

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

ORDINANCE NO. 2012-001

**AN ORDINANCE TO AMEND THE MASTER ORDINANCE
TO ADOPT INCREASES TO FERRY "STORED VALUE" CLIPPER® FARES**

April 27, 2012

THIS ORDINANCE is adopted with reference to the following facts and circumstances which are found and declared by the Board of Directors (Board):

1. The Golden Gate Bridge, Highway and Transportation District (District) had initially identified in 2009 a \$132 million projected deficit over the next five years.

2. The District created a Financial Planning Advisory Committee (Advisory Committee) in May 2009, for the purpose of identifying possible solutions to address said projected deficit.

3. The Advisory Committee drafted and recommended approval of *FY 09/10 Financial Plan for Achieving Long-Term Financial Stability (Plan)* which laid out specific initiatives that, once implemented, will help restore the District to stable financial footing. The *Plan* was approved by the Board at its October 30, 2009 meeting.

4. Phase I of the *Plan* includes Initiative 13 which proposed to reduce the ferry fare discount for passengers using the Clipper® Card Program from 38% off the Larkspur cash fare and 47% off the Sausalito cash fare to 30% off the basic adult cash fare, which corresponds to a \$1.40 increase (31.8%) in the one-way Sausalito fare and a \$0.65 increase (12.6%) in the one-way Larkspur fare.

5. After extensive outreach and careful consideration to public comments, staff recommended a revised, more modest ferry fare increase proposal, in which ferry stored-value Clipper® fares were increased by 10% on January 1, 2011, with the understanding that in the spring of 2011, staff would evaluate and present to the Board its analysis and proposals regarding Initiative 25 (Renew Transit Fare Increase Plan: Annual 5% Fare Increases) of the *Plan*.

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6. Staff has concluded such an analysis, and in order to further address the District's projected deficit, recommends this current proposal that would increase ferry stored-value Clipper[®] fares by 5% on July 1, 2012, and each July 1 thereafter through July 1, 2015, and align ferry Clipper[®] fare increases to the same date (July 1 of each year covered by this Ordinance) as other fare increases within the Golden Gate Transit bus and ferry system. Fares would also be rounded to the nearest \$0.25, in the same manner as ferry single-ride and bus cash fares are currently rounded. The proposal is as follows:

	Current Adult Fare Effective January 1, 2011	Adult Fare Effective July 1, 2012	Adult Fare Effective July 1, 2013	Adult Fare Effective July 1, 2014	Adult Fare Effective July 1, 2015
Larkspur	\$5.70	\$6.00	\$6.25	\$6.50	\$7.00
Sausalito	\$4.85	\$5.00	\$5.25	\$5.50	\$6.00

7. The fare for passengers using the Clipper[®] Card Program, who qualify for the Youth, Senior, Medicare, and Disabled discount, are not affected by this proposal and will remain at 50% of the adult cash fare. Special event fares are also not affected by this proposal.

8. On March 22, 2012, the District held a public hearing on the proposed Clipper[®] ferry fare changes at the District's Administration Building in San Francisco.

9. The public hearings were preceded by an extensive public outreach effort that included: three informational meetings (two meetings at the San Francisco Ferry Terminal on February 7 and February 15, 2012, and one meeting at the Larkspur Ferry Terminal on February 9, 2012); information posted on the Golden Gate Bridge website; information posted on Golden Gate ferries and at ferry terminals; information emailed to the District's opt-in lists; information published as advertisements and legal notices in several periodicals including *Fast Forward*, *Bay Crossings*, *Commuter Times*, *La Voz* (Spanish language), *SF Chronicle*, *Marin Independent Journal* and online in the Marin County Patch.com; and two outreach sessions conducted as part

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of monthly Ferry Management sessions with the public at the San Francisco Ferry Terminal on March 1 and March 15.

10. During the public comment period, 37 total written and electronic comments were received. Staff reviewed and categorized all public comments and prepared written responses, which were contained in a report to the Finance-Auditing Committee for its April 26, 2012 meeting, a copy of which is attached as **Exhibit A**. Staff considered all public comments in developing the final proposal.

11. In accordance with guidance from the Federal Transit Administration, staff has analyzed the proposed fare changes to assess their impacts on disadvantaged communities. Staff examined demographics and travel patterns from 2012 census data and the 2008 Regional Customer Study that documented the characteristics of Golden Gate Transit Bus and Golden Gate Ferry riders. Staff determined that minority and low income riders are less likely to travel to San Francisco. Ferry passengers are the least likely to be minority or low income, to have limited English proficiency, or to have disadvantaged minority status. Staff determined that there will not be any disparate negative impacts on minority or low-income passengers, either intentionally or unintentionally, and mitigation is not required. Staff has documented these findings in a separate report.

12. The Finance-Auditing Committee, at its meeting of April 26, 2012, after considering the overall financial need of the District, continued low fare recovery, all public comments, and the staff report, recommended that the District adopt the staff proposal described above, effective July 1, 2011, through June 30, 2016.

13. The Board has carefully considered the staff proposal, reviewed all public comments and considered the recommendation of the General Manager and of the Finance-Auditing Committee. The Board finds that the recommended fare changes are consistent with the District's mission, policy objectives and is needed to meet the District's financial requirements. The fare changes are statutorily exempt from the California Environmental Quality Act since they are necessary to meet operating expenses.

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NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT AS FOLLOWS:

Section 1. Section III, "Golden Gate Transit - Bus and Ferry Systems," Subsection D.1, "Discount Fares and Transfers – Prepaid Discount Fares (Effective July 1, 2009 through June 30, 2010," of Master Ordinance 2010), Item d, "Regional Ferry Travel – Ferry Translink®" is replaced in its entirety with the following:

d. Regional Ferry Travel – Ferry Clipper® Card one way fares are as follows:

Larkspur - SF: \$6.00

Sausalito - SF: \$5.00

Clipper Card Youth, Senior, Medicare and Disabled: Larkspur \$4.50, Sausalito \$4.75

Section 2. Transit fares for years two through four of the proposal (July 1, 2013 through June 30, 2016) shall be increased by 5% from the previous year's fares, rounded to the nearest 25 cents and take effect as of July 1 of each year of the proposal. Youth, Senior, Medicare and Disabled fares will be adjusted at 50% of the applicable adult cash fare as of July 1 of each year.

Section 3. The Board finds that the ferry fare proposal authorized by this Ordinance is exempt from the California Environmental Quality Act pursuant to Section 21080(b)(8) of the Public Resources Code because it is for the purpose of meeting operating expenses; and directs the Secretary of the District to file a Notice of Exemption in the offices of the county clerk of San Francisco and Marin.

Section 4. The effective date of this Ordinance shall be July 1, 2012.

Section 5. If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect any other provisions or applications of the Ordinance which can be given effect without the invalid provision or application, and to this end, the provisions of this Ordinance are severable.

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ADOPTED this 27th day of April, 2012, by the following vote of the Golden Gate Bridge, Highway and Transportation District Board of Directors:


AYES (19): Directors Arnold, Campos, Chu, Cochran, Elsbernd, Fredericks, Mar, Moylan, Pahre, Rabbitt, Renée, Sears, Snyder, Sobel, Stroeh and Theriault; Second Vice President Grosboll; First Vice President Eddie; President Reilly

NOES (0): None

ABSENT (0): None



Janet Reilly
President of the Board of Directors

ATTEST: 

Janet S. Tarantino
Secretary of the District

Attachment A

Exhibitt A
STAFF RESPONSES TO PUBLIC COMMENTS RECEIVED

Summary

At the close of the comment period, on March 22, 2012, the District received 37 total written and electronic comments. Of these, 33 were applicable to the proposed fare increase and from unique individuals, while four were not relevant to the proposal. Out of the 33 comments, 20 comments (61%) expressed opposition to the proposed fare program and 3 comments (9%) expressed support for the proposed fare program. Ten comments (30%) were not opposed or neutral to the proposal. One individual submitted comments electronically and in written format and will be counted once.

Comments on the Five Percent Golden Gate Ferry Clipper Fare Increase

Comments Supporting the Proposal

The District received 3 comments in support of the fare proposal.

Comments Not Opposed /Neutral to the Proposal

The District received 10 comments taking a neutral stance towards the fare proposal.

Comments Opposing the Proposal

The District received 20 comments opposing the fare increase proposal.

Comment: Reduce District Salaries and Benefits Instead of Raising Fares (4)

As outlined in the 2009 Financial Plan, the District has taken numerous steps which, when complete, will reduce District staff by 64 full-time equivalent positions. These efforts are the result of Phase I reduction projects, including positions affected by the following as outlined in the Financial Plan: New Banking Collections, Further Reliance on Automated Information for Transit Customers, Continue Reducing Manual Collection of Tolls, Implement All Electronic Tolling, and Automate Ferry Revenue Collection. Aside from FTE reductions, an 18-month salary freeze for non-represented and officers has already been completed. An 18-month salary freeze for coalition employees has also been completed.

Comment: Fare Increase Percent Outpaces Ferry Patron Salary Growth (5)

Annual Ferry Division cost increase sources are varied and not tagged to regional salary growth rates. Ferry Division costs primarily depend upon the price of fuel, materials, and labor, as well as the level of state and federal funding availability. To maintain a sufficient stream of revenue on pace with annual rises in expenses, the District seeks to renew the annual fare increase program, which was most recently shown to be effective during the previous 5% annual increase program from 2006 through 2010. Periodic fare increases are common throughout the transit industry as a method to keep pace with rising costs and sustain existing levels of service. Fare increases in the transit industry have not been historically tied to regional salary levels.

Comment: Raise Bridge Tolls Instead of a Fare Increase (3)

Toll increases are periodically considered within the District as a means to maintain current Bus and Ferry transit system operating levels. The majority of revenue from toll increases, however, is dedicated to Bridge projects. During periods between toll hikes, a steady Ferry revenue stream is achieved with annual transit fare increases, which are on par with annual transit cost escalation rates. The District Financial Plan outlines a future toll increase but no date has yet been established.

Comment: Proposed Fare Increase is Too Severe (2)

The proposed fare increase rate is on par with rate increase in past year. From July 2006 through July 2010 ferry fares increased at the same annual rate of 5 %. Assuming a patron commutes five round trips per week, the proposed fare increase would amount to a weekly Larkspur fare increase of \$3 and a weekly Sausalito fare increase of \$1.50. These numbers annualize to approximately \$150 and \$75 per patron, respectively. In contrast, the cost of utilizing an automobile to access San Francisco would amount to an additional \$25-\$40 in daily parking fees, tolls, fuel, and automobile depreciation. Current Larkspur and Sausalito ferry fares are on par with other regional ferry system fares.

Comment: Fare Increase Will Result in More Automobile Trips and Fewer Ferry Transit Trips (1)

At present the Larkspur Ferry Terminal is oversubscribed. Staff estimates that significant latent demand exists to sufficiently replace any patrons whose choice is to utilize the system at a lower rate or choose other modes of travel. Current estimates of ferry fare price elasticity do not project a decrease in ferry service demand. It is estimated that the costs of utilizing the ferry represent a savings of 50% to 75% off the cost of driving an automobile to access downtown San Francisco on a daily basis. Ferry will continue to be an attractive mode of travel.

Comment: Raise Limited Use Fare Category for Tourists (1)

The Limited Use (“full cash fare”) category currently is set at a rate 47.6% higher for Sausalito patrons and 53.5% higher for Larkspur patrons. Casual riders and tourists are the main market utilizing this higher form of payment. The Board adopted a five-year 5% annual Limited Use fare increase program in 2011, which addressed annual fare increases through July 1, 2015. Although the current full cash fare is higher, the primary source of ferry revenue comes from those utilizing the discount Clipper fare rate. Since the 5% Clipper fare increase program ended in 2010, no fare increase program has been implemented. Without such a fare increase program, Ferry Division operating and capital costs will continue to rise, and no sufficient revenue stream will be in place to offset such increases.

Comment: Initiate Terminal Parking Charge and Bicycle Fee (1)

Patrons who presently utilize the Sausalito-owned lot pay a daily fee to the city. The District-owned Larkspur lot is operated with no daily fee, however, consideration of a possible future fee system has been proposed as a strategy under the “Financial Plan for Achieving Long-Term Financial Stability.” While a minor amount of revenue is expected, some of that will cover the cost of administering the paid parking program. At present the revenue predicted from a bicycle fee would not be sufficient to meet revenue collection goals, nor would the annual revenue be expected to accrue to a significant amount. A fare increase program ensures that fares do not lag behind annual increases in operating, capital, fuel, and labor costs. The previous annual 5% fare increase program from July 2006 through July 2010 proved effective at providing a steady source of revenue to maintain ferry service operations at consistent levels.

Comment: No Reason Given (3)

The District recognizes that three comments were submitted in opposition to the proposed fare increase program without providing a rationale for the position.

Comments Not Related to the Proposal

The District received four comments during its public hearings unrelated to the proposal, and these are not included in the 33 number of total comments.