

Needs-Based Fare Overview

Background:

On November 23, 2010, the Whatcom County Council voted to implement a \$3 surcharge per round-trip on all ferry fares effective January 23, 2011, in order to increase the ratio of fares paid to 55% of total operating cost.

The Citizen's Task Force for the Lummi Island Ferry was also created, and on August 1, 2011 disbanded after providing the county council with recommendations to decrease ferry fares as well as expenses. PLIC has advocated implementation of these recommendations on an ongoing basis.

Current Needs-based Fares:

Passenger Fare/25 trips \$92 @ \$3.68 (20% discount from punch card, 47% discount from cash)

Vehicle with Driver/10 trips \$66 @ \$6.60 (35% discount from punch card, 49% discount from cash)

Vehicle with Driver/25 trips Not available

In 2011, sold 112 passenger-only and 625 vehicle/driver passes.

In 2012, sold 121 passenger-only and 566 vehicle/driver passes.

Task Force Issue Review from its August 1, 2011 Report:

The ferry fare discount program based on need is the successor to prior programs that offered discounts for those over 65 or having a disability of more than 40%. The program and the discount levels have varied, and with experience some issues in the current system have become evident.

- Currently three different sets of eligibility criteria and each has a different income level for qualifying. This makes the program complex, and it unequally benefits different groups.
- Many islanders support lower fares for those whose income is obviously low. They do object to the current program that allows those that are relatively well-off to obtain the discounted fares. They also have stated that the discount is too high: in 2010 discounts from cash fares were 83% for pedestrians and 64% for vehicle/driver trips.
- Other islanders object to the program on several philosophical grounds: government should not provide this kind of assistance; it is unfair for this particular aid program to be funded only by islanders when all other county aid programs are funded from county-wide revenues; it is unfair for those whose incomes are just above the cut-off points to have to pay higher fares to help those just below the income cut-off levels. These views were in the minority of those expressed to the Task Force.
- The Treasurer's Office does not have staff who are as comfortable and expert at screening people as those in agencies that primarily work with needs-based programs. The Treasurer estimates that about \$3750 in staff time was spent in 2010 to qualify households.
- In 2010 the discounted tickets decreased fare revenue by about 2%. The total of \$1,021,000 fare revenue would have been increased by about \$21,000 if all those who used needs-based fares made the same number of trips and used multi-ride punchcards. It is highly unlikely that this increase would occur, as anecdotal evidence suggests that fewer trips are being made with the additional \$3 surcharge per trip.

Whatcom County's Three Current Eligibility Methods for Needs-Based Fares

1. Island residents who have a senior/disabled property tax exemption or deferral. *(This category included 54% of households qualifying for needs-based fares in 2010)*

- Be age 61 or older on December 31 of filing year (no age requirement for disabled persons).
- The owner and occupant of a single-family dwelling, mobile home, or one unit in multi-unit or cooperative housing.
- Have combined disposable income of \$35,000 or less for the prior year (including income of spouse and co-tenant).

ISSUE: The Island has over-61 property owners who are not "needy" as the word is usually understood but who may technically qualify for the Washington State law that gives them a break on property taxes. The lower ferry fare is not a county-wide or state supported program, and using that as the criteria makes the proportion of the island community who qualifies for help by other islanders large. The recommended HUD Very Low Income level that is equivalent is for a household of 4 people.

2. Island residents who meet the income levels listed below. Proof of income and family size will be required. *(This category included 31 island households in 2010.)*

- Family of four or more with less than \$40,000 total annual income;
- Family of three with less than \$30,000 total annual income;
- Family of two with less than \$20,000 total annual income;
- Individual with less than \$10,000 total annual income.

ISSUE: Difficult for Assessor's Office personnel to verify income, and qualifying income levels are significantly different for those property owners over 61.

3. Island residents who qualify for medical assistance by Medicaid (not Medicare). Most Medicaid programs are based on between 100% and 200% of federal poverty guidelines.

"Medicaid is a program that provides health coverage to some low-income Washington residents." Income eligibility levels for these categories are described below. Assets and some expenses also may be taken into account.

ISSUE: The Medicaid cards now being issued do not have dates and program information on them, and due to privacy issues, the WA DSHS offices do not provide information to the Treasurer's Office.

Task Force Recommendations

- a) Revise needs-based fares qualification from three methods to one method.
- b) Remove the requirement that county staff determine income by adopting the following criteria:
Applicants for needs-based fares must provide a letter from the Opportunity Council that income level matches the current HUD Very Low Income guidelines annually issued for the Bellingham area, or that applicants have furnished to the Opportunity Council letters or other documentation that indicates dates of qualification for the applicant for Medicaid, Section 8, Home energy assistance, Workfirst Program enrollment, NW Regional Council medical transportation eligibility. Recipients must re-qualify annually.
- c) Contract with the Opportunity Council to screen applicants. The Opportunity Council has indicated that it could screen applicants at a cost of \$40, less than the current cost the Treasurer's office has calculated per qualified household.
- d) The recommended discounts are 50% of the cash fare, which is the rate that other transportation services who receive federal grants use for all those over 65, per the requirements of FTA 49 CFR part 609.

Recommended Qualification Method: Instead of the three different income standards: the Very Low Income level below would apply to all. It is adjusted annually by geographic area without requiring county staff effort; and would allow those with limited incomes to remain in their homes on the island.

Current Discussion within the Public Works Department

Option 1: Eliminate

Eliminate the needs based ferry pass program. Based on 2011 statistics - \$25,000 increase in revenue.

Option 2: Tie to Property Tax Exemption/Reduction

Offer needs based passes to senior citizens and disabled who are eligible for a reduction or exemption in property taxes based on income. Based on 2011 statistics - \$14,868 increase in revenue.

- a) Claim filed at county Assessor's Office
- b) Exemption renewed annually
- c) Passes sold by Public Works receptionist upon presentation of exemption certificate
- d) Burden of ticket sales shifts from Treasurer's Office to Public Works Administration

Option 3: Retain current structure. Pass screening to Opportunity Council for \$50 each.

Contract with the Opportunity Council (OC) to screen all applicants. Revenue change unknown. A set fee of \$50 per application charged to the Ferry Fund, at 50 applications annually, an increased expense of \$2,500.

- a) OC to apply the HUD very low-income test to screen applicants.
1 person HH - \$24k, 2 person HH - \$28k, 3-\$31k, 4-\$35k, 5-\$38k, 6-\$41k, 7-\$43k, 8-\$46k
- b) OC maintains records and provides a voucher to those approved.
- c) Applications renewed annually in January
- d) Passes sold by Public Works receptionist upon presentation of voucher
- e) Burden of ticket sales shifts from Treasurer's Office to Public Works Administration
- f) OC bills the Ferry Fund monthly

Other Issues under Consideration:

- a) A limit of no more than 200 needs-based passes per year. Or limit the number of passes sold to each approved applicant annually to 24?
- b) Establish a consistent percentage reduction for needs-based tickets. Currently passenger only is 21% reduction and passenger/vehicle is 41.2%. Suggests 30% discount on both.
- c) If retain current process utilizing Treasurer's Office, charge \$50 per application reviewed to Ferry Fund.