.15
- For Central Sound routes, the fare differential be increased by \$0.25
- The routes serving the San Juan Islands, the fare differential be increased either \$0.35 and \$0.40

Vehicle/Passenger Fare Ratio (cont.)

Both the 2009 long range plan and the joint WSF/Commission report on Adaptive Management Strategies support spreading the difference between vehicle and passenger prices:

- Spreading the difference between vehicle and passenger fares is identified as an incentive for long term mode shift .
- Deepening the discount for youth fares is consistent with providing additional incentives for selective passenger markets.
- This is a continuation of already implemented strategies identified in these reports – vehicle reservations and small car fares.
- The fare proposal also offsets part of the adverse effects of the 25 cent per fare capital surcharge instituted in 2011- that had the overall impact of raising passenger fares at a higher rate than vehicle fares.

Legislative Guidance on Fare Setting

RCW 47.60.290 directed WSF to, among other things, “consider... options for using pricing to level vehicle peak demand” and “recognize that each travel shed is unique.”

- This guidance potentially relates to the passenger-vehicle fare ratio and fare discount policies that encourage passengers to switch from drive-on to walk-on travel and increase vehicle occupancy either through carpooling, car sharing, or consolidating trips.

Under 14' Vehicles

To encourage WSF's customers to use smaller cars to “grow the size of the boat”, vehicles larger than a motorcycle but shorter than 14 feet in length were given a 20% reduction in fares relative to a standard car.

- This was done in two phases, a 10% reduction in October 2011 and a 20% reduction in May 2012. These percentage calculations included the driver portion of the vehicle/driver fare
- A third phase was envisioned to increase the reduction to 30%, calculated based on the combined vehicle/driver fare.
- The recommendation includes recalculating it in a way that's consistent with the way the motorcycle/driver fare is calculated – calculating the fare differential using only the vehicle portion of the vehicle/driver fare.
- This gives the third phase a minor downward adjustment (approximately \$0.15) to get from the current rates to 70%.
- *FAC-T unanimous in support.*

Motorcycles and 3-Wheeled Vehicles

Currently, motorcycle fares are calculated based on a ratio of five motorcycles to one standard vehicle space.

- A surcharge is added if a motorcycle has three wheels.
- A wide variety of vehicles are licensed as motorcycles and they travel at the appropriate motorcycle rates.
- There are some three wheeled motorcycles that are actually smaller than some two wheeled motorcycles, even though they pay more – this has raised concerns about equity.

Narrow 3-wheeled motorcycle – pays sidecar surcharge



Wide 2-wheeled motorcycle – pays motorcycle/driver fare



Parking enforcement 3-wheeled vehicle – pays sidecar surcharge



3-Wheeled Vehicles Proposal

The proposal eliminates the sidecar surcharge and divide three wheeled vehicles into two groups – under 8' and 8' and over.

- Three wheeled vehicles under 8' would pay motorcycle rate with no sidecar surcharge – this would be a decrease.
- Three or four wheeled vehicles 8' to under 14' would pay the Under 14' fare – this would be an increase.
- Eliminating the surcharge would support the JTC Fare Media Study's simplification objectives.
- No change in base motorcycle. *Majority of FAC-T in favor – 6 to 1.*

**Narrow 3-wheeled
motorcycle – would pay
less than now**



**Wide 2-wheeled
motorcycle – would pay
the same as now**



**Parking enforcement
3-wheeled vehicle –
would pay Under 14' fare**



3-Wheeled Vehicles Proposed Fares

The following table shows the fares and fare changes of the proposed motorcycle and 3-wheeled vehicle fare policy

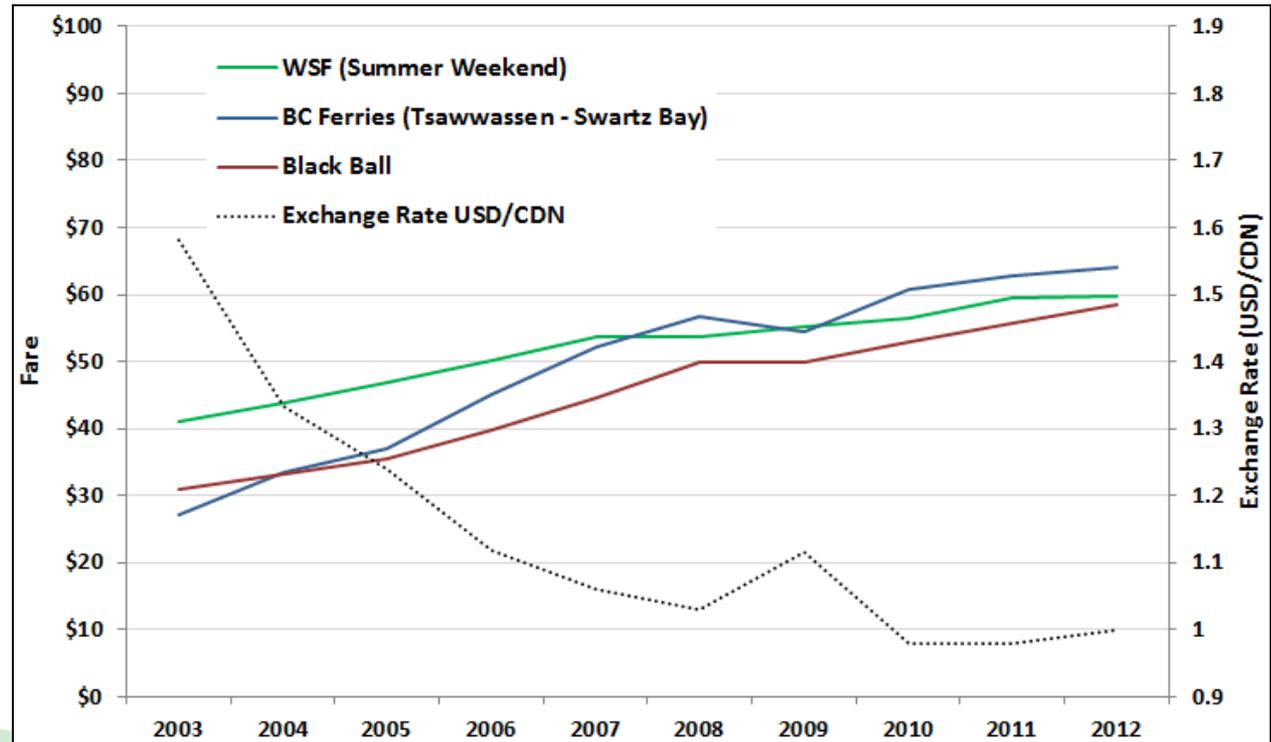
Vehicle Type	Current Central Sound Fare	New Central Sound Fares					
		Oct 1, 2013 Fare			May 1, 2014 Fare		
		New Fare	Change	Percent Change	New Fare	Change	Percent Change
Two-wheeled vehicle, no trailers or sidecars							
BASE SEASON FARES							
Full Fare Customers	\$5.60	\$5.70	\$0.10	1.8%	\$5.90	\$0.20	3.5%
Frequent Users	\$4.48	\$4.56	\$0.08	1.8%	\$4.72	\$0.16	3.5%
PEAK SEASON FARES							
Full Fare Customers	\$7.00	\$7.15	\$0.15	2.1%	\$7.40	\$0.25	3.5%
Frequent Users	\$4.48	\$4.56	\$0.08	1.8%	\$4.72	\$0.16	3.5%
Three-wheeled vehicles under 8' long							
BASE SEASON FARES							
Full Fare Customers	\$8.50	\$5.70	-\$2.80	-32.9%	\$5.90	\$0.20	3.5%
Frequent Users	\$7.38	\$4.56	-\$2.82	-38.2%	\$4.72	\$0.16	3.5%
PEAK SEASON FARES							
Full Fare Customers	\$10.80	\$7.15	-\$3.65	-33.8%	\$7.40	\$0.25	3.5%
Frequent Users	\$8.28	\$4.56	-\$3.72	-44.9%	\$4.72	\$0.16	3.5%
Three or more wheeled vehicles 8' to under 14' long							
BASE SEASON FARES							
Full Fare Customers	\$8.50	\$10.45	\$1.95	22.9%	\$10.70	\$0.25	2.4%
Frequent Users	\$7.38	\$8.36	\$0.98	13.3%	\$8.56	\$0.20	2.4%
PEAK SEASON FARES							
Full Fare Customers	\$10.80	\$13.05	\$2.25	20.8%	\$13.40	\$0.35	2.7%
Frequent Users	\$8.28	\$8.36	\$0.08	1.0%	\$8.56	\$0.20	2.4%

Sidney Fares

Market Screen Analysis

- The Anacortes-Sidney fares are set higher than they otherwise would be if based solely on distance. This is because they have been set more in line with the market factors, such as pricing for other operators to Vancouver Island, B.C. Ferries and Black Ball Line.
- In recent years fares have gone up lock step with rest of the WSF system.
- Recommendation to raise Sidney fares 4.1% to match BC Ferries recent increase.
- *Unanimous FAC-T support*

Peak Season Standard Vehicle/Driver Fares (US \$)

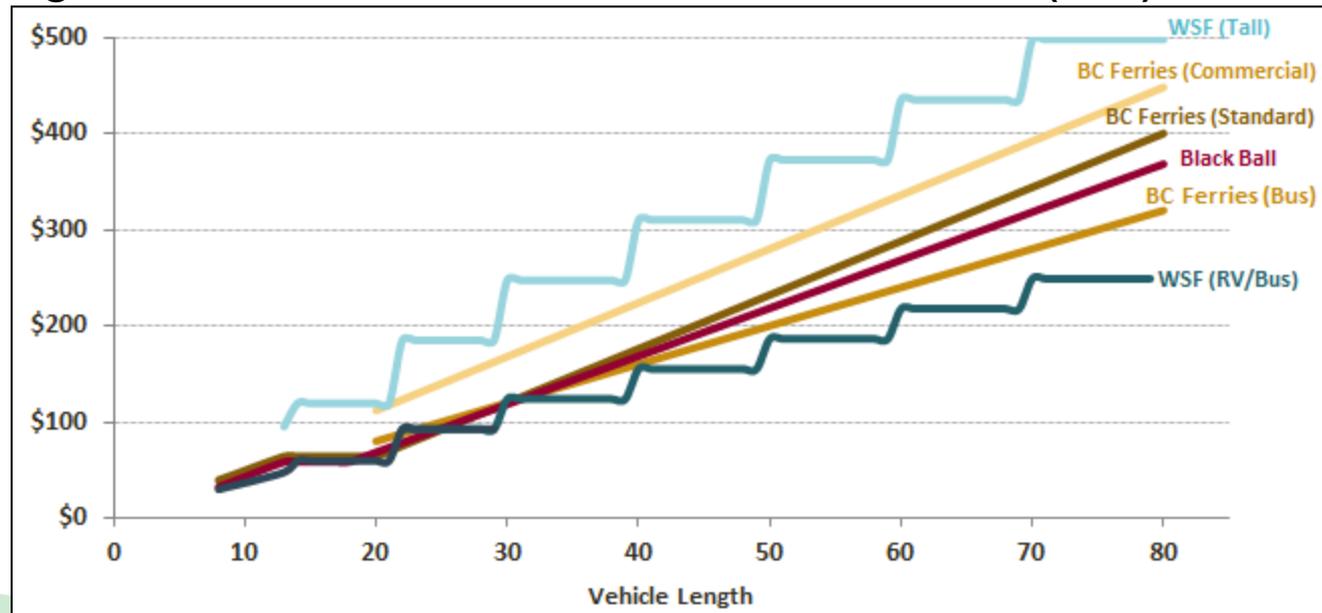


Sidney Fares (cont.)

RV Fares/Commercial Fares Differential

- The Anacortes/Sidney, B.C. route has two sets of fares for oversized vehicles – one for commercial and the other a discounted fare for buses and recreational vehicles.
- As Canada Customs no longer allows commercial vehicles through the Sidney terminal, almost no one is using the higher fare.
- WSF is recommending keeping pace with the low end of BC Ferries oversized with a 5.1% for recreational and elimination of commercial rates.
- *Unanimous FAC-T support*

Peak Season Oversize Vehicle/Driver Fares (US \$)



Sidney Fares (cont.)

Sidney-Friday Harbor Fares

- Currently, the fares between Sidney and the San Juan Islands are greatly different depending upon which direction is traveled.
- This is because the Sidney/Anacortes fares are collected in both directions, but the Anacortes to San Juan Islands fares are collected as a roundtrip only in the westbound direction.
- The recommendation replaces the uneven one way fares between the San Juan Islands and Sidney, B.C. with a new round trip fare that would go into effect May 1, 2014. It is priced at a lower rate than a current round trip and is scaled off of the Anacortes – Sidney fare.
- *Unanimous FAC-T support.*



Multi-ride card Available on ORCA

Recommendation 7 from the JTC's Fare Media Study stated that:

- “WSF should allow its passenger multi-ride cards, and if operationally feasible its vehicle multi-ride cards, to be purchased and loaded on ORCA cards”.
- *There is FAC-T support for this being applied to passenger multi-ride media. It does not appear to be feasible to apply ORCA to vehicle multi-ride media as it is intended for transit type usage and not vehicles. It also does not require a WAC change.*

Other Tariff Items

The following are minor language changes that are being discussed for the 2013 tariff cycle:

- Reservation no show fee (as an option where the current deposit approach creates operational challenges) – this is specific to routes that have no fare collected in one direction or it would create operational efficiencies. *FAC-T majority support, 6 – 1.*
- Language requiring school groups traveling on the school group rate to notify WSF 72 hours in advance with a count of participants to ensure adequate children's life vests. *FAC-T unanimous support.*
- Language to ensure that there is no difference in the applicable fare for disabled passenger traveling with an attendant regardless of fare type or who is driving the vehicle. *FAC-T unanimous support.*

Other Tariff Items (cont.)

The following are minor language changes that are being discussed for the 2013 tariff cycle:

- Reinstating bulk newspaper charges. Originally eliminated after September 11, 2011, WSF is allowed to carry bulk newspapers. Proposal would reinstate freight charge language and adjust the previous rates based on CPI since 2000. *FAC-T unanimous support.*
- Change promotional toll language to allow participation in multi-party fare media to promote tourism – in this case, a joint WSF/BC Ferries/Alaska Marine Highway pass similar to Eurail. *FAC-T unanimous support.*

Legislative Budget Development

Transportation budget that was passed during the regular session requires WSF to collect \$328 million in fare revenue during the 2013-2015 biennium.

- Based on the March 2013 transportation revenue forecasts which assumed across the board 2.5% fare increases, in October 2013 and October 2014.
- Assumes a total of \$328 million in fares to operations and \$7.6 million to capital (the latter from the 25 cent per fare surcharge) for the biennium.

Two Year Proposal – 2013 and 2014

In 2011, the Commission opted to file a two year tariff for both 2011 and 2012, and moved the implementation of the second year's tariff up to May 2012 from October.

- This was an idea from the Commission and was done to offset declining forecasts in June 2011 that indicated that it would be more difficult to meet the legislature's fare revenue target.
- Administratively, the two year tariff worked out very successfully and there was very little customer comment.
- This is part of WSF's proposal for this tariff cycle as well – a fare increase in October 2013 and again in May 2014.
- *FAC-T unanimous support for this, in particular since it generates additional fare revenue to offset the youth fare discount changes.*

Proposal – Vehicles and Passengers

The proposal also begins to make very modest steps in the direction of spreading the difference between vehicle fares and passenger fares.

- October 2013 – fares on average would go up 2.5%, however split between vehicle/driver fares increasing 3.0% and passengers 2.0%.
- May 2014 – fares on average would go up 2.25%, however split between vehicle/driver fares increasing 2.5% and passengers 2.0%.
- These changes, as well as the others discussed, would collectively meet the Legislature’s fare revenue target of \$328.1 million.
- *FAC-T split on this issue, with 4 yes and 3 no.*

2013 Tariff Cycle – Next Steps

Calendar of Upcoming Events

- May 22, Port Townsend Local Area Meeting: WSF fare proposal to Commission
- NLT June 19, 2013: file CR 102 form with Commission fare proposal
- Public Outreach early/mid July
- July 29th – Commission hearing on proposal
- NLT August 30, 2013: file CR 103 with final amended tariff
- October 1, 2013: New tariff in effect

Other Items Reviewed

The FAC-T and WSF also reviewed other tariff structural issues that are not part of this recommendation.

- Increasing the discount rate for passenger multi-ride card user (and by extension monthly pass holders) from its current 20% to 30%. *The FAC-T voted 5-2 to keep the discount at 20%.*
- The concept of splitting up the Central Sound travel shed for the Bremerton, Bainbridge and Kingston routes and charging them based on distance was evaluated. *The FAC-T voted unanimously to keep the current travel shed structure in place.*
- The FAC-T suggested, and then evaluated, the concept of creating a discounted student fare for those over age 18. *The FAC-T voted unanimously against pursuing this further.*
- Premium fare for first class service – originally proposed during last fall’s public meeting cycle. *The FAC-T voted unanimously against pursuing this further.*

Questions?

For more information on the 2013/2014 Tariff Proposal,
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