

# Whatcom County Public Works Ferry Operations Report

**Fiscal Year 2018**

**With 2019-2020 Projections**

# Notes about the numbers.

- This report has been compiled using financial data available to Public Works as of June 1<sup>st</sup>, 2019. Any numbers prior to 2019 are historical. All numbers from 2019 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.

# Presentation Content

- 2018 Financial “snap shot” [\(page 4\)](#)
- Summary of Revenues [\(page 5\)](#)
- Summary of Expenditures [\(page 6\)](#)
- Overview of Ferry Fund Balance [\(page 7\)](#)
- Summary of Ridership Statistics [\(page 8\)](#)
- Ridership by Fare Type [\(page 9\)](#)
- Adjusted Total Operating Expense calculation [\(page 10\)](#)
- Summary of 45%/ 55% Expenditure Split [\(page 11\)](#)
- Ferry Operation Subsidy by Road Fund [\(page 12\)](#)
- Total Ferry System Sources and Uses [\(page 13\)](#)
- General Information / Comments [\(page 14-15\)](#)
- Appendix A – Multiyear Income Statement [\(page 16\)](#)

# 2018 Ferry Fund Financial “snap shot”

## Operating Revenues:

• Fares	\$ 1,551,294
• Ferry Deficit Reimbursement	\$ 337,738
• Interest and other income	\$ 32,953
• Road Fund Subsidy (45%)	<u>\$ 1,414,729</u>
• Total 2018 Revenue	<b>\$3,336,714</b>
• Less 2018 Operating Expenditures	<u>(3,149,759)</u>
• 2018 Operating Gain	<b>\$ <u>186,955*</u></b>

### Note:

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

# Summary of Revenues

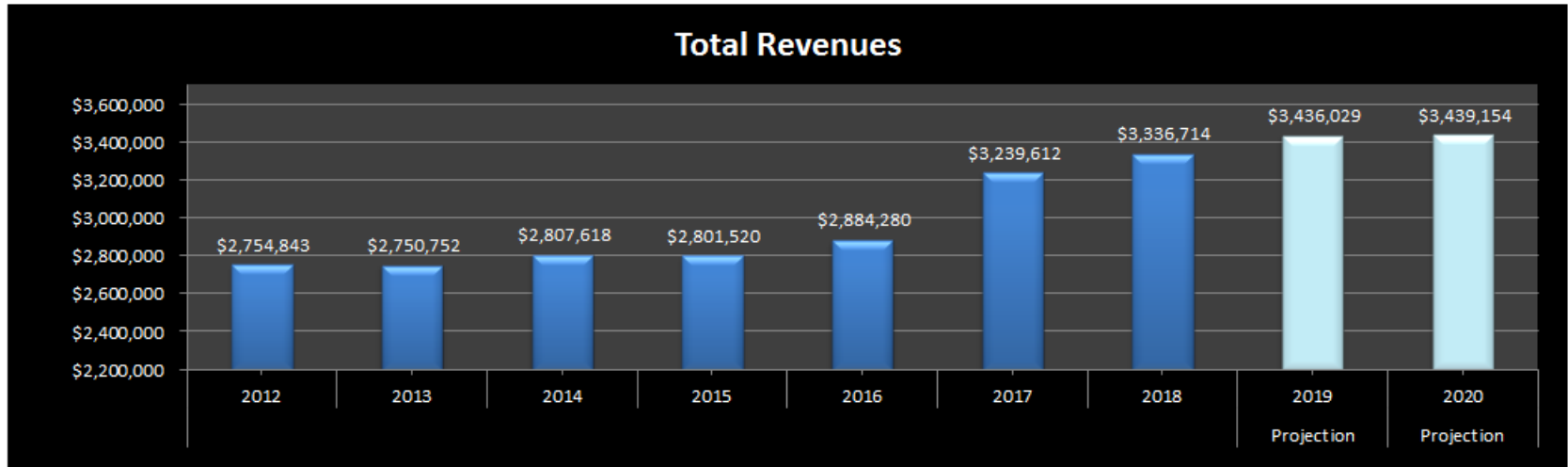
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	Projection <u>2019</u>	Projection <u>2020</u>
<b>Revenues:</b>									
State Grants Revenues & Entitlements	\$ 181,433	\$ 134,374	\$ 211,515	\$ 161,839	\$ 132,026	\$ 316,769	\$ 337,738	\$ 337,738	\$ 337,738
Other Misc. Revenue	526	277	2,403	200	871	389	137	350	350
Fares	1,447,131	1,475,990	1,481,783	1,459,800	1,479,971	1,521,088	1,551,294	1,597,833	1,645,768
Interest Earnings	6,142	5,382	7,415	9,525	14,818	19,210	32,816	20,000	20,000
<b>Total Revenues</b>	<b>1,635,232</b>	<b>1,616,023</b>	<b>1,703,116</b>	<b>1,631,364</b>	<b>1,627,686</b>	<b>1,857,456</b>	<b>1,921,985</b>	<b>1,955,921</b>	<b>2,003,856</b>
Road Fund Subsidy	1,119,611	1,134,729	1,104,502	1,170,156	1,256,594	1,382,155	1,414,729	1,480,108	1,435,298
<b>Total Inflow*</b>	<b>\$ 2,754,843</b>	<b>\$ 2,750,752</b>	<b>\$ 2,807,618</b>	<b>\$ 2,801,520</b>	<b>\$ 2,884,280</b>	<b>\$ 3,239,612</b>	<b>\$ 3,336,714</b>	<b>\$ 3,436,029</b>	<b>\$ 3,439,154</b>

\* - Excludes unrealized investment revenue/loss

1/23/11: \$3 surcharge implemented

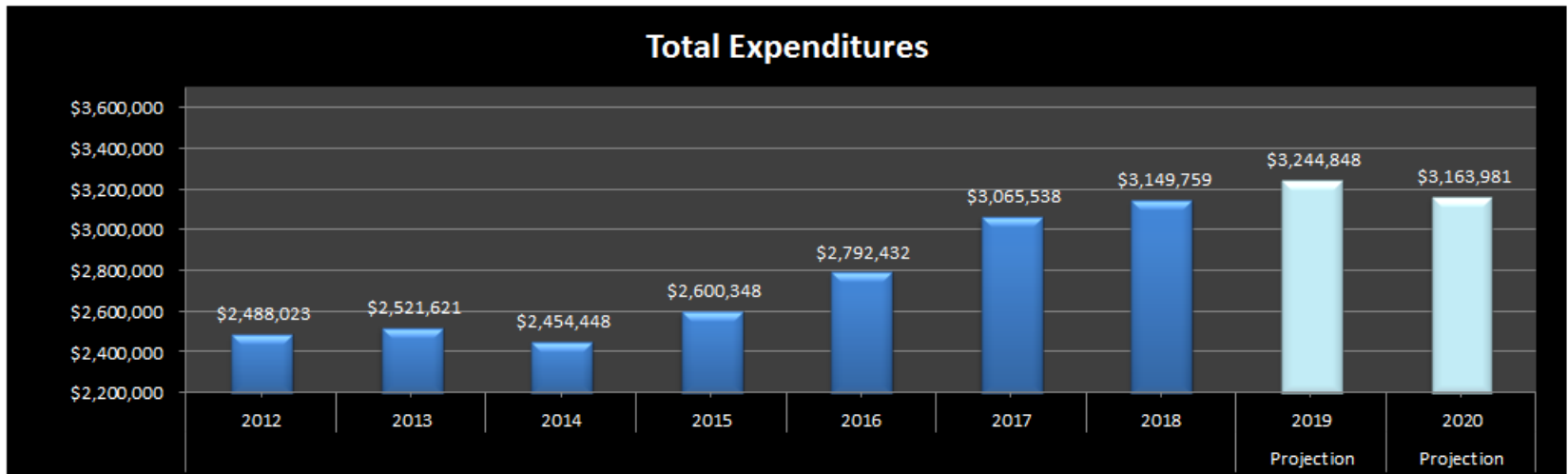
4/26/12: Free passenger and pedestrian travel for all children under age 19.

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



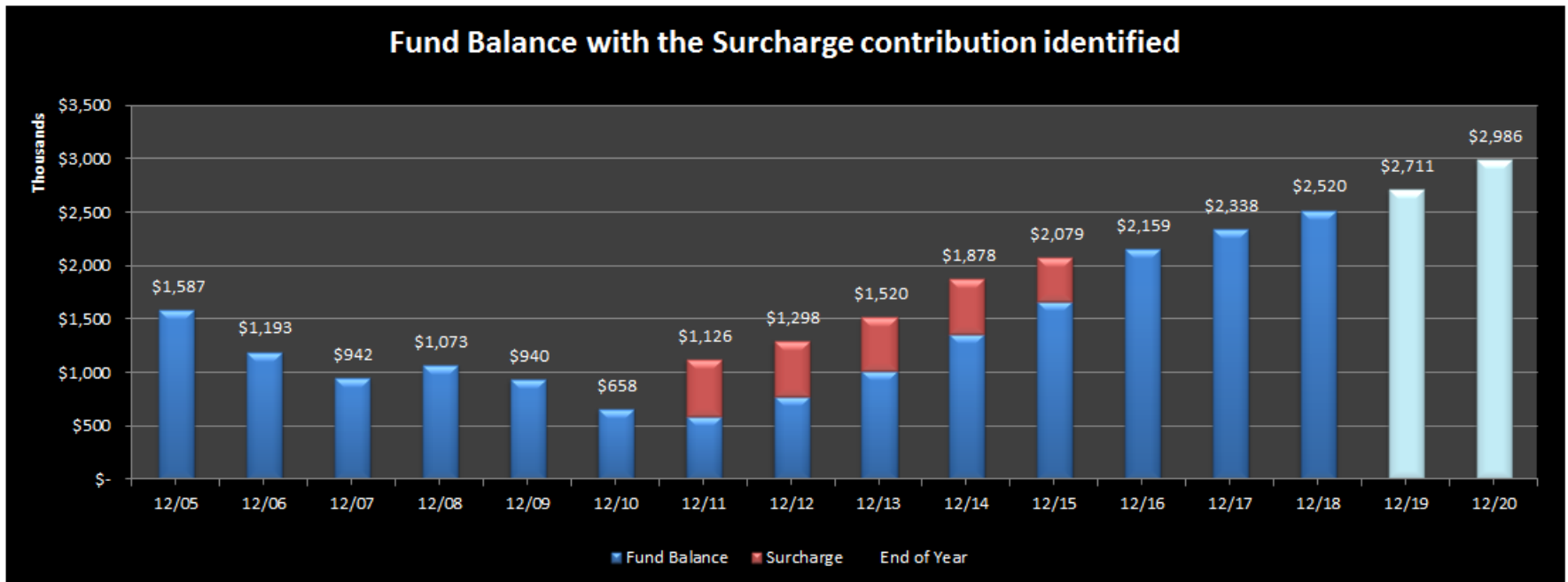
# Summary of Expenditures

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	Projection <u>2019</u>	Projection <u>2020</u>
<b>Expenditures:</b>									
Salaries and Benefits	\$ 1,053,338	\$ 1,083,176	\$ 1,130,790	\$ 1,170,767	\$ 1,259,192	\$ 1,289,492	\$ 1,348,469	\$ 1,407,884	\$ 1,468,622
Office and Operating Supplies	8,740	3,793	2,061	3,058	3,553	3,703	5,199	6,725	6,725
Dry Dock Fuel	10,851	3,796	9,218	7,562	7,335	3,478	7,797	12,500	12,500
Professional/Contractual Services	124,052	61,737	49,413	82,442	75,849	125,928	279,679	200,300	100,300
Postage, travel, advertising	15,152	14,419	15,033	10,286	20,425	22,709	23,555	27,300	27,300
Equipment & Space Rental	825,460	849,425	812,036	833,854	832,052	810,144	811,150	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	9,282	12,610	12,610
Repairs & Maintenance	130,886	166,258	150,004	146,689	222,663	363,130	290,432	286,750	226,750
Miscellaneous - include cost alloc.	273,391	283,477	246,209	274,159	300,530	375,423	325,977	364,614	370,617
<b>Total Expenditures</b>	<b>\$ 2,488,023</b>	<b>\$ 2,521,621</b>	<b>\$ 2,454,448</b>	<b>\$ 2,600,348</b>	<b>\$ 2,792,432</b>	<b>\$ 3,065,538</b>	<b>\$ 3,149,759</b>	<b>\$ 3,244,848</b>	<b>\$ 3,163,981</b>



# Overview of Ferry Fund Balance

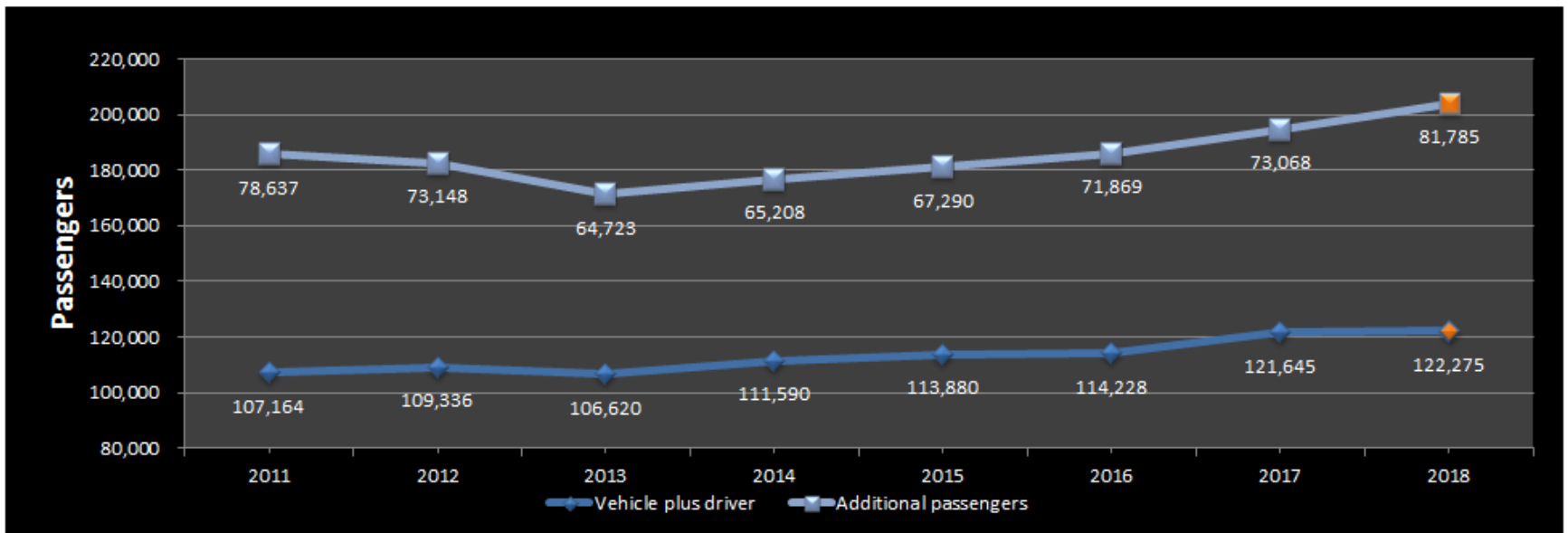
End of Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fund Balance	\$ 1,587	\$ 1,193	\$ 942	\$ 1,073	\$ 940	\$ 658	\$ 1,126	\$ 1,298	\$ 1,520	\$ 1,878	\$ 2,079	\$ 2,159	\$ 2,338	\$ 2,520	\$ 2,711	\$ 2,986



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

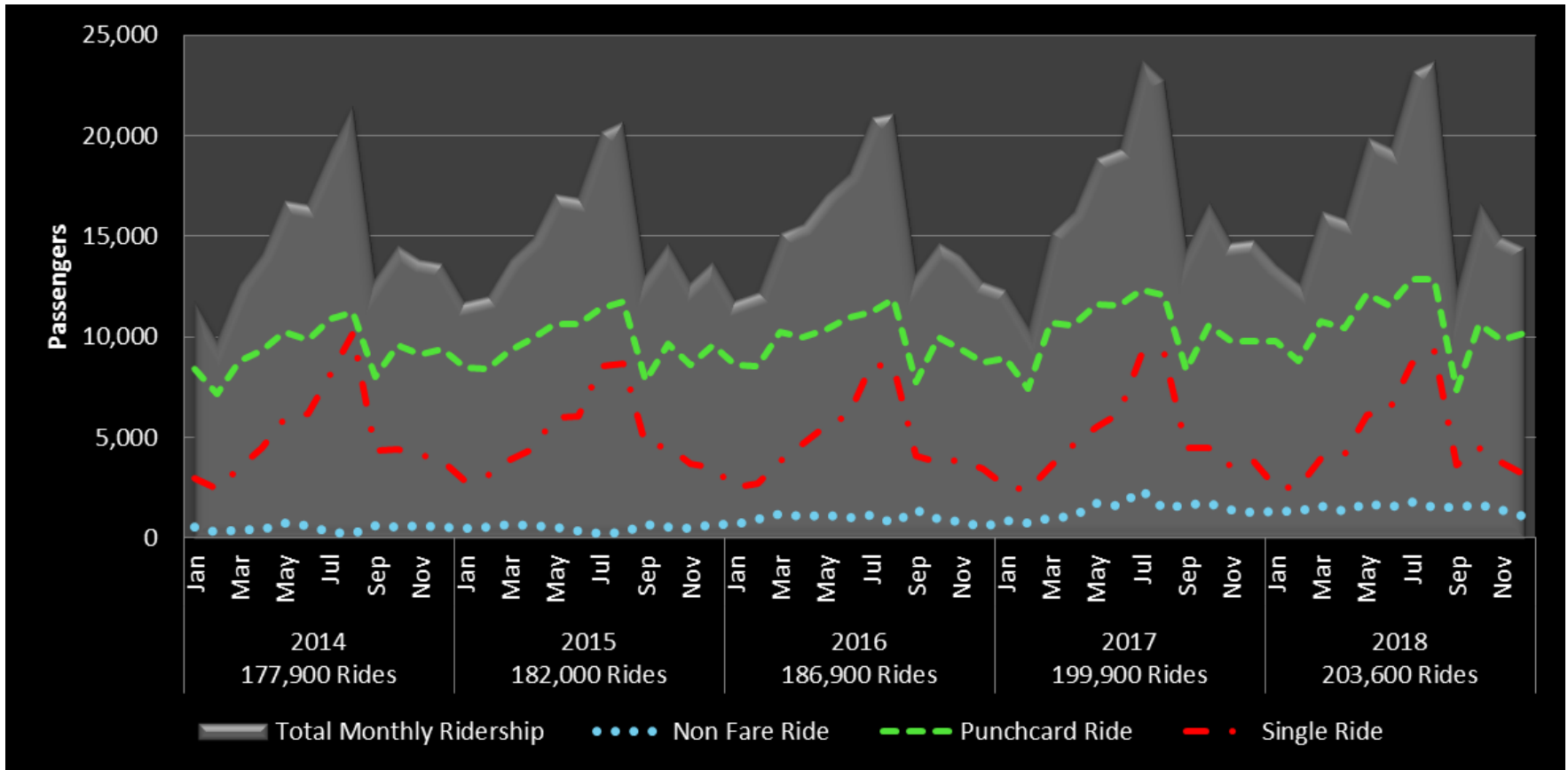
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2018 increase over 2017</u>
Vehicle plus driver	107,164	109,336	106,620	111,590	113,880	114,228	121,645	122,275	0.5%
Additional passengers	78,637	73,148	64,723	65,208	67,290	71,869	73,068	81,785	11.9%
Total ridership	185,801	182,484	171,343	176,798	181,170	186,097	194,713	204,060	4.8%



Note: Vehicle traffic is up only 0.5% from 2017 while additional passengers (walkers and non-drivers) are up by 11.9%. Overall ridership has increased by 4.8% which is consistent with the 2016 ridership increase.



# Ridership by Fare Type



# 2018 Adjusted Total Operating Cost calculation (determines fare goal)

- Total Operating Cost \$ 3,149,759
- Less Ferry Deficit Reimb. (337,738)
- Less Interest/Other Income (32,953)
- Less County Vehicle/Employee Trip Credit (8,100)
- **Adjusted Total Operating Cost** \$ 2,770,519
- 55% of Adjusted Total Operating Cost 55%  
is defined as the Fare Goal of \$ 1,523,785

# Summary of 45/55 Expenditure Split for 2018

• <u>Adjusted Total Operating Cost</u>	\$2,770,518	
• <u>Road Fund 45% Subsidy</u> (of total operating costs)	\$1,417,392	
• Fare Goal 55% of <b>Adjusted Total Operating Costs</b> (48.8% of total actual operating costs)	\$1,523,785	A
• <u>Actual Fares Collected</u> (49.6% of total operating costs, 55.9% of Adjusted operating cost)	<u>\$1,551,294</u>	<u>B</u>
• Operating <u>Gain</u> from fare collection that exceeded the 55% Fare Goal	<u>\$ 27,509</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)
- 7 years of 45% Road Fund Subsidy (2012-2017) \$ 8.6 million
- 8 years @ \$3.0M/year x 45% Road Fund Subsidy Rate \$ 10.8 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 2018 Sources and Uses: Total Ferry System

## 2018 Ferry Related Uses

<a href="#"><u>Ferry Fund</u></a>	Operating Expenses	\$3,149,759	
<a href="#"><u>Road Fund</u></a>	Ferry Dock Improvements (capital)	570,380	
<a href="#"><u>Road Fund</u></a>	Year 5 - \$2 million milestone payment*	400,000	
<a href="#"><u>Ferry Fund</u></a>	Increase in Ferry Fund balance	186,955	
	Total Ferry Expenditures	\$4,307,094	

## 2018 Ferry Revenue Sources

<a href="#"><u>Passengers</u></a>	Fare Box Goal	\$1,523,785	35.4%
<a href="#"><u>Passengers</u></a>	Excess Fare Box collection	27,509	0.6%
Other Sources	Interest and fees collected	32,953	0.8%
State MVFT	Deficit Reimbursement Agreement	337,738	7.8%
Road Fund	Road Fund contribution to Ferry	2,385,109	55.4%
	expenses (calculated as Use less Sources)		
	Total Ferry Funding	\$4,307,094	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 2018 the cumulative Fare Box recovery rate from 2006-2018 is 56.0% resulting in an excess of \$383,248 to be carried forward and used to fund future operating fund deficits.
- **Road Fund (Contributed \$2.4M in 2018):**
  - 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 2018 **Road Fund** ferry related expenditures: Including capital dock improvements, 45% operating cost reimbursement, and prorated lease milestone payment. \$2,385,109\*
- Road Fund ferry costs covered with Lummi Island assessed road tax:  $\$379,516 / \$2,385,109 = 15.9\%$
- 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 \$1,414,729 (Road Fund subsidy to Ferry Fund) + \$570,380 (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>	<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	\$ (5,855)	\$ -	\$ -
Change in net position	\$ 266,820	\$ 221,385	\$ 357,448	\$ 201,341	\$ 80,312	\$ 179,064	\$ 181,100	\$ 191,181	\$ 275,173
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	\$ 2,710,730
Net position - ending	\$ 1,298,898	\$ 1,520,283	\$ 1,877,731	\$ 2,079,072	\$ 2,159,385	\$ 2,338,449	\$ 2,519,549	\$ 2,710,730	\$ 2,985,903