

Account Balance Summary (in thousands)		09-11	11-13	13-15	15-17	17-19	19-21	21-23
		Projected	Projected	Projected	Projected	Projected	Projected	Projected
Ending Balances - 2011-13 Governor's Proposed Budget (November 2010 Forecast)								
108 Motor Vehicle Account								
Beginning	94,758	16,094	657	(6,623)	(90,011)	(167,608)	(273,653)	(443,969)
Ending	16,094	657	(6,623)	(90,011)	(167,608)	(273,653)	(443,969)	
550 Nickel Account								
Beginning	49,528	27,369	6,765	17,121	6,690	(13,704)	(18,782)	(23,817)
Ending	27,369	6,765	17,121	6,690	(13,704)	(18,782)	(23,817)	
09H Transportation Partnership Account								
Beginning	85,015	182,476	4,866	12,563	19,925	(16,746)	(107,908)	(233,889)
Ending	182,476	4,866	12,563	19,925	(16,746)	(107,908)	(233,889)	
218 Multimodal Account								
Beginning	30,556	22,244	966	(46,079)	(122,358)	(63,183)	(54,706)	(57,850)
Ending	22,244	966	(46,079)	(122,358)	(63,183)	(54,706)	(57,850)	
215 Special Cat. C Account								
Beginning	2,184	644	107	784	101	620	845	254
Ending	644	107	784	101	620	845	254	
099 PS Capital Construction Account								
Beginning	19,709	5,817	5,360	(135,846)	(532,646)	(767,853)	(889,100)	(935,685)
Ending	5,817	5,360	(135,846)	(532,646)	(767,853)	(889,100)	(935,685)	
109 PS Ferry Operations Account								
Beginning	2,616	2,593	2,226	(34,226)	(56,866)	(65,457)	(59,060)	(37,218)
Ending	2,593	2,226	(34,226)	(56,866)	(65,457)	(59,060)	(37,218)	
16J State Route Number 520 Corridor Account								
Beginning	0	1,032	332	119	551	15,827	45,033	47,707
Ending	1,032	332	119	551	15,827	45,033	47,707	
081 State Patrol Account								
Beginning	8,859	2	3,196	(36,419)	(85,087)	(128,060)	(184,833)	(216,294)
Ending	2	3,196	(36,419)	(85,087)	(128,060)	(184,833)	(216,294)	
106 Hwy Safety - DOL Account								
Beginning	3,274	1,963	6,216	5,082	7,744	9,665	12,622	14,791
Ending	1,963	6,216	5,082	7,744	9,665	12,622	14,791	

FARE REVIEW CYCLE 2011

Potential 2011 Fare Proposal Elements

June 2011

WSF is currently in the process of developing its 2011 fare proposal, which includes the fare changes that WSF is considering for implementation on Oct. 1 and some elements required by recently passed legislation. WSF will present a proposal to the Washington State Transportation Commission on June 29 at a special public meeting in Seattle.

POTENTIAL FARE PROPOSAL ELEMENTS

General Fare Increase

- 1. **General Fare Increase.** The 2011-13 Washington state transportation budget assumes 2.5 percent across-the-board fare increases in October 2011 and October 2012 to reach a fare revenue target of \$310 million, which is a 5.6 percent increase in fare revenue as compared to the current biennium. The revenue target is the amount the legislature has required us to achieve through fares.

Budget-related Fare Surcharges

- 2. **Capital Surcharge.** The Legislature passed a bill that requires WSF to impose a 25-cent surcharge on each ferry ticket system-wide with revenues placed in a new account dedicated to building new vessels. Multi-ride products will be adjusted to reflect the appropriate per-ticket surcharge amount. Monthly passes will also be charged 25 cents per ticket based on the pass pricing rule of 16 tickets per month
- 3. **Fuel Surcharge.** WSF is considering a system-wide, formula-based fuel surcharge during times when fuel costs are higher than those funded in the budget. This is part of a fuel cost mitigation strategy that includes better budgeting, fuel conservation, and fuel price hedging.

Fare Structure Adjustments

- 4. **Vehicle-to-Passenger Fare Ratio.** The 2009 Long-Range Plan identified increasing the vehicle-to-passenger fare ratio to encourage mode shift from drive-on to walk-on. The 25-cent capital surcharge puts a greater burden on passengers, so a slightly higher vehicle increase is being considered together with a slightly lower passenger increase to achieve the revenue target.
- 5. **International Route Fares.** Since the Sidney route serves primarily tourists and faces direct competition from BC Ferries and Black Ball Ferry Lines, fares on this route are set separately from the general fare increase. This year WSF is considering:
 - a. Increasing Sidney fares by the general fare increase, or
 - b. Increasing Sidney fares by a moderately higher amount (5-10 percent) to bring them closer to BC Ferries fares.

6. **Vehicle Categories Under 30 Feet.** Encouraging customers to travel in smaller vehicles allows us to fit more cars on the vessel and reduces or delays the need to build larger vessels. WSF is considering restructuring the current vehicle categories under 30 feet as follows:

- **Standard Motorcycles.** Same as current definition.
- **Vehicles 14 Feet and Under.** New category for all vehicles less than 14 feet, except standard motorcycles.
- **Vehicles 14-22 Feet.** The adjusted standard vehicle category (currently 0-20 feet) would include most standard passenger vehicles and trucks used for personal travel.
- **Vehicles 22-30 Feet.** The adjusted oversize vehicle category (currently 20-30 feet) would capture smaller commercial vehicles, recreational vehicles, and cars with trailers.

Fares would be set in proportion to the deck space used by each vehicle.

7. **Bicycle Surcharges and Passes.** Bicyclists pay a per-trip surcharge in addition to the passenger fare. The annual bicycle permit exempts bicyclists from the per-trip surcharge on all routes except those serving the San Juan Islands. WSF is considering the following changes to bicycle fares to coordinate with the bicycle tollbooth changes at Colman Dock:

- Eliminate the annual bicycle permit and allow passengers paying with monthly passes, multi-ride cards, or ORCA ePurse to bring bicycles without charge. (In the San Juan Islands, only multi-ride card users could bring bicycles without charge).
- Eliminate the bicycle surcharge altogether to encourage bicycling.

If WSF retains a bicycle surcharge, it may be increased to adjust for inflation increases and/or revenue losses from eliminating the annual bicycle permit.

8. **Out-of-state Resident Surcharge.** Since out-of-state residents contribute less to ferry operations through taxes, a surcharge would achieve a better balance between in-state and out-of-state customers. WSF is analyzing potential legal and operational issues.

FARE REVIEW CYCLE 2011

Fuel Cost Mitigation Strategy and the Fuel Surcharge

June 2011

INTEGRATED FUEL COST MITIGATION STRATEGY

In 2011, WSF released the Updated Fuel Cost Mitigation Plan, which presents an integrated set of strategies to improve WSDOT's budgeting practices and reduce exposure to fuel price volatility. The strategy consists of four tools designed to work together to achieve these goals:

- (1) Improved fuel budgeting and forecasting techniques,
- (2) Fixed price hedging,
- (3) Fuel conservation techniques, and
- (4) A fuel surcharge.

FUEL SURCHARGE IS LAST RESORT

- The fuel surcharge is the strategy of last resort
- It will only be used to cover unexpected fuel costs that exceed budgeted fuel costs.
- Improved forecasting techniques and fixed price hedging will minimize the risk of WSF exceeding its fuel budget.

HOW WILL A FUEL SURCHARGE WORK?

- The fuel surcharge would be automatically triggered if actual costs exceed budgeted costs
- The need for a fuel surcharge will be reviewed quarterly and if triggered, customers would be notified 30 days before any fare change
- The surcharge will need to be at least 2.5% to be implemented (which would happen if actual costs exceed budgeted costs by 6%)
- The surcharge would be applied as a fixed percent to all fares and rounded to nearest nickel
- There will be a hard cap in the rules. The cap has been suggested at 20% in the Fuel Cost Mitigation Report
- Actual costs (after accounting for hedging) must exceed budget costs – any under budget savings will be put toward rises in costs before a surcharge is triggered
- The surcharge mechanism would be reset to zero as part of the budgeting process

FOR MORE INFORMATION

For background information on the fuel surcharge implementation process visit www.wsdot.wa.gov/Ferries/commuterupdates/pub_meetings.htm

Fare Review 2011

**FUEL PRICES AND POTENTIAL FUEL SURCHARGE IMPACTS
ANACORTES-ORCAS/SHAW**

\$3.86 Budgeted fuel price per gallon

Actual Price of Fuel	Pct over Budget	Calculated Surcharge	Surcharge Amount	Car & Driver Surcharge	Total Car & Driver FF	Passenger Surcharge	Total Passenger FF	Notes
\$3.86	0.0%	0.0%	0.0%	\$0.00	\$45.30	\$0.00	\$11.50	Current fare & budget price of fuel
\$3.96	2.5%	1.1%	0.0%	\$0.00	\$45.30	\$0.00	\$11.50	No surcharge
\$4.05	5.0%	2.2%	0.0%	\$0.00	\$45.30	\$0.00	\$11.50	No surcharge
\$4.08	5.7%	2.5%	2.5%	\$1.15	\$46.45	\$0.30	\$11.80	Minimum threshold
\$4.15	7.5%	3.3%	3.3%	\$1.50	\$46.80	\$0.40	\$11.90	
\$4.25	10.0%	4.4%	4.4%	\$2.00	\$47.30	\$0.50	\$12.00	
\$4.63	20.0%	8.8%	8.8%	\$4.00	\$49.30	\$1.00	\$12.50	
\$4.74	22.8%	10.0%	10.0%	\$4.55	\$49.85	\$1.15	\$12.65	10% cap suggested by FAC-T
\$5.02	30.0%	13.2%	13.2%	\$5.95	\$51.25	\$1.50	\$13.00	
\$5.40	40.0%	17.6%	17.6%	\$7.95	\$53.25	\$2.00	\$13.50	
\$5.79	50.0%	22.0%	20.0%	\$9.05	\$54.35	\$2.30	\$13.80	20% cap in Fuel Report

Notes: Table is for illustrative purposes only and is based on current fares. Actual surcharge impacts would depend on final adopted rules. Fares are rounded to the nearest nickel after applying the surcharge amount. The surcharge amount would be shown separately on receipt.

Actual price of fuel is the overall average price including gallons purchased using fixed price contracts and gallons purchased at spot prices.

FUEL PRICES AND POTENTIAL FUEL SURCHARGE IMPACTS

ANACORTES-FRIDAY HARBOR

\$3.86 Budgeted fuel price per gallon

Actual Price of Fuel	Pct over Fuel Budget	Calculated Surcharge	Surcharge Amount	Car & Driver Surcharge	Total Car & Driver FF	Passenger Surcharge	Total Passenger FF	Notes
\$3.86	0.0%	0.0%	0.0%		\$53.80		\$11.50	Current fare & budget price of fuel
\$3.96	2.5%	1.1%	0.0%	\$0.00	\$53.80	\$0.00	\$11.50	No surcharge
\$4.05	5.0%	2.2%	0.0%	\$0.00	\$53.80	\$0.00	\$11.50	No surcharge
\$4.08	5.7%	2.5%	2.5%	\$1.35	\$55.15	\$0.30	\$11.80	Minimum threshold
\$4.15	7.5%	3.3%	3.3%	\$1.75	\$55.55	\$0.40	\$11.90	
\$4.25	10.0%	4.4%	4.4%	\$2.35	\$56.15	\$0.50	\$12.00	
\$4.63	20.0%	8.8%	8.8%	\$4.75	\$58.55	\$1.00	\$12.50	
\$4.74	22.8%	10.0%	10.0%	\$5.40	\$59.20	\$1.15	\$12.65	10% cap suggested by FAC-T
\$5.02	30.0%	13.2%	13.2%	\$7.10	\$60.90	\$1.50	\$13.00	
\$5.40	40.0%	17.6%	17.6%	\$9.45	\$63.25	\$2.00	\$13.50	
\$5.79	50.0%	22.0%	20.0%	\$10.75	\$64.55	\$2.30	\$13.80	20% cap in Fuel Report

Notes: Table is for illustrative purposes only and is based on current fares. Actual surcharge impacts would depend on final adopted rules

Fares are rounded to the nearest nickel after applying the surcharge amount

The surcharge amount would be shown separately on receipt

Actual price of fuel is the overall average price including gallons purchased using fixed price contracts and gallons purchased at spot prices

FUEL PRICES AND POTENTIAL FUEL SURCHARGE IMPACTS

ANACORTES-LOPEZ

\$3.86 Budgeted fuel price per gallon

Actual Price of Fuel	Pct over Budget	Calculated Surcharge	Surcharge Amount	Car & Driver Surcharge	Total Car & Driver FF	Passenger Surcharge	Total Passenger FF	Notes
\$3.86	0.0%	0.0%	0.0%	\$0.00	\$37.75	\$0.00	\$11.50	Current fare & budget price of fuel
\$3.96	2.5%	1.1%	0.0%	\$0.00	\$37.75	\$0.00	\$11.50	No surcharge
\$4.05	5.0%	2.2%	0.0%	\$0.00	\$37.75	\$0.00	\$11.50	No surcharge
\$4.08	5.7%	2.5%	2.5%	\$0.95	\$38.70	\$0.30	\$11.80	Minimum threshold
\$4.15	7.5%	3.3%	3.3%	\$1.25	\$39.00	\$0.40	\$11.90	
\$4.25	10.0%	4.4%	4.4%	\$1.65	\$39.40	\$0.50	\$12.00	
\$4.63	20.0%	8.8%	8.8%	\$3.30	\$41.05	\$1.00	\$12.50	
\$4.74	22.8%	10.0%	10.0%	\$3.75	\$41.50	\$1.15	\$12.65	10% cap suggested by FAC-T
\$5.02	30.0%	13.2%	13.2%	\$5.00	\$42.75	\$1.50	\$13.00	
\$5.40	40.0%	17.6%	17.6%	\$6.65	\$44.40	\$2.00	\$13.50	
\$5.79	50.0%	22.0%	20.0%	\$7.55	\$45.30	\$2.30	\$13.80	20% cap in Fuel Report

Notes: Table is for illustrative purposes only and is based on current fares. Actual surcharge impacts would depend on final adopted rules

Fares are rounded to the nearest nickel after applying the surcharge amount

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Actual price of fuel is the overall average price including gallons purchased using fixed price contracts and gallons purchased at spot prices

