

# The Ferry System Funding Problem

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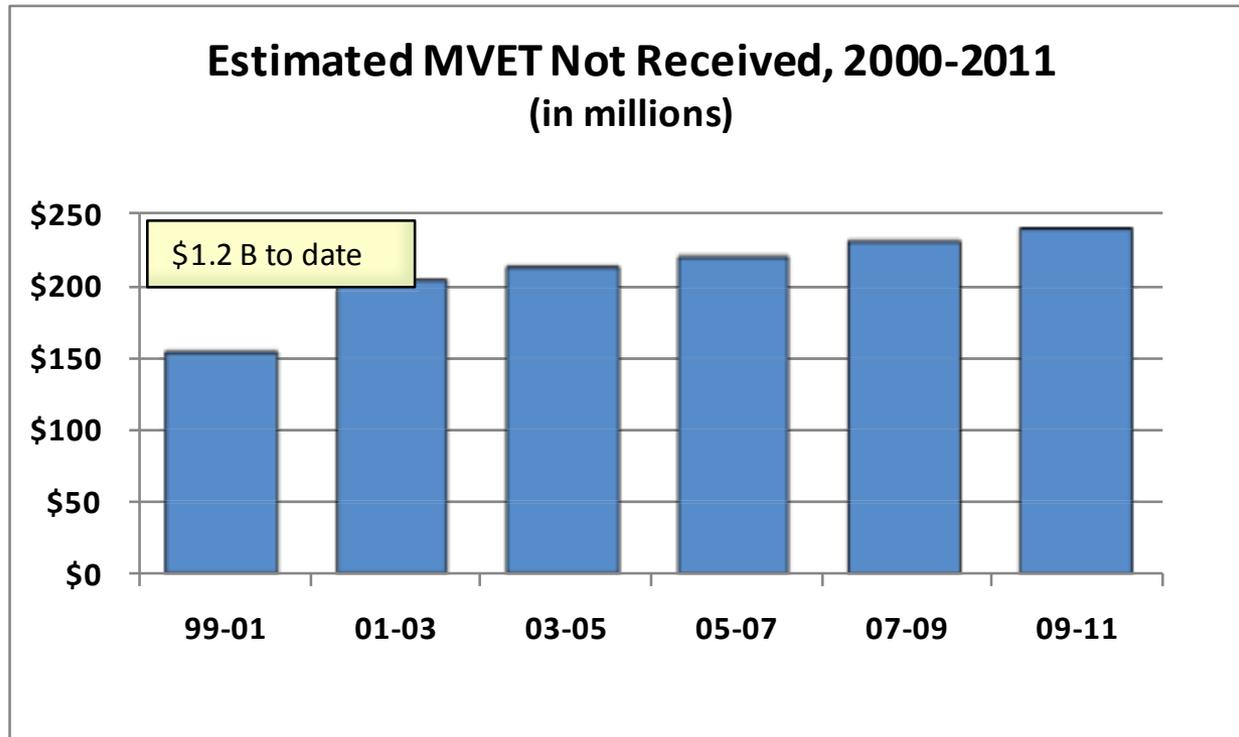
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**Washington State Transportation Commission**  
**January 19, 2011**

# Overview

- MVET loss
- Response to revenue loss
- Future funding picture

# Ferries Has Lost \$1.2 billion of MVET Revenue Since 2000



# What Have We Done?

## ▪ Reduced Service:

2000

- San Juans - 8 hours on weekdays on Super, summer schedule
- Port Townsend – 8 hours daily on #2 vessel, summer schedule
- Edmonds/Kingston – weekday late night (1:00 am) sailing
- Seattle/Bainbridge – 3<sup>rd</sup> vessel, summer schedule
- Seattle/Bremerton Auto – extra Friday and Saturday late night sailings with #2 vessel
- Seattle/Bremerton Passenger-Only – weekend service
- Seattle/Vashon Passenger-Only – weekend service
- Point Defiance/Tahlequah – mid day and late evening service (partially restored with advent of 10 hour shifts in 2009)

2003

- Sidney B.C. winter service (12 weeks/year)
- San Juan interisland vessel during winter weekends
- San Juan to Anacortes – 8 hours Monday – Thursday, winter schedule
- Fautleroy/Vashon/Southworth – 3<sup>rd</sup> vessel, winter weekends
- Seattle/Bremerton passenger-only – elimination of all remaining service

2005

- Seattle/Vashon passenger-only – reduction to part time peak only service

2009

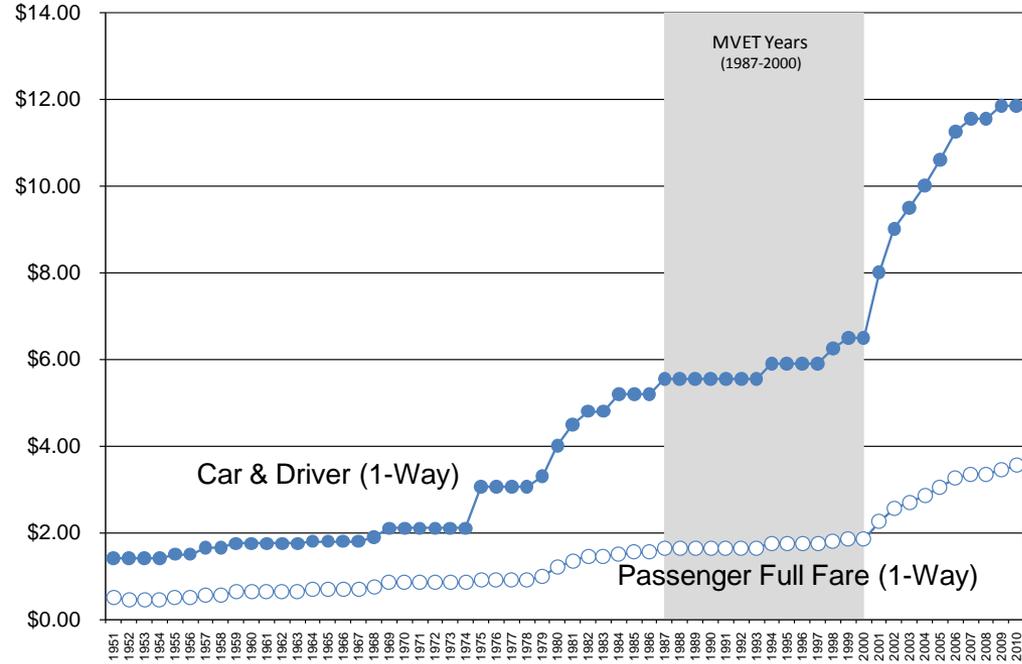
- Seattle/Vashon passenger-only – transfer to King County

# What Have We Done?

- Raised fares:

2001	20.0%
2002	12.5%
2003	5.0%
2004	5.0%
2005	6.0%
2006	6.0%
2007	2.5%
2008	0.0%
2009	2.5%
2010	0.0%

Historic WSF One-way Central Sound Fares



# Farebox Recovery Differs By Route

Route	Farebox Recovery
Anacortes/ San Juans	44.0%
Anacortes/ Sidney	54.8%
Port Townsend/ Coupeville	45.6%
Fauntleroy/Vashon- Southworth	53.9%
Seattle-Bremerton	48.0%
Seattle-Bainbridge	104.8%
Edmonds-Kingston	115.5%
Mukilteo-Clinton	90.3%
Pt. Defiance-Tahlequah	38.4%
System as a whole	70.5%

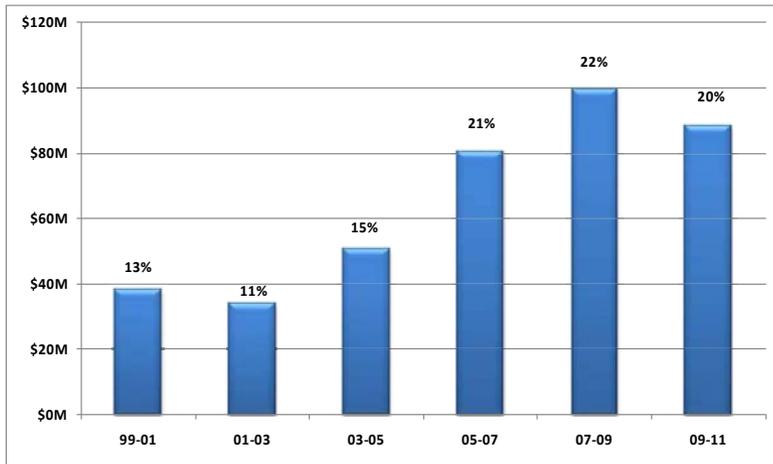
# What Have We Done?

- Cut Capital and Non-Service Operating Expenses
  - Major terminal projects cut or reduced
  - Additional non-service reductions of \$28 million per year
    - Terminal preservation reductions
    - Reduced staff
    - Reduced use of consultants
    - Other cuts in administrative and non-service areas
- However, there have been unavoidable increases in other areas:
  - Fuel & lube oil
  - Labor
  - Shipbuilding inflation

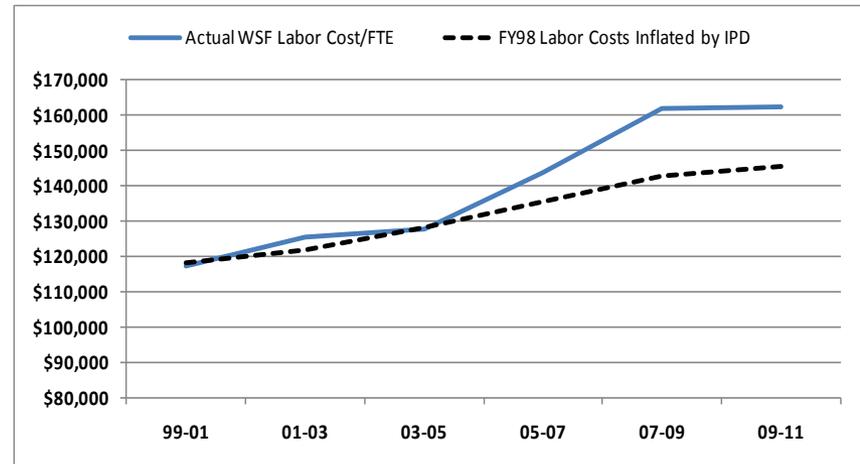
# Cost Increases

- Labor costs, fuel, and shipbuilding costs have all outpaced inflation

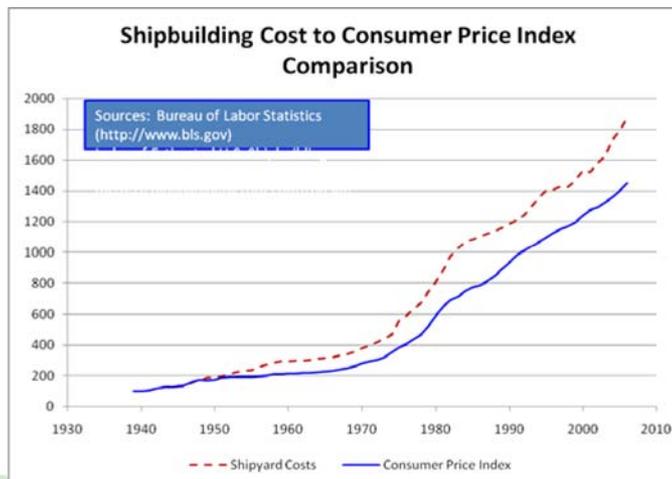
Fuel as % of Operating Budget



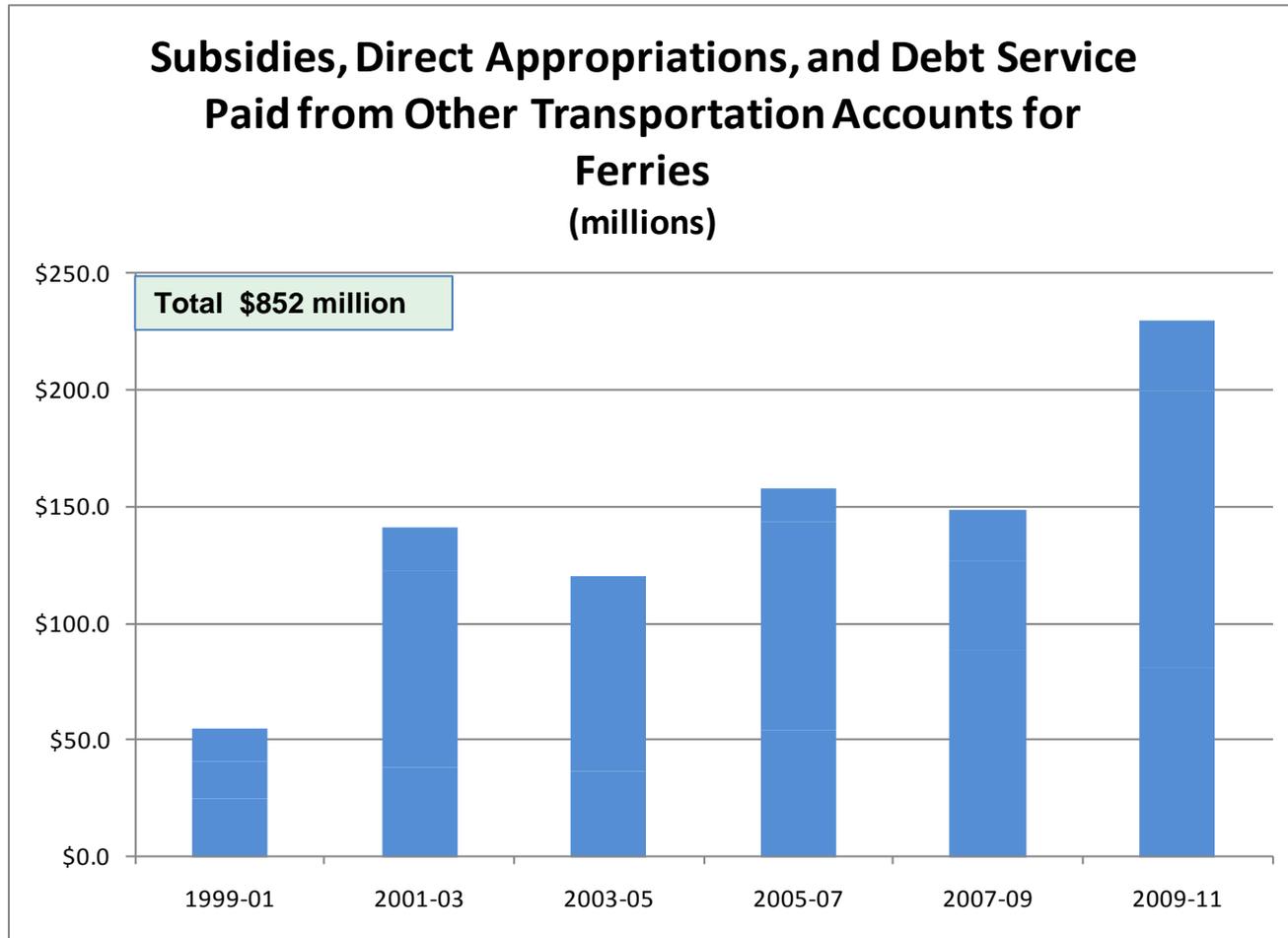
Labor Costs per FTE compared to Inflation



Shipbuilding Cost to Consumer Price Index Comparison



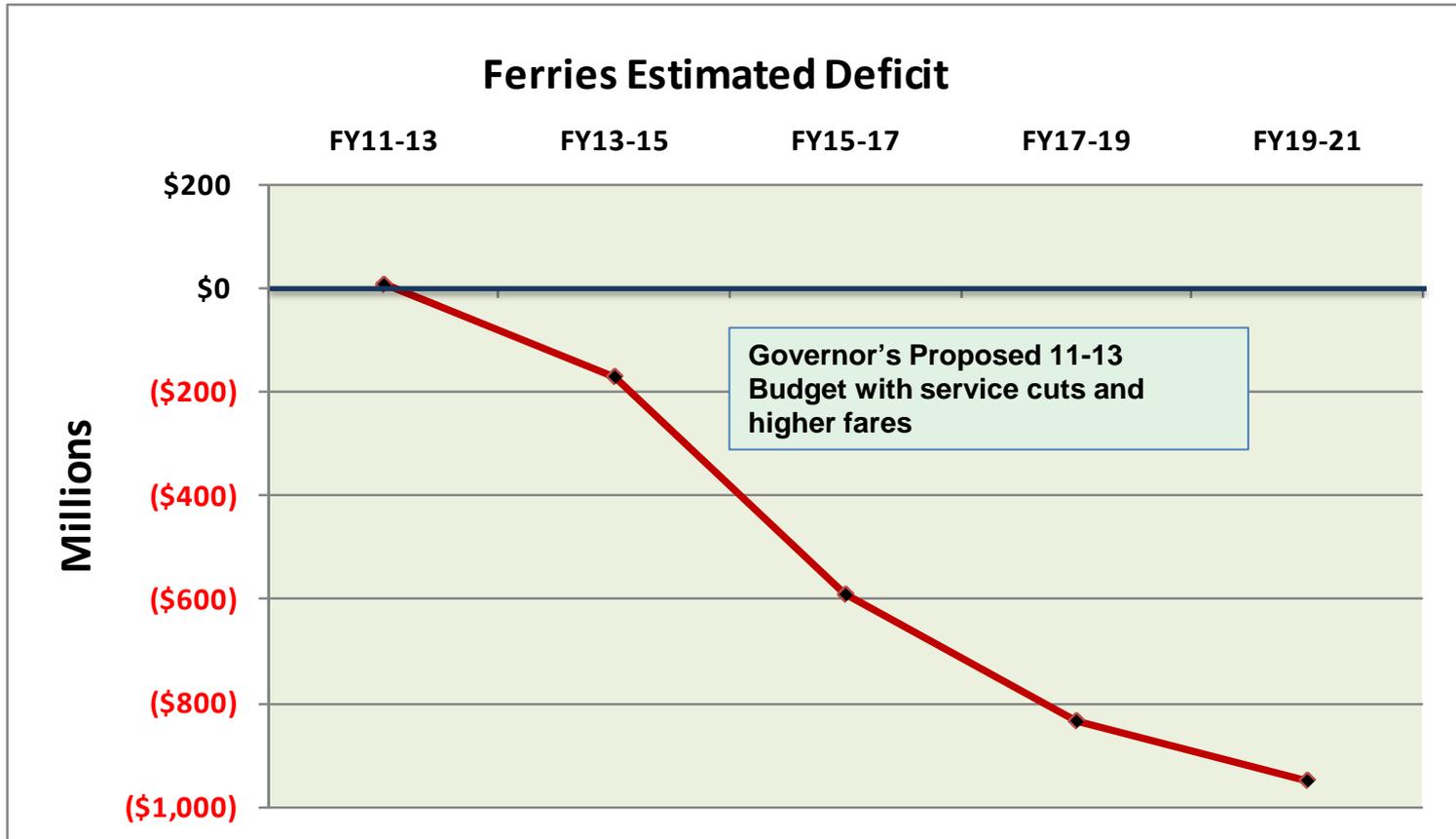
# Transfers and Other Support For Ferries



	09-11	11-13	13-15	15-17	17-19	19-21	21-23
Account Balance Summary (in thousands)	Projected						
<b>Ending Balances - 2011-13 Governor's Proposed Budget (November 2010 Forecast)</b>							
<b>108 Motor Vehicle Account</b>							
Beginning	94,758	16,094	657	(6,623)	(90,011)	(167,608)	(273,653)
Ending	16,094	657	(6,623)	(90,011)	(167,608)	(273,653)	(443,969)
<b>550 Nickel Account</b>							
Beginning	49,528	27,369	6,765	17,121	6,690	(13,704)	(18,782)
Ending	27,369	6,765	17,121	6,690	(13,704)	(18,782)	(23,817)
<b>09H Transportation Partnership Account</b>							
Beginning	85,015	182,476	4,866	12,563	19,925	(16,746)	(107,908)
Ending	182,476	4,866	12,563	19,925	(16,746)	(107,908)	(233,889)
<b>218 Multimodal Account</b>							
Beginning	30,556	22,244	966	(46,079)	(122,358)	(63,183)	(54,706)
Ending	22,244	966	(46,079)	(122,358)	(63,183)	(54,706)	(57,850)
<b>215 Special Cat. C Account</b>							
Beginning	2,184	644	107	784	101	620	845
Ending	644	107	784	101	620	845	254
<b>099 PS Capital Construction Account</b>							
Beginning	19,709	5,817	5,360	(135,846)	(532,646)	(767,853)	(889,100)
Ending	5,817	5,360	(135,846)	(532,646)	(767,853)	(889,100)	(935,685)
<b>109 PS Ferry Operations Account</b>							
Beginning	2,616	2,593	2,226	(34,226)	(56,866)	(65,457)	(59,060)
Ending	2,593	2,226	(34,226)	(56,866)	(65,457)	(59,060)	(37,218)
<b>16J State Route Number 520 Corridor Account</b>							
Beginning	0	1,032	332	119	551	15,827	45,033
Ending	1,032	332	119	551	15,827	45,033	47,707
<b>081 State Patrol Account</b>							
Beginning	8,859	2	3,196	(36,419)	(85,087)	(128,060)	(184,833)
Ending	2	3,196	(36,419)	(85,087)	(128,060)	(184,833)	(216,294)
<b>106 Hwy Safety - DOL Account</b>							
Beginning	3,274	1,963	6,216	5,082	7,744	9,665	12,622
Ending	1,963	6,216	5,082	7,744	9,665	12,622	14,791

# What is the Size of the Future Ferries Problem?

Range is from \$900 million to more than \$1 billion

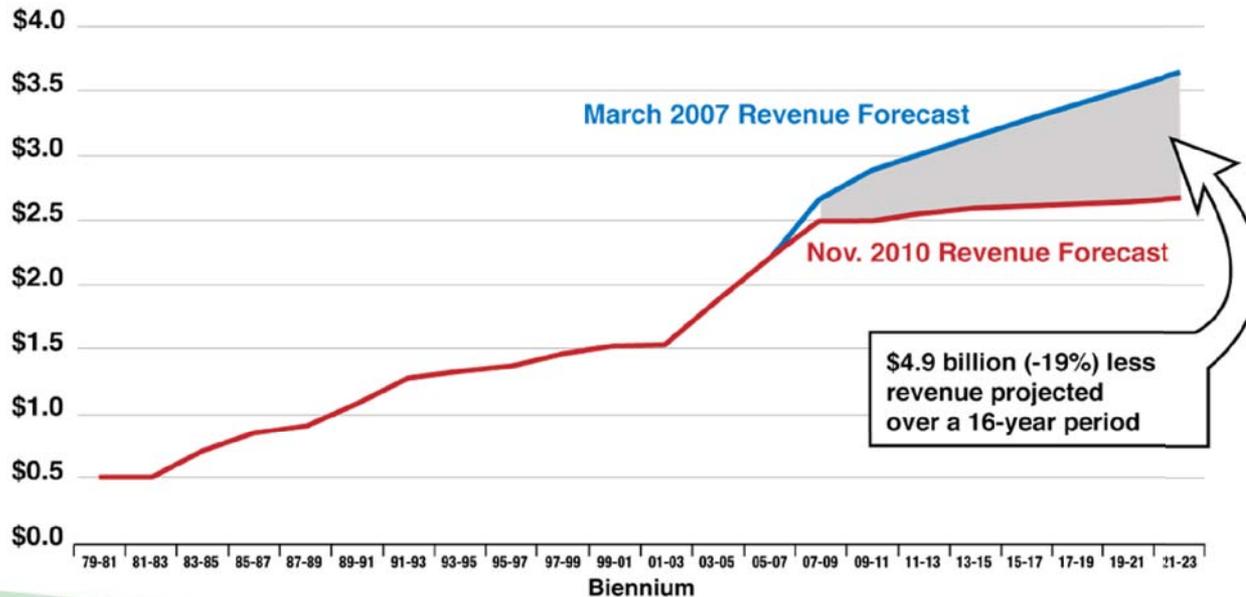


# What is the Picture For the Rest of WSDOT?

- Revenue forecasts have been reduced
  - More fuel efficient and alternative powered vehicles along with a weaker economic recovery from the recession reduce fuel taxes
  - Since March 2007, projected fuel tax revenues have fallen by \$4.9 billion over a 16-year period

**Gross fuel tax history with forecast comparison: Mar. 2007 vs. Nov. 2010**

*Dollars in billions*



# Questions?

For more information on the Ferry System  
Funding Problem, please contact

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