

# FARE REVIEW CYCLE 2011

## 2011-13 Transportation Budget Summary and the General Fare Increase

July-August 2011

### 2011-13 ADOPTED TRANSPORTATION BUDGET

Exhibit 1 shows a high level summary of the 2011-13 Biennial operating budget for Ferries, which highlights the increasing impact of fuel costs, and shows the expected of fares in funding operations over the next two years.

#### Exhibit 1 2011-13 Operating Budget Highlights

	2009-11	2011-13	Change	%Chg
<b>Total expenditures</b>	<b>446,961</b>	<b>467,773</b>	<b>20,812</b>	<b>4.7%</b>
Fuel budget	97,053	135,248	38,195	39.4%
Non-fuel expenditures	349,908	332,525	(17,383)	-5.0%
<b>Total revenues</b>	<b>449,323</b>	<b>466,136</b>	<b>16,813</b>	<b>3.7%</b>
Fare revenues	293,923	310,279	16,356	5.6%
Non-fare operating	6,551	7,096	545	8.3%
Total taxes	148,849	148,761	(88)	-0.1%
<i>Administrative transfers</i>	91,000	89,500	(1,500)	-1.6%
<i>Dedicated taxes and fees</i>	57,849	59,261	1,412	2.4%
Farebox recovery	65.8%	66.3%		
Fuel percent of operating budget	21.7%	28.9%		

- The budget fully funds current WSF service levels plus an additional boat on the Port Townsend-Coupeville route through a combination of tax support, transfers from other transportation accounts, and fare revenues.
- The \$135 million fuel budget is the highest in WSF history.
- The budget was balanced through non-fuel cost savings of approximately \$17 million and a higher fare revenue target. State tax support levels remain steady from the 2009-11 Biennium.
- The total fare revenue target is \$310 million, a 5.6% increase over 2009-11 fare revenues.

### 2011 COMMISSION PROPOSAL

The budget, based on March 2011 ridership forecasts, estimated that WSF could achieve \$310 million in fare revenue with 2.5% fare increases in both 2011 and 2012. In the June 2011 forecast update, ridership expectations were revised downward to reflect slower-than-expected economic recovery in the region. Using these revised ridership numbers, 2.5% fare increases in 2011 and 2012 would only generate about \$306 million – \$4 million less than the target.

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To address this shortcoming, the Commission is proposing a general fare increase that balances WSF's revenue need, ridership and revenue forecasts, and the underlying fare increase assumption of 2.5% in the transportation budget. The proposal includes two fare increases as follows:

- A 2.5% general fare increase on October 1, 2011.
- A 3.0% general fare increase on May 1, 2012.

This proposal is estimated to generate about \$308 million. While this is short of the legislative budget target, recent actual revenues have been coming in slightly ahead of projections. Given the uncertainty regarding future ridership and the continuing slow progress of the state's economy, ridership and revenue will be re-assessed in 2012 to determine whether additional fare increases will be necessary to meet revenue goals.