

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

	Already support ferry system
Taxes	<ul style="list-style-type: none">✓ Fuel tax✓ Vehicle sales taxes
Fees	<ul style="list-style-type: none">✓ Vehicle license and registration fees
Ferry System Revenues	<ul style="list-style-type: none">✓ Ferry fares✓ Concessions

Draw on New Sources

	Examples: Statewide	Examples: Sub-state
Taxes	<ul style="list-style-type: none">✓ Sales taxes✓ Property taxes✓ Business-related taxes	<ul style="list-style-type: none">✓ Special assessment districts✓ Transit district tax
Fees	<ul style="list-style-type: none">✓ Tolls✓ Freight fees✓ VMT fee	<ul style="list-style-type: none">✓ Development Impact Fees
Ferry System Revenues	<ul style="list-style-type: none">✓ New offerings to ferry users (expanded retail sales, parking, reservations, etc.)✓ Lease revenue	

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