

Washington State Ferries' Budget



An Overview

JTC Ferries Policy Workgroup
July 8, 2008

Organization

Washington State Ferries' (WSF) budget is divided into Operating and Capital.

Operating

2007-09 = \$429 M, 1,629 FTEs

- Operating and maintaining vessels and terminals.
- About 80% fuel and labor.

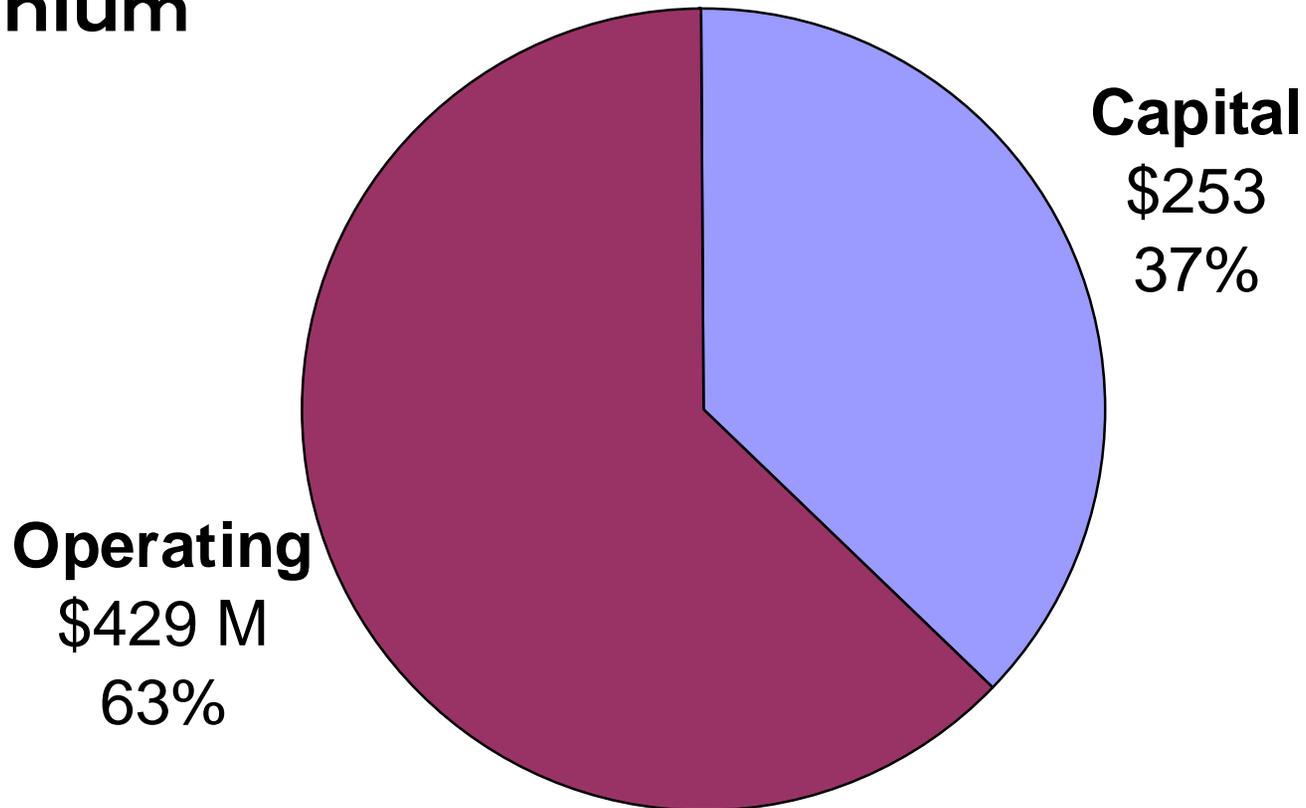
Capital

2007-09 = \$253 M, 193 FTEs

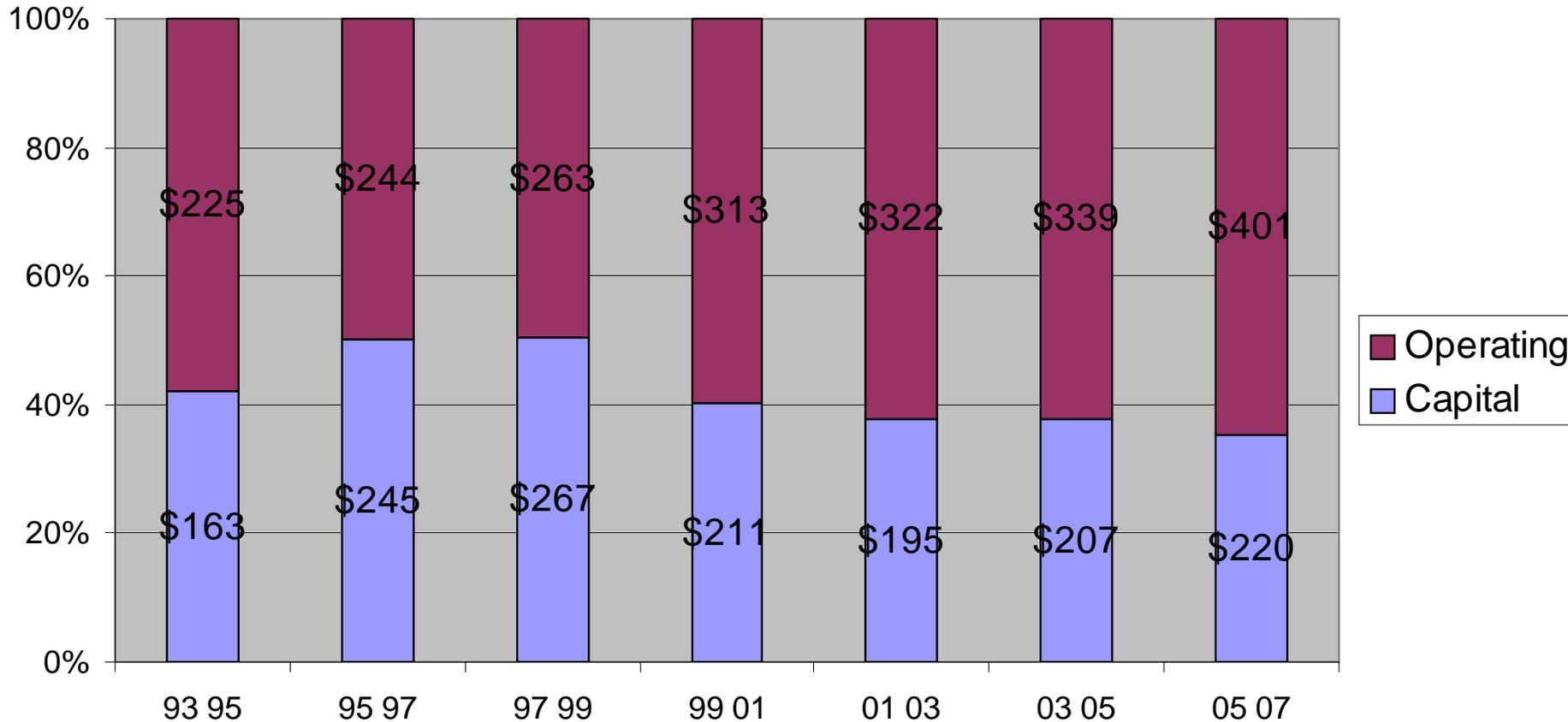
- Preserving and improving vessels and terminals.
- Amount varies by biennium according to what's being built.

Organization

**2007-09
Biennium**



Historical Budgets



Recent Legislative Actions

- Ferries Finance Study and associated work by WSDOT Ferries.
- Transportation Commission's long-term funding study.
- Terminal improvement projects put on hold pending results of finance study/new capital plan.
- Hiring cap in headquarters pending new capital plan.
- Cut \$9.8M a biennium in savings for vacancies and reduced consultant use.
- \$106 M removed from 16-year financial plan to reflect WSF's update of life cycle cost model.
- Funding for 3 vessels up to 100-car capacity (DOT plan is 2 for vessels for Port Townsend-Keystone) and up to 3 144-car vessels.

Financial Plan

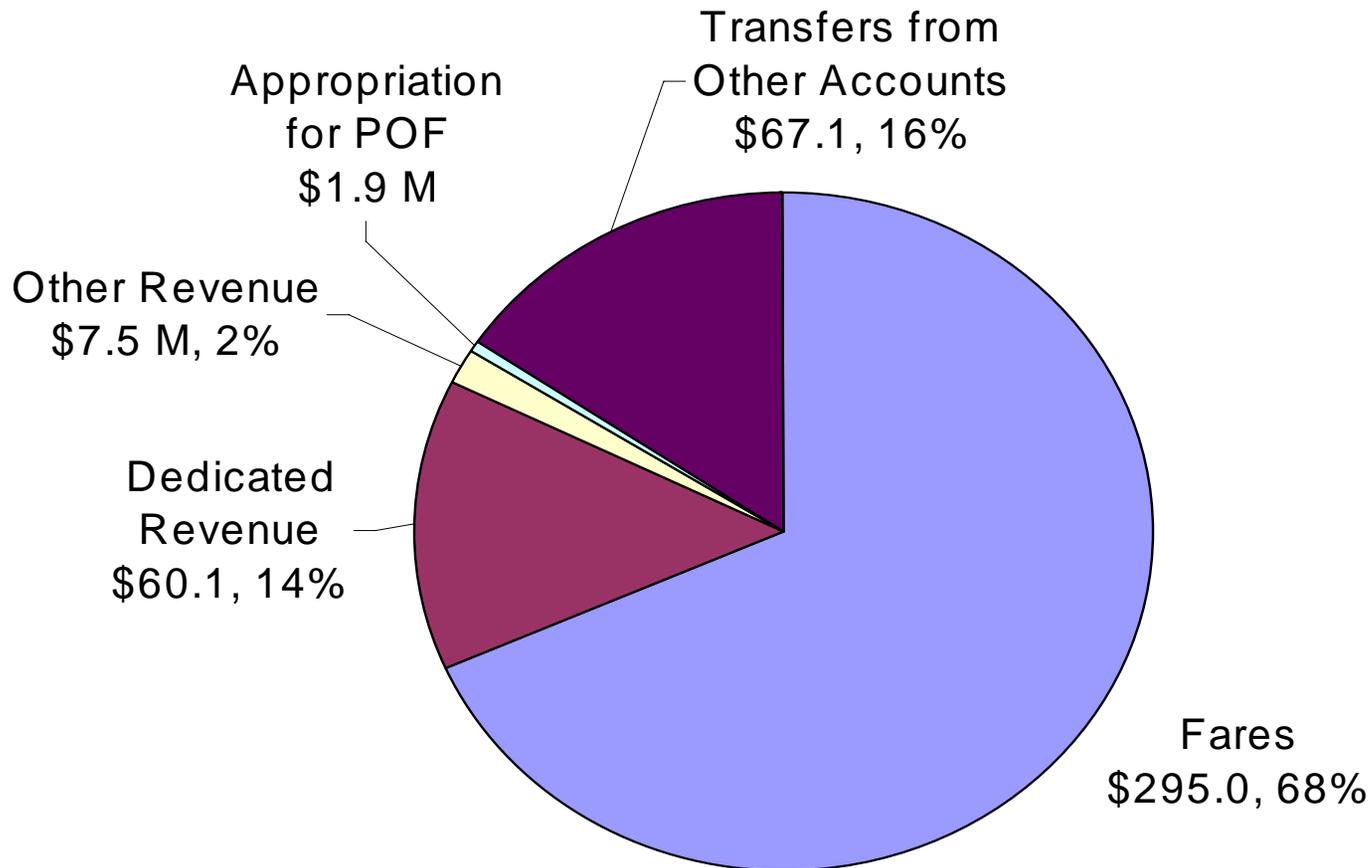
- Transportation budget appropriates for 2-year budget period.
- Legislative staff create corresponding 16-year financial plan—one for operating and one for capital.
 - Expenditures
 - Funding sources

How is WSF Funded?

- WSF generally receives funds through two accounts:
 - **Operating** - Puget Sound Ferries Operations Account (also funds the Marine Employees Commission and functions in DOT that support WSF division)
 - **Capital** – Puget Sound Capital Construction Account
- WSF Capital also receives funds through revenue packages (TPA and Nickel)
- Accounts receive dedicated (statutory) funds and funds from other sources.

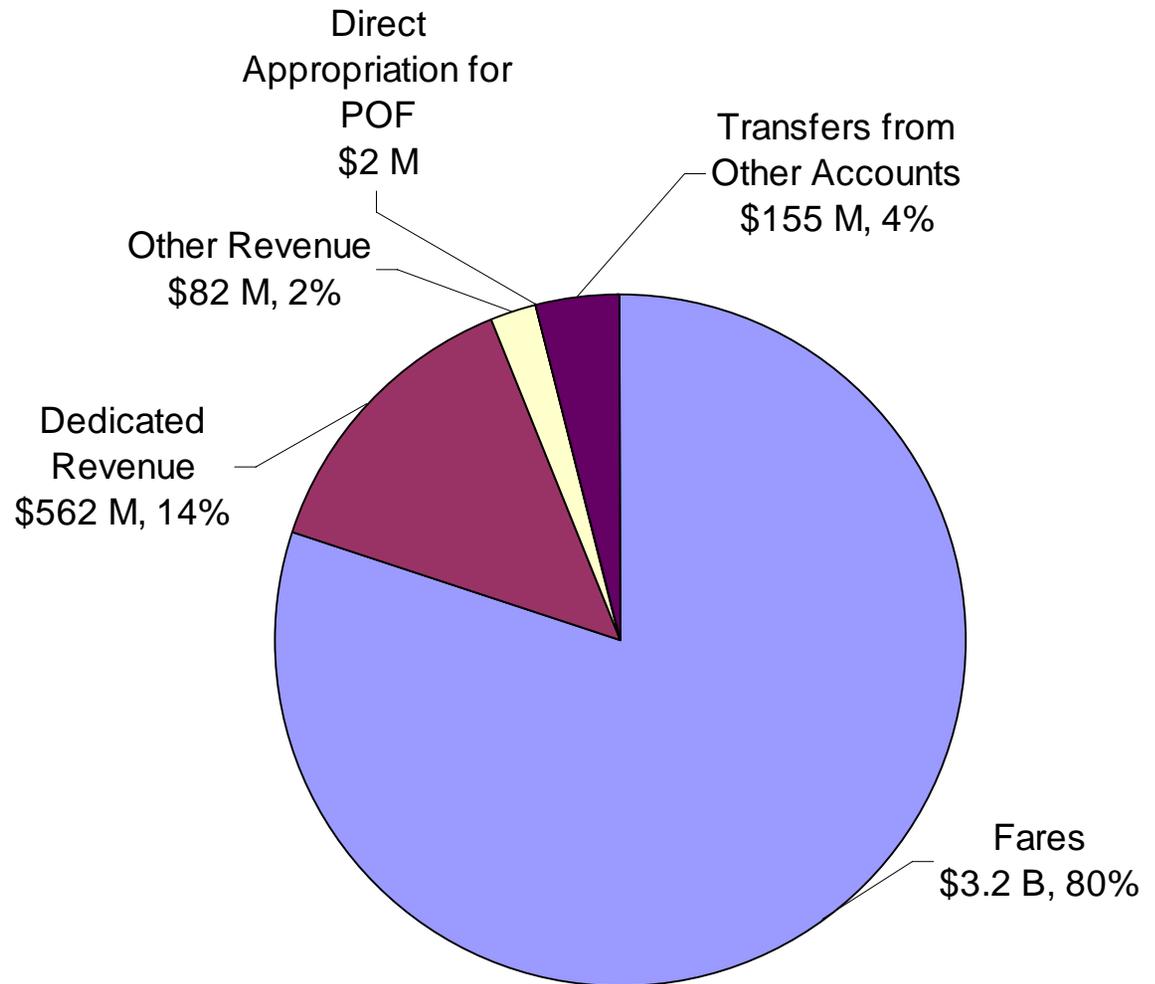
Funding

Operating 2007-09



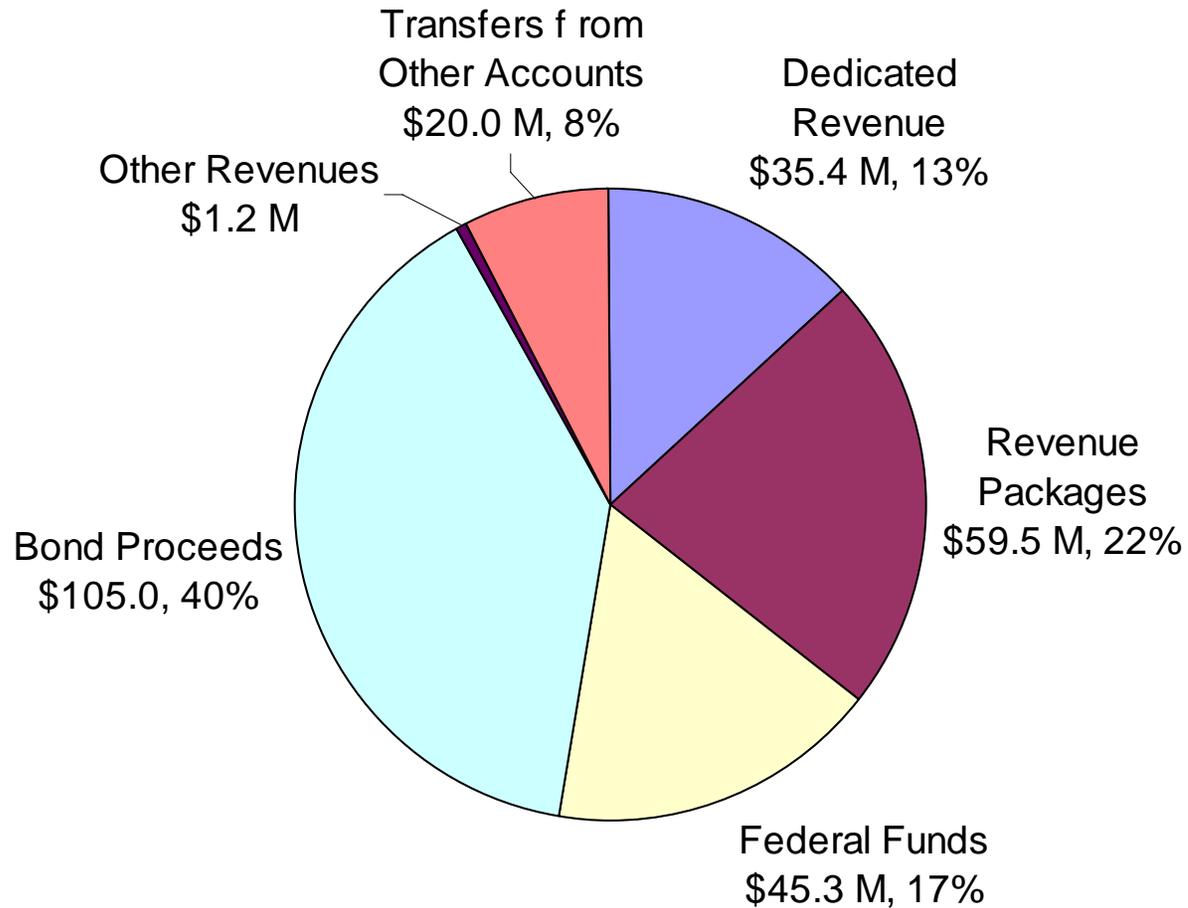
Funding

Operating 16 year financial plan— *estimate*



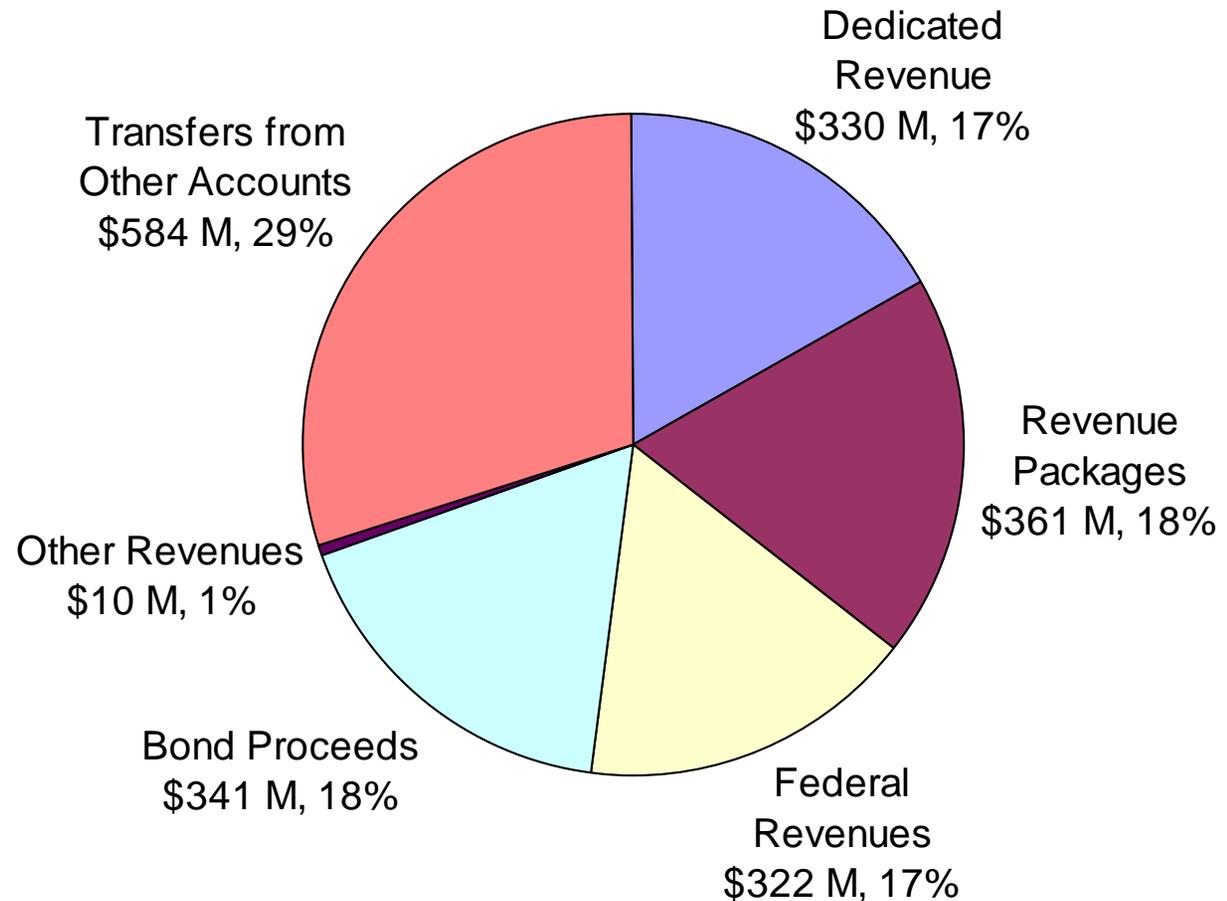
Funding

Capital 2007-09



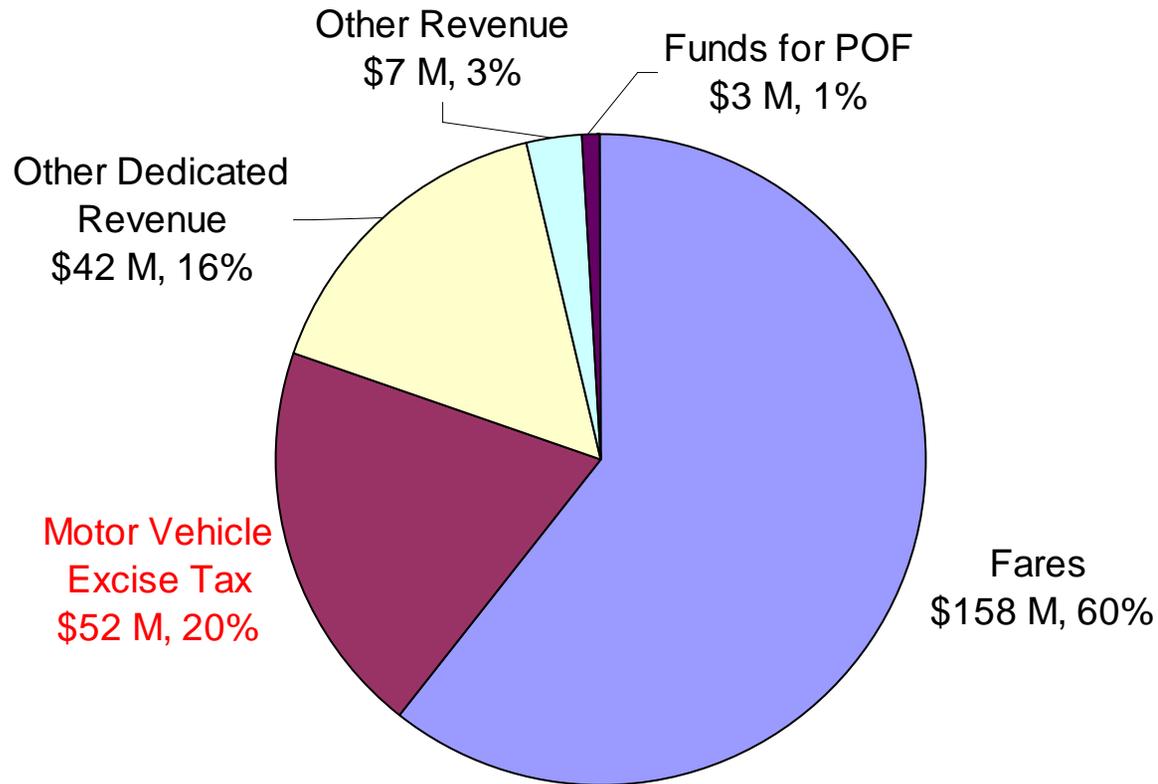
Funding

Capital 16 year financial plan— *estimate*



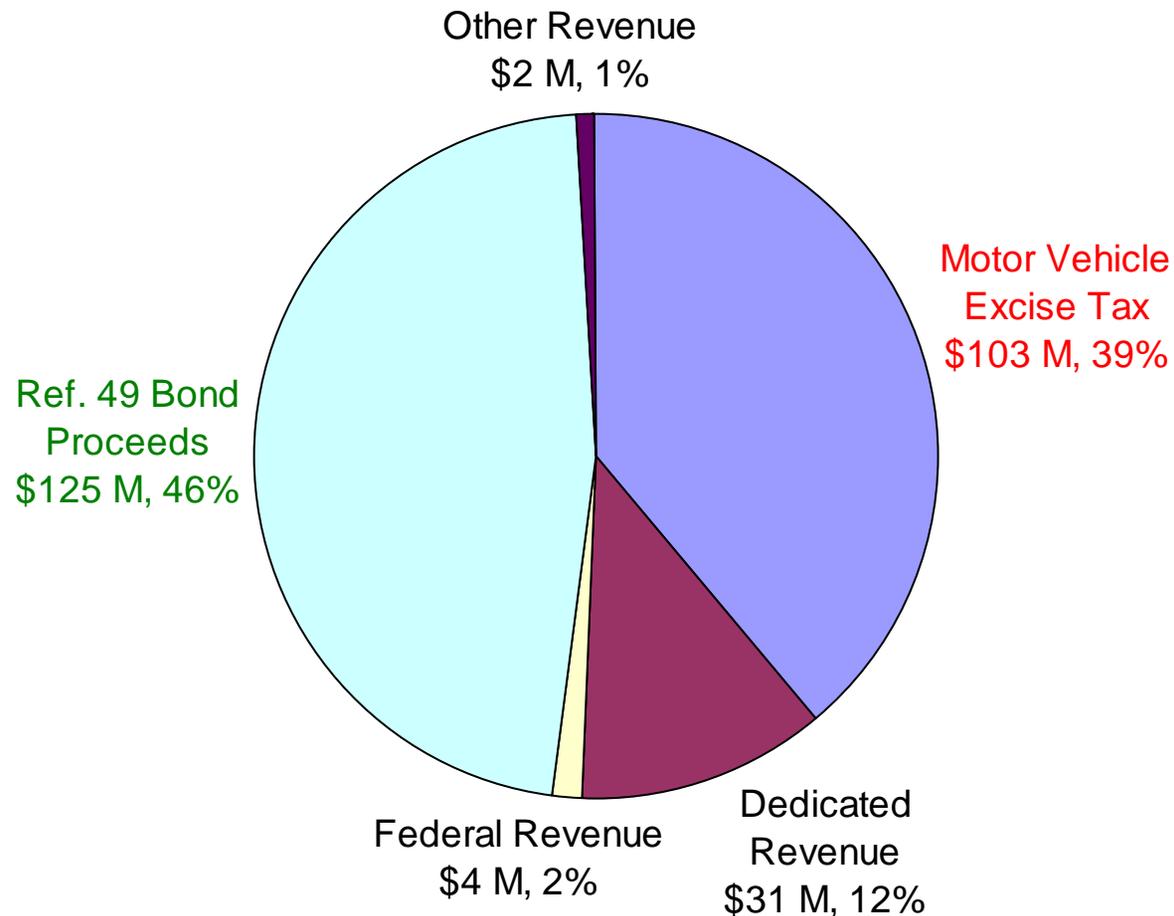
Pre-MVET Repeal Funding

Operating 1995-97



Pre-MVET Repeal Funding

Capital 1995-97



Financial Plan

Current financial plan is best guess/placeholder scenario, pending outcome of:

- Ferries Finance Study – Verification of costs, recommended new best practices.
- WSF's new long range plan – New ridership forecast, vetted operational /pricing strategies and efficiencies to control costs, customer survey data.
- Transportation Commission's long-term funding study.
- Legislative action on what to fund and how to fund it.

Current 16-Year Financial Plan

"Best Guess/Placeholder" Scenario

Costs – Current biennium's budget plus assumptions about future costs

– **Dedicated revenue** – Distributions set by statute

\$1 B Deficit

+ Transfers from other accounts (Motor Vehicle and Multimodal Accounts)

\$360 M Deficit

*Subject of
finance
and
funding
studies*

Financial Plan

So what is the shortfall for WSF?

- We don't know quite yet...
- Some estimates (which are fairly old now) are \$1 - \$2 B shortfall over 16 years.
- WSF's new long range capital plan, reviewed by JTC, will give us need scenarios.
- Commission's funding study will provide recommendations regarding new sources of revenue.