

# 2011-13 FERRY FARE FACT SHEET

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

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## 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 rolled back the Motor Vehicle Excise Tax to \$30.
- 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 FY 2011-13 BIENNIUM

<b>Operating Budget*</b>	
Operating budget, excluding fuel (1):	\$ 332.98 M
Fuel budget (2):	\$ 135.25 M
<b>Total Operating Expenses:</b>	<b>\$ 468.23 million</b>
* includes \$4.62 M for Marine Insurance and \$4.17 M reduction in pay/benefits.	
(1) Assumes ferry appropriations are fully expended.	
(2) Fuel budget based on March, 2011 fuel price forecast.	
<b>Operating Revenue</b>	
Fare box revenues:	\$ 298.88 M
Other revenue contributions to Operations:	\$ 7.10 M
<b>Total Operating Revenues:</b>	<b>\$ 305.98 million</b>
<b>Subtotal – Budget Shortfall</b>	<b>\$ 162.25 M</b>
Less Dedicated Tax Revenues Available	\$ 63.66 M
<b>Total Budget Shortfall:</b>	<b>\$ 98.59 million</b>

## Capital Budget

- The current planned WSF capital expenditures over the next 10 years (2011-2021 Biennia) total \$1.477 billion, including:

\$702 million for Terminal Construction

- \$501 million for preservation of terminals, with 44% allocated to Seattle
- \$201 million for terminal improvements, with 45% allocated to Mukilteo

\*\*Fiscal year ending June 30, 2011

\$764 million for Vessel Construction

- \$328 million for preservation of existing vessels
- \$436 million for vessel improvements, including \$348 million for acquisition of three new vessels

\$12 million for Emergency Repairs

- 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. The adopted 16-year plan for WSF capital shows an unfunded gap after the 11-13 biennium.

**CAPITAL FISCAL DATA FOR FY 2011 & THE 11-13 BIENNIUM**

**Capital Expenditures for Fiscal Year 2011:                    \$167.0 million (Est.)**

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

**Capital Legislative Appropriations for the 11-13 biennium:**

Terminal Construction:	\$ 64.4 million
Vessel Construction:	\$216.9 million
<u>Emergency Repairs</u>	<u>\$ 2.0 million</u>
<b>Total budgeted capital costs:</b>	<b>\$283.3 million</b>

### Current Budget Realities

- Like private business, operating costs are sensitive to inflationary, economic and other conditions and subject to increases. As 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.