

2007 FERRY FARE FACT SHEET

Prepared by the Washington State Transportation Commission and the Washington State Department of Transportation

Funding History

- Washington State Ferries (WSF) receives funding to operate and maintain existing vessels and terminals, and to preserve existing and acquire new equipment from the following revenue sources: fares paid by ferry users, revenue from concessions, the Washington State taxpayers, and the Federal government.
- In 1999, following approval of Voter Initiative 695 to cut taxes, the Legislature repealed the Motor Vehicle Excise Tax.
- The result of this repeal was that the dedicated tax revenue sources for the ferry system decreased by 58% for its operations, and decreased by 70% for its capital funding.
- In 2001, the Legislature's Joint Task Force on Ferries determined that ferry fare revenue should address up to 80% of ferry operating costs (known as "fare box recovery") without having to face further reductions to service levels.

Operating Budget Shortfall

OPERATING FISCAL DATA FOR FY2007**	
Operating Costs	
Operating costs excluding fuel:	\$163.9
Fuel Costs*:	\$ 41.5
Total Operating Expenses:	\$205.4 million
(*Compared to 2006, fuel costs went up 6% or \$2.4 million in 2007)	
Operating Revenue	
Fare box revenues:	\$146.4
Other revenue contributions to Operations:	\$ 3.4
Total Operating Revenues:	\$149.8 million
Subtotal – Budget Shortfall	\$ 55.6
Less Dedicated Tax Revenues Available	\$ 28.9
Total Budget Shortfall:	\$ 26.7 million

Capital Budget

- The current planned WSF capital expenditures over the next 10 years (2007-2017 biennia) are \$1,583.2 million which includes:
 - \$626.6 million in terminal construction at Mukilteo, Bainbridge Island, Seattle's Colman Dock, Anacortes, and Edmonds.
 - \$309.9 million for four new vessels – two to be delivered in 2010, one to be delivered in 2011, and one to be delivered in 2012.
 - \$646.7 million for other investments in the Ferry System.

**Fiscal year ending June 30, 2007

- While the planned expenditures outlined above are currently approved by the Legislature, capital funds are always at risk of being reduced or eliminated as operations become endangered or strained.

CAPITAL FISCAL DATA FOR FY2007 & THE 07/09 BIENNIUM**

Capital Costs for Fiscal Year 2007: \$93.1 million.

These costs include preservation of vessels and terminals, planning and design activities related to new terminal and vessel construction, and other all activities related to capital investment at WSF.

Capital Costs for Fiscal Years 2008/2009

Terminal construction:	\$ 77.1
Vessel construction:	\$202.4
<u>Emergency repairs:</u>	<u>\$ 6.4</u>
Total budgeted capital costs:	\$285.9 million

Current Budget Realities

- Like private business, operating costs are sensitive to inflationary, economic and other conditions and subject to fluctuation. If costs increase, either fares must increase or the state subsidy must increase which can only occur if the entire Legislature approves it.
- It is clear that user fares are a primary source of funds, but by no means do ferry users pay most of the costs of having a ferry system.
- In addition to the operating issues described above, state tax subsidies of the ferry capital programs are significant. Following the passage of I-695, funds were diverted from the traditional highway programs to core investments in ferry preservation and other capital investments at WSF.

**Fiscal year ending June 30, 2007