

LUMMI ISLAND FERRY ADVISORY COMMITTEE (LIFAC) MINUTES
4.12.23

Location: The Grange, Lummi Island

Meeting called to order by acting Chair, Mary Marshall, at 6:05pm

ROLL CALL:

Judy Olsen, Mary Marshall, Rich Frye, Jim Dickinson, Cris Colburn, Mike McKenzie

Excused Absent, Todd Lagestee

Rich Hudson, Ferry Senior Master

Council Members Todd Donovan, Kathy Kershner, Ben Elenbaas

Approx. 45 members of the public

Committee member business:

Mary informs attendees that Judy Olsen had to step down as chair so necessary to re-elect officers

Mary nominates Judy O for secretary, Mike M. second, all in favor

Mary nominates Cris C. as vice chair. Mike M. second, 5 in favor, Rich F. Abstain

Judy nominates Mary M. for chair. Chris C. second, 4 in favor, Rich F. no, Jim D. Abstain

Mary motions to approve March minutes, Jim D expresses concerns he just got minutes and has a correction. Mary (and Judy) inform Jim minutes were sent previously on more than one occasion. Minutes approved with Jim abstaining, and he will send correction if he chooses

Before public comments, Mary asked Kathy K if she wanted to speak first.

Kathy introduces herself as County Council member as well as chair of both the Public Works and Finance Administrative committees. These two committees have been handling some of these issues around public works -- the ordinance and ferry fare structure changes. I (Kathy) attended the last (LIFAC) meeting that you had and I wanted to come and hear from the community; and also come and support the hard working members of your volunteer committee, LIFAC. LIFAC was set up over a decade ago to provide advice back to counsel on matters such as what we're discussing tonight and working in conjunction with the council. Todd Donovan is the council member representative of this committee and is working to bring information back to the council that can fit that shares your voice so we're glad you're here and I'm glad that you're going to share your voice with us. What we want to do is to find a solution that we can all live with and we want to respect the work that LIFAC is doing. (And we have council member Elenbaas – arrived around this time in meeting.)

Todd Donavon – Reiterated support for what Kathy's comments.

Mary prepared and read these opening comments:

Thank you all for coming tonight to share your thoughts and participate in the conversation.

I would like to start out by reminding you what LIFAC is and what it is not.

LIFAC is committed to acting in an *advisory* capacity to the County Council provide safe, reliable, and affordable transportation for all residents of Lummi Island. LIFAC acts as a liaison for the community.

LIFAC is not the decision maker, it has no authority, it can only recommend.

Given the strong opinions, on both sides of the conversation, I would ask that we remain respectful and *assume positive intent*.

Everyone's opinion is valid and valuable and it is okay to disagree. It is not okay to be disrespectful.

We will make sure everyone is heard this evening during the public comment portion of the meeting, but we will stick to the 3 minutes allotted per person. We have held meetings every month since learning about the fare issue and have spent 100% of our time discussing and hearing from the community during these meetings. As a committee this is the only time we have to make decisions so as the County Council does, we need to reserve some of our meeting time for other business.

I would like to remind everyone of the events preceding tonight:

- Plain and simple, the portion of the ferry expenses that are to be covered by fares (55%) are not being met with the current fare structure. There has been no increase since 2011 and expenses have increased significantly, especially with the ferry that is more than 10 years past its useful life.
- Although it was allowed to slide and got worse during the pandemic, last October the scope of the problem was brought to LIFAC and the Council
- Multiple fare proposals have been floated, beginning in Dec – ranging from 38-50% increases.
- In February, LIFAC went to Council Committee meeting and asked that it be put on hold as the increases were too steep for most islanders to absorb.
- Kathy Kershner proposed using ARPA funds to help offset the costs – we originally requested COVID funds but were informed the ferry was not eligible, as it is not a “transportation” entity, which is where the funds went.
- PW began a conversation about changes to the Ordinance so we would be able to accept ARPA funds.
- We discussed the proposed Ordinance changes in our February meeting.
- After much scrutiny of the expenditures, at the request of Islanders who believe things are classified incorrectly, a mistake was uncovered that went back to 2006, further adding to the expense issue. Randy Rydel, Finance Director came to our March meeting to explain.
- Kathy Kershner proposed more ARPA funds to help the situation.
- In March, PW asked to meet with us (Judy and myself, Chair and Vice Chair) after our monthly meeting to review a new fare proposal and the final Ordinance changes.
- We forwarded the proposals via email to the full committee to get input – specifically requesting that replies be addressed to the Chair only so as not to violate the OPMA rules. Only Rich Frye asked for a marked-up copy of the Ordinance.

- PW asked that we attend the County Council Public Works and Health Committee meeting and give our feedback on both proposals – I spoke to each member to find out what they thought and reported this to Council yesterday.
- Please be aware, that NO Violations of OPMA have occurred.

The Ordinance changes accomplish a few things for us:

- Clarification of operating vs. capital expenditure, according to standard accounting principles.
- Allows people to exchange current punch cards for new ones for full value.
- Sets a process for annual review of fares, which would allow for a more regular process of evaluating whether to lower or raise fares based on expenses.
- Keeps Needs based fares a top priority for protection from increases.
- Allows PW to accept ARPA funds to help offset some ferry expenses.
- I requested the \$1.3M that PW originally asked for as that would go a long way towards covering some of the extraordinary expenses the Ferry has incurred due to its age.

The FARE Proposal

- The FARE proposal is an overall 25% increase across categories.
- The multi-ride tickets will increase a little more (38% & 30%) as the discount was reduced to 25% from 50%.
- This is down from the much larger fare proposals in December, January, and February.
- This does not put a dent in the deficit, but it does get the ferry towards covering its costs. Currently, the expenses exceed the income and has not for 4 years.

Opening comments from Mary (chair)

Yesterday at the Public Works and Health committee meeting held in County Council chambers, several members of LIFAC attended. Acting chair (Mary) spoke to the committee indicating that four members of LIFAC were in support of the ordinance change and fare proposal brought by public works on the same day, two were opposed, and one was undecided.

Tonight, we will attempt to take a vote at the end of the meeting.

Councilman Elenbaas was not present at opening of meeting and at this point, was offered an opportunity to speak:

I represent District 5 which encompasses Lummi island, Ferndale, and Blaine. A lot of feedback I get from folks on the island is: why am I silent on this issue?

My response is that I'm still listening. One of the things I'm listening for is that I hear from LIFAC that island residents support this and then I hear from island residents that it isn't supported so I'm listening to try to decipher what is supported by all. One thing I'm trying to sort out is -- everything in life has increased in cost over the last ten years or so -- when was the last time there was a cost increase on the ferry, so if you can give me a genuine reason why that cost wouldn't need to increase in this instance I'm trying to figure that out because I think we should

be fair to Islanders but we should also be fair to taxpayers on the other side that don't even know your little island exists.

So, my job is to make ordinances and vote on budgets and decide where money gets spent in a fair and equitable manner, so I have not honestly formed an opinion on which way I'm going to support this. I came here in person to look people in the eye and see where we are at and if anybody has a valid reason that there should not be any increase at all I'd be interested to hear because for the life of me I can't figure out the valid reason not to raise the fare but just how much are we going to raise it so that's what I'll be listening for thank you

Public Discussion on Ferry Fare Increase:

- *Three-minute limit for public comment*
- *The committee requests written copies of individual comments*

Note, the following notes are good faith attempts by the author of minutes at summarizing comments made by those who signed up to speak. Full meeting recording is available on Zoom

Catherine Shornick

Submitted comments in writing.

References and asks for attention to communications from Diane Harper, Janice Holmes, Peter Earle, Rich Frye and others.

Asks LIFAC to honor concerns by delaying or voting against PW recommendations

Asks LIFAC to communicate with community outside of LIFAC meetings.

Three specific questions found on submitted written comments

Patrick Vincent

Expresses concerns that County Executive promised him there would be no fair increases and in his words until he got to the bottom of the until he got to the bottom of all this concerned with accounting error over the last 17 years, change to ordinance language.

Pam Gould

Concerns that ferry fund surplus drop off beginning around 2019 to now has not been adequately explained.

Concerns that Satpal expressed wish to pause on moving forward but PW presented two proposal anyway.

Bob Anderson

Concerned that county should not make a decision at this time until Executive has all the information. Concerns over folks on fixed incomes and diversity of island and if 55% fare box recovery rate is the appropriate rate.

Don McQueston (sp?)

Concerns about being pitted against rest of county and why we are on the hook for the 17-year mistake. Also knows family that has left island due to fare increase and has concerns about more challenges when new ferry comes on board.

Kathleen Gallagher

Concerned about fare increases changing the community. Appreciates keeping needs-based fares low. Needs based citizen might not be as welcome as wealthier people.

Ralph Steele (submitted summary)

I have spent a lot of time analyzing the ferry financial statements and the Public Works presentations in January, March and April 2023. Due to material additions and changes to the numbers it is quite difficult to understand the impact on the farebox balance calculation. For instance ARPA funds were added in the March presentation in 2022 and 20123 and these were not incorporated in the April presentation.

My main points are;

The Farebox deficit is not a fund separate from the Ferry Fund. The Ferry Fund contains all of the Revenue and expenses and the farebox recovery calculation is a means to ensure compliance with the 55% requirement.

In 2019 the surplus for the year was 42,000 and cumulative surplus was 416000. Elimination the impact of the fund/cash build in 2019 and 2024, in the Vessel Rental Fund, the operating costs have increased 12.6% over 5 years or 2.2% average annually.

The fare increase of 37.5 % appears to be far in excess of what is necessary due to inflation.

The increase in cash reserve of \$720,000 at 2024 year end should be adjusted as it is not in accordance with the Code definition.

The major dolphin repairs charged to maintenance is not in accordance with the current code.

The retroactive 2006-2022 MVFT/FDR fund accounting error impacts the Farebox balance negatively \$622,000. The adjustment is not well understood and does not on the surface appear to be fair or reasonable.

PW has stated there is no Code provided use for the Ferry Fund. The current Code appears to allow its use for covering deficits.

The proposed changes to the Code are significant and need several months to determine the impact and discuss among interested parties.

Stuart Rich (via Zoom)

Stewart is president of an organization called PLIC (Protect Lummi Island Community) a 501C3 nonprofit formed in 2010 concerned with addressing high ferry rates leading to reduced ridership and thus reduced revenue. Conclusion then is same as now. Requests that Council postpone a fare decision until alternatives can be fully examined – please do not rush to judgement.

Peter Earle (approx. 3 x 3 min turns ceded by others allowed)

Attended yesterday's Council Committee meetings (Finance & Public Works)

Expressed that both Randy Rydell and Liz Kosa said that current situation with revenue and expenses is not sustainable.

Main concern is categorizing dolphin repair as expense and not capital and impact that has on need to raise ferry fares.

Expressed that he has requested public records pertaining to initial dolphin installation but has not received it.

Wants LIFAC to vote no on supporting 2 submissions to Council for (fare structure changes (increase) and Ordinance changes) until we get “to the bottom of this.”

Concerns about financially vulnerable community members and potential to change character of Island.

Marissa Harada (Zoom)

Requests that Islanders get reimbursed for medical travel. There are no medical providers on the island therefore community members who need to travel to mainland frequently for medical care are burdensome on young families.

Mike M (LIFAC member)

Read prepared comments.

Committee Activity Items, Reports, Presentations, Discussion

LIFAC is hampered by the cadence of regularly scheduled meeting juxtaposed on County Council meetings (frequently, Council meetings occur the very day preceding LIFAC meetings. Suggestions were for 1st Tuesday of month and 3rd Wednesday of month.

(The Grange Hall is already in use on the 1st Wednesday of the month.)

Brief discussion ensued. It was determined to move to 1st Tuesday of the month beginning in May.

NOTE – after meeting, it was determined that changing the meeting date was more complicated than it appeared and as a result – meetings will continue to fall on established date of 2nd. Wed. of each month until further notice. Next meeting will be May 10th.

Operators report: Rich Hudson

Upcoming Dry Dock

Details are available online with regard to last runs, change over times, and NO service windows.

Printed packets will also be available as usual at the Islander and Post Office.

Point to mention: There will not be any extra work going on during dry dock this year so we won't have the long gangways that are normally required.

ALSO NOTE, per Rich, Low tide heights have been posted online. Boarding the passenger vessel during this time can be challenging as the ramps get quite steep. If you have limitations, please check those times and plan accordingly.

Rich mentions also that there was only one bid this year and total cost is ~\$888,000. The main work will be overhauling the main engines.

Brief discussion about ease of using county website for Dry Dock information. County is required to maintain previous years information which can make finding current years information a bit harder.

Naming new Ferry

Tabled (again)

Discussion “New Terminal Construction and Eel Grass bed regulations

Moved to June agenda

There were 3 motions (written) which Rich F. handed out to members at opening of meeting. At this point in the meeting however, it became unruly enough to not be able to satisfactorily consider.

Rich F – asks why pass Code change when we haven’t discussed?

MM - We have been discussing since Feb. Draft given at Feb meeting. RF said it was not.

MM - Confirms it was in meeting minutes and marked up samples were available for LIFAC members to review - attempts to move forward

CC -The changes allows council to look closer in connection with APRA funds

RF - We should discuss as committee. As a body we have not been discussed word by word. Convo’s have not been had in LIFAC. Changes meaning of ordinance and have enormous impacts dramatic and important. As body have not discussed

CC – You can bring to public hearing on 4/25

RF - don’t you think we should have option as a group to discuss?

(At this point it was 7:30 and time for meeting to adjourn)

RF – mentions his 3 resolutions and starts reading them. The proposed change stating anything that is not capitol is operating is completely unacceptable. *(This is not what the change says, it says if it exists, it’s an operating expense and if it’s new, it’s capital)*

RF – Let’s discuss the accounting error - Resolution (as presented) “Resolution No 3”

MM - is there a second – Y Jim

Vote – More discussion

Jim D – there is a statute of limitation – if don’t attempt to collect – don’t get it and has not been attempted

RF - brings forth another motion is to remove from fare box burden that amount which has been assigned to the fare box by PW which is 17 years old and which council chose not to act in

2011 basically ratifying decision made previously.
Resolution going to CC for them to talk about it – BE = recommendation

Kathy Kershner – steps in to clarify that this current motion has nothing to do with the Code or Rate Proposal that is currently being brought forth. These are separate.

Motion on table is whether LIFAC wants to bring forward both proposals from Public Works and the Health and Public Works committee

JD – need to postpone – need to get to bottom of this, Need tighter control and better direction. Wants to get questions answered –

RF – what’s the hurry

Judy – from meeting yesterday – from Liz K - every day we go forward we are not ‘paying our bills’ we’re losing money

RF – Skagit computes fare box burden over 5 years

RF - Story we get from PW keeps changing – it’s crap – no data

MM - Disagrees and points out that over 6 months of discussions we have plenty of data, none of which Rich agrees with, which is a different issue.

MM – Reminder to assume positive intent – no one at PW is deliberately trying to mislead us

JD – need different approach

CC - if LIFAC postpones vote of approval recommendations on these – are people going to be ready to deal with consequences of the postponement and effect it will have as fund will continue to lose \$\$\$. There will likely be a greater increase to fares when it comes.

A comment was shouted from an unidentified attendee to Cris: “You don’t even live here! Why don’t you go home.”

Rich Hudson:

Will still be way out of line even if we move forward as soon as possible with the 55/45

Even if it goes through and we start collecting higher fares, we’ll still be in arrears.

The further we push it out for clarification that RF has already gotten, others have gotten, We’ll be worse – like a possible 85% fare hike if we keep this up

Forget about Dolphins, covid, ridership, none of it comes close to what we need just to operate the ferry on a daily basis.

MM – Asks Council Members what will happen if LIFAC does not take a vote on these two proposals. KK - Public hearing on April 25th and County Council will consider both with or without LIFAC approval.

MM - It is significantly past our meeting end time and given the Council members need to catch the ferry, we will postpone discussion on remaining items.

Thank you to council members attending.

It was determined at this time that the committee was ***not able to bring forward a vote to recommend to Council its endorsement of the two proposals that are before council*** (those being the Fare Structure Proposal and the Ordinance Modification brought to council yesterday in Public Works Committee meeting by Liz Kosa.)

The remainder of the meeting was unstructured, unruly, and inconclusive enough to be impossible to summarize; please refer to [Zoom recording](#).

Mary M: Motion to Adjourn the meeting, seconded by Cris, Meeting Adjourned at 7:50pm