

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

**2025 Ferry Fare Revenue Target Report**  
**September 30, 2025**



## Overview

The 2025 Ferry Fare Revenue Target Report, prepared by Skagit County Public Works, presents a comprehensive approach to setting ferry fares for the Guemes Island Ferry in 2026. This effort is guided by [Resolution R20230152](#), amended by [Resolution R20250015](#), which establishes a phased plan to reach a 65 percent farebox recovery rate by December 31, 2028. The resolution reflects the County's commitment to ensuring that ferry users contribute an equitable and sustainable share toward the system's operational costs.

Following the [Guemes Island Ferry System 2023 Rate Study](#), and consultant recommendations, a new fare schedule was implemented in August 2023, increasing rates by 14.1 percent. This marked a shift from the previous fare-setting model, which relied on a five-year "look-back" average of Operations & Maintenance (O&M) costs. The updated methodology now incorporates actual, current, and projected O&M expenditures to more accurately reflect the financial demands of operating the ferry system. In February 2025, fares increased by 30 percent.

To meet the 65 percent recovery goal by the end of 2028, the County plans to introduce annual fare adjustments, the next proposed for January 2026. These adjustments will be informed by a detailed revenue target calculation that accounts for contributions from the Motor Vehicle Fuel Tax (MVFT) and the Washington State Department of Transportation (WSDOT) deficit reimbursement program.

Cost projections in the report are based on a five-year average of O&M expenditures, including actual costs from the past two years, the current year's adopted budget, and projections for the next two years with appropriate escalation factors. This approach ensures that fare adjustments are grounded in realistic financial expectations.

## Ferry Fare Revenue Target

Per Resolution R20230152, it is the desire of the Board to implement fare increases to reach a 65 percent farebox revenue target phased over a 5-year period from August 15, 2023, through December 31, 2028, as follows:

- Implement the first fare increase in summer 2023, to be effective through December 2024.
- Adjust fares on an annual basis beginning in January 2025 to achieve a 65 percent farebox recovery by 2028. Such fare adjustments shall be made subject to an annual public hearing.
  - Update the 5-year average annual O&M cost with new expenditure data and updated cost escalation rates.
  - Re-run the fare model to confirm the required fare adjustment to achieve the updated 2028 average O&M and establish new fare levels.

The methodology establishes a 5-year average O&M expenditure projection using the past two years' actual expenditures, the current year's adjusted budget, and the next two year's projected expenditures using cost escalation factors.

## Additional assumptions

Other tax revenue:

- Contributions from the MVFT attributable to the ferry system and the WSDOT deficit reimbursement will be applied before the 65 percent revenue target is calculated.

## Reporting Requirements

During the annual preparation of the department's budget, Public Works will prepare and submit a report to the Board that calculates the County's ferry fare revenue target, pursuant to the above formula, and will recommend a ferry rate schedule for the upcoming calendar year with an estimate of revenues based on those rates.

Table 1 shows the revenue target calculation for 2026, which results in a fare revenue target of \$2,319,876. The MVFT and the WSDOT deficit reimbursement are subtracted from the O&M expenditures to figure adjusted O&M expenditures, which are then multiplied by 55 percent to produce the 2026 recovery target.

Table 1 - Revenue Target Calculation						
	Actual		Adjusted Budget <sup>(2)</sup>	Projected		Five Year Average
Year	2023	2024 <sup>(1)</sup>	2025	2026	2027	
O&M Expenditures	\$ 3,672,133	\$ 2,893,135	\$ 5,301,597	\$ 5,474,429	\$ 5,631,545	\$ 4,594,568
MVFT <sup>(3)</sup>	\$ 150,119	\$ 62,400	\$ 124,003	\$ 124,003	\$ 124,003	\$ 116,906
WSDOT Deficit Reimbursement <sup>(3)</sup>	\$ 212,507	\$ 258,189	\$ 275,945	\$ 275,945	\$ 275,945	\$ 259,706
Adjusted O&M	\$ 3,309,507	\$ 2,572,547	\$ 4,901,649	\$ 5,074,481	\$ 5,231,597	\$ 4,217,956
Fare Recovery Target <sup>(4)</sup>						55 %
2026 Ferry Fare Revenue Target						\$ 2,319,876

<sup>(1)</sup> Source: [Skagit County Cayenta FY2024 Budget Monitoring](#) & [2024 County Ferry System Operations Report](#)

<sup>(2)</sup> Adjusted Budget – see figure 1; Source: [2025 Ferry Budget Monitoring Report \(January to June 2025\)](#)

<sup>(3)</sup> 5-year average (2020-2024) used for 2025, 2026, and 2027 projected

<sup>(4)</sup> Goal is 65 percent by December 31, 2028 – the 2026 recovery target is 55 percent

The adjusted budget for this year includes expenditures from the 2025 adopted budget, as of June 30, 2025, and an annualized haul-out & maintenance cost of \$1,128,927. Drydock and other maintenance expenditures are annualized for current and future years in the model avoiding year-to-year fluctuations. Projected expenditures for 2026 and 2027 are illustrated in Figure 1.

**Figure 1 – Annualized Maintenance Expenditures**

	Actual		Adjusted <sup>(1)</sup>	Projected <sup>(2)</sup>	
	2023	2024	2025	2026	2027
Salaries & Wages <sup>(1)</sup>	\$ 1,104,080	\$ 1,171,006	\$ 1,441,153		
Personnel Benefits <sup>(1)</sup>	\$ 393,678	\$ 384,785	\$ 530,199		
Supplies & Consumables <sup>(1)</sup>	\$ 326,418	\$ 255,442	\$ 435,850		
Services & Pass-throughs <sup>(1)</sup>	\$ 1,847,957	\$ 1,081,903	\$ 3,552,017		
Subtotal	\$ 3,672,133	\$ 2,893,135	\$ 5,959,219		
2025 budgeted drydock, maintenance/repair			(\$ 1,786,549)		
Subtotal			\$ 4,172,670	\$ 4,308,699	\$ 4,432,359
Annualized drydock, maintenance, & repair <sup>(3)</sup>			\$ 1,128,927	\$ 1,165,730	\$ 1,199,186
Total <sup>(4)</sup>			\$ 5,301,597	\$ 5,474,429	\$ 5,631,545

<sup>(1)</sup> The 2025 adjusted budget is the adopted budget as of June 30, 2026; Source: [2025 Ferry Budget Monitoring Report \(January to June 2025\)](#)

<sup>(2)</sup> Projections for 2026 and 2027 include cost escalations adjusted for recent inflation projections – [Seattle Consumer Price Index](#), CPI historical data and forecast - 2026 (0.0326) and 2026 (0.0287)

<sup>(3)</sup> See figure 2 - Annualized drydock, maintenance, and repair includes \$800,000 for 2025-2027 drydock expenditures and \$328,927 for 2025-2027 average non-drydock maintenance expenditures

<sup>(4)</sup> The annualized O&M expenditures will differ from the 2025 adopted ferry division budget due to the use of the formula per [Resolution R20230152](#), amended by [Resolution R20250015](#).

Shown in Figure 1, the 2025 adopted budget includes a significant drydock event with total budgeted maintenance and repair costs of \$1,786,549. The previous drydock was in 2023 and there was no

drydock in 2024. The vessel will undergo a USCG-required maintenance period in 2026 (estimated at \$800,000) and another required drydock in 2027 (estimated at \$800,000). In addition, the actual non-drydock expenditures from 2023 (\$413,812) and 2024 (\$244,042) are averaged to determine an annualized cost for other maintenance. Instead of applying these varying costs each year, the County averages it out over three years (2025–2027), resulting in an annualized drydock and maintenance/repair cost of \$1,128,927.

Figure 2 illustrates how both drydock and non-drydock maintenance/repair expenses are annualized to stabilize the fare model.

**Figure 2 – Annualized Based Year Maintenance**

Annualized Drydock & Non-drydock maintenance/repairs 2026/2027 Planned Drydock (Total for 2 years)	\$ 1,600,000		
Annualized Drydock		\$ 800,000	
Average Non-Drydock Maintenance/Repair <sup>(1)</sup>		\$ 328,927	
Annualized Base Year Maintenance		\$ 1,128,927	
<sup>(1)</sup> Annualized Non-Drydock Maintenance/Repair	2023 Actual	2024 Actual	2-Year Avg.
Maintenance expenditures other than drydock	\$ 413,812	\$ 244,042	\$ 328,927

Lastly, while the 2025 drydock included a major engine repower project, totaling \$654,923.39 in capital expenses, those costs are not included in the maintenance cost model. Capital costs of \$526,866.75, for the purchase of three new diesel engine assemblies, are also not included. Only routine and recurring maintenance costs are factored into fare calculations.

As shown in Table 2, the County’s revenue target for 2024 was \$1,307,220. Actual farebox revenue came in slightly higher at \$1,346,019, meaning the County exceeded its goal for the year. This resulted in a surplus of \$38,799 above the target, showing that the current fare structure is on track with the long-term recovery plan.

Table 2 - 2024 Revenue Target	
2024 Ferry Fare Revenue Target (Goal of 45 percent)	\$ 1,307,220
Farebox Revenue <sup>(1)</sup>	\$ 1,346,019
Surplus/(Shortfall) From Revenue Target	\$ 38,799

<sup>(1)</sup>Farebox revenue does not include vessel replacement surcharge revenue.

In 2024, Skagit County aimed to recover 45 percent of the Guemes Island Ferry’s operating costs through passenger fares, as part of the phased plan to reach 65 percent farebox recovery by the end of 2028.

Table 3 outlines the 2024 Road Fund contribution used to support Guemes Island Ferry operations. After accounting for all revenue sources and reimbursements, the total contribution from the Road Fund is \$928,156.

This amount is calculated by subtracting the following from the 2024 total operating and maintenance (O&M) expenses of \$2,893,135:

- WSDOT Deficit Reimbursement: \$258,189
- Motor Vehicle Fuel Tax (MVFT): \$62,400
- Farebox Revenue: \$1,346,019
- [Federal Ferry Boat Program \(FBP\) Funding](#): \$286,730
- Reimbursement for the [Youth Ride Free Program](#): \$11,641

Skagit County Public Works Department  
2025 Ferry Fare Revenue Target Report

These deductions result in a net contribution needed from the Road Fund to cover remaining operating costs.

Table 3 - 2024 Road Fund Contribution	
O&M Expenditures	\$ 2,893,135
WSDOT Deficit Reimbursement	\$ (258,189)
Motor Vehicle Fuel Tax (MVFT)	\$ (62,400)
Subtotal (Adjusted O&M Expenditures)	\$ 2,572,546
Farebox Revenue	\$ (1,346,019)
Subtotal	\$ 1,226,527
FHWA FBP Funding	\$ (286,730)
Youth Ride Free Funding	\$ (11,641)
Road Fund Contribution	\$ 928,156

Table 4 highlights farebox revenue collected from 2020 through 2024, showing a steady increase over the five-year period.

Table 4 - Farebox Revenue (2020 – 2024)	
2020	\$ 1,090,088
2021	\$ 1,115,037
2022	\$ 1,201,719
2023	\$ 1,250,681
2024	\$ 1,346,019

These figures reflect only the O&M revenue from fares and do not include funds from the capital vessel replacement surcharge, which has been tracked separately since its implementation on August 1, 2018 (see Table 9 for surcharge details).

Fare increases occurred in August 2023 and again in February 2025. Prior to 2023, fare increases were infrequent, with the last general fare increase in 2015, meaning fares remained unchanged for nearly eight years, except for the surcharge in 2018.

Table 5 provides a breakdown of all revenue sources supporting the Guemes Island Ferry from 2020 through 2024. These include passenger fares, Motor Vehicle Fuel Tax (MVFT), WSDOT ferry deficit reimbursements, Road Fund contributions, Federal Highway Administration (FHWA) Ferry Boat Program (FBP) funding, and Youth Ride Free program reimbursements.

Table 5 - Total Revenue (2020 – 2024)						
	2020	2021	2022	2023	2024	5-Year Average
Fares	\$ 1,090,088	\$ 1,115,037	\$ 1,201,719	\$ 1,250,681	\$ 1,346,019	\$ 1,200,709
MVFT	\$ 141,089	\$ 133,417	\$ 132,992	\$ 150,119	\$ 62,400	\$ 124,003
WSDOT Deficit Reimbursement	\$ 272,798	\$ 184,560	\$ 451,672	\$ 212,507	\$ 258,189	\$ 275,945
Road Fund <sup>(1)</sup>	\$ 382,164	\$ 1,711,318	\$ 1,118,211	\$ 1,708,086	\$ 928,156	\$ 1,169,587
FHWA FBP <sup>(2)</sup>				\$ 350,740	\$ 286,730	\$ 127,494
Youth Ride Free					\$ 11,641	\$ 2,328
Total	\$ 1,886,139	\$ 3,144,332	\$ 2,904,594	\$ 3,672,133	\$ 2,893,135	\$ 2,900,067

<sup>(1)</sup> The road fund contribution in 2021 and 2023 was significantly higher due to drydock and maintenance costs.

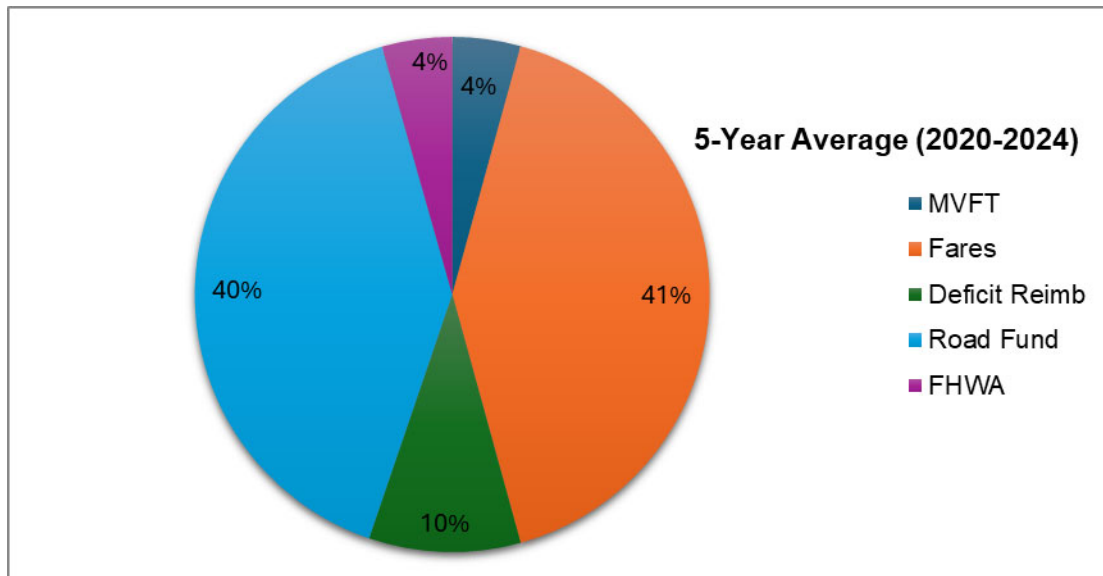
<sup>(2)</sup> The FHWA FBP funding was used for operational expenditures for the first time in 2023.

Over the five-year period, average total annual revenue was \$2.9 million. Fare revenue has increased each year, while other funding sources vary based on operational needs and available reimbursements.

In 2023, FHWA FBP funding was used for operating costs for the first time, contributing \$350,740. This continued in 2024 in the amount of \$286,730, along with a new reimbursement for youth fares under the Youth Ride Free program, which added \$11,641.

Figure 3 shows how the Guemes Island Ferry has been funded over the past five years, while figure 4 shows ferry funding, by source, in 2024. These charts illustrate the importance of farebox revenue and local, state, and federal support that keeps the ferry operating.

**Figure 3 – Revenue by source (5-Year Average)**



**Figure 4 – Revenue by source (2024)**

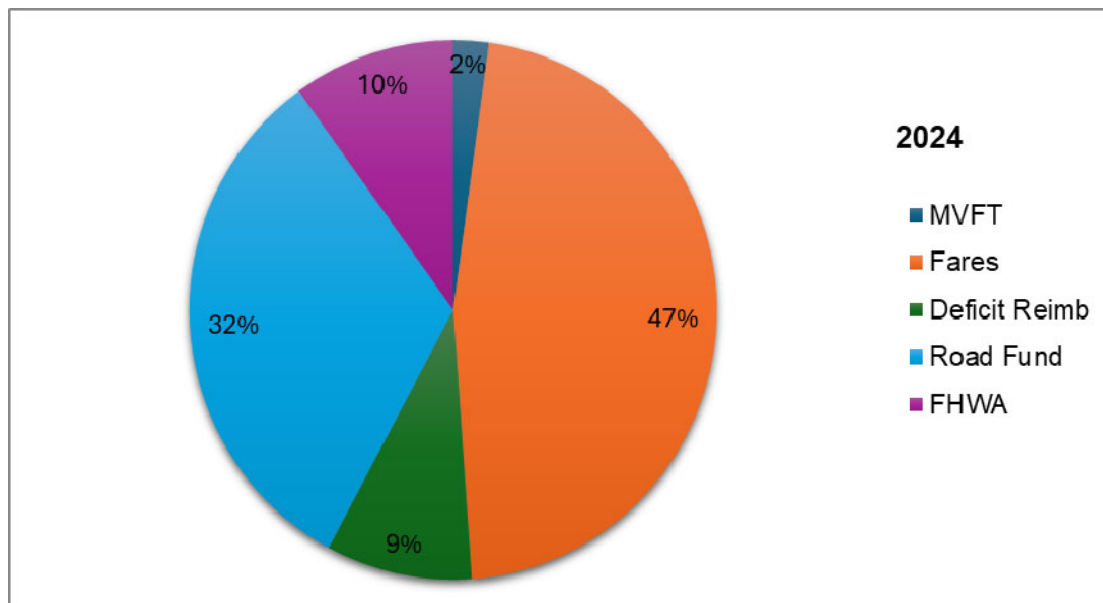


Table 6 and Figure 5 explain how Skagit County calculates the annual ferry fare revenue target. For years 2025 through 2028, the figures show the revenue targets needed to reach 65% fare box recovery by December 31, 2028.

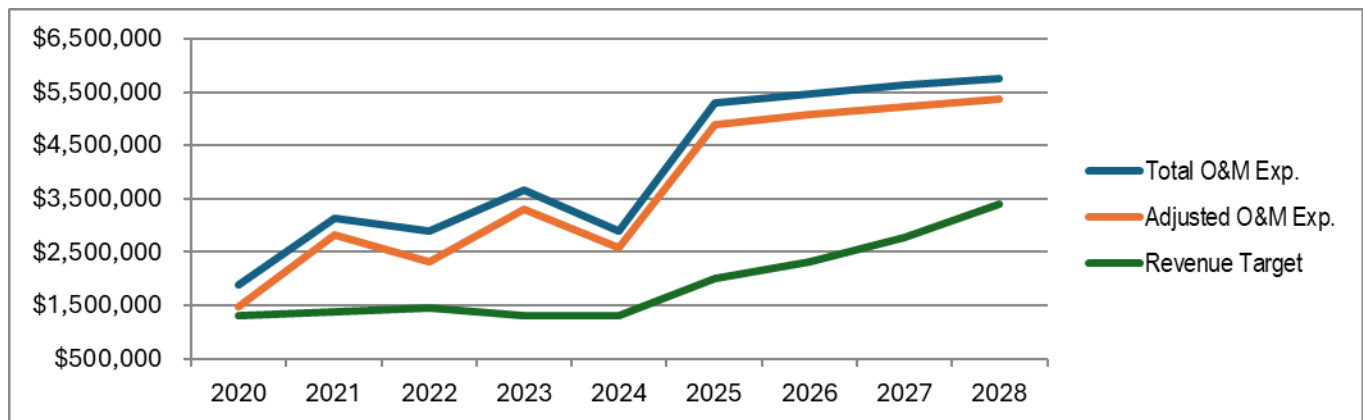
Instead of relying on outdated averages, the County now uses a formula that reflects actual operating costs. Historically, the revenue target remained relatively flat as expenditure increased.

This updated method ensures that fare targets rise in line with real and anticipated operating costs, making the system more transparent and financially sustainable. As ferry maintenance and staffing costs increase, the fare revenue target adjusts accordingly.

**TABLE 6 – Historical & Current 65 Percent Methodology Applied**

TABLE 6 – Historical & Current 65 percent Methodology Applied									
	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total O&M Exp.	\$1,886,139	\$3,144,332	\$2,904,594	\$3,672,134	\$2,893,135	\$5,301,597	\$5,474,429	\$5,631,545	\$5,768,956
Adjusted O&M Exp.	\$1,472,252	\$2,826,710	\$2,319,930	\$3,309,507	\$2,572,546	\$4,901,649	\$5,074,481	\$5,231,597	\$5,369,008
Revenue Target	\$1,302,372	\$1,386,935	\$1,463,031	\$1,307,220	\$1,307,220	\$1,999,592	\$2,319,876	\$2,777,914	\$3,389,896

**Figure 5 – 65 Percent Methodology applied**



In contrast, the former “look-back” method kept fare targets relatively flat, even when costs went up, making it harder to keep up with actual expenses. Since 2023, the new approach has shown that fare targets increase when expenditures increase, helping the County plan more effectively.

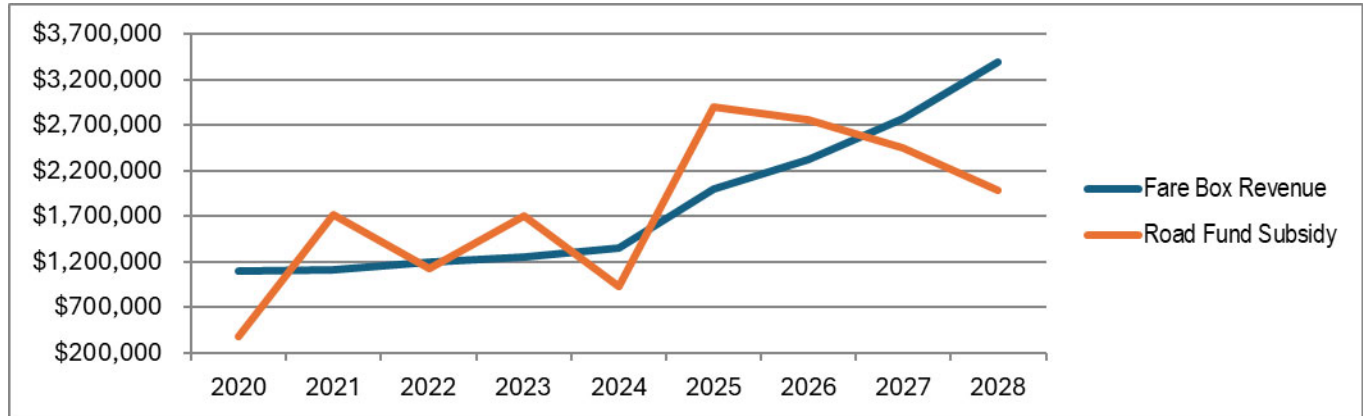
Table 7 and Figure 6 illustrate the financial trend between farebox revenue and the Road Fund contribution for ferry operations.

- 2020–2024: Actual data shows a steady increase in fare revenue, while Road Fund support varied, peaking in 2021 and 2023 due to major maintenance needs.
- 2025–2028: Projected figures reflect an intentional strategic shift and illustrate necessary fare revenue each year to reach the goal of a 65% recovery rate by December 31, 2028. Fare revenue will need to rise sharply, reducing reliance on Road Fund subsidies. By 2028, fare revenue will need to exceed \$3.3 million for the contribution support to drop below \$2 million.

Table 7: Financial Trend of Farebox Revenue & Road Fund Contribution									
	2020	2021	2022	2023	2024	2025	2026	2027	2028
Farebox Revenue	\$1,090,088	\$1,115,037	\$1,201,719	\$1,250,681	\$1,346,019	\$1,999,592	\$2,319,876	\$2,777,914	\$3,389,896
Road Fund Contribution	\$ 382,164	\$1,711,318	\$1,118,211	\$1,708,086	\$ 928,156	\$2,902,057	\$2,754,605	\$2,453,683	\$1,979,112

This plan, if implemented, supports the County's goal of achieving a 65 percent farebox recovery rate by the end of 2028, ensuring a more sustainable and user-supported ferry system, but may not be feasible.

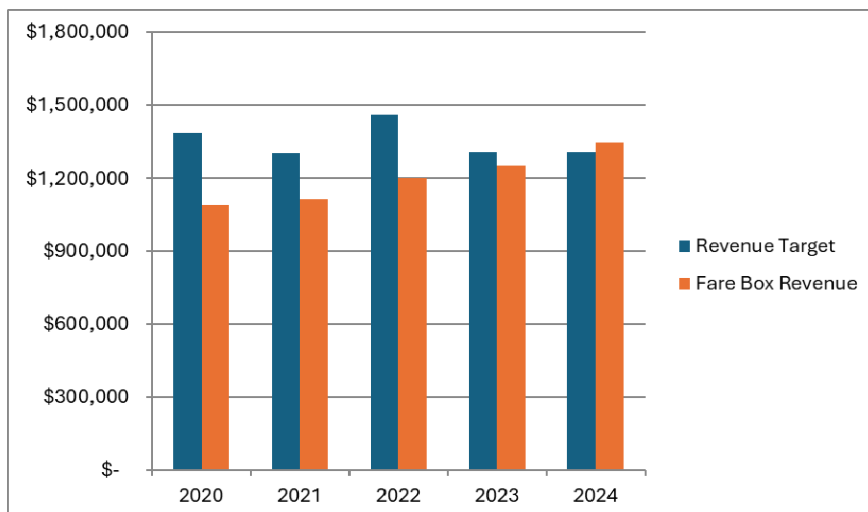
**Figure 6 – Financial Trend of Farebox Revenue & Road Fund Contribution**



As shown in Table 8, from 2020 through 2023, the annual farebox revenue did not meet the revenue target. A fare increase of 14 percent was effective August 2023. In 2024, farebox revenue exceeded the target.

Table 8: Revenue Target Variance 2020 – 2024					
	2020	2021	2022	2023	2024
Revenue Target	\$ 1,386,935	\$ 1,300,624	\$ 1,463,031	\$ 1,307,220	\$ 1,307,220
Farebox Revenue	\$ 1,090,088	\$ 1,115,037	\$ 1,201,719	\$ 1,250,681	\$ 1,346,019
Variance	\$ (296,847)	\$ (185,587)	\$ (261,312)	\$ (56,539)	\$ 38,799

**Figure 7 – Revenue Target Variance**



On June 18, 2018, the Board of Skagit County Commissioners passed [Resolution R20180123](#), establishing a capital vessel replacement surcharge. The surcharge, imposed on every fare sold, was implemented August 1, 2018.



Table 9 shows the revenue generated from this surcharge.

Table 9: Vessel Replacement Surcharge	
2019 Actual	\$ 241,721
2020 Actual	\$ 217,445
2021 Actual	\$ 224,642
2022 Actual	\$ 246,852
2023 Actual	\$ 241,957
2024 Actual	\$ 243,582
Total	\$ 1,416,199

In accordance with [RCW 36.54.200](#), resulting revenue can only be used for the construction or purchase of ferry vessels, and to pay the principal and interest on bonds authorized for the construction or purchase of ferry vessels. This revenue cannot be used for O&M expenditures, must be accounted for separately, is held in an interest-bearing account, and is not included in the farebox revenue figures included in this report.

Capital expenditures are also not included in this report or in the O&M expenditures shown. Capital expenditures are not reported to the state per [Contract 20250325 between WSDOT & Skagit County](#) for the deficit reimbursement. Section 1.3 of the contract's terms and conditions defines allowable reportable O&M expenditures as:

- Routine cost of operating and maintaining the ferry, including salaries, benefits, fuel, supplies, utilities, repairs, inspection, advertising, taxes, small tools, land leases, rentals, postage, printing, etc.
- Routine anticipated replacement of piling, wing-wall facing, repairing docks, etc. which does not extend the useful life, nor increase the efficiency or capacity of an asset.
- Routine dry-docking and associated repairs to maintain the vessel's certification.
- Routine engine repair or rebuilding.
- Other work not defined as capital and agreed to in writing by WSDOT.

Section 1.4 excludes the following from O&M expenditures:

- Depreciation
- Interest
- Other work or repairs that are considered capital in nature.

These contractual definitions are what Skagit County uses to differentiate capital and O&M expenditures. Although \$655,500 was budgeted in 2024 for the procurement of three new diesel engine assemblies, they were not ultimately purchased until 2025; therefore, there were no capital expenditures in 2024.

## Summary

Over the last 5 years (2020 through 2024), O&M expenditures averaged \$2,900,067 annually, and the road fund contribution averaged \$1,169,587 annually.

With the new methodology (using actual expenditures and revenue for 2023 and 2024, adjusted budget for 2025, and CPI-adjusted budget for 2026 and 2027), the five-year average O&M expenditures is estimated at \$4,594,568. The five-year average road fund contribution is estimated at \$2,059,039. The new methodology annualizes drydock and maintenance costs starting in 2023.

In 2024, the O&M expenditures were 21 percent below budget.

2024 Budget	\$ 3,651,575
2024 O&M Expenditures	\$ 2,893,135
Difference	\$ (758,440)

These savings were largely due to:

- Staffing Shortages: One budgeted vacant Ferry Assistant Manager position was filled in June, and one budgeted Engineer/Master position remained vacant all year.
- Passenger-Only Service: Fewer rental days were needed due to fewer breakdowns.
- Maintenance: No haul-out occurred in 2024; only essential maintenance was performed.
- Consumables: Lower fuel prices and tight oversight led to reduced spending on supplies.

Detailed 2024 budget and expenditure information is available in Appendix D of the report.

In 2024, farebox revenue exceeded the 45 percent revenue target by \$38,799, or 3%.

2023/2024 Revenue Target	\$ 1,307,220
2024 Farebox Revenue	\$ 1,346,019
Surplus/(Shortfall)	\$ 38,799

Budgeted revenue fell short by \$135,981 or 9%.

2024 Budgeted Revenue	\$ 1,482,000
2024 Farebox Revenue	\$ 1,346,019
Surplus/(Shortfall)	\$ (135,981)

The 14 percent fare increase (implemented on August 15, 2023), which was in effect for all of 2024 through February 25, 2025, was generally successful in meeting a 45 percent revenue target of \$1,307,220 but only led to a 7 percent increase in farebox revenue over 2023.

Vehicle ridership in 2024 was up 2 percent from 2023, and passenger ridership was up 1 percent. Simply put, elasticity, or how sensitive passengers are to changes in fare prices, did not appear to negatively impact revenue in 2024. An elasticity below 1 means demand is inelastic, suggesting insensitivity to fare changes.

Vehicle Fare Elasticity 2023-2024  
Fare change: +14 percent  
Vehicle ridership change: +2 percent

Passenger Ridership Elasticity 2023-2024  
Fare change: +14 percent  
Passenger ridership change: +1 percent

$$\text{Elasticity} = \frac{2\%}{14\%} \approx 0.14$$

$$\text{Elasticity} = \frac{1\%}{14\%} \approx 0.07$$

## Recommendations

In 2023, the Board set a goal to reach 65 percent farebox recovery by the end of 2028, requiring a steady 5 percent increase each year from 2025 through 2028. Farebox recovery was 44 percent in 2023 and 45 percent in 2024, meaning 2025 must reach at least 50 percent, followed by 55 percent in 2026, 60 percent in 2027, and 65 percent in 2028.

Achieving this target will require farebox revenue to grow by more than \$2 million over the next three years, a pace that may not be sustainable given current ridership trends and operational challenges.

An evaluation of 2025 expenditures, revenue, and ridership will be conducted in summer 2026, as outlined in Resolution R20230152, amended by R20250015. Based on current projections, more time may be needed to meet the farebox recovery goal.

In 2025, farebox revenue was expected to cover 50 percent of operating costs, with a target of \$1,999,592. To help meet this goal, the Board approved a 30 percent fare increase effective February 26.

As of June 30, only \$508,366 has been collected. Due to an extended dry dock period (10 weeks instead of 6), total farebox revenue is now projected to reach just \$1,600,000, well below the budgeted target amount of \$1,795,842.

While the dry dock delay is a major factor, the shortfall may also reflect increased fare sensitivity among riders, especially since the 2025 fare hike was twice as steep as the previous years. This trend raises concerns about the long-term sustainability of relying on fare increases to meet long-term revenue goals.

In line with the revenue target goal of 65 percent by December 31, 2028, a fare adjustment that produces a 55 percent farebox recovery in 2026 is needed. According to the fare tool, another 30 percent increase over 2025 fares is needed. With a 30 percent fare increase, effective January 1, 2026, the projected revenue at the proposed rate schedule, provided in Appendix A, is estimated to produce a 54.7 percent farebox recovery, without fare elasticity factored in.

2026 Adjusted O&M Exp. (5-year avg. 2023-2027)	\$ 4,217,956
<u>Projected 2026 Farebox Revenue (with 30 percent increase)</u>	<u>\$ 2,306,674</u>
2026 Estimated Farebox Recovery	54.7 %

With a 30 percent fare increase in 2026, the road fund contribution for operations and maintenance is estimated at \$3,167,216 using the 2026 preliminary ferry division O&M budget, as of Sept. 10, 2025. Budgeted farebox revenue is \$1,900,000.

2026 Budgeted O&M Expenditures Only	\$ 6,102,809
2026 Est. MVFT & WSDOT Reimbursement	\$ (399,948)
2026 Budgeted Farebox Revenue	\$ (1,900,000)
2026 Budgeted FHWA FBP Program Funding	\$ (620,645)
<u>2026 Budgeted Youth Ride Free Reimbursement</u>	<u>\$ (15,000)</u>
2026 Projected Road Fund Contribution	\$ 3,167,216

While a 2026 fare proposal that meets the revenue target is required to be included in this report, it is ultimately the decision of the Board of Skagit County Commissioners whether this fare proposal will move forward for consideration/possible adoption. The timeline that follows is in draft form and is subject to updates.

### **Timeline**

The 2025 Ferry Fare Revenue Target Report was posted online alongside budget materials on August 15, opening an early public feedback period.

A non-televised work session was held with the Board of Skagit County Commissioners on September 9, at 1:00 p.m. to discuss the 2025 Ferry Fare Revenue Target Report and the 2026 Proposed Fare Schedule.

A formal presentation to the Board of Skagit County Commissioners was held September 16 at 8:30 a.m.

On October 2, a resolution will be posted announcing a public hearing and outlining the proposed fare changes. Public comments will be accepted from October 2 through October 21, with advertisements running on October 2, 9, and 16.

The public hearing will be held on October 21 at 1:00 p.m., and the public comment period will close at the end of that session.

Comments will be reviewed from October 21 to 28, and a final resolution will be prepared between October 29 and 31.

The proposed 2026 fare schedule will be posted on November 3, with the resolution scheduled for adoption on either November 10, at 2:00 p.m.

If approved, the new fares will take effect on January 1, 2026.

<b>Milestone</b>	<b>Target Date</b>
<b>Post Revenue Target Report Online with Budget Reports</b>	Aug. 15
<b>Early Opportunity for Public Feedback</b>	Aug. 15 - 29
<b>Presentation to the Board of Skagit County Commissioners 2025 Ferry Fare Revenue Target Report</b>	Sept. 16; 8:30 a.m.
<b>Post Resolution Calling for Public Hearing (Includes Proposed Fare Proposal)</b>	Oct. 2
<b>Advertisement Period for Public Hearing (Ad dates Oct. 2, 9 &amp; 16) &amp; Public Comment Period</b>	Oct. 2-Oct. 21
<b>Public Hearing – Public Comment Closes at the Close of the Public Hearing</b>	Oct. 21; 1:00 p.m.
<b>Public Comment Evaluation</b>	Oct. 21-28
<b>Final Resolution Prep</b>	Oct. 29-31
<b>Post Resolution Including 2026 Fare Schedule for Possible Adoption</b>	Nov. 3
<b>Resolution on Consent/or other special agenda/PW session for request for motion for adoption</b>	Nov. 10, at 2:00 p.m.
<b>New Fares (if approved) Take Effect</b>	Jan. 1, 2026

# **APPENDIX A**

## **2026 PROPOSED FARE SCHEDULE**

# 2026 PROPOSED GUEMES ISLAND FERRY FARE SCHEDULE

Effective January 1, 2026, through December 31, 2026

2026 Guemes Island Ferry Fare Schedule	2025 POSTED FARE		2026 PROPOSED POSTED FARE	
FARES <sup>(1) (2) (3)</sup>	NON-PEAK	PEAK	NON-PEAK	PEAK
PASSENGER <sup>(1) (2) (3)</sup>				
Adult	5.50	6.75	6.75	8.50
Senior (+65)/Disabled	3.50	4.00	4.50	5.00
Youth - 18 and under <sup>(4)</sup>	Free	Free	Free	Free
Rider & Bicycle	6.75	8.50	8.50	10.75
Riders & Bicycle senior/disabled	5.00	5.75	6.25	7.25
PASSENGER CONVENIENCE PASS <sup>(1) (2) (3) (5)</sup>				
25-trip adult passenger	122.50	153.75	153.75	197.50
25-trip senior/disabled	81.00	93.50	106.00	118.50
VEHICLE (22 FT OR LESS INLCUDING OVERHANG) <sup>(1) (2) (3)</sup>				
Motorcycle & rider	9.75	14.00	12.50	17.50
Vehicle/driver under 22 feet	17.00	21.00	21.50	26.50
Vehicle/driver senior/disabled under 22 feet	14.00	17.00	17.50	21.50
VEHICLE & DRIVER CONVENIENCE PASS <sup>(1) (2) (3)</sup>				
20-trip under 22 feet	326.00	386.00	416.00	496.00
20-trip under 22 feet senior/disabled	260.00	320.00	330.00	410.00
20-trip Motorcycle	190.00	255.00	245.00	325.00
VEHICLE NEEDS-BASED PASS <sup>(1) (2) (3) (6)</sup>				
5-trip Senior/Disabled (RCW 84.36.381) needs-based	56.00	68.75	71.00	88.00
OVERSIZED VEHICLES <sup>(1) (2) (3)</sup>				
Over 22 feet under 30 feet	26.75	33.75	28.75	35.75
Under 40 feet	52.75	64.50	60.00	71.25
Under 50 feet	78.75	99.00	88.00	103.50
Under 60 feet	115.50	135.00	117.50	132.50
Each 10 foot over 60	20.00	22.75	20.50	22.25
Over width charge (over 8 feet 6 inches)	Double Length Charge			
OVERSIZED VEHICLES 5-TRIP CONVENIENCE PASS <sup>(1) (2) (3)</sup>				
Over 22 feet under 30 feet	133.75	168.75	143.75	178.75
Under 40 feet	263.75	322.50	300.00	356.25
Under 50 feet	393.75	495.00	440.00	517.50
Under 60 feet	577.50	675.00	587.50	662.50

MISCELLANEOUS	2025 Current   2026 Proposed
Operating Hours Extra Run <sup>(7)</sup>	582.70   761.25
Hazardous Materials (HAZMAT) Run <sup>(8)</sup>	786.64   1,027.69
After-Hours Private Charter <sup>(9)</sup>	2,560.84   3,345.40
After-Hours Emergency Services <sup>(10)</sup>	Actual Cost

- (1) All tickets (including convenience passes) are valid through December 31, 2026. Non-peak tickets cannot be used during the peak season (May 20 – September 30).
- (2) No refunds. For questions, contact [pw@co.skagit.wa.us](mailto:pw@co.skagit.wa.us).
- (3) Posted fares include capital vessel replacement surcharge.
- (4) Includes youth traveling on school bus and youth traveling with bicycle.
- (5) Bicycle free with passenger convenience pass.
- (6) Needs-based passes must be purchased in person at 1800 Continental Place, Mount Vernon, ahead of sailing. Eligibility: Guemes Island residents who qualify for, and are actively enrolled in, the County's Senior Citizens and Disabled Persons Exemption Program, as administered by the Skagit County Assessor's Office per RCW 84.36.381, providing certain property tax exemptions for qualifying persons.
- (7) The rate for an extra run during operating hours is \$761.25 (in year 2026). This run is typically offered immediately following the 11:15 a.m. sailing, if available as determined by Ferry Division Manager or his/her designee. Advanced reservations are required, and service is not guaranteed. To request advanced reservations, call the ferry terminal main office at (360) 293-6433 or email [pw@co.skagit.wa.us](mailto:pw@co.skagit.wa.us).
- (8) The rate for the hazardous materials (HAZMAT) run is \$1,027.69 (in year 2026), which covers one trip to Anacortes and one return trip from Guemes Island. This fare may be split by multiple companies onboard and applies regardless of how many trucks are traveling.
- (9) Private charter after-hours ferry service is dependent on the availability of the vessel and crew, and service is not guaranteed. When the ferry is available, as determined by Ferry Division Manager or his/her designee, the after-hours charter fare is \$3,345.40, with a 3-hour maximum. Advance reservation for this service is highly encouraged. This fare does not apply to after-hours emergency services dispatched by 911.
- (10) Emergency services dispatched by 911, Sheriff, Fire, or Utility Dispatch for after-hours ferry service (outside the published sailing schedule), is dependent on the availability of the vessel and crew, and service is not guaranteed. When the ferry is available, as determined by Ferry Division Manager or his/her designee, the fare will be actual hourly costs plus indirect Cost Allocation for Road Funds (Admin Fee). Actual costs include hourly overtime salaries, wages, benefits, fuel, supplies, consumables, and fixed costs associated with operating the ferry system. Fuel, supplies, consumables, and fixed costs will be based on the cost per hour calculation from the 2025 preliminary budget as follows.

2026 Cost Per Hour

Operating supplies - \$25.74

Fuel - \$46.99

Fixed costs - \$687.37

Wages & benefits – TBD

After-hours emergency services have a base cost of \$760.10 for 2026. In addition to this base fee, actual salaries, benefits, and an administrative fee of 18.24% (2025 rate) will apply. The administrative fee will be automatically adjusted on January 1 each year, in alignment with the most current version of the Skagit County Central Services Cost Allocation Plan, as certified by the County Auditor.

Note, after-hours ferry service is not guaranteed. If the request for services is cancelled by 911 or Sheriff/Fire Dispatch, or if the ferry is unavailable, an invoice will be generated for any costs incurred up until cancellation or notice of unavailability.

In accordance with Resolution R20120140, the hours of operation for the Guemes Island Ferry are:

**Peak Season (May 20 through September 30)**

Monday-Thursday	6:30 a.m. to 8:30 p.m.
Friday-Saturday	6:30 a.m. to 11:00 p.m.
Sunday	8:00 a.m. to 10:00 p.m.

**Non-Peak Season (October 1 through May 19)**

Monday-Thursday	6:30 a.m. to 8:30 p.m.
Friday-Saturday	6:30 a.m. to 11:00 p.m.
Sunday	8:00 a.m. to 8:00 p.m.

After-hours service is defined as any services requested outside the hours of operation listed above. These times coincide with the published sailing schedule.

2025 Current and 2026 Proposed Fares

	O&M Fares Do Not Include Surcharge					Posted Fares Include Surcharge				
	2025 Current		2026 Proposed		Surcharge		2025 Current		2026 Proposed	
	O&M		O&M		for Vessel Replacement		Posted		Posted	
	Non Peak	Peak	Non Peak	Peak	Non Peak	Peak	Non Peak	Peak	Non Peak	Peak
PASSENGER (1)										
Adult	4.50	5.75	5.75	7.50	1.00	1.00	5.50	6.75	6.75	8.50
Senior/Disabled	3.00	3.50	4.00	4.50	0.50	0.50	3.50	4.00	4.50	5.00
Youth 18 & Under	Free	Free	Free	Free			Free	Free	Free	Free
Rider & Bicycle	5.75	7.50	7.50	9.75	1.00	1.00	6.75	8.50	8.50	10.75
Riders & Bicycle senior/disabled/youth	4.50	5.25	5.75	6.75	0.50	0.50	5.00	5.75	6.25	7.25
PASSENGER CONVENIENCE PASS (2)										
25 trip adult passengers	112.50	143.75	143.75	187.50	10.00	10.00	122.50	153.75	153.75	197.50
25 trip senior/disabled/youth	75.00	87.50	100.00	112.50	6.00	6.00	81.00	93.50	106.00	118.50
VEHICLE & DRIVER (1)										
Motorcycle & rider	8.75	12.00	11.50	15.50	1.00	2.00	9.75	14.00	12.50	17.50
Vehicle/driver under 22 feet	15.00	18.00	19.50	23.50	2.00	3.00	17.00	21.00	21.50	26.50
Vehicle/driver senior/disabled under 22 feet	12.00	15.00	15.50	19.50	2.00	2.00	14.00	17.00	17.50	21.50
VEHICLE & DRIVER CONVENIENCE PASS (2)										
20 trip under 22 feet	300.00	360.00	390.00	470.00	26.00	26.00	326.00	386.00	416.00	496.00
20 trip under 22 feet senior/disabled	240.00	300.00	310.00	390.00	20.00	20.00	260.00	320.00	330.00	410.00
20 trip Motorcycle	175.00	240.00	230.00	310.00	15.00	15.00	190.00	255.00	245.00	325.00
VEHICLE & SENIOR/DISABLED NEEDS-BASED PASS (2)										
5 trip needs based	51.00	63.75	66.00	83.00	5.00	5.00	56.00	68.75	71.00	88.00
OVERSIZED VEHICLE & DRIVER (1)										
Over 22 feet under 30 feet	22.75	27.75	24.75	29.75	4.00	6.00	26.75	33.75	28.75	35.75
Under 40 feet	44.75	53.50	52.00	60.25	8.00	11.00	52.75	64.50	60.00	71.25
Under 50 feet	67.75	81.00	77.00	85.50	11.00	18.00	78.75	99.00	88.00	103.50
Under 60 feet	96.50	112.00	98.50	109.50	19.00	23.00	115.50	135.00	117.50	132.50
Each foot over 60	16.00	18.75	16.50	18.25	4.00	4.00	20.00	22.75	20.50	22.25
Over width charge							Double Length Charge		Double Length Charge	
OVERSIZED VEHICLE & DRIVER CONVENIENCE PASS (2)										
Over 22 feet under 30 feet	113.75	138.75	123.75	148.75	20.00	30.00	133.75	168.75	143.75	178.75
Under 40 feet	223.75	267.50	260.00	301.25	40.00	55.00	263.75	322.50	300.00	356.25
Under 50 feet	338.75	405.00	385.00	427.50	55.00	90.00	393.75	495.00	440.00	517.50
Under 60 feet	482.50	560.00	492.50	547.50	95.00	115.00	577.50	675.00	587.50	662.50

(1) For single-ride tickets: 30% fare increase applied to 2025 current O&M fare; rounded to the nearest quarter  
(2) For multi-ride passes: the 2026 proposed fare is equal to the 2026 proposed O&M fare for that category multiplied by the number of trips

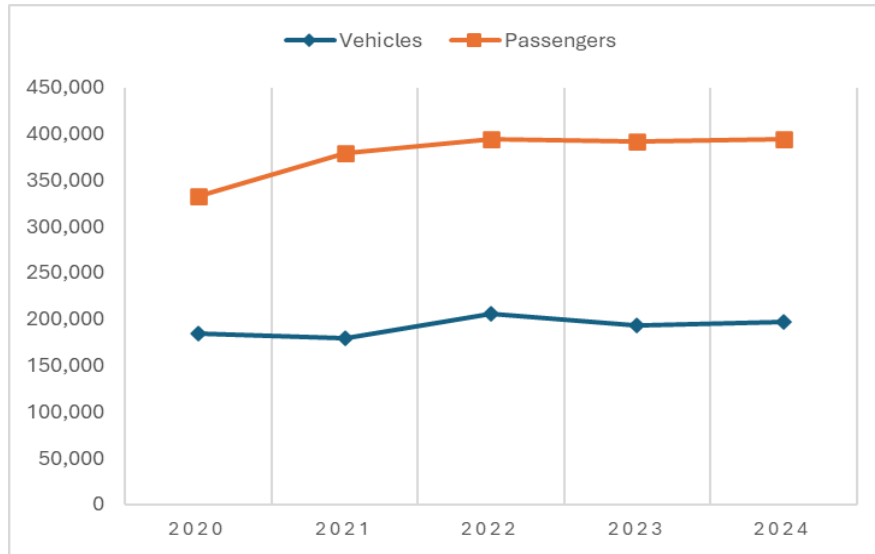


## **APPENDIX B**

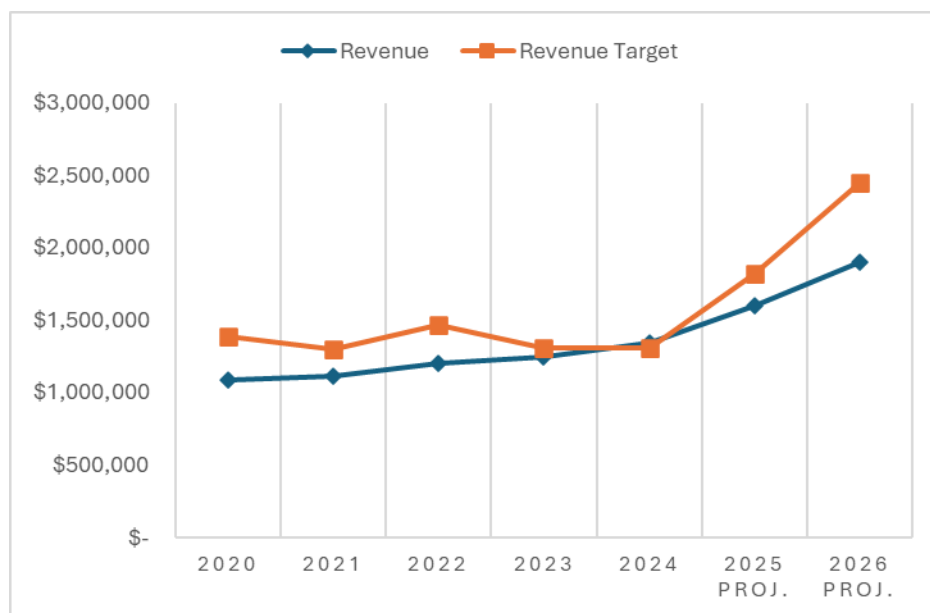
# **RIDERSHIP & REVENUE STATISTICS**

Skagit County Public Works Department  
2025 Ferry Fare Revenue Target Report

Ridership 2020-2024					
	2020	2021	2022	2023	2024
<b>Vehicles</b>	183,852	179,983	205,802	193,310	196,756
<b>Passengers</b>	332,360	379,092	393,937	391,346	393,921



Farebox Revenue 2020-2026							
	2020	2021	2022	2023	2024	2025 Proj.	2026 Proj.
<b>Revenue</b>	\$1,090,088	\$1,115,037	\$1,200,489	\$1,250,681	\$1,346,019	\$1,600,000	\$1,900,000
<b>Revenue Target</b>	\$1,386,935	\$1,300,624	\$1,463,031	\$1,307,220	\$1,307,220	\$1,818,971	\$2,450,825



## **APPENDIX C**

### **2024 COUNTY FERRY SYSTEM OPERATION REPORT**

County Ferry System Operations Report

Skagit County

2024

Expenditures		WSDOT / Ferry Deficit Reimbursement (Net Claimed)	
(1) Operation and Maintenance	\$2,893,135.00	(1) O&M(+)	\$2,893,135.00
Capital		(2) Tolls(-)	\$1,358,581.00
Other Work and Repairs Considered Capital		(3) MVFT(-)	
Interest		Net Claimed	\$1,534,554.00
Depreciation			

Revenues	
(2) Ferry Toll Receipts	\$1,358,581.00
Ferry Deficit Reimbursement (334.03 or 336.00)	\$269,830.00
Other Revenues	\$286,890.00
Total Revenues	\$1,915,301.00

MVFT General Distribution	
Total MVFT - County Roads (336.00.89)	\$2,836,343.00

MVFT Attributable to the Ferry System	
(3) Calculated MVFT Attributable to the Ferry System	\$62,399.55

Vessels					
Name	Year Built	Current Value	Replacement Value	Year Replacement	IPD Adj Replacement Value
M/V Guemes	1979	\$2,200,000.00	\$22,200,000.00	1	\$22,200,000.00

Facilities					
Name	Year Built	Current Value	Replacement Value	Year Replacement	IPD Adj Replacement Value
Anacortes Dock	2011	\$1,424,008.00	\$1,566,409.00	1	\$1,566,409.00
Anacortes Transfer Span	1979	\$1,317,000.00	\$2,000,000.00	1	\$2,000,000.00
Anacortes Breakwater	2016	\$200,000.00	\$462,000.00	1	\$462,000.00
Anacortes Dolphins/Wingwalls	2014	\$1,100,000.00	\$1,144,000.00	1	\$1,144,000.00
Anacortes Head Frame & Towers	1979	\$100,000.00	\$550,000.00	1	\$550,000.00
Anacortes Terminal Buildings	2010	\$778,316.00	\$871,714.00	1	\$871,714.00
Anacortes Parking Lots	2004	\$1,067,948.00	\$1,196,102.00	1	\$1,196,102.00
Anacortes Walkway	2010	\$68,481.00	\$76,699.00	1	\$76,699.00
Guemes Dock	2011	\$1,424,008.00	\$1,566,409.00	1	\$1,566,409.00
Guemes Transfer Span	1979	\$1,317,000.00	\$2,000,000.00	1	\$2,000,000.00

Guemes Dolphins/Wingwalls	2010	\$954,736.00	\$1,069,304.00	1	\$1,069,304.00
Guemes Head Frame & Towers	1979	\$100,000.00	\$550,000.00	1	\$550,000.00
Guemes Passenger Shelter	1979	\$1,000.00	\$20,000.00	1	\$20,000.00
Guemes Parking Lot	1979	\$150,000.00	\$280,000.00	1	\$280,000.00

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 MFVT 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:

  
 County's Interagency Agreement Program Manager

Date:

3/25/25

Signed:

  
 County Engineer

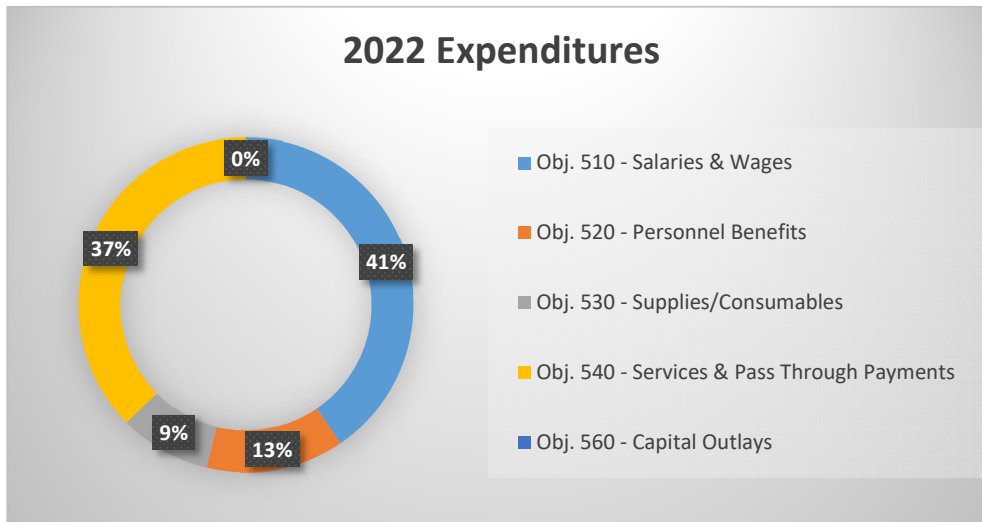
Date:

03/25/2025

## **APPENDIX D**

### **2024 FERRY DIVISION EXPENDITURES**

Dept. 0053 - County Roads				
Div. 004 - Ferry				
	Expenditures	2024 Actual	2024 Budgeted	% Difference
	Obj. 510 - Salaries & Wages	\$ 1,171,005.56	\$ 1,366,585.00	-14%
	Obj. 520 - Personnel Benefits	\$ 384,785.10	\$ 501,832.00	-23%
	Obj. 530 - Supplies/Consumables	\$ 255,441.88	\$ 343,850.00	-26%
	3120 - Operating Supplies	\$ 44,939.44	\$ 75,000.00	-40%
	3200 - Fuel	\$ 209,676.59	\$ 256,850.00	-18%
	3412 - Interfund Parts & Materials	\$ -	\$ 2,000.00	-100%
	3510 - Small Tools & Minor Equipment	\$ 825.85	\$ 10,000.00	-92%
	Obj. 540 - Services & Pass Through Payments	\$ 1,081,902.76	\$ 1,439,308.00	-25%
	4110 - Professional Services	\$ 197,988.61	\$ 226,245.00	-12%
	4153 - Intergovernmental Professional Services	\$ 96.02	\$ 11,248.00	-99%
	4154 - Interfund Payment for Service	\$ 8,900.32	\$ 6,350.00	40%
	4155 - External Taxes & Ops Assessment	\$ 30,657.90	\$ 32,569.00	-6%
	4190 - Interfund Information Services	\$ 83,884.90	\$ 75,557.00	11%
	4230 - Communications	\$ 9,403.41	\$ 9,031.00	4%
	4310 - Travel	\$ 1,473.54	\$ 10,242.00	-86%
	4361 - Meals	\$ 159.83	\$ -	
	4410 - Advertising	\$ 5,927.67	\$ 5,000.00	19%
	4510 - Rentals	\$ 76,374.87	\$ 120,648.00	-37%
	4511 - Interfund Equipment Rental	\$ 13,464.49	\$ 15,000.00	-10%
	4610 - Insurance	\$ 199,480.06	\$ 272,000.00	-27%
	4700 - Utilities	\$ 33,688.47	\$ 34,474.00	-2%
	4810 - Repairs & Maintenance	\$ 244,041.53	\$ 468,022.00	-48%
	4811 - Interfund Shop Labor	\$ 36,616.63	\$ 13,020.00	181%
	4910 - Miscellaneous	\$ 139,744.51	\$ 139,902.00	0%
	O&M Total	\$ 2,893,135.30	\$ 3,651,575.00	-21%
	Obj. 560 - Capital Outlays			
	6310 - Other Improvements		\$ 12,500.00	-100%
	6411 - Equipment > \$5,000		\$ 655,500.00	-100%
	Total <sup>(1)</sup>	\$ 2,893,135.30	\$ 3,651,575.00	-21%



<sup>(1)</sup> Source: Skagit County Cayenta Financial System Report 418 Budget Monitoring 117-4 FY24 (June 11, 2024)

- 3120 - Operating Supplies:  
Office supplies, construction materials & supplies, publications, electrical supplies, paints, lubricants, cleaning supplies, chemicals, filters, etc.
- 3200 - Fuel:  
Diesel fuel for the vessel & standby spill response
- 3412 - Interfund Parts & Materials:  
Parts & materials purchased from ER&R
- 3510 - Small Tools & Minor Equipment:  
Office furniture, tools, shop equipment, wheelhouse electronics & safety supplies
- 4110 - Professional Services:  
Professional services provided by outside consultants
- 4153 - Intergovernmental Professional Services:  
Professional services provided by other government agencies
- 4155 - External Taxes & Ops Assessment:  
DNR lease and excise taxes
- 4190 - Interfund Information Services:  
Skagit County IT Department support & equipment
- 4230 - Communications:  
Telephones; specifically: terminal land lines, fax line, manager/staff cell phones, iPhones for credit card processing
- 4310 - Travel:  
Lodging, mileage, per diem for employee travel/training/haul-out
- 4361 - Meals:  
Refreshments for public meetings
- 4410 - Advertising:  
Legal notices for projects or advertising for hiring
- 4510 - Rentals:  
Passenger-only service & other rentals
- 4511 - Interfund Equipment Rental: Vehicle & equipment rentals
- 4700 - Utilities:  
Water, sewer, garbage, electricity for Anacortes ferry terminal building, docks & facilities
- 4810 - Repairs & Maintenance:  
Contracted labor for the repair & maintenance of the vessel, buildings, structures & equipment
- 4811 - Interfund Shop Labor:  
ER&R shop mechanic's labor for vessel & equipment repairs & maintenance
- 4910 - Miscellaneous:  
Services & supplies for ticketing, uniforms, armored car services, pest control, printing & mailing, laundry, locksmith, conference/training registration fees, USCG documentation fees, association membership fees, merchant services fees, credit card transaction fees, etc.
- 6310 - Other Improvements: Costs incurred in the acquisition, construction or improvement of Bridges, Culverts, Water/Sewer Systems, Fuel Depots, Parking Areas, Roadways, Storm Drains, Lighting Systems, Sidewalks etc. that are purchased by the County or constructed using contracted (external) labor and supplies. Includes incidental costs of same.
- 6411 - Equipment > \$5,000: Purchase of Ferry Machinery and Equipment over \$5,000 including shipping, tax, and any other costs to place equipment in service