

Whatcom County Public Works Ferry Operations Report

Fiscal Year 2020

Notes about the numbers.

- This report has been compiled using financial data available to Public Works as of March 31st, 2021. Any numbers prior to 2021 are historical. All numbers from 2021 forward are projections based on best available information including trends and approved budgets.
- Revenue projections utilize current trends which may not exactly match the revenue budget for 2021 and 2022.
- Expense projections use the 2021 and 2022 budgeted expenditures and some trending.
- Unrealized Gain/Loss on Investments is now included in the interest calculations for farebox recovery. This change has been retroactively applied back to 2013 when the valuation of held investments was updated to account for annual changes in investment value. This change reflects on Interest Earned throughout the report and on the Farebox reserve calculation. Fund balance has always accounted for Unrealized Gain/Loss and was therefore unaffected.

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2020 Ferry Fund Financial “snap shot”

Operating Revenues:

• Fares	\$ 1,167,302
• Ferry Deficit Reimbursement	\$ 237,055
• Interest and other income	\$ 51,616
• Road Fund Subsidy (45%)	<u>\$ 1,437,495</u>
• Total 2020 Revenue	\$2,893,468
• Less 2020 Operating Expenditures	<u>(3,194,433)</u>
• 2020 Operating Gain(Loss)	\$ <u>(300,965)</u>*

Note:

*Operating Losses result in a reduction in fund balance.

Summary of Revenues

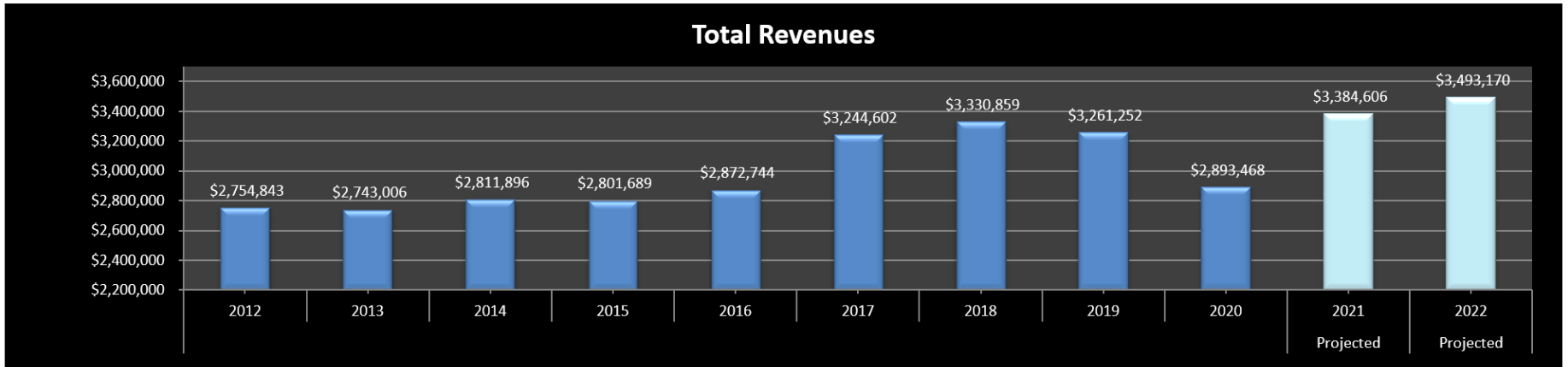
	2012	2013	2014	2015	2016	2017	2018	2019	2020	Projected 2021	Projected 2022
Revenues:											
State Grants Revenues & Entitlements	\$ 181,433	\$ 134,374	\$ 211,515	\$ 161,839	\$ 132,026	\$ 316,769	\$ 337,738	\$ 288,631	\$ 237,055	\$ 237,055	\$ 237,000
Other Misc. Revenue	526	277	2,403	200	871	389	137	32	(15)	-	-
Fares	1,447,131	1,475,990	1,481,783	1,459,800	1,479,971	1,521,088	1,551,294	1,524,448	1,167,302	1,400,000	1,500,000
Interest Earnings (including unrealized)	6,142	(2,364)	11,693	9,694	3,282	24,200	26,961	69,097	51,631	33,000	33,000
Total Revenues	1,635,232	1,608,277	1,707,394	1,631,533	1,616,150	1,862,446	1,916,130	1,882,209	1,455,973	1,670,055	1,770,000
Road Fund Subsidy	1,119,611	1,134,729	1,104,502	1,170,156	1,256,594	1,382,155	1,414,729	1,379,043	1,437,495	1,714,551	1,723,170
Total Inflow*	\$ 2,754,843	\$ 2,743,006	\$ 2,811,896	\$ 2,801,689	\$ 2,872,744	\$ 3,244,602	\$ 3,330,859	\$ 3,261,252	\$ 2,893,468	\$ 3,384,606	\$ 3,493,170

* - Includes unrealized investment revenue/loss

1/23/11: \$3 surcharge implemented

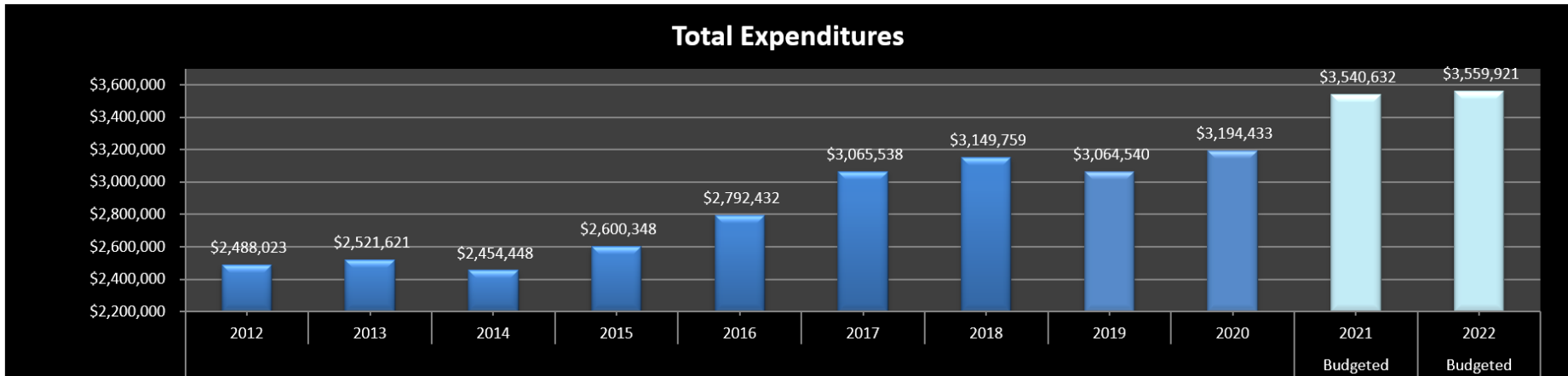
4/26/12: Free passenger and pedestrian travel for all children under age 19.

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



Summary of Expenditures

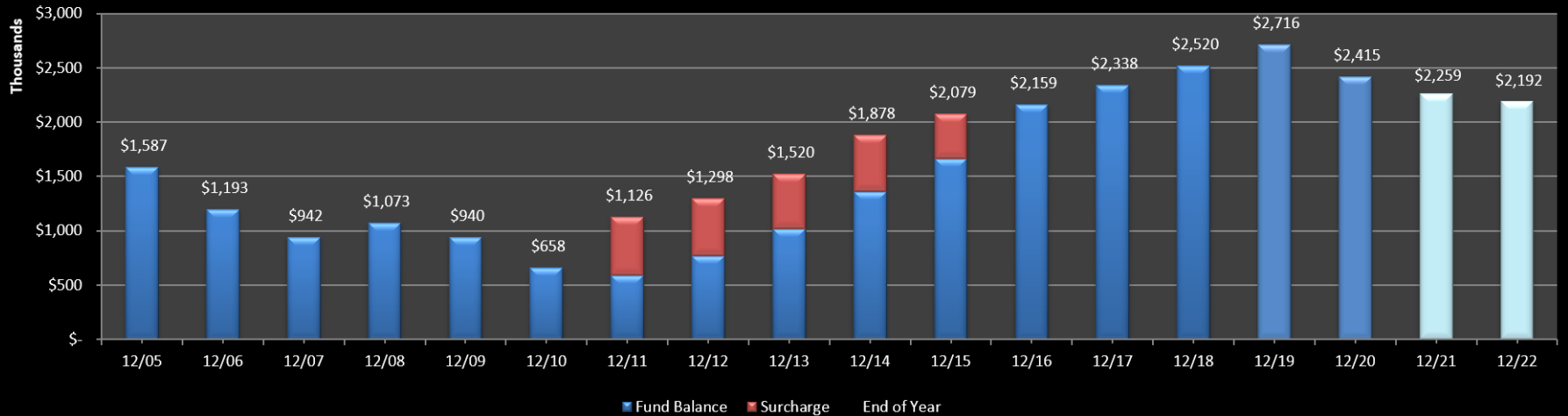
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	Budgeted <u>2021</u>	Budgeted <u>2022</u>
Expenditures:											
Salaries and Benefits	\$ 1,053,338	\$ 1,083,176	\$ 1,130,790	\$ 1,170,767	\$ 1,259,192	\$ 1,289,492	\$ 1,348,469	\$ 1,437,736	\$ 1,455,624	\$ 1,500,581	\$ 1,518,023
Office and Operating Supplies	8,740	3,793	2,061	3,058	3,553	3,703	5,199	5,895	8,199	5,725	5,725
Dry Dock Fuel	10,851	3,796	9,218	7,562	7,335	3,478	7,797	5,411	5,176	12,500	12,500
Professional/Contractual Services	124,052	61,737	49,413	82,442	75,849	125,928	279,679	105,095	109,770	93,650	95,900
Postage, travel, advertising	15,152	14,419	15,033	10,286	20,425	22,709	23,555	28,088	23,104	29,900	26,900
Equipment & Space Rental	825,460	849,425	812,036	833,854	832,052	810,144	811,150	842,516	856,815	1,114,726	1,114,726
Ferry Insurance	36,686	45,063	28,829	61,762	60,136	61,836	48,220	51,656	54,587	72,368	72,368
Utilities	9,467	10,477	10,856	9,769	10,694	9,695	9,282	10,968	10,045	12,810	12,810
Repairs & Maintenance	130,886	166,258	150,004	146,689	222,663	363,130	290,432	213,901	286,419	256,250	256,250
Miscellaneous - include cost alloc.	273,391	283,477	246,209	274,159	300,530	375,423	325,977	363,273	384,694	442,122	444,719
Total Expenditures	\$ 2,488,023	\$ 2,521,621	\$ 2,454,448	\$ 2,600,348	\$ 2,792,432	\$ 3,065,538	\$ 3,149,759	\$ 3,064,540	\$ 3,194,433	\$ 3,540,632	\$ 3,559,921



Overview of Ferry Fund Balance

End of Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fund Balance	\$ 1,587	\$ 1,193	\$ 942	\$ 1,073	\$ 940	\$ 658	\$ 1,126	\$ 1,298	\$ 1,520	\$ 1,878	\$ 2,079	\$ 2,159	\$ 2,338	\$ 2,520	\$ 2,716	\$ 2,415	\$ 2,259	\$ 2,193

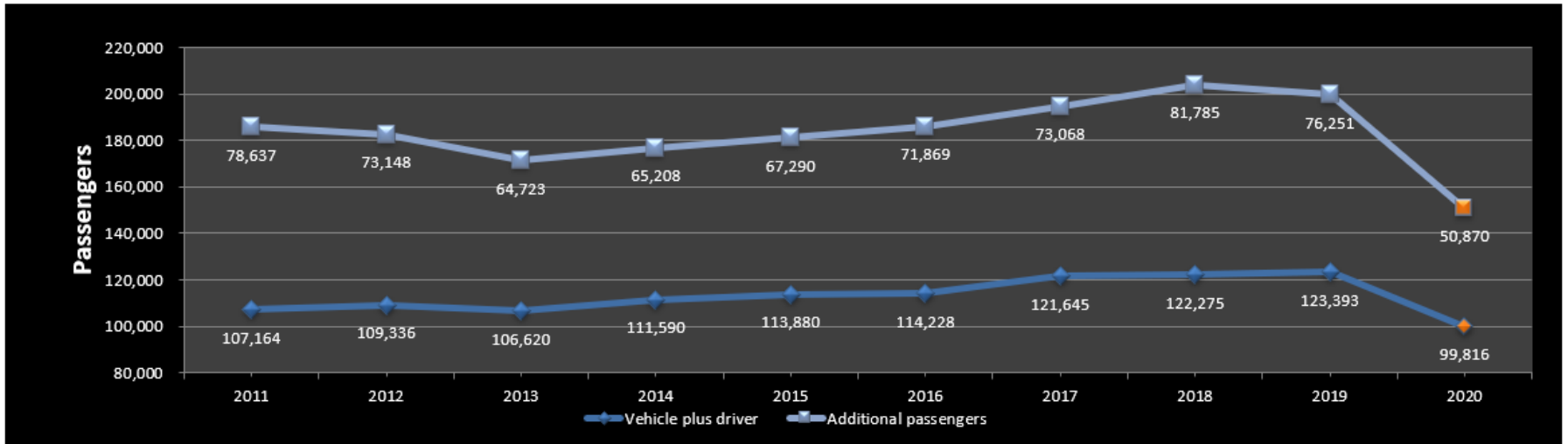
Fund Balance with the Surcharge contribution identified



Notes: (1) Surcharge added in 2011. The cumulative surcharge collected 2011 to 2015 was \$2,495K. Surcharge language has now been removed.

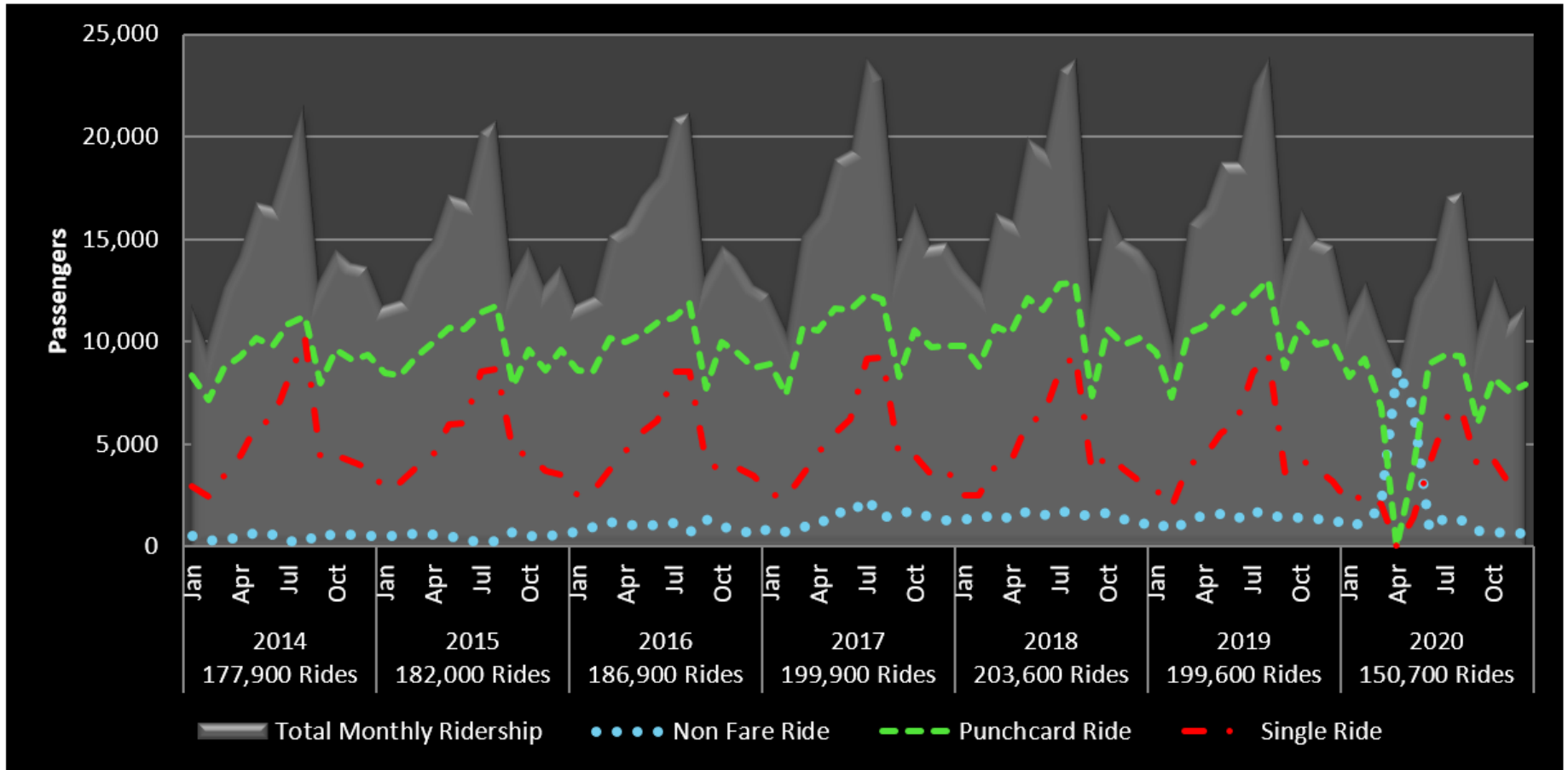
Summary of Ridership Statistics

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2020 decrease from 2019</u>
Vehicle plus driver	107,164	109,336	106,620	111,590	113,880	114,228	121,645	122,275	123,393	99,816	-19.1%
Additional passengers	78,637	73,148	64,723	65,208	67,290	71,869	73,068	81,785	76,251	50,870	-33.3%
Total ridership	185,801	182,484	171,343	176,798	181,170	186,097	194,713	204,060	199,644	150,686	-24.5%



Note: Vehicle traffic is down 19% from 2019 while additional passengers (walkers and non-drivers) are down 33%. Overall ridership has decreased by 25%.

Ridership by Fare Type



2020 Adjusted Total Operating Cost calculation (determines fare goal)

- Total Operating Cost \$ 3,194,433
- Less Ferry Deficit Reimb. (237,055)
- Less Interest/Other Income (51,631)
- Less County Vehicle/Employee Trip Credit (10,870)
- **Adjusted Total Operating Cost** \$ 2,894,891
- 55% of Adjusted Total Operating Cost 55%
is defined as the Fare Goal of \$ 1,592,190

Summary of 45/55 Expenditure Split for 2020

● <u>Adjusted Total Operating Cost</u>	\$2,894,891	
● <u>Road Fund 45% Subsidy</u> (of total operating costs)	\$1,437,495	
● Fare Goal 55% of Adjusted Total Operating Costs (49.8% of total actual operating costs)	\$1,592,190	A
● <u>Actual Fares Collected</u> (36.5% of total operating costs, 40.3% of Adjusted operating cost)	<u>\$1,167,302</u>	<u>B</u>
● Operating <u>Loss</u> from fare collection that did not meet the 55% Fare Goal	<u>\$ (424,889)</u>	B-A

Ferry Operation Subsidy by Road Fund

- Ferry Lease and Operation Subsidy (2012-2027)

- Lease Year 1 - 2012 \$ 2.0 million
- Lease Year 5 - 2017 \$ 2.0 million
- Lease Year 15 - 2027 \$ 3.0 million (estimated)
- 9 years of 45% Road Fund Subsidy (2012-2020) \$ 10.0 million
- 7 years @ \$3.5M/year x 45% Road Fund Subsidy Rate \$ 11.6 million (estimated)

Total Road Fund Subsidy over this period = \$ 28.6 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 2020 Sources and Uses: Total Ferry System

2020 Ferry Related Uses

Ferry Fund	Operating Expenses	\$3,194,433
Road Fund	Ferry Dock Improvements (capital)	427,129
Road Fund	Year 15 - \$2 million milestone payment*	200,000
	Total Ferry Expenditures	\$3,821,562

2020 Ferry Revenue Sources

Passengers	Fare Box Goal	\$1,167,302	30.5%
Ferry Fund	Fund Balance from prior years	300,964	7.9%
Other Sources	Interest and fees collected	51,616	1.4%
State MVFT	Deficit Reimbursement Agreement	237,055	6.2%
Road Fund	Road Fund contribution to overall ferry program (calculated as Use less Sources)	2,064,625	54.0%
	Total Ferry Funding	\$3,821,562	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. 2019 saw the cumulative excess Fare Box recovery reach a high of \$418,870. The 2020 Fare Box shortage of \$424,889, applied to the 2019 cumulative, results in a 2020 cumulative shortage of \$9,018.
- **Road Fund (Contributed \$2.0M in 2020):**
 - 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.
 - Excludes the cost of maintenance for 19.90 miles of roads on Lummi Island.

General Information/Comments

- Total 2020 **Road Fund** ferry related expenditures: Including capital dock improvements, 45% operating cost reimbursement, and prorated lease milestone payment. \$2,064,625*
- Road Fund ferry costs covered with Lummi Island assessed road tax: $\$366,052 / \$2,064,625 = 17.7\%$
- 2021-2022 Anticipated Operating Expenses reflect rising costs of goods and services associated with running the ferry. Most notable of these is the Ferry boat rental rate which covers fuel, repairs, and dry dock expenses. After multiple years of the rate not covering expenses it was raised from \$600k annually to \$840k. This alone puts an additional \$132k burden on the Farebox recovery goal.

*Calculated by \$1,437,495 (Road Fund subsidy to Ferry Fund) + \$427,129 (capital dock work net of grant funding) + \$200,000 (prorated lease milestone).

Appendix A – Income Statement

Ferry Fund

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	Projection /Budget <u>2021</u>	Projection /Budget <u>2022</u>
Revenues:											
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Total Expenditures	\$ 2,488,023	\$ 2,521,621	\$ 2,454,448	\$ 2,600,348	\$ 2,792,432	\$ 3,065,538	\$ 3,149,759	\$ 3,064,540	\$ 3,194,433	\$ 3,540,632	\$ 3,559,921
Change in net position	\$ 266,820	\$ 221,385	\$ 357,449	\$ 201,341	\$ 80,312	\$ 179,064	\$ 181,100	\$ 196,711	\$ (300,964)	\$ (156,081)	\$ (66,751)
Net position - beginning	\$ 1,126,554	\$ 1,298,898	\$ 1,520,283	\$ 1,877,731	\$ 2,079,072	\$ 2,159,385	\$ 2,338,449	\$ 2,519,549	\$ 2,716,260	\$ 2,415,296	\$ 2,259,215
Net position - ending	\$ 1,298,898	\$ 1,520,283	\$ 1,877,731	\$ 2,079,072	\$ 2,159,385	\$ 2,338,449	\$ 2,519,549	\$ 2,716,260	\$ 2,415,296	\$ 2,259,215	\$ 2,192,464