

Whatcom County Public Works Ferry Operations Report

Fiscal Year 2015

Notes about the numbers.

- In order to produce a timely and relevant snapshot of the year, this report has been compiled using financial data available to Public Works as of March 2016. These numbers are still subject to audit and could change.

Presentation Content

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2015 Ferry Fund Financial “snap shot”

Operating Revenues:

- Fares \$ 1,459,800
- Ferry Deficit Reimbursement \$ 161,839
- Interest and other income \$ 9,894
- Road Fund Subsidy (45%) \$ 1,170,156
- Total 2015 Revenue **\$2,801,689**
- Less 2015 Operating Expenditures (2,600,348)
- 2015 Operating GAIN = \$ 201,341

Note: All figures reflect 2015 activity as of 3-31-16. The year is not closed and additional adjustments may be recorded after the preparation date of this presentation.

Summary of Revenues

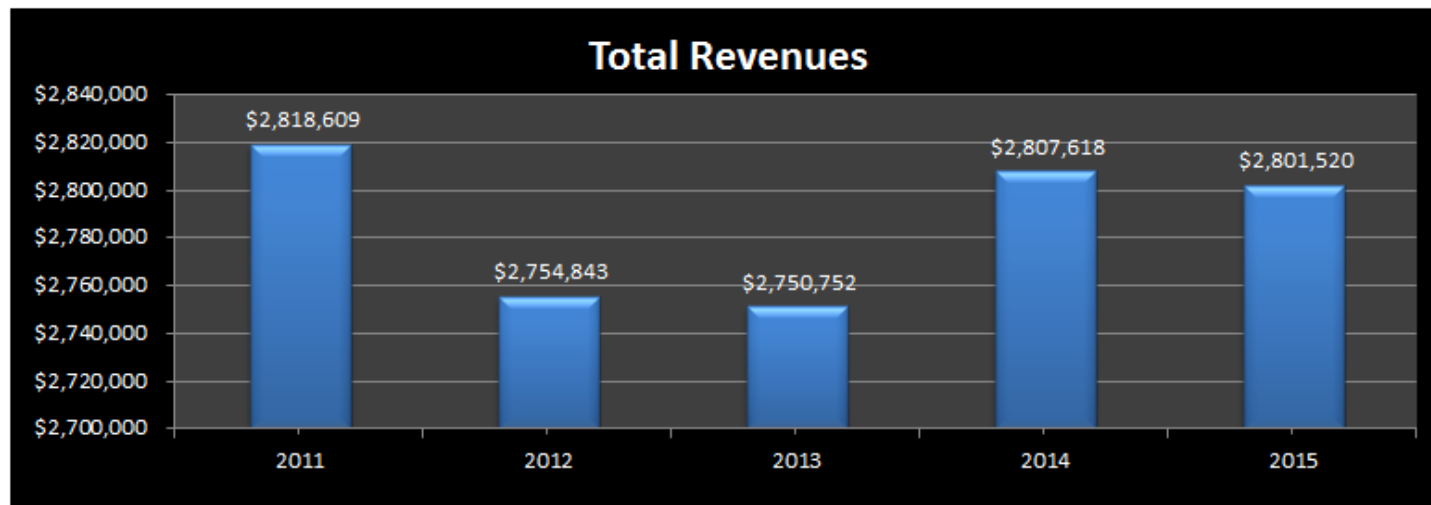
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues:					
State Grants Revenues & Entitlements	\$ 165,174	\$ 181,433	\$ 134,374	\$ 211,515	\$ 161,839
Other Misc. Revenue	151	526	277	2,403	200
Fares	1,545,829	1,447,131	1,475,990	1,481,783	1,459,800
Interest Earnings	6,881	6,142	5,382	7,415	9,525
Road Fund Subsidy	1,100,574	1,119,611	1,134,729	1,104,502	1,170,156
Total Revenues*	\$ 2,818,609	\$ 2,754,843	\$ 2,750,752	\$ 2,807,618	\$ 2,801,520

* - Excludes unrealized investment revenue/loss

1/23/11: \$3 surcharge implemented

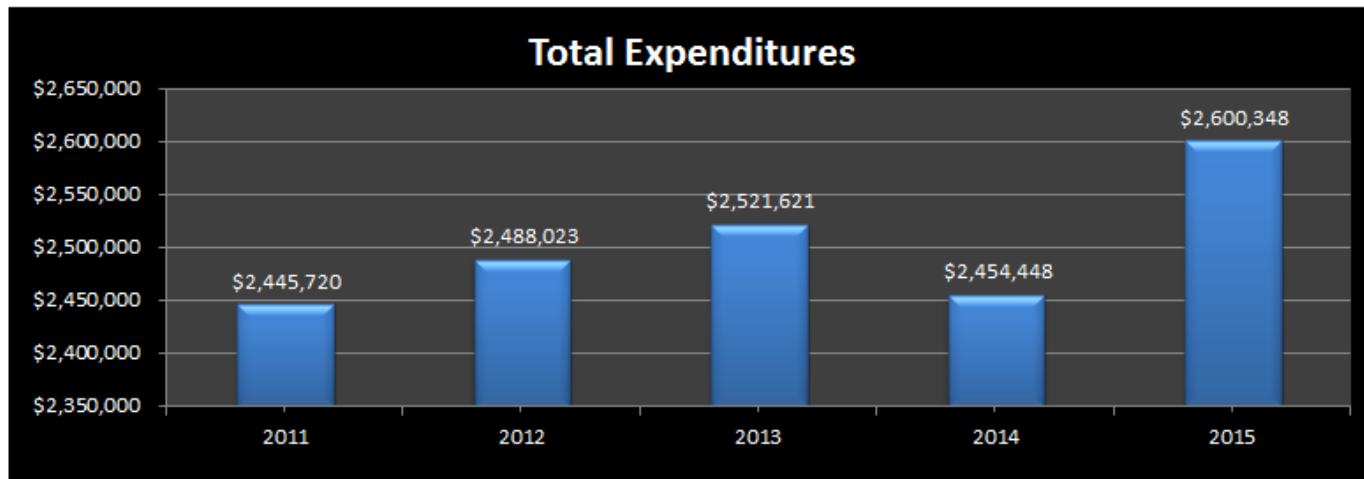
4/26/12: Free passenger and pedestrian travel for all children under age 19.

10/4/15: \$3 surcharge dropped and fares adjusted



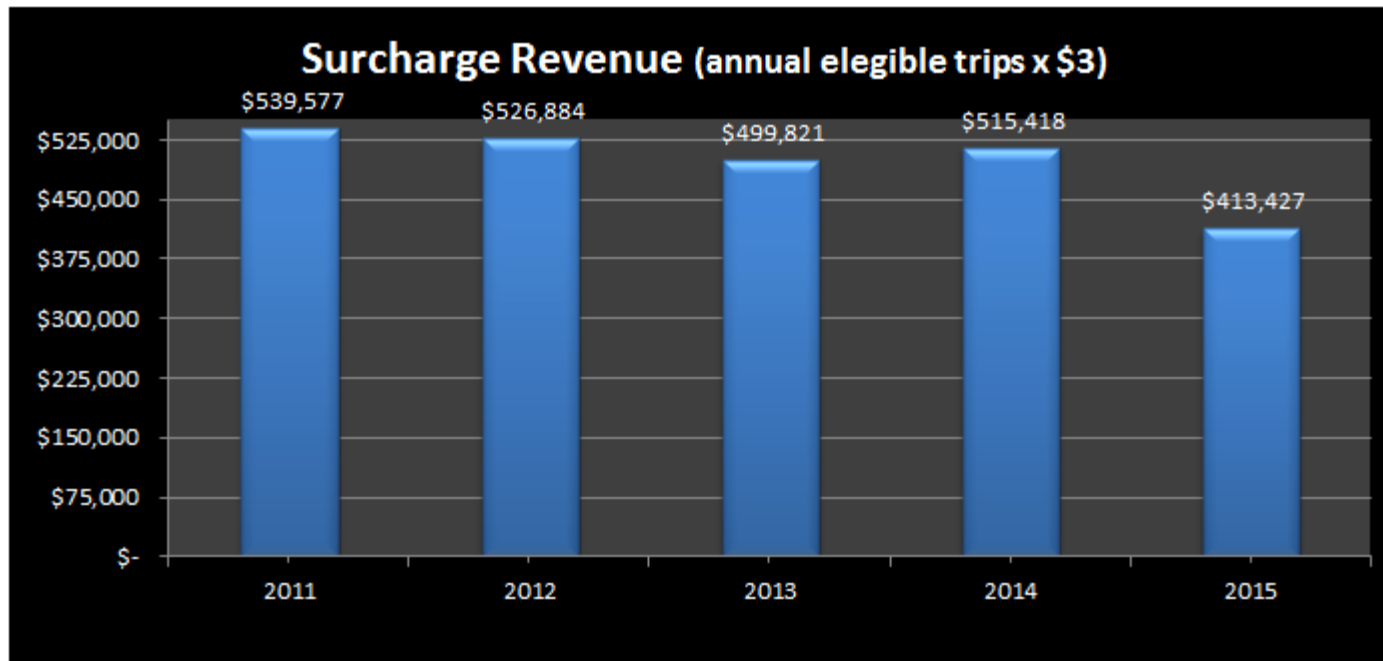
Summary of Expenditures

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenditures:					
Salaries and Benefits	\$ 1,015,664	\$ 1,053,338	\$ 1,083,176	\$ 1,130,790	\$ 1,170,767
Office and Operating Supplies	15,731	8,740	3,793	2,061	3,058
Dry Dock Fuel	11,360	10,851	3,796	9,218	7,562
Professional/Contractual Services	124,149	124,052	61,737	49,413	82,442
Postage, travel, advertising	15,104	15,152	14,419	15,033	10,286
Equipment & Space Rental	822,893	825,460	849,425	812,036	833,854
Ferry Insurance	55,695	36,686	45,063	28,829	61,762
Utilities	6,798	9,467	10,477	10,856	9,769
Repairs & Maintenance	136,154	130,886	166,258	150,004	146,689
Miscellaneous - include cost alloc.	242,172	273,391	283,477	246,209	274,159
Total Expenditures	\$ 2,445,720	\$ 2,488,023	\$ 2,521,621	\$ 2,454,448	\$ 2,600,348



Summary of Surcharge Impact

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total Collected Surcharge</u>
Surcharge Revenue	\$539,577	\$526,884	\$499,821	\$515,418	\$413,427	\$2,495,127

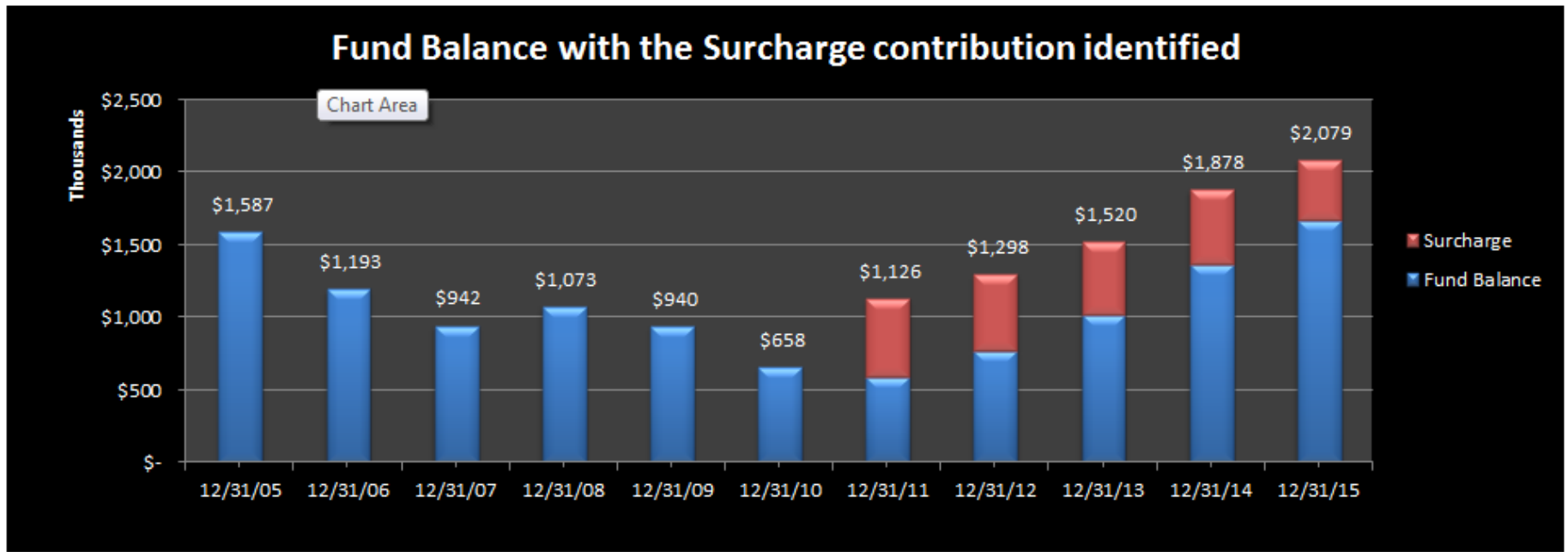


Note: \$3 per trip surcharge began on 1/23/11. Only non-revenue trips are exempt from surcharge.
Surcharge was dropped on 10/04/15 when rates were adjusted

Overview of Ferry Fund Balance

12/31/2005 12/31/2006 12/31/2007 12/31/2008 12/31/2009 12/31/2010 12/31/2011 12/31/2012 12/31/2013 12/31/2014 12/31/2015

Fund Balance \$1,587,137 \$1,193,231 \$ 941,920 \$1,072,545 \$ 939,711 \$ 658,286 \$1,125,653 \$1,297,997 \$1,520,283 \$1,877,731 \$2,079,072

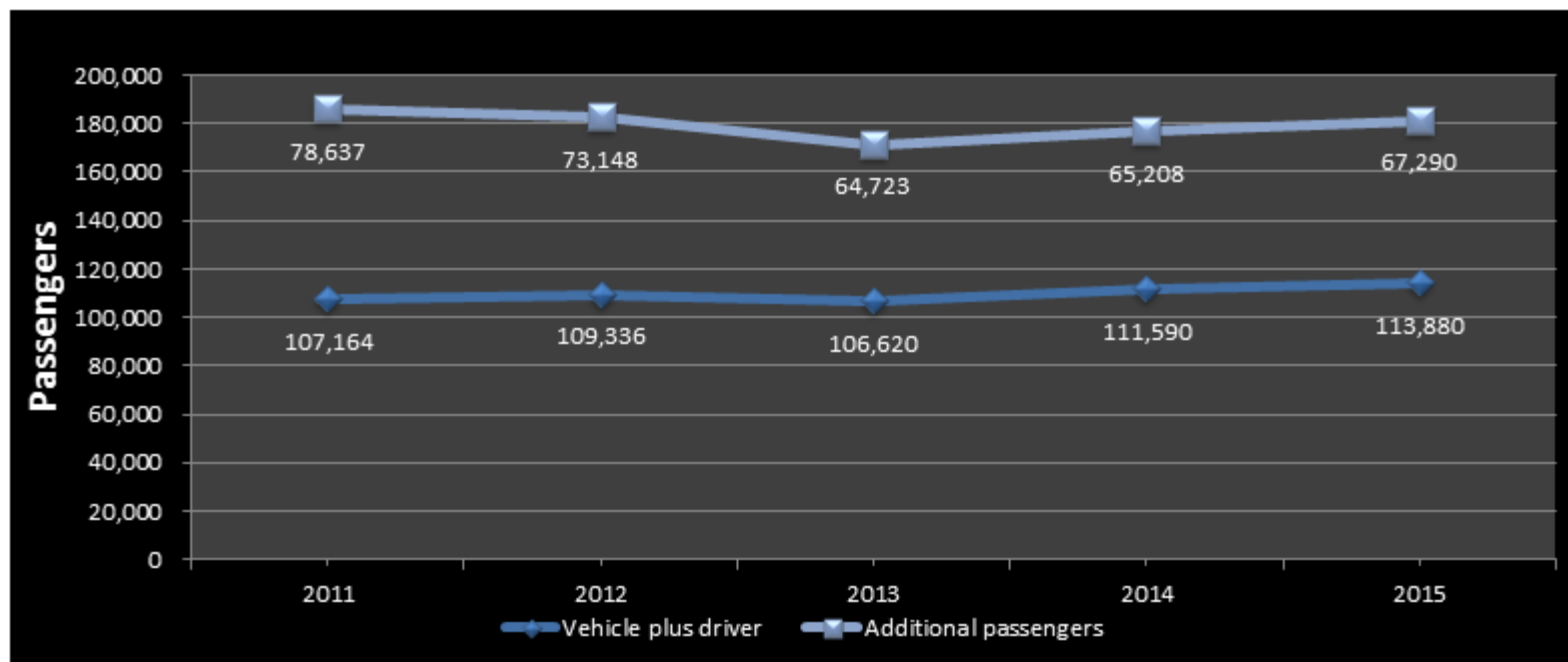


Notes: Surcharge added in 2011. The cumulative surcharge collected 2011 to 2015 is \$2,495.

Additionally, 2014 was the first year that the fund balance has exceeded its starting 2006 balance of \$1,587,137.

Summary of Ridership Statistics

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2015 increase over 2014</u>
Vehicle plus driver	107,164	109,336	106,620	111,590	113,880	2.1%
Additional passengers	78,637	73,148	64,723	65,208	67,290	3.2%
Total ridership	185,801	182,484	171,343	176,798	181,170	2.5%



Note: Vehicle traffic is up 4.7% from 2013 while additional passengers (walkers and non-drivers) are relatively flat at 0.7% and still significantly below 2011-2012 numbers.

Adjusted Total Operating Cost calculation (determines fare goal)

- Total Operating Cost \$ 2,600,348
- Less Ferry Deficit Reimb. (161,839)
- Less Interest/Other Income (9,724)
- Less County Vehicle/Employee Trip Credit (7,810)
- **Adjusted Total Operating Cost** \$ 2,420,975
- Fare goal is defined as 55% of 55%
Adjusted Total Operating Cost \$ 1,331,536

Summary of 45/55 Expenditure Split

• Adjusted Total Operating Cost	\$ 2,420,975	
• Road Fund 45% Subsidy (of total operating costs)	\$ 1,170,156	
• Fare Goal 55% of Adjusted Total Operating Costs (51.2% of total actual operating costs)	\$1,331,536	A
• Actual Fares Collected (56.1% of total operating costs, 60.3% of Adjusted operating cost)	<u>\$1,459,800</u>	<u>B</u>
• Operating <u>Gain</u> from Fares	<u>\$ 128,264</u>	B-A

Road Fund Subsidy Impact

- Ferry Lease and Operation Subsidy (15 years)

- Year 1 - 2012 \$ 2.0 million
- Year 5 - 2017 \$ 2.0 million
- Year 15 - 2027 \$ 3.0 million (estimated)
- 15 years @ \$2.5M/year x 45% Road Fund Subsidy Rate \$ 16.875 million (estimated)

Total Road Fund Subsidy over this period = \$ 23.875 million (estimated)

Note: The estimate is for Ferry Lease milestone payments and Ferry Operations ONLY. The estimated costs do not include the Road Fund expenditures associated with any Lummi Island roadway maintenance or Ferry dock improvements.

Public Works 2015 Sources and Uses: Total Ferry System

2015 Ferry Related Uses

Ferry Fund	Operating Expenses	\$2,600,348	
Road Fund	Ferry Dock Improvements (capital)	301,491	
Road Fund	Year 5 - \$2 million milestone payment (prorated and due 2016)	400,000	
	Total Public Works Expenditures	\$3,301,839	

2015 Ferry Revenue Sources

Passengers	Fare box (\$1,459,800 collected but excess over 55% is restricted use)	\$1,331,536	40.3%
Other Sources	Interest and fees collected	9,725	0.3%
State MVFT	Deficit Reimbursement	161,839	4.9%
Road Fund	Remainder is covered by Road Fund	1,798,739	54.5%
	Funding Total	\$3,301,839	100.0%

General Information/Comments

- **Fare box recovery:** Per WCC 10.34.030, user fees shall be established using a goal of 55% of the **Adjusted Total Operating Costs** over time. The WCC goes on to state that any excess over 55% shall be retained and applied to future operating costs. As of the end of 2015 the cumulative Fare Box recovery rate from 2006-2015 is 56.4% resulting in an excess of \$296,721 to be carried forward and used to fund future deficits.
- **Road Fund:**
 - Pays 100% capital costs of docks & ferry.
 - Pays 45% of total operating costs.
 - Pays 100% of Lummi Nation lease expenses related to improvements and milestone payments.
 - Pays for 100% maintenance of 19.90 miles of roads on Lummi Island.

General Information/Comments

- Road Fund levy paid through Lummi Island property taxes:
Assessment for 2015 = \$361,820
- Total 2015 **Road Fund** ferry related expenditures: Including capital dock improvements, 45% operating cost reimbursement, and prorated lease milestone payment.
= \$1,871,647*
- Percent of Road Fund ferry costs covered through Lummi Island portion of Road Fund levy: $\$361,820 / \$1,871,647 = 19.3\%$
- This leaves 80.7% to be covered by the Road Fund levy assessed to the remaining property in Whatcom County.

*Calculated by 1,170,156 (Road fund subsidy to Ferry Fund) + 301,491 (capital dock work) + 400,000 (prorated lease milestone)

Highlights

- The second year of credit/debit card acceptance on the ferry resulted in in \$230,836 of on boat credit/debit card sales. This is a 47% increase from 2014 numbers.
- In 2011 and 2012 non-essential maintenance was deferred due to uncertainties around the Gooseberry Point lease. This resulted in a maintenance spike in 2013. Currently maintenance numbers reflect a downward trend in part due to a robust preventative maintenance plan.
- Surcharge Removed October 3rd, 2015 and many of the rates were adjusted downward. Currently there is not enough data to realize the overall effect of these new fares.