

Whatcom County Public Works Ferry Operations Report

Fiscal Year 2016

Notes about the numbers.

- In order to produce a timely and relevant snapshot of the year, this report has been compiled using financial data available to Public Works as of March 2017. These numbers are still subject to audit and could change.

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2016 Ferry Fund Financial “snap shot”

Operating Revenues:

• Fares	\$ 1,479,971
• Ferry Deficit Reimbursement	\$ 132,026
• Interest and other income	\$ 15,689
• Road Fund Subsidy (45%)	<u>\$ 1,256,594</u>
• Total 2016 Revenue	\$2,884,280
• Less 2016 Operating Expenditures	<u>(2,792,432)</u>
• 2016 Operating Gain	\$ <u>91,848</u>*

Note: All figures reflect 2016 activity as of 3-31-17. The year is not closed and additional adjustments may be recorded after the preparation date of this presentation.

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

Summary of Revenues

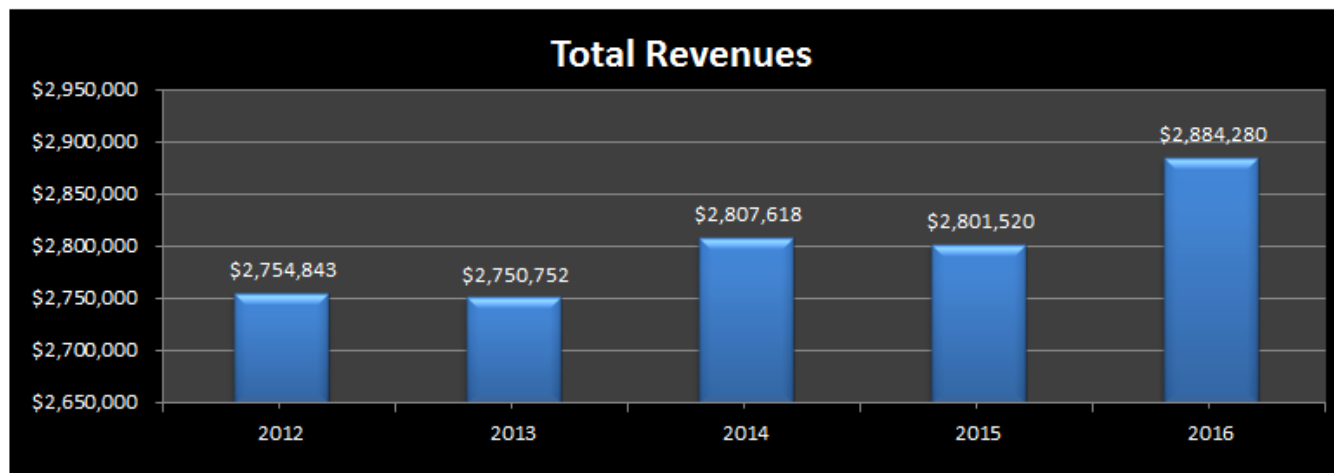
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:					
State Grants Revenues & Entitlements	\$ 181,433	\$ 134,374	\$ 211,515	\$ 161,839	\$ 132,026
Other Misc. Revenue	526	277	2,403	200	871
Fares	1,447,131	1,475,990	1,481,783	1,459,800	1,479,971
Interest Earnings	6,142	5,382	7,415	9,525	14,818
Total Revenues	1,635,232	1,616,023	1,703,116	1,631,364	1,627,686
Road Fund Subsidy	1,119,611	1,134,729	1,104,502	1,170,156	1,256,594
Total Inflow*	\$ 2,754,843	\$ 2,750,752	\$ 2,807,618	\$ 2,801,520	\$2,884,280

* - Excludes unrealized investment revenue/loss

1/23/11: \$3 surcharge implemented

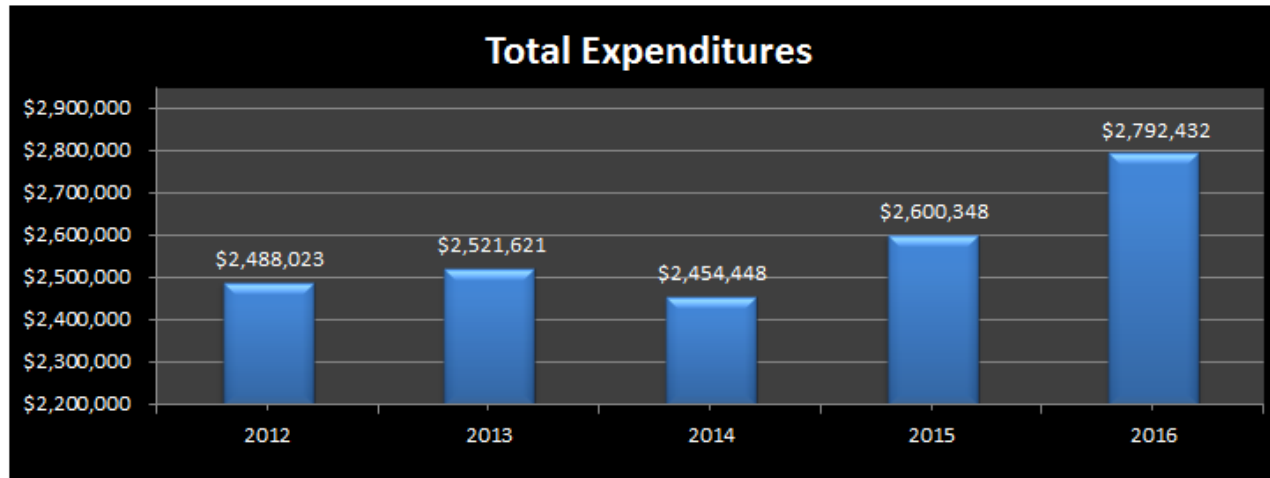
4/26/12: Free passenger and pedestrian travel for all children under age 19.

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



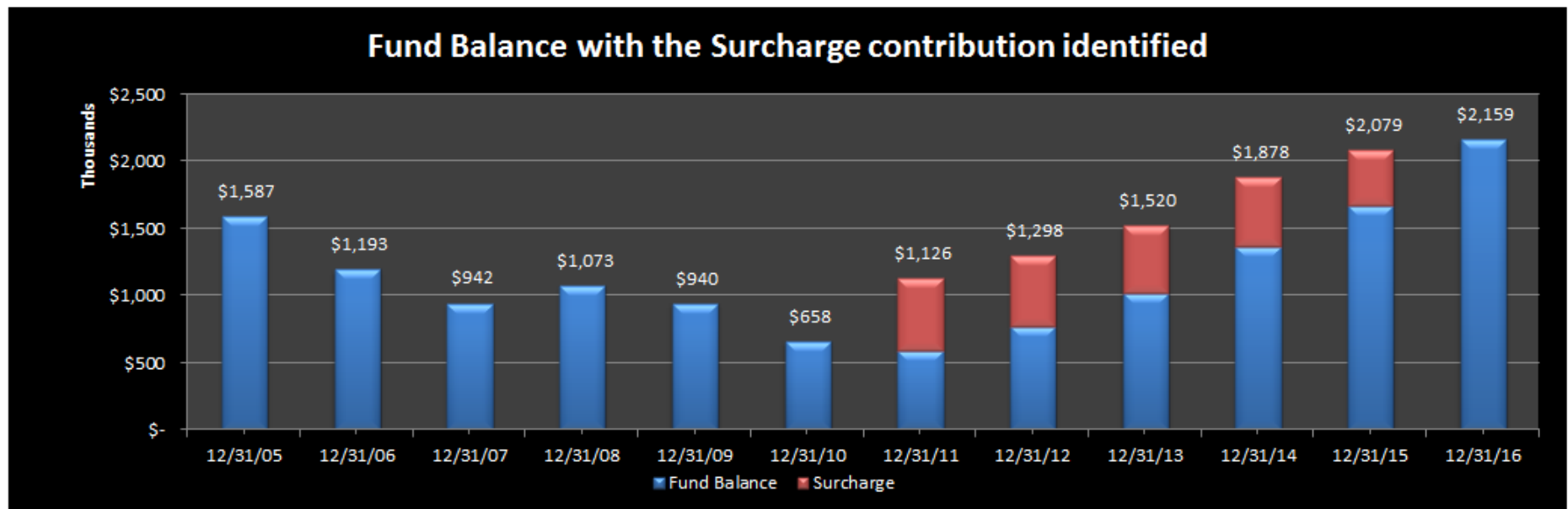
Summary of Expenditures

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenditures:					
Salaries and Benefits	\$ 1,053,338	\$ 1,083,176	\$ 1,130,790	\$ 1,170,767	\$ 1,259,192
Office and Operating Supplies	8,740	3,793	2,061	3,058	3,553
Dry Dock Fuel	10,851	3,796	9,218	7,562	7,335
Professional/Contractual Services	124,052	61,737	49,413	82,442	75,849
Postage, travel, advertising	15,152	14,419	15,033	10,286	20,425
Equipment & Space Rental	825,460	849,425	812,036	833,854	832,052
Ferry Insurance	36,686	45,063	28,829	61,762	60,136
Utilities	9,467	10,477	10,856	9,769	10,694
Repairs & Maintenance	130,886	166,258	150,004	146,689	222,663
Miscellaneous - include cost alloc.	273,391	283,477	246,209	274,159	300,530
Total Expenditures	\$ 2,488,023	\$ 2,521,621	\$ 2,454,448	\$ 2,600,348	\$ 2,792,432



Overview of Ferry Fund Balance

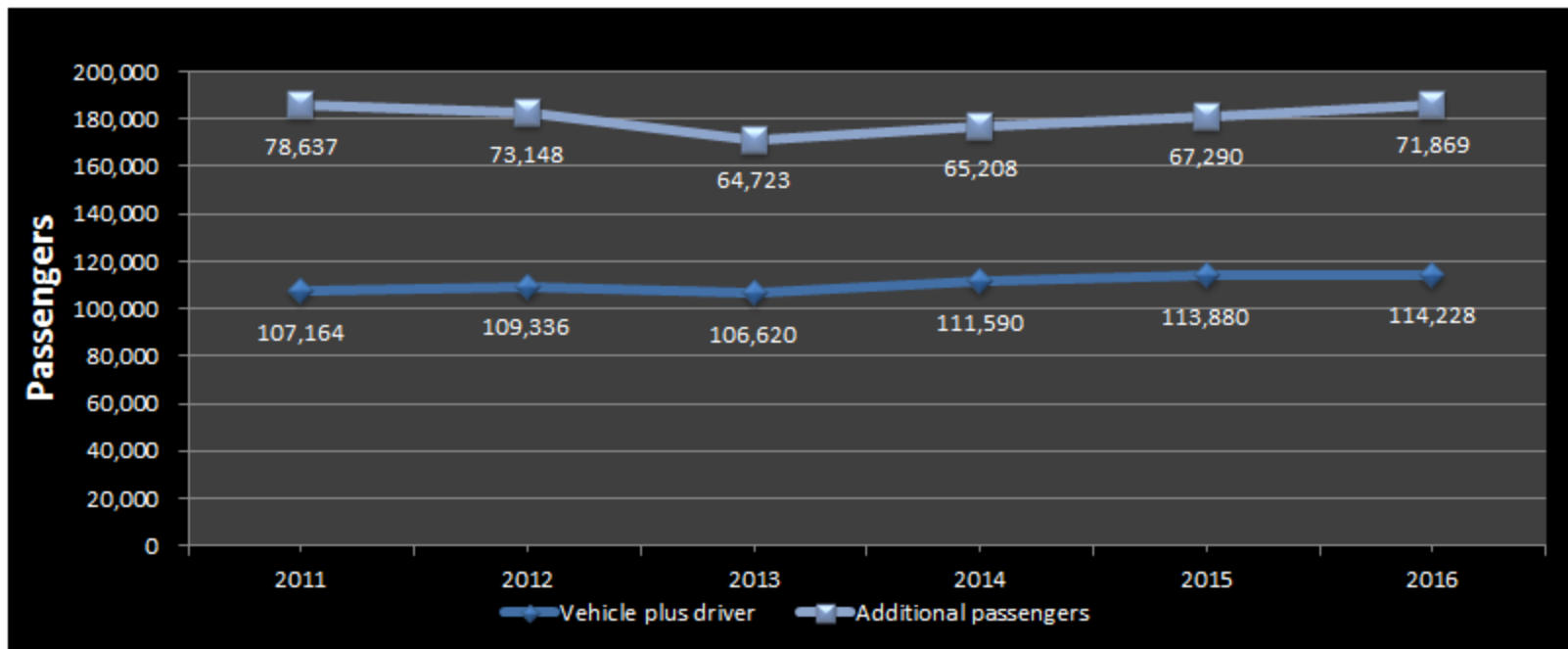
	<u>12/31/2005</u>	<u>12/31/2006</u>	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>
Fund Balance	\$1,587,137	\$1,193,231	\$941,920	\$1,072,545	\$939,711	\$658,286	\$1,125,653	\$1,297,997	\$1,520,283	\$1,877,731	\$2,079,072	\$2,159,384



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 (\$642) and unrealized gain/loss on investments (\$11,536). These were not shown in the revenue slide. Therefore yearly changes in fund balance do not tie directly to reported Income/Expense for the year. (3) 2016 ended with just under 9 months operating expenses in fund balance.

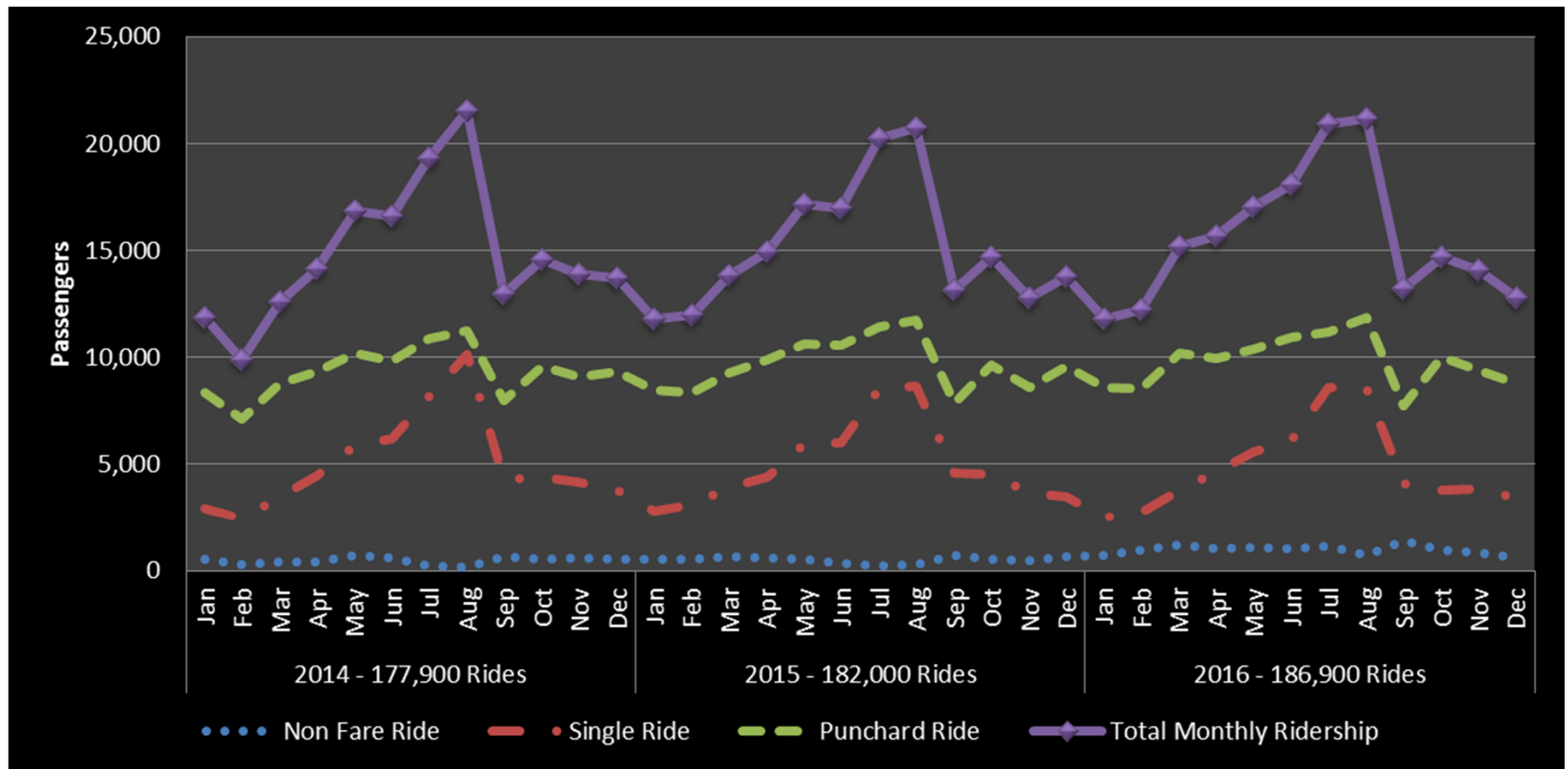
Summary of Ridership Statistics

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016 increase over 2015</u>
Vehicle plus driver	107,164	109,336	106,620	111,590	113,880	114,228	0.3%
Additional passengers	78,637	73,148	64,723	65,208	67,290	71,869	6.8%
Total ridership	185,801	182,484	171,343	176,798	181,170	186,097	2.7%



Note: Vehicle traffic is relatively flat with a .3% increase from 2015 while additional passengers (walkers and non-drivers) are up by 7%. Overall ridership has increased by 2.7% which is comparable to the 2015 increase.

Ridership by fare type



Adjusted Total Operating Cost calculation (determines fare goal)

- Total Operating Cost \$ 2,792,432
- Less Ferry Deficit Reimb. (132,026)
- Less Interest/Other Income (15,689)
- Less County Vehicle/Employee Trip Credit (14,620)
- **Adjusted Total Operating Cost** \$ 2,630,097
- Fare goal is defined as 55% of 55%
Adjusted Total Operating Cost \$ 1,446,553

Summary of 45/55 Expenditure Split

• Adjusted Total Operating Cost	\$ 2,630,097	
• Road Fund 45% Subsidy (of total operating costs)	\$ 1,256,594	
• Fare Goal 55% of Adjusted Total Operating Costs (51.8% of total actual operating costs)	\$1,446,553	A
• Actual Fares Collected (53.0% of total operating costs, 56.3% of Adjusted operating cost)	<u>\$1,479,971</u>	<u>B</u>
• Operating <u>Gain</u> from fares collected that exceeded the 55% goal	<u>\$ 33,418</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)
- 5 years of 45% Road Fund Subsidy (2012-2016) \$ 4.7 million
- 10 years @ \$3.0M/year x 45% Road Fund Subsidy Rate \$ 13.5 million (estimated)

Total Road Fund Subsidy over this period = \$ 25.2 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 2016 Sources and Uses: Total Ferry System

2016 Ferry Related Uses

Ferry Fund	Operating Expenses	\$2,792,432
Road Fund	Ferry Dock Improvements (capital)	101,884
Road Fund	Year 5 - \$2 million milestone payment (prorated and due 2017)	400,000
	Total Public Works Expenditures	\$3,294,316

2016 Ferry Revenue Sources

Passengers	Fare box (\$1,479,971 collected but excess over 55% is restricted use)	\$1,446,553	43.9%
Other Sources	Interest and fees collected	15,491	0.5%
State MVFT	Deficit Reimbursement	132,026	4.0%
Road Fund	Remainder is covered by Road Fund	1,700,246	54.6%
	Funding Total	\$3,294,316	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 2016 the cumulative Fare Box recovery rate from 2006-2016 is 56.3% resulting in an excess of \$330,139 to be carried forward and used to fund future deficits.
- **Road Fund (\$1.7M in 2016):**
 - 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.
 - Pays for 100% maintenance of 19.90 miles of roads on Lummi Island.

General Information/Comments

- Total 2016 **Road Fund** ferry related expenditures: Including capital dock improvements, 45% operating cost reimbursement, and prorated lease milestone payment. \$1,758,478*
- Road Fund ferry costs covered with Lummi Island assessed road tax:
 $\$370,289 / \$1,758,478 = 21.1\%$
- Lummi Island road system (including road fund portion of ferry expenses.)
 - 5 year average cost: \$125,000 annually per mile.
 - Countywide average road costs: \$28,778 annually per mile.
- 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, 2016 fare box collections in line with the targeted 55% expense goal, exceeding it by only 2%.

*Calculated by 1,256,594 (Road fund subsidy to Ferry Fund) + 101,884 (capital dock work) + 400,000 (prorated lease milestone).