

Whatcom County Public Works Ferry Operations Report

**2021 Fiscal Year
with 2022 projections
Updated 1/9/2023**

This Report Prepared and Published by
Whatcom County Public Works
October 2022



Report Information

- This report was compiled using current and historical ridership and financial data current through August 31, 2022. All numbers from 2022 forward are projections based on the best available information including trends and approved/proposed budgets.
- Revenue and expense projections utilize current trends which may not match the budget for 2022-2024.
- This report was updated in early January 2023 to incorporate the most current ridership and expense information for the included 2022 projections. 2022 numbers are still projections. Additionally, 2023-2024 numbers come from the council approved 2023-2024 budget.

Report Content

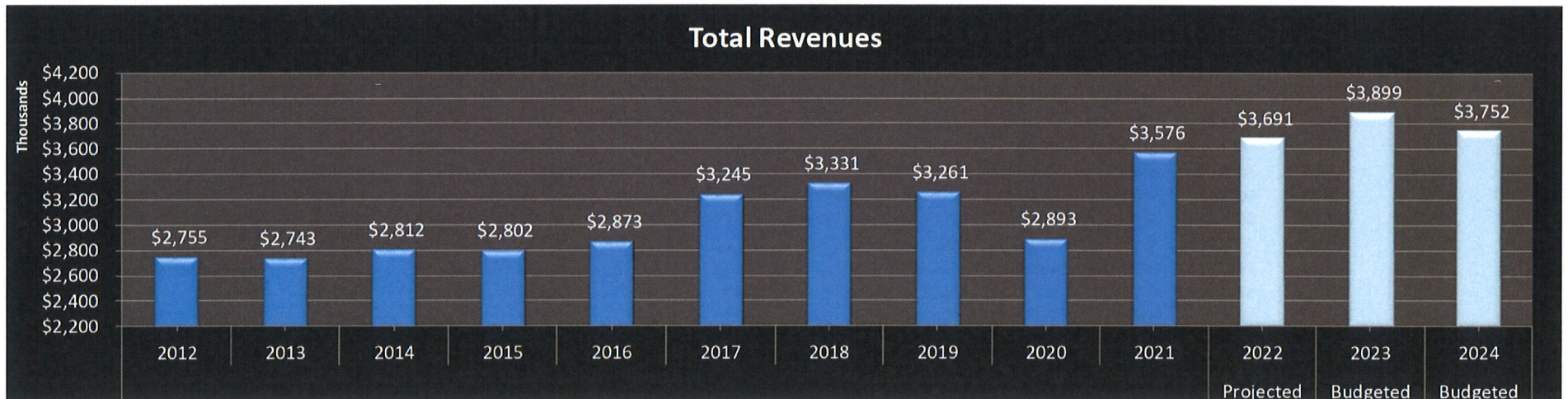
- Financial Summary([page 4](#))
- Summary of Revenues ([page 5](#))
- Summary of Expenditures ([page 6](#))
- Overview of Ferry Fund Balance ([page 7](#))
- Adjusted Total Operating Expense calculation ([page 8](#))
- Summary of 45%/55% Expenditure Split ([page 9](#))
- Ferry System Funding Sources and Uses ([page 10](#))
- Analysis of Vessel Rental Rate ([page 11](#))
- Analysis of Fare Box Recovery ([page 12](#))
- Cumulative Fare Box Reserve ([page 13](#))
- Summary of Ridership Statistics ([page 14](#))
- Ridership by Fare Type ([page 15](#))
- Appendix A – Multi year Income Statement ([page 16](#))

Financial Summary

Income Statement	2021	Projected 2022	Budgeted 2023	Budgeted 2024
Fares	\$1,526,180	\$1,538,465	\$1,600,000	\$1,640,000
Ferry Deficit Reimbursement	\$479,940	\$395,194	\$320,000	\$320,000
Interest and Other Income	\$ (4,438)	\$22,000	\$16,000	\$16,000
Road Fund Subsidy (45%)	<u>\$1,574,114</u>	<u>\$1,734,719</u>	<u>\$1,962,800</u>	<u>\$1,776,000</u>
Total Revenue	\$3,575,796	\$3,690,514	\$3,899,150	\$3,752,350
Less Operating Expenditures	<u>(\$3,499,396)</u>	<u>(\$3,854,932)</u>	<u>(\$4,361,803)</u>	<u>(\$3,946,609)</u>
Net Income (Loss)	<u>\$76,400</u>	<u>(\$164,418)</u>	<u>(\$462,653)</u>	<u>(\$194,259)</u>
Ending Fund Balance	\$2,491,695	\$2,327,277	\$1,864,624	\$1,670,365

Summary of Revenues

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	Projected <u>2022</u>	Budgeted <u>2023</u>	Budgeted <u>2024</u>
Revenues:													
State Grants Revenues & Entitlements	\$ 181,433	\$ 134,374	\$ 211,515	\$ 161,839	\$ 132,026	\$ 316,769	\$ 337,738	\$ 288,631	\$ 237,055	\$ 479,940	\$ 395,194	\$ 320,000	\$ 320,000
Other Misc. Revenue	526	277	2,403	200	871	389	137	32	(15)	28	136	350	350
Fares	1,447,131	1,475,990	1,481,783	1,459,800	1,479,971	1,521,088	1,551,294	1,524,448	1,167,302	1,526,180	1,538,465	1,600,000	1,640,000
Interest Earnings*	6,142	(2,364)	11,693	9,694	3,282	24,200	26,961	69,097	51,631	(4,466)	22,000	16,000	16,000
Total Revenues	1,635,232	1,608,277	1,707,394	1,631,533	1,616,150	1,862,446	1,916,130	1,882,209	1,455,973	2,001,682	1,955,795	1,936,350	1,976,350
Road Fund Subsidy	1,119,611	1,134,729	1,104,502	1,170,156	1,256,594	1,382,155	1,414,729	1,379,043	1,437,495	1,574,114	1,734,719	1,962,800	1,776,000
Total Inflow	\$2,754,843	\$2,743,006	\$2,811,896	\$2,801,689	\$2,872,744	\$3,244,602	\$3,330,859	\$3,261,252	\$2,893,468	\$3,575,796	\$3,690,514	\$3,899,150	\$3,752,350



* - Includes unrealized investment revenue/loss

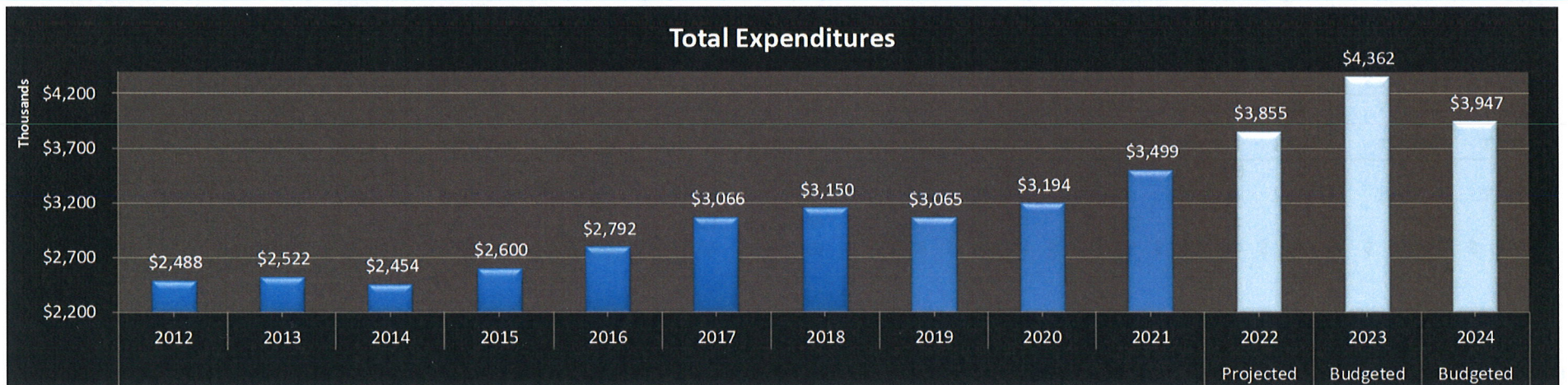
1/23/11: \$3 surcharge implemented

4/26/12: Free passenger and pedestrian travel for all children under age 19.

10/4/15: \$3 surcharge dropped as surcharge and incorporated into fare structure

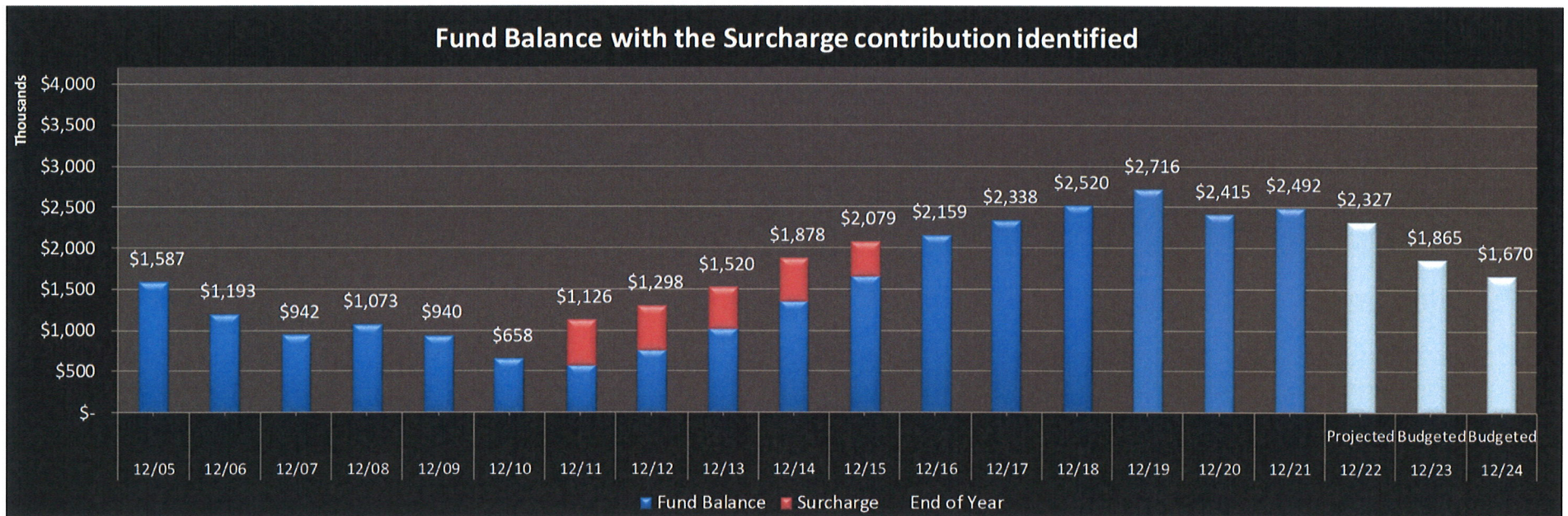
Summary of Expenditures

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	Projected <u>2022</u>	Budgeted <u>2023</u>	Budgeted <u>2024</u>
Expenditures:													
Salaries and Benefits	\$ 1,053,338	\$ 1,083,176	\$ 1,130,790	\$ 1,170,767	\$ 1,259,192	\$ 1,289,492	\$ 1,348,469	\$ 1,437,736	\$ 1,455,624	\$ 1,491,734	\$ 1,485,303	\$ 1,600,541	\$ 1,658,840
Office and Operating Supplies	8,740	3,793	2,061	3,058	3,553	3,703	5,199	5,895	8,199	7,706	6,312	10,975	11,475
Dry Dock Fuel	10,851	3,796	9,218	7,562	7,335	3,478	7,797	5,411	5,176	6,615	8,692	15,000	12,500
Professional/Contractual Services	124,052	61,737	49,413	82,442	75,849	125,928	279,679	105,095	109,770	149,148	119,644	104,300	80,300
Postage, travel, advertising	15,152	14,419	15,033	10,286	20,425	22,709	23,555	28,088	23,104	29,321	18,994	38,650	28,400
Space Rental	225,460	249,425	212,036	233,854	232,052	234,144	235,150	242,516	256,815	256,802	259,519	280,449	299,149
Equipment Rental	600,000	600,000	600,000	600,000	600,000	576,000	576,000	600,000	600,000	840,000	840,000	960,000	960,000
Ferry Insurance	36,686	45,063	28,829	61,762	60,136	61,836	48,220	51,656	54,587	69,498	90,182	85,134	89,134
Utilities	9,467	10,477	10,856	9,769	10,694	9,695	9,282	10,968	10,045	10,450	11,652	11,310	11,310
Repairs & Maintenance	130,886	166,258	150,004	146,689	222,663	363,130	290,432	213,901	286,419	220,614	602,958	733,300	258,300
Miscellaneous - include cost alloc.	273,391	283,477	246,209	274,159	300,530	375,423	325,977	363,273	384,694	417,506	411,676	522,144	537,201
Total Expenditures	\$ 2,488,023	\$ 2,521,621	\$ 2,454,448	\$ 2,600,348	\$ 2,792,432	\$ 3,065,538	\$ 3,149,759	\$ 3,064,540	\$ 3,194,433	\$ 3,499,396	\$ 3,854,932	\$ 4,361,803	\$ 3,946,609



Overview of Ferry Fund Balance

End of Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Projected 2022	Budgeted 2023	Budgeted 2024
Fund Balance	\$1,587	\$1,193	\$942	\$1,073	\$940	\$658	\$1,126	\$1,298	\$1,520	\$1,878	\$2,079	\$2,159	\$2,338	\$2,520	\$2,716	\$2,415	\$2,492	\$2,327	\$1,865	\$1,670



Note: Surcharge added in 2011. The cumulative surcharge collected 2011 to 2015 was \$2,495K. Surcharge language has since been removed and the surcharge was incorporated into fare structure.

Adjusted Operating Cost Calculation

Income Statement	2021	Projected 2022	Budgeted 2023	Budgeted 2024
Total Operating Cost	\$3,499,396	\$3,854,932	\$4,361,803	\$3,946,609
Less Ferry Deficit Reimbursement	(\$479,940)	(\$395,194)	(\$320,000)	(\$320,000)
Less Interest and Other Income	\$4,466	(\$22,000)	(\$16,000)	(\$16,000)
Less County Vehicle Trip Credit	<u>(\$6,460)</u>	<u>(\$5,000)</u>	<u>(\$5,000)</u>	<u>(\$5,000)</u>
Adjusted Total Operating Cost (ATOC)	\$3,017,434	\$3,432,738	\$4,020,803	\$3,605,609
55% of Adjusted Total Operating Cost yields a Council defined Fare Goal of:	<u>\$1,659,589</u>	<u>\$1,888,006</u>	<u>\$2,211,442</u>	<u>\$1,983,085</u>
Actual and Budgeted Fare Collection	\$1,526,180	\$1,538,465	\$1,600,000	\$1,640,000

45/55 Expenditure Split

Funding Sources and Goals	2021	Projected 2022	Budgeted 2023	Budgeted 2024
---------------------------	------	----------------	---------------	---------------

Road Fund

Total Operating Cost	\$3,499,396	\$3,854,932	\$4,361,803	\$3,946,609
Road Fund Subsidy – 45% of Operating Costs	\$1,574,114	\$1,734,719	\$1,962,800	\$1,776,000

Passenger Fares

Adjusted Total Operating Costs (ATOC)	\$3,017,434	\$3,432,738	\$4,020,803	\$3,605,609
Fare box Goal – 55% of ATOC	\$1,659,589	\$1,888,006	\$2,211,442	\$1,983,085
Actual/Projected Fares Collected	\$1,526,180	\$1,538,465	\$1,600,000	\$1,640,000
Fare box deficit resulting from collected fares not meeting the targeted 55% of ATOC	<u>(\$133,408)</u>	<u>(\$349,541)</u>	<u>(\$611,442)</u>	<u>(\$343,085)</u>

Sources and Uses – Total Ferry System

Ferry Related Uses		2021		Projected 2022	
Ferry Fund	Operating Expenses	\$3,499,396		\$3,854,932	
Ferry Fund	Fund Balance Increase	76,400		-	
Road Fund	Ferry Capital Projects	460,345		1,540,000	
	Total Ferry System Expenditures	<u>\$4,036,141</u>		<u>\$5,394,932</u>	
Ferry Revenue Sources					
Passengers	Fare box Receipts	\$1,526,180	38%	\$1,538,465	29%
Ferry Fund	Fund Balance Decrease	-		164,418	3%
Other Sources	Interest and Fees Collected	(4,466)		22,136	
State MVFT	Deficit Reimbursement Agreement	479,940	12%	395,194	7%
Road Fund	Contribution to Ferry System	2,034,487	50%	3,274,719	61%
	Total Ferry System Revenues	<u>\$4,036,141</u>	100%	<u>\$5,394,932</u>	100%

Analysis of Vessel Rental Rate

As part of Whatcom Counties Equipment Rental and Revolving (ER&R) fleet, the Whatcom Chief is owned and maintained by the ER&R fund. For a monthly rental expense, the ER&R fund covers annual dry dock expenses, fuel, and other expenses related to operating and maintaining the vessel. The rental rate is intended to be a consistent expense for the ferry fund, providing a smoothing effect as a shock absorber to the fluctuations in fuel and dry dock expenses that are part of ferry operations. The ER&R fund maintains a cumulative equity calculation based on total rental revenue received from the ferry fund less the total annual operating expenses. Over the years the balance has seen positive \$337k and negative \$223K. As of 2021 the ferry equity is positive \$20,717 and anticipated to grow due to lighter than normal dry dock expenses and increased rental rates.

Vessel Equity Breakdown	2018	2019	2020	2021	Projected 2022	Projected 2023	Projected 2024
Annual Fuel	\$129,389	\$124,733	\$89,079	\$124,533	\$215,000	\$200,000	\$200,000
Dry Dock	620,559	567,196	305,785	587,778	330,000	550,000	375,000
Other Repairs	94,595	66,045	48,490	39,784	63,000	63,000	65,000
Expense Total (-)	<u>\$844,543</u>	<u>\$757,974</u>	<u>\$443,355</u>	<u>\$752,094</u>	<u>\$608,000</u>	<u>\$813,000</u>	<u>\$640,000</u>
Annual Rental Rate (+)	\$576,000	\$600,000	\$600,000	\$840,000	\$840,000	\$960,000	\$960,000
Cumulative Equity Balance	(\$65,860)	(\$223,834)	(\$67,189)	\$20,717	\$252,717	\$399,717	\$719,717

Analysis of Fare Box Recovery

WCC 10.34.030 has defined a fare box recovery goal of 55% with direction that it be continuously evaluated from 2006 onward stating that “An annual review of ferry system services, actual and projected operating costs, and actual and projected revenue from ferry user fees shall occur in order to verify the 55 percent fare box recovery rate is being achieved.”

Excess Fare Box	2018	2019	2020	2021	Projected 2022	Budgeted 2023	Budgeted 2024
Annual fare box change	\$24,289	\$41,258	(\$424,889)	(\$133,408)	(\$349,241)	(\$611,249)	(\$342,892)
Cumulative fare box excess	\$374,612	\$415,870	(\$9,019)	(\$142,427)	(\$491,668)	(\$1,102,917)	(\$1,445,809)

With COVID-19 changing ridership patterns in 2020, fares have not supported the expenditures of the operations. This has resulted in a cumulative fare box deficit of \$142k in 2021 and a projection of \$492k to end 2022.

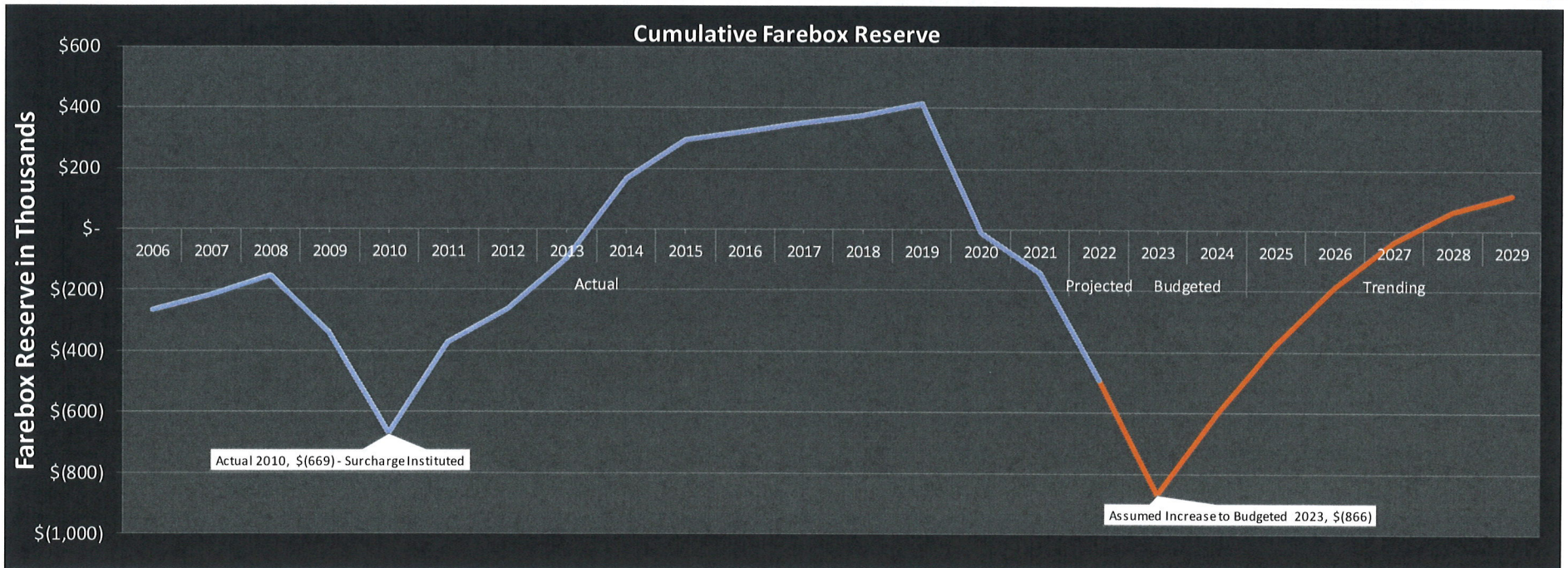
Ridership Supported Expenditure Limits	2018	2019	2020	2021	Projected 2022	Budgeted 2023	Projected 2024
Fare box revenue of:	\$1,551,294	\$1,524,448	\$1,167,302	\$1,526,180	\$1,538,465	\$1,600,000	\$1,640,000
At a 55% fare box recovery goal will support expenses of:	\$3,190,000	\$3,134,000	\$2,416,000	\$3,255,000	\$3,220,000	\$3,250,000	\$3,323,000
% Change in fare revenue needed to carry annual budgeted expenditures:	-1%	-3%	37%	9%	23%	38%	21%

Budgeted fare revenue for 2023 only supports \$3.25M of the expected \$4.4M of expenditures. Without a significant change in ridership patterns or other system intervention to reduce expenses, fares would need to be increased 38% to meet the WCC 10.34 Farebox goal of covering 55% of Adjusted Operating Expenses.

Cumulative Farebox Reserve

In Thousands	Actual																Projected Budgeted	
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Starting Reserve	\$ -	\$ (265)	\$ (217)	\$ (152)	\$ (340)	\$ (669)	\$ (371)	\$ (261)	\$ (95)	\$ 167	\$ 295	\$ 322	\$ 350	\$ 375	\$ 416	\$ (9)	\$ (142)	\$ (492)
Annual Change	\$ (265)	\$ 49	\$ 64	\$ (188)	\$ (329)	\$ (241)	\$ (417)	\$ (333)	\$ (254)	\$ (285)	\$ 27	\$ 28	\$ 24	\$ 41	\$ (425)	\$ (133)	\$ (349)	\$ (611)
Surcharge/Increase Proposal						\$ 540	\$ 527	\$ 500	\$ 515	\$ 413								\$ 237
Ending Reserve	\$ (265)	\$ (217)	\$ (152)	\$ (340)	\$ (669)	\$ (371)	\$ (261)	\$ (95)	\$ 167	\$ 295	\$ 322	\$ 350	\$ 375	\$ 416	\$ (9)	\$ (142)	\$ (492)	\$ (866)

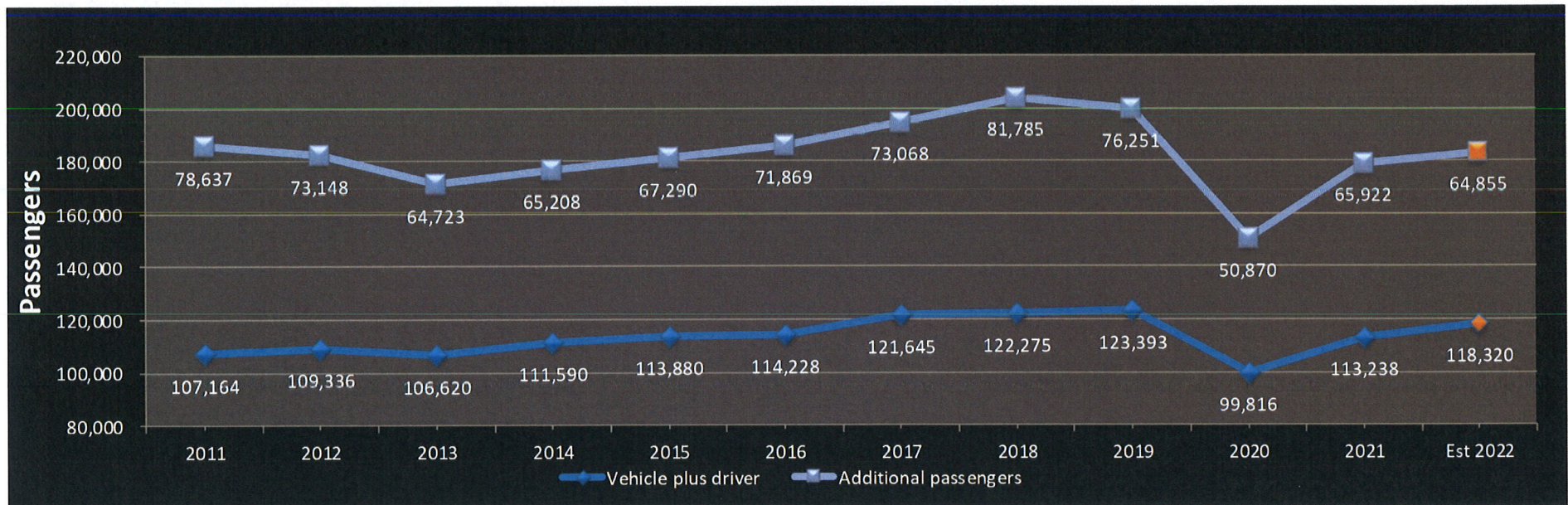
Increase In Fares 37%



This graph tracks the year over year excess and deficit calculated using the Adjusted Total Operating Costs X 55%. In 2010 Council instituted a Surcharge to correct the fund balance and bring the cumulative farebox back in line.

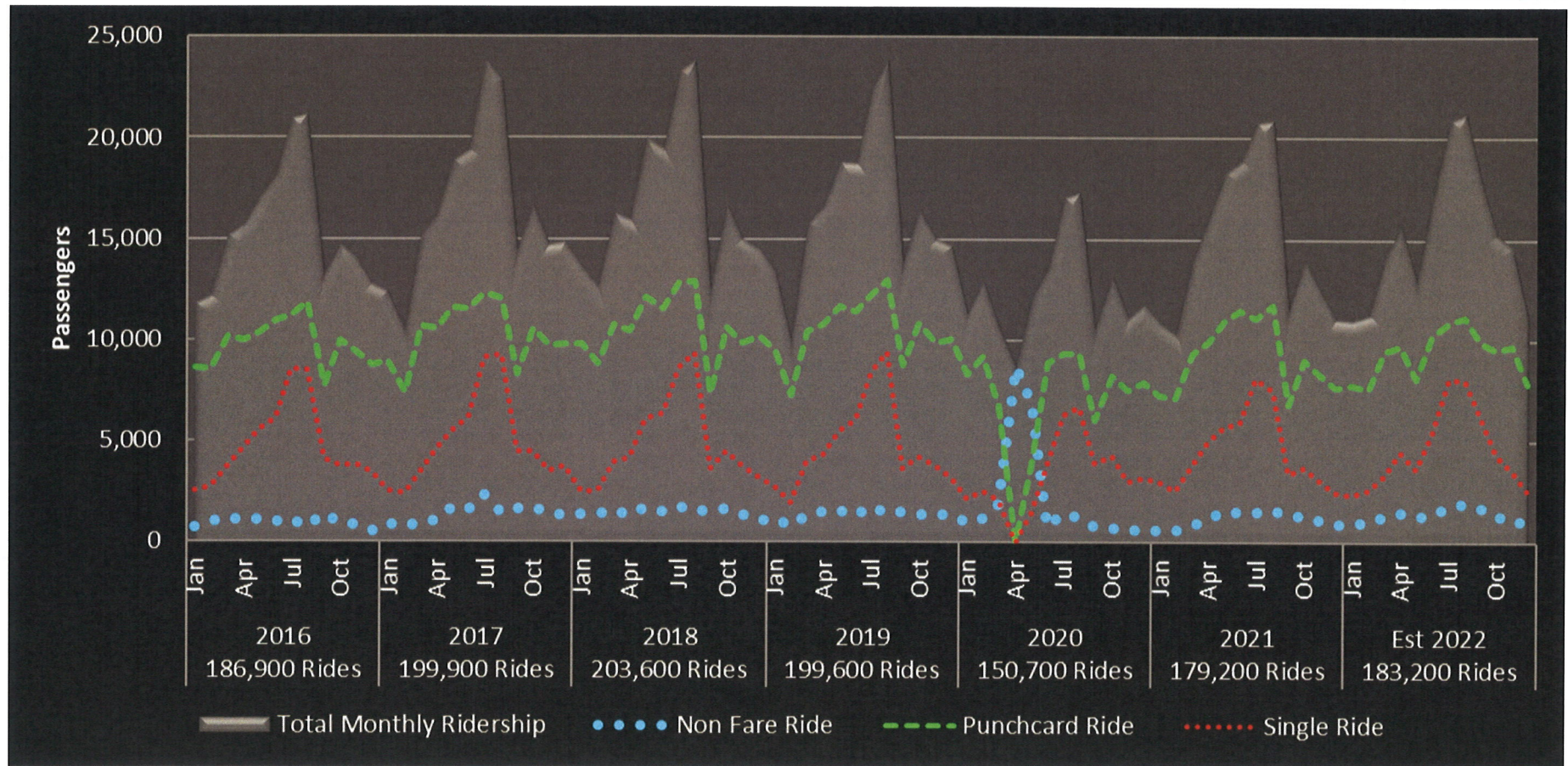
Summary of Ridership Statistics

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Est 2022	2022 change from 2021
Vehicle plus driver	107,164	109,336	106,620	111,590	113,880	114,228	121,645	122,275	123,393	99,816	113,238	118,320	4.5%
Additional passengers	78,637	73,148	64,723	65,208	67,290	71,869	73,068	81,785	76,251	50,870	65,922	64,855	-1.6%
Total ridership	185,801	182,484	171,343	176,798	181,170	186,097	194,713	204,060	199,644	150,686	179,160	183,175	2.2%



Note: Traffic is up significantly from 2020 mid-COVID ridership. Vehicle ridership is in line with 2016 numbers while passenger trips have not yet rebounded.

Ridership by Fare Type



Appendix A – Income Statement

Ferry Fund

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	Projection <u>2022</u>	Budget <u>2023</u>	Budget <u>2024</u>
Revenues:												
State Grants Revenues & Entitlements	\$ 134,374	\$ 211,515	\$ 161,839	\$ 132,026	\$ 316,769	\$ 337,738	\$ 288,631	\$ 237,055	\$ 479,940	\$ 395,194	\$ 320,000	\$ 320,000
Other Misc. Revenue	277	2,403	200	871	389	137	32	(15)	28	136	350	350
Fares	1,475,990	1,481,783	1,459,800	1,479,971	1,521,088	1,551,294	1,524,448	1,167,302	1,526,180	1,538,465	1,600,000	1,640,000
Interest Earnings	(2,364)	11,693	9,694	3,282	24,200	26,961	69,097	51,631	(4,466)	22,000	16,000	16,000
Total Revenues	1,608,277	1,707,394	1,631,533	1,616,150	1,862,446	1,916,130	1,882,208	1,455,973	2,001,682	1,955,795	1,936,350	1,976,350
Road Fund Subsidy (45% of Expenses)	1,134,729	1,104,502	1,170,156	1,256,594	1,382,155	1,414,729	1,379,043	1,437,495	1,574,114	1,734,719	1,962,800	1,776,000
Total Inflow	\$2,743,006	\$2,811,896	\$2,801,689	\$2,872,744	\$3,244,602	\$3,330,859	\$ 3,261,251	\$2,893,468	\$ 3,575,796	\$ 3,690,514	\$ 3,899,150	\$3,752,350
Expenditures:												
Salaries and Benefits	\$1,083,176	\$1,130,790	\$1,170,767	\$1,259,192	\$1,289,492	\$1,348,469	\$ 1,437,736	\$1,455,624	\$ 1,491,734	\$ 1,485,303	\$ 1,600,541	\$1,658,840
Office and Operating Supplies	3,793	2,061	3,058	3,553	3,703	5,199	5,895	8,199	7,706	6,312	10,975	11,475
Dry Dock Fuel	3,796	9,218	7,562	7,335	3,478	7,797	5,411	5,176	6,615	8,692	15,000	12,500
Professional/Contractual Services	61,737	49,413	82,442	75,849	125,928	279,679	105,095	109,770	149,148	119,644	104,300	80,300
Postage, travel, advertising	14,419	15,033	10,286	20,425	22,709	23,555	28,088	23,104	29,321	18,994	38,650	28,400
Space Rental	249,425	212,036	233,854	232,052	234,144	235,150	242,516	256,815	256,802	259,519	280,449	299,149
Boat Rental	600,000	600,000	600,000	600,000	576,000	576,000	600,000	600,000	840,000	840,000	960,000	960,000
Ferry Insurance	45,063	28,829	61,762	60,136	61,836	48,220	51,656	54,587	69,498	90,182	85,134	89,134
Utilities	10,477	10,856	9,769	10,694	9,695	9,282	10,968	10,045	10,450	11,652	11,310	11,310
Repairs & Maintenance	166,258	150,004	146,689	222,663	363,130	290,432	213,901	286,419	220,614	602,958	733,300	258,300
Miscellaneous - include cost alloc.	283,477	246,209	274,159	300,530	375,423	325,977	363,273	384,694	417,506	411,676	522,144	537,201
Total Expenditures	\$2,521,621	\$2,454,448	\$2,600,348	\$2,792,432	\$3,065,538	\$3,149,759	\$ 3,064,540	\$3,194,433	\$ 3,499,396	\$ 3,854,932	\$ 4,361,803	\$3,946,609
Change in net position	\$ 221,385	\$ 357,449	\$ 201,341	\$ 80,312	\$ 179,064	\$ 181,100	\$ 196,711	\$ (300,965)	\$ 76,400	\$ (164,418)	\$ (462,653)	\$ (194,259)
Net position - beginning	1,298,898	1,520,283	1,877,731	2,079,072	2,159,385	2,338,449	2,519,549	2,716,260	2,415,295	2,491,695	2,327,278	1,864,625
Net position - ending	1,520,283	1,877,731	2,079,072	2,159,385	2,338,449	2,519,549	2,716,260	2,415,295	2,491,695	2,327,278	1,864,625	1,670,366
Annual Farebox Surplus (Deficit)	\$ 166,906	\$ 261,054	\$ 128,357	\$ 27,073	\$ 28,344	\$ 24,289	\$ 41,258	\$ (424,889)	\$ (133,408)	\$ (349,241)	\$ (611,249)	\$ (342,892)
Cumulative Farebox Surplus (Deficit)	(94,505)	166,549	294,907	321,979	350,324	374,613	415,870	(9,018)	(142,427)	(491,668)	(1,102,917)	(1,445,809)
Total Expenditures	\$2,521,621	\$2,454,448	\$2,600,348	\$2,792,432	\$3,065,538	\$3,149,759	\$ 3,064,540	\$3,194,433	\$ 3,499,396	\$ 3,854,932	\$ 4,361,803	\$3,946,609
Expense Supported by Annual Fare Collection at 55%	2,821,000	2,925,000	2,831,000	2,832,000	3,112,000	3,190,000	3,134,000	2,416,000	3,255,000	3,220,000	3,250,441	3,323,000
Excess Expenditures starting when Cumulative Farebox went negative:								\$ 778,433	\$ 244,396	\$ 634,932	\$ 1,111,362	\$ 623,609
Fare increase needed to support annual expenses:								37%	9%	23%	38%	21%