

The Ferry System Funding Problem

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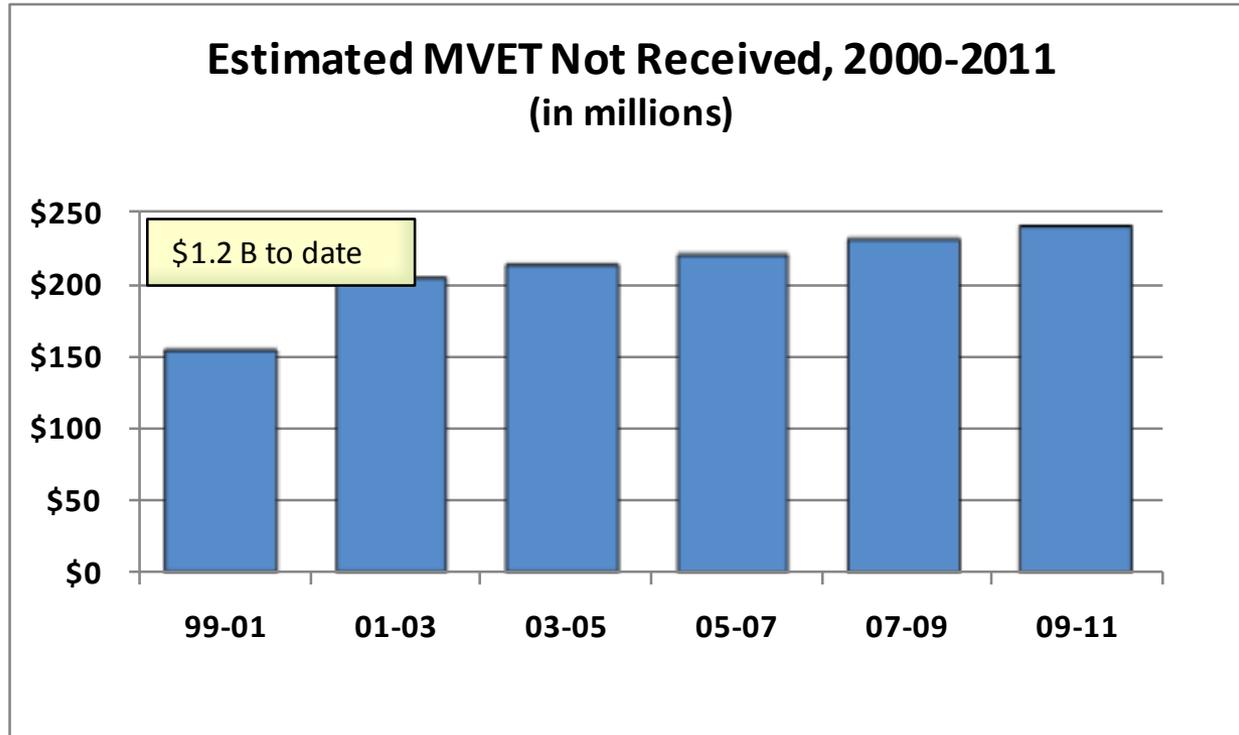
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Overview

- MVET loss
- Response to revenue loss
- Future funding picture

Ferries has lost \$1.2 billion of MVET revenue since 2000



What have we done?

▪ Reduced Service:

2000

- San Juans - 8 hours on weekdays on Super, summer schedule
- Port Townsend – 8 hours daily on #2 vessel, summer schedule
- Edmonds/Kingston – weekday late night (1:00 am) sailing
- Seattle/Bainbridge – 3rd vessel, summer schedule
- Seattle/Bremerton Auto – extra Friday and Saturday late night sailings with #2 vessel
- Seattle/Bremerton Passenger-Only – weekend service
- Seattle/Vashon Passenger-Only – weekend service
- Point Defiance/Tahlequah – mid day and late evening service (partially restored with advent of 10 hour shifts in 2009)

2003

- Sidney B.C. winter service (12 weeks/year)
- San Juan interisland vessel during winter weekends
- San Juan to Anacortes – 8 hours Monday – Thursday, winter schedule
- Fautleroy/Vashon/Southworth – 3rd vessel, winter weekends
- Seattle/Bremerton passenger-only – elimination of all remaining service

2005

- Seattle/Vashon passenger-only – reduction to part time peak only service

2009

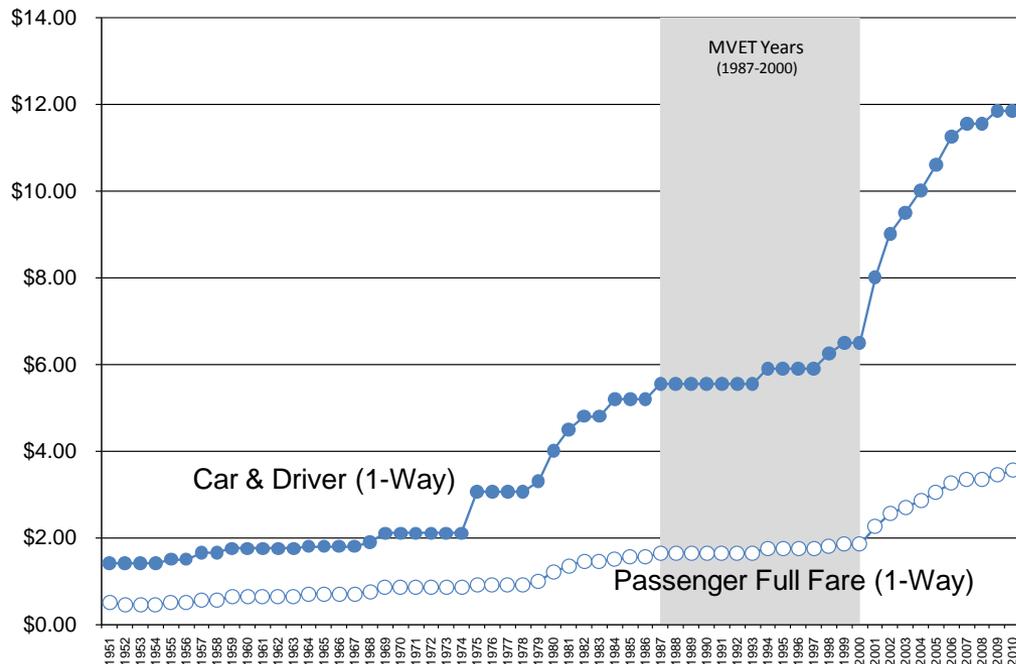
- Seattle/Vashon passenger-only – transfer to King County

What have we done?

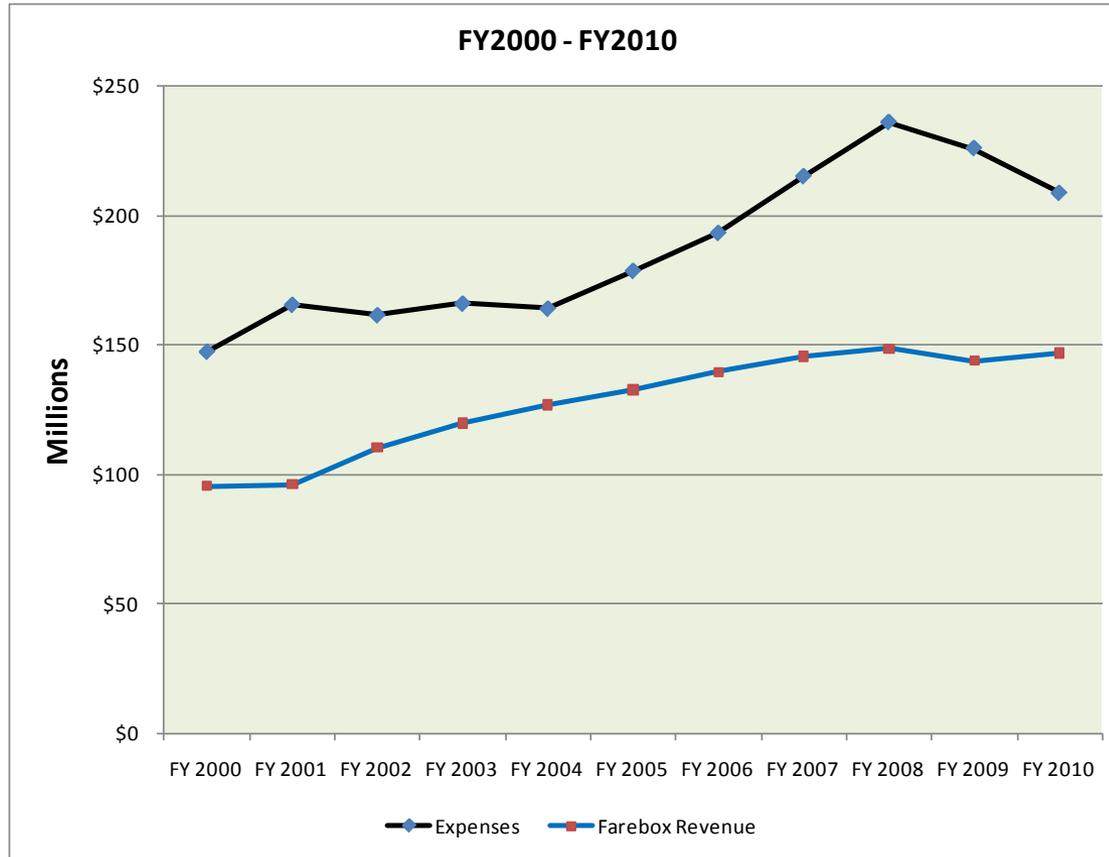
- Raised fares:

2001	20.0%
2002	12.5%
2003	5.0%
2004	5.0%
2005	6.0%
2006	6.0%
2007	2.5%
2008	0.0%
2009	2.5%
2010	0.0%

Historic WSF One-way Central Sound Fares



Operating Expense and Farebox Revenue



- Farebox recovery has averaged 68.4% of operating expenses since 2000, fluctuating between 58.3% in 2001 to a high of 77.3% in 2004. In FY10 farebox recovery was 70.5%.

Farebox recovery differs by route

Route	Farebox Recovery
Anacortes/ San Juans	44.0%
Anacortes/ Sidney	54.8%
Port Townsend/ Coupeville	45.6%
Fauntleroy/Vashon- Southworth	53.9%
Seattle-Bremerton	48.0%
Seattle-Bainbridge	104.8%
Edmonds-Kingston	115.5%
Mukilteo-Clinton	90.3%
Pt. Defiance-Tahlequah	38.4%
System as a whole	70.5%

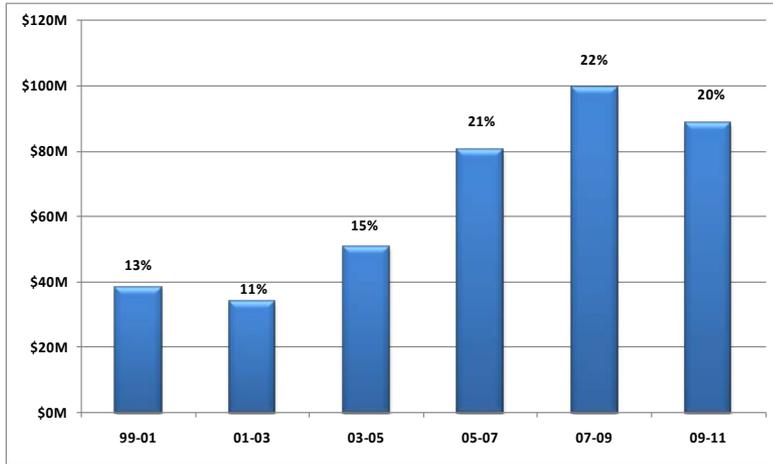
What have we done?

- Cut Capital and Non-Service Operating Expenses
 - Major terminal projects cut or reduced
 - Additional non-service reductions of \$28 million per year
 - Terminal preservation reductions
 - Reduced staff
 - Reduced use of consultants
 - Other cuts in administrative and non-service areas
- However, there have been unavoidable increases in other areas:
 - Fuel & lube oil
 - Labor
 - Shipbuilding inflation

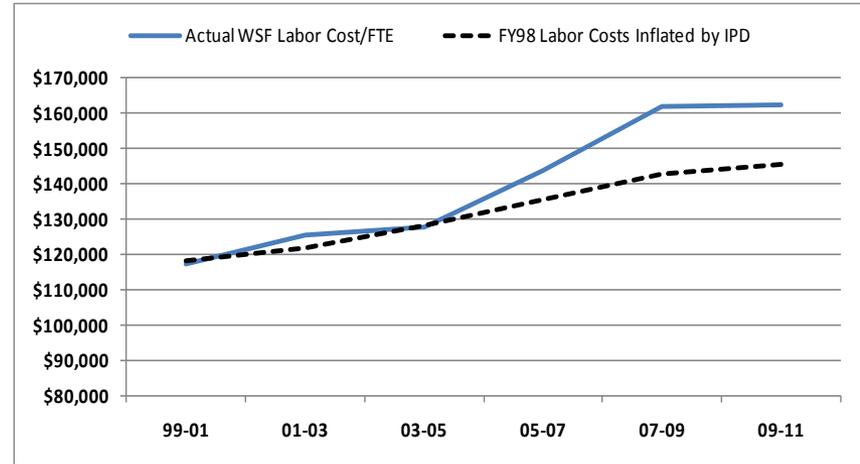
Cost Increases

- Labor costs, fuel, and shipbuilding costs have all outpaced inflation

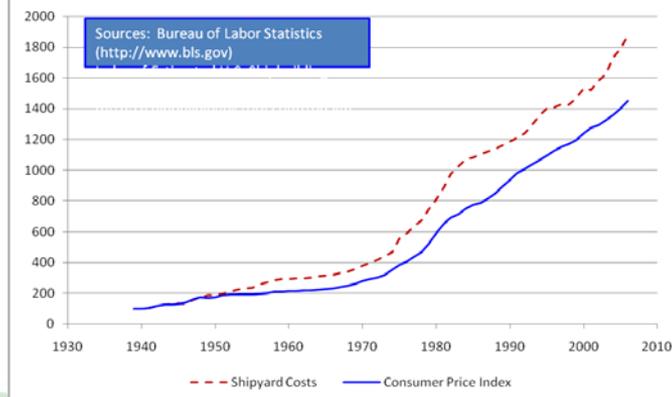
Fuel as % of Operating Budget



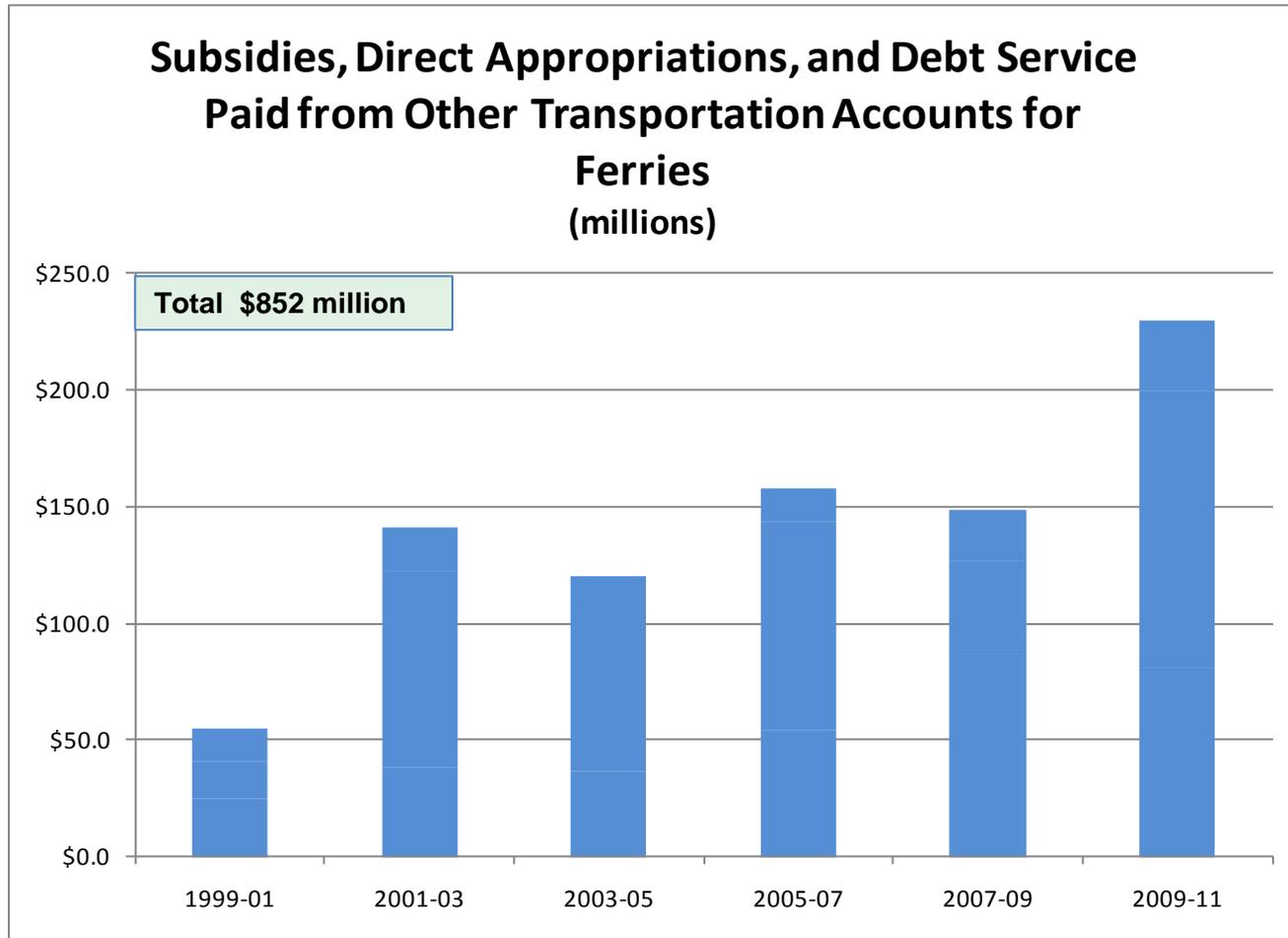
Labor Costs per FTE compared to Inflation



Shipbuilding Cost to Consumer Price Index Comparison



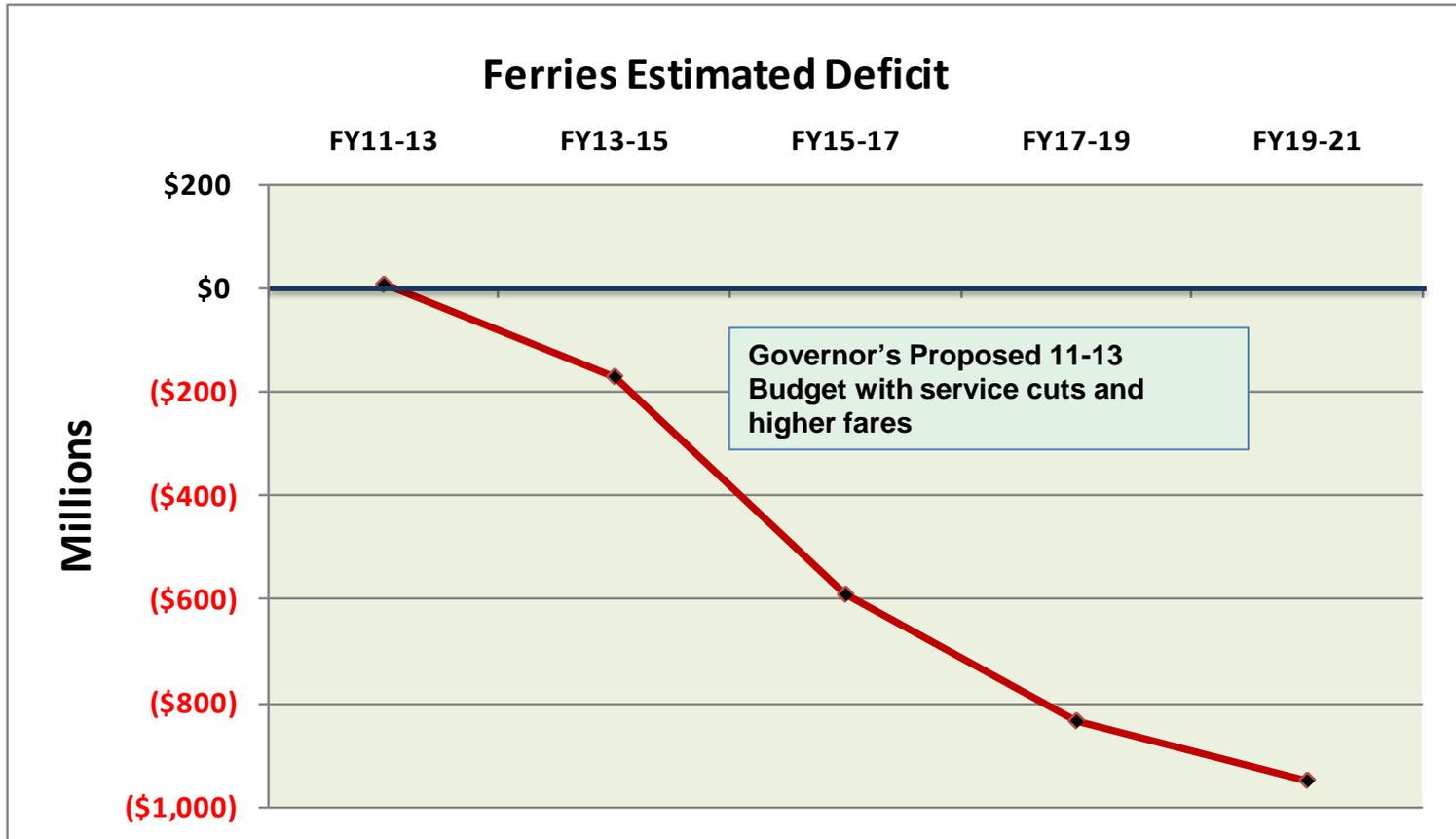
Transfers and other support for Ferries



	09-11	11-13	13-15	15-17	17-19	19-21	21-23
Account Balance Summary (in thousands)	Projected						
Ending Balances - 2011-13 Governor's Proposed Budget (November 2010 Forecast)							
108 Motor Vehicle Account							
Beginning	94,758	16,094	657	(6,623)	(90,011)	(167,608)	(273,653)
Ending	16,094	657	(6,623)	(90,011)	(167,608)	(273,653)	(443,969)
550 Nickel Account							
Beginning	49,528	27,369	6,765	17,121	6,690	(13,704)	(18,782)
Ending	27,369	6,765	17,121	6,690	(13,704)	(18,782)	(23,817)
09H Transportation Partnership Account							
Beginning	85,015	182,476	4,866	12,563	19,925	(16,746)	(107,908)
Ending	182,476	4,866	12,563	19,925	(16,746)	(107,908)	(233,889)
218 Multimodal Account							
Beginning	30,556	22,244	966	(46,079)	(122,358)	(63,183)	(54,706)
Ending	22,244	966	(46,079)	(122,358)	(63,183)	(54,706)	(57,850)
215 Special Cat. C Account							
Beginning	2,184	644	107	784	101	620	845
Ending	644	107	784	101	620	845	254
099 PS Capital Construction Account							
Beginning	19,709	5,817	5,360	(135,846)	(532,646)	(767,853)	(889,100)
Ending	5,817	5,360	(135,846)	(532,646)	(767,853)	(889,100)	(935,685)
109 PS Ferry Operations Account							
Beginning	2,616	2,593	2,226	(34,226)	(56,866)	(65,457)	(59,060)
Ending	2,593	2,226	(34,226)	(56,866)	(65,457)	(59,060)	(37,218)
16J State Route Number 520 Corridor Account							
Beginning	0	1,032	332	119	551	15,827	45,033
Ending	1,032	332	119	551	15,827	45,033	47,707
081 State Patrol Account							
Beginning	8,859	2	3,196	(36,419)	(85,087)	(128,060)	(184,833)
Ending	2	3,196	(36,419)	(85,087)	(128,060)	(184,833)	(216,294)
106 Hwy Safety - DOL Account							
Beginning	3,274	1,963	6,216	5,082	7,744	9,665	12,622
Ending	1,963	6,216	5,082	7,744	9,665	12,622	14,791

What is the size of the future Ferries problem?

Range is from \$900 million to more than \$1 billion



What is the picture for the rest of WSDOT?

- Revenue forecasts have been reduced
 - More fuel efficient and alternative powered vehicles along with a weaker economic recovery from the recession reduce fuel taxes
 - Since March 2007, projected fuel tax revenues have fallen by \$4.9 billion over a 16-year period

Gross fuel tax history with forecast comparison: Mar. 2007 vs. Nov. 2010

Dollars in billions

