

## **NEW FERRY TRIP TICKET PLAN**

### **The Problem**

Members currently pay ferry fares in seven different ways: cash, checks, tickets and three kinds of passes. Administration of the current ferry fee payment systems is complicated, is increasingly time consuming for both the ferry crew and office staff, and invites errors. Because of ever greater number of hours required to administer and track these payment methods as required by our auditor, a more cost-effective method is needed.

In recent years a plan was conceived to move to a pre-pay computerized scan program. This plan is still in the works. In the interim, the following solution would help to simplify the system.

### **The Solution**

To move toward a pre-pay system that will save time, cut HMC costs plus give a financial benefit to all Members, we suggest that we replace our current Commuter passes and Senior/Disabled Passes with **Trip Tickets** and **Passenger Trip Tickets**.

**Trip Tickets** and **Passenger Trip Tickets** would be available to all Members at a reduced rate.

Members could buy **Trip Tickets** and **Passenger Trip Tickets** in advance, the same as they buy tickets now.

Members could use two or more trip tickets when paying for their guests.

The new Trip Ticket Plan would start as early as October 1, 2011 (the "Start Date").

Members will continue to use cash or check for ferry passage if they choose to do so.

### **Background**

Currently only Senior/Disabled and Commuters have access to a reduced fare through a pass. In this past year, about 65 Members took advantage of these programs. The two Commuter Passes and Senior/Disabled Pass are currently offered at \$6.00 per trip, which is a discount of \$2.00 or 25% per trip. The main difference in these two kinds of passes is that the Senior/Disabled Pass does not expire, while the Commuter Passes are only good for the month for which they are purchased. And the outlay to maintain these programs and to properly track them is no longer cost effective. We see that **Trip Tickets** and **Passenger Trip Tickets** would be beneficial as a replacement for the Senior/Disabled Program and Commuter Passes.

All Members also currently have the option to purchase the \$8.00 Vehicle/Driver Tickets in books of 10 at \$72.00 (\$7.20 per trip – a 10% discount per ride) and the \$3.00 Passenger Tickets in books of 25 at \$66.00 (\$2.64 per trip - a discount of 12% per ride). The use of **Trip Tickets** and **Passenger Trip Tickets** could result in further savings to the Members.

### **Details of the New Ferry Trip Ticket Plan**

The new **Trip Tickets** and **Passenger Trip Tickets** would not expire.

With this solution, the Senior/Disabled passes and any old tickets valued less than \$8.00 or \$3.00 would be discontinued and would not be accepted on the ferry as of the Start Date.

All full-price tickets (valued at \$8.00 and \$3.00) could continue to be used for ferry fee payment. For a period of up to six (6) months after the Start Date, Members could take or mail Senior/Disabled passes to the HMC Office for a credit exchange toward the purchase of **Trip Tickets** and **Passenger Trip Tickets**. This would allow Members six months to exchange their old passes and receive credit in the amounts they paid for those old passes. There would be no refunds. This same type of exchange program could be used in the future for ferry fee price increases.

The price for the new **Trip Tickets** could be set in the range between \$6.50 to \$7.50, which will provide incentive for Members to purchase **Trip Tickets**. The price will be determined after a cash flow analysis is completed. A book of 10 or **Trip Tickets** could be purchased for as low as \$65.00 (\$6.50 per trip – an 18.75% discount per ride). A book of 25 **Passenger Trip Tickets** could be purchased for as low as \$66.00 (\$2.64 per trip – a 12% discount per ride).

Once **Trip Tickets** and **Passenger Trip Tickets** are purchased they are not refundable.

### **Savings All Around**

**This solution is one means to save money and keep our overall assessments within the present budget. If we do not reduce these costs of administration, we may soon need to increase the budget for office staff due to the extra office workload associated with the water system.**

The use of **Trip Tickets** and **Passenger Trip Tickets** would reduce the office staff hours to administer the ferry payment systems. The use of **Trip Tickets** would reduce the ways Members pay down to three choices (Tickets, Cash or Check). Of these, the most cost-saving and convenient payment method would be to use **Trip Tickets** and **Passenger Trip Tickets**.

### **Benefits**

- All Members who ride the ferry could take advantage of this discounted fare program.
- The use of **Trip Tickets** and **Passenger Trip Tickets** would save time and money for ferry users, crew and office staff. The time spent to administer the senior/disabled passes, as required by our auditor, is no longer cost effective. A 50% reduction in hours presently used to track pass usage and process ferry logs and receipts is anticipated. The reduced costs of this administration could also help avoid possible budget escalation.
- Because we would expect less cash to be paid and fewer methods of payment used, employee processing time and errors should be reduced and some increased ferry revenue is anticipated.
- Commuters would have the benefit of purchasing **Trip Tickets** only when needed, rather than either having to pay cash when they ride more than the 20 or 22 rides in the month, or losing money when they ride less for some reason.
- **Trip Tickets** would offer greater flexibility for multiple users within one Membership.
- **Trip Tickets** would be more convenient because they do not have an expiration date and are not tied to a program that limits their use.
- **Trip Tickets** could be used to pay for guests, for passengers, and for extra length vehicles in the same manner as tickets are currently being used. For example, 1 guest *using Trip Tickets* would need to use 2 trip tickets for vehicle and driver, and one Passenger Trip Ticket for each accompanying passenger.
- A vehicle/driver Trip Ticket (valued at \$8) may also be used by a passenger or passengers, whether or not they accompany a vehicle and its driver. However, no refund, return or credit would be given if the value of the Trip Ticket (\$8) exceeds the value of the passenger fee that would otherwise be charged to that passenger or passengers. For example, two passengers would normally only be charged \$6 total (2x\$3) for their passage. Although the value of their Trip Ticket is \$8, those passengers would not be receiving any “change.”
- Senior/Disabled Members would continue to see a reduced rate and would be able to purchase **Trip Tickets** in smaller books (10 rides versus 20 rides).
- This solution will support a smoother transition to a fully computerized pre-pay scan system.