

Guemes Ferry Replacement **Vessel Replacement Surcharge**



Discussion – Options for consideration
Tuesday, June 12, 2018
Board of Skagit County Commissioners



Vessel Replacement Surcharge

- The M/V Guemes will need replacement: Pay now vs. pay later
- Ticket surcharge: Public feedback raised many concerns, many suggestions
- Surcharge options for consideration based on feedback:
 - Option A: \$245,933/year (*set \$ amount surcharge - all fares*)
 - Option B: \$264,362/year (*set \$ amount surcharge - vehicles only*)
 - Option C: \$250,551/year (*set percentage-based surcharge*)
- Other proposed fare changes – remains the same for all options
 - Extend expiration of vehicle punch cards from 90 to 120 days
 - Eliminate the fee for bicycles



Vessel Replacement Surcharge

Why a surcharge now?

- The vessel will not last forever: Do we pay now or pay later?
- Replacement efforts are underway
- Skagit County maintains replacement funds for equipment
- A replacement fund is prudent



Vessel Replacement Surcharge

What has been done so far?

- March 26 - Surcharge proposal introduced
- Mar 26 thru Apr 28 - Public comment period
- April 17 - Public hearing
- April 28 - Public forum
- May 8 - Discussion with Board of Commissioners

What's next?

- June 12 - Discussion with Board of County Commissioners (BCC)
 - Review public comment
 - Present options (A, B, C)
 - Recommend implementation date
- July 3 - Request motion by BCC



Vessel Replacement Surcharge

Public comment

- Approx. 60 comments (20 form letters)
- Input received at public hearing & public forum considered

Common concerns:

- Price of future ferry tickets
- Impact on islanders
- Project cost
- Lack of planning
- Revenue - county bridges/vs. Guemes ferry
- Surcharge pricing strategies
- Timing



Vessel Replacement Surcharge

Public comment – suggestions:

- Proportional pricing
 - Walk-ons should pay less; OR
 - Vehicles-only surcharge
- Higher peak season surcharge
- Permanent surcharge
- Consider timing
- Punch cards
 - Don't add surcharge; OR
 - Eliminate expiration; OR
 - Extend expiration to 6 months
- Consider all replacement alternatives
- Consider all funding sources



Vessel Replacement Surcharge

Option A – original proposal; set \$ amount surcharge – all fares

- Annual revenue - \$245,933
- Average per-ticket price increase - 21%

Fare Category	Surcharge
Senior/Disabled/Youth passenger	\$ 0.50
Adult passenger	\$ 1.00
Motorcycle & rider	\$ 1.00
Vehicle & driver (incl. senior/disabled driver)	\$ 2.00
Oversize vehicles	\$ 5.00
Punch Cards priced & discounted accordingly	\$ 8.00 - \$35.00



Vessel Replacement Surcharge

Option A – original proposal; *set \$ amount surcharge – all fares*

- Annual revenue - \$245,933

Pros

- Surcharge on all fare categories
 - Consistent ridership & revenue

Cons

- Punch card prices increase incrementally & substantially
 - Reduces incentive - problematic
- Disproportional
 - Percentage increase for walk-ons higher than vehicles
 - Percentage increase higher for senior/disabled fares than adult fares



Vessel Replacement Surcharge

Option B – set \$ amount surcharge - vehicles only

- Annual revenue - \$264,362
- Average per-ticket price increase - 23%

Fare Category	Surcharge
Vehicle & Driver	\$ 3.00
Vehicle & Senior/Disabled/Youth Driver	\$ 2.00
Oversize Vehicles	\$ 10.00
Logging Trucks	\$ 20.00
Punch cards priced & discounted accordingly	\$ 20.00 - \$52.00



Vessel Replacement Surcharge

Option B – set \$ amount surcharge - vehicles only

- Annual revenue - \$264,362

Pros

- Surcharge on ridership group affecting capacity most
 - Vehicle fares = 80% of total ticket sales
- Incentivizes walk-ons
- Highest annual surcharge revenue
- Proportional
 - By most-frequently sold & deck space occupied

Cons

- Highest increase for punch cards
 - Reduces incentive - problematic
- Potential parking issues
 - Due to ridership pattern shifts



Vessel Replacement Surcharge

Option C – set percentage-based surcharge

- Annual revenue - \$232,370
- Average per-ticket price increase - 20%
- Based on percentage (30% - oversize, 22% - single ride, 15% - punch cards)

Fare Category	Percentage	Surcharge
Oversize Vehicles	30%	\$ 4.00 - 30.00
Vehicle & Driver	22%	\$ 2.00 / 3.00
Vehicle & Senior/Disabled/Youth Driver	22%	\$ 2.00
Motorcycle	22%	\$ 1.00 / 2.00
Motorcycle & Senior/Disabled/Youth Rider	22%	\$ 1.00 / 2.00
Adult Passenger	22%	\$ 1.00
Senior/Disabled/Youth Passenger	22%	\$ 0 / 1.00
Punch cards (except convenience)	15%	\$ 6.00 - 26.00



Vessel Replacement Surcharge

Option C – *set percentage-based surcharge*

- Annual revenue - \$232,370

Pros

- Surcharge imposed on all fare categories
- Surcharge is applied proportionately
 - Percentage based; rounded to nearest dollar
- Punch cards incentivized
 - Benefits commuters/full-time residents/those on fixed incomes
- More punch cards = faster loading process
- Oversize vehicles pay more for the deck space they occupy
- Surcharge for vehicles/motorcycles/oversize higher in peak season

Cons

- Lowest annual surcharge revenue
- Fares are rounded to nearest dollar after percentage applied



Vessel Replacement Surcharge

This proposal may be approved, modified, or rejected by the Board of Skagit County Commissioners.

Proposed start date:

- October 1, 2018
 - Public Works recommendation
 - Pro: it is a natural transition date
 - Con: less revenue for 2018

Public Works recommends the Board make a decision on July 3

- Request for motion scheduled for July 3, at 11:00 a.m.
 - Commissioners' Hearing Room – 1800 Continental Place
Mount Vernon, WA 98273
- More information about the proposed surcharge is at skagitcounty.net/ferry

