

June 2023 Revenue and Ridership Forecasts Update

Washington State Ferries

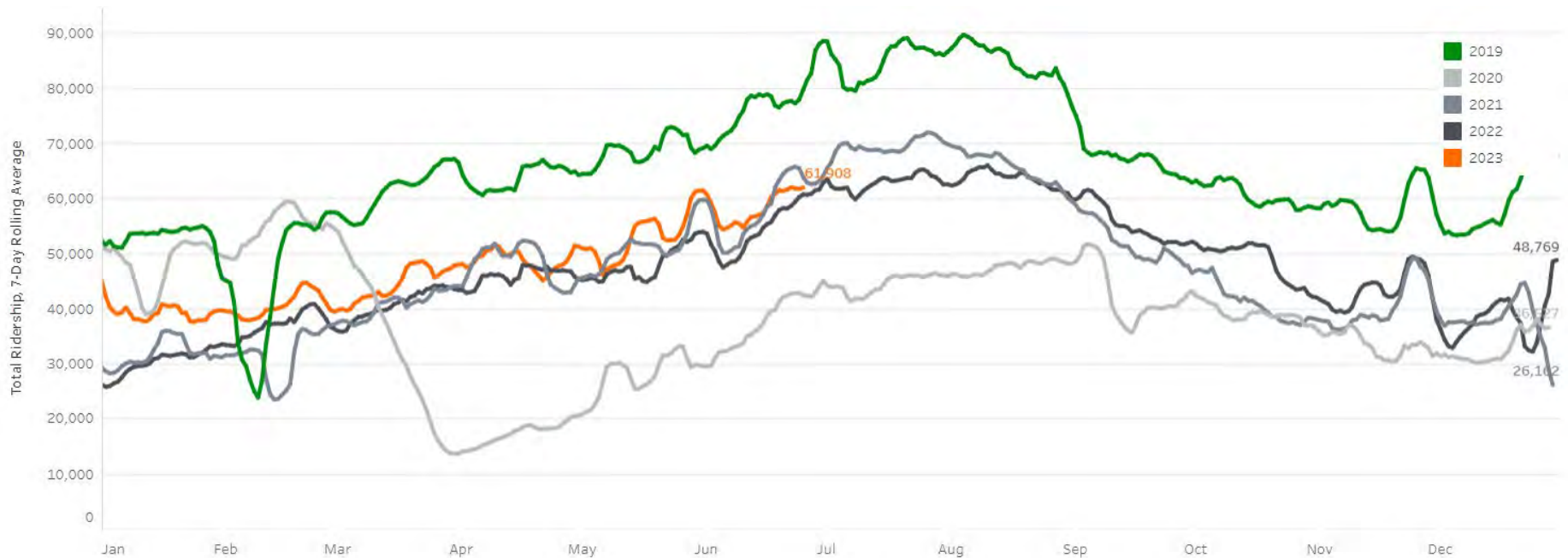
Todd Lamphere - Director of Finance and Administration - WSDOT Ferries Division
Washington State Transportation Commission Meeting
July 19, 2023

Agenda

- Current ridership
- June 2023 ridership and revenue forecasts

Current Ridership



- Current ridership from March through June 2023 continues to lag behind pre-pandemic levels
 - For CY 2022, ridership averaged 73% of 2019 levels, with passenger fare riders at 49% and vehicles/drivers at 82%
 - Through June of CY 2023, ridership is at 77% of 2019 levels, with passengers at 51% and vehicles/drivers at 87%



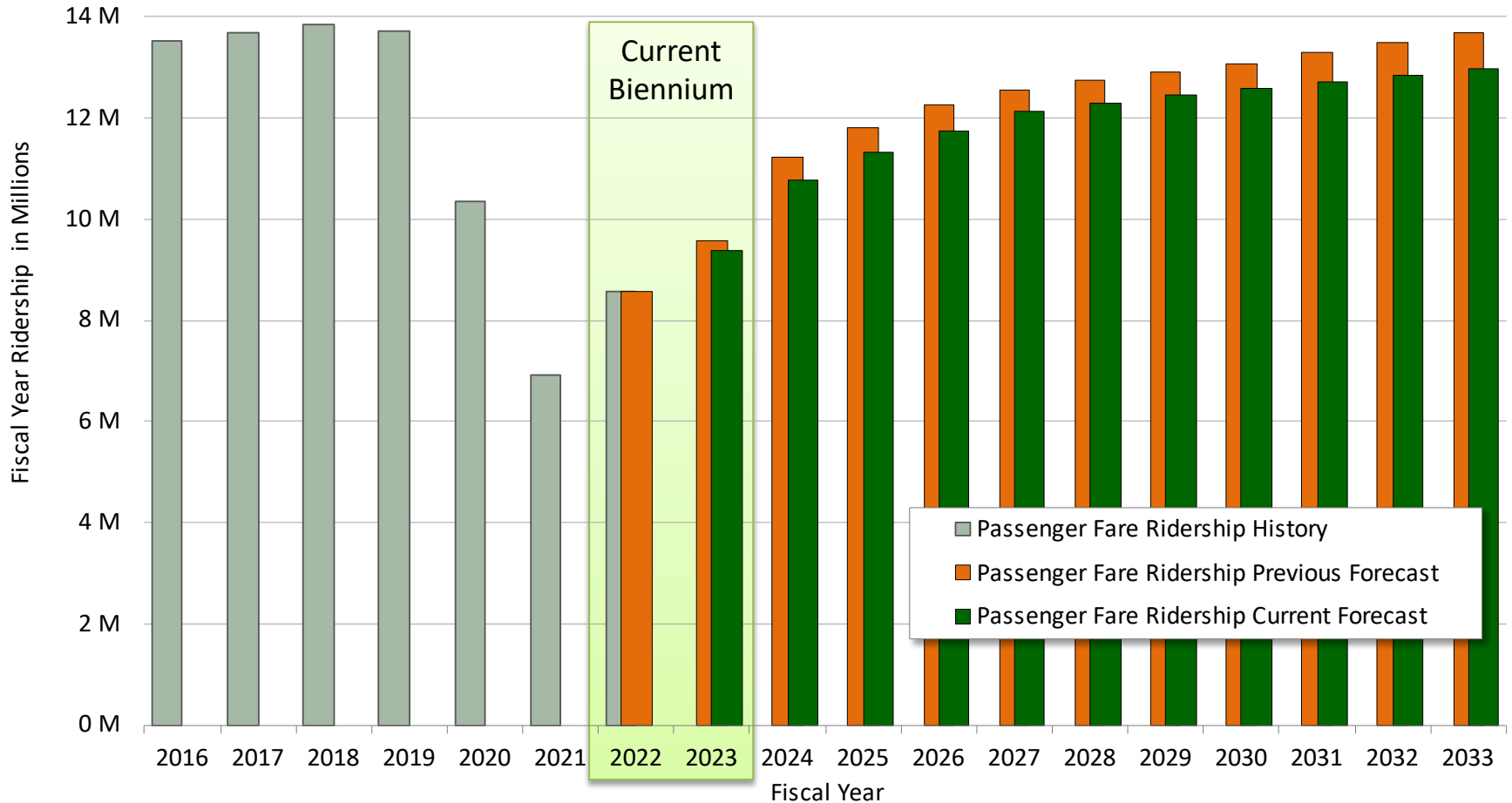
Current year ridership is through June 25, 2023

Key factors driving the June 2023 ferry ridership forecasts



- **While ridership continued to grow, performance for March through May fell short of forecast**
 - Ridership over the past three months was about 77% of pre-pandemic levels, slightly above the fiscal year-to-date trend of 75%
 - Below-normal service levels on some routes remain contributing factors
 - Recent trends decrease the final FY 2023 ridership and revenue projections
- **June Forecast projections for the economic variables overall contribute to lower ridership demand over forecast horizon**

Economic & Demographic Factors Impacting Latest Ridership Forecasts	
 Higher Ridership Demand	 Lower Ridership Demand
Lower real gas prices	Lower ferry-served communities working-age population forecasts
Lower forecast period inflation projections (causes higher real fares over time)	Slightly real personal income projections
	Extended service restoration schedule on Vashon Triangle and Seattle-Bremerton routes

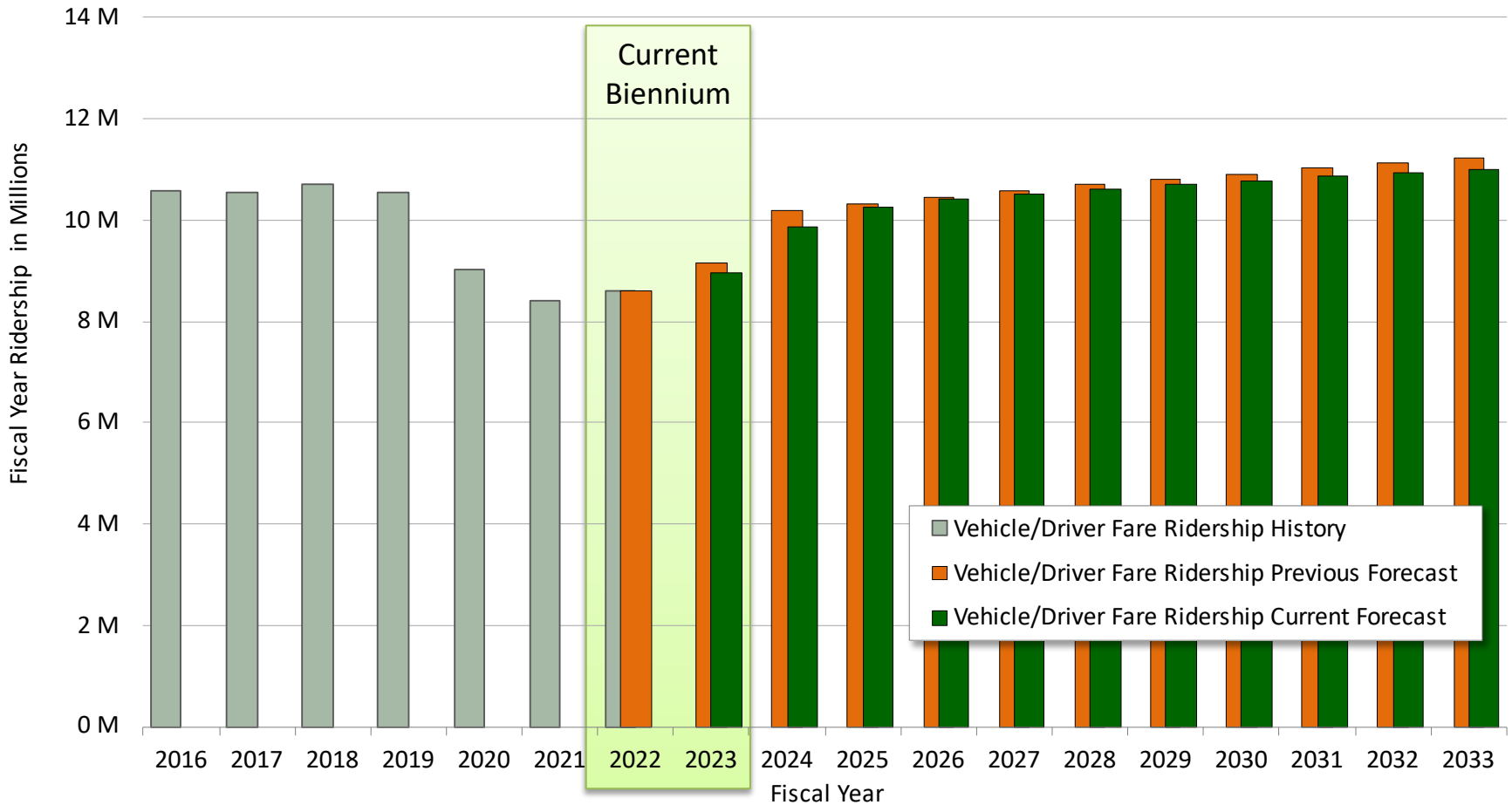
Ferry Passenger Ridership Baseline Forecast Comparison | June vs. March





June 2023 Baseline Forecast: passenger fare ridership changes:

- FY 2023 — Annual growth +9.5%  2.2% from March
- FY 2024 — Annual growth +14.9%  4.0% from March

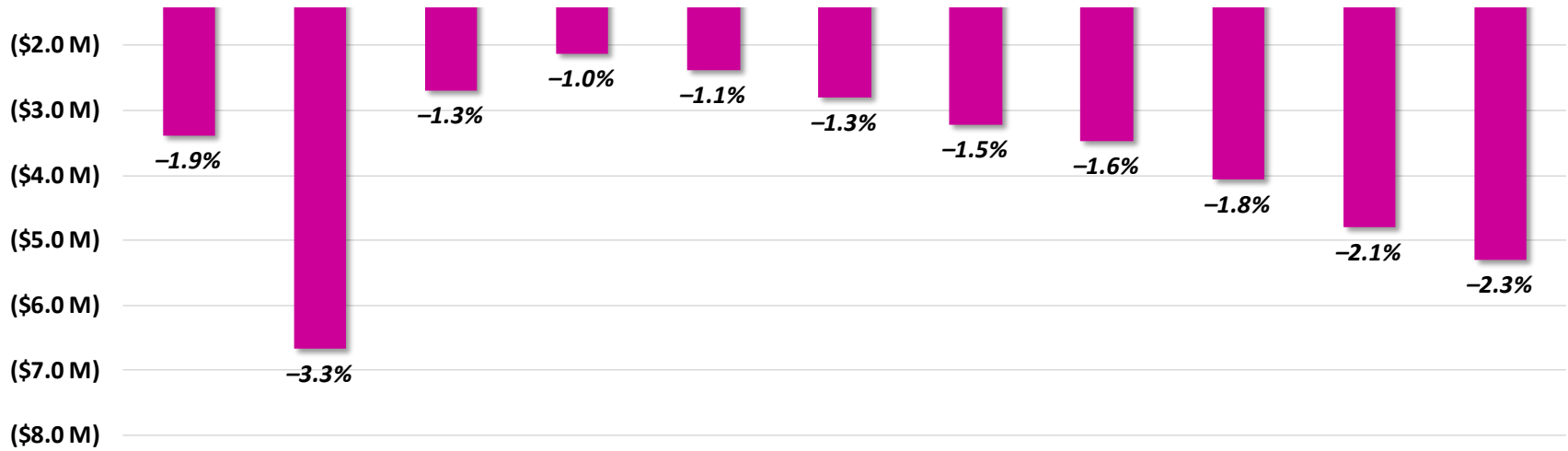
Ferry Vehicle/Driver Baseline Ridership Forecast Comparison | June vs. March



June 2023 Baseline Forecast: vehicle/driver fare ridership changes:



- FY 2023 — Annual growth +4.0%  2.3% from March
- FY 2024 — Annual growth +10.3%  3.2% from March

Change in Ferry Revenue Forecast Comparison | June vs. March




	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Forecast Change	(\$3.39 M)	(\$6.68 M)	(\$2.70 M)	(\$2.13 M)	(\$2.38 M)	(\$2.81 M)	(\$3.23 M)	(\$3.48 M)	(\$4.07 M)	(\$4.80 M)	(\$5.30 M)
Forecast % Change	-1.9%	-3.3%	-1.3%	-1.0%	-1.1%	-1.3%	-1.5%	-1.6%	-1.8%	-2.1%	-2.3%

June 2023 Baseline Forecast: Changes in ferry farebox revenues:

- FY 2023 —  \$3.39 M (1.9%) from March
- FY 2024 —  \$6.68 M (3.3%) from March

Summary: June Baseline Forecast vs. Prior March Forecast

Ferry Farebox Revenue

- 2021-23 Biennium: \$340.99 M  \$3.39 M (1.0%) from March
- 2023-25 Biennium: \$394.66 M  \$9.38 M (2.3%) from March

Reasons for the Revisions

- Weaker recent performance likely reflecting continued below-normal service levels and an extended schedule for service resumption on some routes, combined with net negative economic factors
- Revised population trends within ferry served communities also contribute to a net decline in ridership

Ferry Miscellaneous Revenue

- 2021-23 Biennium: \$5.36 M No change from March
- 2023-25 Biennium: \$12.07 M  \$0.09 M (0.8%) from March

Reasons for the Revisions

- Projected growth factors more than offset near-term decreases in galley concession fees and Anacortes terminal parking revenues

Fare Revenues comparison

- The initial 2023-25 biennial budget provides \$725 million to Washington State Ferries Puget Sound Operations Account
 - \$418 million of this funding was assumed to come from Ferry Fare Revenue
 - \$13 million of this funding was assumed to come from the Capital Surcharge fees
 - This equates to a 58% farebox recovery rate
 - While the Legislature assumed a 4% fare increase (\$28 million) for the next two years, approximately \$170 million comes from other revenue sources



June Alternative Forecast vs. Fare Revenue Target

The June Alternative Forecast incorporates the WSTC's 2023-25 Fare Proposal:

- Raise passenger and vehicle fares by 4.25% on October 1, 2023, and October 1, 2024
- Increase the current discount for multi-use passes by 1 percent

	2023-25 Fare Revenue Target	June Alternative Forecast	Difference
Farebox Revenues	\$ 418,606,000	\$ 409,901,000	\$ (8,705,000)

The June Alternative Forecast projects **\$409.9 million** in farebox revenues in the 2023-25 biennium.

This is **\$8.7 million less (-2.1%)** than the 2023-25 fare revenue target set by the Legislature.

WSF and the WSTC will continue to monitor ridership and revenue performance and possible adjustments in the Supplemental Budget during the next Legislative Session.

Questions?

For additional information regarding the June 2023 Revenue and Ridership Forecasts Update, please contact:

Todd Lamphere, Director of Finance and Administration - WSDOT Ferries Division

(206) 743-1503 or LampheT@wsdot.wa.gov