



PIERCE COUNTY WATERBORNE TRANSPORTATION STUDY

ADVISORY GROUP MEETING: FEBRUARY 11, 2015

DRAFT MEETING SUMMARY

In Attendance:

Ann Dasch, Anderson Island Citizens' Advisory Board Ferry Member

Kendel Lyman, Anderson Island Volunteer Patrol

Jim Bixler, Anderson Island Fire and Rescue

Chris Frye, Anderson Island Resident

Valerie Thorsen, Pierce County Public Works and Utilities

Deb Wallace, Pierce County Public Works and Utilities

Steve Caputo, HMS

Mark Burlingame, Town of Steilacoom

Mary Snyder, Steilacoom School District

Michael Hodgins, BERK

Melanie Mayock, BERK

Kevin Ramsey, BERK

Welcome & Introductions

Date for April meeting: April 7-15th not available. Tentatively Thursday, April 16 at 1:30pm.

Review January meeting summary: No comments.

Ridership Update

Kevin presented an update on ridership projections.

Deb: in the notes for final report, clarify comparisons to particular reports, for sensitivity analysis (elasticity).

Michael: our work for WSF was based on stated preference survey, not by route by grouped. How customers would respond to change in fares, different times of the day. Using that data because it's based on a system not too far away – similar demographics. Tried to segment ridership into market types. Asked nuanced changes of how people respond to price changes. However, inherent issues – how people say they respond vs how they actually do. We also use revealed preference – how to people react after a price increase – can be impossible to separate the effect of a price change from other things (inflation, employment, weather, etc.) Giant caveat for price elasticity. Bringing it up now because it's important to try to account for the role that price may have played in the trend in ridership so that as we go forward, we'll have a baseline demand outlook that is not including a price elasticity effect from previous fare increases. Want to deal with price as a separate analytic question. Price has an impact on ridership. Run the risk of double-counting the price effect.

Kevin: if we assume that these elasticities hold here, that allows us to separate overall trends for ridership from changes in response to fare increases.

Advisory Group (AG) Member: Situation Assessment looks like you think the people paying full fare are more sensitive to price increase than people paying reduced fare. If you're spending higher % of income on fares, you're more sensitive.

Michael: yes, lower income are more sensitive to fares. But frequent riders have less discretionary trips vs infrequent riders. Both effects are in play. Both effects are modest.

Kevin: this allowed us to do base case analysis w/ no fare changes.

Melanie: Remember that the ridership forecast assumes a level of housing growth on Anderson which may not happen.

AG Member: we're not getting new businesses on the island. Therefore growth comes from the mainland. At some point look at what the work schedules are. Economy – there is nothing on the island. All the property is locked up.

AG Member: it's difficult to live on the island and work somewhere. Where would those 404 people work? Either people will move there and not drive, because retired on the island - ... The people living there, even if seasonal/retired, there not using the ferry as much.

Michael: to do projections, need to do it based on a base. Everything that you're bringing up are important factors – we don't really know how the population will evolve, if the demand will be there for 404 additional housing units. Those are important driver assumptions. For the process of analyzing options, want to identify key options that are critical to the success of the plan itself – test some of those, how much risk is embedded. If ridership is contingent on expanding housing on the island and shifting toward full time residents, as opposed to shift toward recreational properties, then we want to test a different set of assumptions. It's not our intent to have the baseline be the crystal ball view, but a base to analyze options and evaluate risks.

AG Member: maybe we should add to the survey a section on current employment and location of employment.

Operations

Melanie: we've heard the payment system is inconvenient (needing to get out of car to pay). Holding capacity is an issue.

AG Member: Map doesn't include all parking lanes.

AG Member: There's only one slip for the ferry in Steilacoom.

Melanie: Heard that passenger pick up in Anderson island is inconvenient.

AG Member: Park and ride is up the hill and some folks do not like to do that walk.

Deb: The map implies some policies that are really up to the MHS crew. Please correct.

Michael: SCOT Analysis is trying to capture operational challenges and opportunities. Looking to identify issues that could be improved as we identify options for moving forward.

Financial Outlook

Kevin provided an overview of the ferry system's financial outlook.

Deb: pull out capital from the operations. Not that many capital projects – can look at those separately. Look at O&M costs, which is what we really need to know. We really need to nail the O&M costs. Farebox recovery is hugely important number – we use it internally, the public uses it – to include it with capital doesn't give us the best indication of what our true costs are.

AG Member: what "other services" are included with HMS contract? Deb: maintenance and repair is in there? Repair and maintenance should be pulled out separately from HMS contract.

AG Member: Is the 2014 information actual or budgeted? (Page 12) Melanie: This was updated this morning and I believe it's actual 2014 revenue & expenditure.

AG Member: this is baseline assumptions?

Michael: we are calling baseline – no fare or service changes. We could change what the baseline assumptions are. My preference, why we're showing it this way, it provides a clean way to figure out what our base is if we do nothing different going forward, then look at doing things differently and see the degree to which that solves some of that shortfall. Ultimately may be a combination of things for the best path forward – easier to hold all of those things off to the side and not build in certain things. If you want it done differently, we should talk that through.

Deb: my only concern is our expenditures will increase because of the value of money (inflation) and if we don't add inflationary factor to the fares, it's a reduction in money.

Michael: absolutely – when you see the surplus line in the chart, it's affecting us. Inflation is not a choice when it happens to us. Policy choice is what you do about it – manage costs, raise revenues. Our base means we're starting in the hole, we don't have complete control of our costs, inflation affects us, have to make choices to close that gap, to add service, etc.

Deb: my concern would be if we use this approach, it will artificially increase ridership because the cost is falling over time. People will get a better buy. Ridership has a potential to increase. Concerned about the value of that base number if it isn't in real dollars.

Michael: ridership projection assumes no new fare increases, so it is declining real fare ... could start with a baseline with certain assumptions, for example, annual inflation adjustment in fares is a policy –base ridership that reflects that

Deb: take a 20-year inflation factor, value of the dollar is steady, then we subsidize more or we charge more, knowing that dollars are flat.

AG Member: We'll only see profit if there's increased pricing of the existing community. People who don't have to go off the island reduce their trips – for example, consolidate shopping.

Deb: fares don't cover operations – therefore requires subsidy.

Deb: I'm asking the group. Either the base as you have it [without fare increases] - has a weakness, or use standard inflation figure.

AG Member: concern about not including inflation for fares, it projects too much ridership.

AG Member: start at a zero base, then think up various scenarios – what if inflation is this, that.

Deb: What happened last time is the plan became the Bible...

Michael: we need to avoid this document becoming a constraining document. For the plan to be robust, we need a road map, but need to reflect how it's based on assumptions, but no one has a perfect crystal ball – becomes a base on which the county will have to make choices. To build a robust plan, need to assess risk, lay out potential changes, policies around cost recovery, etc.

Deb: The reality is that we consider an average inflation factor. We could make a policy decision that we don't need as much farebox recovery ...

Michael: if it's best to build in a policy assumption that the county will increase fares by xx% (cpi assumption) – then that becomes the baseline – continuing current policy. Then if we need to do more, which costs more, maybe come up with alternative fare policy that assigns some of the cost to customers.

Deb: yes, let's do that.

Mark: Deb, your FTA funds, those aren't all capital, some of those are operational? Deb: Yes, we get some operational funds. Is there a risk from those funds? Yes, absolutely. Our WA grants have not.... Careful with grant fund projections. Can't count on the funds. Especially for operating.

Michael: That's a great point – the flip side of the fTA money. Good benefit to having money, but clearly is a major risk of the money going away. We can either assume it will never be there – creates a bigger hole – or assume it will continue but assess the risks of it not continuing, evaluate options.

Deb: more valuable to assume it's staying for now, unless we had an indicator that it's going away.

Kevin: The financial outlook assumes FTA money continues into the future.

Deb: On county road funds: For the operation funds, we set a base of \$1 million/year, then the figure may be plus or minus that. For the county road fund, make a projection of what they spend over the next five years. \$1m is a base, if it needs to be more or less, it can change. It's not on a 3-year cycle.

AG Member: The lumpiness is haul-out of the boat every 4th year.

Deb: if that's the issue, for dry-docking or uwild, we consider that – let's plan and budget for dry dock – may save money and not have to do it.

Deb: the \$9 m of county subsidy? What level of county subsidy did we assume? [page 15]

Michael: our baseline is different from how the county does it. We were showing an intentional baseline number vs saying the budgets will always balance and difference made up by road levy. If we shift this to a baseline with ongoing fare increases based on cpi, then gap will be lower, but still some deficits in out years, especially if looking at doing new things. Question of who pays for what becomes key questions – evaluating options. How much of the road levy would be required to support a scenario, is something to report on, in that step of the analysis.

Deb: page 15 and the two bullets – don't agree with. The blue line – expect to be a \$1m subsidy straight across with bumps for capital outlay to increase it, unless the baseline says we don't need any subsidy from the road fund. Second bullet: we've said as a policy at the county: the base will be \$1m for O&M for the county road fund. [But that has not been passed by county council.]

Michael: we will include those policies in the baseline Outlook.

SCOT Analysis

Additional Challenges:

AG Member: Add two more challenges: Cost of maintaining two vessels and declining youth population. (Households with kids take more trip.s)

Deb: Add parking in Steilacoom.

Strengths:

Ann/Chris: Online ticketing is good. But a little inconvenient to use (lots of clicks)

Opportunities:

Threats:

AG Member: Increase of weekend population (people who buy a home on the mainland so that they can work).

Valerie: Contract duration (HMS) adds uncertainty

AG Member: Catastrophic failure (e.g., a ramp failure). These aren't anticipated in the outlook.

AG Member: Maybe we should look at what happened last time the ramp failed and analyze the potential impacts of that happening every X years. Look into costs associated with it.

AG Member: Failure was in 2006.

Deb: Increase in train traffic due to more oil trains. BNSF projections for increased heavy rail traffic (PSRC projections as well that we could references).

AG Member: Potential for train crashes or derailments. Could be catastrophic. Could hit a car or derail and destroy the dock.

Deb: Big problem is the potential delays that additional trains will have on the system. We need to plan for this.

AG Member: We should figure out who is waiting on the rails to get on the ferry and causing potential safety problems.

Michael: SCOT is a synthesis of the current situation and outlook. It is the framework for developing options. If anything is missing (risks, opportunities, stuff the county does well or not well). We want to make sure this group gets this information into the situation assessment.

Deb: Has there been discussion of a passenger only ferry? (Valerie: No)

Michael: that can be an option for adding capacity at certain times of years. But operational challenges (the dock is designed for a vehicle ferry.)

Deb: why not combine services with McNeil (department of corrections or DSHS) and Fire dept? This scenario has been suggested. May not be promising.

Michael: We should get these sorts of ideas on the table so we can at least say we looked at it.

AG Members: If the ramp were to be used for a fire boat and emergency services there would need to be modifications (estimated at \$1 Million).

AG Member: Partnership with DOC/etc. may be a way to provide for expanded service hours to Anderson.

AG Member: The ferries don't fit at McNeil. They would need to dredge their dock for it to work.

AG Member: Pierce Transit is a challenge.

Deb: Connections in general is a challenge (van pool, Uber, etc.)

AG Member: Our family would pay for a passenger ferry if we could get later service. We'd find a spot to park in Steilacoom.

AG Member: Could the second ferry be leased out to another ferry service?

Steve: No.

Deb: but there could be value in a tour service.

Next Steps

Melanie: Working on a new survey. Will coordinate with the County to finalize the survey and develop a plan for implementing it. We're adding questions based on group input such as parking, trip purpose, where do you work, why people are moving to/from the island.

Deb: Include job location by zip code.

AG Member: ask when people need to start work. We can't meet the needs of people working in Olympia or the military base because they can't get there on time. This question is relevant to the weekenders who live off island just because they need to get to work.

Michael: Challenge will be to ensure a good response rate. Last survey (2012) went pretty well. We're interested in discussing how we can leverage community resources in our implementation plan. Also what went well or not well last time that we should keep in mind.

AG Member: We have a newsletter list [at Riviera] for getting a reminder to take the survey.

Melanie: What is the best way to get in touch to figure out Island resources for getting the work out?

AG Member: One round there was a staffer on board. Last time was just crew. We need a dedicated staffer (or more) to make sure we get to everybody.

AG Member: It would be best to do the survey during peak season.

Deb: Last time somebody returned 100 copies of the same survey. We had to pull those out. WE'll need to check out the duplicates.

Valerie: Who do we contact for the Anderson Island fb page?

AG Member: Make a dropbox on the ferry.

Deb: We anticipated that the intercept survey would be short (where are you going, etc.). We need to think about the purpose of both surveys. Send the survey to all homeowners so that we catch them even if they aren't using the ferry that week.

Melanie: We'd like to catch both renters and owners. Use assessor data to get property address and owner address. Send surveys to both.

Melanie: Next phase – generate alternatives for the system.

Next meet: March 11th 1:30.

Public Comment

None.

3:30pm Adjourn