

Whatcom County Public Works Ferry Operations Report

Fiscal Year 2017

With 2018-2020 Projections

Notes about the numbers.

- This report has been compiled using financial data available to Public Works as of September 30th, 2018. Any numbers that prior to this date are historical. All numbers From October 1st onward are projections based on best available information including trends and approved budgets.
- Revenue projections utilized current trends which may not exactly match the revenue budget for 2019-2020.
- Expense projections match the 2019-2020 budget expenditures as they are typically very close.

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2017 Ferry Fund Financial “snap shot”

Operating Revenues:

• Fares	\$ 1,521,088
• Ferry Deficit Reimbursement	\$ 316,769
• Interest and other income	\$ 19,599
• Road Fund Subsidy (45%)	<u>\$ 1,382,155</u>
• Total 2017 Revenue	\$3,239,612
• Less 2017 Operating Expenditures	<u>(3,065,538)</u>
• 2017 Operating Gain	\$ <u>174,074</u>*

Note:

*This figure excludes Unrealized Gain/Loss and Depreciation and, therefore, will not match financial statement reported net income.

Summary of Revenues

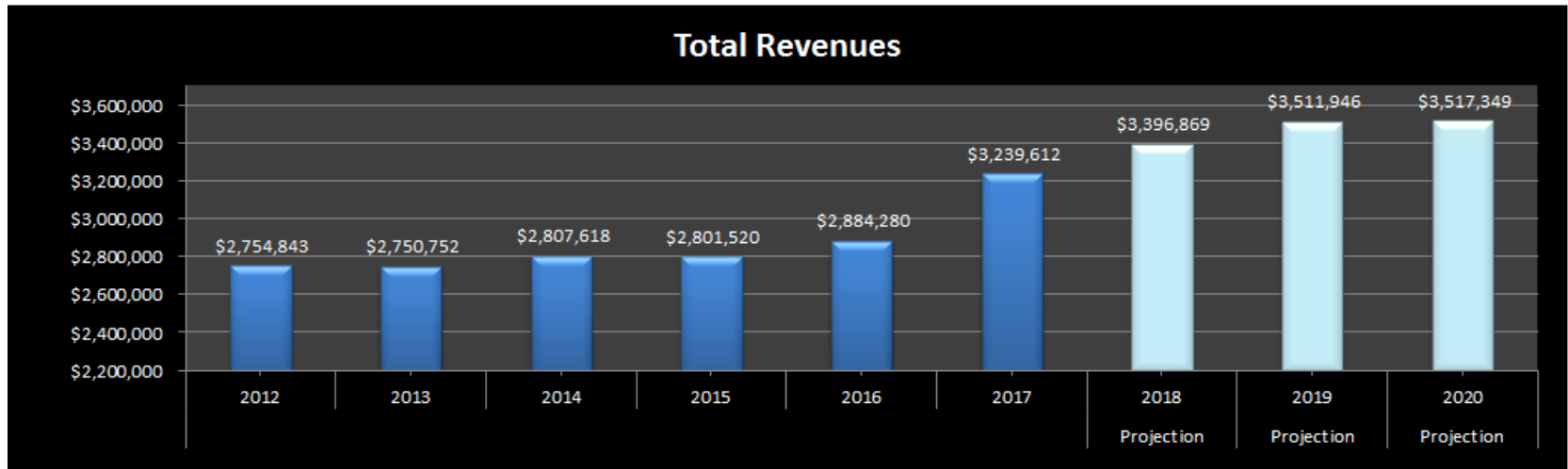
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	Projection <u>2018</u>	Projection <u>2019</u>	Projection <u>2020</u>
Revenues:									
State Grants Revenues & Entitlements	\$ 181,433	\$ 134,374	\$ 211,515	\$ 161,839	\$ 132,026	\$ 316,769	\$ 337,738	\$ 337,738	\$ 337,738
Other Misc. Revenue	526	277	2,403	200	871	389	107	350	350
Fares	1,447,131	1,475,990	1,481,783	1,459,800	1,479,971	1,521,088	1,625,000	1,673,750	1,723,963
Interest Earnings	6,142	5,382	7,415	9,525	14,818	19,210	20,000	20,000	20,000
Total Revenues	1,635,232	1,616,023	1,703,116	1,631,364	1,627,686	1,857,456	1,982,845	2,031,838	2,082,051
Road Fund Subsidy	1,119,611	1,134,729	1,104,502	1,170,156	1,256,594	1,382,155	1,414,024	1,480,108	1,435,298
Total Inflow*	\$ 2,754,843	\$ 2,750,752	\$ 2,807,618	\$ 2,801,520	\$ 2,884,280	\$ 3,239,612	\$ 3,396,869	\$ 3,511,946	\$ 3,517,349

* - Excludes unrealized investment revenue/loss

1/23/11: \$3 surcharge implemented

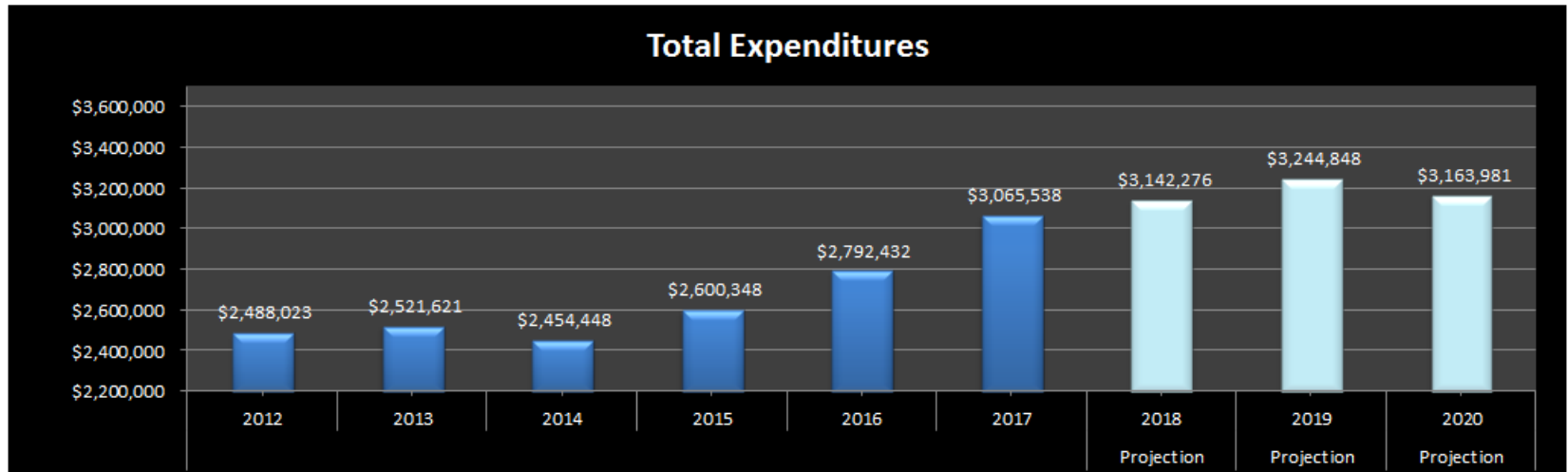
4/26/12: Free passenger and pedestrian travel for all children under age 19.

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



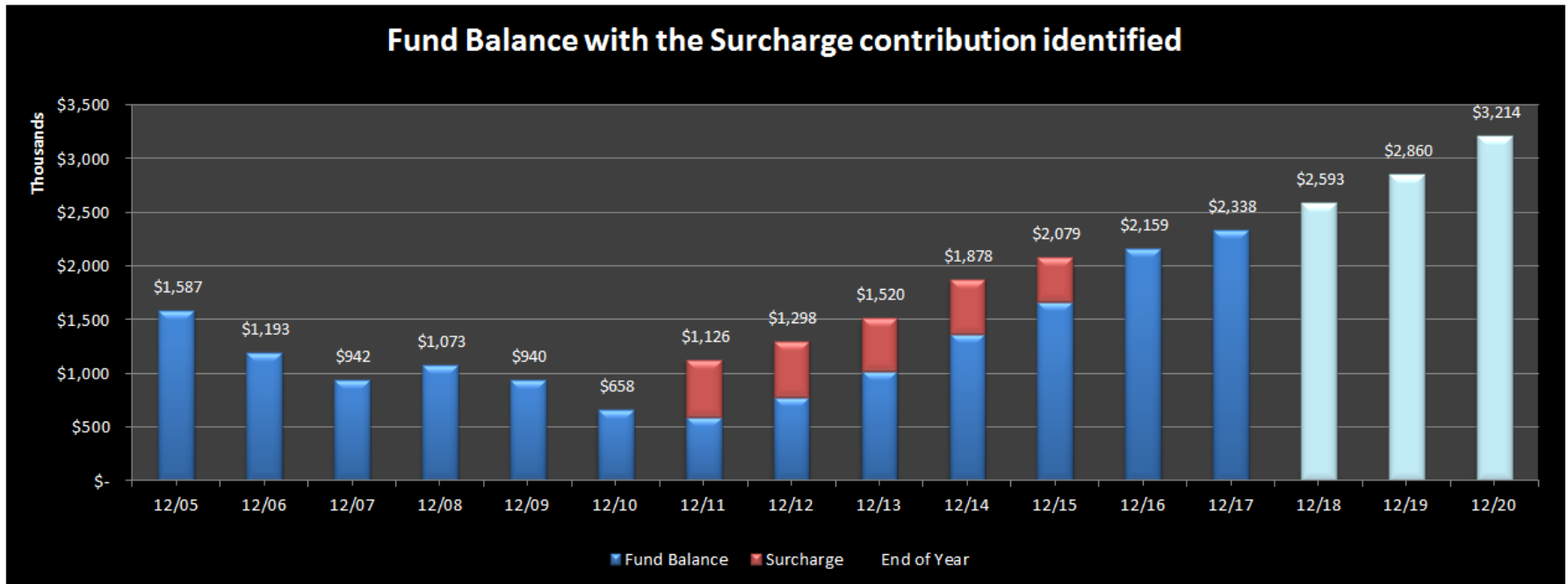
Summary of Expenditures

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	Projection <u>2018</u>	Projection <u>2019</u>	Projection <u>2020</u>
Expenditures:									
Salaries and Benefits	\$ 1,053,338	\$ 1,083,176	\$ 1,130,790	\$ 1,170,767	\$ 1,259,192	\$ 1,289,492	\$ 1,336,282	\$ 1,407,884	\$ 1,468,622
Office and Operating Supplies	8,740	3,793	2,061	3,058	3,553	3,703	6,013	6,725	6,725
Dry Dock Fuel	10,851	3,796	9,218	7,562	7,335	3,478	7,507	12,500	12,500
Professional/Contractual Services	124,052	61,737	49,413	82,442	75,849	125,928	279,441	200,300	100,300
Postage, travel, advertising	15,152	14,419	15,033	10,286	20,425	22,709	23,043	27,300	27,300
Equipment & Space Rental	825,460	849,425	812,036	833,854	832,052	810,144	829,696	862,334	874,726
Ferry Insurance	36,686	45,063	28,829	61,762	60,136	61,836	48,220	63,831	63,831
Utilities	9,467	10,477	10,856	9,769	10,694	9,695	8,880	12,610	12,610
Repairs & Maintenance	130,886	166,258	150,004	146,689	222,663	363,130	290,115	286,750	226,750
Miscellaneous - include cost alloc.	273,391	283,477	246,209	274,159	300,530	375,423	313,079	364,614	370,617
Total Expenditures	\$ 2,488,023	\$ 2,521,621	\$ 2,454,448	\$ 2,600,348	\$ 2,792,432	\$ 3,065,538	\$ 3,142,276	\$ 3,244,848	\$ 3,163,981



Overview of Ferry Fund Balance

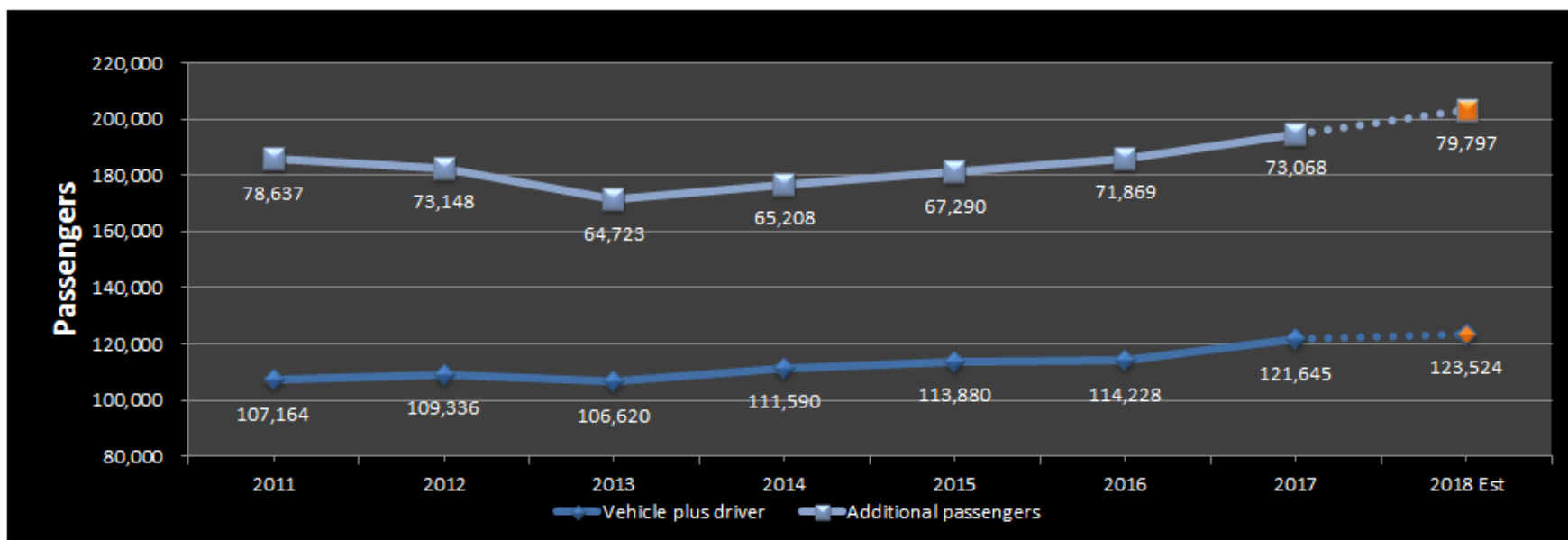
End of Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fund Balance	\$ 1,587	\$ 1,193	\$ 942	\$ 1,073	\$ 940	\$ 658	\$ 1,126	\$ 1,298	\$ 1,520	\$ 1,878	\$ 2,079	\$ 2,159	\$ 2,338	\$ 2,593	\$ 2,860	\$ 3,214



Notes: (1) Surcharge added in 2011. The cumulative surcharge collected 2011 to 2015 was \$2,495K. Surcharge language has now been removed. (2) Fund balance accounts for depreciation and unrealized gain on investments . These are not shown in the revenue slide. Therefore yearly changes in fund balance do not tie directly to reported Income/Expense for the year.

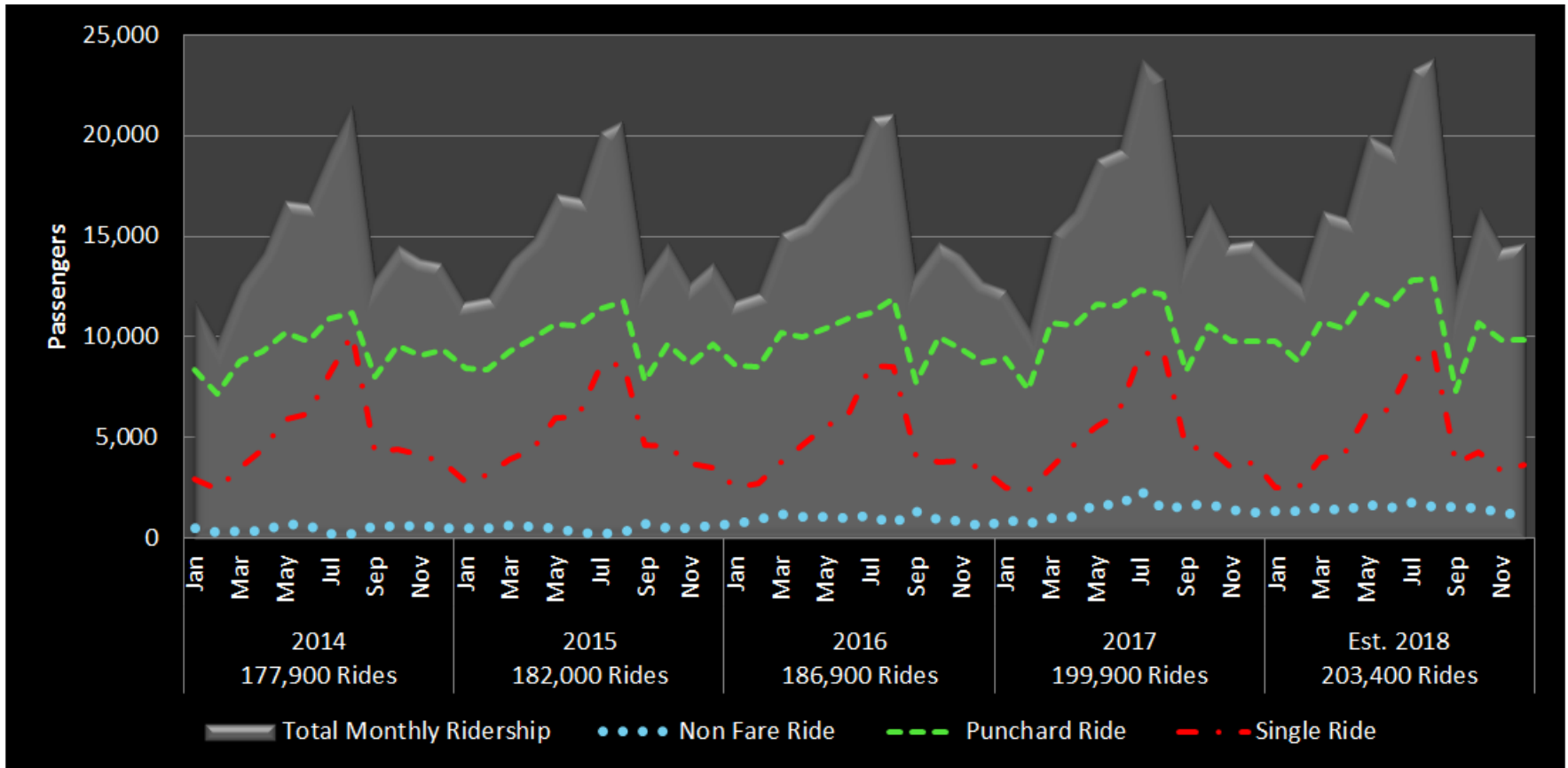
Summary of Ridership Statistics

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018 Est</u>	<u>2017 increase over 2016</u>
Vehicle plus driver	107,164	109,336	106,620	111,590	113,880	114,228	121,645	123,524	6.5%
Additional passengers	78,637	73,148	64,723	65,208	67,290	71,869	73,068	79,797	1.7%
Total ridership	185,801	182,484	171,343	176,798	181,170	186,097	194,713	203,321	4.6%



Note: Vehicle traffic is up with a 6.5% increase from 2016 while additional passengers (walkers and non-drivers) are up by only 1.7%. Overall ridership has increased by 4.6% which is 2% greater than the 2016 increase.

Ridership by fare type



2017 Adjusted Total Operating Cost calculation (determines fare goal)

- Total Operating Cost \$ 3,065,538
- Less Ferry Deficit Reimb. (316,769)
- Less Interest/Other Income (19,599)
- Less County Vehicle/Employee Trip Credit (10,100)
- **Adjusted Total Operating Cost** \$ 2,719,069
- 55% of Adjusted Total Operating Cost 55%
is defined as the Fare Goal of \$ 1,495,488

Summary of 45/55 Expenditure Split for 2017

• <u>Adjusted Total Operating Cost</u>	\$2,719,069	
• <u>Road Fund 45% Subsidy</u> (of total operating costs)	\$1,382,155	
• Fare Goal 55% of Adjusted Total Operating Costs (48.8% of total actual operating costs)	\$1,495,488	A
• <u>Actual Fares Collected</u> (49.6% of total operating costs, 55.9% of Adjusted operating cost)	<u>\$1,521,088</u>	<u>B</u>
• Operating <u>Gain</u> from fare collection that exceeded the 55% Fare Goal	<u>\$ 25,600</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)
- 6 years of 45% Road Fund Subsidy (2012-2017) \$ 7.2 million
- 9 years @ \$3.0M/year x 45% Road Fund Subsidy Rate \$ 12.2 million (estimated)

Total Road Fund Subsidy over this period = \$ 26.4 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 2017 Sources and Uses: Total Ferry System

2017 Ferry Related Uses

Ferry Fund	Operating Expenses	\$3,065,538
Road Fund	Ferry Dock Improvements (capital)	334,335
Road Fund	Year 5 - \$2 million milestone payment*	400,000
Ferry Fund	Increase in Ferry Fund balance	174,074
	Total Ferry Expenditures	\$3,973,947

2017 Ferry Revenue Sources

Passengers	Fare Box Goal	\$1,495,488	37.6%
Passengers	Excess Fare Box collection	25,600	0.6%
Other Sources	Interest and fees collected	19,599	0.5%
State MVFT	Deficit Reimbursement Agreement	316,769	8.0%
Road Fund	Road Fund contribution to Ferry expenses (calculated as Use less Sources)	2,116,497	53.3%
	Total Ferry Funding	\$3,973,947	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 2017 the cumulative Fare Box recovery rate from 2006-2017 is 56.3% resulting in an excess of \$355,739 to be carried forward and used to fund future operating fund deficits.
- **Road Fund (Contributed \$2.1M in 2017):**
 - 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 2017 **Road Fund** ferry related expenditures: Including capital dock improvements, 45% operating cost reimbursement, and prorated lease milestone payment. \$2,116,490*
- Road Fund ferry costs covered with Lummi Island assessed road tax: $\$366,376 / \$2,116,490 = 17.3\%$
- The Fare Surcharge was removed October 3rd, 2015. At that time many of the multi-ride punch card rates were adjusted downward. With the new rates in place, 2017 fare box collections are in line with the targeted 55% expense goal, exceeding it by only 1%.

*Calculated by 1,382,155 (Road fund subsidy to Ferry Fund) + 334,335 (capital dock work) + 400,000 (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>	Projection <u>2018</u>	Projection <u>2019</u>	Projection <u>2020</u>
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Unrealized Gain/(Loss) on Investments	\$ -	\$ (7,746)	\$ 4,278	\$ 169	\$ (11,536)	\$ 4,990	\$ -	\$ -	\$ -
Change in net position	\$ 266,820	\$ 221,385	\$ 357,448	\$ 201,341	\$ 80,312	\$ 179,064	\$ 254,593	\$ 267,098	\$ 353,368
Net position - beginning	\$ 1,126,554	\$ 1,298,898	\$ 1,520,283	\$ 1,877,731	\$ 2,079,072	\$ 2,159,385	\$ 2,338,449	\$ 2,593,042	\$ 2,860,140
Net position - ending	\$ 1,298,898	\$ 1,520,283	\$ 1,877,731	\$ 2,079,072	\$ 2,159,385	\$ 2,338,449	\$ 2,593,042	\$ 2,860,140	\$ 3,213,507