

Lummi Island Ferry Advisory Committee (LIFAC) Meeting

Thursday, January 2, 2020
Civic Building, Bellingham, WA

CALL TO ORDER

Rhayma Blake called the meeting to order at 6pm

ROLL CALL

Present: Charles Bailey, Rhayma Blake, Cris Colburn, Jim Dickenson, Patricia Dunn, Judy Olsen

Also Attending:

WCPW: Rich Hudson, Senior Master, Roland Middleton, Elizabeth Cosa
Also: Cassandra Durkin (kpff), Todd Donovan, Whatcom County Council, Jon Hutchins, Director, WCPW, Bill Lee, Mike Skehan, Dave Kershner, Arnie Klauss

FLAG SALUTE

OPEN SESSION (Comments follow minutes when provided)

Bill Lee thanks LIFAC and Public Works for their efforts in 2019.

APPROVAL OF DATE MINUTES:

Charles moved approval and Judy seconded. Motion passed unanimously.

LIFAC INTERNAL BUSINESS

Members continue to recruit an off-island member for the open seat. All are asked to invite mainlanders to apply (through County Council) to the Committee. It was suggested that possible candidates are those with business interests on island.

Discussion of ways to make minutes available to the public before posting on the county website prior to approval. It was decided to create a mailing list of draft minutes for anyone interested. If interested send a note to lifacpat@gmail.com for inclusion.

The next Tome article will discuss:

- Information on the draft minutes list (above).
- Reiterate the vacant position and request community members ask mainlanders to apply.
- Island organizations can request LIFAC members speak to their boards or at meetings.

Committee members are strongly urged to attend "Effective Meetings for Focus & Productivity" specifically for committees like LIFAC. This will be led by Ann Macfarlane of Jurassic Parliament. Call Human Resources at 360.778.5300 to sign up.

OLD BUSINESS

Operations Update -Rich Hudson, Senior Master

Rich discussed the ferry outage on New Year's Eve. There was a steering mechanism (island side) failure mid-channel, cars had to back off. The steering mechanism had been upgraded from analog to digital two years ago. The mechanics weren't very familiar with the new digital system so the vendor service tech was contacted (after being up for 30 hours traveling) and talked PW mechanics through the problem. The components should have been watertight, but it was discovered that the rudder feedback unit cover was not attached properly at some point. The mechanics did this work on the deck in the cold and rain, shielding the sensitive

electronics with their bodies & coats! Members expressed their gratitude for their heroic efforts.

During 2020 dry dock the Chief will require steel replacement in areas exceeding the Coast Guard standard of 20% wasting. The area is only about 2'x3' but is in an area difficult to work in. Repairs to the Lummi Island dock will cost less than expected.

Rich Hudson, Gary Poole, John Mulhern (crew), Elizabeth Kosa (Asset Manager), and Justin Myers (WCPW shop crew lead) visited the Foss diesel battery hybrid tug Carolyn Dorothy in Portland. All were impressed by the technology and pleased to see how well the boat operated. The Sr Master, 35 years with Foss, said he loves it and it's his favorite boat. It has redundant propulsion systems. It can operate as a pure diesel, a diesel electric hybrid, or a diesel battery hybrid. Battery charging is from the onboard diesel engines, not shore power. The group brought back some ideas for Elliott Bay Design Group, such as enhancing vibration dampening for batteries. With the diesel battery hybrid path we would not commit to a single propulsion source and would leave open the possibility of moving to an all electric shore charging system in the future.

Update on Replacement Ferry Project - Roland Middleton

Roland presented a LIFAC timeline - historical and future (attached). He commended LIFAC on the amount of public process and open meetings. 2020 goals are:

- Project inclusion in 6 and 14 year planning documents (accomplished)
- Recommendation for creation of a ferry district by the county council by March 2020 so an ordinance can be passed by September 2020. The rate can be established later. Tax collection should commence by 4th Quarter of 2021.
- A funding path. This will include the PW Director discussions with the new County Executive and probably a workshop with County Council members.
- A project funding request must be sent to the Public Works Board (or any other available revenue source. For grant agencies, 30% of design work must be in place.

Pat presented 3 funding alternatives briefly described in this table.

	Alt 1	Alt 2	Alt 3
CRAB funding	Y	Y	Y
County funded/debt			Y
Fare Surcharge		10 years	22 years
Ferry District	Y	Y	
Interest Expense	\$2,076,000	\$76,000	\$3,567,000

Projected cash flows follow these minutes.

Discussion of these alternatives included these comments:

- Jim is strongly against a fare surcharge
- Councilmember Donovan noted that in Alt 1 & 2, a \$41(on a median \$300,000 home) ferry district tax is high, politically. He suggested exploring options.
- Roland noted that if Initiative 976 survives court challenges, CRAB money could be in jeopardy.

Charles moved and Cris seconded a motion to pursue Alternative 2: Ferry District property tax, Fare Surcharge, and CRAB funding. Motion passed with Jim voting Nay. Pat will add variations on Alt 3 for further discussion and review by the next meeting.

Roland reminded the group of how powerful it is when an advisory committee and county departments stand shoulder to shoulder and are in sync in front of the county council.

Meeting adjourned at 8:08 pm.

From Roland Middleton: Lummi Island Ferry, Level of Service Timeline:

February 2012 – Whatcom County Council establishes LIFAC (ord. 2012-005; WCC 2.145)

- 2012 to 2015 – LIFAC reviews all available information regarding LOS for ferry systems, discussions on LOS approach and needed analysis
- January 2016 – LOS Progress Report Part One
- October 2016 – Analysis of Ferry Sailings in 2015
- November 2016 – LIFAC requests assistance from WC Public Works to complete a transparent analysis and recommendation of a new LOS
- February 2017 – LIFAC drafted resolution adopted by County Council establishing LOS goals and a LOS action plan (res. 2017-081)
- August 2017 – Kpff consulting team brought on board
- November 2017 – Public meeting roundtable style discussion hosted by PLIC and LIFAC
- February 2018 – LIFAC conducted public survey
- March 14, 2018 – Public meeting hosted by LIFAC with Kpff team discussing LOS, projected ridership and vessel capacities; Q&A
- May 22, 2018 – Public meeting hosted by LIFAC with Kpff team discussing LOS analysis, vessel and terminal options and funding mechanisms; Q&A
- May 2018 – LIFAC conducted public survey
- June 26, 2018 – LIFAC approves the Kpff draft LOS recommendations and analysis and draft resolution
- July 2018 – Kpff final alternatives analysis published, including:
 - Existing conditions
 - Ridership demand forecast
 - LOS analysis
 - Vessel characteristics
 - Terminal options
 - Financial forecast and funding options
 - Service alternatives
- July 2018 – LIFAC drafted resolution adopted by County Council adopting the LOS implementation plan for a new vessel and propulsion, terminal improvements, and operations changes.
- 2018 and 2019 – Review of vessel propulsion information and funding discussion
- September 2019 – Elliot Bay Design Group Propulsion system selection study
- December 2019 – LIFAC confirms LOS conclusion, vessel size and propulsion system (Diesel Electric (Battery) Hybrid).

Lummi Island Ferry Level of Service Timeline

County Road Administration Board funding:

2020 actions:

- Project planning and engineering adequate for:
 - inclusion in 6-year and 14-year documents and their adoption
 - **creation of a county ferry district (subject to county's financial plan)**
 - submission of project funding request to the Public Works Board or any other available revenue source

2021 actions:

- County requests CRABoard to issue call for projects at Spring meeting
- CRABoard may act on a call for projects at the Spring meeting, but must act on request no later than Summer meeting
- If a call for projects is approved, project applications must be submitted no later than December 31st

2022 actions:

- Technical Review Committee completes its review and develops a written report no later than 30 days prior to the CRABoard Spring meeting
- CRABoard reviews the committee report and may act at the Spring meeting, but must act no later than Summer meeting
- If approved by the CRABoard, a CFCIP project funding request is included in the CRAB agency biennial budget request submitted late summer

2023 actions:

- State Legislature reviews CRAB CFCIP budgetary request
- If approved by the Legislature and Governor, CFCIP funds available for project expenditures beginning July 1st, or upon execution of the CRAB/County contract whichever occurs last

Pat Dunn's Funding Presentation documents:

WC Ferry System Replacement					
Scenarios Comparisons (in thousands)					
22 Year Scenario					
2021 - 2042					
	Alt 3	Alt 1	Alt 2		
	Crap	Good	Good+Fare Inc		
	>Interest+Fare	<Interest	<Int+Fare		
Funding Sources:					
CRAB Funding	10,000	10,000	10,000		
County Funds (Debt)	20,000				
Fare Surcharge	2,046		930	22 yrs, #3, 10 yrs #2	
Ferry District		25,800	25,800		
	32,046	35,800	36,730		
Total Cost:					
Ferry and Dock Cost	29,400	29,400	29,400		
Interest Expense	3,567	2,076	76		
	32,967	31,476	29,476		
Interest Earned	-	240	281		
Cash positive (negative)	(63)	6,564	7,579		
Notes:					
\$29.4m required in first 6 years to place new ferry into service					
Assumes \$10m from CRAB					
"Total Outflows" components = ferry and docks.					
Not shown: Fare surcharge for 2050 ferry					
Accumulated cash could be directed to future dock or other improvements in the plan.					

WC Ferry System Replacement																								
Cash Flow (in thousands)																								
"Almost all Cash" (least interest) Scenario DRAFT																								
At 7/12/2019																								
Year:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	Total	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042		
Beginning Cash	-	2,808	5,625	8,952	10,885	4,699	500	483	465	447	430	932	1,437	1,942	2,450	2,959	3,469	3,981	4,494	5,009	5,526	6,044		
Inflows:																								
Property Tax (\$41/median home)	4,300	4,300	4,300	4,300	4,300	4,300																	25,800	
Debt Financing (pd by CRAB\$)						2,000																	2,000	
CRAB			500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	10,000
Total Inflows	4,300	4,300	4,800	4,800	4,800	6,800	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	37,800	
Outflows:																								
Total Capital Outflows	1,500	1,500	1,500	2,900	11,000	11,000																	29,400	
Debt Pymt							519	519	519	519													2,076	
Total Outflows	1,500	1,500	1,500	2,900	11,000	11,000	519	519	519	519	-	-	-	-	-	-	-	-	-	-	-	-	31,476	
Net Inflows (Outflows)	2,800	2,800	3,300	1,900	(6,200)	(4,200)	(19)	(19)	(19)	(19)	500	500	500	500	500	500	500	500	500	500	500	500	6,324	
Ending Total Cash	2,800	5,608	8,925	10,852	4,685	499	481	464	446	428	930	1,432	1,937	2,442	2,950	3,459	3,969	4,481	4,994	5,509	6,026	6,544		
Interest Earned (3%)	8	17	27	33	14	1	1	1	1	1	3	4	6	7	9	10	12	13	15	17	18	20	240	
Cash, After Interest Earned	2,808	5,625	8,952	10,885	4,699	500	483	465	447	430	932	1,437	1,942	2,450	2,959	3,469	3,981	4,494	5,009	5,526	6,044	6,564	DRAFT	
Notes:																								
\$29.4m required in first 6 years to place new ferry into service																								
No road fund contribution																								
Assumes \$10m from CRAB																								
"Total Outflows" components = ferry and docks.																								
Not shown: Fare surcharge for 2050 ferry																								
Interest on CRAB funds after 2031 is \$134,000, or \$58,000 more than the \$76,000 interest incurred to finance.																								
Accumulated cash could be directed to future dock or other improvements in the plan.																								

WC Ferry System Replacement																												
Cash Flow (in thousands)																												
Crap Scenario DRAFT																												
At 8/21/2019																												
Year:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	Total	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046		
Beginning Cash	-	595	(815)	120	(347)	88	3	19	35	51	66	82	(2)	22	(3)	(9)	(15)	(20)	(26)	(32)	(37)	(43)	21	(4)	(30)	(56)	(56)	
Inflows:																												
Property Tax																												
Debt Financing (pd by CRAB)					10,000																						10,000	
Debt Financing (pd by WCPW)	2,000		3,000	3,000	2,000	10,000						DRAFT																20,000
Road Fund						2,600	1,700	1,700	1,700	1,700	1,700	1,600	550	500	520	520	520	520	520	520	520	590	1,000	1,000	1,000	1,000	21,980	
Fare Surcharge (50 cents)	93	93	93	93	93	93	93	93	93	93	93	93	93	93	93	93	93	93	93	93	93	93	93	93	93	93	112	2,046
CRAB			500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500		10,000
Total Inflows	2,093	93	3,593	3,593	12,593	13,193	2,293	2,293	2,293	2,293	2,293	2,193	1,143	1,093	1,113	1,113	1,113	1,113	1,113	1,113	1,113	1,183	1,093	1,093	1,093	1,112	60,026	
Outflows:																												
Ferry/Dock	1,500	1,500	1,500	2,900	11,000	11,000																						29,400
Debt Pymt			1,159	1,159	1,159	1,159	1,159	1,159	1,159	1,159	1,159	1,159																11,587
Debt Pymnt (WCPW)					1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	23,491
Total Outflows	1,500	1,500	2,659	4,059	12,159	13,277	2,277	2,277	2,277	2,277	2,277	2,277	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	64,479	
Net Inflows (Outflows)	593	(1,407)	934	(466)	434	(84)	16	16	16	16	16	(84)	24	(26)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	64	(26)	(26)	(26)	(7)	(4,453)	
Ending Total Cash	593	(812)	120	(346)	88	3	19	35	50	66	82	(2)	22	(3)	(9)	(15)	(20)	(26)	(32)	(37)	(43)	21	(4)	(30)	(56)	(63)		
Interest Earned (3%)	2	(2)	0	(1)	0	0	0	0	0	0	0	(0)	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	0	(0)	(0)	(0)	(0)	(1)	
Cash, After Interest Earned	595	(815)	120	(347)	88	3	19	35	51	66	82	(2)	22	(3)	(9)	(15)	(20)	(26)	(32)	(37)	(43)	21	(4)	(30)	(56)	(63)		
																											DRAFT	
Notes:																												
\$30m required in first 6 years to place new ferry into service																												
Assumes \$10m from CRAB																												
Fare surcharge shown is for capital. With 2050 ferry surcharge, total = \$1.00																												
Road Fund pays for bulk of ferry financing (really bad scenario)																												
Not shown: Fare surcharge for 2050 ferry																												
Approx \$8m paid in interest																												
DRAFT																												

WC Ferry System Replacement																								
Cash Flow (in thousands)																								
"Almost all Cash" (least interest) + \$.50 Fare Increase DRAFT															DRAFT									
At 10/28/2019																								
Year:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	Total	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042		
Beginning Cash	-	2,902	5,812	9,233	11,259	5,168	61	138	216	811	1,409	1,914	2,422	2,930	3,441	3,953	4,466	4,981	5,497	6,015	6,535	7,056		
Inflows:																								
Property Tax (\$41/median home)	4,300	4,300	4,300	4,300	4,300	4,300																	25,800	
Fare Surcharge (\$.50, capital, 10 yrs)	93	93	93	93	93	93	93	93	93	93													930	
Debt Financed (pd by CRAB \$)						1,000																	1,000	
CRAB			500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	10,000
Total Inflows	4,393	4,393	4,893	4,893	4,893	5,893	593	593	593	593	500	500	500	500	500	500	500	500	500	500	500	500	37,730	
Outflows:																								
Total Capital Outflows	1,500	1,500	1,500	2,900	11,000	11,000																	29,400	
Debt Pymt							516	516															1,032	
Total Outflows	1,500	1,500	1,500	2,900	11,000	11,000	516	516	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,432	
Net Inflows (Outflows)	2,893	2,893	3,393	1,993	(6,107)	(5,107)	77	77	593	593	500	500	500	500	500	500	500	500	500	500	500	500	7,298	
Ending Total Cash	2,893	5,795	9,205	11,226	5,152	61	138	215	809	1,404	1,909	2,414	2,922	3,430	3,941	4,453	4,966	5,481	5,997	6,515	7,035	7,556		
Interest Earned (3%)	9	17	28	34	15	0	0	1	2	4	6	7	9	10	12	13	15	16	18	20	21	23	281	
Cash, After Interest Earned	2,902	5,812	9,233	11,259	5,168	61	138	216	811	1,409	1,914	2,422	2,930	3,441	3,953	4,466	4,981	5,497	6,015	6,535	7,056	7,579		
Notes:																								
\$29.4m required in first 6 years to place new ferry into service									1	2	4	6	7	9	10	12	13	15	16	18	20	21	23	177
Funding from: CRAB, Property tax, fare increase,																								
Capital Fare surcharge could be substituted with change in Road Fund/Fare %.																								
No road fund contribution																								
Assumes \$10m from CRAB																								
"Total Outflows" components = ferry and docks.																								
Not shown: Fare surcharge for 2050 ferry																								
Interest on CRAB funds after 2028 is \$177,000, or \$145,000 more than the \$32,000 interest incurred to finance.																								
Accumulated cash could be directed to future dock or other improvements in the plan.																								
THIS IS A DRAFT																								