

Ferries Fact Sheet

Washington State Ferries (WSF) operates a fleet of 21 vessels serving 9 routes and 20 destinations. Ferries carry goods, tourists, and people traveling to their jobs. Ferries are the single largest tourist attraction in Washington State.



Ferry Rider Facts

- WSF carried more passengers in 2009 than Sound Transit.
- A 2008 survey found that 90% of Western Washington residents ride ferries.
- Counties served by WSF make up approximately 60% of the state population.
- 48% of Puget Sound residents have taken a ferry as a part of a recreational trip.
- Ferries connect six US Navy bases in Puget Sound, and are part of the critical infrastructure of our state. (See Map)

Ferry Funding

- Over 70% of WSF operating costs come from fares. Comparable ferry systems recover an average of 48.8%.
- WSF needs to fill an operating budget gap of \$30 million per year, while the WSDOT annual budget is over \$2 billion per year.
- For every 5% increase in fares, ridership declines by 2%.
- A fare increase of \$0.34 per rider (5%) raises \$4.4 million in revenue and creates an overall economic loss of \$3.2 million due to reduced ridership.

The WSF Fleet

- The average age of the WSF fleet is 35.6 years.
- WSF has built only one boat in the past 11 years, while the fleet has collectively aged by 231 years in that time.
- WSF will need to build 15 boats in the next 30 years to retire existing vessels when they reach 60 years old.

Agency	Passengers in 2009
King County Metro	111.7 million
SeaTac Airport	31.3 million
Washington State Ferries	22.5 million
Sound Transit	18.7 million

Impacts on Tourism

- Washington State Ferries are the single largest tourist attraction in Washington State.
- Tourists visiting Washington spent an estimated **\$15.2 billion** in the state in 2010.
- Tourism spending in Washington generated approximately **\$992 million in direct local and state tax revenues** in 2010.
- The **San Juan Islands were listed #2** on the New York Times “Places to Go” list for 2011.

Legislative Message

Ferry Cuts = Reduced General Fund Revenues

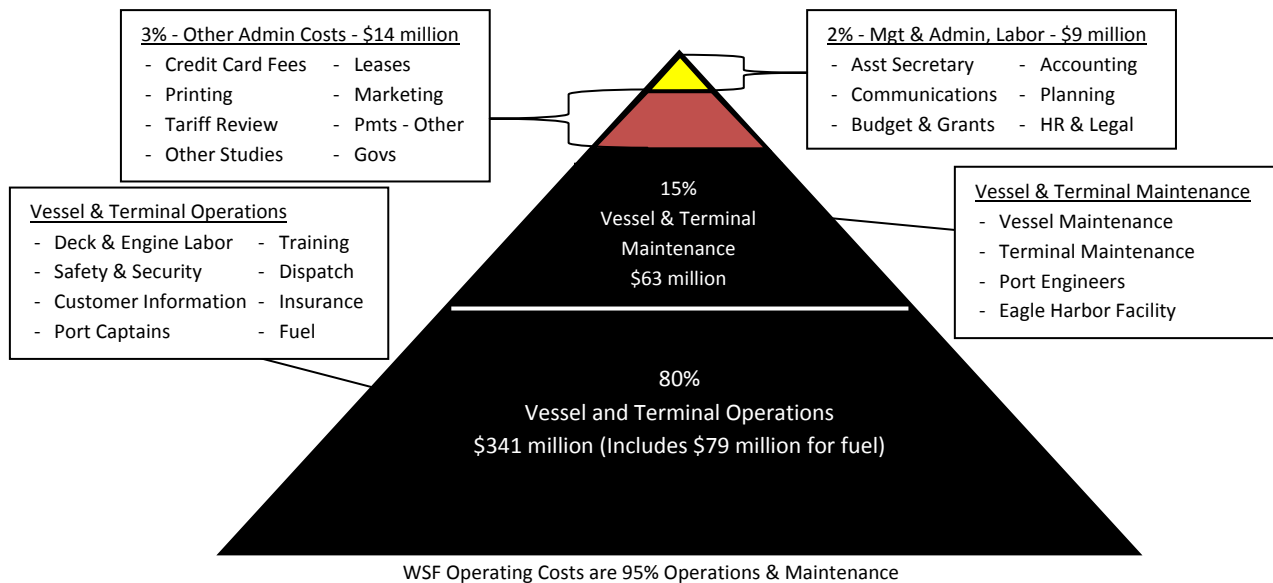
- Reduced property values = **Reduced Property Tax Revenues**
- Reduced tourism and commerce = **Reduced Sales Tax Revenues**
- Harm to small businesses = **Reduced B&O Tax Revenues**
- Reduced employment = **Reduced Sales and B&O Tax Revenues**

In other words.... **Ferry Cuts Don't Make Sense (to your pocketbook). They make the current budget problems worse.**

Because the WSF Fleet is aging, delaying new ferry construction is effectively a cut in service.

WSF Budget Choices

(Operating Costs)



- Cut Service → Service cuts will reduce general fund revenues from Property Taxes, Sales Taxes, and the Business & Operations tax. Service cuts make the problem worse.
- Increase Fares → Resulting revenue loss is economically inefficient, inequitable to communities served by Marine Highways, and reduces commerce.
- Cut Operating Costs → WSF has already cut \$28 million in operating costs. Less than 5% of the WSF budget is allocated to administrative costs. However, some additional options for cost savings are included on the next page.
- Additional Revenue → Consider HB 1352, which would end the Sales Tax Exemption for Oregon residents in non-border counties and allocate some revenues to ferries.
Consider a tax of \$2-3 per tire sold in Washington, which would raise an estimated \$12-18 million and would be proportional to highway use.

Options for Additional Cost Savings

Additional WSF costs can be eliminated with the help of the Washington State Legislature and the labor unions representing ferry workers:

Opportunity	Annual Savings	Legislative Action Required	Union Contract Impact
Reduce Employee Travel Costs	\$1 million		✓
Exempt Ferries from Diesel Sales Tax	\$6 million	✓	
Align Ferry Worker Benefits with Other State Employees	\$6 million	✓	✓
Extend State Employees 3% cut to Ferry Workers	\$3 million	✓	✓
Eliminate Ferry Biodiesel Program	\$0.3 million	✓	
Reduce Crewing to Coast Guard Minimum Requirements	\$6 million	✓	✓
Additional Headquarters Cuts (10%)	\$3 million	✓	✓
Total Savings	\$25.3 million		

2010 Ferries Budget Detail

Washington State Ferries has an operating funding gap of approximately \$30 million annually. Historically, this revenue has been made up through special transfers from the WSDOT gas tax fund, but gas tax revenues are now fully utilized for debt service on DOT highway projects.

Operating Revenue (Fares, concessions, advertising)	\$150,505,000
Total Expenses	(\$208,584,000)
Net Operating Loss	(\$58,079,000)
Dedicated State Funding – Licenses & Fees	\$15,000,000
Dedicated State Funding – Other	\$15,000,000
Operating Funding Gap	(\$28,079,000)

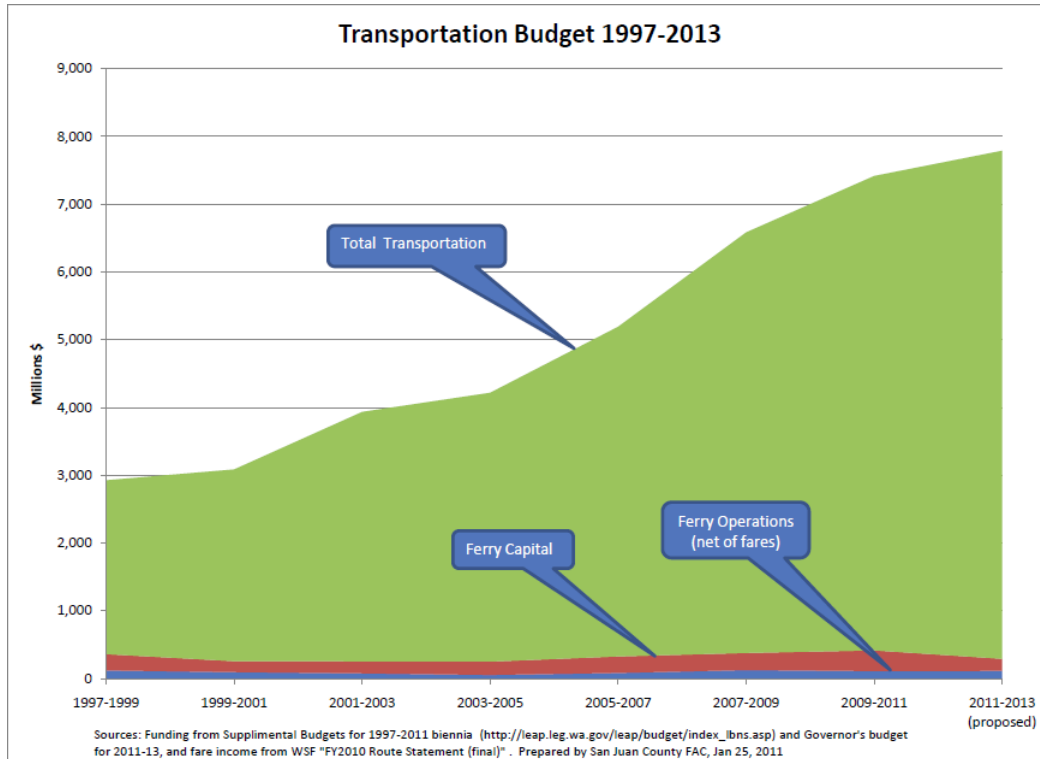
Comparison to Other WSDOT Projects

The 10-year capital program for Washington State Ferries represents approximately 3.2% of the total budget for WSDOT's three largest projects in the state.

Project	Total Cost	Cost Per Mile
Seattle Viaduct Replacement (Tunnel)	\$4.00 billion	\$470 million
SR520 Floating Bridge	\$4.65 billion	\$680 million
I-5 Columbia River Crossing	\$3.60 billion	\$3.60 billion
Washington State Ferries 10-year Capital Plan	\$0.39 billion	\$220 million

Historical Ferry Funding

Ferry funding represents less than 2% of a transportation budget that is nearly \$8 billion per biennium, and has more than doubled since 1997.



Ridership Details

Route	Total Riders in 2010	% of WSF Ridership	Farebox Recovery Rate %
Seattle - Bainbridge	5,977,135	26.62%	104.80%
Edmonds - Kingston	4,073,517	18.14%	115.50%
Mukilteo - Clinton	3,883,399	17.30%	90.30%
Fauntleroy - Vashon - Southworth	2,939,376	13.09%	53.90%
Seattle - Bremerton	2,516,029	11.21%	48.00%
Anacortes - San Juans	1,725,430	7.69%	44.00%
Pt. Defiance - Tahlequah	649,422	2.89%	38.40%
Pt Townsend - Keystone	563,804	2.51%	45.60%
Anacortes - Sydney	105,472	0.47%	54.80%
Total	22,451,404		70.50%

Farebox Recovery = Fare Revenues / Route Operating Costs