

Guemes Island Ferry Operations Public Forum
Minutes from August 17, 2011

Introductions:

Ron Wesen, Commissioner

Welcoming comments and introductions,

Henry Hash, Skagit County Public Works

Here to answer any questions and be of service.

Rachel Beck, Guemes Island Ferry Manager

Staff introductions:

Jim Martin, Accounting

Paul Randall-Grutter, Design Section Manager

David Walde, Acting Construction Section Manager

The purpose of the public forum by Resolution:

The purpose is to provide opportunities for collaborative discussions between the County and the public on issues relating to Guemes Island Ferry Operations; and to provide the County and the Guemes Island Ferry Committee, other organizations, and citizens at large with a public venue to discuss issues relating to Guemes Island Ferry Operations.

This is an opportunity to hear from you on any and all issues or concerns regarding ferry operations; a platform for anyone to speak on any topic that they wish. Skagit County staff is here to listen, take input, and answer questions as best we can. If we don't have answers for you, we are happy to get back with you on things you wish to know about ferry operations. We use this input not only when assembling our annual report, but also when we are trying to make decisions involving ticketing and the ferry schedule. Please feel free to ask.

Items for Discussion:

- 2011 Draft Ferry Fare Revenue Target Report
 - 2011 Ridership Statistics
 - 2011 Annual Work Plan & Progress Report
 - Items of Interest for the draft 2012 Annual Work Plan
 - Ferry Sailing Schedule
 - Ferry Ticketing
 - Updates and Timelines on Ferry-Related Projects
 - Levels of Service
 - Open Public Input
- 1) 2011 Draft Ferry Fare Revenue Target Report and Ridership Statistics
This report is done annually and assists us with an understanding where we are with fares, what we need to do next year; therefore, sets the revenue target for us.

Rachel read part of the draft resolution report. Starting January 1, 2010, the Washington State Department of Transportation (WSDOT) required us to start reporting on a calendar year basis rather than a fiscal year basis. So those changes were the reason for the new ticket fare methodology. Nothing else changed except the dates of reporting requirements to WSDOT.

Calculations are based on a five-year calendar average of ferry operations and maintenance costs. Capital expenditures are not included, nor are depreciation costs. This amount is multiplied by 65% to get the target. Rachel demonstrated an example and showed a chart; explaining how this target was reached.

Question received regards to short-falls during one year. It was explained that due to high maintenance costs that year, that's why the great shortfall from the revenue target.

Another question was asked about how much of the property taxes collected from Guemes Island tax went to the road fund? Henry Hash stated only a small portion of the tax revenue is given to municipalities for road funds. Comment was received from unknown individual questioning how road funds were distributed; and stated that the roads on Guemes Island were substandard. Henry Hash further explained the formula and how the 65% did not cover the actual expenses. Individual requested Henry Hash send the numbers. The individual explained that the ferry is their 'bridge' and the only 'bridge' that generates any revenue at all. Rachel also explained that the ferry has higher maintenance costs and is very different than a standard bridge. Another individual stated that a statement was made that taxes were so high because we have to pay for the ferry. Henry Hash explains that the taxes are based on the value of your assessed value of your property, not based on a formula.

Rachel re-addressed the 65% target requirement. This target is required to be addressed when there is either a shortfall or overage; and how we target the fares. The five-year calendar average varies from year to year. She explained how the numbers go up and down. If/When surpluses were to occur; we would then need to decide how we would deal with that revenue.

Question was received as to how/what do you have planned to increase revenues in the upcoming year, since obviously we are not making enough revenue; where can we increase revenue stream. Rachel stated it is based on fare-box revenues. Rachel stated we would not increase fare box revenues without an increase. Someone used Whatcom County as an example and stated they have a policy with a system to credit the ferry system when a county vehicle uses the ferry. He stated that whenever the crew comes over from Burlington to do repairs, the ferry system is charged from time of departure, plus mileage, until the time they return. Rachel stated that when county vehicles come over to do a county road project, that amount does not get charged to the ferry system. The charges are directly charged when working on the ferry, but are not on road projects. If any other county department uses the ferry, that department pays fares.

The Revenue Target Report will be available on-line as a draft for review; and when completed will also be posted as a part of the 20111 Ferry Operations Status Report.

Jim Martin was curious about raising revenue from a fare box standpoint, which would obviously require a change in ridership or ridership patterns. What are your thoughts? Response was received: Yes, increasing frequency in crew booked, making efficient transactions between runs, moving more cargo/inventory on the dock. Jim asked if he meant more 'on demand' service. An individual responded that it would be more 'efficient service'. An example was presented that if there were 20 cars on the dock waiting and the ferry was not running, maybe by making an additional run, revenue would be increased by making that run. An individual stated that there has been a shift in ridership from drive-on to walk-on ridership. As a walk-on, you can just park and go; if it was more convenient, he would drive on more. The way he solved the problem was to own a car and sit it on the other side. Would an 'on-call' service or extra run offset the costs or increase the actual revenue. Rachel stated it would also require additional staff to keep things running. Henry stated this is the primary reason why we meet with the ferry committee. He talked about the efficient operation by staff and pointed out that it is the reason why our deficit has shrunk and he wants to continue the savings. The level of service discussion would require more than one meeting and would be worth a separate meeting. He stated that Skagit County could do whatever you like, but it comes with a cost. That is why Rachel is working on a survey with the ferry committee. Questions are posed and attempt to address things such as "Are you willing to pay XYZ for this kind of service, or how much are you willing to pay?" Someone asked Rachel, since labor costs are constant for the entire shift, whether you are running the boat or if they are at lunch/coffee time; how much does it cost to run that vessel one round trip to Guemes Island. He stated you would figure that out by dividing the cost of the fuel, by the number of runs. Rachel stated she figured it out by the hour, and it varies from year to year, based on the operating budget and what is spent on maintenance costs for the year. He further stated that that it is a different 'animal'. Rachel stated that some runs are on the hour and some on the half-hour. He stated maintenance is another issue. Rachel asked why maintenance wouldn't be included, because that is part of the operational cost. And in order to get a full, accurate picture, you have to take into consideration, all costs. Discussed breakdown and what costs are and are not included in the calculations of costs. Rachel

elaborated about the haul-out costs and how it varied year-to-year. Argument included that it should only be direct expenses (fuel, oil), not maintenance.

Rachel concluded by reviewing the end of the report. Stated passenger count was down and reviewed revenue and cost projections. She mentioned that for two months, the operating costs for labor would be charged to the federal projects. In June 2012, there will be a review of costs. All categories of fares were increased in June 2011, and she anticipates a surplus on our target revenue. Based on all this information received to-date, we are not recommending any fare increase in January 2012. Any increase is at the Boards' discretion.

Question or clarification was about the two month period when the federal funds paid and how this would be taken into consideration over the five year model. Has the County decided how this would be handled? Per Jim Martin, no determination has been made or any conclusions.

Mystic Sea was used during construction; was that considered capital? Per Jim Martin, that is considered as part of the federal project, not included in the expenses, because it was paid for by the grant. Discussion regards to why the reporting dates are being suggested to be changed from October to April. Report to the state is for actual expenses.

Suggestion was made to discuss with Commissioners to look at actual expenses, not projected, to increase fares. Commissioner Wesen stated that they look at the budget projections are not worth much, but rather look at what was actually spent. Jim Martin reviewed how the funds to each of the ferry counties are distributed.

Rachel stated that each of the reports would be posted on-line for review. She reviewed some of the trends, fares received, revenue, and ridership summaries; which are down between 4-5.5%.

2) 2011 Work Plan

Rachel discussed the purpose of the Work Plan; goals, level of service.

With regards to fare ticketing: she stated that Skagit County now has a contract for automated ticketing system at the ferry. This is a big accomplishment and everyone has been working on this. There will be a kiosk, and the ability to go on-line to purchase a pass. Rachel introduced Mike Almvig, IS services. Tickets can still be purchased through the mail. Mike reviewed the kiosk, which you would be able to purchase with your credit card. Also, reviewed how the on-line service would work, printing receipts, and barcode system. Mike indicated that there are things that have to be accomplished before the kiosk goes in and before the software is initiated. He explained the 'acceptance test' to make sure that what was sold is what we wanted before payment is made to the vendor. He stated that this should be operational about October/early November.

Someone asked about the efficiency of this ticketing kiosk rather than just give money to the crew. Rachel stated that it should be quicker to load. The hopes would be to have a hand-held scanner rather than go into kiosk. But this must be done in stages. Right now the vendor does not have this technology. The vendor is working on some of the issues to address how this would be handled. Rachel stated that the price of this system compared to other systems, the expense offset the lack of technology. But the vendor agreed to work towards solving some of the issues and working towards a solution. Question was asked as to whether the system would have a 'refillable' amount that could be added. Mike stated that they are talking to the vendor about that type of technology. Question was asked about the ticket sales for summer visitors. Mike stated that they could use the kiosk. It was mentioned that signage would be needed to direct people to this kiosk. A comment was received that proper signage would be needed on 6th Street to assist people in how to purchase and where. Question was asked about the ten trip pass and whether or not the county would re-initiate. Discussed the problem about sharing the 20 trip punch card. Rachel stated do not cut the pass in half. It will not be considered valid. She stated that the County could consider a non-expiring ten trip pass that would not include a discount; for convenience only. The 20 trip pass expires after three months and is discounted.

Rachel asked for any final questions:

Question was asked about new engines for the vessel. Rachel stated that she is trying to get grant funding for the engine purchase. She stated one engine was replaced in October 2010 and one is currently getting repaired. She stated that some money must be set aside for the purchase, even if a grant was received. Rachel stated the county has spare engine, spare outdrives, spare transmissions; as well as parts for repairs.

Ferry sailing schedule discussion. Per Rachel, a survey will be forthcoming about the ferry sailing schedule, including questions about costs. She anticipates this should be out about January. The sailing schedule was last out in 2009 and was just updated in summer 2011. This schedule has not changed dramatically. Rachel suggested going back to the 2009 schedule and shared a "DRAFT" schedule. This will be on-line for review. Please respond by September 7th. Beginning September 10th, non-peak fares will be in effect.

Commissioner Ron Wesen stated that they could contact him at any time at 360-336-9300. Any questions or concerns, or Rachel is always available for comments. He thanked the County staff for their presence and hoped everyone got some good information from this presentation.

Rachel thanked everyone. Meeting adjourned.