



**SKAGIT COUNTY
PUBLIC WORKS DEPARTMENT
Ferry Operations Division**

Guemes Island Ferry
Ferry Fare Revenue Target Report
July 1, 2008 through June 30, 2009



Presented to:

**Skagit County
Board of County Commissioners**

November 10, 2009

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The following report was prepared for submittal to the Skagit County Board of Commissioners on November 10, 2009, pursuant to Skagit County Resolution #R20080018, which established the Guemes Island Ferry Ticket Fare Methodology. This report is the second such evaluation conducted since the enabling resolution was adopted on January 15, 2008.

The Ferry Fare Revenue Target Methodology provided for in Section 3 of Skagit County Resolution #R20080018 is to utilize data from July 1st to June 30th of each evaluation period. The Ferry Fare Revenue Target is to be calculated as follows:

"The five (5) year average of ferry operating and maintenance costs as computed in the Annual Deficit Reimbursement Reports submitted to the State. For purposes of this Resolution, capital expenditures are not included in the ferry operating and maintenance costs and shall be defined as all capital expenditures defined in WAC 136-400-030 and other capital costs including financing and depreciation expenses applied to the replacement, expansion, or creation of ferry system physical elements, less the five (5) year average of the State Motor Vehicle Fuel Tax received by the County for operation and maintenance of ferries, less the five (5) year average of the State Ferry Deficit Reimbursement received by the County, the total of the above multiplied by 65%."

TABLE 1 - REVENUE TARGET CALCULATION YEARS 2009 - 2010						
Fare Revenue Target Methodology: #R20080018						
Fiscal Year	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	5 Year Ave
Operation & Maintenance Expenditure	\$1,532,515	\$2,234,743	\$1,639,558	\$2,298,422	\$1,763,544	\$1,893,756
Attributable State Motor Vehicle Fuel Tax	(89,962)	(100,584)	(107,616)	(130,697)	(118,928)	(109,557)
WSDOT Ferry Deficit Reimbursement Payment	(264,291)	(289,739)	(150,419)	(211,328)	(74,164)	(197,988)
Subtotal	\$1,178,262	\$1,844,420	\$1,381,523	\$1,956,397	\$1,570,452	\$1,586,211
Fare Recovery Requirement						65%
2010 Ferry Fare Revenue Target						\$1,031,037

Records on the Guemes Island Ferry operation indicate vehicular ridership during this evaluation cycle, approximately 188,515 vehicles, is down slightly below the five (5) year average of 191,941 vehicles, while passenger ridership of 403,653 is slightly above the five (5) year average of 403,320 passengers. All ridership numbers are based on U.S. Coast Guard counts. Table 2 illustrates the summary of historical ridership and projections for calendar year 2010.

TABLE 2 – RIDERSHIP SUMMARY						
	2005	2006	2007	2008	2009	2010 Projections
# Of C&D Freq User Pass Users	54,750	22,130	19,260	32,310	43,119	39,516
# Of Passenger Freq User Passes	53,340	24,956	21,014	27,537	40,806	43,997
# Of Vehicles	80,319	94,280	94,705	89,112	93,689	85,630
# Of Passengers	182,152	184,536	183,277	186,511	193,823	194,422
# Of Tickets Sold	182,279	184,717	184,843	177,594	193,838	194,435
# Of Passengers/Walk On	96,844	89,788	88,277	60,218	100,134	108,792
Totals	190,891	193,717	193,463	187,001	202,456	203,053

** Includes the effect of expected construction on ferry system during month of September 2010. All ticket counts are based on actual ticket sales.

The "Fare Box" revenue for fiscal year ending June 30, 2009 was \$850,067, an increase of nearly \$42,000 over the previous fiscal year. This increase can be attributed to the January 2009 adjustments in the fare structure, an increase in commercial fares at that time, and a summer rate surcharge.

As is illustrated in Table 3, a slight decrease in revenue for 2010 is projected since the vehicle ferry may be out of service for up to six (6) weeks during the capital bridge replacement project scheduled for the latter part of 2010, which will eliminate all vehicular fares during the construction period.

TABLE 3 – FERRY REVENUE 2005 - 2010	
2005	\$ 476,491
2006	\$ 788,509
2007	\$ 781,028
2008	\$ 827,225
2009	\$ 854,768
2010 Projected	\$ 851,425

There was a reduction in operations and maintenance costs for fiscal year 2009 of nearly \$535,000 over the previous fiscal year. This reduction is the result of cost control measures implemented by the Public Works Department. Examples of these cost savings are seasonal labor reductions, and the implementation of a more proactive maintenance program.

The Public Works Department continues to identify and review additional cost control measures for 2010 that would streamline the ferry operation while continuing to provide safe, reliable, and efficient service. Some examples of these measures are:

- Further reduction in labor (approximate savings of \$92,000/year).
- Mechanic/Deckhand position scheduled to serve as deckhand one-quarter of the time rather than as needed (approximate savings of \$12,000/year).
- Eliminate of biodiesel program (approximate savings of \$12,000/year).
- Reduction of 2010 tool purchases (savings of \$10,000).



Table 4 illustrates that with the projected 2010 usage of the Guemes Island Ferry, together with the current rates and rate structure there is a projected revenue shortfall of approximately \$180,000.

TABLE 4 - SUMMARY REVENUE TARGET / ROAD FUND SUBSIDY	
2010 Ferry Fare Revenue Target	\$1,031,058
2010 Projected Revenue	\$851,425
Projected Shortfall	\$(179,633)
Requested 2010 Operational Budget	\$1,833,315
Road Fund Subsidy	\$981,890

Recommendation

Since formal meetings of the Roundtable were suspended during 2009 pending adoption of a resolution expanding the nature and make-up of the Roundtable, the Skagit County Public Works Department met with the Guemes Island Ferry Committee to discuss the Ferry Fare Revenue Target report for 2010.

The County fully expected and anticipated the potential of shortfalls between the actual revenues collected at the fare box and the revenue target for the first five (5) years while the adopted changes to fare calculation methodology worked their way through the evaluation. The Department believes that the Ferry Operation is on track with the implementation of cost control measures that will make this fare recovery model successful.

Therefore, the **Skagit County Public Works Department is not recommending a fare increase for 2010.**

Additionally, it should be noted that starting January 1, 2010, counties that operate ferries will be required to submit annual reports to the County Road Administration Board (CRAB) on a calendar-year basis instead of the State fiscal year ending June 30, 2010. The Skagit County Public Works Department will be reviewing the impact of this change in the CRAB reporting timeline to Skagit County Resolution #R20080018 during the coming year. The Department will, as necessary, bring to the Board any recommended revisions to the County's reporting procedures accordingly.

APPENDIX "A" – BREAKDOWN FERRY TICKET SALES

FERRY TICKET SALES	2005	2006	2007	2008	2009 Projections	2010 Projections
10 Trip C & D **	8,590	4,360	2,690	5,240	21,414	19,574
10 Trip Motorcycle	160	20	10	100	455	405
10 Trip Senior C & D				2,710	17,810	16,300
10 Trip Senior Motorcycle					222	212
20 Trip C & D	46,160	9,120	6,780	9,340		
20 Trip Motorcycle	670	20		140		
20 Trip Senior C & D				5,120		
23 Trip Adult Commuter					2,791	2,607
23 Trip C & D					3,895	3,642
23 Trip Motorcycle					61	61
3 Month C & D	120	2,880	3,780	3,540		
3 Month Commuter	540	3,660	3,600	3,840		
3 Month Senior/Disabled C & D	360	2,130	1,800	2,880		
3 Month Motorcycle		120				
6 Month C & D	1,440	3,000	3,600	2,640		
6 Month Commuter	1,200	3,120	2,880	2,040		
6 Month Senior/Disabled C & D	120	600	600	600		
6 Month Motorcycle		240	240	120		
Adult Bicycle - Summer	979	1,639	1,566	1,040	978	1,050
Adult Bicycle - Winter				673	799	959
Adult Commuter **	47,015	15,700	12,750	18,975	25,478	27,478
Adult Passenger - Summer	27,939	43,566	47,484	16,916	17,040	18,383
Adult Passenger - Winter				24,073	21,379	23,609
C & D - Summer	17,327	43,168	45,313	12,841	12,933	11,820
C & D - Winter				24,875	23,674	21,713
Child Passenger	15,152					
Logging Truck	2	1				
Miscellaneous	180	107	54	17	15	13
Monthly Trip Charge	177	181	191	179	175	175
Motorcycle - Summer	307	594	485	331	299	277
Motorcycle - Winter				311	432	358
Motorcycle with Trailer		1	1			
Overage	108	222	138	132	39	39
S/D Motorcycle - Summer				48	39	36
S/D Motorcycle - Winter				52	60	38
S/D/Y Bicycle - Summer		378	364	304	319	334
S/D/Y Bicycle - Winter				127	137	168
S/D/Y Passenger - Summer	413	19,249	19,415	9,014	9,242	9,973
S/D/Y Passenger - Winter				8,481	9,434	10,319
Senior/Disabled C&D - Summer	1,986	21,216	22,661	2,397	2,299	2,091
Senior/Disabled C&D - Winter				9,378	3,816	3,434
Senior Annual Pass	50	176	134	182		
Stowage				1		
Student Commuter	6,325	2,300	1,650	2,500	12,538	13,913
Truck Monthly Trip Charge	177	181	12	179	175	175

APPENDIX "A" – BREAKDOWN FERRY TICKET SALES Continued

FERRY TICKET SALES	2005	2006	2007	2008	2009 Projections	2010 Projections
Trips	8,327	8,597	8,279	9,096	8,229	8,229
Trucks < 12		1				
Trucks < 25 - Summer	2,324	3,586	3,706	1,251	1,175	1,066
Trucks < 25 - Winter				2,066	2,029	1,819
Trucks < 30 - Summer	1,125	1,506	1,351	553	400	366
Trucks < 30 - Winter				806	939	855
Trucks < 35 - Summer	506	670	566	255	239	224
Trucks < 35 - Winter				303	327	291
Trucks < 40 - Summer	593	758	748	370	253	232
Trucks < 40 - Winter				360	392	348
Trucks < 45 - Summer	286	280	297	135	120	113
Trucks < 45 - Winter				172	170	151
Trucks < 50 - Summer	100	118	120	61	55	49
Trucks < 50 - Winter				53	49	45
Trucks < 55 - Summer	56	63	60	23	26	22
Trucks < 55 - Winter				31	19	18
Trucks < 60 - Summer	54	33	34	11	11	9
Trucks < 60 - Winter				24	24	19
Trucks < 65 - Summer	73	156	104	45	20	16
Trucks < 65 - Winter				50	31	25