



market decisions  
CORPORATION

# Capital Funding Study PRELIMINARY Findings

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*Part of the Washington State Transportation  
Commission 2010 Ferry Research Initiative*



Washington State  
Transportation Commission

Conducted by  
Market Decisions Corporation  
December 2010



# Preface

- ❖ In 2010, the Washington State Transportation Commission (WSTC) changed the process of how research is conducted regarding Washington State Ferries (WSF). In the past, stand-alone research projects were executed, but some of the issues facing ferry operations are of a longitudinal nature (changes over time). The decision was therefore made to create the Ferry Riders' Opinion Group (FROG). FROG is an online community where ferry travelers will have an ongoing opportunity to weigh in on ferry issues through surveys and quick polls (single questions).
- ❖ The research initiative in 2010 consists of the following main phases:
  - Spring Customer Survey
  - Mode Shift and Elasticity of Demand Research
  - Freight Survey
  - General Market Assessment Survey
  - Summer Customer Survey
  - Capital Funding
  - Fare Strategies
- ❖ The focus of this report is the Capital Funding study.
  - A comprehensive report of all phases will be available January 2011.
  - Breakouts of all survey data by Legislative District will be available.
- ❖ All research was conducted by Market Decisions Corporation with input from the WSTC Research Team. For questions about this research, please contact Reema Griffith at WSTC ☎ (360) 705-7070.



# Methodology

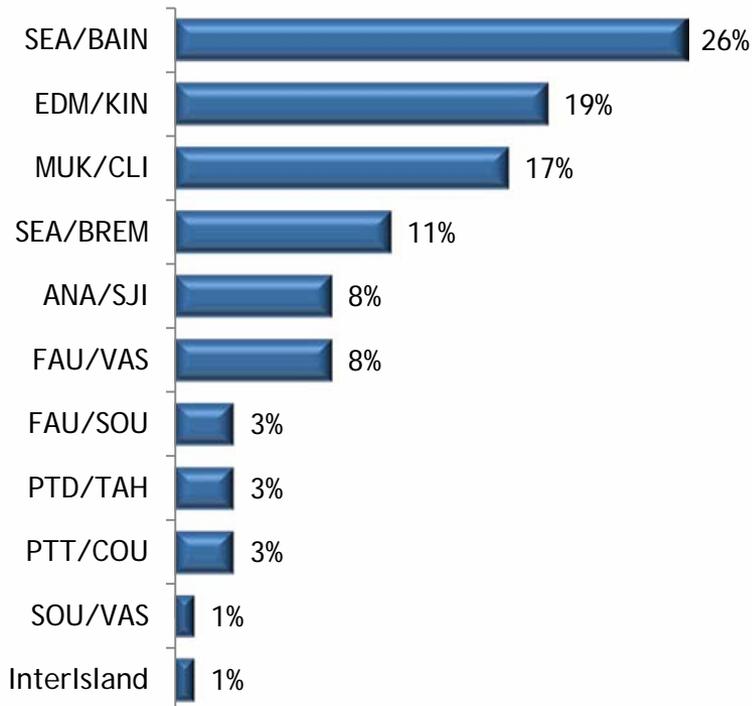
- ❖ The following presents the findings for the 2010 Capital Funding survey. The main objective of this research is to understand the opinions of ferry riders regarding capital funding for the Washington State Ferries, with particular interest given to gauging ferry riders' knowledge of WSF's current capital funding situation and understanding their attitudes towards which taxes and other sources should be used for capital funding and which capital funding projects should be undertaken.
- ❖ Only those ferry riders who are members of FROG (Ferry Riders' Opinion Group) were asked to complete the online survey.
  - The survey was conducted between November 9, 2010 and November 28, 2010.
- ❖ A total of 1,951 completed surveys were received, resulting in a maximum sampling variability of +/-2.22% at the 95% confidence level.
  - Any differences noted throughout the report are proven to be statistically different at the 95% confidence level or higher.
- ❖ The data were weighted by route in order to make the survey results proportionate to overall ferry ridership.
  - Information regarding specific weighting methods can be found at the end of this report.



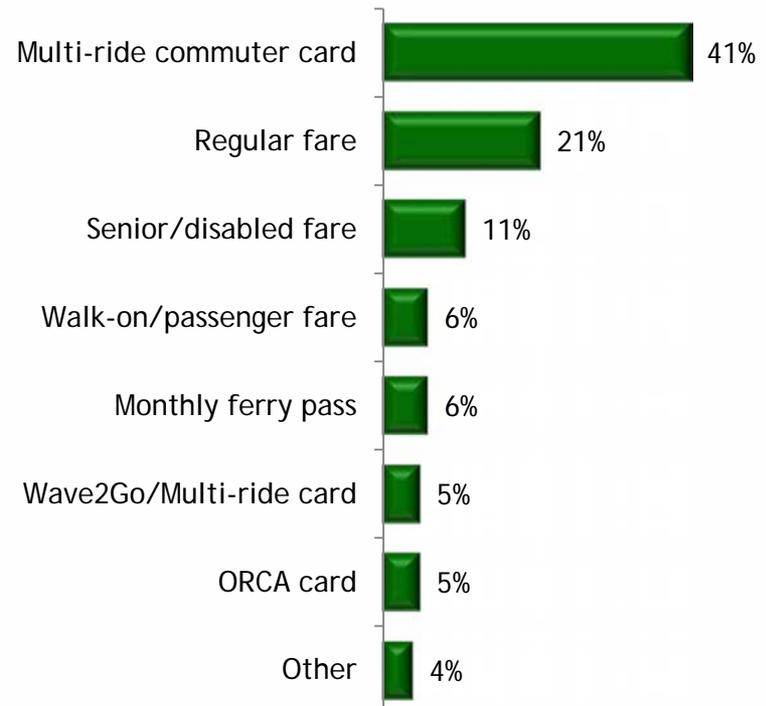
# Route Taken Most Often

- ❖ Seattle/Bainbridge is ridden significantly more often than the other WSF routes (26%).
- ❖ Two fifths (41%) of riders use multi-ride commuter card most often.

Route Taken Most Often  
(n=1,951)



Fare Ticket Used  
(n=1,951)



R1 In order for us to have some context for your answers, which ferry route do you ride MOST OFTEN?

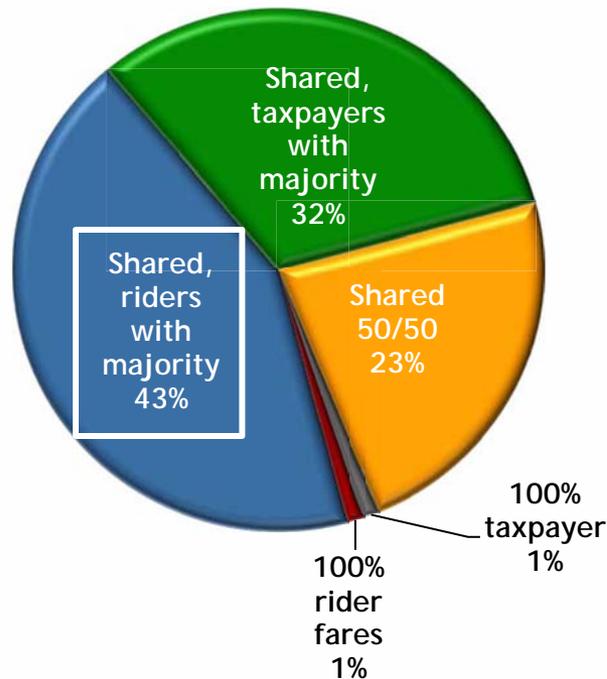
R2 What type of fare ticket do you most often use on that route?



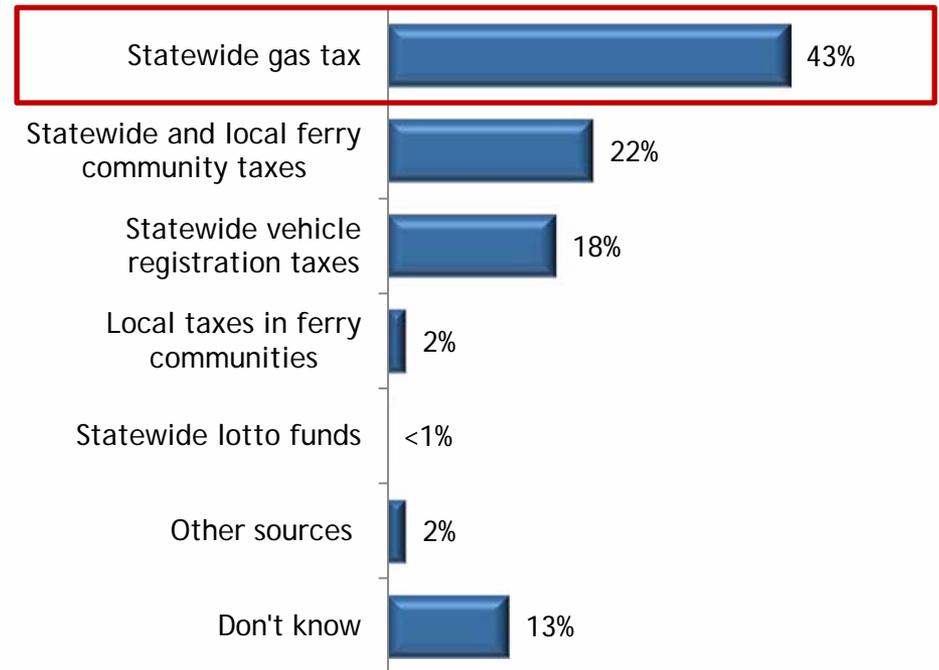
# Current Sources of Operational Funding

- ❖ Only 43% correctly identify the source of WSF daily operational costs; 57% are wrong about the source.
- ❖ Two in five (43%) riders believe that the remaining operational costs are covered by statewide gas taxes.

Sources of Operational Funding  
(n=1,951)



Coverage of Remaining Operational Costs  
(n=1,951)



C1a Based on what you have seen or heard, which ONE of the five statements below best represents where Washington State Ferries (WSF) currently gets their money for daily operations?

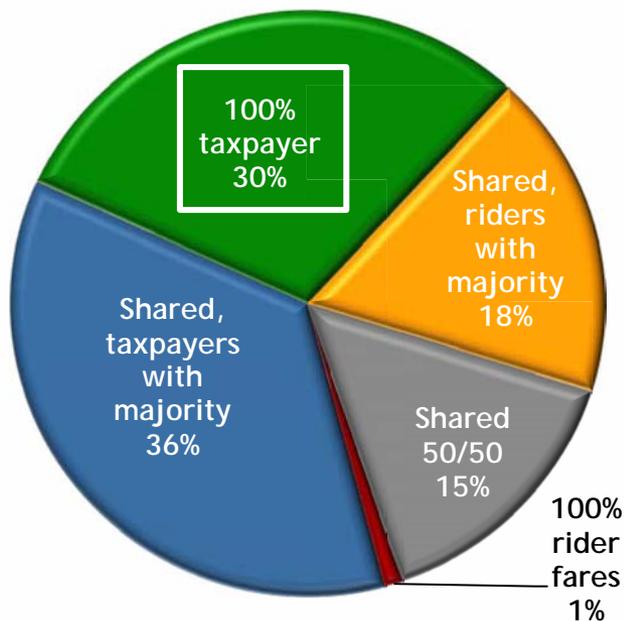
C1b In reality, ferry fares cover about two thirds (65%) of the operational costs of running the ferries. Based on your knowledge, where does the money to cover the remaining 35% of WSF operational costs come from?



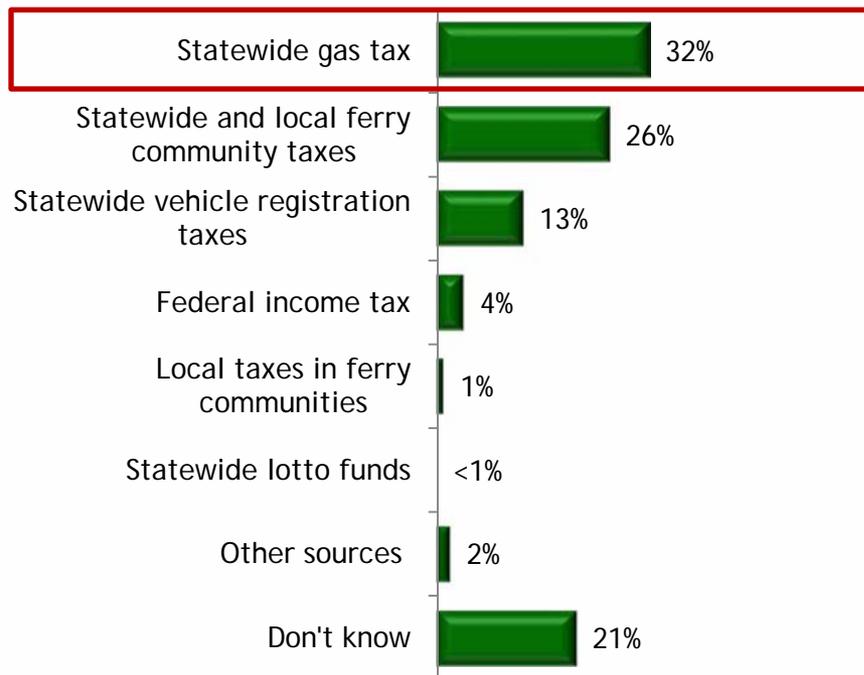
# Current Sources of Capital Funding

- ❖ Less than one third (30%) correctly identify the source of WSF capital funding; 70% incorrectly identify the source.
- ❖ Riders believe coverage for WSF's capital needs comes from statewide gas taxes (32%).

**Sources of Capital Funding**  
(n=1,951)



**Coverage of WSF Capital Needs**  
(n=1,951)



C2a Again based on what you have seen or heard, which ONE of the five statements below best represents where Washington State Ferries (WSF) currently gets its money for capital funding?

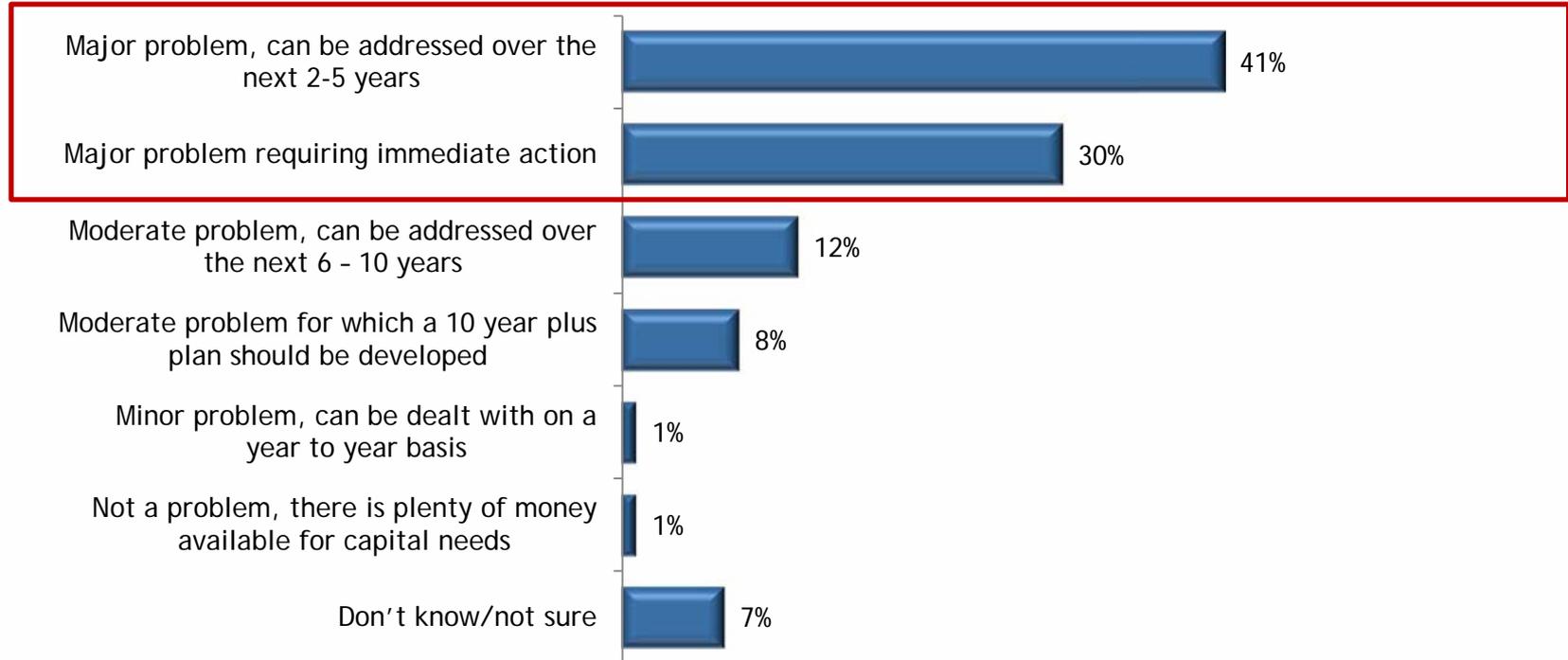
C2b In reality, ferry fares do not provide any funding for WSF capital needs. Based on your knowledge, where does the money to cover the WSF capital needs come from?



# Capital Funding Problem

- ❖ 71% of ferry riders feel that funding for WSF's capital needs is a **major problem**, with one third (30%) of respondents thinking that it needs to be **dealt with now** and 41% stating that it needs to be addressed in the **next 2-5 years**.

Capital Funding Problem  
(n=1,951)



C3 Since capital funding isn't covered by ferry fares, how big of a problem do you think funding for WSF capital needs are?

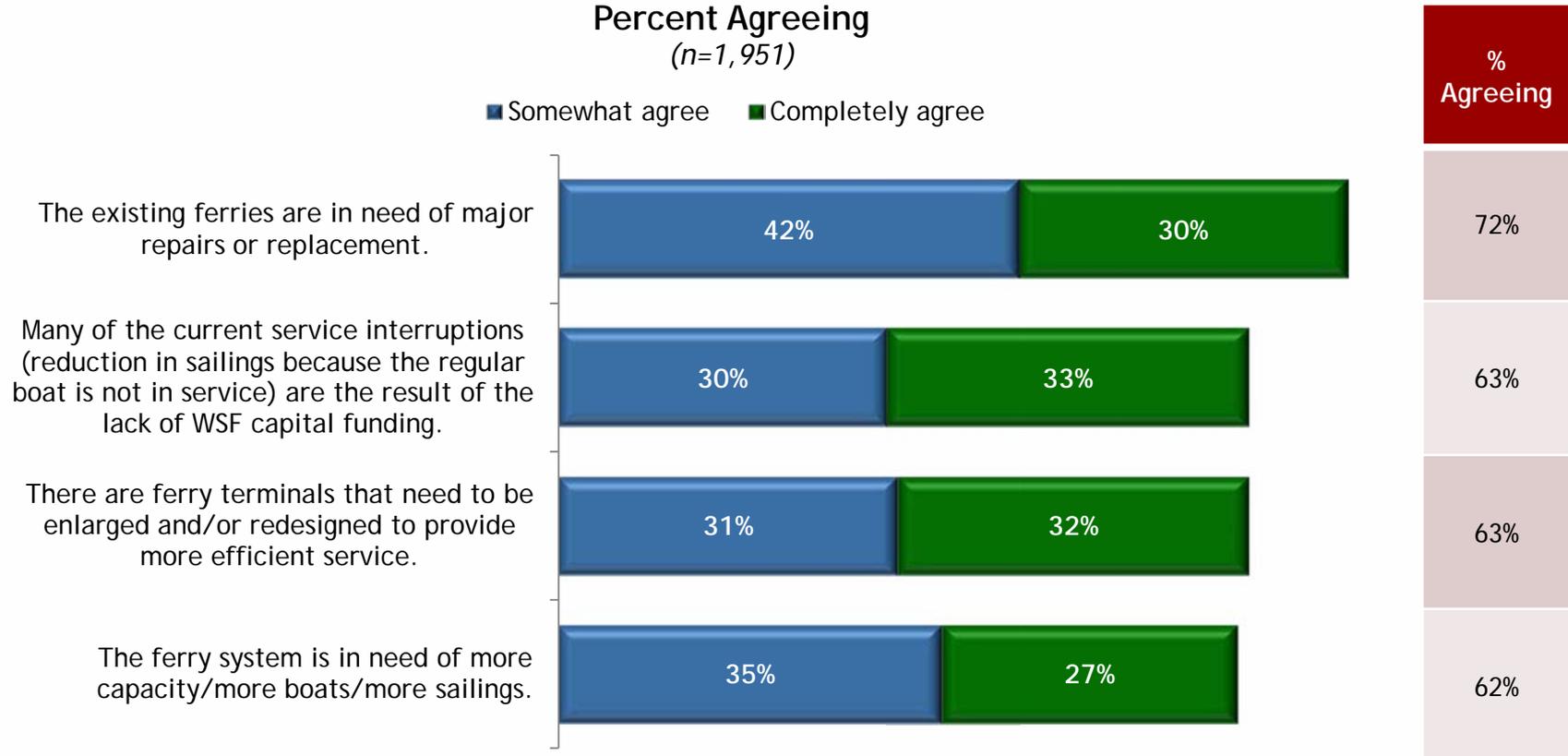


# Current WSF Status

- ❖ Roughly three fourths (72%) of respondents agree that the existing ferries are in need of major repairs or replacements and 62% think WSF needs more boats.

Percent Agreeing  
(n=1,951)

■ Somewhat agree ■ Completely agree



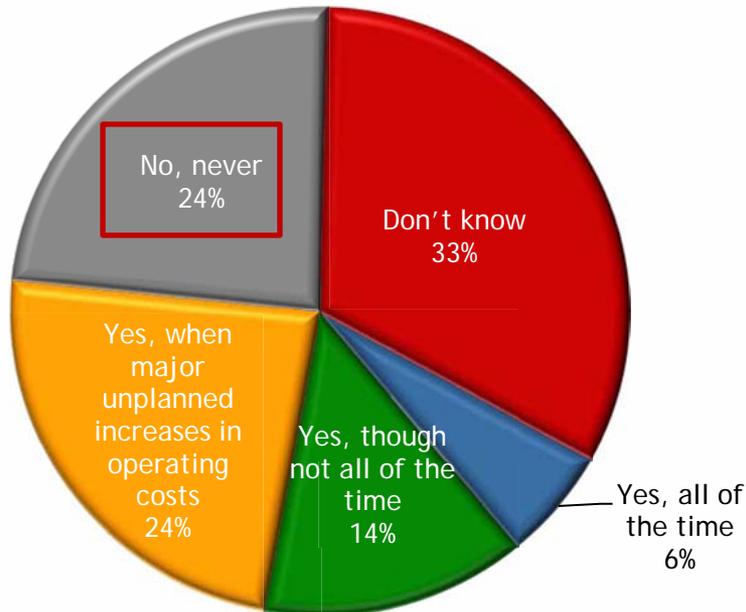
C4 How much do you agree or disagree with each of the following statements?



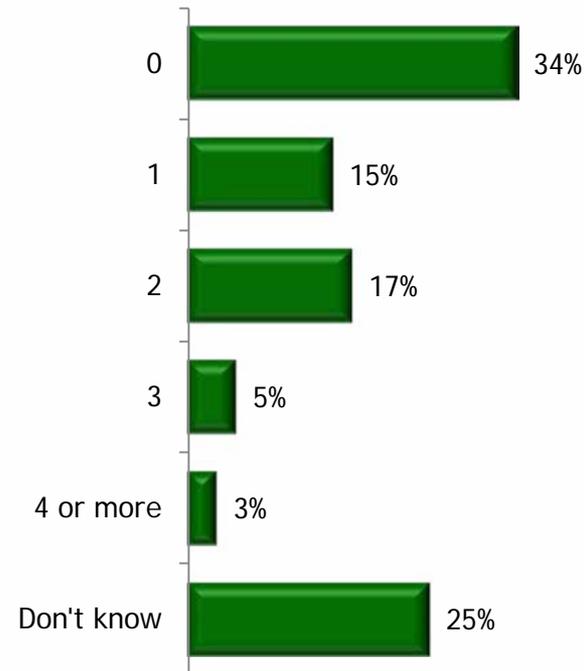
# Diverted Funds

- ❖ One fourth (24%) believe capital funds are **never diverted to cover operational costs** and one third (33%) don't know for sure.
- ❖ 34% believe the WSF has **no spare boats**, however, 15% say 1 boat and 17% say 2 boats.

**Capital Funds Diverted to Cover Operational Costs**  
(n=1,951)



**Spare WSF Boats in Fleet**  
(n=1,951)



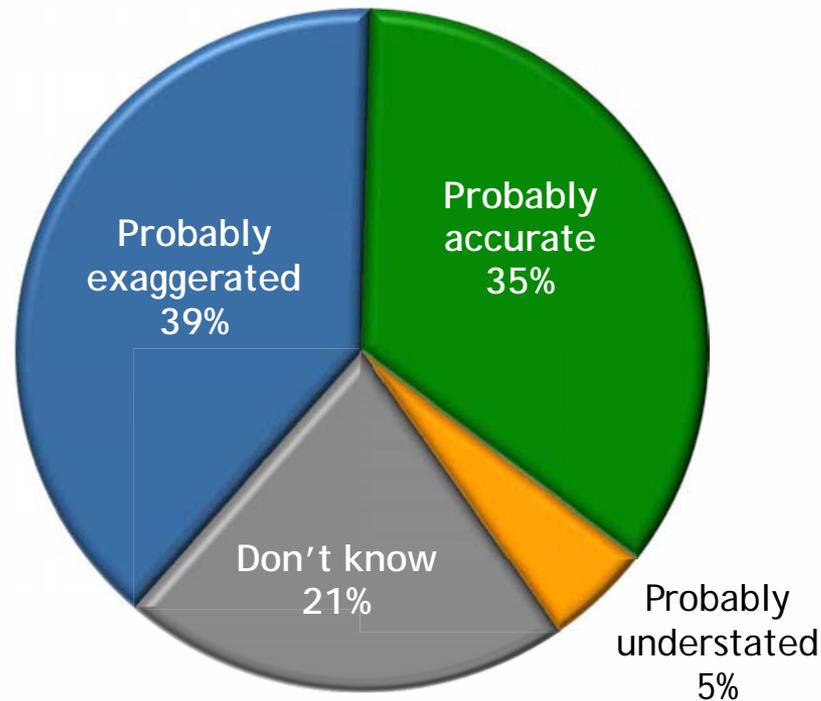
- C7 Do you think funds for ferry capital funding are ever diverted to cover operating costs (such as fuel, wages, and the day-to-day general maintenance of the boats and terminals)?
- C8 How many, if any, spare boats do you think WSF has in the fleet to use when a primary boat goes in for service or is down for any reason?



# Public Opinion of WSF Capital Funding

- ❖ 39% say the \$4 billion need for capital funding is over exaggerated; however, one third (35%) believe that the quoted deficit is probably accurate.

Capital Funds Diverted to Cover Operational Costs  
(n=1,951)



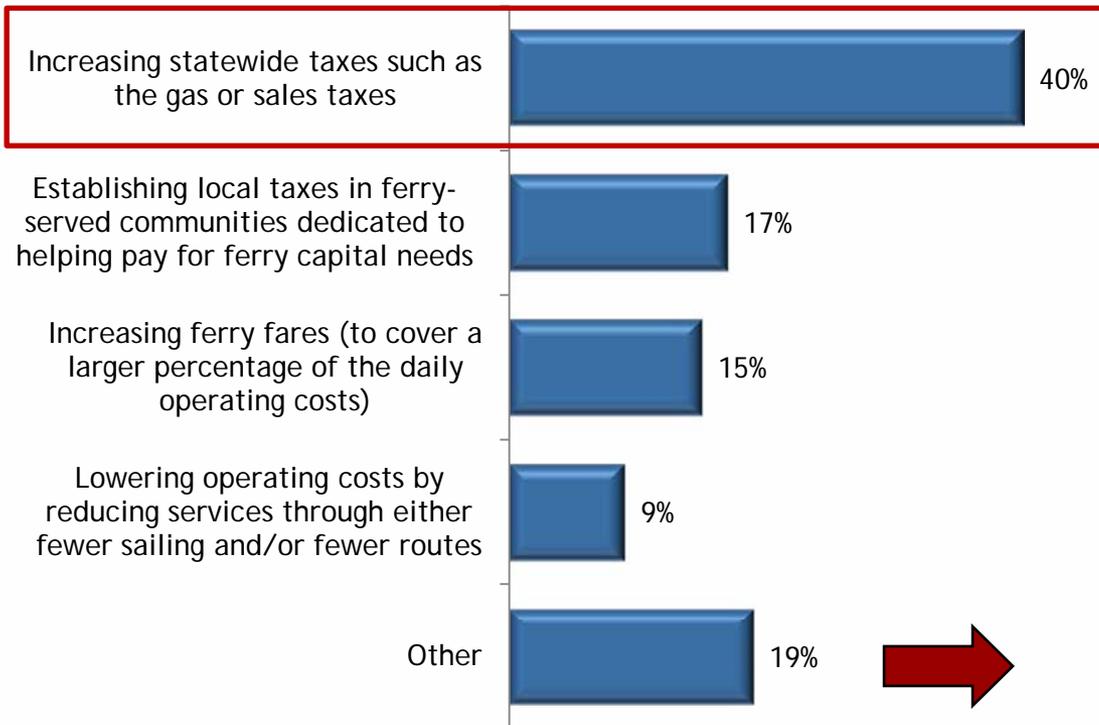
C9 If you heard that the WSF long-term capital funding problem equates to an unfunded need for approximately half a million dollars a day in additional funding just to maintain the current level of service over the next 22 years (a total of \$4 billion in additional funding), would you say that this amount is...



# Alternative Revenue Sources

- ❖ Respondents believe that 40% of WSF's capital funding needs should come from an increase in statewide taxes, such as gas or sales tax.

## Percent Total Funding from Alternative Revenue Sources (n=1,951)



## Other Top Suggested Revenue Sources (n=960)

Improve WSF administrative & management spending	18%
Transportation funding	16%
Federal funding	10%
Reduce WSF employee benefits & wages	10%
WSF staff reductions	8%
Lottery/gambling funding	7%
Advertising & corporate sponsorship	7%
Vehicle licensing & registration fees	6%

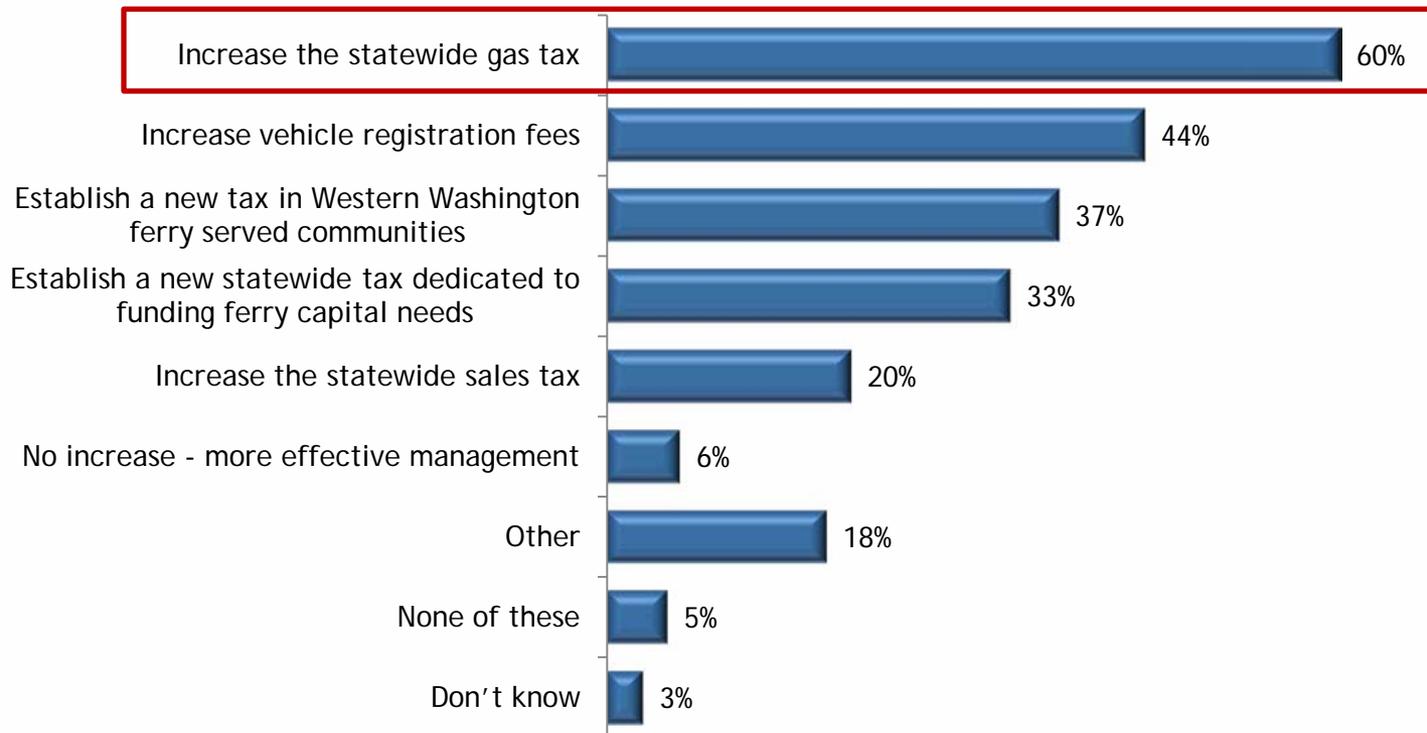
C10 If the following revenue sources were used to pay for WSF's capital funding needs, what percent of the total funding need do you believe should come from each revenue source?



# Support of Capital Funding Methods

- ❖ Increasing the statewide gas tax has the highest support (60%) for funding the capital needs of the ferries.

Recommended Capital Funding Methods  
(n=1,951)



C11 Which of the following funding methods, if any, would you recommend be used to fund the capital needs of the ferries?



# Support of Capital Funding Methods

- ❖ Support for capital costs is highest (35% would completely support) for increasing the statewide gas tax.
- ❖ Increasing the statewide sales tax and introducing a fare surcharge have the lowest support.

## Support of WSF Capital Funding

(n=1,951)

Would not support at all

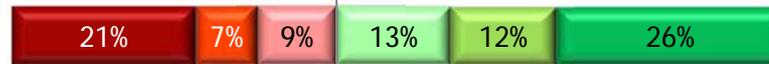


Would completely support

Increase in statewide gas tax



Increase in annual vehicle registration fees



Increase in annual statewide vehicle weight fees



Additional transportation tax on new vehicle sales



New annual statewide tax on the value of a vehicle



Surcharge on ferry fares



Increase in statewide sales tax



Average Support Score (1-7)

4.7

4.3

4.3

4.1

3.9

3.5

3.3

Note: Ratings for "neutral" (4) and "don't know" are not shown

C15 How supportive, if at all, would you be of...

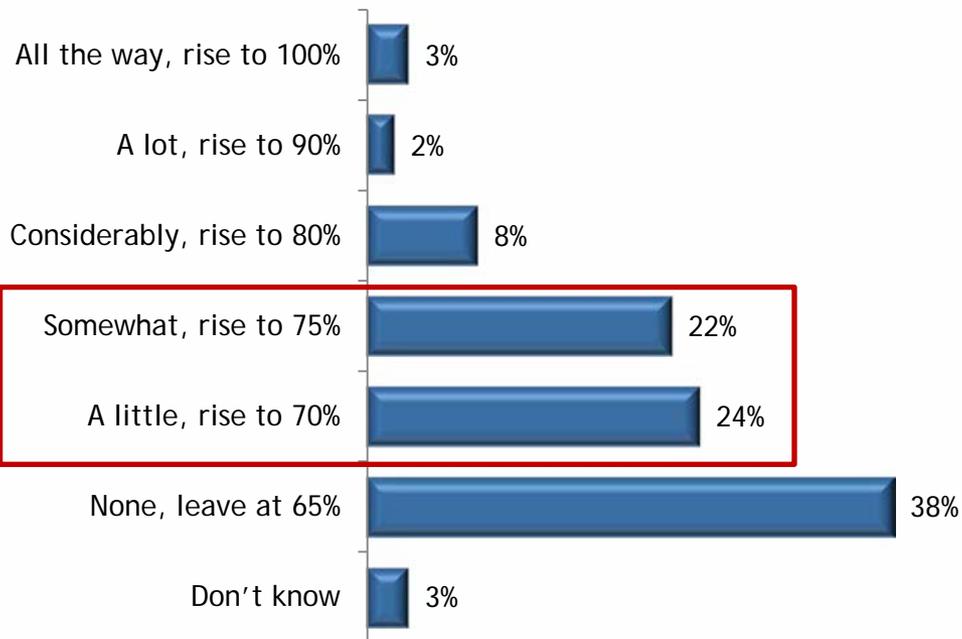


# Increase in Fares

- ❖ 38% say don't change recover rate from 65%; however, nearly half (46%) suggest increasing the fare coverage of operational costs somewhat (24% say up recover rate to 70%, 22% say up it to 75%).
- ❖ Of those who support an increase in recover rate, roughly half (45%) believe a 3% fare increase per year would be reasonable.

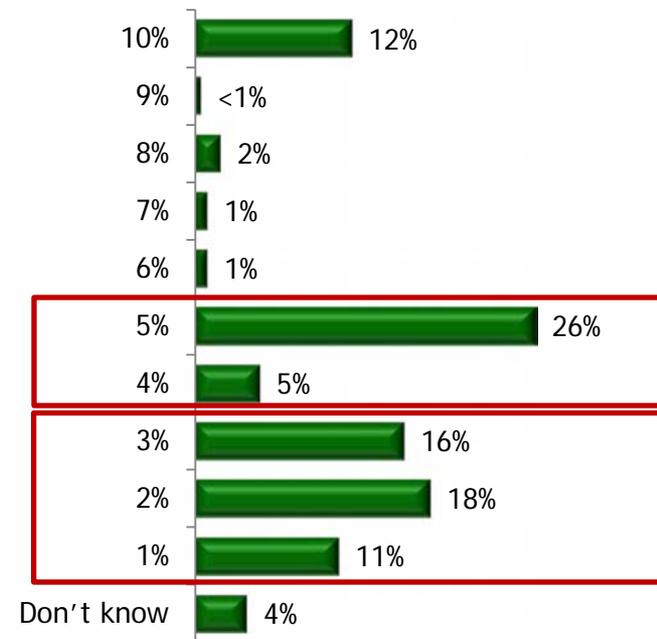
## Fare Increase to Cover Operating Costs

(n=1,951)



## Annual Fare Increase

(n=1,157)



C13 How much, if any, would you suggest fares be increased to cover more of the daily operating costs?

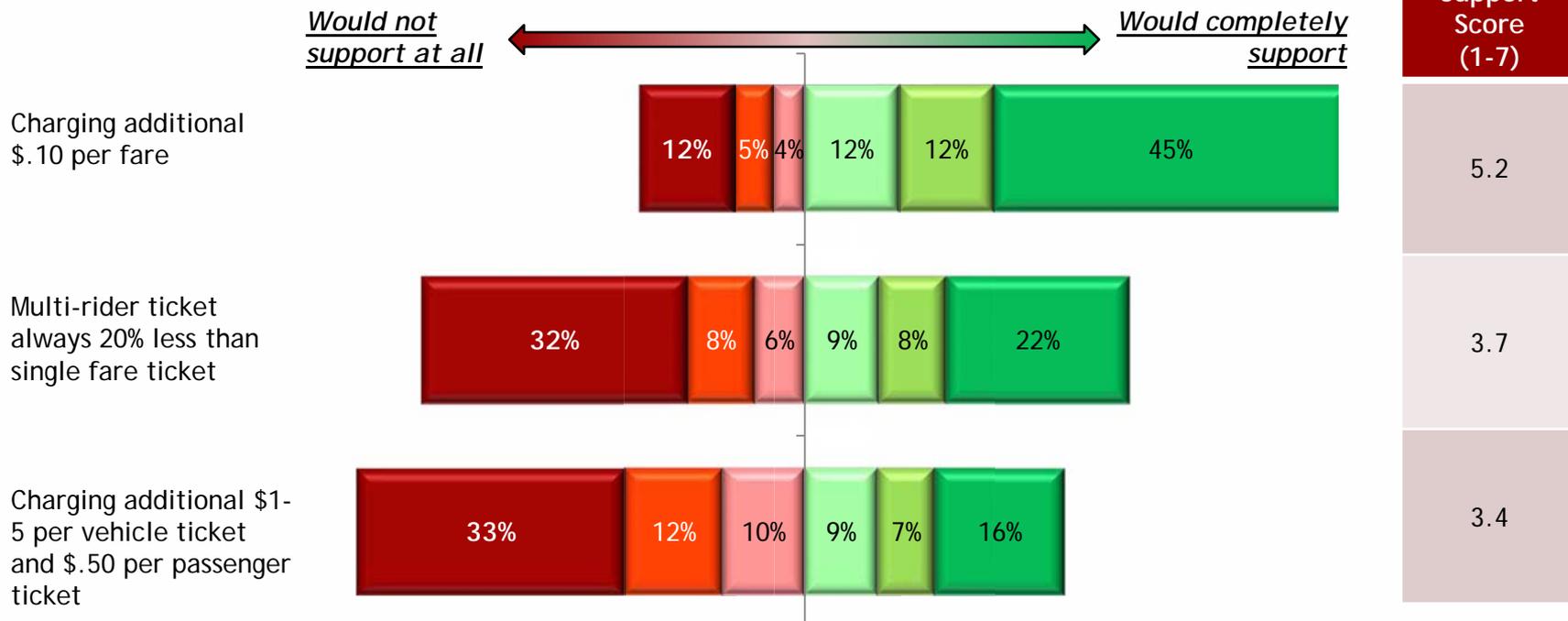
C14 To achieve this goal, fares should be raised an additional...



# Support of Change in Fares

- ❖ Roughly half (45%) of ferry riders would completely support charging an additional \$.10 per fare with the money collected going into a dedicated fund for ferry capital improvements.

## Support of Fare Changes (n=1,951)



Note: Ratings for "neutral" (4) and "don't know" are not shown

C15 How supportive, if at all, would you be of...