

WSDOT Ferries Division 2010 Tariff Proposal

Paula Hammond, P.E.
Secretary of Transportation

Dave Dye, P.E.
Deputy Secretary

Steve Reinmuth
Chief of Staff

David Moseley
Assistant Secretary
Ferries Division

Ray Deardorf
Planning Director
Ferries Division

**Washington State Transportation Commission
September 20, 2010**



**Washington State
Department of Transportation**

Presentation Overview

- Tariff 2010 Roles, Process, & Schedule
- Overview of Tariff Issues Discussed this Cycle
- Overview of WSF Tariff Proposal
 - Implement a 2.5% General Fare Increase
 - Finish Tariff Route Equity Phasing on San Juan Interisland Routes
 - Amend School Group Discount WAC Language
 - Eliminate San Juan Islands Day-of-week Pricing Structure
- Summary of Proposal Fare Impacts
- Next Steps

Tariff 2010 Roles and Process

- The 2010 Tariff Cycle was the first year of a newly-designed tariff development process.
- The following entities were involved in the development of the 2010 Tariff Proposal:
 - **WSDOT Ferries Division.** WSF is responsible for conducting a review of the tariff and developing a fare proposal to submit to the WSTC. A Tariff Technical Committee consisting of WSF staff from many different departments was formed to fulfill this role.
 - **Ferry Advisory Committee - Tariff.** The FAC-T is a newly formed advisory group, comprised of FAC Executive Council members or their designees, and transit and freight representatives, that provided advice, input, and feedback to WSF and WSTC on fare policy options during the development of WSF's proposal. The FAC-T met five times during this process.
 - **WSTC.** The WSTC is responsible for adopting fares through rulemaking, and will have final say in what fares are implemented. They will conduct public outreach, and adopt final rule changes at a public hearing.

2010 Tariff Process Schedule

- The 2010 Tariff Cycle was launched in March. The following are the major milestones of this effort:
 - **March 18th**. FAC-T formed and holds first meeting.
 - **Early May**. WSF public meetings, including discussion of possible tariff items.
 - **Mid May**. Preliminary discussion of tariff issues with WSTC.
 - **June 23rd**. Presentation of WSF cost savings to Commission by Secretary Hammond and Assistant Secretary David Moseley.
 - **June 29th**. Final FAC-T meeting to review Department fare proposal.
 - **September 20th**. Presentation of proposal to WSTC.
 - **October/November**. Public input on fare proposal.
 - **November 15th** . WSTC public hearing on fare proposal.
 - **January 1, 2011**. New fares take effect.

Overview of WSF Tariff Proposal

Given the delay in tariff implementation, both WSF and the FAC-T believe a 2010 Tariff Proposal should be relatively simple. All of the analyzed issues were narrowed down to four elements that WSF is proposing for 2010 implementation:

1. **General Fare Increase.** Implement a general fare increase of 2.5% on January 1, 2011.
2. **Tariff Route Equity Phasing.** Complete TRE implementation by raising interisland fares 2% higher than the general fare increase.
3. **School Group Discount WAC Language.** Amend the school group discount WAC language to clarify discount eligibility and support the original program intent.
4. **San Juan Islands Day-of-Week Pricing.** Eliminate the early-week discount by raising early-week fares to the same level as late week fares. Minimize revenue impacts by eliminating the passenger peak season surcharge (20%).

Each of these elements is described in greater detail on the following pages.

General Fare Increase

Background and Context

- The Legislature's budget revenue target for FY2011 was based on a 2.5% general fare increase going into effect October 1, 2010. Due to delay in implementation, new fares will go into effect January 1, 2011.

WSF Proposal

- Implement a general fare increase of 2.5% on January 1, 2011
 - 2.5% increase will also apply to Anacortes-Sidney fares.
- Delaying a 2.5% increase until January 1, 2011 will reduce the revenue collected during FY2011 by approximately \$500,000.
- WSF's focus on cost saving measures has produced over \$300,000 in reduced costs, partially mitigating the impacts of lost revenues. Cost savings have come from: (1) employee travel time; (2) employee overtime; and, (3) lease at Friday Harbor.
- FY2010 and FY2011 revenues-to-date have been higher than projected in the February forecast, further mitigating the lost revenues.
- The combination of the January 2.5% increase, cost savings and higher than expected revenue should meet the FY 2011 budget revenue target.

Tariff Route Equity Phasing

Background and Context

- San Juan Island interisland routes are the only routes in the system that have not yet reached TRE alignment.
- The TRE implementation plan includes one more increase for this route above the general fare increase.

WSF Proposal

- Raise interisland fares by an additional 2% above the general fare increase to finish TRE implementation this year.

Proposal Impacts

- The TRE schedule that began in 2001 will be completed.
- This will have a slight positive revenue impact of approximately \$23,000 annually.

School Group Discount WAC Language

Background and Context

- Current WAC language is ambiguous, and both ferry staff and customers have expressed confusion about its application.
- The original discount intent was to provide the discount only for school groups, and not other youth groups/clubs.

WSF Proposal

- Make the following additions to the current WAC language (*additions are in red underlined type*):

Passengers traveling in authorized K-12 school groups for institution-sponsored activities will be charged a flat rate of \$1 per walk-on group or per vehicle of students and/or advisors and staff. All school groups require a letter of authorization on the sponsoring school's letterhead. Vehicles and drivers will be charged the fare applicable to vehicle size. The special school rate is \$2 on routes where one-point toll systems are in effect.

Proposal Impacts

- WSF staff and customers will be able to better implement the original intent of the program

San Juan Islands Day-of-week Pricing

Background and Context

- The current day-of-week fare structure was designed to give Island residents days where they can travel less expensively to run errands, while charging full fares to tourists on weekends.
- The current structure includes: early-week discounts, higher summer surcharges, and higher multi-ride discounts.
- The San Juan Islands community has suggested removing the day-of-week pricing structure. WSF terminal staff have also had difficulties with this structure since EFS was implemented, due to pre-purchased tickets.

WSF Proposal

While many changes were made to implement day-of-week pricing, WSF's current proposal only includes reversing two for the 2010 cycle:

1. Eliminate the early-week discount by raising early-week fares to the same level as late-week fares; and
2. Eliminate the passenger peak surcharge (20%).

San Juan Islands Day-of-week Pricing

Proposal Impacts

- The positive revenue impacts of eliminating the early-week discount are effectively neutralized by the revenue lost through eliminating the passenger peak surcharge.
- Eliminating the day-of-week differentials will address the concerns of the local community and WSF terminal staff.
- There is additional support to reverse all of the changes that went into the day-of-week structure, bringing the San Juan Islands back into alignment with the rest of the system. The potential to make these additional changes will be analyzed during future tariff cycles.

Next Steps

- **By October 6th.** File CR-102 with Commission Fare Proposal
- **October/November.** Public input on fare proposal
- **November 15th.** WSTC public hearing on fare proposal
- **By November 30th.** File CR-103 with Final Tariff
- **January 1, 2011.** New fares take effect.

Questions?

For more information on the WSDOT Ferries Division
2010 Tariff Proposal, please contact:

David Moseley, Assistant Secretary
Ferries Division at
(206) 515-3402 or MoseleD@wsdot.wa.gov.



Tariff Issues Discussed this Cycle

The following tables summarize all of the policy issues that were discussed for possible inclusion in the 2010 Tariff Proposal.

Tariff Issue	Policy Options	FAC-T Comments
General Fare Increase (Timing)	<ul style="list-style-type: none"> • Increase fares November 1, 2010 • Increase fares December 1, 2010 • Increase fares January 1, 2011 	<ul style="list-style-type: none"> • FAC-T supports implementation by December 1 at the latest
General Fare Increase (Amount)	<ul style="list-style-type: none"> • Raise fares by 2.5% • Raise fares by more to reach the FY2011 budget revenue target 	<ul style="list-style-type: none"> • Most FAC-T members support 2.5% • A few want to reach the revenue target
TRE Phasing (San Juan Interisland)	<ul style="list-style-type: none"> • Increase by general fare increase • Increase by 2% higher to complete TRE implementation 	<ul style="list-style-type: none"> • FAC-T supports finishing TRE implementation
San Juan Day-of-Week Pricing	<ul style="list-style-type: none"> • Retain current structure • Unpack all original policy changes • Eliminate day-of-week pricing and eliminate passenger summer surcharge 	<ul style="list-style-type: none"> • FAC-T supports unpacking all original policy changes • Also supportive of phased approach

Tariff Issues Discussed this Cycle

Tariff Issue	Policy Options	FAC-T Comments
Passenger/Vehicle Fare Ratio	<ul style="list-style-type: none"> • Increase fares proportionally • Increase vehicle fares either slightly or significantly faster than passenger fares 	<ul style="list-style-type: none"> • FAC-T support was split between a gradual differentiation and a proportional increase
Commercial Reservation Fees	<ul style="list-style-type: none"> • Increase fees this year • Hold increases until new reservation system 	<ul style="list-style-type: none"> • FAC-T support was split between raising fees now and waiting for new system
Anacortes-Sidney Fares	<ul style="list-style-type: none"> • Increase by general fare increase • Increase either slightly or significantly higher than GFI based on a market screen 	<ul style="list-style-type: none"> • FAC-T supports a slightly higher fare increase for Anacortes-Sidney
CUBE (Width)	<ul style="list-style-type: none"> • Retain current definition • Reduce standard CUBE width to reflect loading challenges of certain vehicles 	<ul style="list-style-type: none"> • This discussion was held for a full CUBE category review

Tariff Issues Discussed this Cycle

Tariff Issue	Policy Options	FAC-T Comments
CUBE (Length)	<ul style="list-style-type: none"> • Retain current structure • Create more length categories by breaking up current 10' increments 	<ul style="list-style-type: none"> • FAC-T supports more length categories, but understands operational challenges
CUBE (Small Car)	<ul style="list-style-type: none"> • Retain current structure • Define a cutoff length of about 13' • Define a cutoff length of about 15' 	<ul style="list-style-type: none"> • FAC-T supports more length categories in general, and waiting for new technology
Bicycle Surcharge	<ul style="list-style-type: none"> • Do not increase surcharge • Increase by inflation • Increase by other amount 	<ul style="list-style-type: none"> • Most members support increasing the surcharge, which has not been increased since 2002
Bicycle Permit Pricing	<ul style="list-style-type: none"> • Do not increase permit price • Increase by inflation • Increase by other amount 	<ul style="list-style-type: none"> • Most members support increasing the permit price, which has not been increased since 1996
School Group Discount Language	<ul style="list-style-type: none"> • Add suggested WAC language to clarify original intent 	<ul style="list-style-type: none"> • FAC-T supports the amended language