WASHINGTON STATE FERRIES
TARIFF CYCLE 2012

Ferry Advisory Committee-Tariff Perspectives on the Joint Transportation Committee's 2012 WSF Fare Media Study

INTRODUCTION

JTC's Washington State Ferries Fare Media Study

The 2011 Washington State Legislature directed the Joint Transportation Committee (JTC) to conduct a study of Washington State Ferry (WSF) fares to make recommendations related to the following elements of WSF's fare media and fare payments:

1. Appropriate fare media for use with the new vehicle reservation system.
2. Appropriate fare media for use with potential demand management pricing.
3. Interoperability with other payment methods, including regional media such as ORCA and *Good To Go!*.

The JTC's WSF Fare Media Study was released in January 2012. A central focus of the WSF Fare Media Study was how fare media, payment interoperability, fare structure, and demand management programs such as vehicle reservations are intertwined with and affect the customer experience, customer satisfaction, and ultimately, WSF ridership. The Washington State Transportation Commission (WSTC) conducted a customer survey to support the analysis of customer impacts.

The result of the Study was a set of recommendations for how WSF should change its fare media and payment options going forward to better align with legislative recommendations, demand management goals, and regional transportation systems already in place. A comprehensive list of these recommendations can be found in Appendix A.

Ferry Advisory Committee-Tariff Review

The Ferry Advisory Committee-Tariff (FAC-T) is an advisory committee to WSTC and WSF on tariff issues comprised of members of the FAC Executive Council, or their designees. The FAC-T is convened annually to provide advice, input, and feedback during the development of WSF's fare proposals. Additional information the FAC-T's charter and responsibilities is attached as Appendix B.

During the 2012 tariff cycle, in addition to its regular role providing input on anticipated tariff policy changes, the FAC-T was asked to provide their perspectives on the JTC's WSF Fare Media Study recommendations. This report documents the FAC-T's discussions regarding the JTC Study recommendations and is intended to provide the group's perspective for consideration by the Legislature in the event these recommendations are taken up during the 2013 session.

SUMMARY OF KEY FINDINGS

FAC-T Perspective Themes

While the FAC-T provided detailed input on each of the Study's ten recommendations, there were common themes that emerged throughout the discussions suggesting a set of overarching policy goals and priorities.

Public Input on Fare Policy Changes. In all cases, the FAC-T recommends that potential fare policy changes go through a thorough review process involving the public, ferry communities, and the FAC-T before implementation. The group felt that the original JTC WSF Fare Media Study lacked adequate opportunities for input, and that putting each potential change through the public review process will mitigate concerns about individual recommendations or adaptive management policies.

Support for Frequent Users. The FAC-T clearly emphasized the importance of the frequent user throughout their perspectives on each recommendation. The impact of policy changes and system changes on the frequent user should be analyzed and addressed as each recommendation is considered for implementation.

No Penalties for Specific Methods of Payment. While the FAC-T is interested in innovative new ideas such as an account-based system and new methods of payment such as *Good To Go!* and ORCA, they think it's important that WSF not create pricing penalties for any riders that choose not to participate in the account system or continue to use *Wave2Go* fare media as payment.

Cost Effective Implementation. The FAC-T recommends that WSF complete a thorough and transparent predesign study for any proposed system enhancement and that clearly identifies the costs and potential customer and operational impacts prior to proceeding with implementation. The predesign effort should focus on identifying the most cost-effective alternative that meets the policy goals and can be demonstrated to have a significant benefit to WSF and its customers.

Strategic Implementation by WSF. The FAC-T would like to see WSF plan for and implement these recommendations strategically, by (1) articulating the organization's long-term goals to help in understanding how each recommendation will provide benefit and momentum toward these goals and (2) ensuring that WSF is requesting money from the Legislature when needed to implement these recommendations on the suggested timelines.

Primary Areas of Interest

While each of these topics is addressed in more detail below, this section outlines the areas that the FAC-T had the most interest in pursuing in the near future.

Moving to an Account-based System. The FAC-T identified moving to an account-based system (see Recommendation 9, below) as a potential solution to many of WSF's current fare media and interoperability issues. They would like WSF to prioritize this recommendation and pursue it on an aggressive timeline.

Create Innovative, Forward-thinking Ideas. Given that an account-based system would provide additional flexibility for fare structures, the FAC-T is interested in making sure that WSF begins to consider truly innovative fare policies. Ideally, this could include money from the Legislature for a study of alternative fare structures that could be supported by an account-based system.

Charging Vehicles Fare Per Foot. FAC-T members were comfortable with the concept of per-foot pricing and felt this recommendation is a good direction for WSF to be moving toward. The group did identify some concerns about implementation (see Recommendation 4, below), but believes most could be alleviated by moving to an account-based system.

Analyze the Anacortes-Sidney-San Juan Islands Fares in Detail. Beyond the two specific elements of the north sound fare structure discussed as part of Recommendation 6, below, the FAC-T recommends that WSF and WSTC take a more holistic approach to reviewing the international, San Juan Island, and Anacortes fares. Elements to consider include fare simplicity, equity, and flexibility.

FAC-T PERSPECTIVES ON INDIVIDUAL RECOMMENDATIONS

This section presents the FAC-T's perspectives on each individual recommendation from the JTC's WSF Fare Media Study. Each recommendation is presented verbatim from the JTC's WSF Fare Media Study, followed by a brief discussion of context for the recommendation and then the FAC-T's perspectives.

Recommendation 1. WSF and WSTC should continue to modify their fare policies to bring the fare structure in alignment with legislative fare policies and with legislative direction to use adaptive management practices.

Recommendation Context

Historically, WSF has set fares to spread system-wide operating costs across all customers using metrics such as vehicle size, route length, and passenger-vehicle fare ratios. In 2007, the Legislature adopted ESHB 2358 (The Ferry Bill) that provided new legislative direction on fare policy that included language on demand management pricing to (1) level vehicle peak demand and (2) increase off-peak ridership. Appendix C includes current legislative fare policies and direction.

WSF responded in the 2009 Long-Range Plan by identifying two demand management tools for future implementation: (1) the vehicle reservation system and (2) demand management pricing. The Long-Range Plan's priorities were structured such that reservations would be implemented first, and that pricing strategies would be implemented only if further demand management was necessary. Recommendation 1 directs WSF to continue to implement fare policies that support demand management, potentially in addition to the vehicle reservation system, since it will not be available on all routes.

FAC-T Perspectives

In general, FAC-T members were supportive of this recommendation with caveats, and agreed that WSF should continue to align its fare policies with legislative direction. It should be noted that the FAC-T did not evaluate any fare policies or demand management strategies not specifically in this report. The group emphasized that supporting this recommendation is not a blanket endorsement of all the demand management pricing strategies discussed in the Long-Range Plan; individual fare policy changes should be routed through the regular tariff process with adequate public and FAC-T input.

The group expressed concern with some aspects of demand management pricing, such as:

- Pricing in a way that incentivizes customers to walk-on instead of driving-on by leaving their cars behind could be considered unfair to those who live in ferry communities where transit options are inadequate. Although most ferry terminals are connected by transit, not all ferry customers have access to specific transit routes that take them to their final destination. These customers' need to drive on should not be made prohibitively expensive.

- The FAC-T also noted that when WSF begins to consider varying pricing in support of adaptive management goals it would be useful to understand the underlying cost to serve different classes of customers. For example, in thinking about changes to the passenger-vehicle fare relationship, it would be good to know what it costs to move a vehicle versus a passenger on a WSF ferry route. Towards this end, the FAC-T would like WSF to include a cost of service analysis as part of the next tariff review cycle in 2013 to better inform these policy discussions.

Recommendation 2. WSTC annual market surveys should include questions on customer households and the household's likely response to fare changes.

Recommendation Context

WSTC currently conducts a number of surveys each year on behalf of WSF to collect general feedback, comments on schedules, fares, and services, and advice from ferry customers and stakeholders. These surveys are sent out to the Ferry Riders' Opinion Group (FROG) panel, comprised of a set of ferry riders and ferry community residents that have elected to join the panel. Surveys are sent to the group by email multiple times per year.

This recommendation seeks to expand the survey approach to better understand how households, not just individual riders, interact with and use the ferry system, since the cost of ferry use is part of a household budget and some households have multiple products that should work together smoothly.

FAC-T Perspectives

FAC-T members generally agreed that surveys that helped WSF and WSTC understand ferry customers better would be helpful, and agreed with this recommendation's stated goal of understanding more about household behavior.

Additionally, the FAC-T built on this recommendation by noting two additional areas for improvement of customer understanding:

- The FAC-T would like WSF and WSTC to explore ways to gain opinions outside of the FROG survey panel due to concerns about sample bias from a voluntary respondent pool and concerns that the surveys are not reaching non-users. Ideally, surveys would be conducted among users and non-users and would consist of a random sample.
- The FAC-T noted that WSF could also improve its understanding through data collection methods other than surveys, such as analysis of demographic information of ferry communities to understand how ridership changes correlate with changes in the community.

Recommendation 3. In the long-term, WSF's fare collection system should be adapted to the needs of its travel sheds/routes and its customers with consideration of two fare collection systems:

1. **Account –based system**. Wave2Go should be replaced with an account-based fare system that offers customers a variety of fare media products and interoperable payment options through *Good To Go!*, ORCA, and emerging payment technologies.
2. **Good To Go! as the Only Payment Method**. Some routes, particularly those without vehicle reservations, may best serve their customers by using the *Good To Go!* tolling system exclusively.

Recommendation 3 presents two separate long-term fare system goals, each of which are repeated later as individual recommendations. The first part of this recommendation is addressed as Recommendation 9. The second part is addressed as Recommendation 10.

Recommendation 4. WSF's vehicle fare structure should be based on a per foot charge, which will require the installation of automatic vehicle length measuring devices at an estimated FY 2012 cost of $0.9 million.

Recommendation Context

As part of the 2009 Long-Range Plan, small car fares and progressive pricing for larger vehicles were identified as strategies that could maximize the use of existing vehicle deck space by incentivizing customers to drive smaller vehicles when possible. In 2011, WSF moved forward with a small car fare category, creating a fare for vehicles 14 feet and under that is lower than the standard 22 feet and under vehicle fare.

The JTC further built on the strategies identified in the Long-Range Plan with Recommendation 4, specifically identifying a per-foot pricing structure and an automatic measuring system that would support the new fares. The preliminary implementation concept for this recommendation would be to have base fare (perhaps 15 feet) and to charge a per-foot increase for every foot over 15. This would reduce the number of listed fares, increase WSF's flexibility to charge customers incrementally, and build automatic measuring technology that would measure vehicles without slowing down vehicle processing times.

FAC-T Perspectives

In general, FAC-T members were comfortable with the concept of per-foot pricing and felt this recommendation is a good direction for WSF to be moving toward. The group did express concern about risk around implementation of this recommendation, specifically regarding the automatic measuring technology. FAC-T members emphasized the following elements of risk in the measuring system:

- **Accuracy and Consistency**. It's imperative that the automatic vehicle measuring system be accurate and consistent so (1) each individual vehicle is measured correctly and (2) each individual vehicle is measured at the same length every time it's measured. Any discrepancies in measurement will result in customers losing confidence in the system, reducing ridership and increasing processing times due to arguments.
- **Ongoing Maintenance**. After a proven system has been purchased, WSF should emphasize ongoing maintenance, including verification of accuracy and calibration by an independent agency, such as the state Weights and Measures Group.

If such a measuring system is difficult to find or afford, WSF could look into other solutions, such as identifying cars based on VIN or make and model, and then using a linked database to determine length.

The FAC-T also identified a potential issue with proliferation of fare categories for frequent user products at every conceivable length. It was noted that an account-based system (**Recommendation 9**) with back-end discounting would alleviate these concerns (but would need further study of implementation), and may be necessary prior to successful implementation of Recommendation 4.

Recommendation 5. WSF should reinstate discounted joint passes with transit agencies on routes with significant numbers of commuter customers. No legislative action is required to implement this recommendation.

Recommendation Context

WSF used to offer a discounted joint pass that combined a discounted transit pass with a discounted ferry passenger monthly pass. WSF eliminated this product in 2002. The Fare Strategy Survey conducted in 2011 as part of the WSF Fare Media Study identified a joint pass as something customers said they would be likely to use and would increase their walk-on ferry usage. Encouraging more walk-on use of the

ferry would decrease WSF's space constraints on the vehicle deck, contributing to demand management goals.

FAC-T Perspectives

The FAC-T discouraged WSF from pursuing this recommendation as it provides little potential benefit to the organization or customers (reduced revenues without a meaningful ridership impact). It would also be counterproductive in relation to any fare simplification goals. FAC-T members felt that the main reason current ferry riders do not use transit is due to the inconvenience and/or lack of suitable transit options and not to WSF pricing.

The number one way that WSF could increase its customers' transit use is to work with transit partners to improve service, increase frequency of service, and continue improvements in ferry schedule coordination. The changes ongoing and coming up for King County Metro, such as elimination of the ride-free zone and removal of the Alaskan Way Viaduct, may provide opportunities for important discussion about additional ferry service, especially during peak sailings.

While FAC-T members weren't supportive of using pricing to increase transit use, they did agree it's important to increase transit use where possible, since even customers who cannot switch to transit benefit from extra vehicle space on ferries from customers who were able to mode shift and potentially free up precious vehicle capacity during peak commute periods.

Recommendation 6. WSF should streamline Sidney fares by establishing a single Sidney-Anacortes fare with the ability to stop in the San Juan Islands and eliminating the separate commercial and RV fares. No legislative action is required to implement this recommendation.

Recommendation Context

Recommendation 6 consists of two separate components:

1. **WSF should streamline Sidney fares by establishing a single Sidney-Anacortes fare with the ability to stop in the San Juan Islands**. WSF currently has four different categorizations for Sidney travelers: Anacortes to Sidney one-way, Sidney to San Juan Islands one-way, San Juan Islands to Sidney one-way, and San Juan Islands-Sidney round trip. The WSF Fare Media Study recommends replacing this complicated system with a single Anacortes-Sidney round-trip fare that allows for free stopovers in the San Juan Islands to support Island tourism and simplify the fare structure.
2. **WSF should streamline Sidney fares by eliminating the separate commercial and RV fares**. For vehicles over 22 feet long and over 7'6" in height, WSF charges the regularly calculated fare for commercial and other non-recreational vehicles, and a 50% discounted fare for recreational vehicles and buses. This difference was created to promote tourist traffic on the route without losing revenue from commercial vehicles.

   However, the Sidney route no longer carries commercial traffic due to security restrictions. Therefore, the separate fare category is redundant and unused except in rare cases of non-commercial, non-recreational vehicles such as rental vans/moving trucks. Eliminating this fare category would simplify WSF's fare structure.

FAC-T Perspectives

The FAC-T addressed the two components of this recommendation separately:

Anacortes-Sidney-San Juan Island Fare Categories

The FAC-T was not supportive of the recommendation of creating a single Anacortes-Sidney round trip fare for the purpose of reducing the number of fares on the international route. Group members

acknowledged that although this change would simplify the fare structure, it would not create fair pricing for San Juan Island residents traveling to Vancouver Island, who would pay the same price as a traveler going from Anacortes to Sidney, which is a much longer trip.

Oversize Vehicle Fare Categories on the Sidney Routes

The FAC-T did support combining the oversize vehicle fares on the Sidney routes into one fare category, and conducting market research of competitor's fares to set this fare at an appropriate level. Given the direct competition from BC Ferries and the Black Ball service out of Port Angeles, WSF should consider setting these oversize fares on a market analysis basis as is currently done for the standard car & driver and passenger fares.

Beyond the two specific elements of the International fare structure discussed above, the FAC-T recommends that WSF and WSTC study both of these ideas in more detail during the 2013 tariff cycle, in tandem with a holistic look at all international, San Juan Island, and Anacortes fares.

Recommendation 7. 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. Implementation of this recommendation is anticipated to cost $0.3 million in FY 2012 dollars for ORCA/*Wave2Go* integration.

Recommendation Context

WSF currently supports ORCA use by allowing customers to use ORCA as an ePurse to purchase individual fares from a stored-value account or by loading a monthly passenger pass onto ORCA and using ORCA to gain access through the turnstiles. Many ORCA card holders have expressed interest in also allowing multi-ride cards to be loaded on ORCA so customers can use one card for their whole trip. Passenger multi-ride cards could be added to ORCA with no costs beyond the $0.3 million identified in the recommendation for design, programming, and contingencies.

Vehicle multi-ride cards would be more challenging to add to ORCA and would present operational problems at some terminals. Challenges would arise from trying to use ORCA, a transit product, to support payment of what are effectively highway tolls.

If this recommendation were implemented, customers would not be required to use ORCA to travel with a multi-ride card. This recommendation would only add flexibility for those customers that use ORCA and want an additional choice for how to pay their ferry fares.

FAC-T Perspectives

The FAC-T thought that this was a generally desirable recommendation, although they were concerned about potential implementation issues. They noted that moving to an account-based system in the near future, as described in Recommendation 3, would remove a lot of the potential issues and most barriers to implementation.

Although the group was generally supportive of this recommendation, they had the following comments:

- Given the difficulty WSF has experienced incorporating *Wave2Go* products onto ORCA so far, the FAC-T was not confident that it would be adaptable to measuring vehicles by foot until an account-based system was in place.
- While having all multi-ride products available on ORCA would be very beneficial to customers in the central and south sound, group members from the north sound noted this may not be of interest in their communities where most people do not own ORCA cards.

Recommendation 8. WSF should implement *Good To Go!* as a form of payment at vehicle tollbooths. Implementation is anticipated to cost $2.2 million in FY 2012 dollars.

Recommendation Context

Customer surveys conducted as part of the JTC Fare Media Study shows that about one-third of ferry customers who most frequently travel on routes near *Good To Go!* tolled bridges have *Good To Go!* transponders, and an additional one-third of these customers plan to get a transponder in the near future. Given that WSF is part of the state highway system, allowing customers to pay their fares with their *Good To Go!* account would make WSF more consistent with the rest of the highway system.

As with Recommendation 7, if this recommendation were implemented, customers would not be required to use *Good To Go!* to travel with WSF. This recommendation would only add flexibility for those customers that want an additional choice for how to pay their ferry fares.

FAC-T Perspectives

The FAC-T identified both pros and cons to this recommendation. On the positive side, the group thought this would provide some value to WSF and to customers in terms of simplicity for customers who already have a *Good To Go!* account and by supporting vehicle processing times.

However, the group was also hesitant about this recommendation due to the cost of implementing the interoperability. The FAC-T believes that moving to an account-based system as soon as possible should be a high priority for WSF, and think that if funding becomes available that Recommendation 3 should be a priority over Recommendation 8.

If WSF does move forward with this recommendation, the FAC-T had the following suggestions for implementation:

- WSF should ensure that tourists who do not have *Good To Go!* accounts are well supported and are not at a disadvantage to other customers in terms of system usability or cost.
- WSF should ensure that security is adequate at the terminals if some vehicles will not be screened by tollbooth operators.
- The fare should be the same for all customers, regardless of method of payment, and users without *Good To Go!* should not be charged an additional fee like they are on the 520 bridge.

Recommendation 9. WSF should replace Wave2Go with an account-based fare system in the 2018 and beyond time period.

Recommendation Context

When *Wave2Go* needs to be replaced later this decade, an account-based fare system would provide many advancements to WSF and its customers in terms of flexibility of payment, support of frequent user discounts regardless of travel mode, efficient integration with the vehicle reservation system, integration with WSF's current commercial account system, and capacity for demand management pricing strategies based on time of travel.

FAC-T Perspectives

Overall, the FAC-T thought this was a good recommendation and a positive direction for WSF to take. The group's primary concern regarding this recommendation was that WSF allow customers to travel without an account without being charged a higher fare or penalty, surcharge or service fee. Some group members were also concerned about the way that this system/media change might impact fare policies, such as frequent user discounts. However, the system change could be separate from future fare policy

changes, which would be developed through the regular tariff review cycle, including FAC-T involvement and a public review comment period prior to implementation.

The group focused much of its discussion on this recommendation, since it is seen as integral to successful implementation of many other recommendations and would provide a lot of flexibility for WSF going forward. While supportive, the FAC-T had the following additional comments for WSF regarding this recommendation:

- The FAC-T would like WSF to prioritize this recommendation, including putting together a timeline and pursue implementation by asking for adequate funding for planning, purchasing, and implementation from the Legislature.
- One member noted that while the system will likely be expensive, WSF and the Legislature should weigh longevity along with affordability to ensure the system remains viable, flexible, and can adapt to changes in technology from design through implementation.

Given that an account-based system would provide additional flexibility for fare structures, the FAC-T is interested in making sure that WSF begins to consider truly innovative fare policies. Ideally, this could include money from the Legislature for a study of alternative fare structures that could be supported by an account-based system.

Recommendation 10. WSF should consider *Good To Go!* as the exclusive payment option for fares on the Southworth-Vashon-Fauntleroy route (and possibly for other routes that will not have a full reservation system) in the 2018 and beyond time period.

Recommendation Context

The impetus for this recommendation was two-fold:

1. **The Southworth-Vashon-Fauntleroy triangle routes have significant congestion and terminal space issues**. The Fauntleroy terminal is one of the most congested terminals in the ferry system due to its small holding area, short headways, and sailings with multiple and sometimes mixed destinations. Collecting fares exclusively via *Good To Go!* would provide smoother and faster processing of vehicles.
2. **The Southworth-Vashon-Fauntleroy triangle routes will not participate in the full vehicle reservation system**. Due to the terminal constraint issues and the short headways between sailings at these terminals, the triangle routes will only allow reservations for commercial vehicles. Non-commercial customers will not be able to make reservations, which will limit the system's ability to manage demand and reduce terminal congestion.

Unlike Recommendations 7 and 8, implementing this recommendation would require customers on these routes to pay with their *Good To Go!* account. Customers without a *Good To Go!* account would need to be addressed in future policy discussions.

FAC-T Perspectives

The FAC-T was generally opposed to this recommendation. The group was adamant that this recommendation would have significant negative impacts on south sound ferry communities such as Vashon and Southworth, and other destinations of customers who travel these routes. FAC-T members had three primary reasons for their concern:

- **Lack of Payment Options**. This was the primary concern of FAC-T members. The FAC-T first and foremost recommends that other payment options be available to customers on these routes with no penalty, surcharge or service fee. Barring that, the FAC-T recommends that the fare be the same for all customers on these routes, regardless of whether or not they have a *Good To Go!* transponder. This could be done by having a pull-aside area for those without a transponder to pay the toll, as implemented on the Tacoma Narrows Bridge, or by mailing a bill for the regular fare via license plate recognition.
- **Significant Vehicle Fare Increases**. This recommendation would result in WSF no longer charging for passenger fares on these routes, including both walk-on passengers and passengers in vehicles. In order to make up for this revenue loss, vehicle fares would potentially need to be raised significantly to offset these revenue losses. Some FAC-T members find it unacceptable that vehicle travelers would subsidize passenger travel in this way.
- **Lack of Frequent User Support**. The group was concerned that this recommendation is not compatible with existing frequent user pricing structures such as vehicle multi-ride cards. If implemented, the FAC-T recommends ensuring compatibility with frequent user discounts comparable to today's discount levels, as many who travel these routes are commuters and frequent users.
- **Systemwide Implications of Different Fare Policies.** Concern was expressed about systemwide equity issues and why passengers on one route could travel free and on other routes still needing to pay a fare.

REVIEW AND CONCURRENCE

Gregory Beardsley, Chair

Rex Nelson, Co-chair

APPENDICES

Appendix A

Final WSF Fare Media Study Executive Summary

Appendix B

Legislative Direction from The Ferry Bill

WSF and JTC Joint Recommendations from the Long-Range Plan