

SKAGIT COUNTY
PUBLIC WORKS DEPARTMENT
Ferry Operations Division

2018 Ferry Fare Revenue Target Report



The following report is prepared annually for submittal to the Board of Skagit County Commissioners pursuant to R20100050, amended by Resolution R20110382, which establishes the Guemes Island Ferry fare revenue target methodology.

The resolution, at Attachment “B”, states that, “It is the desire of the Board that the County’s ferry fare revenue target be calculated as a percentage of the overall system operating and maintenance costs as computed in the annual deficit reimbursement report provided to the state less revenues from the motor vehicle fuel tax and state ferry deficit reimbursement. In order to balance and mitigate potential large variations in year-to-year maintenance costs and revenues from the motor vehicle fuel tax and state deficit reimbursement, these costs and revenues will be averaged over the previous five county calendar fiscal year periods.”

The ferry fare revenue target shall be calculated, using data from January 1 through December 31 of each calendar year, as follows:

“The five (5) calendar year average of ferry operating and maintenance costs as computed in the prior 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 the ferry system, 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 states the ferry fare revenue target utilizing figures from 2013 through 2017.

TABLE 1: 2018 REVENUE TARGET CALCULATION						
FARE REVENUE TARGET METHODOLOGY: R20100050, amended by R20110382						
Fiscal Year	2013	2014	2015	2016	2017	5-Year Ave
Operation & Maintenance Expenditures	\$1,617,612	\$2,504,800	\$2,623,854	\$1,942,226	\$2,863,906	\$2,310,480
Attributable State Motor Vehicle Fuel Tax (MVFT)	(\$160,843)	(\$138,592)	(\$138,411)	(\$149,293)	(\$168,399)	(\$151,108)
WSDOT Ferry Deficit Reimbursement Payment	(\$89,216)	(\$118,156)	(\$349,260)	(\$215,862)	(\$159,051)	(\$186,309)
Adjusted O&M Expenditure	\$1,367,553	\$2,248,052	\$2,136,183	\$1,577,071	\$2,536,456	\$1,973,063
Fare Recovery Requirement						65%
2018 Ferry Fare Revenue Target						\$1,282,491

In 2014, 2015 and 2017 expenditures increased due to major mid-life maintenance performed during the annual haul-out each of those years. There was no haul-out and maintenance period in 2013 or 2016.

Table 2 shows the 2017 fare box revenue and the surplus from the revenue target that occurred utilizing the current fare recovery methodology. The 2017 fare box revenue exceeded the revenue target by \$15,511.

TABLE 2: 2017 REVENUE TARGET	
Ferry Fare Revenue Target	\$1,144,694
Fare Box Revenue	\$1,160,205
Surplus/(Shortfall) From Revenue Target	\$15,511

Summarized in Table 3 is the total road fund subsidy for 2017. The road fund subsidy is calculated utilizing 2017 O&M expenditures, less the motor vehicle fuel tax (MVFT), less the WSDOT deficit reimbursement, less the fare box revenue. The total road fund subsidy for 2017 was \$1,458,135.

TABLE 3: 2017 ROAD FUND SUBSIDY	
O&M Expenditures	\$2,863,906
WSDOT Deficit Reimbursement	(\$159,051)
Motor Vehicle Fuel Tax (MVFT)	(\$168,399)
Subtotal (Adjusted O&M Expenditures)	\$2,536,456
Fare Box Revenue	(\$1,160,205)
Road Fund Subsidy	\$1,376,251

Table 4 shows the fare box revenue for the years 2013 through 2017.

TABLE 4: FARE BOX REVENUE 2013 - 2017	
2013	\$ 985,791
2014	\$ 915,871
2015	\$ 1,006,793
2016	\$ 1,189,654
2017	\$ 1,160,205

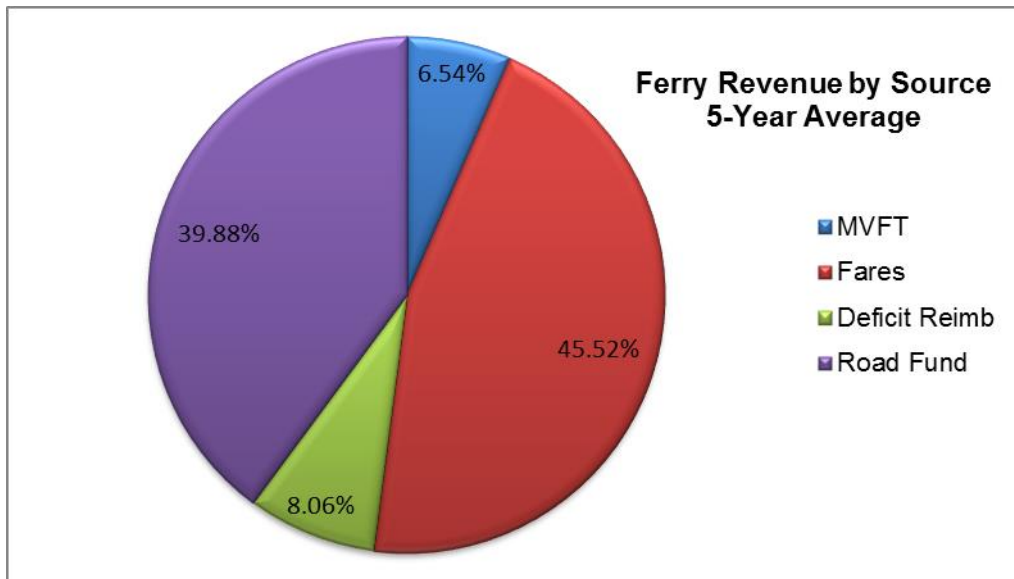
Fare box revenues in 2015, 2016 and 2017 were higher than in previous years due to a fare increase that took effect October 1, 2015. Prior to that, the most recent fare increase was June 1, 2011.

Table 5 contains total revenue and the road fund subsidy for the years 2013 through 2017. Revenue sources include fares, the state motor vehicle fuel tax, and the WSDOT ferry deficit reimbursement.

TABLE 5: TOTAL REVENUE 2013 - 2017						
	2013	2014	2015	2016	2017	5-Year Average
Fares	\$985,791	\$915,871	\$1,006,793	\$1,189,654	\$1,160,205	\$1,051,663
MVFT	\$160,843	\$138,592	\$138,411	\$149,293	\$168,399	\$151,108
WSDOT Deficit Reimbursement	\$89,216	\$118,156	\$349,260	\$215,862	\$159,051	\$186,309
Road Fund	\$381,762	\$1,332,181	\$1,129,390	\$387,417	\$1,376,251	\$921,400
Total	\$1,617,612	\$2,504,800	\$2,623,854	\$1,942,226	\$2,863,906	\$2,310,480

The road fund subsidy for 2014, 2015 and 2017 was significantly higher than in other years due to increased haul-out costs. Increased maintenance expenditures resulted from major mid-life projects such as piping and hull plate replacement that were completed during the shipyard periods.

As shown in the chart below, over a five-year average (2013-2017), fare box revenue, motor vehicle fuel tax and the WSDOT ferry deficit reimbursement collectively contributed an average of 60% of total revenue, while the road fund contributed 40%.



There is a 65% recovery requirement, per Resolution R20100050, amended by R20110382. The current 65% methodology states that fare box revenue must equal 65% of the five-year average of the adjusted O&M expenditures (refer to Table 1, page 1).

The following chart shows total revenue, by source, for 2017. As shown below, in 2017, fare box revenue, motor vehicle fuel tax and the deficit reimbursement collectively contributed 52% of total revenue, while the road fund contributed 48%.

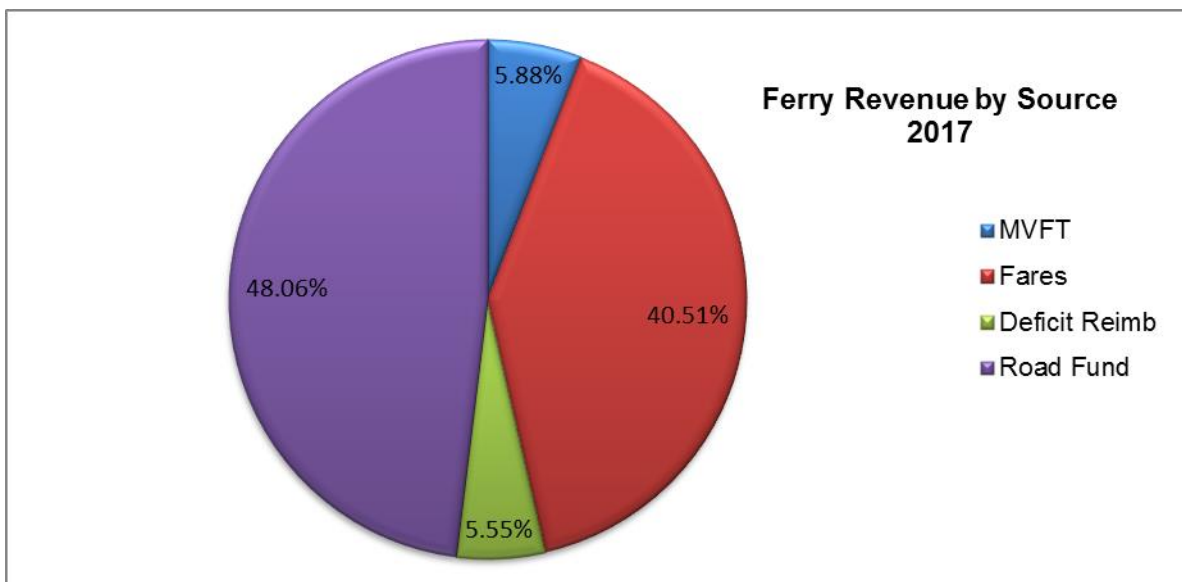
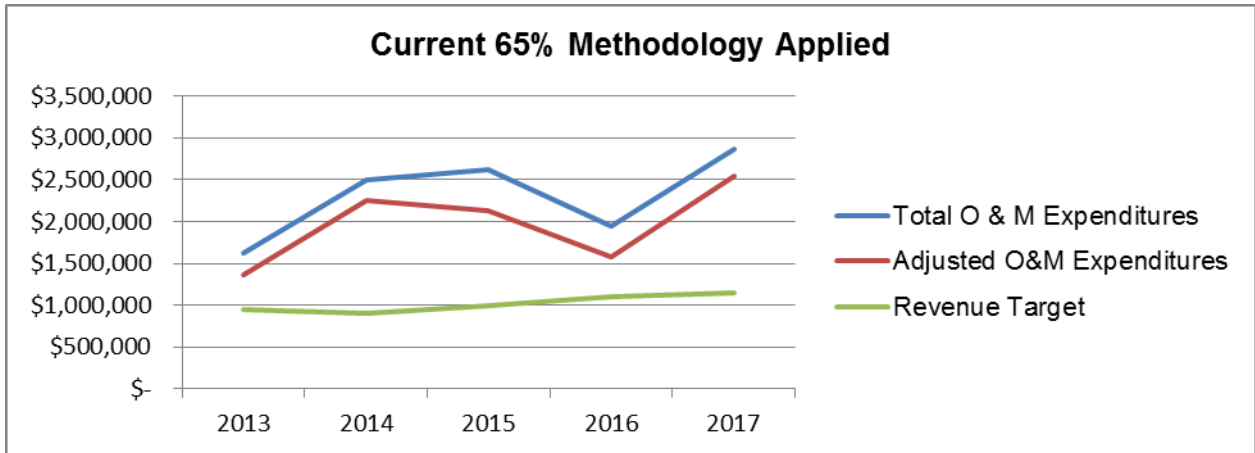


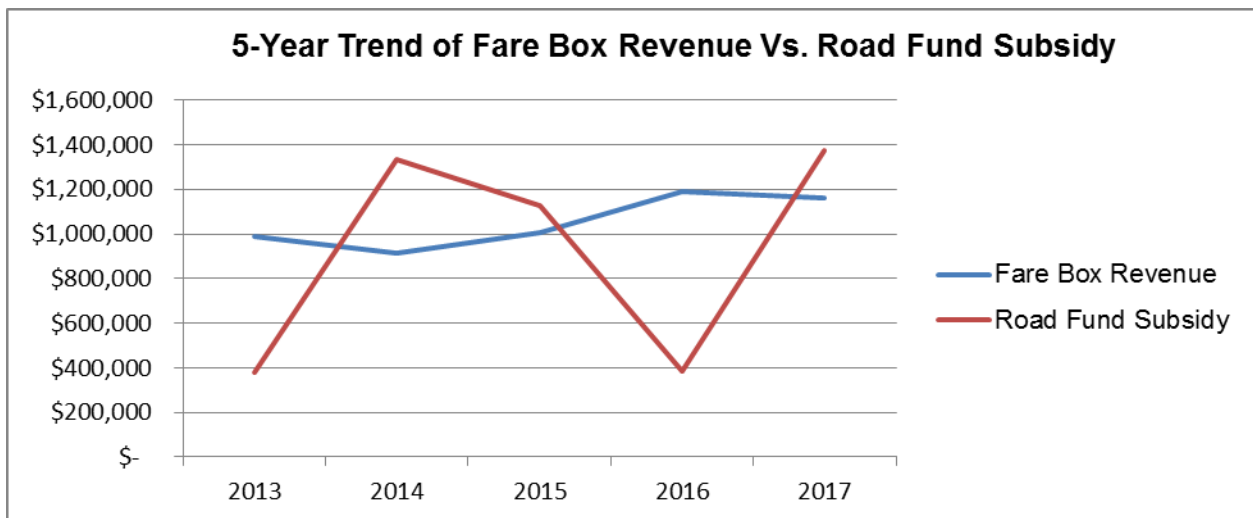
Table 6 shows the total O&M expenditures and the adjusted O&M Expenditures from 2013 through 2017. The adjusted O&M Expenditures represent total O&M expenditures, less MVFT, less WSDOT deficit reimbursement. The five-year average of the adjusted O&M expenditures is multiplied by 65% to determine the revenue target.

	2013	2014	2015	2016	2017	5-Year Avg.
Total O & M Exp.	\$ 1,617,612	\$ 2,504,800	\$ 2,623,854	\$ 1,942,226	\$ 2,863,906	\$ 2,310,480
Adjusted O&M Exp.	\$ 1,367,553	\$ 2,248,052	\$ 2,136,183	\$ 1,577,071	\$ 2,536,456	\$ 1,973,063
Revenue Target	\$ 950,793	\$ 899,491	\$ 996,788	\$ 1,095,557	\$ 1,144,694	\$ 1,017,465



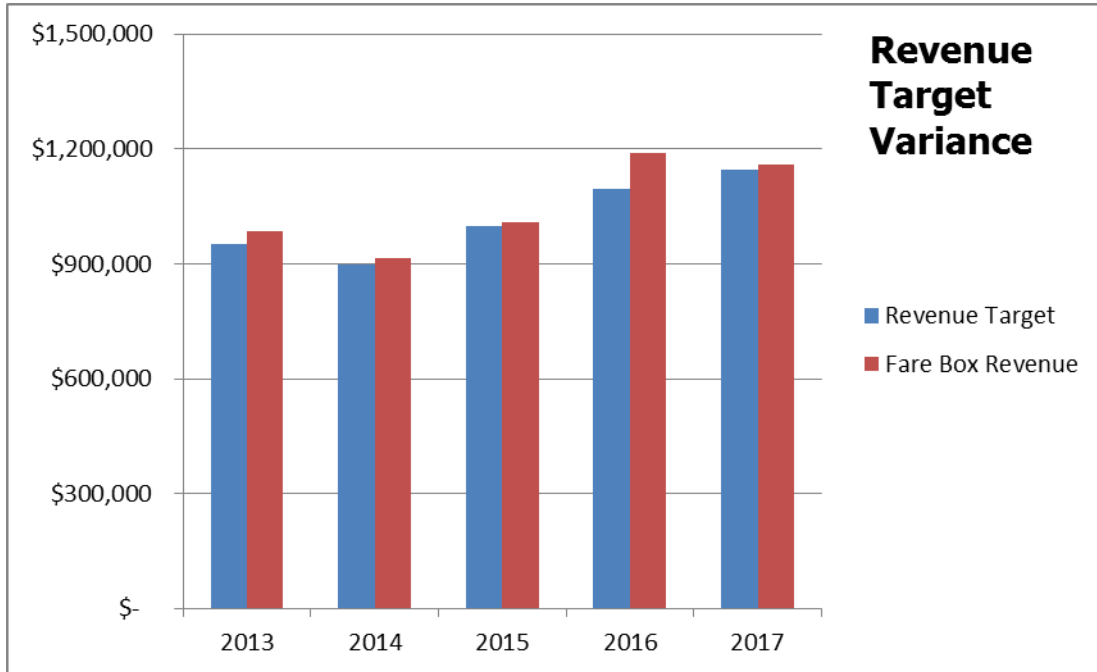
The current, five-year average methodology allows the revenue target to remain relatively stable regardless of whether O&M expenditures increase or decrease in any given year. Therefore, years with higher O&M expenditures result in increased subsidy from the road fund.

	2013	2014	2015	2016	2017
Fare Box Revenue	\$ 985,791	\$ 915,871	\$ 1,006,793	\$ 1,189,654	\$ 1,160,205
Road Fund Subsidy	\$ 381,762	\$ 1,332,181	\$ 1,129,390	\$ 387,417	\$ 1,376,251



As shown in Table 8, between 2013 and 2017, fare box revenue has consistently exceeded the revenue target by as much as \$94,097 in 2016 and as little as \$10,005 in 2015.

Table 8: Revenue Target Variance 2013-2017					
	2013	2014	2015	2016	2017
Revenue Target	\$ 950,793	\$ 899,491	\$ 996,788	\$ 1,095,557	\$ 1,144,694
Fare Box Revenue	\$ 985,791	\$ 915,871	\$ 1,006,793	\$ 1,189,654	\$ 1,160,205
Variance	\$ 34,998	\$ 16,380	\$ 10,005	\$ 94,097	\$ 15,511



Summary:

The year 2017 was a fairly typical year for ferry operations; due to an extended five-week haul-out, operations and maintenance (O&M) expenditures were over budget by 4%.

2017 Budget	\$ 2,740,868
<u>2017 O&M Expenditures</u>	<u>\$ 2,863,906</u>
Difference	\$ 123,038

Despite the higher O&M expenditures, fare box revenue exceeded the revenue target by \$15,511.

2017 Revenue Target	\$ 1,144,694
<u>2017 Fare Box Revenue</u>	<u>\$ 1,160,205</u>
Surplus	\$ 15,511

Budgeted expenditures for 2018 are \$2,602,702, or 9% less than actual 2017 O&M expenditures.

2017 O&M Expenditures	\$ 2,863,906
<u>2018 Budgeted O&M Expenditures</u>	<u>\$ 2,602,702</u>
Difference	\$ (261,204)

During the evaluation period of this report (2013 through 2017), expenditures have ranged between \$1.6 and \$2.9 million. Expenditures are consistently \$500,000 to \$1 million higher in years with haul-outs.

Despite variations in expenditures from year to year, the revenue target has remained relatively stable over the five-year evaluation period. The reason for this stability is the utilization of a five-year average when calculating the revenue target.

The road fund subsidy has ranged between \$380,000 and \$1.4 million; this is due to variations from year to year in expenditures and the relative stability of the revenue target. When the expenditures increased to over \$2.5 million in 2014, 2015 and 2017, the road fund subsidy was over \$1 million each year. In contrast, in 2013 and 2016, when expenditures were \$1.6 million and \$1.9 million respectively, the road fund subsidy was approximately \$380,000.

Recommendations:

In 2017, the fare box revenue exceeded the revenue target; therefore, the Public Works Department is not recommending that a general fare increase take place in 2018.

The 2018 fare box revenue is not projected to meet the revenue target. However, it is too early to tell if the projected shortfall will be accurate.

2018 Fare Revenue Target	\$ 1,282,491
<u>2018 Projected Fare Box Revenue</u>	<u>\$ 1,127,012</u>
Difference	\$ (155,479)

The draft report was available at www.skagitcounty.net/ferry from Monday, April 9, through Saturday, April 28. A public comment period was open for the same time period, with written comments due Friday, April 27, at 4:30 p.m. No written comments were received. The draft report was presented to the Board of Skagit County Commissioners on Tuesday, April 10, and at the Ferry Public Forum on Saturday, April 28, at the Guemes Island Community Center. The report was finalized on Monday, April 30.

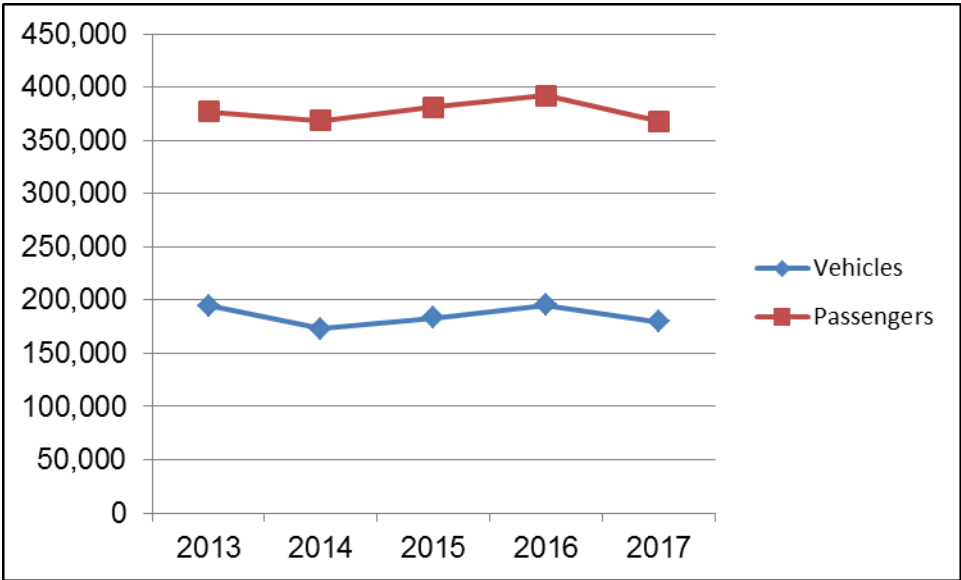
APPENDIX A

RIDERSHIP & REVENUE STATISTICS

2013 - 2017

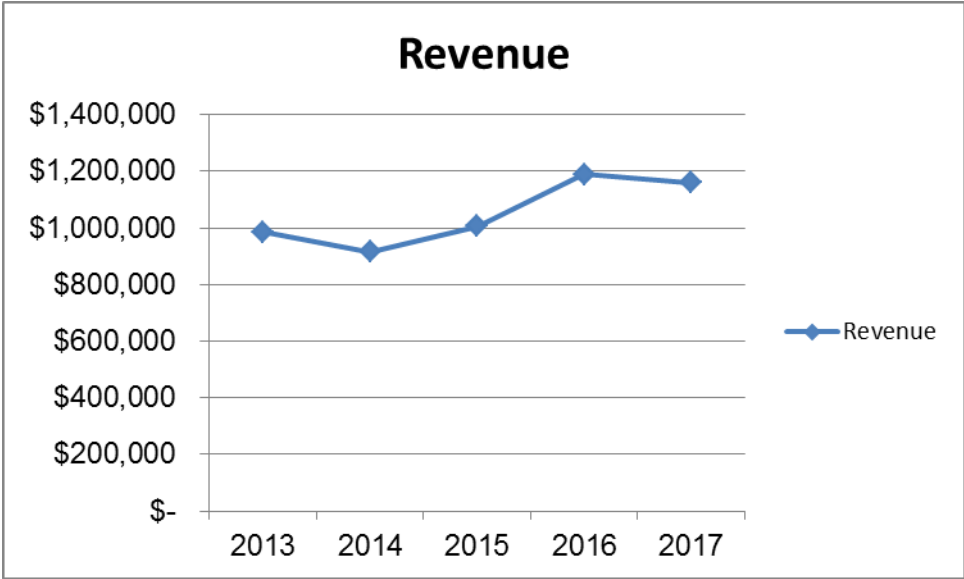
Skagit County Public Works Department
2018 Ferry Fare Revenue Target Report

Ridership 2013-2017					
	2013	2014	2015	2016	2017
Vehicles	194,786	173,145	183,130	195,257	179,642
Passengers	376,941	368,856	381,559	392,441	368,212



Skagit County Public Works Department
2018 Ferry Fare Revenue Target Report

Fare Box Revenue 2013-2017					
	2013	2014	2015	2016	2017
Revenue	\$ 985,791	\$ 915,871	\$ 1,006,793	\$ 1,189,654	\$ 1,160,205



APPENDIX B

RESOLUTIONS R20100050 & R20110382 ESTABLISHING THE FERRY FARE REVENUE TARGET METHODOLOGY

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RESOLUTION R20150261 APPROVING 2015 FARE INCREASE

RESOLUTION NO. _____
**RESOLUTION RESCINDING R20040393, RESCINDING R20080018, DIRECTING THE
FORMATION OF A GUEMES ISLAND FERRY OPERATIONS PUBLIC FORUM, AND
REESTABLISHING A GUEMES ISLAND FERRY TICKET FARE METHODOLOGY**

WHEREAS, Skagit County (County) operates the Guemes Island ferry between the City of Anacortes and Guemes Island, Washington; and,

WHEREAS, it is in the mutual interests of the County and Guemes Island ferry riders, as well as the citizens at-large, to have a structured process to provide the County with advisory input on issues relative to the operational needs and concerns of the Guemes Island ferry which include, but are not limited to, fares, operating costs, and policy; and,

WHEREAS, on February 9, 2004, the Board of Skagit County Commissioners (Board) accepted the final recommendations of the Guemes Island Ferry Schedule and Fare Task Force that included a recommendation for the creation of an Operations and Performance Roundtable by adoption of Resolution R20040051; and,

WHEREAS, on November 8, 2004, the Board adopted Resolution R20040393 establishing the Guemes Island Ferry Operations and Performance Roundtable; and,

WHEREAS, on December 5, 2006, the Board adopted Resolution R20060418 adopting the *Guemes Island Ferry Operating Policies and Procedures Manual*; and,

WHEREAS, on January 15, 2008, the Board adopted Resolution R20080018 establishing the Guemes Island Ferry Ticket Fare Methodology; and,

WHEREAS, on December 16, 2008, the Board adopted Resolution R20080556 establishing the Guemes Island Ferry Hours of Operation; and,

WHEREAS, on December 23, 2008, the Board adopted Resolution R20080577 establishing the Guemes Island Ferry Fare Structure; and,

WHEREAS, the Board has directed the Skagit County Public Works Department (Public Works) to propose revisions to Resolution R20040393 that would restructure the Guemes Island Ferry Operations and Performance Roundtable to provide a structured forum to include a broader perspective of stakeholders having interest in the Guemes Island ferry operations; and,

WHEREAS, Public Works has conducted a number of meetings with the Guemes Island Ferry Committee during the past several months for the purpose of identifying issues which may be considered by the County in the operations of the Guemes Island ferry; and,

WHEREAS, Public Works, together with input from the Guemes Island Ferry Committee, has developed a list of issues which may be considered by the County in the operations of the Guemes Island ferry. An annual process has been identified that Public Works would administer to engage Guemes Island ferry users and other citizens at-large in a structured manner to provide the County with advisory input on issues relative to the operational needs and concerns of the Guemes Island ferry; and

WHEREAS, the Board deems it desirable to rescind Resolution R20040393 in order to establish a new process which will include a broader based advisory public forum whereby the County and citizens at-large can effectively and collaboratively discuss issues of concern as pertains to the Guemes Island ferry operations in a formal and participatory process; and,

WHEREAS, the Board finds that it is in the mutual interests of the County, Guemes Island ferry users, and citizens at-large to have such a public forum for discussing Guemes Island ferry operations; and,

WHEREAS, the Board has been advised by the Washington State Department of Transportation ("State") that the County will be asked to report the County's results for the operation of County ferry service based upon the County's calendar fiscal year, rather than upon the state fiscal year; and,

WHEREAS, due to the modification of the County's reporting cycle as pertaining to reimbursement to the County from the State for the County's previous year's annual operating deficit incurred in the operation and maintenance of the County's ferry system, the Board deems it desirable to rescind Resolution R20080018, and to reestablish the dates for data to be used by the County to calculate the County's ferry fare revenue target, and also to establish the date Public Works is to provide to the Board the annual report and ferry fare recommendations.

NOW, THEREFORE, BE IT RESOLVED AND IT IS HEREBY ORDERED, that the Board hereby rescinds Resolution R20040393 in its entirety.

BE IT FURTHER RESOLVED AND HEREBY ORDERED, that the Board, seeking to encourage regular and structured advisory discussion of operational issues associated with the effective operation of the Guemes Island ferry, hereby establishes the Guemes Island Ferry Operations Public Forum (Public Forum), which shall function according to the purposes and principles set forth in Attachment "A" attached hereto and incorporated herein.

BE IT FURTHER RESOLVED AND HEREBY ORDERED, that the Board hereby directs the Public Works Director to conduct and facilitate the Public Forum as a venue for public advisory input on issues concerning Guemes Island ferry operations where the County and the public can come together and address ferry issues of mutual interest, and that these meetings are open to the general public.

BE IT FURTHER RESOLVED AND HEREBY ORDERED, that the Board hereby rescinds Resolution R20080018 in its entirety.

BE IT FURTHER RESOLVED AND HEREBY ORDERED, that the Board, seeking to reestablish the County's ferry fare revenue target calculation consistent with the requirements of the annual deficit reimbursement reports submitted to the State, and also to establish the date that Public Works is to provide to the Board an annual report that calculates the ferry fare revenue target and includes the County's ferry fare rate schedule recommendations, hereby adopts such terms, procedures, and requirements as set forth in Attachment "B", attached hereto and incorporated herein.

BE IT FURTHER RESOLVED AND HEREBY ORDERED, that this resolution is effective upon adoption.

WITNESS OUR HANDS AND THE OFFICIAL SEAL OF OUR OFFICE this 16th day
of February, 2010.

BOARD OF COUNTY COMMISSIONERS
SKAGIT COUNTY, WASHINGTON



Sharon D. Dillon
SHARON D. DILLON, Chair

Ron Wesen
RON WESEN, Commissioner

Kenneth A. Dahlstedt
KENNETH A. DAHLSTEDT, Commissioner

APPROVED AS TO FORM:

[Signature]
Civil Deputy

ATTEST:

Amber Kilgus, Assistant
Clerk of the Board

ATTACHMENT "A"

GUEMES ISLAND FERRY OPERATIONS PUBLIC FORUM

Purpose:

The Public Forum process is intended to:

1. Provide opportunities for collaborative discussion between the County and the public on issues related to the Guemes Island ferry operations; and
2. Provide the County, the Guemes Island Ferry Committee, other organizations, and citizens at-large with a venue to provide public advisory input on issues concerning Guemes Island ferry operations.

Public Works will consider and evaluate information and advisory input gathered through the Public Forum process when making decisions on the various aspects of the Guemes Island ferry operations and in development of recommendations made to the Board.

Administration:

Public Works is expected to:

- Hold a Public Forum meeting two (2) times a year or as otherwise deemed necessary or desirable to address operational needs and other issues of concern relative to the Guemes Island ferry operations.
- Prepare and distribute to the public a Guemes Island Ferry Operations Work Plan (Work Plan) at the beginning of each calendar year which should include topics on which Public Works intends to gather public advisory input during the ensuing calendar year together with information as to how the public may provide advisory input on the topics included on the Work Plan to Public Works throughout the year.
- Provide the public with information which encourages effective and collaborative discussion on issues and topics contained within the Work Plan and brought forward in the Public Forum meetings.
- Develop Public Forum meeting agendas, times, and locations and provide notification of such information at least two (2) weeks prior to each scheduled Public Forum meeting, by posting such information at the Guemes Island ferry terminal(s) and by placing such information on Skagit County's website.
- Gather advisory input from the Guemes Island Ferry Committee, other interested organizations, and citizens at-large through the Public Forum process.
- Post Public Forum meeting summaries at the Guemes Island ferry terminal(s), and place such information on Skagit County's website.

- Meet with the Guemes Island Ferry Committee, other interested organizations, and citizens at-large as is deemed necessary. These sessions are for the purpose of facilitating detailed and collaborative dialogue between such interested parties and Public Works and are intended to develop recommendations as to operational practices relative to the Guemes Island Ferry operation. Such on-going meetings will be used to discuss and work toward resolving issues identified in the Work Plan. Inclusive of these meetings is the development of progress reports, updated annual Work Plans, and recommendations to the Board. It is further expected that the Public Works Director and senior management of the department will actively participate in such on-going meetings.
- Report annually to the Board during the month of September regarding Guemes Island ferry operations. Included in the annual report shall be a financial evaluation, fare recommendations for the following year, results of the past year's Work Plan activity, and the proposed Work Plan for the coming year.

Meetings:

The public is invited to attend, observe, and participate in an orderly fashion at any Public Forum meeting.

Calendar of Events:

January – Public Works staff distributes to the public the Work Plan, reviewed by the Board during the previous year end. The Work Plan will include topics on which the County intends to gather public advisory input during the ensuing Work Plan year, and information as to how the public can provide advisory input in the topics included on the Work Plan to the County throughout the year.

Spring – Public Works staff conducts the first of two (2) annual Public Forum meetings for the purpose of discussing issues and efforts included on the Work Plan.

Summer – Board may conduct a public meeting on Guemes Island (or at such other location as may be deemed appropriate by the Board) for the purpose of hearing advisory input as to any and all community concerns relative to the Guemes Island community.

August – Public Works staff prepares a Draft Annual Ferry Fare Revenue Target Report (which shall include a recommended ferry rate schedule for the upcoming calendar year), and prepares a Draft Ferry Operations Status Report regarding Guemes Island ferry operations annual accomplishments, including progress achieved on the current Work Plan; and prepares a Draft Work Plan for the coming year. Public Works staff conducts the second of two (2) annual Public Forum meetings for the purpose of continuing discussion of issues and efforts included on the Work Plan, and to solicit advisory input on the Draft Annual Ferry Fare Revenue Target Report.

September – Public Works staff presents to the Board the Annual Ferry Fare Revenue Target Report; the Ferry Operations Status Report; and the coming year's Work Plan.

October through December – Public Works staff works with the Board in the final adoption of the Ferry Division’s portion of the Public Works budget for the upcoming year, and finalizes the coming year’s Work Plan.

Written Communication:

Written comments or questions relative to the Guemes Island ferry operations may be submitted to:

Skagit County Director of Public Works
1800 Continental Place
Mount Vernon, WA 98273-5625

ATTACHMENT "B"

GUEMES ISLAND FERRY TICKET FARE METHODOLOGY

Purpose:

It is the desire of the Board that the County's ferry fare revenue target be calculated as a percentage of the overall system operating and maintenance costs as computed in the annual Deficit Reimbursement Report provided to the State less revenues from the Motor Vehicle Fuel Tax and State Ferry Deficit Reimbursement. In order to balance and mitigate potential large variations in year-to-year maintenance costs and revenues from the Motor Vehicle Fuel Tax and State Ferry Deficit Reimbursement, these costs and revenues will be averaged over the previous five (5) County calendar fiscal year periods.

Ferry Fare Revenue Target:

The ferry fare revenue target shall be calculated as follows:

- The ferry fare revenue target, using data from January 1st through December 31st of each calendar year, is equal to:
- The five (5) calendar year average of ferry operating and maintenance costs as computed in the prior 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 the ferry system, less
- the five (5) year average of the State Ferry Deficit Reimbursement received by the County,
- the total of the above multiplied by 65%

Reporting Requirements:

Prior to September 30th of each year, Public Works shall prepare and submit a report to the Board that calculates the County's ferry fare revenue target pursuant to the above formula, and shall recommend a ferry rate schedule for the upcoming calendar year with an estimate of fare revenues based on these rates. The Draft Annual Ferry Fare Revenue Target Report shall be subject to advisory input through the Public Forum process prior to submittal to the Board. The Board shall review the report and by resolution set fare rates for the following year.

RESOLUTION NO. _____

RESOLUTION AMENDING RESOLUTION R20100050 (AT ATTACHMENT "A" & ATTACHMENT "B") AND ALSO ESTABLISHING THE ADMINISTRATION AND PUBLIC WORKS CALENDAR OF EVENTS FOR THE PUBLIC FORUM, AND THE REPORTING REQUIREMENTS FOR THE GUEMES ISLAND FERRY FARE REVENUE TARGET REPORT

WHEREAS, Skagit County (County) operates the Guemes Island Ferry between the City of Anacortes, Washington and Guemes Island, Washington; and

WHEREAS, the Skagit County Board of Commissioners (Board) has adopted Resolution R20100050, directing the formation of a Guemes Island Ferry Operations Public Forum and reestablishing a Guemes Island Ferry Ticket Fare Methodology; and

WHEREAS, pursuant to Resolution R20100050, the drafting of the annual Ferry Fare Revenue Target report and the Operations Summary Report occurred in August of 2010, and the reporting requirements to the Board for the same reports occurred in September of 2010; and

WHEREAS, on March 22, 2011, the Board adopted Resolution R20110099, establishing the 2011 Guemes Island Ferry Fare Structure, and pursuant to Resolution R20110099, the current Guemes Island fare structure went into effect June 1, 2011; and

WHEREAS, it is necessary to gather a full year's worth of revenue data in order to compile the Guemes Island Ferry Fare Revenue Target Report; and

WHEREAS, it is therefore necessary to change the reporting requirements for the Ferry Fare Revenue Target Report and the Operations Summary Report in order that where possible, a full year's worth of financial data may be included; and

WHEREAS, adjustments to the reporting requirements required adjustments to the Public Works Calendar of Events pursuant to R20100050; and

WHEREAS, it is the desire of the Board to amend the administration and reporting requirements and calendar of events of Resolution R20100050; specifically, pursuant to Attachment "A" and Attachment "B"; and

WHEREAS, it is the desire of the Board to amend Resolution R20100050, at Attachment "A" and Attachment "B"; and

NOW, THEREFORE, BE IT RESOLVED AND IT IS HEREBY ORDERED, that Resolution R20100050 is hereby amended and shall function according to the purposes and principles set forth in amended Attachment "A" attached hereto and incorporated herein; and

NOW, THEREFORE, BE IT FURTHER RESOLVED AND IT IS HEREBY ORDERED, that Resolution R20100050 is hereby amended to adopt such terms, procedures, and requirements as set forth in amended Attachment "B", attached hereto and incorporated herein; and

NOW, THEREFORE, BE IT FURTHER RESOLVED AND IT IS HEREBY ORDERED, that all other terms and conditions of Resolution R20100050 shall remain in effect and unchanged; and

NOW, THEREFORE, BE IT FURTHER RESOLVED AND IT IS HEREBY ORDERED, that this resolution is effective upon adoption.

PASSED this 28 day of November, 2011.

BOARD OF COUNTY COMMISSIONERS
SKAGIT COUNTY, WASHINGTON



Ron Wesen
Ron Wesen, Chairman

Kenneth A. Dahlstedt
Kenneth A. Dahlstedt, Commissioner

Sharon D. Dillon
Sharon D. Dillon, Commissioner

Attest:

Amber Kilgore, Asst.
Clerk of the Board

Approved as to form:

[Signature] /cor/ 11/14/11
Skagit County Prosecuting Attorney

ATTACHMENT "A"

GUEMES ISLAND FERRY OPERATIONS PUBLIC FORUM

Purpose:

The Public Forum process is intended to:

1. Provide opportunities for collaborative discussion between the County and the public on issues related to the Guemes Island ferry operations; and
2. Provide the County, the Guemes Island Ferry Committee, other organizations, and citizens at-large with a venue to provide public advisory input on issues concerning Guemes Island ferry operations.

Public Works will consider and evaluate information and advisory input gathered through the Public Forum process when making decisions on the various aspects of the Guemes Island ferry operations and in development of recommendations made to the Board.

Administration:

Public Works is expected to:

- Hold a Public Forum meeting two times a year or as otherwise deemed necessary or desirable to address operational needs and other issues of concern relative to the Guemes Island ferry operations.
- Prepare and distribute to the public a Guemes Island Ferry Operations Work Plan (Work Plan) at the beginning of each calendar year which should include topics on which Public Works intends to gather public advisory input during the ensuing calendar year together with information as to how the public may provide advisory input on the topics included in the Work Plan to Public Works throughout the year.
- Provide the public with information which encourages effective and collaborative discussion on issues and topics contained within the Work Plan and brought forward in the Public Forum meetings.
- Develop Public Forum meeting agendas, times, and locations and provide notification of such information at least two (2) weeks prior to each scheduled Public Forum meeting, by posting such information at the Guemes Island Ferry terminal(s) and by placing such information on Skagit County's website.
- Gather advisory input from the Guemes Island Ferry Committee, other interested organizations, and citizens at-large through the Public Forum process.

- Post Public Forum meeting summaries at the Guemes Island Ferry terminal(s) and place such information on Skagit County's website.
- Meet with the Guemes Island Ferry Committee, other interested organizations and citizens at-large as is deemed necessary. These sessions are for the purpose of facilitating detailed and collaborative dialogue between such interested parties and Public Works and are intended to develop recommendations as to operational practices relative to the Guemes Island Ferry operation. Such on-going meetings will be used to discuss and work toward resolving issues identified in the Work Plan. Inclusive of these meetings is the development of progress reports, updated annual Work Plans, and recommendations to the Board. It is further expected that the Public Works Director and senior management of the department will actively participate in such on-going meetings.

Report annually to the Board during the month of April regarding the Guemes Island Ferry Fare Revenue Target Report and include fare recommendations. Report annually to the Board during the month of November regarding the Guemes Island Ferry Operations Status Report. Included in this report shall be a financial evaluation, results of the past year's Work Plan activity, and the proposed Work Plan for the coming year.

Meetings:

The public is invited to attend, observe, and participate in an orderly fashion at any Public Forum meeting.

Calendar of Events:

1st Quarter (January through March) – Public Works staff distributes to the Public the Work Plan reviewed by the Board during the previous year end. The Work Plan will include topics on which the county intends to gather public advisory input during the ensuing Work Plan year, and information as to how the public can provide advisory input in the topics included on the Work Plan to the County throughout the year. Public Works staff prepares a Draft Annual Ferry Fare Revenue Target Report which shall include a recommended rate schedule. Public Works staff conducts the Annual Public Forum meeting for the purpose of discussing issues and efforts included on the Work Plan and to solicit advisory input on the Draft Annual Ferry Fare Revenue Target Report.

2nd Quarter (April through June) – Public Works staff presents to the Board the Annual Ferry Fare Revenue Target Report which shall include a recommended rate schedule.

3rd Quarter (July through September) – Board may conduct a public meeting at a location deemed appropriate by the Board for the purposes of hearing advisory input as to any and all community concerns relative to the Guemes Island community. Public Works staff prepares a draft Ferry Operations Status Report regarding Guemes Island Ferry operations annual accomplishments, including progress achieved on the current Work Plan; and prepares a draft Work Plan for the upcoming year. Public Works staff conducts the second Annual Public

Forum meeting for the purpose of discussing issues and efforts included on the to solicit advisory input on the Draft Operations Status Report.

4th Quarter (October through December) – Public Works staff presents to the Board the Ferry Operations Status Report and the coming year's Draft Work Plan. Public Works staff works with the Board in the final adoption of the Ferry Division's portion of the Public Works budget for the upcoming year, and finalizes the coming year's Work Plan.

Written Communication:

Written comments or questions relative to the Guemes Island ferry operations may be submitted to:

Skagit County Director of Public Works
1800 Continental Place
Mount Vernon, WA 98273-5625

ATTACHMENT "B"

GUEMES ISLAND FERRY TICKET FARE METHODOLOGY

Purpose:

It is the desire of the Board that the County's ferry fare revenue target be calculated as a percentage of the overall system operating and maintenance costs as computed in the annual Deficit Reimbursement Report provided to the State less revenues from the Motor Vehicle Fuel Tax and State Ferry Deficit Reimbursement. In order to balance and mitigate potential large variations in year-to-year maintenance costs and revenues from the Motor Vehicle Fuel Tax and State Ferry Deficit Reimbursement, these costs and revenues will be averaged over the previous five (5) County calendar fiscal year periods.

Ferry Fare Revenue Target:

The ferry fare revenue target shall be calculated as follows:

- The ferry fare revenue target, using data from January 1st through December 31st of each calendar year, is equal to:
- The five (5) calendar year average of ferry operating and maintenance costs as computed in the prior 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 the ferry system, less
- the five (5) year average of the State Ferry Deficit Reimbursement received by the County,
- the total of the above multiplied by 65%

Reporting Requirements:

Prior to April 30th of each year, Public Works shall prepare and submit a report to the Board that calculates the County's ferry fare revenue target pursuant to the above formula, and shall recommend a ferry rate schedule for the upcoming calendar year with an estimate of fare revenues based on these rates. The Draft Annual Ferry Fare Revenue Target Report shall be subject to advisory input through the Public Forum process prior to submittal to the Board. The Board shall review the report and by resolution set fare rates for the following year.

RESOLUTION REVISING THE SKAGIT COUNTY
FERRY FARE STRUCTURE AND RESCINDING RESOLUTIONS
R20110099, R20120139 AND R20130190

WHEREAS, Skagit County owns and operates a vehicle and passenger ferry (herein "ferry") between Anacortes, Washington, and Guemes Island, Washington; and

WHEREAS, on February 16, 2010, the Skagit County Board of Commissioners ("Board") adopted resolution R20100050, as amended by R20110382, establishing the Guemes Island Ferry ticket fare methodology for setting fares; and

WHEREAS, the Board has adopted Resolution R20110099, as amended by Resolutions R20120139 and R20130190, establishing the fare schedule for the Skagit County ferry system; and

WHEREAS, it is the desire of the Board to rescind Resolutions R20110099, R20120139 and R20130190, and establish a new ferry fare structure pursuant to the terms herein; and

WHEREAS, due to the rising cost of operating the ferry, it is necessary to raise fares in order to meet the fare revenue target for 2015 as set forth in Resolution R20100050, as amended by R20110382; and

WHEREAS, with consideration to the rising cost to operate the ferry, it is the desire of the Board that the Department of Public Works continue to search for grant funding from non-County sources, to continue efforts on developing a long-term strategy for funding the maintenance and/or replacement of the ferry vessel, and to continue to follow the public outreach program established in Resolution R20100050, as amended by R20110382; and

WHEREAS, the Board held a Public Hearing on August 18, 2015, at 8:30 a.m., or shortly thereafter to hear public comment on proposed changes to the Skagit County Ferry Fare Schedule, and also provided for the receipt of additional written comments from July 15, 2015 through August 18, 2015; and

WHEREAS, the new Skagit County Ferry Fare Schedule, attached as Exhibit A (and hereby incorporated by reference), establishes the new ferry fare schedule, taking into account recommended input from Public Works Department staff, the Guemes Island Ferry Committee, public comments expressed at the August 18, 2015 Public Hearing, and written public comment received from July 15, 2015, through August 18, 2015; and

WHEREAS, it is the desire of the Board to enact the Skagit County Ferry Fare Schedule as shown as Exhibit A, effective October 1, 2015.

NOW, THEREFORE, BE IT RESOLVED AND IT IS HEREBY ORDERED, that Resolutions R20110099, R20120139 and R20130190 are hereby rescinded effective October 1, 2015; and

NOW, THEREFORE, BE IT RESOLVED AND IT IS HEREBY FURTHER ORDERED, that the ferry fare schedule as shown, described, and depicted as Exhibit A (attached hereto and incorporated by reference) is hereby adopted and established, effective October 1, 2015.

PASSED this 8th day of September, 2015.



BOARD OF COUNTY COMMISSIONERS
SKAGIT COUNTY, WASHINGTON

ABSENT

Kenneth A. Dahlstedt, Chair

Lisa Janicki

Lisa Janicki, Commissioner

Ron Wesen

Ron Wesen, Commissioner

Attest:

Amber Kellogg

Clerk of the Board

Approved as to form:

[Signature] 9/28/15

Civil Deputy Prosecuting Attorney

Approved as to Content:

[Signature]

Department Head

EXHIBIT A

SKAGIT COUNTY FERRY SYSTEM

RATE SCHEDULE

FARES	NON-PEAK	PEAK
	Oct 1 thru May 19	May 20 thru Sept 30
PASSENGER		
Adult Passenger	\$3.00	\$4.00
Senior (65+ yrs) / Disabled / Youth (6-17 yrs) Passenger	\$2.00	\$2.50
Age 5 & Under	Free	Free
Adult & Bicycle	\$4.00	\$5.00
Senior / Disabled / Youth & Bicycle	\$3.00	\$3.50
PASSENGER FREQUENT USER PUNCH CARD (Valid for 1 year from Purchase Date)		
25 Trip Adult Passenger	\$67.00	
25 Trip Senior / Disabled / Youth Passenger	\$40.00	
VEHICLE		
Motorcycle (Including Rider)	\$6.00	\$8.00
Motorcycle w/ Senior / Disabled Rider	\$5.00	\$7.00
Vehicle & Driver (Under 20 feet including overhang)	\$10.00	\$12.00
Vehicle & Senior / Disabled Driver (Under 20 feet)	\$8.00	\$10.00
VEHICLE FREQUENT USER PUNCH CARD (Valid for 90 Days from Purchase Date)		
20 Trip Vehicle (under 20') & Driver	\$170.00	
20 Trip Vehicle (under 20') & Senior / Disabled Driver	\$136.00	
20 Trip Motorcycle & Rider	\$102.00	
20 Trip Motorcycle & Senior / Disabled Rider	\$85.00	
VEHICLE CONVENIENCE PUNCH CARD (Expires upon next fare adjustment)		
*NON-PEAK 10 Trip Punch cards are not valid for use during the peak season		
PEAK 10 Trip Vehicle (under 20') & Driver		\$120.00
PEAK 10 Trip Vehicle (under 20') & Senior / Disabled Driver		\$100.00
*NON-PEAK 10 Trip Vehicle (under 20') & Driver	\$100.00	
*NON-PEAK 10 Trip Vehicle (under 20') & Senior/Disabled Driver	\$80.00	
OVERSIZE VEHICLES & VEHICLES W/ TRAILERS (INCLUDING DRIVER)		
Vehicle over 20 ft to less than 25 ft	\$13.00	\$16.00
Vehicle over 25 ft to less than 30 ft	\$19.00	\$23.00
Vehicle over 30 ft to less than 35 ft	\$25.00	\$30.00
Vehicle over 35 ft to less than 40 ft	\$32.00	\$39.00
Vehicle over 40 ft to less than 45 ft	\$40.00	\$49.00
Vehicle over 45 ft to less than 50 ft	\$49.00	\$60.00
Vehicle over 50 ft to less than 55 ft	\$59.00	\$72.00
Vehicle over 55 ft to less than 60 ft	\$69.00	\$84.00
Vehicle over 60 ft to less than 65 ft	\$81.00	\$99.00
Each 5 ft increment over 65 ft	\$6.00	\$6.00
Over width charge (over 8 ft, 6 in)	Double Length Charge	
MISCELLANEOUS		
Stacked Logging Truck	\$95.00	
Extended Run (1 run at end of day) plus fare	\$120.00	
Guemes Special (crew call out) plus fare	\$500.00	
Charter Rate (3 hr min) plus fare	\$1,200.00	
\$ per hour, each additional hour	\$400.00	

APPENDIX C

2017 COUNTY FERRY SYSTEM OPERATIONS REPORT

COUNTY FERRY SYSTEM OPERATIONS REPORT

Submitting County: Skagit Pertaining to Calendar Year: 2017

Expenditures		
(*)(1)Operation and Maintenance		\$2,863,906.00
Capital		
Other Work and Repairs considered Capital		
Interest		
Depreciation		
Total Expenditures		\$2,863,906.00

(*)WSDOT / Ferry Deficit Reimbursement - Net Amount Claimed	
(1)O&M(+)	\$2,863,906.00
(2)Tolls(-)	\$1,160,205.00
(3)MVFT(-)	\$168,398.89
Net Claimed	\$1,535,302.11

Revenues		
(*)(2)Ferry Toll Receipts		\$1,160,205.00
Ferry Deficit Reimbursement (334.03 or 336.00)		\$159,051.00
Other Revenues		\$962.00
Total Revenues		\$1,320,218.00

MVFT General Distribution	(**)CRAB Calculated MVFT Distribution Factor	2.2479
	Total MVFT - County Roads (336.00.89)	\$3,410,305.00
MVFT Attributable to the Ferry System	(**)CRAB Calculated MVFT Distribution Factor w/o Ferry System	2.1369
	(*)(3)Calculated MVFT Attributable to the Ferry System	\$168,398.89

(*)Utilized by WSDOT to calculate the Pierce, Skagit, and Whatcom County Deficit Reimbursement payments for: 2018

(**)CRAB provided data

Ferry System - Current and Replacement Values						
VESSLES	Year Built	Current Value	Replacement Value	Year Replacement Value Established	IPD Adjusted Replacement Value for Report Year	
M/V Guemes	1979	\$3,175,000.00	\$17,685,000.00	2017	\$17,685,000.00	
FACILITES						
Mainland Dock	2011	\$3,485,182.00	\$5,618,182.00	2014	\$5,803,582.01	
Mainland Terminal	2010	\$778,316.00	\$871,714.00	2014	\$900,480.56	
Mainland Parking	2004	\$1,067,948.00	\$1,324,256.00	2014	\$1,367,956.45	
Island Dock	2011	\$3,795,744.00	\$4,985,713.00	2014	\$5,150,241.53	
Passenger Shelter	1979	\$1,000.00	\$10,000.00	2014	\$10,330.00	
Island Parking	1979	\$150,000.00	\$250,000.00	2014	\$258,250.00	
Dolphin/Wing Walls	2010	\$2,054,736.00	\$2,213,304.00	2014	\$2,286,343.03	
Ferry System Total Current Value:					\$14,507,926.00	
Ferry System Total Replacement Value:					\$33,462,183.58	

I hereby certify that the above County Ferry Operations Report is true and accurate and that I have reviewed and approved the report for submission to the County Road Administration Board (CRAB) and the Washington State Department of Transportation - Highways & Local Programs (WSDOT). I hereby acknowledge and accept the Motor Vehicle Fuel Tax (MVFT) Distribution Factors determined by CRAB to calculate the MVFT attributable to the ferry system, and the application of the Implicit Price Deflator for Washington to determine the adjusted system replacement values for the report year.

Consistent with RCW 47.56.725, I certify that the receipts and costs shown in this voucher are true and correct; that the ferry tolls are at least equal to the tolls in place on January 1, 2015, excluding surcharges; that the net amount claimed is due and payable from the County share of the gas tax under the terms of the State/County Interagency Agreement and all applicable laws, rules, and regulations; and, that I am authorized to sign for the claimant.

Signed: [Signature] Date: 3.28.18
 County's Interagency Agreement Program Manager

Signed: [Signature] Date: 3.28.18
 County Engineer