

February 2024 Revenue and Ridership Forecasts Update

Washington State Ferries

Todd Lamphere - Director of Finance and Administration - WSDOT Ferries Division
Washington State Transportation Commission Meeting
March 14, 2024

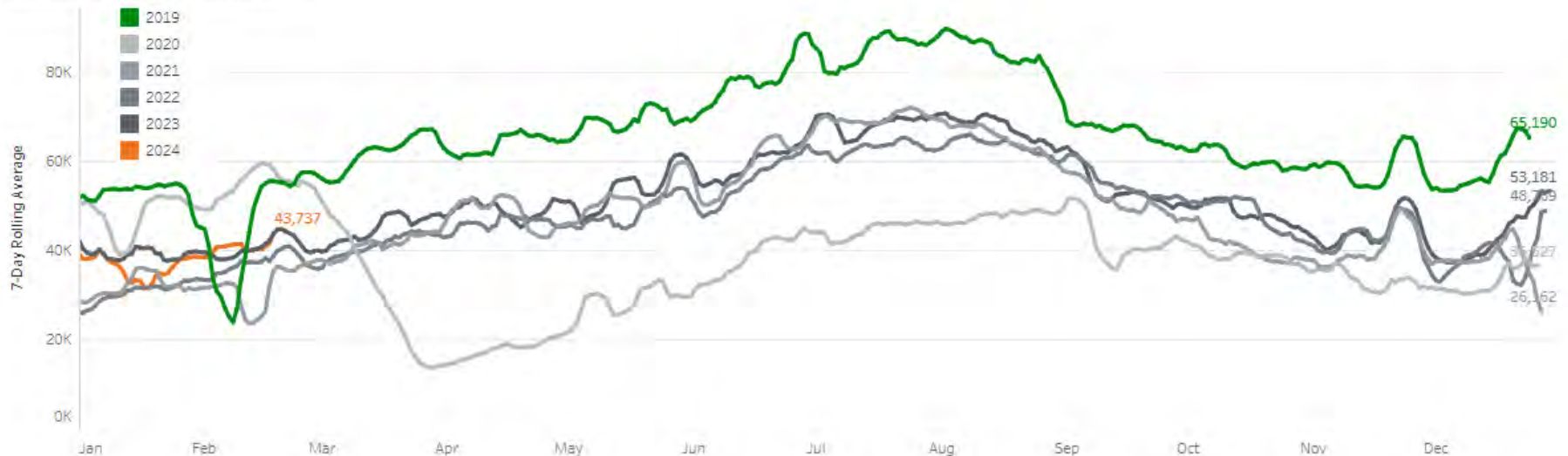
Agenda

- Current ridership
- February 2024 ridership and revenue forecasts

Current Ridership

- Current ridership from January 2024 through February 2024 continues to lag behind pre-pandemic levels
 - For CY 2023, ridership averaged 78% of 2019 levels, with passenger fare riders at 68% and vehicles/drivers at 85%
 - Through February of CY 2024:
 - Ridership is at 80% of 2019 levels, with passengers at 50% and vehicles/drivers at 91%
 - Ridership has decreased by 1% as compared to 2023 levels, with passengers increasing by 4% and vehicles/drivers decreasing by 3%

Total Ridership by Year | Route: All





^ Note: This graph compares preliminary ridership data for 2024 to the same weekday in 2019-2023 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 February 21, 2024

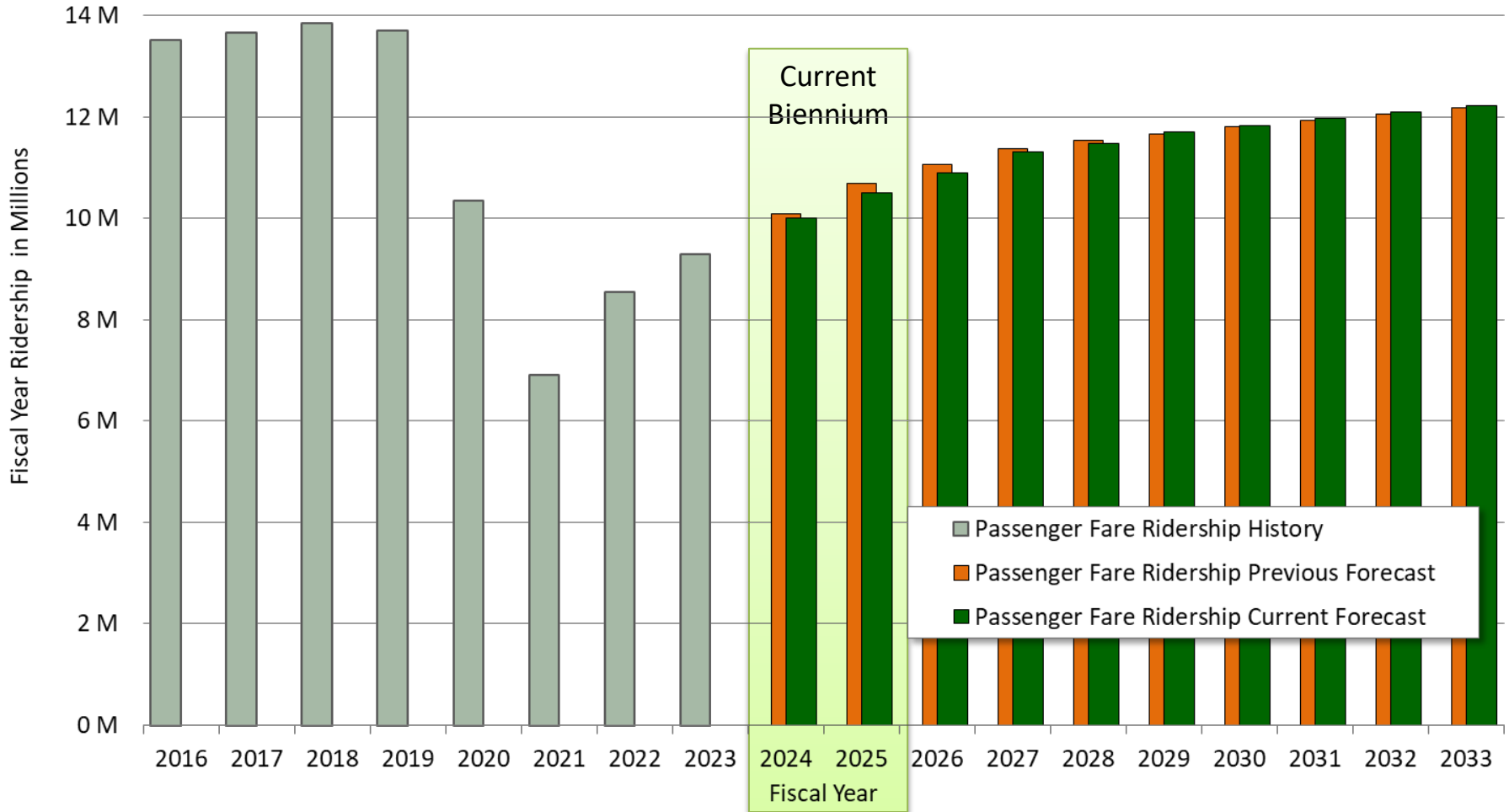
Key factors driving the February 2024 ferry ridership forecasts

- **While ridership continues to grow, recent performance fell short of forecast**
 - November and December ridership were collectively 1.7% below the prior forecast values
 - FY-to-date ridership is at 78% of pre-pandemic levels, above FY 2023's 76% share, with growth almost entirely in passenger fares
 - Continued below-normal service levels on some routes, combined with unplanned service disruptions due to staff attrition and vessel availability issues, are expected to contribute to lower ridership demand until delivery of new vessels begins in 2028
- **February Forecast projections for the economic variables overall contribute to lower ridership demand over forecast horizon**
 - The ridership forecast for FY 2024 is 1.1% lower than in November, and 2.2% lower for the 2023-25 biennium


Economic & Demographic Factors Impacting Latest Ridership Forecasts

 Higher Ridership Demand	 Lower Ridership Demand
Lower real gas prices	Recent ridership performance
Slightly higher real personal income	Lower inflation = higher real fares
Slightly higher employment	Revised service assumptions

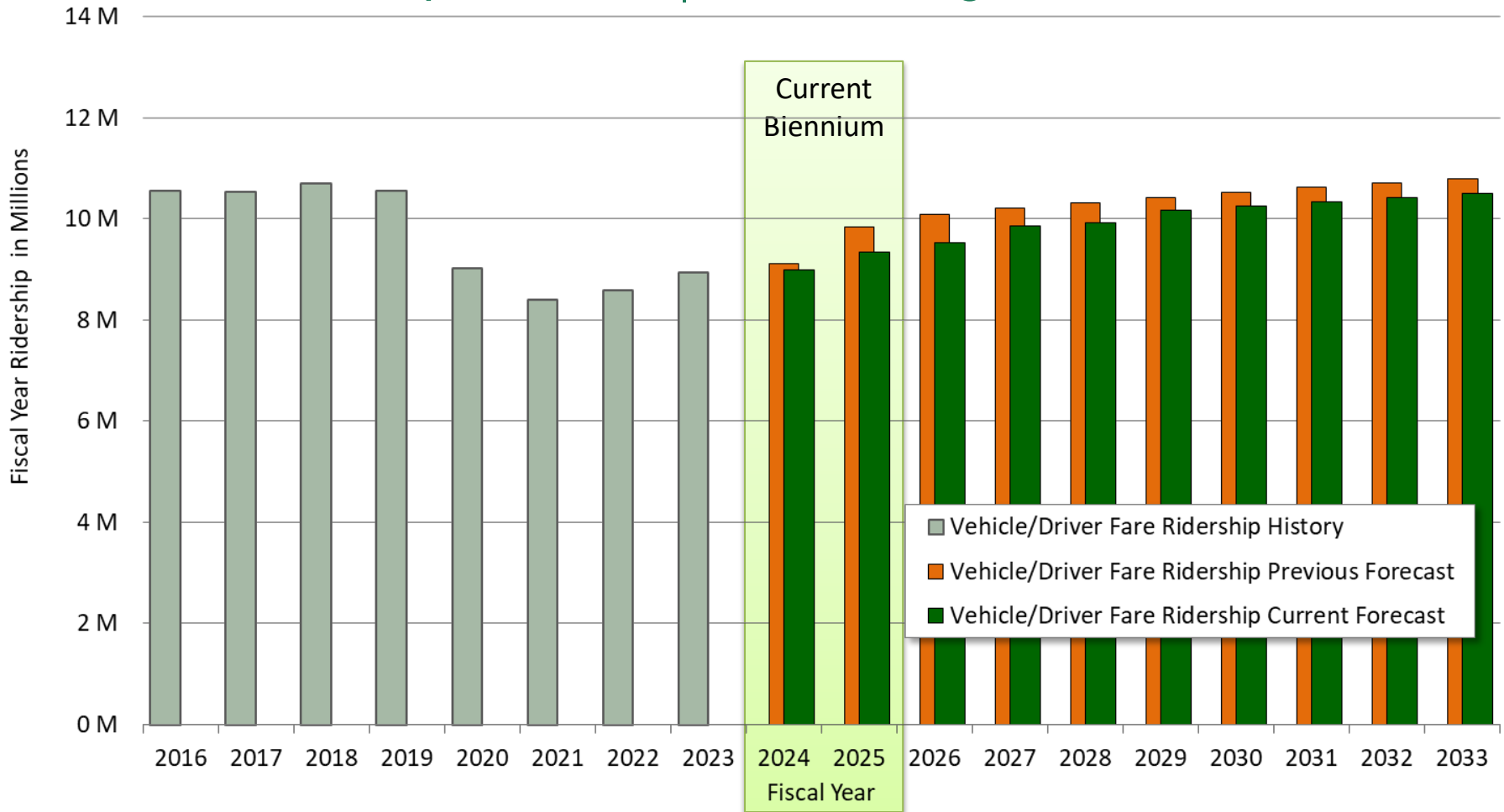
Ferry Passenger Ridership Forecast Comparison | February vs. November



February 2024 Baseline Forecast | passenger fare ridership changes:

- FY 2024 — Annual growth +7.6%  0.8% from November
- FY 2025 — Annual growth +5.0%  1.7% from November

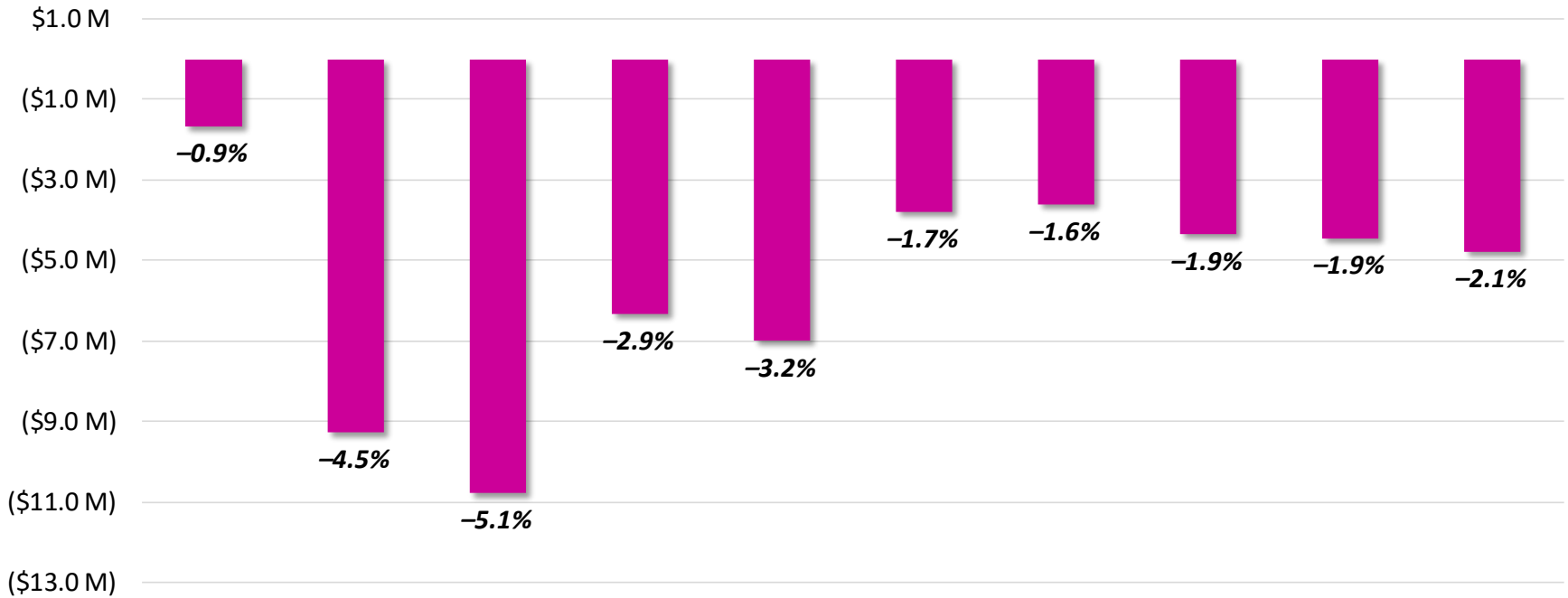
Ferry Vehicle/Driver Baseline Ridership Forecast Comparison | February vs. November



February 2024 Baseline Forecast | vehicle/driver fare ridership changes:



- FY 2024 — Annual growth +0.7% ↓ 1.3% from November
- FY 2025 — Annual growth +3.9% ↓ 5.0% from November

Change in Ferry Revenue Forecast Comparison | February vs. November



	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Forecast Change	(\$1.67 M)	(\$9.27 M)	(\$10.78 M)	(\$6.34 M)	(\$7.00 M)	(\$3.79 M)	(\$3.61 M)	(\$4.35 M)	(\$4.46 M)	(\$4.79 M)
Forecast % Change	-0.9%	-4.5%	-5.1%	-2.9%	-3.2%	-1.7%	-1.6%	-1.9%	-1.9%	-2.1%

February 2024 Baseline Forecast | changes in ferry farebox revenues:

- FY 2024 —  \$1.67 M (0.9%) from November
- FY 2025 —  \$9.27 M (4.5%) from November

Summary: February Forecast vs. Prior November Forecast

Ferry Farebox Revenue

- 2023-25 Biennium: \$375.92 M  \$10.93 M (2.8%) from November
- 2025-27 Biennium: \$413.14 M  \$17.12 M (4.0%) from November

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: \$8.01 M  \$0.68 M (7.8%) from November
- 2025-27 Biennium: \$9.91 M  \$1.01 M (4.1%) from November

Reasons for the Revisions

- Lower projections for advertising revenues which have been impacted by ferry system maintenance issues

Fare Revenues comparison

Initial 2023-25 Biennial Budget

- Provided **\$740 million** to WSF Operations
 - \$418 million of this funding was assumed to come from Ferry Fare Revenue
 - \$13 million of the \$418 million is for the Capital/Vessel Surcharge
- This represents a 56% farebox recovery rate

2024 Supplemental Budget

- Provides **\$770 million** to WSF Operations
 - \$372 million of this funding is assumed to come from Ferry Revenue (farebox and non-farebox)
 - \$12 million of the \$372 million is for the Capital/Vessel Surcharge
- This represents a 48% farebox recovery rate

February Forecast vs. Fare Revenue Target

The 2024 Supplemental Budget assumes **\$371.6 million** to come from Ferry Revenue (farebox and non-farebox) for the 2023-25 Biennium.

The February Forecast projects **\$375.9 million** in Ferry revenues (farebox and non-farebox) in the 2023-25 biennium.

This is **\$4.4 million** above the farebox revenue target.

	2024 Supplemental Fare Revenue Target ¹	February 2024 Forecast ¹	Difference
2023-25 Biennium Farebox Revenues	\$371,574,000	\$375,924,000	\$4,350,000

1 - Amount includes farebox revenue, non-farebox revenue, and capital surcharges

Questions?

For additional information regarding the November 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