

November 2023 Revenue and Ridership Forecasts Update

Washington State Ferries

Todd Lamphere - Director of Finance and Administration - WSDOT Ferries Division
Washington State Transportation Commission Meeting
December 13, 2023

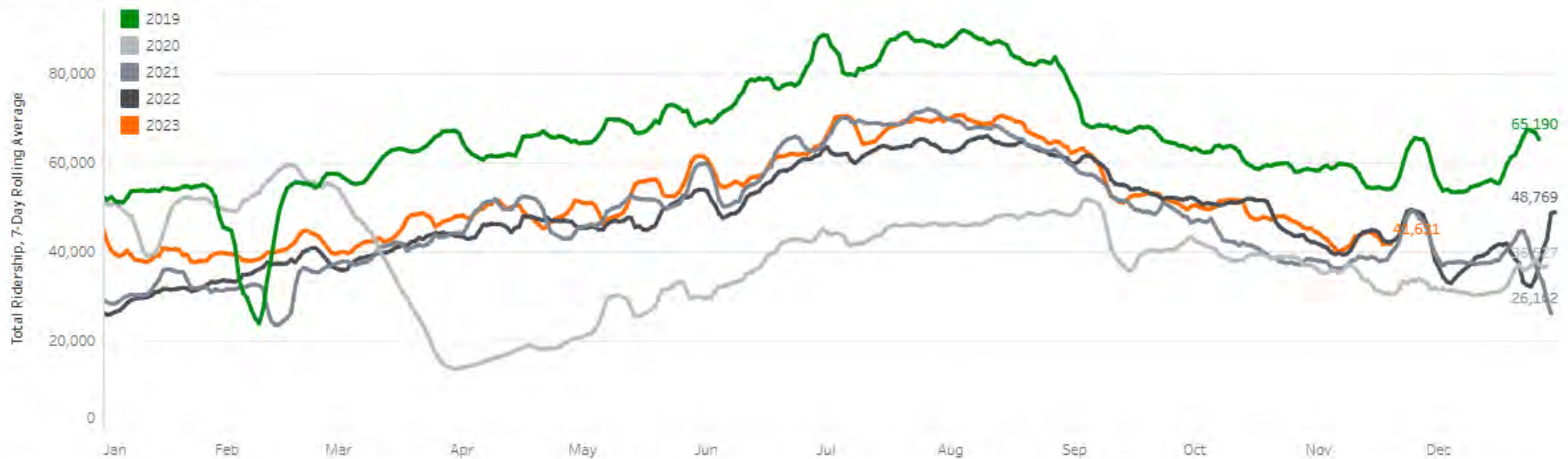
Agenda

- Current ridership
- November 2023 ridership and revenue forecasts

Current Ridership

- Current ridership from June through November 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 November of CY 2023:
 - Ridership is at 76% of 2019 levels, with passengers at 55% and vehicles/drivers at 84%
 - Ridership has increased by 4% as compared to 2022 levels, with passengers increasing by 10% and vehicles/drivers increasing by 2%

Total Ridership by Year | Route: All





^ Note: This graph compares preliminary ridership data for 2023 to the same weekday in 2019, 2020, 2021, and 2022 using the average of the last 7 days. Total ridership is estimated based on fares collected. Hover over the lines to see total riders, vehicles, and walk-on counts for each day.

Current year ridership is through November 28, 2023

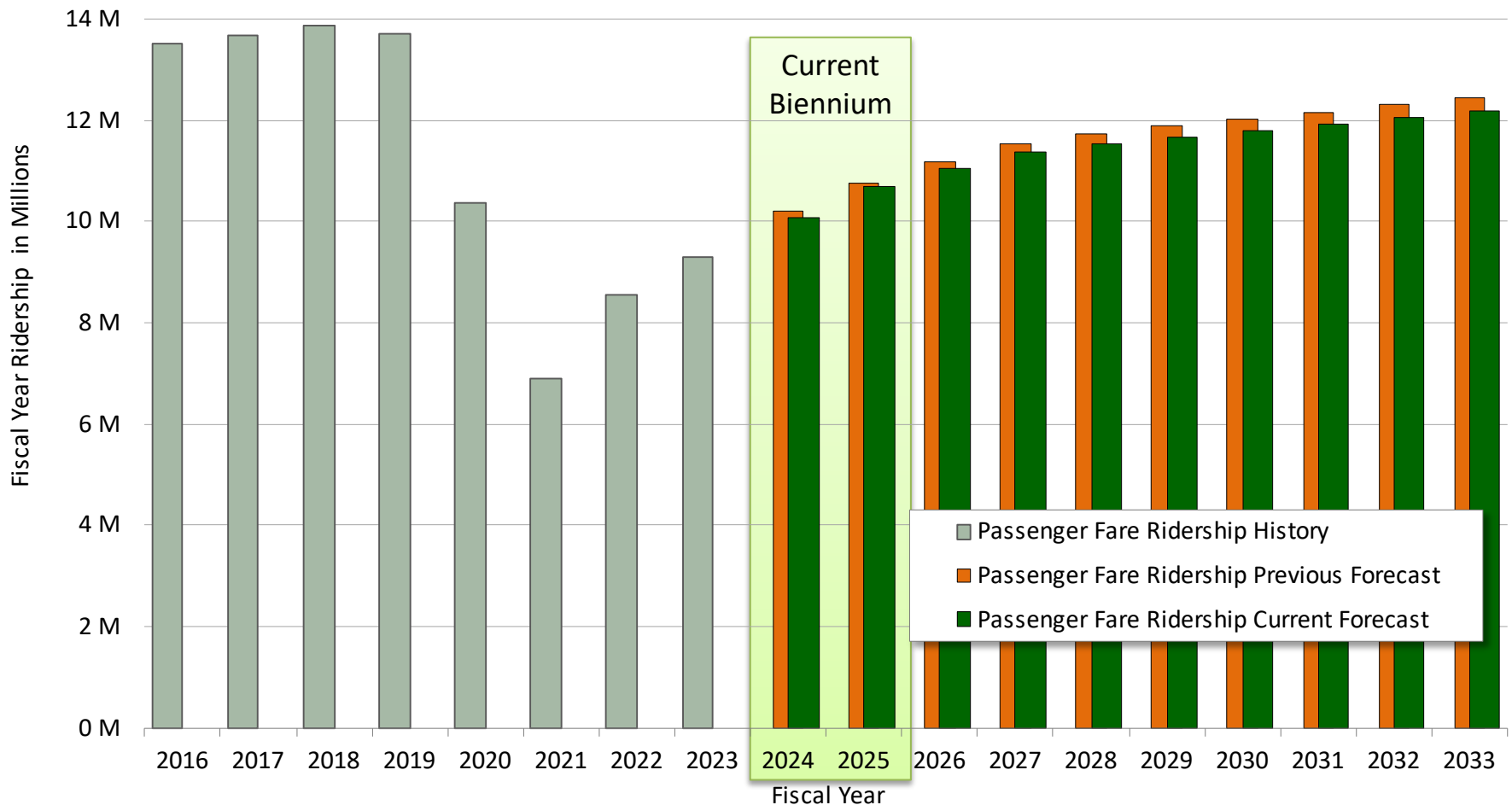
Key factors driving the November 2023 ferry ridership forecasts

- **While ridership continues to grow, recent performance fell short of forecast**
 - September and October ridership were collectively 6.3% below the prior forecast values, exacerbated by a weeklong construction closure to vehicles at the Bainbridge terminal.
 - FY-to-date ridership is at 79% of pre-pandemic levels, above FY 2023's 76% share, with growth almost entirely in passenger fares.
 - Below-normal service levels on some routes, combined with unplanned service disruptions due to staff attrition and vessel availability issues, remain contributing factors.
- **November Forecast projections for the economic variables overall contribute to lower ridership demand over forecast horizon**
 - The ridership forecast for the current biennium is 1.8% lower than in September.

Economic & Demographic Factors Impacting Latest Ridership Forecasts

 Higher Ridership Demand	 Lower Ridership Demand
Higher real personal income	Recent ridership performance
Lower real gas prices FY 2026+	Higher real gas prices thru FY 2025
Slightly higher employment	Lower inflation thru FY 2028 = higher real fares

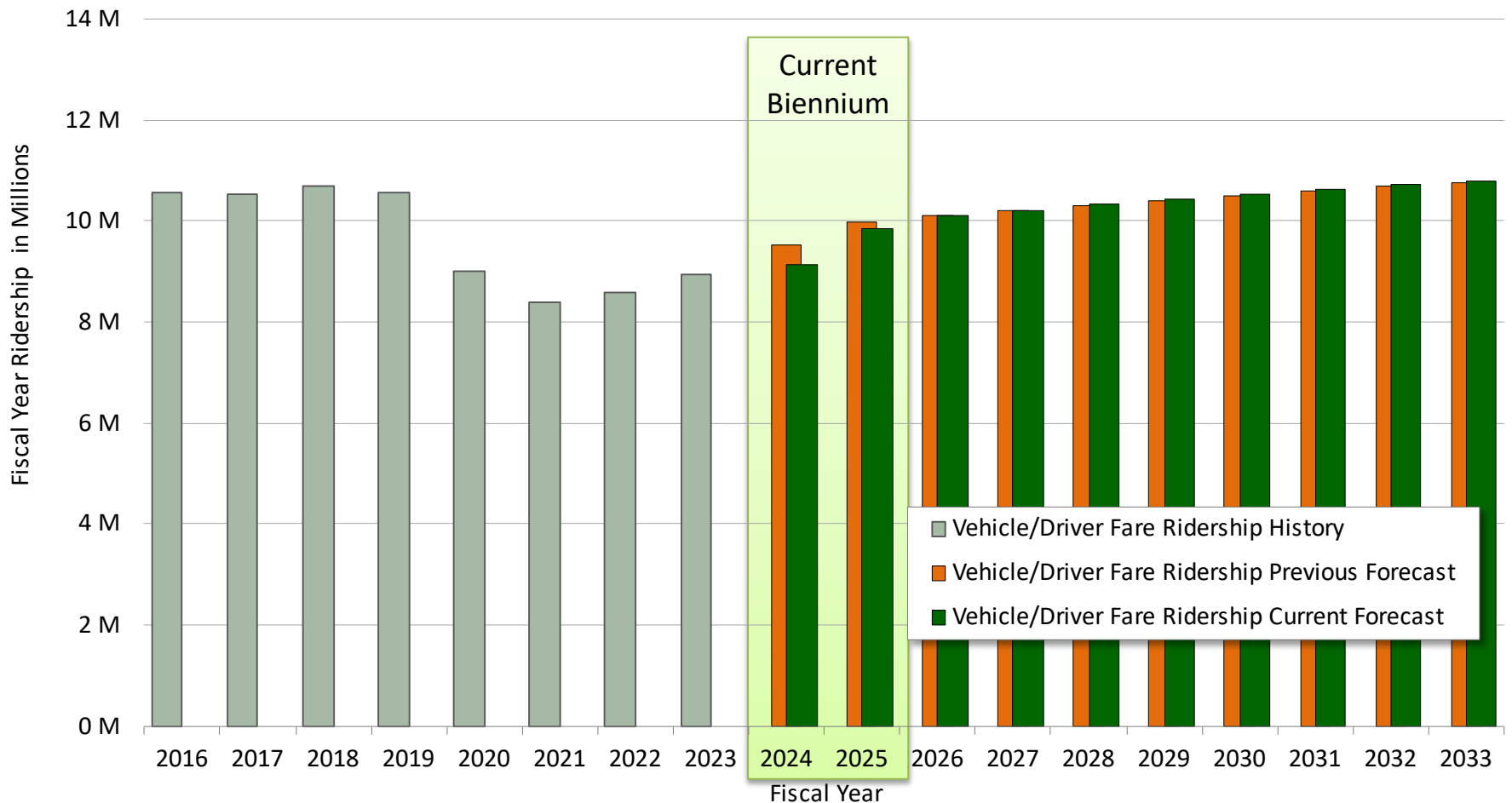
Ferry Passenger Ridership Forecast Comparison | November vs. September



November 2023 Baseline Forecast | passenger fare ridership changes:

- FY 2024 — Annual growth +8.5% ↓ 1.2% from September
- FY 2025 — Annual growth +6.0% ↓ 0.7% from September

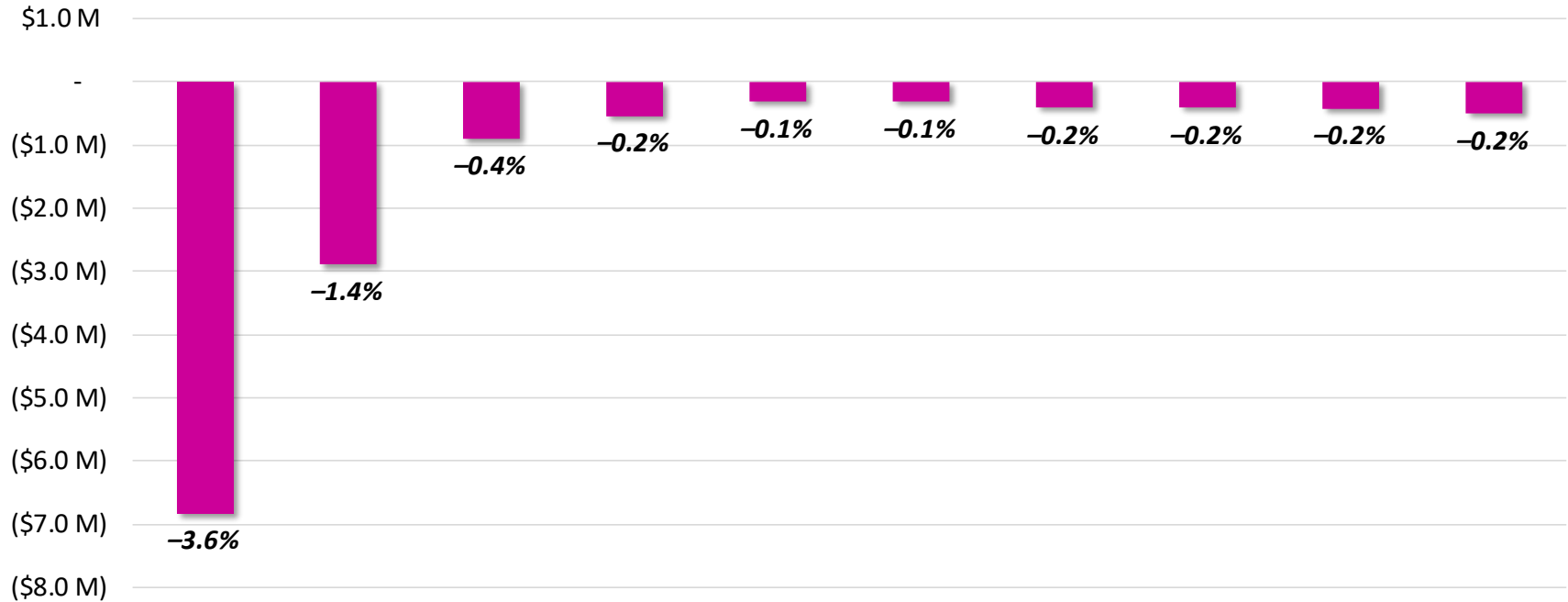
Ferry Vehicle/Driver Baseline Ridership Forecast Comparison | November vs. September



November 2023 Baseline Forecast | vehicle/driver fare ridership changes:



- FY 2024 — Annual growth +2.1% ↓ 4.2% from September
- FY 2025 — Annual growth +7.8% ↓ 1.4% from September

Change in Ferry Revenue Forecast Comparison | November vs. September




	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Forecast Change	(\$6.82 M)	(\$2.89 M)	(\$0.91 M)	(\$0.54 M)	(\$0.32 M)	(\$0.31 M)	(\$0.41 M)	(\$0.41 M)	(\$0.42 M)	(\$0.51 M)
Forecast % Change	-3.6%	-1.4%	-0.4%	-0.2%	-0.1%	-0.1%	-0.2%	-0.2%	-0.2%	-0.2%

November 2023 Baseline Forecast | changes in ferry farebox revenues:

- FY 2024 —  \$6.82 M (3.6%) from September
- FY 2025 —  \$2.89 M (1.4%) from September

Summary: November Forecast vs. Prior September Forecast

Ferry Farebox Revenue

- 2023-25 Biennium: \$386.86 M  \$9.71 M (2.4%) from September
- 2025-27 Biennium: \$430.26 M  \$1.44 M (0.3%) from September

Reasons for the Revisions

- Continued softer recent performance reflecting continued below-normal and uncertain service levels resulting from staff attrition and vessel availability issues
- Net negative impacts of economic factors in the near-term

Ferry Miscellaneous Revenue

- 2023-25 Biennium: \$8.69 M  \$1.50 M (14.7%) from June
- 2025-27 Biennium: \$10.91 M  \$1.14 M (9.5%) from June

Reasons for the Revisions

- Continued lower projections for galley revenues

Fare Revenues comparison

- The initial 2023-25 biennial budget provides \$725 million to WSF Operations:
 - \$418 million of this funding comes from Ferry Fare Revenue.
 - \$13 million of this funding was from the Capital Surcharge fees.
 - This is 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.



November Alternative Forecast vs. Fare Revenue Target

The November 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	November Alternative Forecast	Difference
Farebox Revenues	\$418,606,000	\$386,858,000	(\$31,748,000)

The November Alternative Forecast projects **\$386.9 million** in farebox revenues in the 2023-25 biennium.

This is **\$31.7 million less** the 2023-25 fare revenue target set by the Legislature and **\$23 million less** than the June 2023 revenue forecast.

The WSF and 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 November 2023 Revenue and Ridership Forecasts Update, please contact:

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