

# JOINT TRANSPORTATION COMMITTEE

## WSF FARE MEDIA STUDY

### KEY TARIFF STRUCTURE ELEMENTS AND HISTORICAL CONTEXT

#### HISTORY OF TARIFF POLICY DECISIONS

Over the past 20 years, decisions regarding changes to WSF's fare structure have largely revolved around the concept of equitably raising the revenues needed to support operations. In effect, this approach is very much in line with how public utility rates are typically set, where the premium is placed on treating customer classes "fairly" in relation to other classes of customers.

The following components comprise the building blocks of WSF's current fare structure. They have been implemented over time in response to legislative requirements and funding needs and have been designed to ensure equity among customers and achieve operating efficiencies where possible.

- **The "CUBE" policy.** The CUBE structure was introduced in 1992, as one of the first acts of the newly formed Tariff Policy Committee. The purpose of the CUBE logic is to establish fees appropriate to the volume of space occupied by a vehicle (which is where the name originates). The key concept is that since the most valuable real estate that WSF owns is the car deck space on its vessels, customers should pay in proportion to the amount of space that they use.

Under the CUBE policy, all measures of vehicle size – height, length, and width – are valued equally so users are charged equally for the space they occupy. Height is valued as much as length and width because vessels could be double-decked if they did not have to be designed to accommodate overheight vehicles. Therefore, overheight vehicles are seen as displacing a vehicle of the same length and width in the theoretical second deck.

The fare proposal adopted by the WSTC for fares that will take effect on October 1, 2011 introduces two significant changes to the CUBE policy. First a new small car category is added for vehicles under 14-feet in length, to encourage greater use of smaller vehicles and allow more total vehicles to be loaded during peak periods. Also, the standard vehicle category was expanded to 22-feet and will thus be defined as 14-22 feet. The change reflects the increases in vehicle sizes for passenger cars and light trucks and addresses the significant identification problems that have resulted for toll booth operators, where distinguishing between vehicles just under and just over 20 feet had become exceedingly difficult.

Prior to the CUBE policy, different fares were applied to commercial and recreational users, so that two vehicles of the same size were paying different fares.

- **Tariff Route Equity (TRE).** TRE, a time-based fare structure, was introduced in June 2001. The intent of TRE was to add a component to the fare structure where price relationships between routes would be proportional to the amount of service time being used by the customer. Under TRE, Central Sound route fares (Edmonds-Kingston, Seattle-Bainbridge, and Seattle-Bremerton) are set via the general fare increase and then all other routes are priced proportionally to the Central Sound fare – the TRE factor. The TRE factor is based on the sailing time for each route (assuming the same vessel) plus a fixed 15 minutes of terminal time.

The Central Sound routes and the routes serving Vashon Island were standardized relative to each other so that pricing did not shift traffic between routes where substitutions are possible. For example, the Central Sound fare is based on the Seattle-Bainbridge sailing time, but the longer Seattle-Bremerton and the shorter Edmonds-Kingston routes are set to the same fare. On Vashon Island, the Fauntleroy-Vashon sailing time is used to determine the fare and the other routes (Southworth-Vashon and Point Defiance-Tahlequah) are set at the same rates.

TRE fares were phased in gradually, to avoid large fare increases on routes that had been farthest out of alignment.

- **Passenger/Vehicle Fare Relationship.** The current relationship between fares dates to the mid-1970's, when the Transportation Commission set the passenger to vehicle relationship to a uniform 3.4 to 1 ratio. Since that time, the ratio has changed slightly, because of the following actions:
  - 1) Equalizing of all passenger fares on the San Juan Islands,
  - 2) Elimination of interisland passenger fares and raising the Anacortes-San Juan Islands passenger fares to offset revenue losses, and
  - 3) A rounding policy that rounded all vehicle fares to the next \$0.25 and all passenger fares to the next \$0.10 for a number of years in the late 1990's and early 2000's.

As a result of these actions, the ratio is now closer to 3.5 to 1 on most routes and lower in the San Juan Islands.

- **Discounts and Surcharges.** There a number of discount and surcharge policies which are applied to the base fares determined by the three primary structure elements discussed above. These include:
  - **Senior/disabled Discounts.** As a federal transportation grant recipient, WSF must comply with a number of federal guidelines, including tariff-related policies. To meet one of the federal guidelines, senior/disabled fares must be rounded down to the nearest \$0.05 to make sure they are under 50% of the base **passenger fare** as required by the Federal Transit Administration. WSF applies this policy uniformly across the system, though the question of whether the FTA would permit these discounts to be limited to off-peak periods has recently been raised and is under review by WSF.
  - **Youth Discounts.** WSF offers a youth fare which is based on a 20% discount over the base passenger fare. The youth discount used to be the same as the senior/disabled discount, but only applied to children aged 5-11, with children under 5 travelling free of charge. As part of aligning its policies with other ORCA program partners, WSF expanded the youth category to match the transit definition of 6-18 and reduced the discount to reflect the much larger number of passengers that would be eligible. The rationale at the time was that the discount would be less, but that it would apply for many more years.
  - **Frequent User Discounts (Multiride Products).** As a service to frequent users, multi-ride discounted fares were instituted in the 1970's as a weekly commuter punch card, where daily commuters enjoyed discounted travel. Today customers can purchase a multi-ride card that contains 10 roundtrips at a 20% discount from the base season regular fare. A key benefit of these products is that the peak season surcharge does not apply, so effective discounts are higher in the summer months. Trips must be redeemed within 90 days of purchase.

For passengers, WSF also offers a monthly pass. This is a non-transferable pass that can be used for 31 passenger roundtrips during a month. Also, the passenger frequent user discount on the

multi-ride card was reduced gradually from 1998 to 2003, from 40% to 20% to reflect parity with the vehicle frequent user discount.

To reflect differences in the travel patterns and customer base in the San Juan Islands, the discount policies in this part of the system have evolved differently. The vehicle frequent rider product enjoys a 25% discount and only 5 round-trips must be made in 90 days, while the passenger frequent user discount is 35% for 10 round-trips in 90 days. The greater discounts were funded with higher peak season surcharge rates on this part of the system.

- **Peak Surcharge Levels.** Because WSF has seasonal ridership trends a peak season surcharge was uniformly implemented to help manage demand and match peak traffic periods. Except on San Juan Islands routes, a peak period surcharge of 25% applies to full vehicle fares from the months of May through mid-October. On San Juan Island routes surcharges are 35% on vehicle full fares.
- **Bicycles.** In 1993, WSF convened a Bicycle Task Force to examine bike fares and loading issues. The Task force proposed a \$10 annual bicycle pass which was increased to \$20 during the 1995-1996 tariff review cycle. The single ride bicycle surcharge is \$1.00 and has not been updated in many years. The bicycle surcharge is \$4.00 on San Juan Island routes.

Starting October 1, 2011, the annual pass program will be terminated and customers traveling on a multi-ride product or using an ORCA card will be exempt from the bicycle surcharge. Full fare customers will continue to pay the surcharge. The change was made to support the new bicycle gate at Colman dock which will allow WSF to reduce labor costs associated with processing passengers with bicycles.

#### **Other fare structure issues**

- **Vanpool and carpools.** To encourage HOV use, registered carpools and vanpools receive the significant benefit of priority loading at the terminal. WSF currently charges an annual registration fee of \$10 for vanpools to defer administrative costs of the program. WSF does not charge for carpool registration.
- **One-point Toll Collection.** Under the assumption that most outbound trips yield a return trip, WSF instituted one-point toll collection for passengers on cross-sound routes in the mid-1980's. On these routes, WSF charges a round trip passenger fare in one direction only, so that it can reduce operating costs and streamline vehicle processing at select terminals. On routes where there is a drive-around option, this policy has led to some customers choosing WSF in the eastbound direction and avoiding the westbound leg where the passenger fares are collected.