

June 02, 2026

Lummi Ferry Replacement and System Modernization Project

Ferry District Levy Rate Work Session

Agenda

- Where We Are
- Project Cost History
- Approach
- Findings
- Next Steps
- Discussion

Where We Are

- In April Public Work's director Elizabeth Kosa facilitated a work session on the need for and a proposed Whatcom County Ferry District.
- On May 12th the Council adopted the ordinance establishing a county wide Ferry District
- Today's work session is the second step in developing a ferry taxing district
 - Understand funding needs
 - Explore funding scenarios
 - Gauge levy level requirements for alternative funding scenarios

Project Cost History

- In the fall of 2024 the replacement project was estimated to cost \$93M
- Public works has reduced the scale of the replacement project as much as possible
- The hybrid electric 34 car vessel has been scaled back to a diesel-electric battery hybrid 20-car vessel
- Electrification and other select shoreside infrastructure was eliminated

Project Cost History (continued)

- These changes reduced the estimated cost of the project from \$93M to \$54M
- However, even at the reduced cost and with Federal and State grants and appropriations, the County does not have existing reserves or in-hand funding sources to cover approximately a \$19M replacement project funding gap

Analysis Approach

Analysis was conducted in five steps:

1. Calculate levy yields
2. Define program funding level options to evaluate
3. Identify and quantify fund uses
4. Identify and quantify fund sources
5. Project the fund balance & identify required levy rate to eliminate the shortfall

Analysis Caveats

- Prices and economic forecasts are volatile and local market conditions can change
- Historical cost data is a good predictor of some costs, like crew labor, but less reliable for certain new vessel costs such as maintenance, repair and drydocking
- Levy yields should be confirmed/projected by the Assessor's Office
- Property tax revenue grows at a slower pace than inflation
- Future capital grants and appropriations are uncertain

1. Calculate Levy Yields

- Estimate 2027 assessed valuation
- Calculate the yield at every rate between 1 and 10 cents per \$1,000 of assessed valuation

2027 Estimated Assessed Valuation

Levy Rate	2027 Yield
\$.01	700,000
\$.02	1,300,000
\$.03	2,000,000
\$.04	2,600,000
\$.05	3,300,000
\$.06	3,900,000
\$.07	4,600,000
\$.08	5,200,000
\$.09	5,900,000
\$.10	6,600,000

2. Define Program Funding Level Option

Four possible ferry district program funding level options were defined.

Fund Uses	Level 4	Level 3	Level 1A	Level 1B
	Full Funding	Core Program	Replacement Debt Payment Only	Replacement + Uplands Debt Payment
Annual Operating Expenses	X	X		
Near-term Capital Improvements	X	X		
Tidelands Lease	X	X		
Uplands Lease Repayment	X	X		X
Replacement Project Debt Payment	X	X	X	X
Operating Reserve	X			
Future Gooseberry Point Terminal	X			
Mid-cycle vessel Refurbishment	X			
Future Vessel Replacement Reserve	X			

3. Identify and Quantify Fund Uses

Annual uses of funds were projected to year 2027 using using actual

- expenditures adjusted for the new vessel profile
- the replacement project financial plan and
- marine industry data

	Level 3	Level 2	Level 1A	Level 1B
	Full Funding	Core Program	Replacement Debt Payment Only	Replacement + Uplands Debt Payment
Annual Operating Expense	5,500,000	5,500,000		
Near-term Terminal Capital Investments	1,000,000	1,000,000		
Tidelands Lease Payments	200,000	200,000		
Uplands Lease Repayment	400,000	400,000		400,000
Annual Ferry Debt Payment	1,600,000	1,600,000	1,600,000	1,600,000
Operating Reserve Fund Annual Reserve	200,000			
Future Gooseberry Point Terminal	1,300,000			
Mid-cycle Vessel Refurbishment	600,000			
Future Vessel Replacement Capital Reserve	900,000			
Total Funds Used	11,700,000	8,700,000	1,600,000	2,000,000

4. Identify and Quantify Existing Fund Sources

Annual uses of funds were projected to year 2027 using

- Actual revenue data
- Replacement project financial plan

	Level 3	Level 2	Level 1A	Level 1B
	Full Funding	Core Program	Replacement Debt Payment Only	Replacement + Uplands Debt Payment
Federal Ferry Boat Program	700,000	700,000		
Farebox (Ferry Users)	2,200,000	2,200,000		
Capital Surcharge (Ferry Users)	200,000	200,000		
Other State Funding	500,000	500,000		
Crab Grant	500,000	500,000	500,000	500,000
Total Fund Sources	4,100,000	4,100,000	500,000	500,000

5. Project Fund Balance and Levy Level

- Calculate the net cash position for each option
- Compare fund balance to the table of levy yields to identify the levy required to eliminate the shortfall for each option

	Level 3	Level 2	Level 1A	Level 1B
	Full Funding	Core Program	Replacement Debt Payment Only	Replacement + Uplands Debt Payment
Fund Balance Before Levy	-7,600,000	-4,600,000	-1,100,000	-1,500,000

Findings

- The maximum levy rate is insufficient to fund the full ferry program

	Level 3	Level 2	Level 1A	Level 1B
	Full Funding	Core Program	Replacement Debt Payment Only	Replacement + Uplands Debt Payment
Fund Balance Before Levy	--7,600,000	-4,600,000	-1,100,000	-1,500,000
Net Cash Position at \$.10	-1,000,000			
Net Cash Position at \$.07		0		
Net Cash Position at \$.02			200,000	
Net Cash Position at \$.03				500,000

- Variations on the three options could be considered to strike a balance between levy revenues and funding goals.

Fund Cash Flow Recap

	Level 3	Level 2	Level 1A	Level 1B
	Full Funding	Core Program	Replacement Debt Payment Only	Replacement + Uplands Debt Payment
Annual Fund Uses				
Annual Operating Revenue	5,500,000	5,500,000		
Near-term Capital Investments	1,000,000	1,000,000		
Tidelands Lease Payments	200,000	200,000		
Uplands Lease Repayment	400,000	400,000		400,000
Annual Ferry Debt Payment	1,600,000	1,600,000	1,600,000	1,600,000
Operating Reserve Fund Annual	200,000			
Future Gooseberry Point Terminal	1,300,000			
Mid-cycle Vessel Refurbishment	600,000			
Future Vessel Replacement	900,000			
Total Funds Used	11,700,000	8,700,000	1,600,000	2,000,000
Annual Secured Fund Sources (ongoing)				
Ferry Boat Program(Federal)	700,000	700,000		
Farebox(Ferry Users)	2,200,000	2,200,000		
Capital Surcharge (Ferry users)	200,000	2,200,000		
Other State Funding	500,000	500,000		
CRAB Grant	500,000	500,000	500,000	500,000
Total Fund Sources	4,100,000	4,100,000	500,000	500,000
Fund Balance				
Balance Before Levy Revenue	7,600,000	-4,,600,000	-1,100,000	-1,500,000
Net Cash Position at \$.10	-1,000,000			
Net Cash Position at \$.07		400,000		
Net Cash Position at \$.02			200,000	
Net Cash Position at \$.03				500,000

Next Steps

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|---------|---|
| Now | Receive Council feedback on levy rate options |
| June 30 | Council work session held to discuss code language <ul style="list-style-type: none">• WCC 2.145 Whatcom County Ferry Advisory Committee• WCC 10.34 Ferry Rates• WCC 101.01 Whatcom County Ferry District |
| July 14 | Introduce draft Ferry District levy ordinance and submit MARAD-RAISE grant agreement |
| July 28 | Council votes on Ferry District Levy ordinance |

Discussion

- Your questions