Long Term Ferry Funding Study
*Phase 2 Work Plan and Progress Report*

*presented to*
Washington State Transportation Commission

*presented by*
Cambridge Systematics, Inc.

May 21, 2008
Presentation Overview

- Recap of Phase 1 study findings
- Review adopted Phase 2 work plan
- Status report on work completed to date
- Upcoming activities and milestones
- Six-month project schedule
- Review of potential funding sources
Summary of Phase 1 Findings

- Since elimination of the MVET in 2000, WSF has struggled to fund its operating and capital needs.

- Rising costs have exacerbated the funding gap in recent years.

- Sources of operating funds need to be expanded or indexed to assure coverage of operating expenses.

- Significant new sources of revenue need to be identified to fund capital preservation and replacement.
Objectives of Long-Term Funding Study

- Identify and evaluate a range of state, regional and local funding sources
- Develop selection of most viable options and requisite actions for stable, long-term funding package
- Identify implementation actions
- Prepare draft and final funding plans and present findings to Transportation Commission in December 2008
Adopted Phase 2 Work Program

- Participate in Development of Future Funding Needs
  - Attend working sessions and meetings with WSF, their consultants, JTC ferry staff group, and others
  - Comment on needs estimate as it takes shape
  - Review specific assumptions and components of capital, operating and pricing strategies

- Assess Potential of Alternative Funding Sources
  - Refine list of likely funding alternatives
  - Conduct in-depth evaluation of funding sources
  - Evaluate financial management tools
  - Contribute to WSF fare elasticity analysis
Adopted Phase 2 Work Program, cont.

- Develop Funding Plan
  - Define long-term capital and operating revenue needs for purpose of Commission’s funding plan
  - Identify revenue generation capacity of preferred sources
  - Identify appropriate financing mechanisms to complement funding sources
  - Identify needed implementing actions
  - Prepare draft funding plan
  - Present results to WSTC, other groups as requested
  - Present final funding plan
Six-Month Schedule of Key Activities

- May – Conduct screening of potential funding sources, contribute to refined user survey instruments

- June/July – Review WSF draft needs estimates, begin detailed evaluation of revenue sources

- July/August - Estimate revenue impact of alternative operational and pricing strategies

- August/September – Incorporate user surveys and WSF long range plan to refine need and revenue estimates

- September/October – Develop revised revenue estimates and prepare draft funding plan
Status of Current Tasks

Future Funding Needs

- Ongoing participation in meetings with WSF, JTC re
  operational and pricing strategies, surveys, modeling
- Reviewing available documentation of operating and pricing
  strategies, operating costs

Assess Potential of Alternative Funding Sources

- Initiated review and screening of long list of funding
  alternatives
- Presenting “long list” of sources to various groups
- Actively participating with WSF in defining process for
  conducting elasticity analysis
Status of Current Tasks, continued

- Develop Funding Plan
  - Define long-term capital and operating revenue needs
  - Identify revenue capacity Financing Mechanisms
  - Identify implementing actions
  - Prepare draft funding plan
  - Present results to WSTC and others
  - Present final funding plan
Near-Term Actions and Milestones

- Review possible funding sources with WSTC, FAC Executive Committee, JTC Policy Group - May

- Deliver initial screening of funding sources and recommended “short list” – June

- Begin detailed analysis of funding sources – June

- Attend FAC meetings - June

- Take delivery of WSF needs analysis late June/early July and identify baseline capital and operating revenue needs
Discussion: Potential Revenue Sources
Funding Options

Three primary choices for raising additional, predictable, sustainable revenue for ferry operations and capital:

- Shift funds from existing sources not dedicated to ferries (current method of closing funding gap)
- Expand or reconfigure existing sources dedicated to ferries
- Draw on new sources
- Not explicitly considering federal grants at this time

Three ways of raising revenue:

- Taxes: often less directly related to ferry system
- Fees: typically transportation-related, direct and indirect
- Ferry system and user-generated revenues
Option: Expand Existing Sources

<table>
<thead>
<tr>
<th>Already support ferry system</th>
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<tbody>
<tr>
<td><strong>Taxes</strong></td>
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<tr>
<td>✓ Fuel tax</td>
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<tr>
<td>✓ Vehicle sales taxes</td>
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<tr>
<td><strong>Fees</strong></td>
</tr>
<tr>
<td>✓ Vehicle license and registration fees</td>
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<tr>
<td><strong>Ferry System Revenues</strong></td>
</tr>
<tr>
<td>✓ Ferry fares</td>
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<tr>
<td>✓ Concessions</td>
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## Draw on New Sources

<table>
<thead>
<tr>
<th></th>
<th>Examples: Statewide</th>
<th>Examples: Sub-state</th>
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<tbody>
<tr>
<td><strong>Taxes</strong></td>
<td>• Sales taxes</td>
<td>• Special assessment districts</td>
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<tr>
<td></td>
<td>• Property taxes</td>
<td>• Transit district tax</td>
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<tr>
<td></td>
<td>• Business-related taxes</td>
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<tr>
<td><strong>Fees</strong></td>
<td>• Tolls</td>
<td>• Development Impact Fees</td>
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<td></td>
<td>• Freight fees</td>
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<td>• VMT fee</td>
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<td><strong>Ferry System</strong></td>
<td>• New offerings to ferry users (expanded retail sales, parking, reservations, etc.)</td>
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<tr>
<td><strong>Revenues</strong></td>
<td>• Lease revenue</td>
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Initial Evaluation Criteria

- Yield and reliability
- Public and political acceptability
- Cost and ease of administration
- Economic efficiency
- Equity
Long-Term Ferry Funding Study
Discussion and Questions