

WHATCOM COUNTY COUNCIL AGENDA BILL

NO. AB2013-126

| CLEARANCES | Initial | Date | Date Received in Council Office | Agenda Date | Assigned to: |
|--------------------|--------------------------|-----------|--|-----------------------|------------------------|
| Originator: | FA <i>JMA</i> | 3/11/2013 | RECEIVED MAR 19 2013 WHATCOM COUNTY COUNCIL | 3/26/13 | Public Works Committee |
| Division Head: | | | | Report and Discussion | |
| Dept. Head: | FA <i>JMA</i> | 3/11/2013 | | | |
| Prosecutor: | DG | | | | |
| Purchasing/Budget: | BB | | | | |
| Executive: | JL <i>[Signature]</i> | 3-11-13 | | | |

TITLE OF DOCUMENT
Whatcom County Public Works Ferry Operations Report

ATTACHMENTS:
Whatcom County Public Works Ferry Operations Report

SEPA review required? () Yes (x) NO Should Clerk schedule a hearing? () Yes (x) NO
 SEPA review completed? () Yes (x) NO Requested Date:

SUMMARY STATEMENT OR LEGAL NOTICE LANGUAGE: *(If this item is an ordinance or requires a public hearing, you must provide the language for use in the required public notice. Be specific and cite RCW or WCC as appropriate. Be clear in explaining the intent of the action.)*

Report and Discussion on the Whatcom County Ferry Operations

COMMITTEE ACTION:

COUNCIL ACTION:

Related County Contract #:

Related File Numbers:

Ordinance or Resolution Number:

Please Note: *Once adopted and signed, ordinances and resolutions are available for viewing and printing on the County's website at: www.co.whatcom.wa.us/council.*

Whatcom County Public Works

March 26, 2013

DISTRIBUTED TO

MAR 19 2013

**ALL COUNCIL MEMBERS
WHATCOM COUNTY COUNCIL**

Presentation Content

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2012 Financial “snap shot”

Operating Revenues:

| | |
|-------------------------------|------------------------------------|
| ● Fares | \$ 1,447,131 |
| ● Ferry Deficit Reimbursement | \$ 181,433 |
| ● Interest and other income | \$ 6,668 |
| ● Road Fund Subsidy (45%) | \$ <u>1,119,611</u> (current calc) |

Total 2012 Revenue

\$ 2,754,843

● Less 2012 Operating Expenditures (2,488,023)

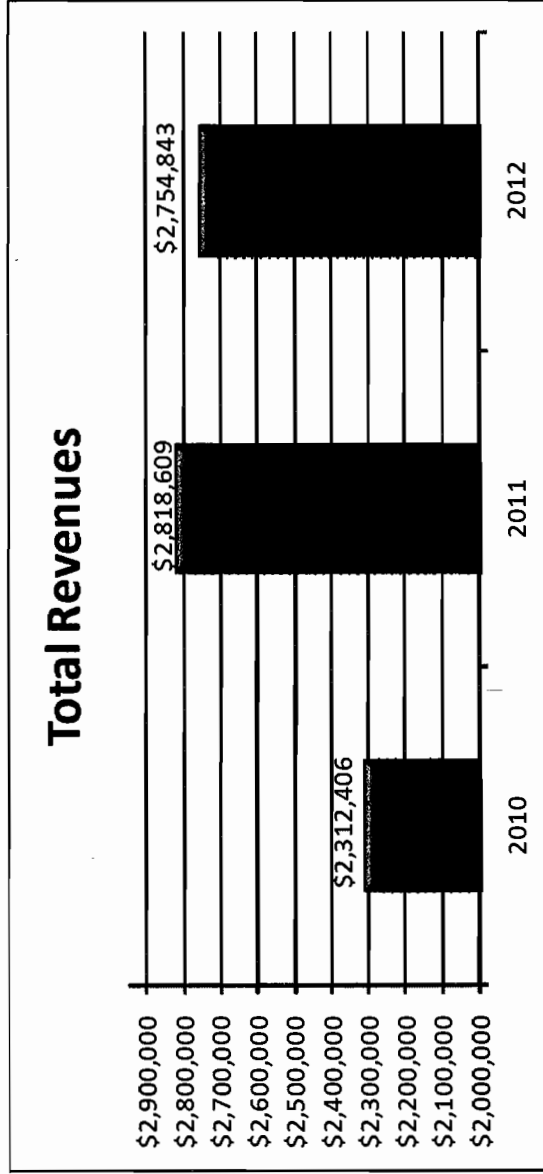
2012 Operating GAIN = \$ 266,820

Note: All figures reflect 2012 activity as of 3-7-13. The year is not closed and additional adjustments may be recorded after the preparation date of this presentation.

Summary of Revenues

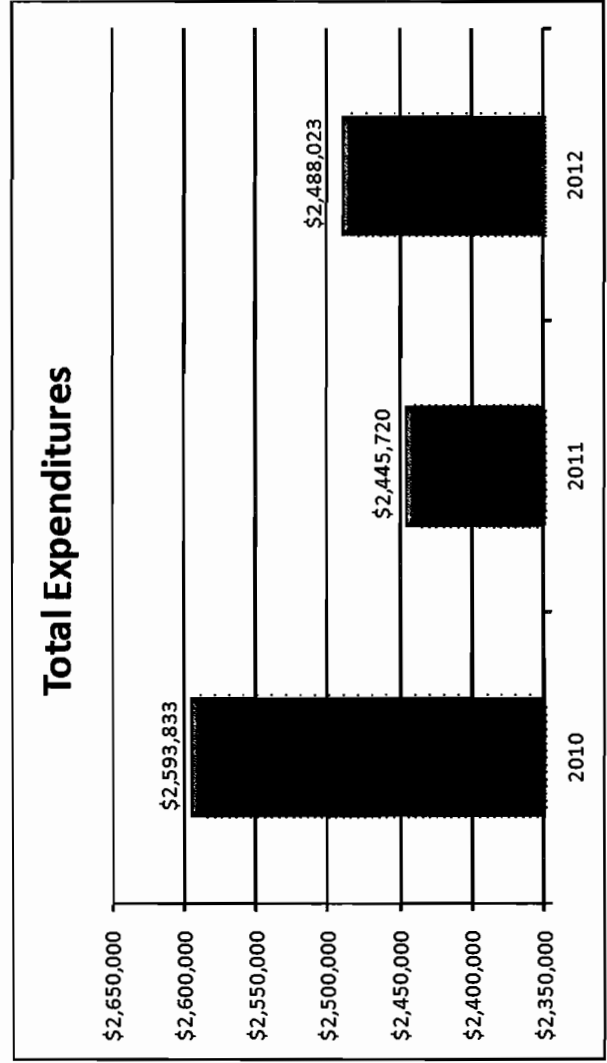
| | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|-----------------------|---------------------|---------------------|---------------------|
| Revenues: | | | |
| State Grants Revenues | \$ 119,890 | \$ 165,174 | \$ 181,433 |
| Other Misc Revenue | 64 | 151 | 526 |
| Fares | 1,021,801 | 1,545,829 | 1,447,131 |
| Interest Earnings | 7,924 | 6,881 | 6,142 |
| Road Fund Subsidy | 1,162,727 | 1,100,574 | 1,119,611 |
| Total Revenues | \$ 2,312,406 | \$ 2,818,609 | \$ 2,754,843 |

1/23/11: \$3 surcharge implemented
 4/26/12: Free passenger and pedestrian
 travel for all children under age 19.



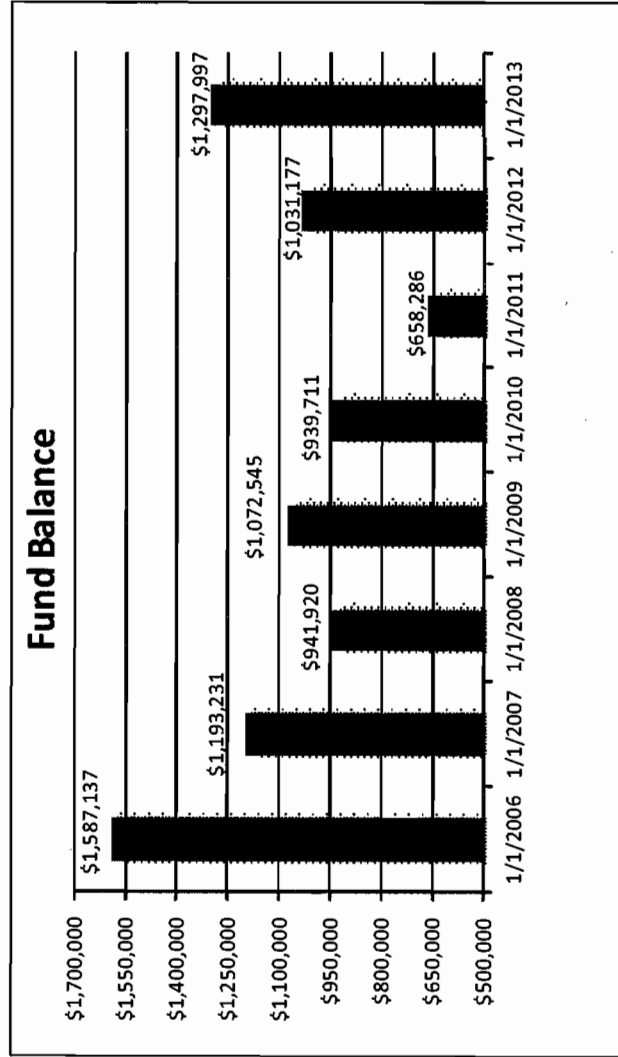
Summary of Expenditures

| | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|-------------------------------------|---------------------|---------------------|---------------------|
| Expenditures: | | | |
| Salaries and Benefits | \$ 1,008,479 | \$ 1,015,664 | 1,053,338 |
| Office and Operating Supplies | 10,556 | 15,731 | 8,740 |
| Dry Dock Fuel | 10,582 | 11,360 | 10,851 |
| Professional Services | 297,971 | 124,149 | 124,052 |
| Postage, travel, advertising | 11,077 | 15,104 | 15,152 |
| Equipment & Space Rental | 834,025 | 822,893 | 825,460 |
| Ferry Insurance | 62,429 | 55,695 | 36,686 |
| Utilities | 7,274 | 6,798 | 9,467 |
| Repairs & Maintenance | 135,249 | 136,154 | 130,886 |
| Miscellaneous - include cost alloc. | 216,192 | 242,172 | 273,391 |
| Total Expenditures | \$ 2,593,833 | \$ 2,445,720 | \$ 2,488,023 |



Overview of Ferry Fund Status

| | <u>1/1/2006</u> | <u>1/1/2007</u> | <u>1/1/2008</u> | <u>1/1/2009</u> | <u>1/1/2010</u> | <u>1/1/2011</u> | <u>1/1/2012</u> | <u>1/1/2013</u> |
|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Fund Balance | \$ 1,587,137 | \$ 1,193,231 | \$ 941,920 | \$ 1,072,545 | \$ 939,711 | \$ 658,286 | \$ 1,031,177 | \$ 1,297,997 |



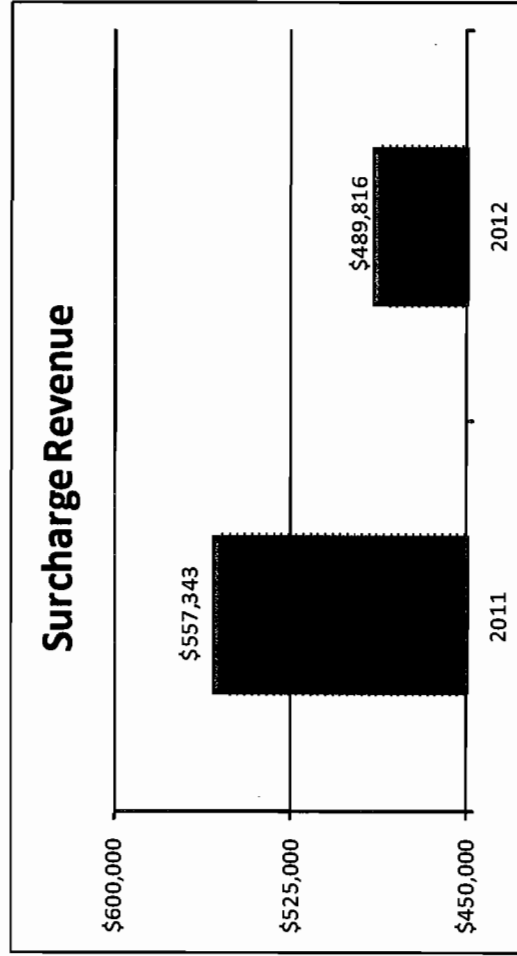
Note: Beginning fund balance on 1/01/06 was transferred in from the Road fund.

Summary of Surcharge Impact

2011 2012

Surcharge Revenue \$ 557,343 \$ 489,816

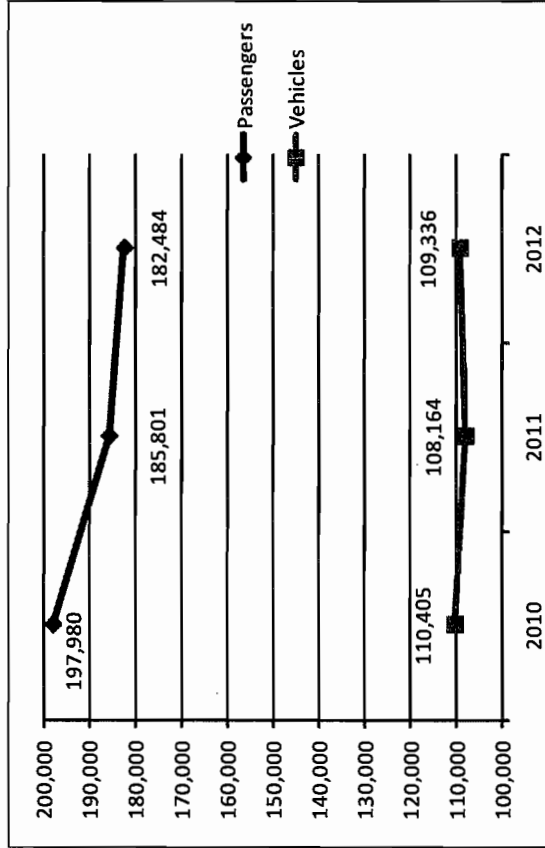
Percent Decrease: 12.1%
Dollar Decrease: \$67,527



Note : \$3 per trip surcharge began on 1/23/11.

Summary of Ridership Statistics

| | 2010 | 2011 | 2012 |
|------------|---------|---------|---------|
| Passengers | 197,980 | 185,801 | 182,484 |
| Vehicles | 110,405 | 108,164 | 109,336 |



Summary of 2012 45/55 Expenditure Split Between Road and Ferry Funds

| | |
|--|---------------------|
| • <u>Total Operating Cost</u> | \$ 2,488,023 |
| • Less Ferry Deficit Reimb. | (181,433) |
| • Less Interest/Other Income | (6,668) |
| • Less County Vehicle Trip Credit | <u>(5,510)</u> |
| • <u>Adjusted Total Operating Cost</u> | <u>\$ 2,294,412</u> |

Summary of 2012 45/55 Expenditure

Split -Continued

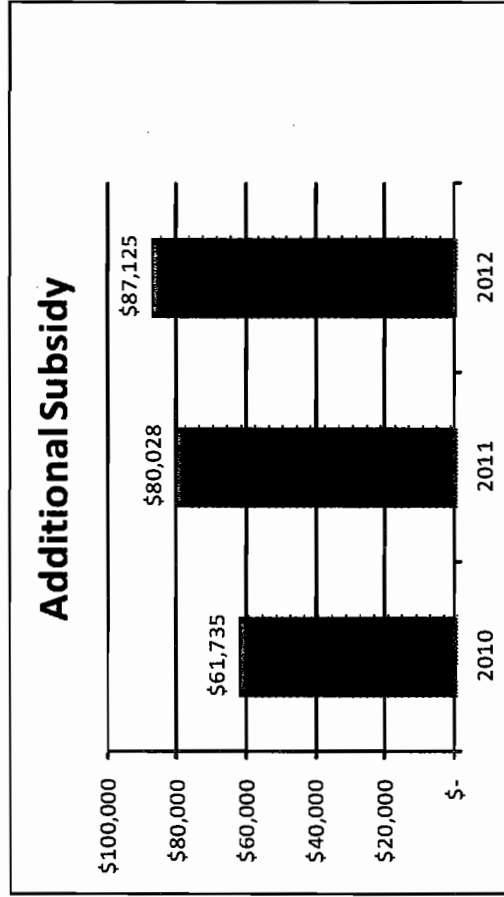
- *Adjusted Total Operating Cost* \$ 2,294,412
- Road Fund 45% Subsidy (of total operating costs) \$ 1,119,610*
- Fare Goal 55% of adjusted total operating costs (actually 50.7% of total operating costs) \$ 1,261,927*

- Actual Fares Collected (58.3% of total operating costs) \$ 1,447,131
- Operating Gain from Fares \$ 185,204

- *Calculation Discussion, +\$87,125 Road Fund

Additional Road Fund Subsidies

| | 2010 | 2011 | 2012 |
|--------------------|-----------|-----------|-----------|
| Additional Subsidy | \$ 61,735 | \$ 80,028 | \$ 87,125 |



Road Fund Subsidy Impact

• Ferry Lease And Operation Subsidy (15 years)

- Year 1 \$ 2.0 million
- Year 5 \$ 2.0 million
- Year 15 \$ 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 obligations and Ferry Operations ONLY. The estimated costs do not include the Road Fund expenditures associated with any Lummi Island roadway maintenance or improvements.

General Information/Comments

- 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.
 - Pays several indirect costs not captured.
 - Pays for maintenance of 19.90 miles of roads on Lummi Island.

General Information/Comments

- Road Fund collections from Lummi Island:
Assessment for 2012 = \$366,016
- Total 2012 Road Fund expenditures that are Ferry related
= \$1,119,610*
(\$366,016/\$1,119,610 = 32.7%)

***Does not include any road related expenses on Lummi Island**

Note: In summary, approximately 1% of the population in unincorporated Whatcom County (Lummi Island) contributes approximately 2% to the total Road Fund assessment and is directly linked to over 6.6% of the Road Fund expenditures for Ferry Operations.

Recommendations From Public Works

- Do not alter current fares or structure unless clearly reducing costs to offset any loss of revenue.
- Alter the Ordinance to make the 45%/55% calculation based on the same expenditure figure. Originally introduced to Council for review in 2012.
- Pursue a review in 2013 to determine the appropriate amount of reserves that should be targeted in the Ferry Fund. Current target is \$1.587 million.

Conclusion of Presentation

Questions and Discussion