RESOLUTION NO. _____

RESOLUTION RESCINDING RESOLUTION R20180123 AND R20100050 (AMENDED BY R20110382), REVISING THE FERRY FARE REVENUE TARGET METHODOLOGY AND ESTABLISHING THE 2023/2024 FERRY FARE SCHEDULE

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

WHEREAS, on June 18, 2018, the Board of Skagit County Commissioners ("Board") adopted Resolution R20180123, establishing the Guemes Island Ferry fare schedule and a vessel replacement surcharge; and

WHEREAS, the Board has determined that the current ferry (M/V Guemes) has reached the end of its useful and economic life and needs to be replaced and therefore elects to maintain the vessel replacement surcharge on every fare sold; and

WHEREAS, the Board adopted Resolution R20100050 dated February 16, 2010, as amended by Resolution R20110382 dated November 28, 2011, establishing the Guemes Island Ferry operations public forum and ferry fare revenue target methodology; and

WHEREAS, fare box revenue has not met the required revenue target since 2017, and the County contracted with KPFF Consulting Engineers (KPFF) in 2022 to conduct a rate study and make fare policy and rate schedule recommendations to the Board, and as applicable such rate schedule recommendations have been incorporated herein; and

WHEREAS, the Board desires to increase fares and revise the evaluation period for the purposes of calculating the fare revenue target and has instructed the Public Works Department (in coordination with KPFF) to recommend ferry fare revenue target methodology to meet said revenue target as provided herein; and

WHEREAS, RCW 36.54.200 allows a county operating a ferry to impose a vessel replacement surcharge on every fare sold to be used only 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; and

WHEREAS, the Board desires to rescind Resolutions R20180123 (and reimplement the vessel replacement surcharge by new subsequent resolution) and R20100050 (as amended by R20110382) and establish a revised ferry fare revenue target methodology and a new 2023/2024 fare schedule to include the vessel replacement surcharge; and

WHEREAS, while the Board recognizes that the "Guemes Island Ferry Operations Public Forum" process described per R20100050 (as amended by R20110382) is not feasible from a practical and logistical perspective, but nevertheless the Board desires for Public Works Department staff to continue to reasonably communicate and provide timely financial information to Guemes Island property owners and to various citizen groups on the island (such as the advisory Guemes Island Ferry Committee), and solicit recommendations therefrom; and

WHEREAS, the Board held public hearings on February 28, 2023 at 10:00 a.m. or shortly thereafter (per R20230022) and on June 8, 2023 at 3:30 p.m. or shortly thereafter (per R20230100) to obtain for public comment on proposed changes to the ferry fare revenue target methodology and ferry rate schedule, and also provided for the receipt of additional written comments; and

WHEREAS, the revised ferry fare revenue target methodology, attached as **Exhibit A** (and incorporated by reference), establishes the Board's desired revenue target methodology taking into account recommended input from the Public Works Department staff, the Guemes Island Ferry Committee, and the oral and written comments received; and

WHEREAS, the 2023 revenue target calculation, attached as **Exhibit B** (and incorporated by reference), establishes the 2023 farebox recovery requirement taking into account recommended input from the Public Works Department staff, the Guemes Island Ferry Committee, and the oral and written comments received; and

WHEREAS, the Board desires to efficiently implement a consistent and documented "need based" fare category, providing a discounted ferry rate(s) for persons residing on Guemes Island who also otherwise 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 (which provides certain property tax exemptions for qualifying persons per RCW 84.36.381), as further described per the Guemes Island Ferry fare schedule attached as **Exhibit C** and incorporated herein; and

WHEREAS, the 2023/2024 Guemes Island ferry fare schedule, attached as **Exhibit C** (and incorporated by reference), establishes the ferry fare schedule for 2023 and 2024 taking into account recommended input from the Public Works Department staff, the Guemes Island Ferry Committee, and the oral and written comments received; and

WHEREAS, it is the desire of the Board to enact the ferry fare revenue target methodology as shown as **Exhibit A,** the 2023 revenue target as shown as **Exhibit B**, and the Guemes Island ferry fare schedule as shown as **Exhibit C**, effective August 15, 2023.

NOW, THEREFORE, BE IT RESOLVED AND IT IS HEREBY ORDERED, that Resolutions R20180123 and R20100050 (amended by R20110382) are hereby rescinded, effective August 15, 2023; and

NOW, THEREFORE, BE IT RESOLVED AND IT IS HEREBY FURTHER ORDERED, that the ferry fare revenue target methodology as shown, described, and depicted as **Exhibit A** (attached hereto and incorporated by reference) and the 2023 Ferry Fare Revenue Target, as shown, described, and depicted as **Exhibit B** (attached hereto and incorporated by reference), and the 2023/2024 Guemes Island Ferry fare schedule as shown, described, and depicted as **Exhibit C** (attached hereto and incorporated by reference) are hereby adopted and established, effective August 15, 2023.

NOW, THEREFORE, BE IT RESOLVED AND IT IS HEREBY FURTHER ORDERED, that Public Works Department staff shall make reasonable efforts to continue to communicate with and obtain advice and recommendations from the property owners on Guemes Island concerning matters related to the operation of the Guemes Island Ferry, specifically including, but not necessarily limited to holding at least one (1) public meeting with Guemes Island property owners, representatives of Guemes Island citizen groups (such as the Guemes Island Ferry Committee), and other interested parties each year, at locations, dates, and times to be determined by the Public Works Director, or designee.

PASSED this 27 day of July, 2023.

BOARD OF COUNTY COMMISSIONERS
SKAGIT COUNTY, WASHINGTON

SKAGIT COUNTY COMMISSIONERS SEAL COURT STATE OF WASHINGTON

Ron Wesen, Chair

Lisa Janicki, Commissioner

Peter Browning, Commissioner

Attest:

Linda Hammon
Clerk of the Board

Approved as to form:

Civil Deputy Prosecuting Attorney
Erik Pedersen, Reviewed 7/28/2023

Approved as to Content:

Department Head

EXHIBIT A

GUEMES ISLAND FERRY FARE REVENUE METHODOLOGY

Overview:

The Guemes Island Ferry 2023 Rate Study was conducted to evaluate the Guemes Island Ferry fare schedule and fare policies, and to provide a rate schedule for 2023/2024, as well as policy for setting future fare increases.

Ferry Fare Revenue Target:

It is the desire of the Board to implement fare increases to reach a 65% fare box 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. The recommended fare schedule is provided in Exhibit B.
- Adjust fares on an annual basis beginning in January 2025 to achieve a 65% fare box recovery by 2028. Such fare adjustments shall be made subject to an annual public hearing.
    - Update the 2028 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 approved budget, and the next two year's projected expenditures using cost escalation factors.

Additional assumptions:

Other tax revenue:

- Contributions from the Motor Vehicle Fuel Tax (MFVT) attributable to the ferry system, and the Washington State Department of Transportation (WSDOT) deficit reimbursement will be applied before the 65% 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. The first evaluation and report shall be prepared in summer 2024 in preparation for the January 1, 2025, fare adjustment.

EXHIBIT B

2023 Fare Revenue Target Calculation

	Actual		Adjusted Budget	Projected (2)		Five-Year Average
Year	2021	2022	2023	2024	2025	
O&M Expenditures	3,144,332	2,904,594	3,412,205	3,535,727	3,628,363	3,325,044
MVFT	133,417	132,992	118,963	118,963	118,963	124,660
Deficit Reimbursement (1)	184,560	451,672	280,341	280,341	280,341	295,451
Adjusted O&M (1)	2,826,355	2,319,930	3,012,901	3,136,423	3,229,059	2,904,933
					Fare Recovery Requirement	65%
					2023 Ferry Fare Revenue Target	1,888,207

(1) 2023 Revenue Target Report 5-year average used for 2024 and 2025 projected

(2) Cost escalation has been adjusted for recent inflation projections -Seattle area CPI

Projected Revenue at 2023-2024 Fare Levels	1,361,488
2023 Fare Box Recovery	46.9%

EXHIBIT C

2023/2024 RATE SCHEDULE

Effective Aug. 15, 2023 through December 31, 2024

FARES	POSTED FARE NON-PEAK	POSTED FARE PEAK	SURCHARGE NON-PEAK	SURCHARGE PEAK
PASSENGER				
Adult	4.50	5.50	1.00	1.00
Senior (+65)/disabled	2.25	3.25	0.00	0.50
Youth - 18 & under [1]	Free	Free		
Rider & Bicycle [2]	5.50	6.75	1.00	1.00
Riders & Bicycle senior/disabled	3.50	4.50	0.00	0.50
PASSENGER MULTI RIDE (Valid for 90 days) [3]				
25-trip adult passenger [4]	84.50	84.50	10.00	10.00
25-trip senior/disabled [4]	53.75	53.75	6.00	6.00
VEHICLE [5]				
Motorcycle & rider	7.75	11.25	1.00	2.00
Vehicle/driver under 22 feet	13.50	16.75	2.00	3.00
Vehicle/driver senior/disabled under 22 feet	11.25	13.50	2.00	2.00
VEHICLE & DRIVER MULTI-RIDE (Valid for 90 days) [3]				
20-trip under 22 feet	221.50	221.50	26.00	26.00
20-trip under 22 feet senior/disabled	177.25	177.25	20.00	20.00
20-trip Motorcycle	129.75	129.75	15.00	15.00
VEHICLE NEEDS-BASED [6]				
5-trip Senior/Disabled (RCW 84.36.381) needs-based [7]	44.25	44.25	5.00	5.00
OVERSIZED VEHICLES				
Over 22 feet under 30 feet	21.50	27.25	4.00	6.00
Under 40 feet	42.25	52.00	8.00	11.00
Under 50 feet	63.00	80.25	11.00	18.00
Under 60 feet	93.25	109.25	19.00	23.00
Each 10 foot over 60	16.25	18.25	4.00	4.00
Over width charge (over 8 feet 6 inches)	Double Length Charge			
OVERSIZED VEHICLES 5-TRIP MULTI-RIDE [6]				
Over 22 feet under 30 feet	107.50	136.25	20.00	30.00
Under 40 feet	211.25	260.00	40.00	55.00
Under 50 feet	315.00	401.25	55.00	90.00
Under 60 feet	466.25	546.25	95.00	115.00
MISCELLANEOUS				
Charter/extra trip/after-hours [8]	500.00 per trip			

[1] Includes youth traveling on school bus
[2] Youth with bicycle travel free of charge
[3] Valid for 90 days from purchase date
[4] Bicycle free with the passenger multi-ride fare

[5] Vehicle lengths include any overhang

[6] Valid for 90 days from the purchase date. Needs-based tickets must be purchased in person at 1800 Continental Place, ahead of sailing.
[7] Eligible for 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.
[8] Any trips outside of the normally published sailing schedule.