

**Transportation Revenue
Forecast Council
March 2011 Transportation
Economic and Revenue Forecasts**

Volume IV: Alternative Forecast Tables

**Transportation Revenue
Forecast Council
March 2011**

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Tacoma Narrows Bridge Alternative Forecast

Alternative Pay-By-Mail Toll Operations Forecast

WSDOT was asked to perform an alternative PBM toll revenue forecast to the March 2011 baseline toll revenue forecast. The alternative forecast assumes TNB users will have an additional option for paying their toll. In addition to cash and transponders, TNB users can pay-by-mail (PBM). PBM relies on photo tolls. In the majority of cases, license plates are read accurately and users are billed. In some cases, however, license plates cannot be read and/or vehicle owner cannot be identified. The PBM toll rate (\$5.50) has been set to cover expected losses as well as to cover the cost of processing.

The attached table itemizes toll revenue loss estimates due to unprocessed images and unpaid toll rates moved into the civil penalty process. The alternative PBM toll revenue forecast is based on the PBM toll traffic estimates prepared for the civil penalty process (except the 16.5% traffic loss due to unprocessed images was reduced to 12% to reflect recent information). The March PBM Toll Revenue is prepared for the FY2011-13, FY2013-14 and FY2015-17 biennia.

Assumptions:

- (1) Assumed that \$5.50 toll rate covers loss of collection
- (2) PBM traffic volumes include all violations and exclude non-revenue traffic
- (3) Assumed that 12% of PBM traffic is lost due to unprocessed images
- (4) Processed images (remaining 88%) will receive the 1st statement.
- (5) 55% of the 1st statements will be paid
- (6) 35% of the 1st statements will receive a 2nd statement
- (7) 2nd statement will include a \$5/statement late payment fee and unpaid tolls
- (8) Assumed 1.4 transactions per 2nd statement
- (9) 55% of the customers receiving the 2nd statement will pay the toll. (Fee revenue will be not included in this forecast)

Findings:

PBM Toll Revenue forecast assumes people pay 1st or 2nd bills. If not, revenues are deferred to the civil penalty process. If baseline and alternative PBM forecasts are compared for the FY2011-13 biennium, TNB will receive an additional \$6.6 million prior to mailing the 1st statement. The remaining unpaid toll revenues (\$3.1 million) will be collected in the civil penalty process. Civil penalty process starts 80 days after the transaction. In summary, alternative PBM toll revenue is \$100.4 million, or 3.5% higher than the baseline toll revenue, which is \$97.9 million.

Transportation Revenue Forecast Council
Alternative Pay-By-Mail Toll Operations Forecast
March 2011

Tacoma Narrows Bridge Traffic Distribution and PBM Process	FY2012	FY2013	FY2011-13	FY2014	FY2015	FY2013-15	FY2016	FY2017	FY2015-17
Baseline Traffic Volume	15,157,000	16,116,000	31,273,000	16,624,000	16,945,000	33,569,000	17,331,000	17,616,000	34,947,000
ETC	10,899,000	11,650,000	22,549,000	12,081,000	12,281,000	24,362,000	12,774,000	13,015,000	25,789,000
Cash	2,604,000	1,995,000	4,599,000	2,025,000	2,031,000	4,056,000	2,042,000	2,040,000	4,082,000
PBM (% of cash + violations)	1,644,000	2,460,000	4,104,000	2,505,000	2,521,000	5,026,000	2,543,000	2,549,000	5,092,000
PBM Traffic Volume (Less Non-revenue Traffic)	15,147,000	16,105,000	31,252,000	16,611,000	16,833,000	33,444,000	17,359,000	17,604,000	34,963,000
PBM as % of Cash	63.1%	123.3%	89.2%	123.7%	124.1%	123.9%	124.5%	125.0%	124.7%

Tacoma Narrows Bridge PBM Toll Revenue	FY2012	FY2013	FY2011-13	FY2014	FY2015	FY2013-15	FY2016	FY2017	FY2015-17
PBM Toll Revenue (\$)	50,736,000	55,536,000	106,272,000	57,149,000	58,113,000	115,262,000	59,293,000	60,116,000	119,409,000
12% Revenue Loss Due to Unprocessed Image Transactions (\$)	-1,084,000	-1,623,000	-2,707,000	-1,656,000	-1,667,000	-3,323,000	-1,678,000	-1,683,000	-3,361,000
PBM Toll Revenue Less Unprocessed Image Transactions (\$)	49,652,000	53,913,000	103,565,000	55,493,000	56,446,000	111,939,000	57,615,000	58,433,000	116,048,000
% Change from PBM Toll Revenue	-2.1%	-2.9%		-2.9%	-2.9%		-2.8%	-2.8%	
Revenue Loss Due to Unpaid 2nd Statements - See CP Process	-1,254,000	-1,876,000	-3,130,000	-1,909,000	-1,920,000	-3,829,000	-1,936,000	-1,942,000	-3,878,000
PBM Toll Revenue Less NOCP Unpaid Tolls (\$)	48,398,000	52,037,000	100,435,000	53,584,000	54,526,000	108,110,000	55,679,000	56,491,000	112,170,000
% Change from PBM Toll Revenue	-2.5%	-3.4%	-2.9%	-3.3%	-3.3%	-3.3%	-3.3%	-3.2%	-3.2%

PBM Toll Revenue Prior to CP Process	FY2012	FY2013	FY2011-13	FY2014	FY2015	FY2013-15	FY2016	FY2017	FY2015-17
Baseline Toll Revenue	47,069,000	49,964,000	97,033,000	51,451,000	52,355,000	103,806,000	53,457,000	54,239,000	107,696,000
Alternative Forecast of PBM Revenue Prior to NOCP Process	48,398,000	52,037,000	100,435,000	53,584,000	54,526,000	108,110,000	55,679,000	56,491,000	112,170,000
% Change From Baseline Toll Revenue	2.8%	4.1%	3.5%	4.1%	4.1%	4.1%	4.2%	4.2%	4.2%

NOTE: CP = civil penalty NOCP = notice of civil penalty

Alternative Hot Lanes Forecast

Transportation Revenue Forecast Council
Table F. 1. SR 167 HOT Lanes Toll Operations Alternative Forecasts
March 2011

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Traffic Volume									
SR 167 HOT Lanes Traffic Volume (March 2011 Forecast)	510,969	610,000	629,000	650,000	672,000	693,000	713,000	734,000	755,000
Annual Percentage Change	31.5%	19.4%	3.1%	3.3%	3.4%	3.1%	2.9%	2.9%	2.9%
SR 167 HOT Lanes Traffic Volume (November 2010 Forecast)*	510,969	576,000	594,000	614,000	635,000	655,000	674,000	694,000	714,000
Percentage Change, March 2011 vs November 2010	0.0%	5.9%	5.9%	5.9%	5.8%	5.8%	5.8%	5.8%	5.7%

	2019	2020	2021	2022	2023	2024	2025	2026	2027
Traffic Volume									
SR 167 HOT Lanes Traffic Volume (March 2011 Forecast)	777,000	799,000	826,000	856,000	887,000	921,000	956,000	995,000	1,035,000
Annual Percentage Change	2.9%	2.8%	3.4%	3.6%	3.6%	3.8%	3.8%	4.1%	4.0%
SR 167 HOT Lanes Traffic Volume (November 2010 Forecast)	735,000	756,000	782,000	810,000	839,000	871,000	904,000	941,000	979,000
Percentage Change, March 2011 vs November 2010	5.7%	5.7%	5.6%	5.7%	5.7%	5.7%	5.8%	5.7%	5.7%

Notes:

* The November SR 167 HOTLanes forecast was unpublished.

Transportation Revenue Forecast Council

Table F. 2. SR 167 HOT Lanes Toll Operations Alternative Forecast Biennium Comparison

March 2011

	BIENNIUM	BIENNIUM	Difference		BIENNIUM	BIENNIUM	Difference	
	2009-2011	2009 - 2011	Value	Percentage	2011-2013	2011 - 2013	Value	Percentage
March 2011	March 2011	November 2010			March 2011	November 2010		
Tacoma Narrows Bridge Toll Revenue								
SR 167 High Occupancy Toll Lanes Revenue								
Toll Revenue	\$1,043,800	\$993,000	50,800	5.12%	\$1,257,000	\$1,125,000	132,000	11.73%
Transponder/Shield Sales	\$141,500	\$161,800	(20,300)	-12.55%	\$32,300	180,600	(148,300)	-82.12%
Fees	\$1,400	\$1,400	0	0.00%	\$1,400	1,400	0	0.00%
Total	1,186,700	1,156,200	30,500	2.64%	1,290,700	1,307,000	(16,300)	-1.25%

Notes:

* The November SR 167 HOTLanes forecast was unpublished.

Transportation Revenue Forecast Council
 Table F. 2. SR 167 HOT Lanes Toll Operations /
 March 2011

	BIENNIUM	BIENNIUM	Difference		BIENNIUM	BIENNIUM	Difference	
	2013-2015	2013 - 2015	Value	Percentage	2015-2017	2015 - 2017	Value	Percentage
	March 2011	November 2010			March 2011	November 2010		
Tacoma Narrows Bridge Toll Revenue								
SR 167 High Occupancy Toll Lanes Revenue								
Toll Revenue	\$1,344,000	1,204,000	140,000	11.63%	\$1,440,000	1,291,000	149,000	11.54%
Transponder/Shield Sales	\$34,500	192,800	(158,300)	-82.11%	\$36,500	204,400	(167,900)	-82.14%
Fees	\$1,400	1,400	0	0.00%	\$1,400	1,400	0	0.00%
Total	1,379,900	1,398,200	(18,300)	-1.31%	1,477,900	1,496,800	(18,900)	-1.26%

Notes:

* The November SR 167 HOTLanes forecast was unpublished.

Transportation Revenue Forecast Council
 Table F. 2. SR 167 HOT Lanes Toll Operations /
 March 2011

	BIENNIUM	BIENNIUM	Difference		BIENNIUM	BIENNIUM	Difference	
	2017-2019	2017 - 2019	Value	Percentage	2019-2021	2019 - 2021	Value	Percentage
	March 2011	November 2010			March 2011	November 2010		
Tacoma Narrows Bridge Toll Revenue								
SR 167 High Occupancy Toll Lanes Revenue								
Toll Revenue	\$1,569,100	1,408,000	161,100	11.44%	\$1,732,000	1,556,000	176,000	11.31%
Transponder/Shield Sales	\$38,600	216,500	(177,900)	-82.17%	\$41,100	229,700	(188,600)	-82.11%
Fees	\$1,400	1,400	0	0.00%	\$1,400	1,400	0	0.00%
Total	1,609,100	1,625,900	(16,800)	-1.03%	1,774,500	1,787,100	(12,600)	-0.71%

Notes:

* The November SR 167 HOTLanes forecast was unpublished.

Transportation Revenue Forecast Council
 Table F. 2. SR 167 HOT Lanes Toll Operations /
 March 2011

	BIENNIUM	BIENNIUM	Difference		BIENNIUM	BIENNIUM	Difference	
	2021-2023	2021 - 2023	Value	Percentage	2023-2025	2023 - 2025	Value	Percentage
	March 2011	November 2010			March 2011	November 2010		
Tacoma Narrows Bridge Toll Revenue								
					24-25			
					P-Q			
SR 167 High Occupancy Toll Lanes Revenue								
Toll Revenue	\$2,003,000	1,799,000	204,000	11.34%	\$2,313,000	2,076,000	237,000	11.42%
Transponder/Shield Sales	\$44,200	246,300	(202,100)	-82.05%	\$47,700	265,100	(217,400)	-82.01%
Fees	\$1,400	1,400	0	0.00%	\$1,400	1,400	0	0.00%
Total	2,048,600	2,046,700	1,900	0.09%	2,362,100	2,342,500	19,600	0.84%

Notes:

* The November SR 167 HOTLanes forecast was unpublished.

Transportation Revenue Forecast Council
 Table F. 2. SR 167 HOT Lanes Toll Operations /
 March 2011

	BIENNIUM	BIENNIUM	Difference	
	2025-2027	2025-2027	Value	Percentage
	March 2011	November 2010		
Tacoma Narrows Bridge Toll Revenue				
SR 167 High Occupancy Toll Lanes Revenue				
Toll Revenue	\$2,672,000	2,398,000	274,000	11.43%
Transponder/Shield Sales	\$51,600	286,700	(235,100)	-82.00%
Fees	\$1,400	1,400	0	0.00%
Total	2,725,000	2,686,100	38,900	1.45%

Notes:

* The November SR 167 HOTLanes forecast was unpublished.

Transportation Revenue Forecast Council
 Table F. 3. SR 167 HOT Lanes Toll Operations Alternative Forecasts
 March 2011

	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
SR 167 High Occupancy Toll Lanes Revenue									
Toll Revenue	\$450,205	\$593,600	\$618,000	\$639,000	\$661,000	\$683,000	\$704,000	\$736,000	\$768,000
Transponder/Shield Sales	76,426	65,100	15,900	16,400	17,000	17,500	18,000	18,500	19,000
Fees	662	700	700	\$700	\$700	\$700	700	\$700	\$700
Total	\$527,293	\$659,400	\$634,600	\$656,100	\$678,700	\$701,200	\$722,700	\$755,200	\$787,700

Transportation Revenue Forecast Council
 Table F. 3. SR 167 HOT Lanes Toll Operations Alter
 March 2011

	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
SR 167 High Occupancy Toll Lanes Revenue									
Toll Revenue	\$801,111	\$835,000	\$897,000	\$965,000	\$1,038,000	\$1,115,000	\$1,198,000	\$1,288,000	\$1,384,000
Transponder/Shield Sales	19,600	\$20,200	\$20,900	\$21,700	\$22,500	\$23,400	\$24,300	\$25,300	\$26,300
Fees	\$700	700	\$700	\$700	\$700	700	\$700	\$700	\$700
Total	\$821,411	\$855,900	\$918,600	\$987,400	\$1,061,200	\$1,139,100	\$1,223,000	\$1,314,000	\$1,411,000

**REVENUE AND RIDERSHIP PROJECTIONS
MARCH 2011 FORECAST
FISCAL YEARS 2011-2027**

Prepared for
Washington State Ferries

for Presentation to the
**Transportation Revenue
Forecast Council**

March 17, 2011 Meeting

Prepared by
Parsons Brinckerhoff

March 15, 2011



Washington State Ferries

March 2011 Revenue and Ridership Forecasts — Fiscal Years 2011-2027

MARCH 2011 FORECAST NOTES

The fare revenue and ridership forecasts for Washington State Ferries (WSF) are completed in four stages. First, monthly ridership projections by six fare categories are prepared for each route using time series analysis methods, with a forecast horizon from the present through fiscal year (FY) 2027.

The second stage of the process generates system-wide ridership projections. Econometric models combine ferry fare scenarios and state economic variables to produce system-wide unconstrained ridership forecasts by six fare categories through FY 2027. Within each fare category, the individual route forecasts are then calibrated to match the system-wide forecast totals from the econometric models.

The third stage of the process consists of adjusting the calibrated passenger and vehicle ridership by route to reflect seasonal vehicle capacity constraints, changes in service hours, and/or the net impacts from adding or eliminating service.

Last, the appropriate fares and average fare realizations are applied to the calibrated, capacity-constrained ridership forecasts for each route by fare category. This yields monthly and annual revenue forecasts by route for six fare categories.

Two scenarios differing in fare assumptions were prepared for the March Forecast:

- **Baseline Forecast (Scenario 1)** – no changes in the posted fares through the forecast horizon, resulting in a declining real fares trend due to inflation; and
- **Alternative Forecast (Scenario 2)** –consecutive 2.5% increases each October, from 2011 through 2026 (FY 2012-27), which results in slightly increasing real fares given that inflation measured by the Implicit Price Deflator for Personal Consumption is projected to average 1.9% over the forecast horizon.

The March 2011 Forecast results for FY 2011 include actual ridership counts through January 2011 and actual revenue collections through February 2011. In addition, they also capture the anticipated effects of reduced Mukilteo-Clinton service due to terminal construction closures during three weekends in the late winter / early spring of 2011.

Finally, the passenger and vehicle/driver commuter fare demand models have undergone some initial refinements to better tailor the “frequent user” fare ridership projections for recent trends in demographics, real fares, the economy, and the effects of a change in the discounted multi-ride fare media. The 2007 switch from severable coupon book tickets to *Wave2Go* multi-ride scan cards reduces the ability of relatively infrequent travelers to jointly purchase and share the fare media in order to get the 20-45% frequent user discount. Several factors including this change have contributed to a decline in commuter fare ridership in the past decade.

Ridership Impacts

The March 2011 ridership demand forecasts reflect the latest ridership data and updated economic variable projections produced by the State and Global Insight. The following points summarize the updated ridership forecast.

- Real personal income has been revised slightly upward throughout the forecast horizon relative to November, which pushes the ridership forecasts up.
- However, the March forecast for employment is generally a bit lower than November, suppressing ridership to partly offset higher real personal income.
- The forecast for real gasoline prices are markedly higher than projected in November. Combined with a lower forecast for vehicle fleet fuel efficiency, vehicle operating costs per mile are predicted to range from 6% to over 12% higher than projected in November, which tends to suppress vehicle demand.
- The forecast for inflation is slightly higher, which reduces future real fares (or the size of real fare increases), placing upward pressure on ridership demand.
- Overall, the ridership projections—before making refinements to the passenger and vehicle commuter ridership models—would have been almost unchanged in the aggregate, with vehicles lower by about 0.5% to 1.1%, and passengers higher by similar amounts.
- Accounting for these refinements, including the effects of the *Wave2Go* fare media on commuter fare ridership, total passenger demand is projected to be down between 1.1% and 3.4% relative to November, varying by forecast year and scenario. Total vehicle demand is projected to be down from 0.2% to 3.4%.

Revenue Impacts

- Revenue under both the Baseline (Scenario 1) and Alternative (Scenario 2) Forecasts for the 2009/11 biennium is projected at \$293.9 M, or \$0.7 M (0.2%) lower than November.
- Baseline Forecast (Scenario 1) fare revenue projections are 1.5% lower in the 2011/13 biennium, 2.0% lower in the 2013/15 biennium, and thereafter tapering off to 0.1% lower by the end of the forecast horizon, relative to November.
- Alternative Forecast (Scenario 2) fare revenue projections are 1.7% lower in the 2011/13 biennium, 2.3% lower in the 2013/15 biennium, and tapering off thereafter to 0.7% lower by the end of the forecast horizon.
- The declines in the passenger and vehicle fare ridership forecasts are primarily in the commuter fare categories, which have the lowest fares. Higher fare passenger and oversize vehicle ridership are forecasted to be up, which leads to smaller percentage revenue reductions than percentage ridership decreases.

Washington State Ferries

REVENUE PROJECTIONS ~ BASELINE FORECAST (SCENARIO 1)

No Changes in the Current Posted Fares¹

March 2011 Forecast – Fiscal Years 2011-2027

Fiscal Year	March 2011 Capacity-Constrained Revenue Forecast	Fiscal Year Annual Growth Rate	March Biennium Total	March vs. November Forecast			November 2010 Baseline	
				% Change by Fiscal Year	\$ Change and % Change by Biennium		Capacity-Constrained Revenue Forecast	Biennium Total
2008 ²	\$148,379,626	1.1%						
2009 ²	\$144,540,455	(2.6%)	\$292,920,081					
2010 ²	\$147,009,545	1.7%		0.0%			\$147,009,545	
2011 ^{2 3}	\$146,913,000	(0.1%)	\$293,922,545	(0.5%)	(\$675,000)	(0.2%)	\$147,588,000	\$294,597,545
2012	\$150,813,000	2.7%		(1.1%)			\$152,472,000	
2013	\$154,802,000	2.6%	\$305,615,000	(1.9%)	(\$4,727,000)	(1.5%)	\$157,870,000	\$310,342,000
2014	\$159,353,000	2.9%		(2.1%)			\$162,759,000	
2015	\$163,554,000	2.6%	\$322,907,000	(1.9%)	(\$6,606,000)	(2.0%)	\$166,754,000	\$329,513,000
2016	\$167,452,000	2.4%		(1.8%)			\$170,499,000	
2017	\$171,208,000	2.2%	\$338,660,000	(1.5%)	(\$5,740,000)	(1.7%)	\$173,901,000	\$344,400,000
2018	\$174,401,000	1.9%		(1.3%)			\$176,649,000	
2019	\$177,500,000	1.8%	\$351,901,000	(0.9%)	(\$3,916,000)	(1.1%)	\$179,168,000	\$355,817,000
2020	\$180,018,000	1.4%		(0.7%)			\$181,278,000	
2021	\$182,159,000	1.2%	\$362,177,000	(0.7%)	(\$2,517,000)	(0.7%)	\$183,416,000	\$364,694,000
2022	\$184,364,000	1.2%		(0.7%)			\$185,702,000	
2023	\$186,441,000	1.1%	\$370,805,000	(0.6%)	(\$2,490,000)	(0.7%)	\$187,593,000	\$373,295,000
2024	\$188,454,000	1.1%		(0.3%)			\$189,096,000	
2025	\$190,472,000	1.1%	\$378,926,000	(0.1%)	(\$849,000)	(0.2%)	\$190,679,000	\$379,775,000
2026	\$191,940,000	0.8%		(0.1%)			\$192,097,000	
2027	\$193,476,000	0.8%	\$385,416,000	(0.0%)	(\$251,000)	(0.1%)	\$193,570,000	\$385,667,000

¹ The Baseline Forecast (Scenario 1) includes the recent 2.5% fare increase on January 1, 2011, but assumes no further changes to the current nominal fares thereafter. This leads to declining real fares over the forecast horizon. Scenario 1 also reflects the current programmed level of service subject to capacity constraints.

² Reflects/includes historical data.

³ Includes the effects of reduced ridership and revenue due to the Mukilteo terminal construction closures over 3 weekends in late winter/early spring 2011.

Washington State Ferries

REVENUE PROJECTIONS ~ ALTERNATIVE FORECAST (SCENARIO 2)

2.5% Annual Fare Increases FY 2011-27¹

March 2011 Forecast – Fiscal Years 2011-2027

Fiscal Year	March 2011 Capacity-Constrained Revenue Forecast	Fiscal Year Annual Growth Rate	March Biennium Total	March vs. November Forecast			November 2010 Alternative	
				% Change by Fiscal Year	\$ Change and % Change by Biennium		Capacity-Constrained Revenue Forecast	Biennium Total
2008²	\$148,379,626	1.1%						
2009²	\$144,540,455	(2.6%)	\$292,920,081					
2010²	\$147,009,545	1.7%		0.0%			\$147,009,545	
2011^{2 3}	\$146,913,000	(0.1%)	\$293,922,545	(0.5%)	(\$675,000)	(0.2%)	\$147,588,000	\$294,597,545
2012	\$152,945,000	4.1%		(1.2%)			\$154,773,000	
2013	\$159,815,000	4.5%	\$312,760,000	(2.2%)	(\$5,345,000)	(1.7%)	\$163,332,000	\$318,105,000
2014	\$167,436,000	4.8%		(2.4%)			\$171,552,000	
2015	\$174,954,000	4.5%	\$342,390,000	(2.3%)	(\$8,183,000)	(2.3%)	\$179,021,000	\$350,573,000
2016	\$182,281,000	4.2%		(2.3%)			\$186,501,000	
2017	\$189,881,000	4.2%	\$372,162,000	(2.3%)	(\$8,656,000)	(2.3%)	\$194,317,000	\$380,818,000
2018	\$197,638,000	4.1%		(2.1%)			\$201,962,000	
2019	\$205,822,000	4.1%	\$403,460,000	(1.9%)	(\$8,410,000)	(2.0%)	\$209,908,000	\$411,870,000
2020	\$214,021,000	4.0%		(1.7%)			\$217,733,000	
2021	\$222,021,000	3.7%	\$436,042,000	(1.6%)	(\$7,249,000)	(1.6%)	\$225,558,000	\$443,291,000
2022	\$230,068,000	3.6%		(1.5%)			\$233,650,000	
2023	\$238,521,000	3.7%	\$468,589,000	(1.2%)	(\$6,584,000)	(1.4%)	\$241,523,000	\$475,173,000
2024	\$247,123,000	3.6%		(1.0%)			\$249,625,000	
2025	\$256,050,000	3.6%	\$503,173,000	(0.9%)	(\$4,719,000)	(0.9%)	\$258,267,000	\$507,892,000
2026	\$264,725,000	3.4%		(0.8%)			\$266,777,000	
2027	\$273,866,000	3.5%	\$538,591,000	(0.7%)	(\$3,846,000)	(0.7%)	\$275,660,000	\$542,437,000

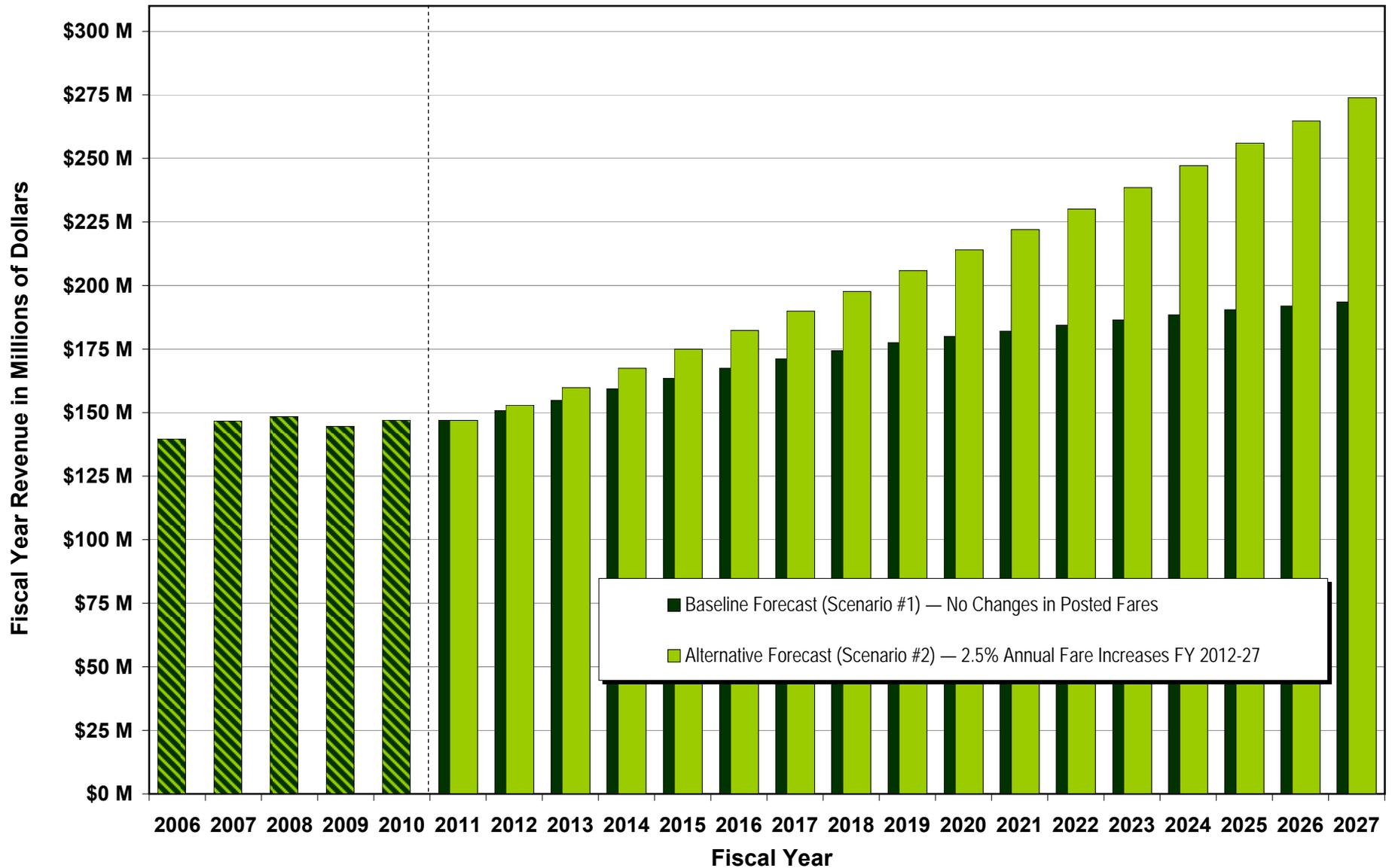
¹ The Alternative Forecast (Scenario 2) includes the recent 2.5% fare increase on January 1, 2011, followed by annual 2.5% fare increases with nickel up-rounding each October 1, 2011 through 2026 (FY 2012-27). This yields increasing real fares under the current inflation projection. Scenario 2 also reflects the current programmed level of service subject to capacity constraints.

² Reflects/includes historical data.

³ Includes the effects of reduced ridership and revenue due to the Mukilteo terminal construction closures over 3 weekends in late winter/early spring 2011.

Washington State Ferries — Revenue History and Forecast Trends

March 2011 Forecast Scenarios – Fiscal Years 2006-2027



Washington State Ferries

RIDERSHIP PROJECTIONS ~ BASELINE FORECAST (SCENARIO #1)

No Changes in the Current Posted Fares¹

March 2011 Forecast – Fiscal Years 2011-2027

Fiscal Year	March 2011 Unconstrained Demand Forecast	March 2011 Capacity Constrained Projections				November 2010 Projections	
		Passenger Ridership	Vehicle/Driver Ridership	Total Ridership	Annual Rate of Growth	Total Ridership	Mar. % Chg from Nov.
2008 ²	23,281,551	12,889,403	10,392,148	23,281,551	(2.9%)		
2009 ²	22,477,473	12,572,707	9,904,766	22,477,473	(3.5%)		
2010 ²	22,587,537	12,453,226	10,134,311	22,587,537	0.5%	22,587,537	0.0%
2011 ^{2 3}	22,282,000	12,284,000	9,998,000	22,282,000	(1.4%)	22,560,000	(1.2%)
2012	22,661,000	12,497,000	10,164,000	22,661,000	1.7%	23,240,000	(2.5%)
2013	23,409,000	12,964,000	10,445,000	23,409,000	3.3%	24,094,000	(2.8%)
2014	24,229,000	13,486,000	10,740,000	24,226,000	3.5%	24,929,000	(2.8%)
2015	25,023,000	13,999,000	11,002,000	25,001,000	3.2%	25,590,000	(2.3%)
2016	25,701,000	14,399,000	11,258,000	25,657,000	2.6%	26,244,000	(2.2%)
2017	26,368,000	14,786,000	11,494,000	26,280,000	2.4%	26,871,000	(2.2%)
2018	27,029,000	15,171,000	11,688,000	26,859,000	2.2%	27,394,000	(2.0%)
2019	27,711,000	15,559,000	11,864,000	27,423,000	2.1%	27,905,000	(1.7%)
2020	28,396,000	15,946,000	12,003,000	27,949,000	1.9%	28,393,000	(1.6%)
2021	29,088,000	16,338,000	12,105,000	28,443,000	1.8%	28,878,000	(1.5%)
2022	29,770,000	16,737,000	12,196,000	28,933,000	1.7%	29,370,000	(1.5%)
2023	30,490,000	17,145,000	12,282,000	29,427,000	1.7%	29,842,000	(1.4%)
2024	31,244,000	17,578,000	12,357,000	29,935,000	1.7%	30,291,000	(1.2%)
2025	32,037,000	18,044,000	12,411,000	30,455,000	1.7%	30,755,000	(1.0%)
2026	32,842,000	18,527,000	12,432,000	30,959,000	1.7%	31,229,000	(0.9%)
2027	33,668,000	19,022,000	12,448,000	31,470,000	1.7%	31,703,000	(0.7%)

¹ The Baseline Forecast (Scenario 1) includes the recent 2.5% fare increase on January 1, 2011, but assumes no further changes to the current nominal fares thereafter. This leads to declining real fares over the forecast horizon. Scenario 1 also reflects the current programmed level of service subject to capacity constraints.

² Reflects/includes historical data.

³ Includes the effects of reduced ridership and revenue due to the Mukilteo terminal construction closures over 3 weekends in late winter/early spring 2011.

Washington State Ferries

RIDERSHIP PROJECTIONS ~ ALTERNATIVE FORECAST (SCENARIO #2)

2.5% Annual Fare Increases FY 2011-27¹

March 2011 Forecast – Fiscal Years 2011-2027

Fiscal Year	March 2011 Unconstrained Demand Forecast	March 2011 Capacity Constrained Projections				November 2010 Projections	
		Passenger Ridership	Vehicle/Driver Ridership	Total Ridership	Annual Rate of Growth	Total Ridership	Mar. % Chg from Nov.
2008²	23,281,551	12,889,403	10,392,148	23,281,551	(2.9%)		
2009²	22,477,473	12,572,707	9,904,766	22,477,473	(3.5%)		
2010²	22,587,537	12,453,226	10,134,311	22,587,537	0.5%	22,587,537	0.0%
2011^{2 3}	22,282,000	12,284,000	9,998,000	22,282,000	(1.4%)	22,560,000	(1.2%)
2012	22,532,000	12,434,000	10,098,000	22,532,000	1.1%	23,118,000	(2.5%)
2013	23,046,000	12,768,000	10,278,000	23,046,000	2.3%	23,753,000	(3.0%)
2014	23,625,000	13,146,000	10,478,000	23,624,000	2.5%	24,370,000	(3.1%)
2015	24,171,000	13,511,000	10,660,000	24,171,000	2.3%	24,811,000	(2.6%)
2016	24,598,000	13,763,000	10,826,000	24,589,000	1.7%	25,246,000	(2.6%)
2017	24,996,000	13,982,000	10,993,000	24,975,000	1.6%	25,674,000	(2.7%)
2018	25,369,000	14,191,000	11,144,000	25,335,000	1.4%	25,997,000	(2.5%)
2019	25,754,000	14,400,000	11,295,000	25,695,000	1.4%	26,324,000	(2.4%)
2020	26,134,000	14,598,000	11,445,000	26,043,000	1.4%	26,642,000	(2.2%)
2021	26,515,000	14,791,000	11,573,000	26,364,000	1.2%	26,938,000	(2.1%)
2022	26,881,000	14,988,000	11,675,000	26,663,000	1.1%	27,235,000	(2.1%)
2023	27,274,000	15,191,000	11,785,000	26,976,000	1.2%	27,505,000	(1.9%)
2024	27,691,000	15,414,000	11,885,000	27,299,000	1.2%	27,780,000	(1.7%)
2025	28,124,000	15,650,000	11,967,000	27,617,000	1.2%	28,061,000	(1.6%)
2026	28,549,000	15,887,000	12,034,000	27,921,000	1.1%	28,334,000	(1.5%)
2027	28,984,000	16,132,000	12,090,000	28,222,000	1.1%	28,598,000	(1.3%)

¹ The Alternative Forecast (Scenario 2) includes the recent 2.5% fare increase on January 1, 2011, followed by annual 2.5% fare increases with nickel up-rounding each October 1, 2011 through 2026 (FY 2012-27). This yields increasing real fares under the current inflation projection. Scenario 2 also reflects the current programmed level of service subject to capacity constraints.

² Reflects/includes historical data.

³ Includes the effects of reduced ridership and revenue due to the Mukilteo terminal construction closures over 3 weekends in late winter/early spring 2011.

Washington State Ferries — Ridership History and Forecast Trends

March 2011 Forecast Scenarios – Fiscal Years 2006-2027

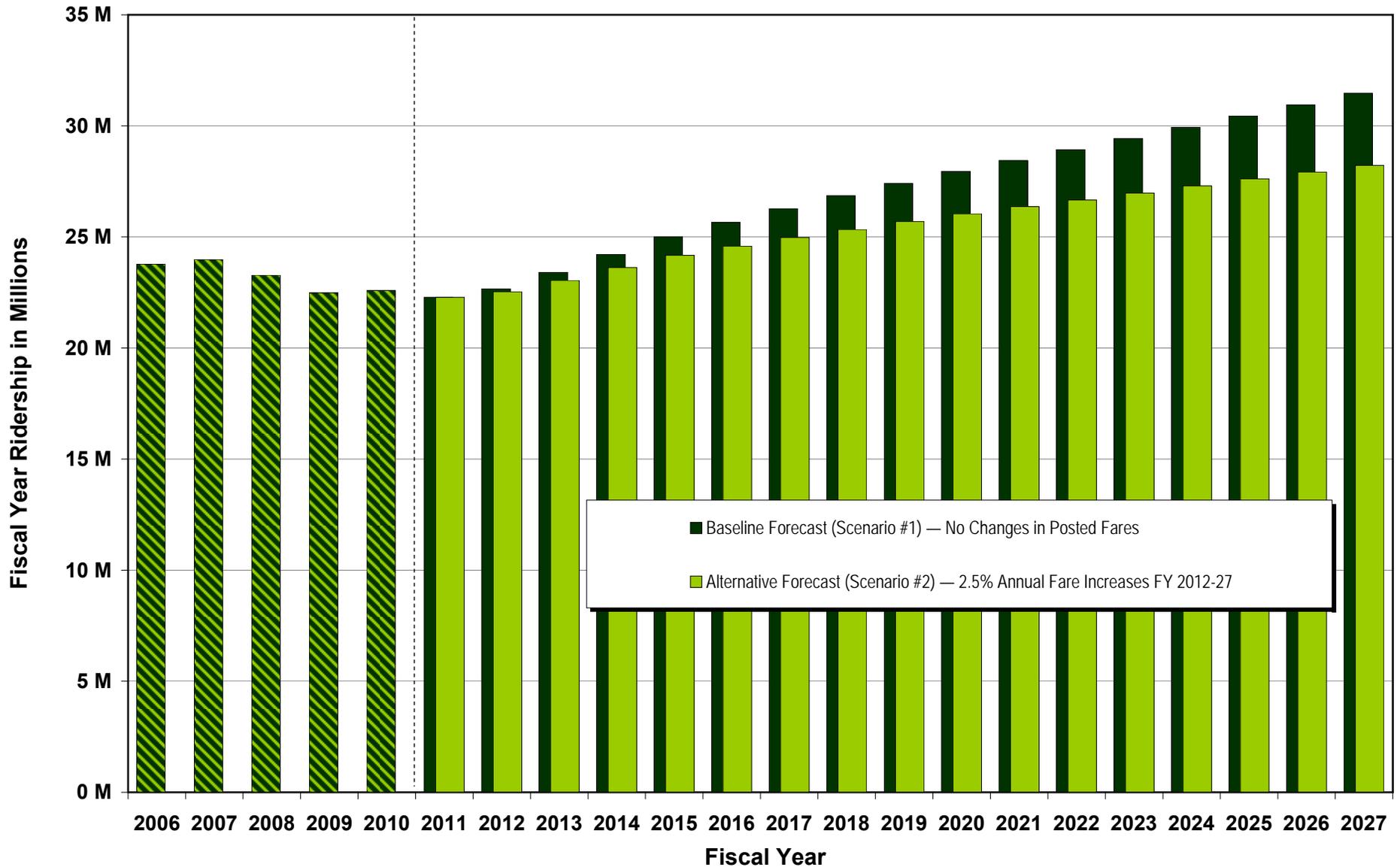


TABLE 1A
Washington State Ferries
REVENUE PROJECTIONS BY FARE SCENARIO

Summary Comparison of Alternative Forecast / Scenario #2, with Sensitivity Tests of 5%, 7.5% and 10% Fare Increases in lieu of 2.5% on 10/1/2011

March 2011 Forecast

Scenario ¹ Fiscal Year	Alternative Forecast		Alternative Forecast Sensitivity Tests: 5%, 7.5% and 10% Fare Increases October 1, 2011, and 2.5% annual fare increases thereafter											
	Scenario 2 2.5% fare increases, October 1, 2011-26		Sensitivity Test 2.1 5.0% fare increase October 1, 2011 (+ 2.5% over Scenario 2)				Sensitivity Test 2.2 7.5% fare increase October 1, 2011 (+ 5% over Scenario 2)				Sensitivity Test 2.3 10% fare increase October 1, 2011 (+ 7.5% over Scenario 2)			
	Revenue Forecast		Revenue Forecast				Revenue Forecast				Revenue Forecast			
	Fiscal Year	Biennium	Fiscal Year	Biennium	\$ Increase (compared to Scenario 2)	% Increase	Fiscal Year	Biennium	\$ Increase (compared to Scenario 2)	% Increase	Fiscal Year	Biennium	\$ Increase (compared to Scenario 2)	% Increase
2010 ² 2011 ^{2,3}	\$147.0 M \$146.9 M	\$293.9 M	\$147.0 M \$146.9 M	\$293.9 M	N/A	N/A	\$147.0 M \$146.9 M	\$293.9 M	N/A	N/A	\$147.0 M \$146.9 M	\$293.9 M	N/A	N/A
2012 2013	\$152.9 M \$159.8 M	\$312.8 M	\$154.7 M \$162.4 M	\$317.1 M	\$4.3 M	+ 1.4%	\$156.5 M \$164.8 M	\$321.3 M	\$8.5 M	+ 2.7%	\$158.2 M \$167.3 M	\$325.5 M	\$12.8 M	+ 4.1%
2014 2015	\$167.4 M \$175.0 M	\$342.4 M	\$170.1 M \$177.7 M	\$347.8 M	\$5.4 M	+ 1.6%	\$172.6 M \$180.3 M	\$352.9 M	\$10.5 M	+ 3.1%	\$175.3 M \$183.3 M	\$358.5 M	\$16.1 M	+ 4.7%
2016 2017	\$182.3 M \$189.9 M	\$372.2 M	\$185.2 M \$193.0 M	\$378.3 M	\$6.1 M	+ 1.6%	\$188.1 M \$196.1 M	\$384.2 M	\$12.1 M	+ 3.2%	\$191.2 M \$199.3 M	\$390.5 M	\$18.4 M	+ 4.9%
2018 2019	\$197.6 M \$205.8 M	\$403.5 M	\$200.9 M \$209.2 M	\$410.1 M	\$6.6 M	+ 1.6%	\$204.0 M \$212.5 M	\$416.5 M	\$13.1 M	+ 3.2%	\$207.3 M \$215.9 M	\$423.2 M	\$19.7 M	+ 4.9%
2020 2021	\$214.0 M \$222.0 M	\$436.0 M	\$217.5 M \$225.8 M	\$443.2 M	\$7.2 M	+ 1.7%	\$220.9 M \$229.6 M	\$450.5 M	\$14.5 M	+ 3.3%	\$224.6 M \$233.5 M	\$458.1 M	\$22.0 M	+ 5.1%
2022 2023	\$230.1 M \$238.5 M	\$468.6 M	\$234.1 M \$242.8 M	\$476.9 M	\$8.3 M	+ 1.8%	\$238.2 M \$247.0 M	\$485.2 M	\$16.6 M	+ 3.5%	\$242.4 M \$251.4 M	\$493.9 M	\$25.3 M	+ 5.4%
2024 2025	\$247.1 M \$256.1 M	\$503.2 M	\$251.7 M \$260.8 M	\$512.5 M	\$9.4 M	+ 1.9%	\$256.1 M \$265.5 M	\$521.6 M	\$18.5 M	+ 3.7%	\$260.7 M \$270.4 M	\$531.1 M	\$27.9 M	+ 5.6%
2026 2027	\$264.7 M \$273.9 M	\$538.6 M	\$269.7 M \$279.0 M	\$548.8 M	\$10.2 M	+ 1.9%	\$274.7 M \$284.3 M	\$559.0 M	\$20.4 M	+ 3.8%	\$279.9 M \$289.7 M	\$569.6 M	\$31.0 M	+ 5.8%

¹ All forecast scenarios include the current programmed level of service and include the effects of vessel capacity constraints.

² Reflects/includes historical data.

³ Includes the effects of reduced ridership and revenue due to the Mukilleo terminal construction closures over 3 weekends in late winter/early spring 2011.

TABLE 1B
Washington State Ferries
RIDERSHIP PROJECTIONS BY FARE SCENARIO

Summary Comparison of Alternative Forecast / Scenario #2, with Sensitivity Tests of 5%, 7.5% and 10% Fare Increases in lieu of 2.5% on 10/1/2011

March 2011 Forecast

Scenario ¹ Fiscal Year	Alternative Forecast		Alternative Forecast Sensitivity Tests: 5%, 7.5% and 10% Fare Increases October 1, 2011, and 2.5% annual fare increases thereafter											
	Scenario 2 2.5% fare increases, October 1, 2011-26		Sensitivity Test 2.1 5.0% fare increase October 1, 2011 (+ 2.5% over Scenario 2)				Sensitivity Test 2.2 7.5% fare increase October 1, 2011 (+ 5% over Scenario 2)				Sensitivity Test 2.3 10% fare increase October 1, 2011 (+ 7.5% over Scenario 2)			
	Ridership Forecast		Ridership Forecast				Ridership Forecast				Ridership Forecast			
	Fiscal Year	Biennium	Fiscal Year	Biennium	Decrease (compared to Scenario 2)	% Decrease	Fiscal Year	Biennium	Decrease (compared to Scenario 2)	% Decrease	Fiscal Year	Biennium	Decrease (compared to Scenario 2)	% Decrease
2010 ²	22.6 M	44.9 M	22.6 M	44.9 M	N/A	N/A	22.6 M	44.9 M	N/A	N/A	22.6 M	44.9 M	N/A	N/A
2011 ^{2 3}	22.3 M		22.3 M	44.9 M			22.3 M	44.9 M			22.3 M	44.9 M		
2012	22.5 M	45.6 M	22.4 M	45.3 M	(0.3 M)	- 0.7%	22.3 M	45.0 M	(0.6 M)	- 1.3%	22.2 M	44.7 M	(0.9 M)	- 1.9%
2013	23.0 M		22.8 M				22.7 M				22.5 M			
2014	23.6 M	47.8 M	23.4 M	47.4 M	(0.4 M)	- 0.9%	23.2 M	47.0 M	(0.8 M)	- 1.6%	23.0 M	46.6 M	(1.2 M)	- 2.5%
2015	24.2 M		24.0 M				23.8 M				23.6 M			
2016	24.6 M	49.6 M	24.4 M	49.1 M	(0.4 M)	- 0.9%	24.2 M	48.7 M	(0.8 M)	- 1.7%	23.9 M	48.3 M	(1.3 M)	- 2.6%
2017	25.0 M		24.7 M				24.5 M				24.3 M			
2018	25.3 M	51.0 M	25.1 M	50.6 M	(0.5 M)	- 0.9%	24.9 M	50.2 M	(0.9 M)	- 1.7%	24.7 M	49.7 M	(1.3 M)	- 2.5%
2019	25.7 M		25.5 M				25.3 M				25.1 M			
2020	26.0 M	52.4 M	25.8 M	52.0 M	(0.4 M)	- 0.8%	25.6 M	51.6 M	(0.8 M)	- 1.6%	25.4 M	51.2 M	(1.2 M)	- 2.4%
2021	26.4 M		26.2 M				26.0 M				25.8 M			
2022	26.7 M	53.6 M	26.5 M	53.2 M	(0.4 M)	- 0.8%	26.3 M	52.9 M	(0.8 M)	- 1.4%	26.1 M	52.4 M	(1.2 M)	- 2.2%
2023	27.0 M		26.8 M				26.6 M				26.4 M			
2024	27.3 M	54.9 M	27.1 M	54.5 M	(0.4 M)	- 0.8%	26.9 M	54.1 M	(0.8 M)	- 1.4%	26.7 M	53.7 M	(1.2 M)	- 2.2%
2025	27.6 M		27.4 M				27.2 M				27.0 M			
2026	27.9 M	56.1 M	27.7 M	55.7 M	(0.4 M)	- 0.7%	27.5 M	55.4 M	(0.8 M)	- 1.3%	27.3 M	55.0 M	(1.1 M)	- 2.0%
2027	28.2 M		28.0 M				27.9 M				27.7 M			

¹ All forecast scenarios include the current programmed level of service and include the effects of vessel capacity constraints.

² Reflects/includes historical data.

³ Includes the effects of reduced ridership and revenue due to the Mukilteo terminal construction closures over 3 weekends in late winter/early spring 2011.

TABLE 2A

Washington State Ferries
REVENUE PROJECTIONS BY FARE SCENARIO

Summary Comparison of Alternative Forecast / Scenario #2, with Fare Surcharge Sensitivity Tests for Capital and Higher Fuel Costs

March 2011 Forecast

Scenario ¹ Fiscal Year	Alternative Forecast		Alternative Forecast Sensitivity Tests: Fare Surcharges Including 25¢ for Capital and Variable Amounts to Recover Projected Fuel Costs Higher than the Long Term Average													
	Scenario 2 2.5% fare increases, October 1, 2011-26		Sensitivity Test 2.4 25¢ Fare Surcharge for Capital (Applied to One-Way Trips)						Sensitivity Test 2.5 Fuel Surcharge to Recover Difference between March 2011 Forecast & Long Term Average Cost*							
	Revenue Forecast		Revenue Forecast				Total 25¢ Fare Surcharge Revenue		Loss of Operating Revenue if 25¢ / Rider Diverted to Capital		Revenue Forecast				Required Fuel Surcharge Fare Increases	
	Fiscal Year	Biennium	Fiscal Year	Biennium	\$ Increase (compared to Scenario 2)	% Increase	Fiscal Year	Biennium	Fiscal Year	Biennium	Fiscal Year	Biennium	Fiscal Year	Biennium	\$ Increase (compared to Scenario 2)	% Increase
2010 ²	\$147.0 M	\$293.9 M	\$147.0 M	\$294.5 M	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$147.0 M	\$293.9 M	N/A	N/A	N/A
2011 ^{2 3}	\$146.9 M		\$147.5 M				N/A	N/A	N/A	N/A		\$146.9 M				N/A
2012	\$152.9 M	\$312.8 M	\$155.3 M	\$318.7 M	\$5.9 M	+ 1.9%	\$3.8 M	\$9.4 M	(\$1.4 M)	(\$3.5 M)	\$171.2 M	\$355.1 M	\$42.3 M	+ 13.5%	30.7%	
2013	\$159.8 M		\$163.3 M				\$5.6 M		(\$2.1 M)		\$183.9 M				28.3%	
2014	\$167.4 M	\$342.4 M	\$171.0 M	\$349.7 M	\$7.3 M	+ 2.1%	\$5.8 M	\$11.7 M	(\$2.2 M)	(\$4.4 M)	\$191.6 M	\$390.2 M	\$47.8 M	+ 14.0%	27.4%	
2015	\$175.0 M		\$178.6 M				\$5.9 M		(\$2.2 M)		\$198.6 M				24.8%	
2016	\$182.3 M	\$372.2 M	\$186.1 M	\$379.9 M	\$7.7 M	+ 2.1%	\$6.0 M	\$12.1 M	(\$2.2 M)	(\$4.4 M)	\$206.8 M	\$421.9 M	\$49.7 M	+ 13.4%	25.7%	
2017	\$189.9 M		\$193.8 M				\$6.1 M		(\$2.2 M)		\$215.1 M				24.9%	
2018	\$197.6 M	\$403.5 M	\$201.6 M	\$411.5 M	\$8.0 M	+ 2.0%	\$6.2 M	\$12.5 M	(\$2.3 M)	(\$4.5 M)	\$223.0 M	\$453.5 M	\$50.1 M	+ 12.4%	24.0%	
2019	\$205.8 M		\$209.9 M				\$6.3 M		(\$2.2 M)		\$230.5 M				22.0%	
2020	\$214.0 M	\$436.0 M	\$218.2 M	\$444.6 M	\$8.5 M	+ 2.0%	\$6.4 M	\$12.9 M	(\$2.2 M)	(\$4.3 M)	\$237.1 M	\$480.9 M	\$44.8 M	+ 10.3%	19.3%	
2021	\$222.0 M		\$226.4 M				\$6.5 M		(\$2.1 M)		\$243.8 M				17.6%	
2022	\$230.1 M	\$468.6 M	\$234.5 M	\$477.6 M	\$9.0 M	+ 1.9%	\$6.5 M	\$13.2 M	(\$2.1 M)	(\$4.1 M)	\$252.1 M	\$511.9 M	\$43.3 M	+ 9.2%	17.7%	
2023	\$238.5 M		\$243.1 M				\$6.6 M		(\$2.1 M)		\$259.9 M				16.0%	
2024	\$247.1 M	\$503.2 M	\$251.8 M	\$512.7 M	\$9.5 M	+ 1.9%	\$6.7 M	\$13.5 M	(\$2.1 M)	(\$4.0 M)	\$268.2 M	\$545.7 M	\$42.5 M	+ 8.4%	15.6%	
2025	\$256.1 M		\$260.9 M				\$6.8 M		(\$2.0 M)		\$277.4 M				15.4%	
2026	\$264.7 M	\$538.6 M	\$269.7 M	\$548.6 M	\$10.0 M	+ 1.9%	\$6.9 M	\$13.8 M	(\$1.9 M)	(\$3.8 M)	\$286.4 M	\$579.3 M	\$40.7 M	+ 7.6%	15.0%	
2027	\$273.9 M		\$278.9 M				\$7.0 M		(\$1.9 M)		\$292.9 M				12.1%	

¹ All forecast scenarios include the current programmed level of service and include the effects of vessel capacity constraints.

² Reflects/includes historical data.

³ Includes the effects of reduced ridership and revenue due to the Mukilleo terminal construction closures over 3 weekends in late winter/early spring 2011.

* Fare surcharges required to recover the ex-tax diesel fuel cost differences between the March 2011 price forecasts and the long term average fuel cost inclusive of general inflation (measured as \$2.17 in 2010)

TABLE 2B
Washington State Ferries
RIDERSHIP PROJECTIONS BY FARE SCENARIO

Summary Comparison of Alternative Forecast / Scenario #2, with Fare Surcharge Sensitivity Tests for Capital and Higher Fuel Costs
 March 2011 Forecast

Scenario ¹ Fiscal Year	Alternative Forecast		Alternative Forecast Sensitivity Tests: Fare Surcharges Including 25¢ for Capital and Variable Amounts to Recover Projected Fuel Costs Higher than the Long Term Average							
	Scenario 2 2.5% fare increases, October 1, 2011-26		Sensitivity Test 2.4 25¢ Fare Surcharge for Capital (Applied to One-Way Trips)				Sensitivity Test 2.5 Fuel Surcharge to Recover Difference between March 2011 Forecast & Long Term Average Cost*			
	Ridership Forecast		Ridership Forecast				Ridership Forecast			
	Fiscal Year	Biennium	Fiscal Year	Biennium	Decrease (compared to Scenario 2)	% Decrease	Fiscal Year	Biennium	Decrease (compared to Scenario 2)	% Decrease
2010 ²	22.6 M	44.9 M	22.6 M	44.9 M	N/A	N/A	22.6 M	44.9 M	N/A	N/A
2011 ^{2,3}	22.3 M		22.3 M				22.3 M			
2012	22.5 M	45.6 M	22.2 M	44.7 M	(0.9 M)	- 2.0%	20.0 M	40.7 M	(4.8 M)	- 10.6%
2013	23.0 M		22.5 M				20.7 M			
2014	23.6 M	47.8 M	23.1 M	46.7 M	(1.1 M)	- 2.3%	21.3 M	43.3 M	(4.5 M)	- 9.4%
2015	24.2 M		23.6 M				22.0 M			
2016	24.6 M	49.6 M	24.1 M	48.5 M	(1.1 M)	- 2.1%	22.3 M	45.1 M	(4.5 M)	- 9.1%
2017	25.0 M		24.4 M				22.7 M			
2018	25.3 M	51.0 M	24.8 M	50.0 M	(1.0 M)	- 2.0%	23.2 M	46.8 M	(4.2 M)	- 8.3%
2019	25.7 M		25.2 M				23.7 M			
2020	26.0 M	52.4 M	25.5 M	51.4 M	(1.0 M)	- 1.9%	24.2 M	48.9 M	(3.5 M)	- 6.6%
2021	26.4 M		25.9 M				24.7 M			
2022	26.7 M	53.6 M	26.2 M	52.7 M	(0.9 M)	- 1.7%	25.0 M	50.4 M	(3.3 M)	- 6.1%
2023	27.0 M		26.5 M				25.4 M			
2024	27.3 M	54.9 M	26.8 M	54.0 M	(0.9 M)	- 1.6%	25.8 M	51.9 M	(3.1 M)	- 5.6%
2025	27.6 M		27.2 M				26.1 M			
2026	27.9 M	56.1 M	27.5 M	55.3 M	(0.9 M)	- 1.5%	26.4 M	53.4 M	(2.7 M)	- 4.9%
2027	28.2 M		27.8 M				27.0 M			

¹ All forecast scenarios include the current programmed level of service and include the effects of vessel capacity constraint;

² Reflects/includes historical data.

³ Includes the effects of reduced ridership and revenue due to the Mukilteo terminal construction closures over 3 weekends in late winter/early spring 2011.

* Fare surcharges required to recover the ex-tax diesel fuel cost differences between the March 2011 price forecasts and the long term average fuel cost inclusive of general inflation (measured as \$2.17 in 2010)

Washington State Ferries

REVENUE PROJECTIONS ~ ALTERNATIVE FORECAST SENSITIVITY TEST 2.4

25¢ Each Way Fare Surcharge in Addition to 2.5% Annual Fare Increases FY 2012-27¹

March 2011 Forecast – Fiscal Years 2011-2027

Fiscal Year	March 2011 Capacity-Constrained Revenue Forecast	Fiscal Year Annual Growth Rate	March Biennium Total	25¢ Surcharge Impact on Revenue		25¢ Surcharge Increment	
				% Increase by Fiscal Year vs. Scenario 2	Net Additional Revenue from 25¢ Surcharge Each Way	Total Surcharge Revenue	Loss of Operating Revenue if 25¢ / Rider Diverted to Capital
2008 ²	\$148,379,626	1.1%					
2009 ²	\$144,540,455	(2.6%)	\$292,920,081				
2010 ²	\$147,009,545	1.7%					
2011 ^{2 3}	\$147,534,000	0.4%	\$294,543,545				
2012	\$155,324,000	5.3%		1.6%	\$2,379,000	\$3,813,690	(\$1,434,690)
2013	\$163,330,000	5.2%	\$318,654,000	2.2%	\$3,515,000	\$5,625,250	(\$2,110,250)
2014	\$171,039,000	4.7%		2.2%	\$3,603,000	\$5,769,750	(\$2,166,750)
2015	\$178,640,000	4.4%	\$349,679,000	2.1%	\$3,686,000	\$5,906,000	(\$2,220,000)
2016	\$186,100,000	4.2%		2.1%	\$3,819,000	\$6,013,250	(\$2,194,250)
2017	\$193,762,000	4.1%	\$379,862,000	2.0%	\$3,881,000	\$6,111,500	(\$2,230,500)
2018	\$201,585,000	4.0%		2.0%	\$3,947,000	\$6,203,250	(\$2,256,250)
2019	\$209,894,000	4.1%	\$411,479,000	2.0%	\$4,072,000	\$6,296,500	(\$2,224,500)
2020	\$218,182,000	3.9%		1.9%	\$4,161,000	\$6,385,750	(\$2,224,750)
2021	\$226,387,000	3.8%	\$444,569,000	2.0%	\$4,366,000	\$6,470,500	(\$2,104,500)
2022	\$234,540,000	3.6%		1.9%	\$4,472,000	\$6,548,000	(\$2,076,000)
2023	\$243,076,000	3.6%	\$477,616,000	1.9%	\$4,555,000	\$6,628,250	(\$2,073,250)
2024	\$251,783,000	3.6%		1.9%	\$4,660,000	\$6,711,250	(\$2,051,250)
2025	\$260,874,000	3.6%	\$512,657,000	1.9%	\$4,824,000	\$6,793,750	(\$1,969,750)
2026	\$269,698,000	3.4%		1.9%	\$4,973,000	\$6,873,000	(\$1,900,000)
2027	\$278,916,000	3.4%	\$548,614,000	1.8%	\$5,050,000	\$6,950,000	(\$1,900,000)

¹ The Alternative Forecast - Sensitivity Test 2.4 (Scenario 2.4) includes the 1/1/2011 2.5% fare increase, followed by annual 2.5% fare increases combined with a 25¢ each-way fare surcharge, every October, 2011-26 (FY 2013-27). This yields increasing real fares under the current inflation projection. This test also reflects the current programmed level of service subject to capacity constraints.

² Reflects/includes historical data.

³ Includes the effects of reduced ridership and revenue due to the Mukilteo terminal construction closures over 3 weekends in late winter/early spring 2011.

Washington State Ferries

RIDERSHIP PROJECTIONS ~ ALTERNATIVE FORECAST SENSITIVITY TEST 2.4

25¢ Each Way Fare Surcharge in Addition to 2.5% Annual Fare Increases FY 2012-27¹

March 2011 Forecast – Fiscal Years 2011-2027

Fiscal Year	March 2011 Unconstrained Demand Forecast	March 2011 Capacity Constrained Projections				25¢ Surcharge Impact on Ridership	
		Passenger Ridership	Vehicle/Driver Ridership	Total Ridership	Annual Rate of Growth	% Decrease by vs. Scenario 2	Net Decrease in Ridership
2008 ²	23,281,551	12,889,403	10,392,148	23,281,551	(2.9%)		
2009 ²	22,477,473	12,572,707	9,904,766	22,477,473	(3.5%)		
2010 ²	22,587,537	12,453,226	10,134,311	22,587,537	0.5%		
2011 ^{2 3}	22,282,000	12,284,000	9,998,000	22,282,000	(1.4%)	0.0%	0
2012	22,156,000	12,122,000	10,034,000	22,156,000	(0.6%)	(1.7%)	(376,000)
2013	22,502,000	12,310,000	10,191,000	22,501,000	1.6%	(2.4%)	(545,000)
2014	23,080,000	12,687,000	10,392,000	23,079,000	2.6%	(2.3%)	(545,000)
2015	23,624,000	13,050,000	10,574,000	23,624,000	2.4%	(2.3%)	(547,000)
2016	24,055,000	13,304,000	10,749,000	24,053,000	1.8%	(2.2%)	(536,000)
2017	24,460,000	13,529,000	10,917,000	24,446,000	1.6%	(2.1%)	(529,000)
2018	24,839,000	13,744,000	11,069,000	24,813,000	1.5%	(2.1%)	(522,000)
2019	25,231,000	13,958,000	11,228,000	25,186,000	1.5%	(2.0%)	(509,000)
2020	25,618,000	14,162,000	11,381,000	25,543,000	1.4%	(1.9%)	(500,000)
2021	26,006,000	14,361,000	11,521,000	25,882,000	1.3%	(1.8%)	(482,000)
2022	26,379,000	14,563,000	11,629,000	26,192,000	1.2%	(1.8%)	(471,000)
2023	26,778,000	14,772,000	11,741,000	26,513,000	1.2%	(1.7%)	(463,000)
2024	27,200,000	14,998,000	11,847,000	26,845,000	1.3%	(1.7%)	(454,000)
2025	27,639,000	15,239,000	11,936,000	27,175,000	1.2%	(1.6%)	(442,000)
2026	28,070,000	15,480,000	12,012,000	27,492,000	1.2%	(1.5%)	(429,000)
2027	28,511,000	15,730,000	12,070,000	27,800,000	1.1%	(1.5%)	(422,000)

¹ The Alternative Forecast - Sensitivity Test 2.4 (Scenario 2.4) includes the 1/1/2011 2.5% fare increase, followed by annual 2.5% fare increases combined with a 25¢ each-way fare surcharge, every October, 2011-26 (FY 2013-27). This yields increasing real fares under the current inflation projection. This test also reflects the current programmed level of service subject to capacity constraints.

² Reflects/includes historical data.

³ Includes the effects of reduced ridership and revenue due to the Mukilteo terminal construction closures over 3 weekends in late winter/early spring 2011.

Washington State Ferries

FARE SURCHARGES REQUIRED TO RECOVER DIFFERENCES BETWEEN THE MARCH 2011 FUEL PRICE FORECASTS AND THE LONG TERM AVERAGE FUEL COST (\$2.17 IN 2010 + INFLATION)*

Alternative Forecast Sensitivity Test 2.5 — Surcharges Plus 2.5% Annual Fare Increases FY 2012-27

March 2011 Forecast – Fiscal Years 2012-2027

Fiscal Year	March 2011 Forecast with 2.5% Annual Fare Increases		Ex-Tax Fuel Price ¹			Fuel Use Forecast (Gallons)	Fuel Surcharge Revenue Targets ¹	Required Oct. 1 Fuel Surcharge Fare Increases	Revised Forecast Inclusive of Option 1 Fuel Surcharge Fare Increases	
	Revenue	Ridership	Option 1: \$2.17 in 2010 plus inflation	Mar 2011 Price Forecast	Basis for Fuel Surcharge				Revenue	Ridership
2012	\$152.9 M	22.5 M	\$2.23	\$3.79	\$1.56	17.1 M	\$18.2 M	30.7%	\$171.2 M	20.0 M
2013	\$159.8 M	23.0 M	\$2.27	\$3.68	\$1.41	17.1 M	\$24.1 M	28.3%	\$183.9 M	20.7 M
2014	\$167.4 M	23.6 M	\$2.31	\$3.73	\$1.42	17.1 M	\$24.2 M	27.4%	\$191.6 M	21.3 M
2015	\$175.0 M	24.2 M	\$2.36	\$3.74	\$1.38	17.1 M	\$23.6 M	24.8%	\$198.6 M	22.0 M
2016	\$182.3 M	24.6 M	\$2.41	\$3.84	\$1.43	17.1 M	\$24.5 M	25.7%	\$206.8 M	22.3 M
2017	\$189.9 M	25.0 M	\$2.45	\$3.93	\$1.47	17.1 M	\$25.2 M	24.9%	\$215.1 M	22.7 M
2018	\$197.6 M	25.3 M	\$2.50	\$3.99	\$1.48	17.1 M	\$25.3 M	24.0%	\$223.0 M	23.2 M
2019	\$205.8 M	25.7 M	\$2.55	\$4.00	\$1.45	17.1 M	\$24.7 M	22.0%	\$230.5 M	23.7 M
2020	\$214.0 M	26.0 M	\$2.60	\$3.95	\$1.35	17.1 M	\$23.1 M	19.3%	\$237.1 M	24.2 M
2021	\$222.0 M	26.4 M	\$2.65	\$3.92	\$1.27	17.1 M	\$21.8 M	17.6%	\$243.8 M	24.7 M
2022	\$230.1 M	26.7 M	\$2.70	\$3.99	\$1.29	17.1 M	\$22.0 M	17.7%	\$252.1 M	25.0 M
2023	\$238.5 M	27.0 M	\$2.75	\$4.00	\$1.25	17.1 M	\$21.3 M	16.0%	\$259.9 M	25.4 M
2024	\$247.1 M	27.3 M	\$2.80	\$4.04	\$1.24	17.1 M	\$21.1 M	15.6%	\$268.2 M	25.8 M
2025	\$256.1 M	27.6 M	\$2.85	\$4.10	\$1.25	17.1 M	\$21.4 M	15.4%	\$277.4 M	26.1 M
2026	\$264.7 M	27.9 M	\$2.91	\$4.18	\$1.27	17.1 M	\$21.7 M	15.0%	\$286.4 M	26.4 M
2027	\$273.9 M	28.2 M	\$3.14	\$4.25	\$1.11	17.1 M	\$19.0 M	12.1%	\$292.9 M	27.0 M

* Amount by which March 2011 forecast for ex-tax diesel fuel price exceeds the estimated long term average cost of \$2.17 in 2010 dollars plus annual inflation.

¹ The FY 2012 fuel surcharge revenue target was reduced to account for the October 1 implementation date, which provides only 9 months of fare surcharge revenue.