



MEETING SUMMARY
LOCAL AGENCY REVIEW TEAM MEETING #4
FERRY FINANCING LEGISLATION
SPIKE EIKUM CONFERENCE ROOM, COLMAN DOCK
MAY 15, 2008
1:00 – 3:30 P.M.

Note: This meeting summary represents notes from the Local Agency Review Team (LART) meeting, and is not a formal transcript. It is provided for the information of WSDOT/WSF, LART members, and other interested parties.

Meeting Attendees

<i>Present</i>	<i>LART members</i>
X	Heather McCartney, City of Mukilteo
X	Ian Munce, City of Anacortes
	Matt Shelden, Sound Transit
X	Greg Cioc, Kitsap County
X	Mike Bertrand, Town of Friday Harbor
X	Ann Sutphin, City of Seattle
	Stephen Clifton, City of Edmonds
X	Mike Sudduth, King County Metro
	Mike Morton, Island County
	Phil Williams, City of Bremerton
	Kelly Dickson, City of Bainbridge Island
X	Rick Sepler, City of Port Townsend
X	Pete Rose, San Juan County
	John Clausen, Kitsap Transit
X	Stephen Kiehl, Puget Sound Regional Council
X	Mary McClure, Kitsap Regional Coordinating Council

Staff:

Ray Deardorf, WSF
Celine Gihring, WSF
Michael Hodgins, Berk & Associates
Rob Berman, KPFF
Kirsten Hauge, PRR
Becca Aue, Nelson/Nygaard Consulting

Meeting Overview

Ray Deardorf, WSF Planning Director, welcomed attendees to the fourth meeting of the Local Agency Review Team (LART) and reviewed the meeting agenda. The agenda for the fourth meeting of the LART focused on the work to date regarding operational and pricing strategies, an update on other work elements and a look ahead to next milestones. In addition, the meeting included an opportunity for members to share their community's perspectives on current ferry issues and to hear



from the new WSF Director, David Moseley. Ray added that he would send a follow-up email to members with the March LART summary for review and comment.

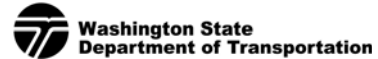
Roundtable: Perspectives from LART on Current Ferry Issues

LART members shared the following comments about current WSF activities from their community's perspective:

- Port Townsend is pleased with WSF's decision to move ahead with the boats and is interested in public-private development of a passenger-only ferry.
- WSF plans to meet with the Mukilteo City Council on June 9th.
- Kitsap Regional Coordinating Council anticipates meeting with Ray and David Moseley. A key issue is the integration of passenger-only ferry (POF) planning. The KRCC conducted a workshop on POF planning and it was interesting to hear that one of the port cities said they could give up a run to allow another area adequate service. A matrix-format summary of the workshop is available.
- King County is poised to help fund POF service.
- WSF is scheduled to meet with the Seattle City Council at the end of June. The City is pleased to see the current work on operating strategies and is awaiting next steps. They are also working with the County to implement a rapid-ride to Fauntleroy.
- PSRC is working with Nelson Nygaard on the POF study and identified the phasing of rates and costed out service levels and frequencies. The possible fares look promising. The study should help fill a gap and move things forward.
- Friday Harbor is planning a transportation summit in mid-September. There is interest in implementing an inter-modal study.
- San Juan County is pleased with the boat decision. They would like to see that the survey tests not just preferences but tolerances for different operational strategies. Currently, much of the Islanders' attention is focused on border patrol checks.

Ray said the next building block in the development of the long-range plan is to determine the most appropriate operational and pricing strategies to manage demand and minimize future capital expenses. WSF has taken the approach of keeping them a bit separate, although eventually they want to weave the two together. Right now, they will provide the strategies for review and comment to get some early thoughts on which ones might be more effective than others. Next week WSF will have discussions with the Joint Transportation Committee (JTC) policy committee in anticipation of public meetings in June. Another round of Ferry Advisory Committee (FAC) meetings are then planned for late September/early October. By December, WSF will conduct a series of hearings on the draft long-range plan.

Ray reminded that group that WSF's recent ridership forecasts show more gradual increases than in previous years. Given the slower anticipated growth, it gives WSF time to stabilize its financial future as well as implement the chosen operating and pricing strategies. Many routes won't reach capacity as quickly, so the pressure is off to make immediate changes. However, it is important to start the discussion regarding these issues, because they will need to be included in the Plan that goes to the Legislature. The Washington State Transportation Commission's (WSTC) market survey will also guide some of the strategies. The on-board survey results are



expected back soon. The WSTC are also poised to do an on-line survey at the end of May/early June. The survey will include a series of interactive slides with the intent to find out what would cause passenger behavior to change. The WSTC will then conduct a survey to capture recreational traffic in late July.

Operational Strategies

Rob distributed a PowerPoint presentation handout on operational strategies for LART review. Before discussing the material, Rob emphasized that he would like the LART's help to hit the right balance of information prior to the public presentations. He said the first part of the presentation focused on helping people to understand the problem with managing vehicle demand and emphasizing that vehicles need to be handled in a different way.

The majority of the strategies identify ways to increase operational efficiencies more than managing demand. The team initially brainstormed a long list of strategies after generating ideas from touring other transportation facilities and looking at best practices. They prepared 2-3 page worksheets on each strategy and detailed how each would manage demand or increase efficiency and then screened the strategies against a number of criteria, including environmental impacts. The 75 strategies that remained after the screening fall within ten thematic categories. Each strategy is described within the presentation.

Rob said the primary thing to keep in mind about reservations is that the system provides similar and better service in dealing with vehicles without requiring additional square footage. It moves the queue from the physical to the technological environment. Many other agencies are moving to pre-pay systems to avoid no-shows. WSF needs to figure out how it could best apply to the ferry system, since it would need a lot of flexibility. Reservations and pricing are closely tied together.

One of the biggest issues heard at the March FAC meeting was regarding transit access. Transit access enhancements are another operational strategy outlined for consideration. WSF recognizes the importance of providing increased frequencies and connections as well as expanded park-and-ride capacity.

Rob said optimized fare collection techniques, such as an electronic fare system and transponders, also show promising operational benefits. These techniques speed up vehicle processing and therefore reduce the need for drivers to show up far in advance of the vessel sailing.

The remainder of the operational strategies seemed to be "common sense" strategies with no apparent reasons not to apply them to improve the current system. Rob noted that the next step is to take the strategies out to the public and gather feedback. Public input will inform the development of packages of different combinations of pricing and operational strategies.

LART members provided the following suggestions and comments:

- Describe how vehicle queuing impacts the environment. (slide 4)
- Park-and-ride capacity and management is a big problem.
- Will there be an opportunity for elected officials to comment?



- Implementing a reservation system may affect the customer's ability to make spontaneous trips.
- Indicate what percentage of the boat could be set aside for reservations.
- San Juan Island residents will emphasize that each travel shed is unique. The islands work differently for residents, tourists and commercial traffic. It isn't possible to incentivize mode shifts.
- Provide more information to LART members about what strategies could apply best to each travel shed before September.
- Share information and get input from more people beyond just ferry passengers.
- Add detail about the degree of effectiveness of different strategies.
- The relationship between pricing, operational strategies and ensuing policy dilemmas is a critical issue to cover.
- Implementing a reservation system would completely change the way we think about Level of Service (LOS).
- It isn't possible to create mode shifts unless you have the transit service already in place.
- Puget Sound Regional Council is incorporating the goal of reducing Vehicle Miles Traveled (VMT) into their next transportation plan update. Is this something that will also weave into the long-range plan?
- Please arrange a time in the near future to meet with San Juan County.
- Move up the legislative direction to the first presentation slide.
- Since WSF is just responding to legislative direction, people upset with the direction should talk with their legislators.
- Create a new graph for time of year. (slide 3)

Introduce David Moseley

Next, Ray introduced David Moseley, the new WSF Director. David noted that the LART served an extremely important role in the development of the long-range plan and he appreciated their contributions. WSF is now really trying to focus on priorities. The 2009 legislative session is critical to help the ferry system address the need for long-term financial stability. Recently, issues with the steel electric vessels shined a spotlight on the ferry system's financial challenges. Early efforts to solve the problem by cutting service helped but didn't resolve the issue. Currently, WSF does not have any back-up boats available. If another vessel were to break down, WSF would either have to disrupt service somewhere else to bring in a replacement boat or not provide the service at all.

David said he believed it was important to talk with stakeholders and had visited every ferry-served community except Edmonds and traveled on every route but one. The LART will help WSF form a vision about what the future ferry system should look like. If there is a gap, the Legislature will then identify the revenue stream needed to fill the gap. Tough discussions are ahead, but David said he had a positive view about the outcome.

LART comments:

- Meet with the Washington Association of Cities and Counties to provide information about current planning and gather their support.



- When meeting with various councils around the ferry system let them know that their support is needed.
- The Eastside communities need to assist as well-the ferry system is a Puget Sound regional issue.

Pricing Strategies

Michael Hodgins with Berk & Associates provided information on pricing strategies under consideration. He distributed a PowerPoint presentation to the group for review. The purpose of developing the pricing strategies is to balance a number of multiple objectives: increasing total riders, decreasing vehicle demand, meeting revenue requirements and minimizing customer impacts.

In 2007, the Legislature provided a directive regarding the fare and policy proposals that said that WSF must consider pricing options to level vehicle peak demand and increase off-peak ridership. WSF started with a revenue neutral proposition. The fare recovery burden is unknown - the Legislature will tell WSF what they need to generate out of the fare box. A key issue is the current user policy and not losing sight of keeping fares affordable.

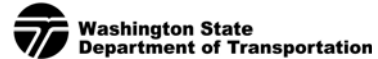
Michael continued with reviewing the presentation and highlighted that there is great potential for an incentive-based approach. In the past, only passenger fares were targeted. Currently there is no time of day variation in pricing, so there are also opportunities in that regard. Michael noted that pricing is equalized between routes and with the new legislative direction that approach doesn't really work.

The biggest challenge area is that vehicles traveling during the most congested times often pay the lowest fare. In response, the fare structure could be simplified by eliminating frequent user discounts, but the customer impact is high. Other options could include setting pricing for different types of users and not offering the discount during the peak.

Michael concluded the presentation by stating that pricing strategies would be implemented over time through regular fare policy proposals that are subject to public comment and hearings. It is possible that once the packages of pricing and operational strategies are developed, a popular option could be paired with something that is unpopular. As another consideration, some pricing strategies raise revenues but don't necessarily help with mode shift. Equity is one more important issue to consider.

LART members provided the following suggestions and comments:

- Provide information about the percentage of capital costs that are covered through state funds.
- Add a "transit to transit" fare to encourage passengers to take a bus to the ferry.
- Consider pricing targeted to commercial vehicle traffic.
- Not including HOV doesn't make sense.
- Prepare matrices that will help to compare and review strategies.
- The pricing strategies are a lot to digest.
- Start out by reviewing the current understanding of each customer base.



- Think about the audience for the presentation and make any necessary adjustments (e.g. the Mukilteo City Council will be more interested in operational strategies rather than pricing).
- WSF has done a lot of work to think about these strategies that will help to plan future terminal needs more effectively and make the best use of existing resources without expensive investments. Emphasize this point in the presentation.
- Consider video presentations or other outreach strategies to reach a wider audience with this information.
- The more graphics the better.
- Show that WSF has exhausted all solutions before asking for any additional funding.
- Demonstrate the consequences up front of what will happen if no additional investments or changes are made to the ferry system.
- Point out the relationships between the work that WSF, JTC and WSTC are conducting and that each piece is relevant to the big picture.

Ray thanked the LART for their comments and said that they are brainstorming new ways to structure the June FAC meetings to make them more meaningful and helpful for all involved. Ray said he would send an email out regarding the next meeting date. The meeting was then adjourned.

Meeting Handouts

- Operational Strategy Overview
- Pricing Strategy Options