

# Whatcom County Public Works Ferry Operations Report

**Fiscal Year 2014**

## 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 the middle of March 2015.
- Past publications of this report have also used March data.
- In preparing the 2014 report it was noted that prior year data was not consistently updated with financial changes made after the report was issued. Therefore, for 2014, Public Works has reviewed the numbers for all reported prior years. Some financial numbers have been updated and calculations have been reapplied to provide year over year consistency.

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## 2014 Ferry Fund Financial “snap shot”

### Operating Revenues:

- Fares \$ 1,481,783
- Ferry Deficit Reimbursement \$ 211,515
- Interest and other income \$ 9,818
- Road Fund Subsidy (45%) \$ 1,104,502
- Total 2014 Revenue **\$2,807,618**
- Less 2014 Operating Expenditures (2,454,448)
- 2014 Operating GAIN = \$ 353,170

Note: All figures reflect 2014 activity as of 3-23-15. The year is not closed and additional adjustments may be recorded after the preparation date of this presentation.

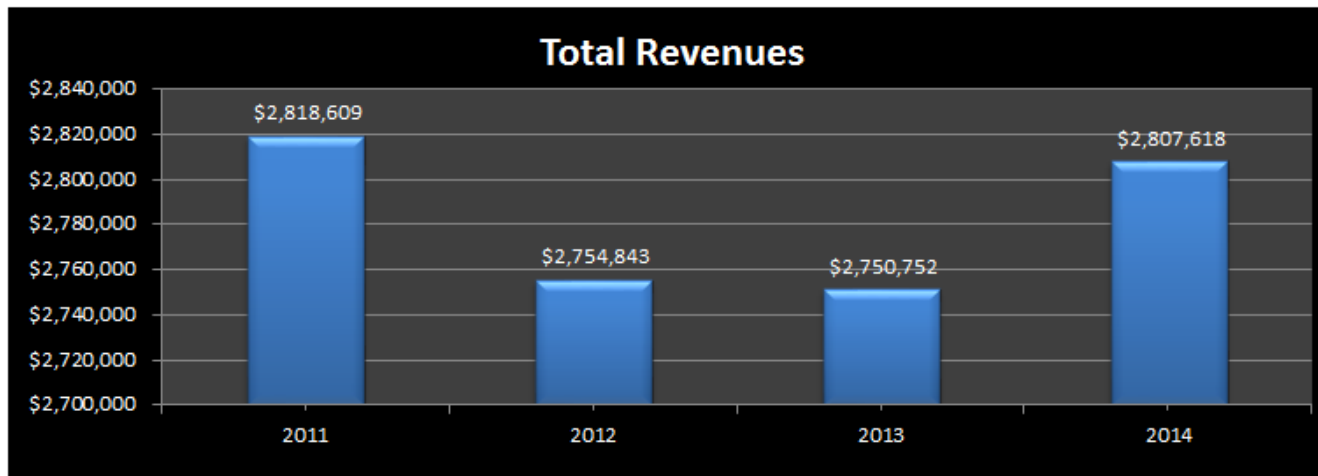
# Summary of Revenues

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

\* - Excludes unrealized investment revenue/loss

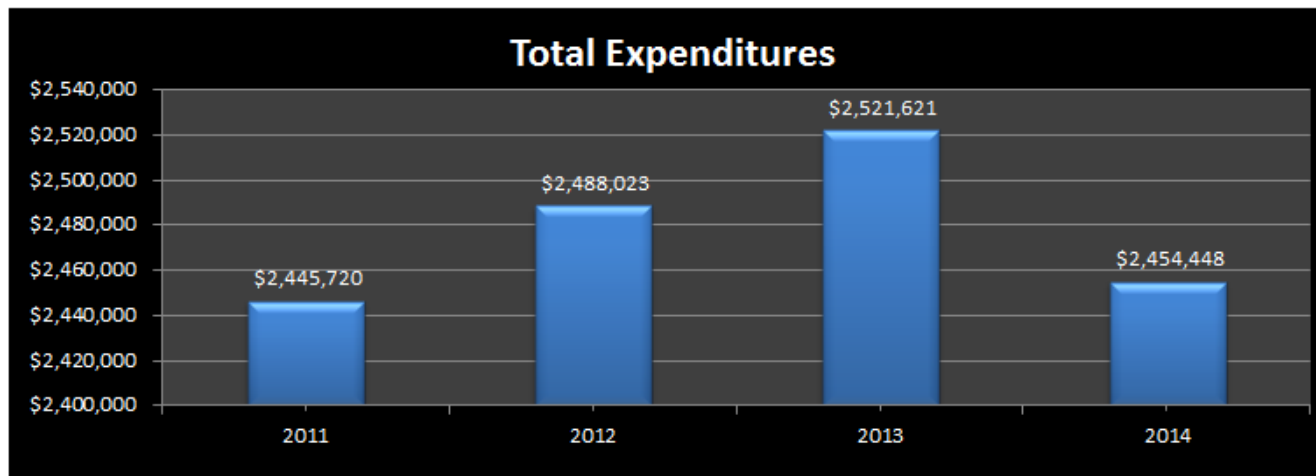
1/23/11: \$3 surcharge implemented

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



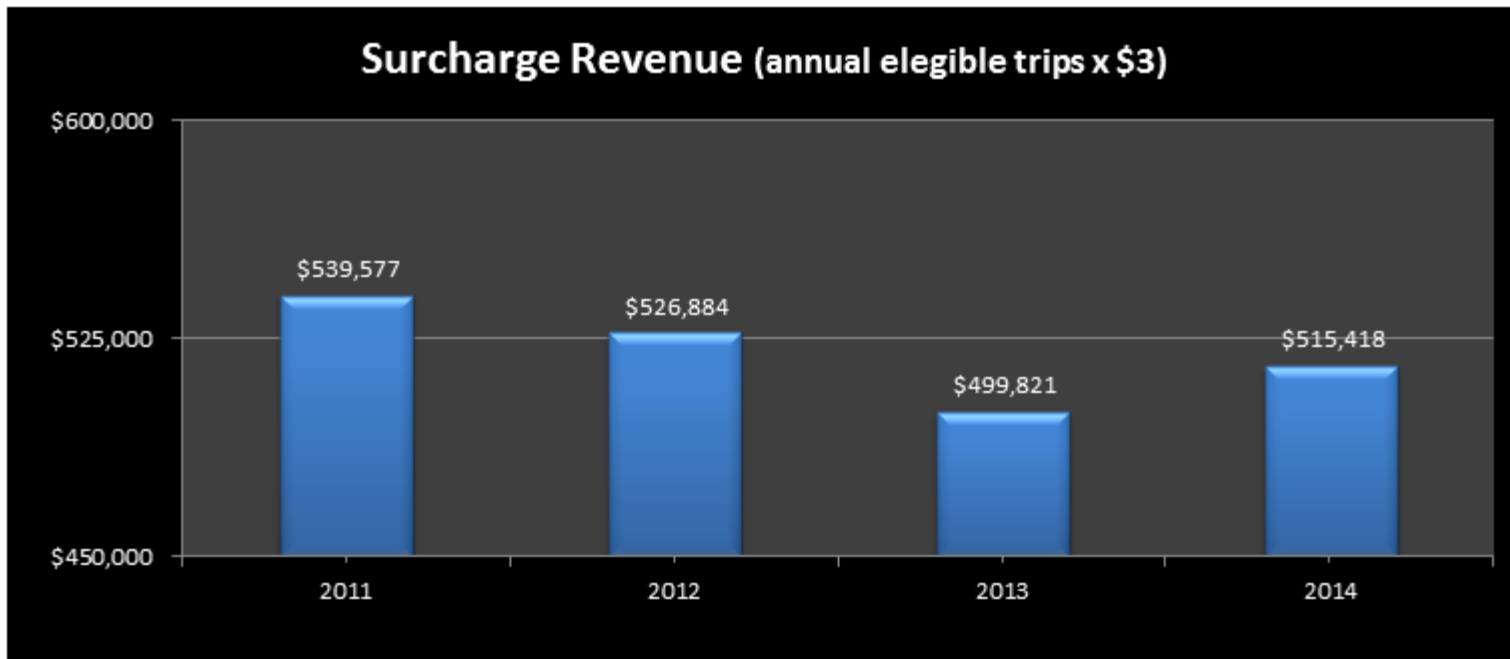
# Summary of Expenditures

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



# Summary of Surcharge Impact

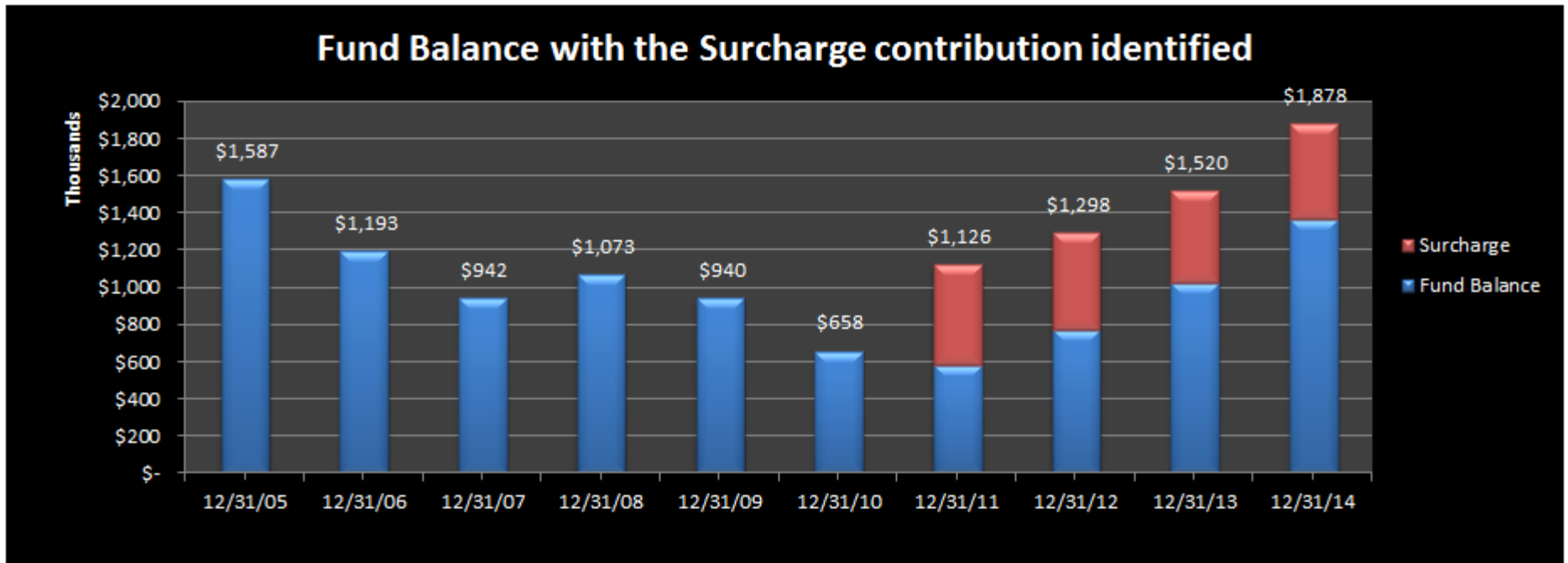
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Total Collected Surcharge</u>
Surcharge Revenue	\$ 539,577	\$ 526,884	\$ 499,821	\$ 515,418	\$2,081,700



Note: \$3 per trip surcharge began on 1/23/11. Only non-revenue trips are exempt from surcharge.

# Overview of Ferry Fund Balance

	<u>12/31/2005</u>	<u>12/31/2006</u>	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
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



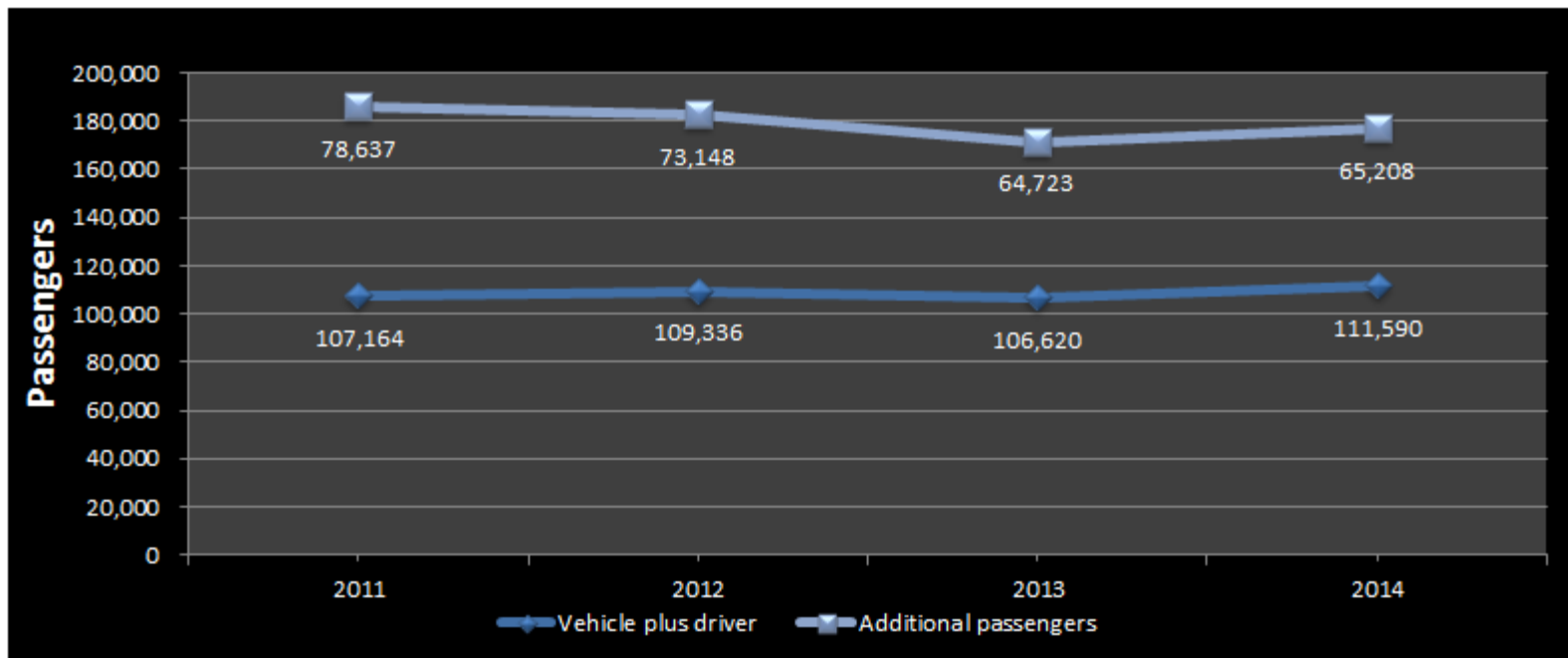
Notes: Surcharge added in 2011. The cumulative surcharge collected 2011 to 2014 is \$2,081,700.

Additionally, 2014 is 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>	<b>2014 increase over 2013</b>
<b>Vehicle plus driver</b>	107,164	109,336	106,620	111,590	4.7%
<b>Additional passengers</b>	78,637	73,148	64,723	65,208	0.7%
<b>Total passengers</b>	185,801	182,484	171,343	176,798	3.2%



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 \$ 2,454,448
- Less Ferry Deficit Reimb. (211,515)
- Less Interest/Other Income (9,818)
- Less County Vehicle/Employee Trip Credit (9,330)
- **Adjusted Total Operating Cost** \$ 2,223,785
- Fare goal is defined as 55% of 55%  
Adjusted Total Operating Cost \$ 1,223,082

## Summary of 45/55 Expenditure Split

• <b>Adjusted Total Operating Cost</b>	\$ 2,223,785	
• Road Fund 45% Subsidy (of total operating costs)	\$ 1,104,502	
• Fare Goal 55% of <b>Adjusted Total Operating Costs</b> (49.8% of total actual operating costs)	\$1,223,082	A
• Actual Fares Collected (60.4% of total operating costs, 66.6% of Adjusted operating cost)	<u>\$1,481,783</u>	<u>B</u>
• Operating <u>Gain</u> from Fares	<u>\$ 258,701</u>	B-A

# Road Fund Subsidy Impact

- Ferry Lease and Operation Subsidy (15 years)

- Year 1 - 2011 \$ 2.0 million
- Year 5 - 2016 \$ 2.0 million
- Year 15 - 2026 \$ 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 2014 Sources and Uses: Total Ferry System

## 2014 Ferry Related Uses

Ferry Fund	Operating Expenses	\$2,454,448
Road Fund	Ferry Dock Improvements (capital)	799,805
Road Fund	Year 5 - \$2 million milestone payment (prorated and due 2016)	400,000
	Total Public Works Expenditures	\$3,654,253

## 2014 Ferry Revenue Sources

Passengers	Fare box (\$1,481,783 collected but excess over 55% is restricted use)	\$1,223,082	33.4%
Other Sources	Interest and fees collected	9,818	0.3%
State MVFT	Deficit Reimbursement	211,515	5.8%
Road Fund	Remainder is covered by Road Fund	2,210,475	60.5%
	Funding Total	\$3,654,253	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 2014 the cumulative Fare Box recovery rate from 2006-2014 is 55.8% resulting in an excess of \$168,457 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 2014 = \$344,155
- Total 2014 **Road Fund** ferry related expenditures: Including capital dock improvements, 45% operating cost reimbursement, and prorated lease milestone payment.  
= \$2,304,307\*
- Percent of Road Fund ferry costs covered through Lummi Island portion of Road Fund levy:  $\$344,155 / \$2,304,307 = 14.9\%$
- This leaves 85.1% to be covered by the Road Fund levy assessed to the remaining property in Whatcom County.

\*Calculated by 1,104,502 (Road fund subsidy to Ferry Fund) + 799,805 (capital dock work) + 400,000 (prorated lease milestone)

# Highlights

- Implemented credit/debit card acceptance for all sales on the ferry on January 1, 2014 resulting in \$156,348 of on boat credit/debit card sales.
- Completed \$28,717 in internet and Public Works front counter credit/debit sales for 2014.
- Overall 12.5% of ticket sales were completed using the newly instituted credit/debit card collection.
- The ferry transported nearly 5,000 more vehicles (a 4.7% increase) in 2014 over 2013. Total round trip ferry crossings increased by only 13 (about 0.1%). By carrying more vehicles per trip we have increased fare box revenue per round trip crossing without increasing operating costs.