

**WASHINGTON STATE TRANSPORTATION COMMISSION
Special Meeting Summary**

**WSF Ferry Fare Proposal
June 29, 2011**

The special meeting of the Washington State Transportation Commission was called to order at 9:30 a.m., on Wednesday, June 29, 2011, at Puget Sound Regional Council, 1011 Western Avenue, Seattle Washington.

Chair Parker opened the meeting with Commissioners and staff introductions. He then asked Ray Deardorf, Planning Director, WSF, WSDOT, to lay out the process, timeline and WSF proposal for 2011-12 ferry fare adjustments.

WSF FERRY FARES – PROCESS, TIMELINE AND WSDOT PROPSAL

Mr. Deardorf explained that the \$135 million fuel budget is the highest in Washington State Ferries history. State tax support for ferry operations continues at the 2009-11 level of \$148 million, including \$89.5 million in transfers from other transportation accounts. The 2011-13 budget was balanced through \$17 million non-fuel savings and higher fare revenues.

The Transportation Budget set a \$310 million target for WSF revenue, a 5.6% increase in revenue, assuming 2.5% fare increases in 2011 and 2012 and anticipated ridership growth. Due to a lower ridership forecast in the June 2011 revenue forecast, WSF recommends a 3.0% increase to partially mitigate the lower ridership growth. To meet the \$310 million target using the June ridership forecast would necessitate a 4.2% increase in 2011 and 2012.

WSF also proposes restructuring the vehicle categories, establishing a new category for vehicles under 14' in length, and expanding the standard vehicle definition to cover vehicles 14' – 22'. Small vehicles, under 14' in length, would be priced at 70% of standard fare, phased in over a three year period. The restructuring recognizes the growing numbers of small vehicles and the increase in standard size, which has grown from 18', to 20' in 1991, to 22' today. Extending the standard size to 22' will improve efficiency at the tollbooth. The proposal also eliminates the motorcycle oversize charge (for three-wheeled vehicles) and folds those vehicles into the small vehicle category.

To reduce labor costs, WSF also proposes eliminating the annual bicycle permit, and allow passengers paying with monthly passes, multi-ride media, and Orca ePurse to bring bicycles without charge. Otherwise, the bicycle per-trip surcharge would remain in place.

To reduce fuel costs, WSF has a fuel costs mitigation strategy that consists of (a) fixed price hedging, (b) improved fuel budgeting and forecasting, (c) fuel conservation, and (d) a fuel surcharge. The proposed fuel surcharge mechanism would operate automatically if actual fuel costs exceed budgeted costs on a quarterly basis. The minimum surcharge would be 2.5% and the maximum 10%. No fuel surcharge is proposed at this time; fuel costs today are lower than projected, \$3.16 per gallon, as compared to \$3.86 per gallon budgeted by the Legislature.

SB 5742 requires a \$.25 vessel replacement surcharge on each ticket, regardless whether a ticket is one-way or round trip.

[WSF 2011 Ferry Proposal](#)

[WSF Summary of 2011 Ferry Fare Proposal](#)

[WSF Proposed Fuel Surcharge WAC Language](#)

FAC-T COMMITTEE MEMBER COMMENTS

Ed Sutton, Chair of the FAC-T warned the Commission that every aspect of the WSF proposal is controversial.

- He stated that the capital surcharge is unfair, as it is applied. It also is a matter of concern that this is the first time that capital costs would be included in farebox collections.
- He commented that it should be clear that the fuel surcharge will be taken off of fares, if fuel costs drop below the forecast. Staff clarified that the surcharge would be reviewed each quarter to avoid building a surplus.
- The bicycle provision is okay; it simplifies collection.
- The 2.5% fare increase discussed during the legislative session has come to be an expectation. FAC-T understands that the revenue/ridership forecast will require a larger fare increase, and can support a 3.0% increase.
- The most controversial part of the proposed tariff is restructuring the vehicle categories. Mr. Sutton reported there is no consensus among the proposal on the FAC-T. Speaking for himself, he likes adjusting the fares to encourage smaller vehicles, but notes that expanding the standard size to 22' gets the driver of a large passenger truck what amounts to a 40% fare break by increasing the length category from 20' to 22' and qualifying that vehicle for a multi-ride pass.

Commissioners discussed the tariff proposal to restructure vehicle categories, which is intended to better allocate car deck space and to have the tariff better reflect how most larger vehicles are currently being charged.

COMMISSION ACTION ON TARIFF PROPOSAL – CONTENTS FOR CR-102

It was moved by Commissioner O'Neal and seconded by Commissioner Moser to propose a 3.0% rate increase for 2011.

It was moved by Commissioner Ford and seconded by Commissioner Haley to amend the motion to increase the overall fare rate by 2.5 percent in October 2011 and 3.0% on May 1, 2012.

WSF estimates that a 3.0% increase this year generates an additional \$1.1 million in 2011-2012. The proposed amendment would generate \$1.9 million over the biennium. A 2.5% in October and 2.5% in May 2012 would generate \$1.3 million in new revenue.

Commissioner Moser expressed concern that the proposed Ford-Haley amendment further complicates an already complicated tariff proposal.

Commissioner Cowan agrees that the proposal is very complex and does not want to complicate it further; he would like to support the WSDOT/FAC-T recommendation.

Commissioner O'Neal announced he would support the amendment to attempt to reduce the amount of process.

The amendment to the motion for a tariff increase of 2.5% on October 1, 2011 and 3.0% on May 1, 2012 passed with Commissioners Haley, O'Neal, Parker and Ford voting "Yes" and Commissioners Moser and Cowan voting "No."

The amended main motion to increase the overall fare rate by 2.5% on October, 2011 and 3.0% on May 1, 2012, passed unanimously.

It was moved by Commissioner O'Neal and seconded by Commissioner Moser to adopt fare structure adjustments and phasing, with the second phase of fare structure adjustments occurring in May 2012, along with the 3.0% tariff increase. The motion passed unanimously.

It was moved by Commissioner O'Neal and seconded by Commissioner Cowan to adopt the bicycle surcharge and pass proposal. The motion passed unanimously.

It was moved by Commissioner O'Neal and Commissioner Moser to adopt the fuel surcharge process. The motion passed unanimously.

It was moved by Commissioner O'Neal and seconded by Commissioner Moser to include in the fare proposal the capital surcharge as directed by the Legislature. The motion passed unanimously.

TRANSPORTATION COMMISSION COMMUNITY OUTREACH SCHEDULE

Reema Griffith, Executive Director, WSTC, proposed the week of July 25 and week of August 1 to hold Commission outreach meetings, and final public hearing August 23 in Seattle.

Chair Parker recessed the meeting to reconvene in Bellevue at 2:00 pm for the I-405 Express Toll Lane Study update.

TRANSPORTATION COMMISSION

PHILIP A. PARKER, Chair

DICK FORD, Vice-Chair

TOM COWAN, Member

DAN O'NEAL, Member

CAROL MOSER, Member

ANNE HALEY, Member

Absent

LATISHA HILL, Member

TERESA BERNTSEN, Ex-Officio Member
Governor's Office

PAULA HAMMOND, Ex-Officio Member
Secretary of Transportation

ATTEST:

REEMA GRIFFITH, Executive Director

DATE OF APPROVAL