



Agenda Item No. 2

To: Transportation Committee/Committee of the Whole
Meeting of August 6, 2010

From: Ron Downing, Director of Planning
Z. Wayne Johnson, Deputy General Manager, Administration & Development
James P. Swindler, Deputy General Manager, Ferry Division
Joseph M. Wire, Auditor-Controller
Celia G. Kupersmith, General Manager

Subject: **AUTHORIZE THE SETTING OF A PUBLIC HEARING RELATIVE TO
PROPOSED CHANGES TO GOLDEN GATE FERRY FREQUENT RIDER
FARES AND SCHEDULES**

Recommendation

The Transportation Committee recommends that the Board of Directors authorize the setting of a public hearing on Thursday, October 7, 2010, at 9:30 a.m., Board Room, Administration Building, at the Golden Gate Bridge Toll Plaza Building, San Francisco, CA, for the purpose of receiving public comment on:

1. A proposed reduction in the discount rate for the Golden Gate Ferry "Frequent Rider" Program available through the use of Clipper cards to a standard discount of 30% from the basic adult cash fare; and,
2. Proposed Golden Gate Ferry schedule adjustments that will improve operational efficiency and generate cost savings.

If approved, these changes to ferry fares and schedules would both be implemented on January 1, 2011.

Summary

The District is facing a \$132 million five-year projected deficit as a result of several recent developments, including the current recession, which has resulted in reduced revenues, the loss of state transit funding, and the commitment of \$75 million toward the Doyle Drive reconstruction project. In May 2009, the Board established the Financial Planning Advisory Committee, tasked with creating a plan to address the projected financial deficit. The *FY 09/10 Financial Plan for Achieving Long-Term Financial Stability* (Plan) drafted by the Advisory Committee was approved by the Board on October 30, 2009.

The Plan laid out 33 specific initiatives that, if implemented, will help restore the District's financial stability. This report seeks specific approval to pursue actions related to two initiatives of the *FY 09/10 Financial Plan for Achieving Long-Term Financial Stability*:

- Reducing the ferry fare discount for frequent riders available through Clipper to 30% off the basic adult cash fare, as described under Initiative 13 of the Plan; and,
- Reducing ferry trips with low ridership, as described under Initiative 9 of the Plan.

Further savings will be accrued by retiming some existing trips to improve operational efficiency.

A final recommended set of changes will be presented to the Board for approval following the public review process on November 19, 2010.

Changes to the Ferry Frequent Rider Fare (Clipper) Discount (Initiative 13)

Summary

Ferry riders can obtain a Frequent Rider discount from the current regular cash fare of \$8.25 when using Clipper cards. Clipper became the sole means of obtaining this discount on January 31, 2009, when discount ticket books were discontinued, and this proposal would only apply to full-fare adult riders using Clipper. Presently, the Frequent Rider discount rate is 38% on the Larkspur Ferry and 46% on the Sausalito Ferry. This proposal would change the Frequent Rider discount rate to be the same on both ferry routes at 30%. As a comparison, frequent bus riders receive a 20% discount. The table below shows current ferry fares and the proposed change in Ferry Frequent Rider Discount Fares that would take effect on January 1, 2011.

**Golden Gate Ferry: Current and Proposed
Adult Cash Fares and Frequent Rider Discount Fares**

| | ADULT CASH FARE (currently) | FREQUENT RIDER DISCOUNT FARE (currently) | FREQUENT RIDER DISCOUNT (currently) | PROPOSED FREQUENT RIDER DISCOUNT FARE JAN. 1, 2011 | FREQUENT RIDER DISCOUNT JAN. 1, 2011 |
|-----------|-----------------------------------|--|--|--|--|
| Larkspur | \$8.25 | \$5.15 | 38% | \$5.80 | 30% |
| Sausalito | \$8.25 | \$4.40 | 46% | \$5.80 | 30% |

Impacts of the Fare Proposal

Staff has analyzed the impacts of the proposed change in the ferry discount rate and has determined that, while some passengers might stop riding if the discount rate were reduced, most are likely to continue to ride. For Sausalito service, only a small percentage of passengers are frequent riders (31%). The balance of riders pay cash fares because they are casual or recreational riders, and as a result, would not be affected by this proposal. For Larkspur service, frequent riders make up 58% of riders. During 2008, the District conducted a survey of regional bus and ferry passengers to determine their attitudes and perceptions about these services. Frequent ferry riders indicated they were much less sensitive to price in determining how they were

going to make their trip. Additionally, previous annual 5% fare increases have resulted in modest numbers of lost riders, generally around 1% per year on the total Golden Gate Ferry system.

Nonetheless, the proposed percentage change in the Frequent Rider discount amount is greater than that of previous annual fare increases and may cause a slight decrease in ridership. Because of that potential, staff has developed a range of estimates of the number of passengers who might be lost to the system. That estimate ranges between 1.66% and 3.33% using fare elasticity methods typically used in the transit industry. A ridership loss of 1.66% would result in 16,100 fewer annual ferry riders, while a 3.33% loss would result in 32,225 fewer annual riders.

The change in the discount rate could generate an additional \$400,000 in new revenue over the six months of FY 10/11 between January 1 and June 30, 2011, if there is no loss of ridership. However, considering the above assumptions and recognizing that some passengers could be lost to the system, staff has adjusted the annual amount of new revenue to reflect this possibility. Using the above percentages, the estimated net additional revenue is adjusted to be between \$210,000 and \$300,000 during the second half of FY 10/11, which is covered by this proposal.

Ferry Schedule Changes (Initiative 9)

Summary

Golden Gate Ferry is proposing a number of revisions to its Larkspur and Sausalito weekday schedule in order to generate cost savings. These cost savings would contribute toward the greater Golden Gate Transit Bus and Golden Gate Ferry operating cost savings targets identified under Initiative 9 of the *Financial Plan for Achieving Long Term Financial Stability*.

The revised weekday schedules are intended to better accommodate commuters' work start times, maximize crew availability, and provide an ongoing cost savings associated with reduced fuel consumption. Fuel consumption would be reduced through several means, including eliminating most non-revenue service for positioning equipment, discontinuing some low-patronage trips, and slowing down some crossing times. While the discontinuance of the low-patronage trips and slower crossing times would not require a public hearing, the adjustment of schedule times may potentially impact more than 25% of all weekday ferry riders. Because of that potential, staff recommends that these proposed schedule changes be incorporated into the outreach and public hearing process that will be used for the proposed ferry fare changes.

Background

There are currently 41 weekday crossings scheduled between Larkspur and San Francisco and 18 weekday crossings scheduled between Sausalito and San Francisco.

The proposed changes to the Larkspur ferry service include schedule adjustments to 13 trips, elimination of 3 trips, elimination of 2 crossings during the fall/winter season, elimination of 3 additional crossings year-round and conversion of one trip from a high-speed crossing (30 minutes) to a Spaulding crossing (45 minutes):

- Schedule adjustments would occur in both directions during the morning commute period.

- The first northbound trip to Larkspur and one evening round-trip would be eliminated. One round-trip during the midday would be eliminated during the non-peak season, from October 1 through March 31.
- The first morning southbound trip to San Francisco would be operated using a Spaulding vessel, eliminating a non-revenue deadhead trip between Larkspur and Sausalito currently made by the Sausalito ferry.

The proposed changes to the Sausalito ferry service include schedule adjustments to five trips and the addition of one new trip:

- Schedule adjustments of 30 to 55 minutes would occur in both directions during the midday, with one adjustment resulting in a 55-minute change.
- A new morning trip would depart San Francisco at 6:30 a.m., arriving in Sausalito at 7:00 a.m.

During the morning and afternoon commute periods, the proposed changes would affect 21% of Larkspur passengers and no Sausalito passengers. Throughout the total day, 26% of Larkspur passengers and 22% of Sausalito passengers would see changes in current schedule times of 15 or more minutes. All but a very small number of passengers (less than 10) would have alternate service. Because just over 25% of total Larkspur ferry patrons would experience schedule changes of 15 minutes or more, and 21% of peak Larkspur ferry patrons could be affected, staff recommends that a public outreach program followed by a public hearing be held.

Impacts of the Proposed Weekday Schedule Changes

If implemented on January 1, 2011, the savings that would be generated by the proposed changes to ferry schedules are estimated at 332 gallons of fuel per day during the peak season and 562 gallons of fuel per day during the non-peak season, or approximately 112,644 gallons per year. At the FY 10/11 budgeted cost of approximately \$2.56 per gallon (with taxes), an estimated savings of \$140,000 would accrue during the last six months of the fiscal year, or \$280,000 annually. However, annual savings could vary depending on actual fuel costs in subsequent fiscal years.

Public Involvement Process for the Proposed Ferry Fare and Schedule Changes

Public involvement activities to inform ferry riders of the proposed changes to the Frequent Rider (Clipper) discount fare and proposed schedule changes will be conducted during late August and September. Outreach would occur both on-board ferries and at the ferry terminals in San Francisco and Larkspur during this time frame.

Comments and feedback will be collected at these outreach sessions and through general correspondence by means of letters, phone calls and email. The public hearing on October 7, 2010 provides for a formal opportunity for additional input from the public on the proposed changes. After the public hearing, staff will analyze all comments received and bring a final recommendation regarding the proposed changes to both the Ferry Frequent Rider Discount Program and proposed schedule changes to the Transportation Committee for consideration on November 5, 2010. If the committee approves the changes, the item will be considered by the

Board of Directors for final approval at the meeting on November 19, 2010. If the Board approves changes to the current Ferry Frequent Rider Discount Program and the proposed ferry schedule changes, they would be implemented on January 1, 2011.

Fiscal Impact

There is minimal expense associated with undertaking the proposed public comment process, and it is already provided for in the FY 10/11 budget. If the Board adopts the proposed change to the Golden Gate Ferry Frequent Rider Discount Program on November 19, 2010, with an implementation date of January 1, 2011, it is estimated that between \$210,000 and \$300,000 in new fare revenue would be generated during the second half of FY 10/11 after accounting for expenses associated with public information materials, or \$420,000 to \$600,000 over a full year. The ferry schedule adjustments also to be implemented on January 1, 2011, are estimated to generate an estimated \$140,000 in operating cost savings between January 1 and June 30 or approximately \$280,000 over a full year, depending on future per-gallon fuel costs.