

Whatcom County Ferry Advisory Committee  
April 11, 2024  
Minutes

6:00 p.m. CALL TO ORDER – Pam Gould, Chair

Present: Richard Frye, Pam Gould, Diane Harper, Todd Lagestee, Carol Landt, Tom Philpot, Catherine Shornick

Absent: Janice Catrell

County representatives present: Jon Scanlon, Whatcom County Council (CC); Roland Middleton, Public Works (PW); and Gary Poole, Senior Master.

Introductions: James Lee, PW ferry lead; KPFF consultants Mike Anderson, Director/Ferry Operations and Service Planning, Kelly Lesoing, Project Manager, and Ed Debroeck, Terminal Modification Design Lead.

Agenda: Stands

Minutes: March 14 and March 18, 2024, Adopted

News from the ferry:

Gary Poole apologized for drydock date changes and affirmed outage from May 18 to June 15. No service will be provided Saturday, May 18<sup>th</sup> until approximately 1 PM, and a brief outage will occur on May 19<sup>th</sup> to get ramp in place. Maintenance outage is scheduled for May 24<sup>th</sup>.

The Trek is a great vessel but not an option since it will not fit under aprons and its Code of Certification appears to have lapsed (this is being confirmed). As well, there is a contract in place; any additional contract would require a new bid process. Jim Dickinson lodged disagreement. Gary reported that the drydock contract is \$1.2M.

New Ferry Terminals, Public Works and KPFF

Mike Anderson brings substantial marine history including 34 years with WA state ferries (up to Director of Operations and CEO) and 16 years as director of the marine transit group. He worked on the Level of Service (LOS) for the new ferry. Kelly Lesoing is project manager and Ed Debrock is a structural engineer working on the terminal and upland side of the project since 2017. Mike reviewed the project timeline for the LOS study that included looking at a 60-year period, with the goal of minimize risk going forward (see LOS documents at <https://www.whatcomcounty.us/3432/New-Ferry-Vessel>). Covid did change patterns but may not result in overall figures. The trick is to get the right size boat to meet future needs based on average midweek ridership, compliance needs, a move toward carbon neutral, and stable operating costs (such as keeping crew at three). Grant applications were very successful, with RAISE providing \$25M and CRAB \$10M. The project plan was adopted 23 March 2021.

Kelly coordinates with James Lee and Roland of PW toward simultaneous construction of the new terminals between July 2027 and February 2028, with ferry operations in place by January 2028. Environmental requirements are underway with MARAD (US Maritime Administration), Dept. of Fish and Wildlife, and the Lummi Nation and to meet EIS and NEPA timelines, all of which is scheduled to be completed by summer 2024.

Ed reviewed plans for the Gooseberry Pt. terminal, noting that terminals on both sides will include a permanent passenger-only float that can be raised and lowered by both emergency and ferry crews, to be built while the Whatcom Chief is in service and used during construction periods. The island side passenger dock will be on the north side of existing north wingwalls. Car ferry service is anticipated to cease from August 1 through January. Constraints include large crane barge operations, eel grass, daylight, pile driving restrictions, and unknown schedule impacts (such as weather, marine mammals, etc.). KPFF will work with WCFAC to identify services that require vehicles, potential emergency response needs, support needed for walk-on ferry, and the best way to obtain community feedback.

Peter Earle requested that WCFAC be provided with accounting of what would be saved to modify the new ferry to fit the existing terminal; and asked for discussions with PW and CC regarding the totality of impacts to the island community. Roland noted that the same size vessel would not meet LOS and funding would be jeopardized, expressing frustrations as to what islanders want. The boat and the terminal structures are failing. Rich Frye asked if an economic impact study had been done (no), since there will be measurable impacts to the island community from a six-month outage. He also asked how long the Gooseberry side will be viable due to increased flooding; Roland noted that the lease for the current location expires October 12, 2046, and that he will start working on that issue right after this project is done. Rich pointed out that it's up to engineers to solve problems, and asked if this could occur in chunks. Ed reported that intervals could extend the project two or three years, greatly increasing costs.

Daylight work is required so marine mammals can be seen if in the area. Incentives will be included in bid process, and construction will occur in sequences that mitigate risks for serious delays. Requirements for a passenger ferry will be included in a bid process (such as reliability in adverse weather).

Jim D. claimed that the new docks are unnecessary and a shorter ferry would be better. Janice Holmes asked about sea level rise especially on Gooseberry side, which is already under water throughout the year, and whether impacts to the Lummi Nation (LN) were being considered. PW should have an idea of what is needed for six months, both for the LN and the island. Roland responded that conversations are underway with the LN regarding raising the dock area, lot, and roadway, as well as possible parking at the Casino and elsewhere. Several people voiced concerns about a larger and safer passenger boat and about increased king tides. The passenger-only dock will not be for recreational use.

Kurt Esvoldt and Tom Philpot of the ad hoc Electric Ferry and Dock Committee asked questions related to the terminals, underscoring an assumption to discuss the ferry at the next WCFAC meeting (see questions, attached).

- Terminal drawings are 60% complete and the timeline is for July 2024 completion; future shore power is in design work for island side as a sequence (questions 1, 2, 3).
- Could construction barges use winches to move in and out during down times such as night or weekends? Work is scheduled for 7 days/week for 10-12 hours depending on light, and barges move slowly. Attendees noted that no vehicle can go 6 months without fuel; it will be imperative to have supplies to island even if late at night. Modeling for waves, wind, etc. are occurring, and parameters for the vessel—just as in place now—will be set once dolphins are in place. It's been determined that the island north wave barrier will not be necessary (questions 9, 11, 12).

Diane H. noted that the ferry serves residents, and priorities cannot be made only by construction issues. Roland said although the challenge is the fish window, he said everyone understands the severe impact to islanders and they will bring supply options in the middle of night if need be.

Mike Anderson underscored that we have three years to plan, they seek feedback now, and that possible supply alternatives are being considered (such as landing crafts). The risks of not moving forward are great, but this is just the beginning of the process. Stuart Rich called attention to emergency scenarios that must rely on ferry service, and that people will be forced to decide whether to stay on the island. It's important to put a face to the problem since we owe our lives to the ferry. Others underscored the inadequacy of the usual passenger ferry for this kind of outage.

#### Whatcom County Code Chapter 10.34, Ferry Rates

Diane H. reviewed the sequence whereby WCFAC provided code proposals to PW and CC; on April 4<sup>th</sup> PW forwarded their version to CC, which included almost none of what WCFAC proposed. Her handout (attached) included two specific issues where WCFAC recommendations were ignored and two new entirely new provisions appeared that would significantly impact future fares. Pam G. spoke to the Council of the Whole (COTW) this week to ask for time to review and comment on these. FAC had already voted on two issues (although they include different elements), but the new provisions include a 20% cap on percentage discounts for multiride passes, an annual Consumer Price Index (CPI-U) every January, and an undefined reserve target by 2024. Realistically, a current tight timeline for CC voting may not allow for input to be considered. Tom P. made a motion, Rich F. seconded, to authorize three ad hoc/WCFAC members Pam, Rich and Diane to speak together on behalf of WCFAC regarding these issues. This would allow a timely dialog during a scheduled 45-minute opportunity before the Public Works and Health Committee on April 23, since CC seemed to agree the proposal warrants more time, and a special FAC meeting—although perhaps ideal—is not practical. It's hoped that a CPI could occur every two or three years, for instance, that the reserve recoup would be more defined, and the 20% limit could be lifted. WCFAC voted 6/6 to approve the motion.

## Open Session

Ralph Steele requested a formal review of ferry reserve fund (see attachment). The county inexplicably removed \$2.4M from the reserve, resulting in a financial crisis created by PW.

Bob Anderson endorsed Ralph's request (see attachment), and asked FAC to submit request for answers to PW. He noted Mike Anderson's passion to work with islanders; the problems are not for islanders to solve but for the county to do so.

Charles Bailey encouraged collaboration with Mike Anderson and underscored that a six-month ferry closure would spell disaster and change the island forever. Community members provide the best consultants for KPFF.

Jim Dickinson reiterated issues associated with past contract bids with the Trek, exorbitant drydock costs exaggerated by lost revenue, and concerns about experience of the ferry designer.

Dave Kershner called attention to need to plan for power now if we want a climate-smarter system. The Climate Committee endorsed but the County Exec held off including a solar array in the shore power study: if KPFF is working on, FAC should ask for input on site options, and if not, ask for funding.

Todd Lagestee noted that while a six-month outage will have socioeconomic impacts, the island sits in a subduction zone and should seriously consider its expectations from the government; instead, it could be an opportunity for preparedness. He also thanked Ralph for his reporting.

## Upcoming

- April 23, Public Works and Health Committee, regarding codes
- May 1 [note change to first Wednesdays], LIFAC meeting; requested Eliot Bay Design Group attends

Meeting adjourned 8:34 PM.

## Attachments:

- Ad hoc questions KPFF 4-11-24
- WC Code 10.34, PW 4.4.24
- R Steele WCFAC 4.11.24
- B Anderson WCFAC 4.11.24

Zoom recording hosted by LICA: <https://www.youtube.com/watch?v=qkohNI1P2mA>

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Submitted by C. Shornick

Approved by WCFAC 1 May 2024

April 11 WCFAC meeting with KPFF

1. How far along are you on the Terminal drawings?
2. When is the county asking for you to have these complete?
7. Are you showing an area dedicated for future shore power? Short term power ie a generator for the hybrid ferry and later a battery pack for an all electric ferry?
9. The county has indicated the Whatcom Chief will be available during Terminal construction for periodic delivery of essential supplies to the island.

Will you be reviewing your constructuon phase drawings with the County and Ferry Master to allow the earliest possible and continued intermitant delivery of essential supplies to Lummi Island.

11. What risk is anticipated for docking and berthing the new ferry when it extends well beyond the the wave barrier?

What is the risk anticipated for docking and berthing with the permanent removal of the north Lummi Island Termanal wave barrier?

12. The current duration of Terminal construction is 180 day for both sides. How many hours per day and days per week is this projection assuming?

Will the duration of construction be considered in awarding the Terminal construction contract?

# Whatcom County Code Chapter 10.34

## Public Works Proposed Text 4/4/24

### 10.34.05 Definitions.

E. "Non-Capital Emergency Repairs" (NCER) means any emergency maintenance or repair to the terminal structures, and which costs shall be included as part of the Ferry System's operating expenditures.

*(to be deducted from Adjusted Total Operating Costs: "(6) Actual NCER expenditures, up to \$150,000 in a calendar year."*

F "~~Total Operating cost~~" means ~~all actual~~ "Expenses" (TOE) means all Ferry System expenses that are not Capital Costs. TOE includes the vessel rental rate, all daily running expenses ~~and~~, all actual regular and routine maintenance, all NCER expenses, and all administrative expenses associated with the use and operation of ~~all physical elements of the ferry system~~ the ferry system. Consistent with past practice, the monthly Tidelands lease or its replacement will continue to be considered part of the Total Operating Expenses calculation at the value of its annual cash payments regardless of implementing the Governmental Accounting Standards Board's Statement No. 87 requiring lease accounting changes for financial reporting.

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### 10.34.020 Interpretation of rate schedule.

M. Rate changes shall occur no later than 60 calendar days after the adopted date of the ordinance or executive order changing the rates. Multi-ride cards are convenience cards that may have a discount applied to them. Multi-ride cards are only valid if they are fully intact, less punches used. With the exception of needs-based multi-ride cards, no multi-ride card shall have a discount greater than 20% applied to its corresponding single ride fare. The needs-based multi-ride discount shall always be higher than any other discount.....

### 10.34.030 Use of ferry user fee revenues.

..... The purpose of this review is to use the Cumulative Fare Box Reserve total, Ferry Fund Reserve Target, and current projections to determine if a fare change is warranted. Additionally, beginning January 1, 2024, the Cumulative Fare Box Reserve's adequacy shall be evaluated, in part by comparison against the annual Ferry Fund Reserve Target with the goal of fully funding the Ferry Fund Reserve Target by 2034. At a minimum, fares or expenditures shall be adjusted each year for inflation per the Consumer Price Index (CPI-U). All CPI-U related fare changes shall go into effect in January of the following year.

## Ralph Steele Remarks – WCFAC Meeting 4-11-24

### Recommendation:

Based on my findings as outlined below, I would ask WCFAC to request a formal review of the accounting practices of the County/Public Works Finance (PWF) that in my opinion should result in replenishing the Road Fund contribution to the Ferry Fund Operating Reserve to the January 1, 2023, level of \$2.5 million or if the MVFT is fully funded to \$3.8 million.

### Key Financial Information:

Year end December 2022 Road Fund Contribution to the Operating Reserve \$2,538,000

Year end December 2023 Road Fund Contribution to the Operating Reserve per Director Kosa's graph dated February 21, 2024 \$108,000

The Road Fund contribution to the Ferry Fund Operating Reserve was made up of:

Initial contribution in 2006 of \$1,572,000

Subsequent contribution (TOE vs ATOE) about \$1,000,000

For 17 years the Road Fund/County has contributed 45% of Total Operating Cost and the Road Fund cumulative contribution has increased every year.

See Graph A

### In 2023 Public Works Finance Actions:

In 2023 it was acknowledged by the County that the MVFT revenue attributable to the ferry should have been transferred to the Ferry Fund 2006-2022 amounting to \$2,673,223

(see budget 2024 for both FDRF and MVFT Cash Revenue included)

1.0 In the PWF presentations of May 11, 2023 PWF deducted 55%/45% of the MVFT from the actual operating expenses before calculation the necessary contributions from each entity

What they failed to do was fund the MVFT to the Ferry Fund

The benefit to the Cumulative Farebox Balance was funded by a transfer from the Road Fund contribution. I would suggest this is an accounting error.

2.0 In May of 2023 PW Finance announced that they "would continue to contribute to the Ferry Fund at a rate of 45% of ATOE. For the previous 17 years it was 45% of TOE. This

was a major accounting policy change that contributed to the reduction of the Road Fund contribution and Ferry Fund Balance. This is a major accounting policy change.

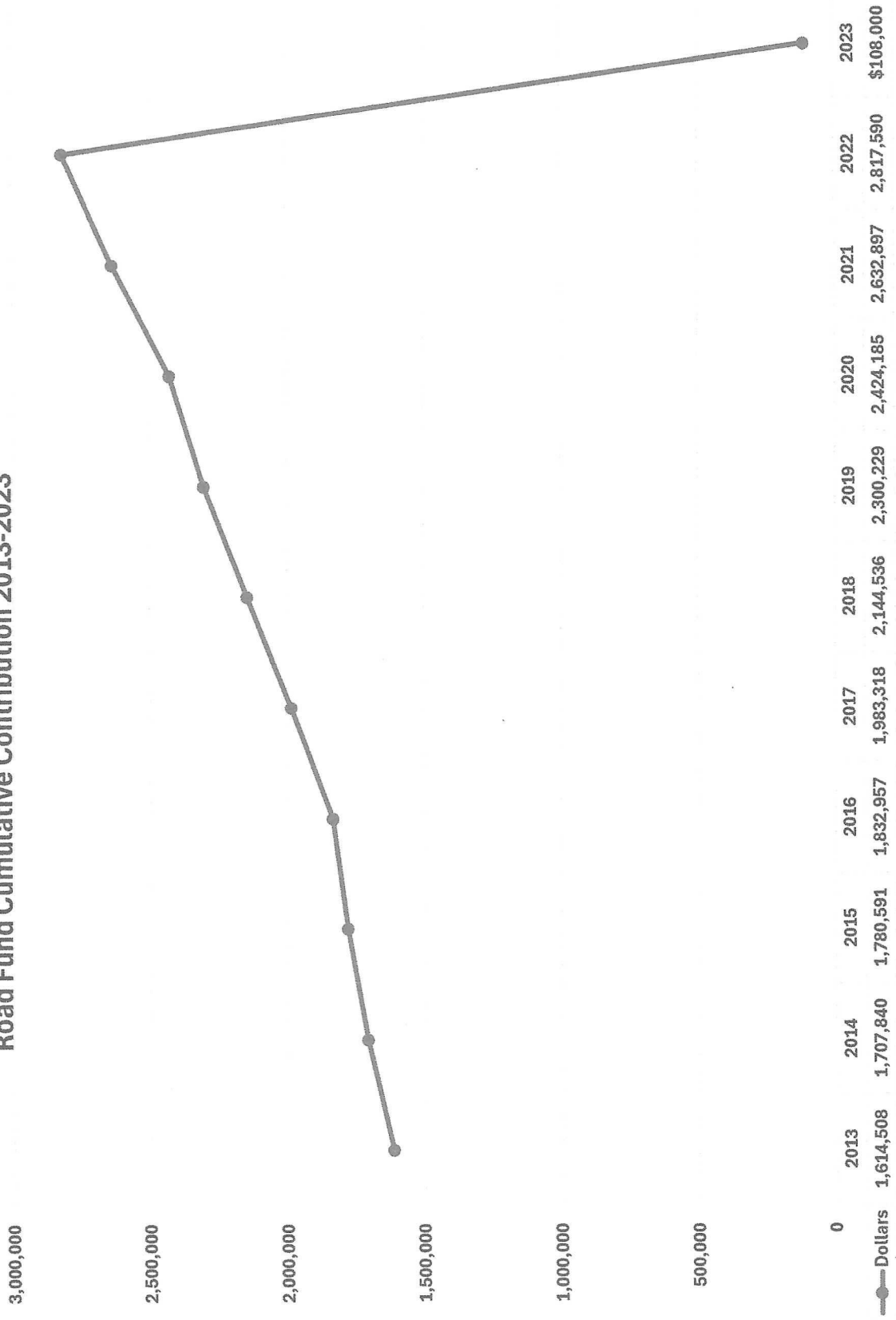
3.0 Public Work Finance “short paid” the Ferry Fund in 2023 by about \$900,000 by contributing only 18% of ATOE. Thus, effectively drawing out all but \$108,000.

**Conclusion:**

1. The application of correct and consistent accounting policies and procedures for the Road Fund contribution to the Ferry Fund would have resulted in an increase in contributions NOT a decrease of \$2.4 million.
2. Public Works has caused/created the financial crisis and has not adequately disclosed the accounting adjustments and material policy changes it has made to the calculation of its contribution to the Ferry Fund.
3. With the Road Fund contribution properly restored to \$2.5 million there is no financial solvency crisis...no urgent need for a fare increase and no need for the re-establishment of an Operating Reserve of \$1,100,000 from Island residents over the next 10 years as proposed in the code presented to Council on April 9, 2024.

A

Road Fund Cumulative Contribution 2013-2023



### **Remarks by Bob Anderson – WCFAC Meeting 4/11/24**

- It is clear to me as documented by Ralph Steele's analysis of the accounting for the Ferry Fund that the PW Dept. has made adjustments in the past year that have depleted the Ferry Fund by transferring reserves to the Road Fund and that should be investigated by the county auditor. These actions have contributed to, if not in effect, caused the current crisis in the Ferry Fund account.
- That PW's proposed revisions to the code validate that the current code did not provide authority to book dolphins expenses (NCER) to the fare box nor for lease expenses to be charged to the fare box and should be reversed, amounting to over \$2M in adjustments to the Ferry Fund.
- I am glad that the Council agreed to allow a further review of the code revisions to the PW&H Committee led by Councilmember Scanlon to sort out these issues and deliver a recommendation to the Council. My concern is that if changes are recommended that the current schedule of the Council to approve the new code on May 7 may not be possible and will therefore limit the scope of changes acceptable.
- I hope there can be some flexibility in schedule to allow making the right decisions that will have lasting effects on ferry fares, services and the nature of Island life

# Lummi Island Ferry Replacement and System Modernization

Project Update

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# Agenda

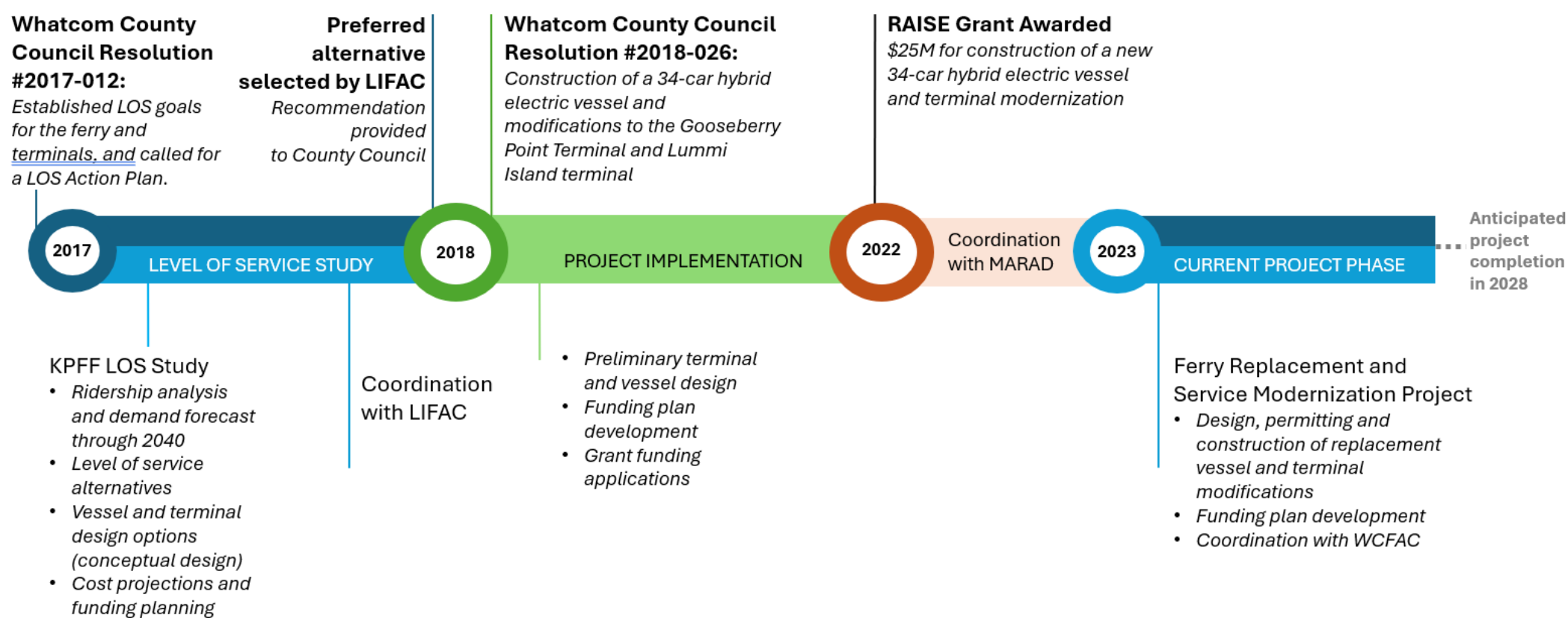
- ▶ Introductions
- ▶ Project Background
- ▶ Project Update
- ▶ Construction Phasing Considerations



The slide features a white background with abstract blue geometric shapes on the left and right sides. The shapes consist of various triangles and polygons in different shades of blue, creating a modern, layered effect. The text 'Project Background' is centered in a blue, sans-serif font.

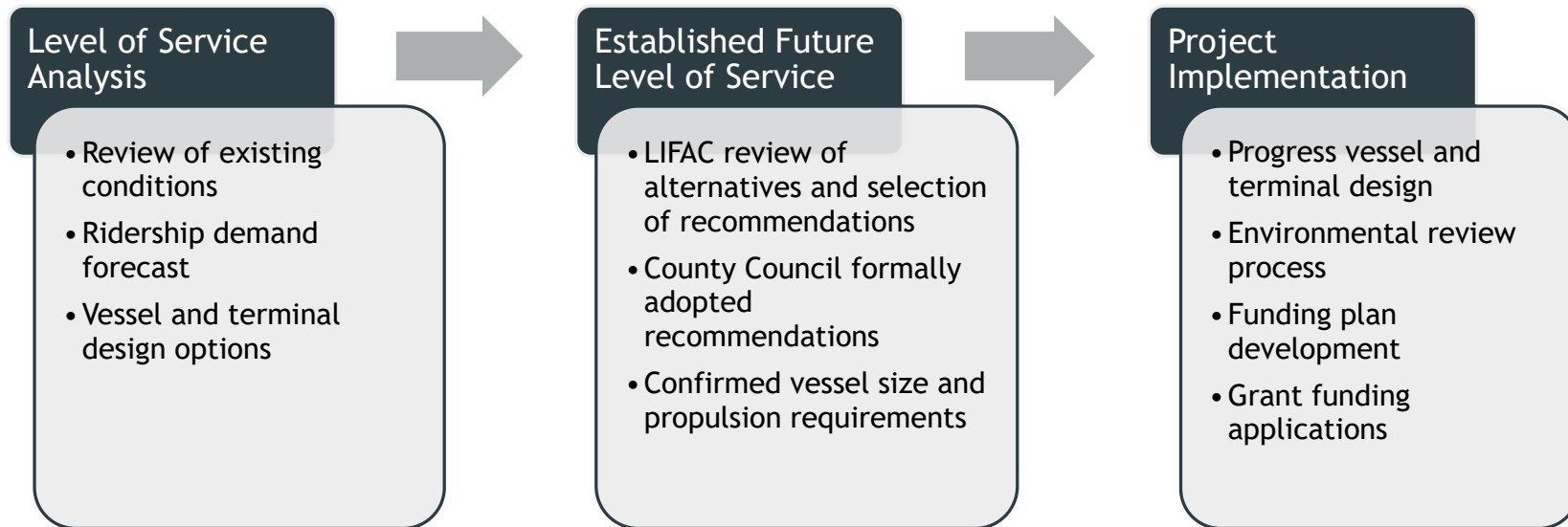
# Project Background

# Project Timeline



Project Documents: <https://www.whatcomcounty.us/3432/New-Ferry-Vessel>

# Level of Service Study Determinations and Background



Coordination with LIFAC and engagement with the Lummi Island community

# Level of Service Analysis - Engagement Activities

- Monthly updates/coordination at LIFAC meetings
- Three questionnaires
- Three large public meetings

	2017					2018								
	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT
<b>Public Input Opportunities</b>														
• LIFAC Meetings		9/5/17	10/3/17	11/7/17	12/5/17	1/28/18	2/6/18	3/6/18	4/11/18	5/9/18	6/13/18	7/11/18	8/15/18	9/12/18
• Outreach Meetings				11/16/17				3/14/18	4/26/18	5/22/18	6/26/18			

# LOS Study Recommendations

34-car, hybrid diesel-electric vessel and terminal modifications

- Adopted by Whatcom County Council (Resolution 2018-026)
- Included in project grant applications. Awarded grants:
  - *RAISE Grant - \$25M*
  - *County Road Administration Board – County Ferry Capital Improvement Program - \$10M*
- Project financial plan adopted by Whatcom County Council March 23, 2021



# Current Status

# Lummi Island Ferry Replacement and Service Modernization

- ▶ MARAD
- ▶ Whatcom County
  - ▶ James Lee
  - ▶ Roland Middleton
- ▶ Consultant team
  - ▶ KPFF - Prime Consultant
    - ▶ PM / Civil / Structural / Mechanical
    - ▶ Ferry Operations
  - ▶ Confluence - Lead Environmental
  - ▶ Elliott Bay - Lead Vessel Designer
  - ▶ Other firms: Cultural resources, mitigation planning support, electrical design, coastal engineering, geotechnical, architectural support

# Schedule Milestones

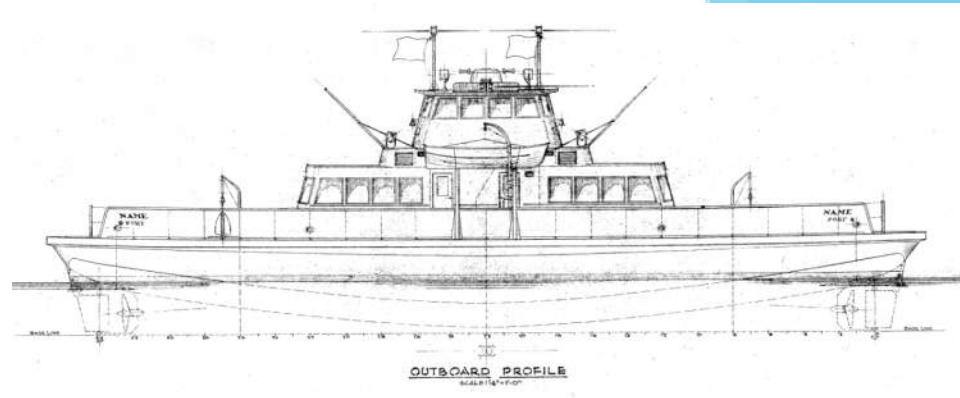
- ▶ July 2024: Biological Assessment submitted for consultation
- ▶ January 2025 - January 2026: Complete NEPA Environmental Assessment
- ▶ July 2026: Grant Agreement approved by County Council
- ▶ **September 2026: Grant obligation deadline**
- ▶ July 2027-February 2028: Terminal Construction (*planned*)
  - ▶ *Vehicle service outages*
- ▶ January 2028: New Vessel Delivery

# Environmental

- Ongoing coordination with MARAD
- Early engagement with services
- Preparing to complete Environmental Assessment under NEPA process
- Engagement with Lummi Nation

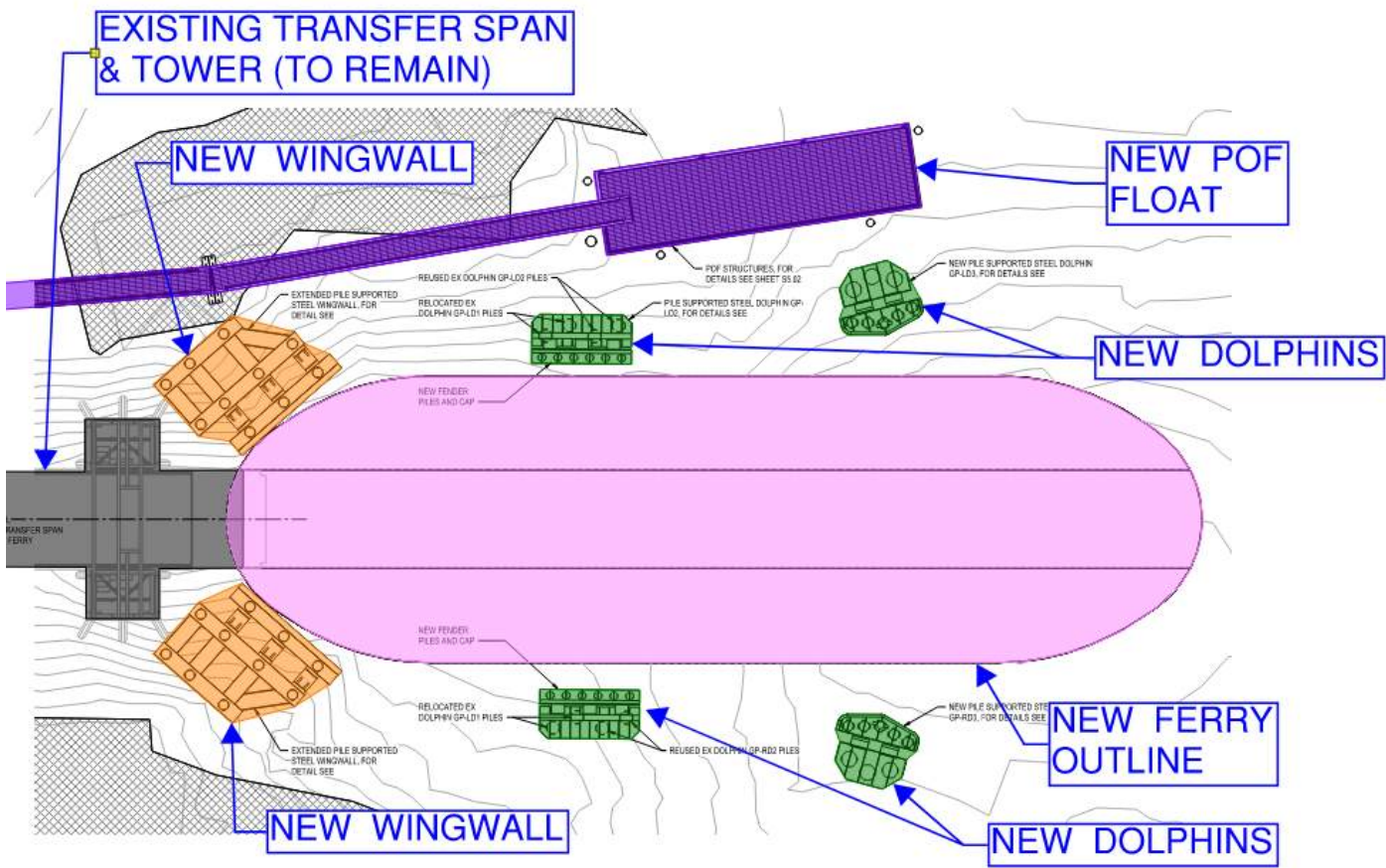
## Design status - Vessel

- Replacement Vessel designed based on requirements determined in LOS Analysis
- Replacement Vessel
  - ▶ 34 car capacity
  - ▶ 184' LOA, 54' beam
  - ▶ Future Compatible with Electric charging



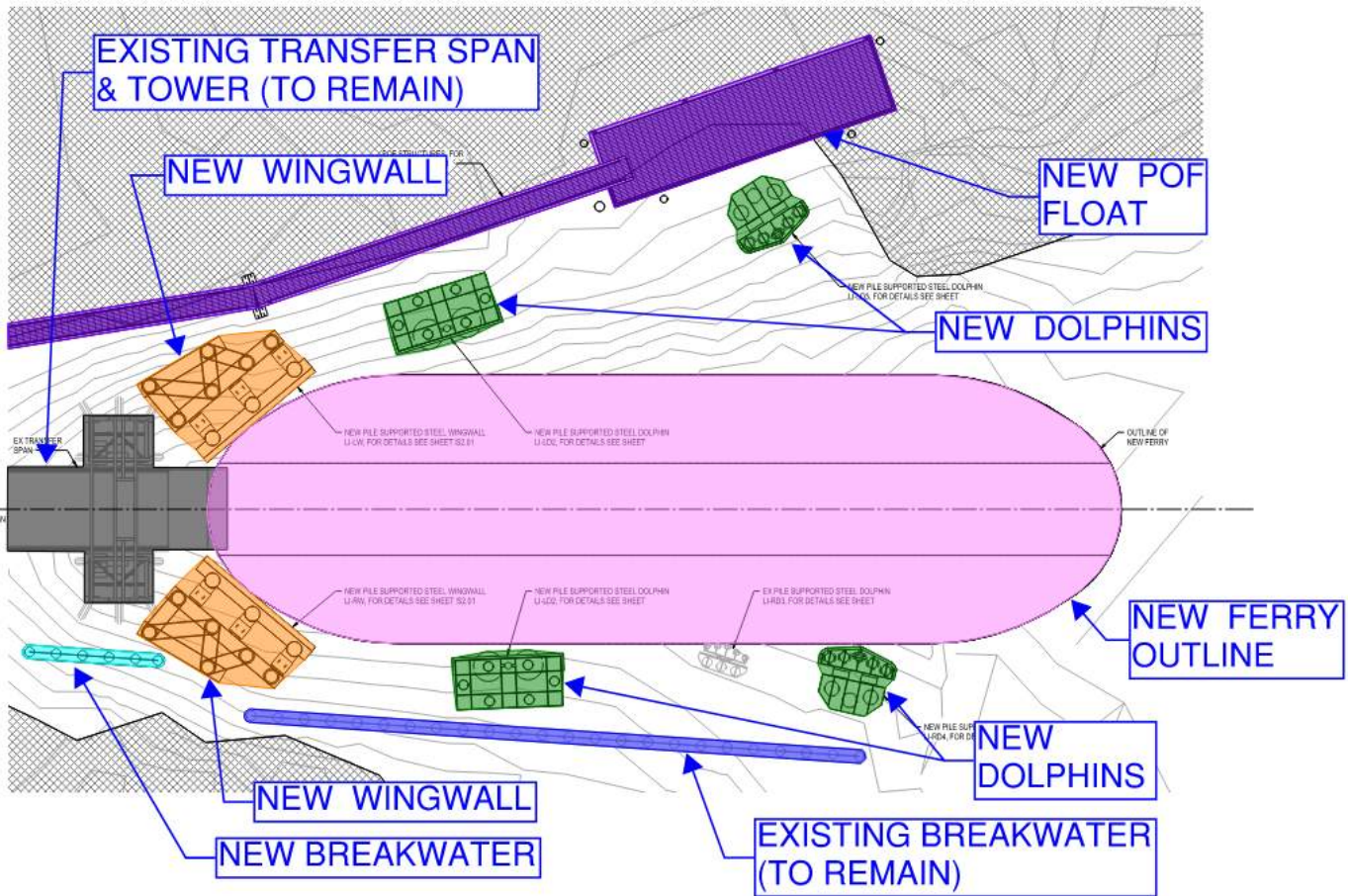
# Design status - Terminals

## ▶ Gooseberry Point Terminal



# Design status - Terminals

## ► Lummi Island Terminal



The background features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. These shapes are primarily triangles and polygons, creating a modern, architectural feel. The shapes are layered, with some appearing more prominent than others, and they are set against a plain white background.

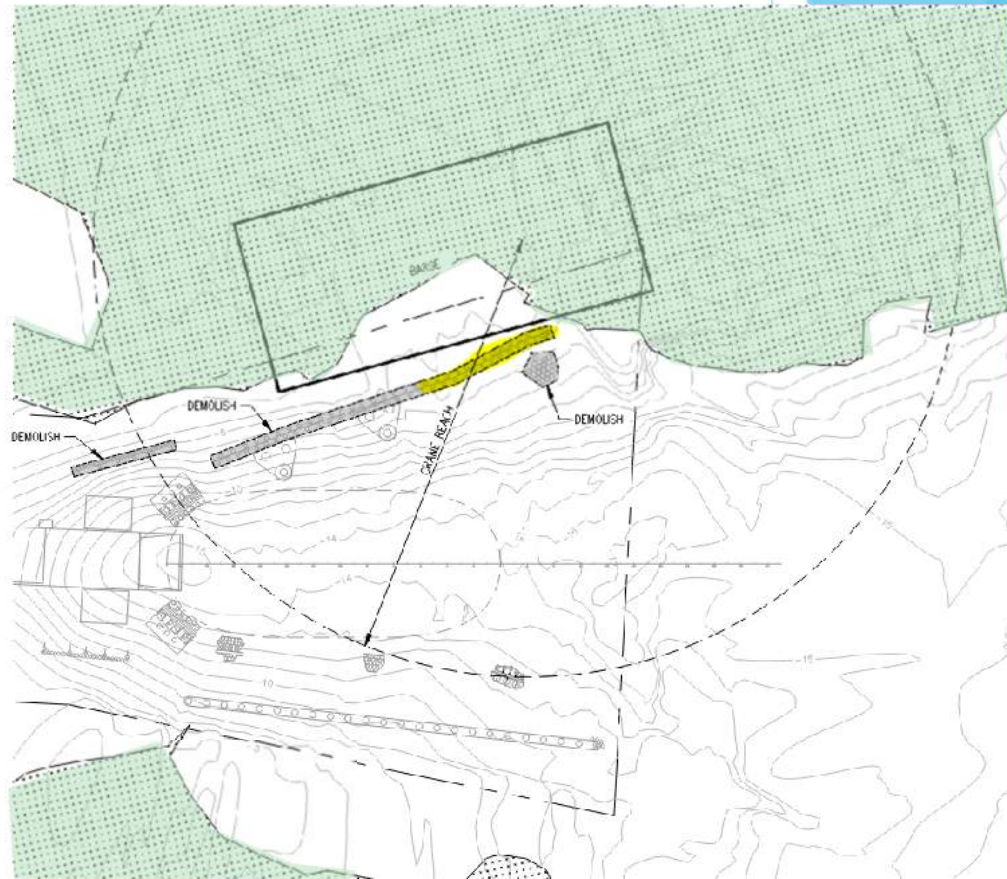
# Construction Phasing Planning

# Construction Phasing Approach

- Passenger-only ferry service will be provided for the duration of construction
- Complete in-water construction at both terminals simultaneously to minimize number of construction days
- Begin early planning and discussion of service alternatives needed during vehicle service outage
- Avoid pushing in-water construction into a second in-water work window due to service and cost impacts if possible

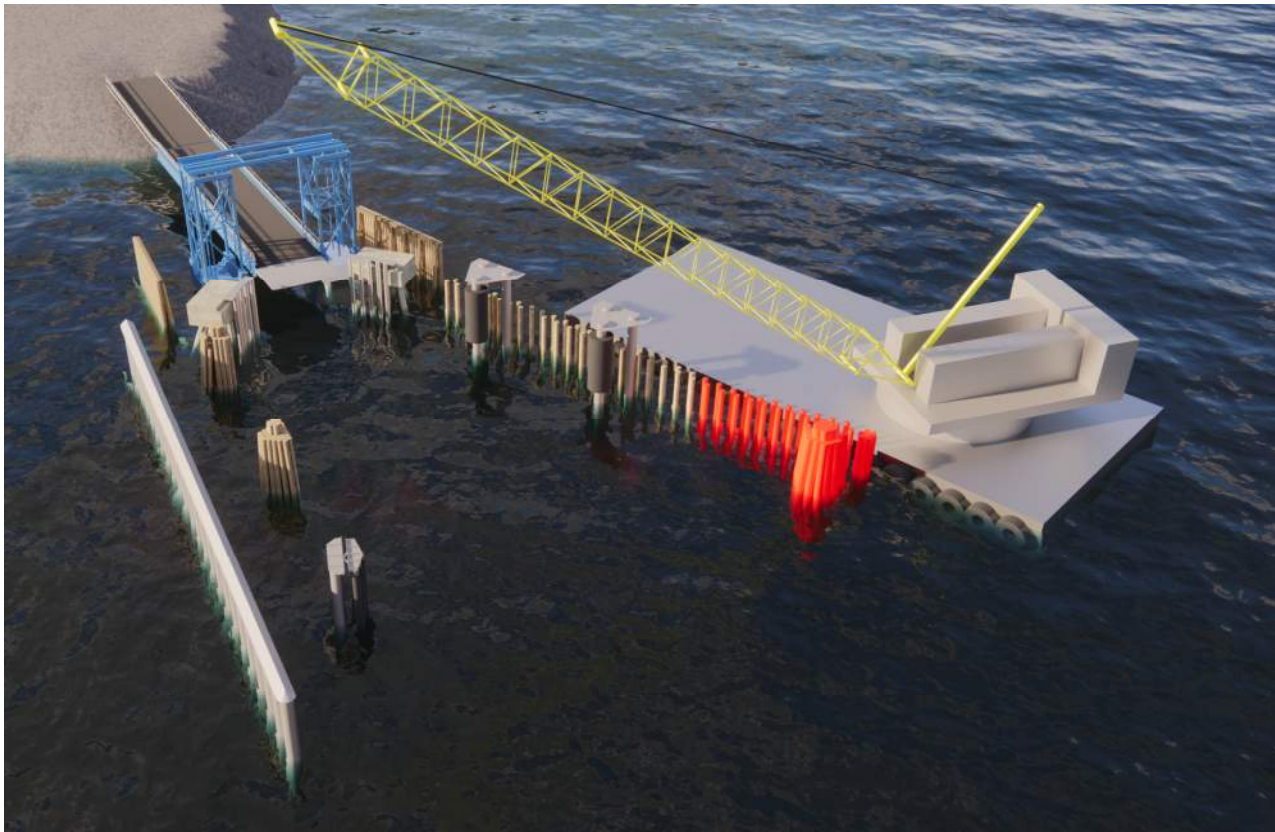
# Terminal Construction Constraints

- Crane barge operations
- Eelgrass
- Water depth
- Work hours (limited to daylight)
- Pile driving restrictions
- Unknown schedule impacts (weather, marine mammals, rock conditions, etc.)
- No alternative landing sites available for vehicle service



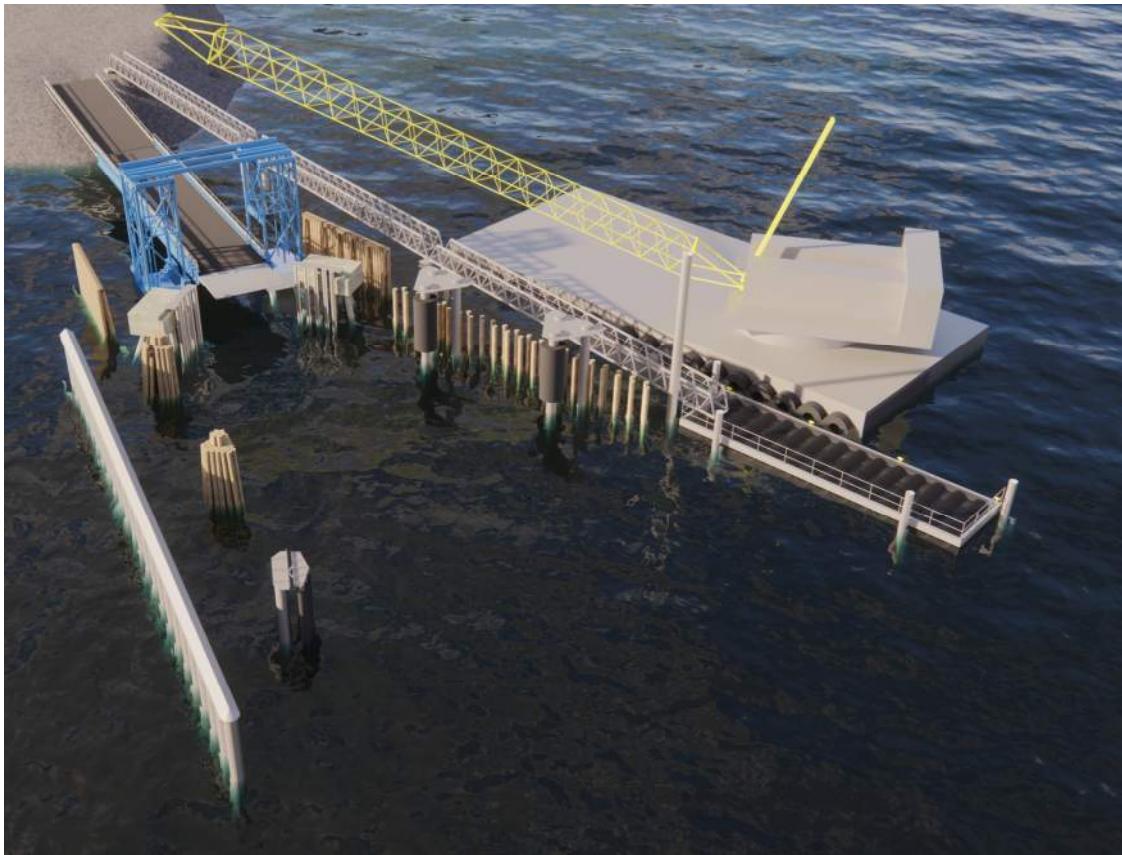
# Construction Phasing Considerations

- Minimal demo to install POF first



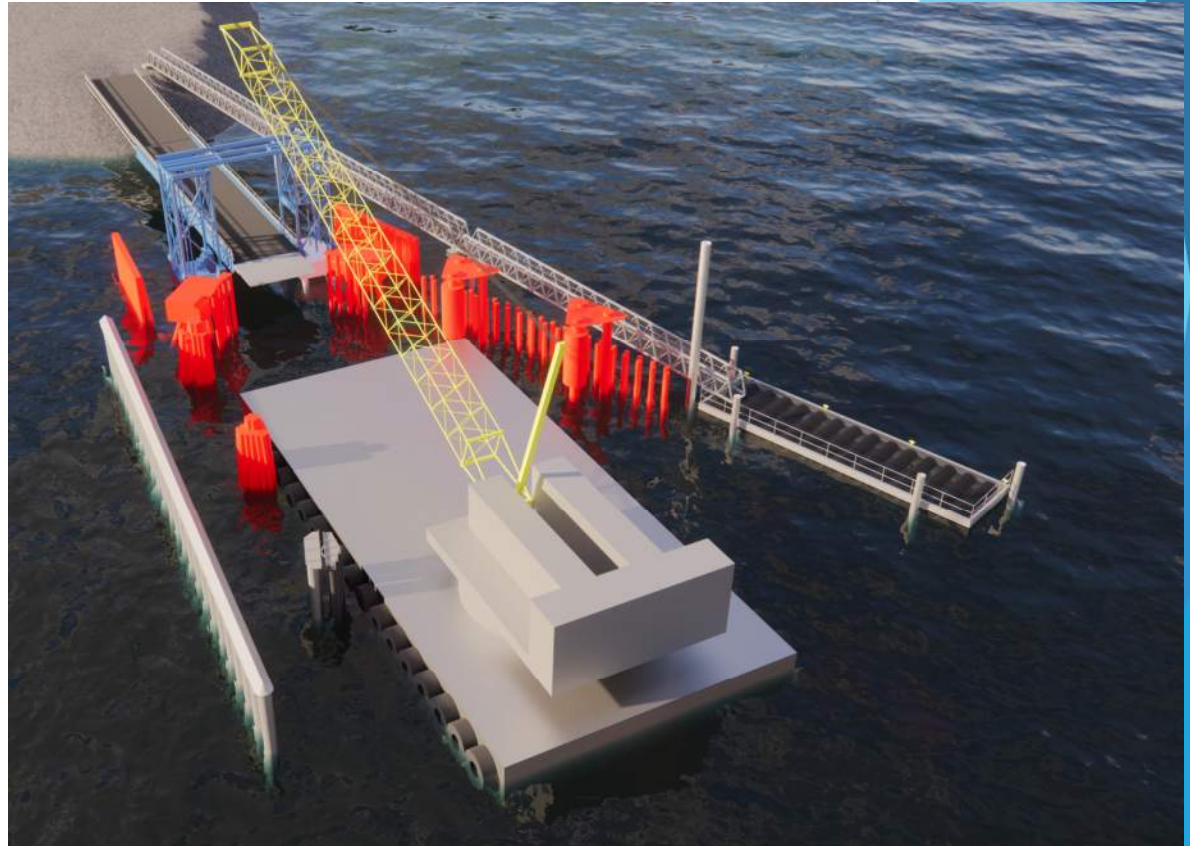
# Construction Phasing Considerations

- Construct POF while Whatcom Chief is still operating



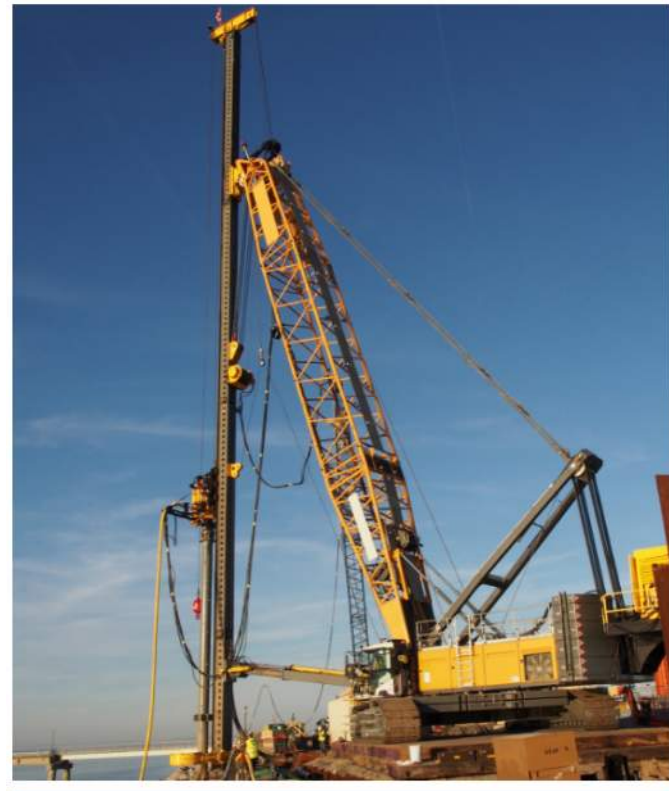
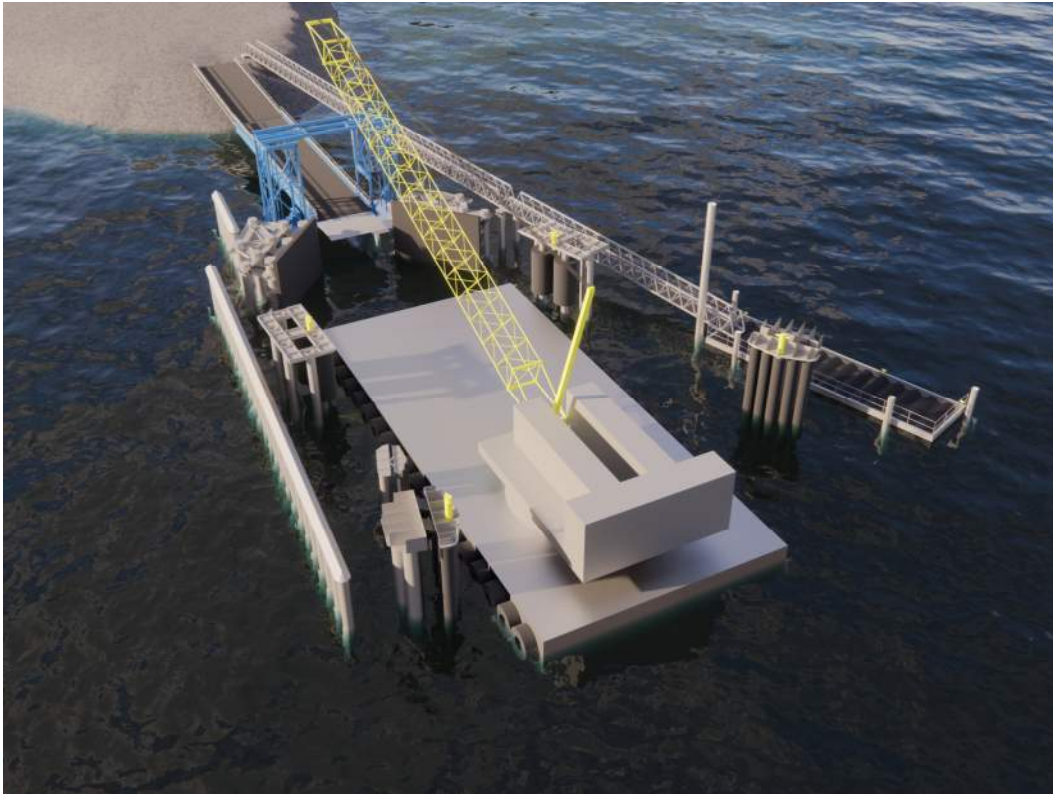
# Construction Phasing Considerations

- Demolish remaining existing wing walls and dolphins
- POF in operation
- Barge stays in the slip



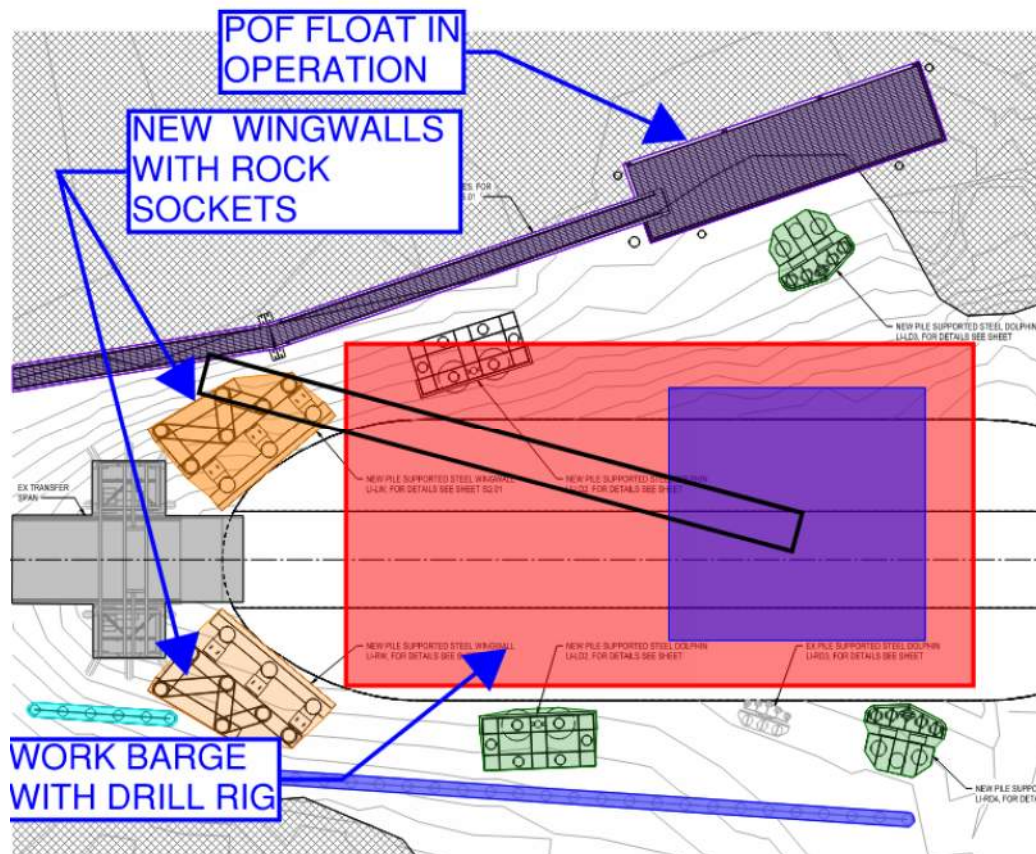
# Construction Phasing Considerations

- Construct new wing walls and dolphins



# Construction Phasing Considerations

- Construct new wing walls and dolphins



# Construction Phasing Considerations

## Input needed from the WCFAC and the community:

- What services will be needed that typically require vehicles to move on/off the island?
- What are potential emergency response needs?
- What services are needed to support walk-on passengers?
- What is the best way to get feedback from the community?



# Questions