



ELIZABETH KOSA
DIRECTOR

MEMORANDUM

To: The Honorable County Executive Satpal Singh Sidhu and Honorable Members of the County Council

Through: Elizabeth Kosa, Public Works Director

From: Randy Rydel, Public Works Financial Services Manager

Date: June 8, 2023

Re: A Resolution Seeking Approval of Public Works Interpretation of Ambiguous Language in WCC 10.34.030

Requested Action

Public Works respectfully requests that the Whatcom County Council review and approve the proposed resolution providing clarity to the 2007-2022 Whatcom County Ferry Fare Box Reserve calculations.

Background and Purpose

Whatcom County code 10.34 provides the framework for the annual calculation of the Fare Box Recovery Goal. Calculating the Fare Box Recovery Goal is important as it is the key to setting user fees and determining the need before increasing or reducing fares.

In 2008, additional calculation language was added to section 10.34.030, stating "income from the state Motor Vehicle Fuel Tax for ferry operation" was to be included in the calculation. Public Works applied this language to the 2007-2022 calculations by including only the "Ferry Deficit Reimbursement Funding." This interpretation by Public Works Administration relied on nuanced information provided by the County Road Administration Board (CRAB). It excluded an additional revenue stream received by the Road Fund, "Motor Vehicle Fuel Tax attributable to the Ferry."

A recent review of the Cumulative Fare Box Reserve, the difference between actual collections and the goal from 2006-2022, prompted further reviews of the calculation, including going back to the source material and the code. This review found that "Ferry Deficit Reimbursement Funding" and "Motor Vehicle Fuel Tax attributable to the Ferry" are both derived from state Motor Vehicle Fuel Tax and given that they are both provided to the county based on our operation of a ferry.

This is not the first time the ambiguous language of the code has been noted. It was pointed out to Public Works Administration by CRAB (the Monsen email) in 2010 and brought to the council as part of a larger, failed attempt to clarify the Fare Box Recovery Goal calculation in 2013. It is clear that the interpretation of this language has a history of confusion.

At this time, Public Works believes that the "Motor Vehicle Fuel Tax attributable to the Ferry" could be part of the Fare Box Recovery Goal calculation within a reasonable interpretation of the existing code. Applying this interpretation retroactively to 2007-2022 calculations results in a \$1.5M increase to the Cumulative Fare Box Reserve, going from a 2022 year-end deficit of \$0.5M to a surplus of \$1M. This change in the Cumulative Fare Box Reserve does not affect the Ferry Fund balance, \$2.1M, at 2022 year-end. It does change the attribution of that \$2.1M fund balance to \$1M Fare Box Reserve and \$1.1M Other Funding Sources. This resolution seeks council confirmation of this reasonable interpretation change in past practice.

Please contact me at extension 6217 if you have any questions or concerns regarding this resolution.