

Whatcom County Ferry Advisory Committee
August 28, 2024
Minutes

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

Present: Janice Catrell, Richard Frye, Pam Gould, Diane Harper, Todd Lagestee, Tom Philpot, Catherine Shornick

Absent: Carol Landt

Welcome to Laura Frolich, Public Works Assistant Director and Ferry Manager

Agenda, stands; Minutes from July 24, 2024, adopted

COMMITTEE WORK

- **Motion on ferry operational reports 2022 and 2023:** Diane Harper reviewed request for financial information (see attached). *Motion (Harper; Lagestee second): WCFAC requests that fiscal year 2022 and 2023 Ferry Operation Reports be issued by Whatcom County Public Works that at a minimum include the updated version of the six pages identified below in the 2021 report. (The 2022 report need not include the columns showing projections, but the 2023 report should do so).*
 - Page 5 – Summary of Revenues
 - Page 6 – Summary of Expenses
 - Page 7 – Overview of Ferry Fund Balance
 - Page 11 – Analysis of Vessel Rental Rate (the only way dry-dock information is available)
 - Page 13 – Ridership Statistics
 - Page 15 – Appendix A – Income Statement

We recognize that it will be necessary to include a cautionary note in these reports to explain why the past years' finances differ from what was presented in the 2013-2021 Reports. Motion passed unanimously among those present; to be sent to Public Works (PW).
- **WCFAC member terms and open seats, follow-up:** Chair Pam Gould will bring a draft resolution to next meeting, in order to request term appointments that allow for only one-third of members rotating off each year, rather than the current 50%.
- **Punch card exchange dates recommendation:** The next exchange opportunity is on the regular punch card sale date. Concerns include staff time and expenses for exchanges over the summer, inability of people off-island to exchange cards and lack of an option to mail in cards for exchange, absence of any expiration dates on the cards, and another increase anticipated in January. Laura Frolich reported that calculations are necessary in person, so problems arise when mailed-in checks are inaccurate. PW is aware of inconveniences; it's possible an automated system could be developed. Todd Lagastee called attention to the intent of RCW 19.240, specifically regarding expiration language on gift cards¹, and urged a close review of that regulation.

¹ RCW19.240 The definitions in this section apply throughout this chapter unless the context clearly requires otherwise. (1)(a) "Gift card" means a record as described in subsection (5)[(2)] of this section in the form of a card, or a stored value card or other physical medium, containing stored value primarily intended to be exchanged for consumer goods and services...

- **WCFAC discussion, draft letter on replacement ferry costs and funding:** Diane H. reviewed presentation (see attached), noting that a smaller hybrid ferry could still allow for the RAISE grant and state funds, but with financial gap closer to \$4M. Discussion included the importance of both moving quickly and exploring other alternatives including Bellingham facilities and battery supplies in Marysville. Pam G. reported that State Senator Sharon Shewmake said at a recent Town Hall that we need to ask for additional funds. Todd L. expressed concerns about wording of the draft letter, suggesting that the WCFAC could *support the actions* rather than requesting them. Unfortunately, time does not allow for a full rewrite. Laura F. underscored hopes for a solution-oriented working session in September, after which PW may bring a proposal to the County Council (CC). PW is in a position to justify revenue alternatives, although PSE does not appear to be ready for electrification. Laura hopes for a viable and realistic decision. *Motion (Harper; Frye second): WCFAC will forward letter to County Council as drafted, with an additional item #4, investigate local building facilities and battery supply options; and to change 'request' to 'recommend'.* Motion passed with five in favor (one no, one absent, one no vote recorded).
- **ad hoc Access Committee, update:** Pam G. deferred report, while noting that Kim Boon passed on her spreadsheet of entities/stakeholders to Carol L., and the LI Fire Department provided a consolidated report of fuel needs and emergency responses. Work continues.
- **ad hoc Ferry and Terminal Committee, update:** Tom Philpott reviewed financial projections surrounding a smaller vessel that would help close a funding gap and may still allow for the RAISE grant (see attachment); he asked if KPFF could develop a 24-car hybrid vessel.
- **WCFAC discussion on updating Level of Service (LOS) recommendation:** Diane H. reviewed LOS history (see attachment). One of WCFAC's jobs is to review the resolution CC adopted in 2018, when costs over and above the vessel were not considered might have changed recommendations. *Motion (Harper; Philpott second): WCFAC form a limited ad hoc committee to consider updating the 2017 LIFAC recommendation, and to bring a recommendation to the September WCFAC meeting.* Motion passed unanimously among those present. The community will be asked for input as to how to address LOS; former LIFAC members Charles Bailey and Rhayma Blake are willing to serve on the ad hoc.

UPDATES FROM STAFF

Laura Frolich briefly described her background that includes earth sciences and water conservation and resources, and a Master's in Public Administration. She expressed gratitude for the work of WCFAC, acknowledging that things are happening quickly regarding cost escalations and the need to secure funding sources.

Gary Poole, Ferry Master, thanked Laura F. for making his job easier since her arrival, noting that she strives for systems to work. Ticket sales will include exchanges on September 4th; more combined events may occur depending on how this one goes. It was surprising how many punchcards were submitted—over 4,000 lines of data were recorded. The ferry will have a service outage on September 18th for dock inspection, during which time the crew will participate in much needed safety drills. No date is set for the next drydock; however, it is hoped that a possible two-year commitment could make things simpler.

Gary and Laura commented on a recent Ferry Summit they both attended, including how various systems compared and possibilities of lobbying Olympia together. Differences include LOS (earlier shutdowns at end of day), emergency services (one system has a separate vessel), and private services that provide crew (off-island). Gary observed that it is a huge benefit to islanders that our crew members live on-island, particularly for emergencies.

OPEN SESSION

Bob Anderson expressed concerns surrounding the reality of receiving state and RAISE funds and having all funding in place by July 2025. He urged PW and WCFAC to pursue answers posed earlier, but also to look at a shorter term (seven to ten years), reconditioned vessel that fits existing docks. This would allow for aligning funds and other forces and resolving issues.

Charles Bailey thanked and welcomed Laura F, noting the deep well of talent within the island crew, community and committee. He served on LIFAC and worked on the earlier LOS, but pointed out that a smaller ferry would actually better serve the LOS. The focus should be on the funding gap; it is up to CC to take action (no action is an action). He urged replacing the vessel with a smaller design that would not require new terminals and would qualify for the RAISE grant. He asked that all options be considered but to act soon.

Jim Dickinson questioned how many vehicles realistically could be transported in any hour. The county, state and feds are broke now but will come back. The Hiyu is \$1.85M, uses less fuel, produces less pollution, has good spacing for cars, and docks could be renovated differently. A real vetting of the Hiyu is needed.

Tom Hodges raised the consideration of trip reductions, asking if coordination could occur with Whatcom Transit and other options to move people more than vehicles. Regarding punch cards, some people simply cannot be on site; is it ok for the county to simply keep their money (of unused cards)? There is no indication on the ticket that they expire.

[Laura F. responded that it sounds like a legal question. Gary P. observed that the exchange is new for everyone; some people were actually yelling at the ferry crew during exchange events. **He urged people to remember that the crew is trying to help and to please work with them.**]

David Kershner agreed in large part with Jim and Bob; there is nothing to lose in requesting a revision or extension for the RAISE grants from DOT. It's possible [with a smaller vessel] the gap could be less than \$5M.

Meeting adjourned.

Upcoming

- September 25th, WCFAC meeting.

Attachments:

- WCFAC July 24, 2024, Minutes (note: submitted with attachments earlier for County posting)
- Harper, Ferry Operational Reports

- Draft Letter on Replacement Ferry Costs and Funding
- Tom Philpott report from ad hoc
- LOS review

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Submitted by C. Shornick

Whatcom County Ferry Advisory Committee
July 24, 2024
Minutes

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

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

Absent: Janice Catrell, Todd Lagestee

County representatives present: Jon Scanlon, County Council (Zoom)

BUSINESS MEETING

Agenda: Stands, with minor addition from D. Harper

Minutes: June 5, 2024, Adopted

Jon Scanlon, County Council: Jon S. reported on the report made to the Council of the Whole (COTW) on July 23rd by Public Works (PW) Director Liz Kosa and consultants KPFF, regarding three options for moving ahead with ferry replacement. Big gaps remain for taxpayers, whether they move forward with a new electric ferry in one or two phases or replace the ferry with a new but equivalent size diesel vessel. Funding options to explore include pursuing a bond, a ferry district, and/or state funds. If the latter remains possible (after elections in Nov.), the one-phase electric option is the most cost-effective. Council called for work sessions with PW to develop options and details. Jon would like to hear from Lummi Islanders over the next few months, especially in regard to anything PW and Council is missing. It's possible that some of the work sessions will be public, and WCFAC could potentially participate.

WCFAC Report on July 23rd Council of the Whole Meeting: Several members attended the COTW presentation. Diane Harper underscored that Council must commit to a financial plan by July 2025 or the RAISE grant is lost. If a larger ferry is not part of the plan, approx. \$11M is still needed for rebuilding the island-side terminal. County engineers should be asked if a smaller electric ferry could be accommodated by the existing size terminal.

OPEN SESSION

Jim Dickinson commented that the whole project should be started over. Two ferries have been designed and scrapped. The idea is to make things work better and the three options are all bad—more fuel, pollution, and outage time. It's best to get a ferry for 10 years or so and work out the rest properly.

Dave Parker posed two questions for PW and CC: could KPFF verify that a change to LOS (level of service) would forfeit the RAISE grant; and where would the \$11M for docks come from without the grant? There should be an alternative funding source.

Charles Bailey noted that seven years ago, a 34-car, net-zero emissions ferry was adopted. We don't want to lose the RAISE grant, but it's necessary to examine other scenarios; break out the costs through a ferry district, bonds, fares, taxes—none have been analyzed over the vessel lifetime. An electric ferry is preferable, but what is affordable?

Bob Anderson proposed a fourth option of purchasing a reconditioned diesel vessel to use for ten or so years, which would allow for a shorter outage and time to understand the lease renewal, PSE charging capacity, sea level rise, etc. (Statement read in abstentia, see attached)

Mary Ross listened to the COTW meeting and was taken back by the suggestion for a 15-car ferry, which would not be equivalent: it would be too small and inadequate and take us backwards. While a 34-car ferry is too big, something like a 26-car ferry would be more appropriate. It would be sad to lose the RAISE grant.

COMMITTEE WORK

Diane Harper: costs of implementing fare change, and annual ferry operation reports: While we are thankful for the ability to trade in cards, costs to do so are concerning. *Motion was made to formally ask PW, through the County Executive, to produce a report on accumulated costs of the most recent fare change, acknowledging that it will be an interim report in September.* Motion passed unanimously. Discussion surrounded past practices and cost (including labor) to fare box for exchanges.

Diane would also like to request an abbreviated report for 2022 (2021 was the last one) with a summary of revenues, history of expenses, ferry fund balance history, and an accounting page. Motion tabled until August meeting.

ad hoc Access Committee, update: Work somewhat on hold for summer and waiting on vessel determination. One way or another, a four- to six-month vessel ferry outage will occur.

ad hoc Ferry and Terminals Committee, update: The KPFF/PW presentation to COTW included much new information to digest. It looks as if a variation of what has already been planned will occur, based on finances. We can't lose the RAISE grant, but what is a single phase, and at what cost? What is the cost of a deferred option? We need a financial person to analyze, and the opportunity to sit down with PW. It's important to try to get PW to focus on PSE: what does each boat need, and what is PSE's capacity? Whatcom County has not applied for state carbon funds, so if they are not repealed in November those funds are important. Jon Scanlon appreciated the creative thinking. He is not worried about CRAB funds if the smaller ferry is chosen, and will ask Liz Kosa for a one-hour meeting with PW for the ad hoc committee to understand more about the phases proposed. Cantwell and Larson could also be helpful since they want the inflation reduction funds to work.

Some discussion took place as to how a county ferry district could be established, whether by vote or by councilmanic action. Jon is waiting to see if children's fund is repealed in November, then he is willing to work on ferry district; but he suggested WCFAC start having meetings with Council members.

Rich Frye commented that when discussing the RAISE grant it would be reasonable to cite the marine construction and repair index that indicates dramatic cost increases, since it is specific to these circumstances; that demand management should be considered (parking and vehicle use); and he would like to see a 24- to 26- electric ferry built in Bellingham.

Staffing update: This is Kim Boon's last night, since she is resigning.

Upcoming

- August 28, WCFAC meeting, Zoom only: Public Works Assistant Director Laura Frolich, new ferry systems manager

Meeting adjourned.

Attachments:

- WCFAC 6.5.24 Minutes Final (note: submitted with attachments earlier for County posting)
- Bob Anderson comments
- Harper, financial info request

Zoom recording provided by island volunteer: <https://www.youtube.com/watch?v=NwvEIJ8Pqs&t=8s>

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Submitted by C. Shornick

To: WCFAC

From: Diane Harper

Date: 8/22/24

Topic: Request that WCFAC formally ask the County for financial information to be published in a 2022 Fiscal Year Ferry Operations Report and a 2023 Fiscal Year Ferry Operations Report

The Whatcom County archives have annual Ferry Operation Reports going back to 2013. This was a 2011 Ferry Task Force recommendation to ensure that everyone had access to information about the financial situation of the ferry.

The reports typically were issued in late summer or early fall for the preceding year, including a projection of the results of the current year, and used in examining the budget and fares for the following year. The last one was issued in October of 2022 for fiscal year 2021. I believe that the changed understanding in spring of 2023 about what state funds should have been subtracted from the total operating expenses before calculating the 55% fare portion meant that ALL preceding years were in error, presenting a difficulty in presenting information for 2022 and 2023.

In discussions with the County as to the actual Ferry Fund balance, I provided corrected calculations from past years reflecting what the results should have been. A question was how much the County actually contributed since the state funds are subtracted before the 45% is calculated; Janice Holmes and I provided a report last August on some discrepancies. The difficulty is that these private analyses are not appropriate to be recorded in the County archives. We need the County to issue these reports in order for there to be a continuing record available for people to use in the future.

WCFAC requests that fiscal year 2022 and 2023 Ferry Operation Reports be issued by Whatcom County Public Works that at a minimum include the updated version of the six pages identified below in the 2021 report. (The 2022 report need not include the columns showing projections, but the 2023 report should do so).

Page 5 – Summary of Revenues

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Page 11 – Analysis of Vessel Rental Rate (the only way dry-dock information is available)

Page 13 – Ridership Statistics

Page 15 – Appendix A – Income Statement

We recognize that it will be necessary to include a cautionary note in these reports to explain why the past years' finances differ from what was presented in the 2013-2021 Reports.

I will make this a motion at our August 28th meeting.

Thank you,
Diane Harper

p.s. You can examine the 2021 and earlier Reports on the County website. Here is the link to the archives where you can also find the Public Works reports on Capital Plans, and general County financial reports: <https://www.whatcomcounty.us/archive.aspx> Here is a link to the 2021 Report: <https://www.whatcomcounty.us/ArchiveCenter/ViewFile/Item/15696>

Dear County Executive Sidhu, County Council Members, and Public Works Ferry Division:

The County needs to act quickly on how to replace the Whatcom Chief, the current ferry, as all funding must be committed by **July 1, 2025**, or the \$25 million RAISE grant is lost. The Whatcom County Ferry Advisory Committee (WCFAC) is aware that the current County Ferry 14 Year Capital Plan indicates that the current dock structures' useful life extends through 2040. We also want to note that the decision by LIFAC to recommend a 34-car ferry versus a smaller ferry was based on a very small margin, and that there has been a significant change in projected future ferry ridership with a move towards work-at-home and other demographic trends since 2017. Based on this information, WCFAC has discussed the option of a smaller electric-diesel ferry, whether RAISE and state grants would support such a ferry, and the possibility of a used diesel ferry.

As well, in a recent Island Town Hall, State Representative Sharon Shewmake was apprised of skyrocketing costs of our new ferry proposal and associated funding gaps. She encouraged us to reach out to her directly to request additional State funds and to request an adjustment from USDOT in our RAISE grant proposal. She commented that we are not the first community to have changes in circumstances that require a change in project design.

We therefore recommend that you take the following four actions as soon as possible in order to determine the possibilities for an affordable solution.

1) Ask Kpff or other appropriate experts to provide the following information:

- (a) the maximum vessel size that will be compatible with the existing terminal structures through 2040;
- (b) the cost of a smaller hybrid diesel ferry that could safely utilize the existing structures; and
- (c) the total costs of acquiring used or new diesel ferries including necessary terminal structure modifications.

(2) Seek permission from USDOT to downsize the ferry to a smaller vessel that would lower greenhouse gas emissions, account for changing circumstances due to the COVID pandemic that resulted in rapid adoption of "work-at-home" technology, and respond to unexpectedly large increases in the costs of marine projects and shipbuilding. Please include a request to our federal and state elected representatives, as well as the appropriate department employees, for assistance in getting this permission.

(3) Seek additional state funding of \$18.7 million, which--with the \$5.3 million the state has already provided for the new ferry--would put Whatcom County at par with the \$24 million the state has allocated to Skagit County for the new Guemes Island ferry that serves a similarly sized population.

(4) Investigate the possibility of utilizing local shipbuilding and battery suppliers.

Our community stands ready to reach out to State and Federal elected officials and agencies to encourage them to approve the use of the RAISE grant and to approve additional State grants for a smaller electric-diesel hybrid ferry. Based on changes in commute patterns and in costs, WCFAC intends to give the County an updated recommendation on the size of the ferry needed. WCFAC stands ready to consider any actions that we may take that the County would find helpful in this situation.

We recommend that the County immediately begin these four actions, as the answers will do much to determine what solutions will be reasonable for further investigation. Please keep us informed.

Sincerely,

The Whatcom County Ferry Advisory Committee

Adopted August 28, 2024

Whatcom County Ferry Level of Service



Photo Courtesy Edmund Lowe Photography

Whatcom County Ferry Advisory Committee

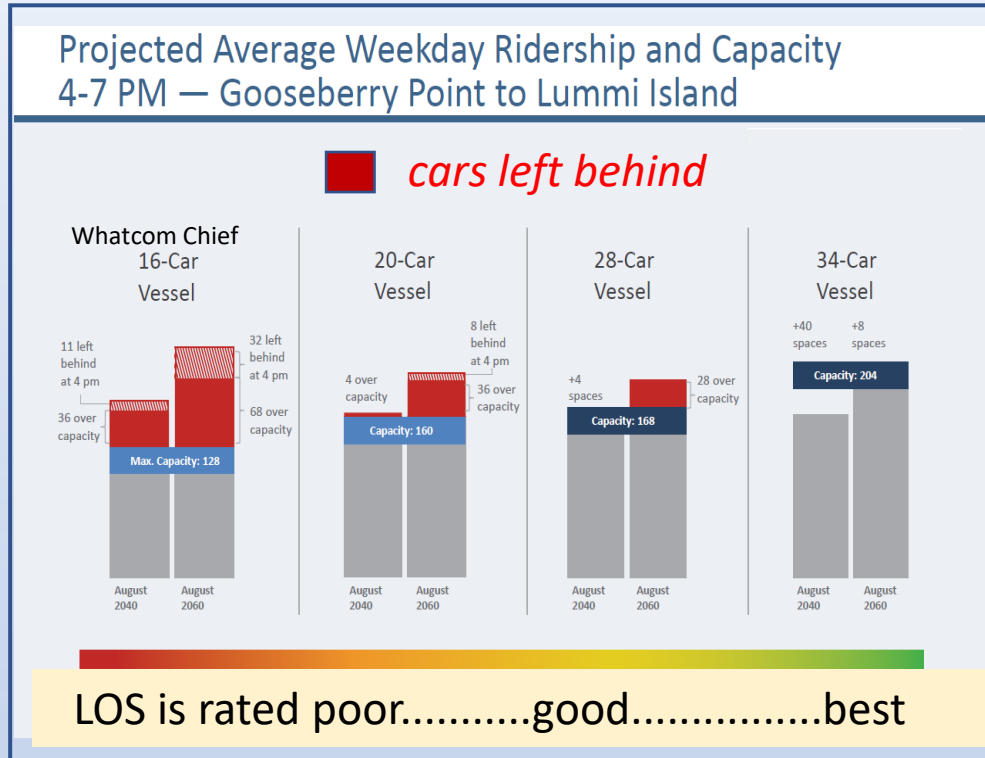
August 28, 2024

Diane Harper

Note from Diane to agenda recipients: *It is not necessary for you to spend time getting into the technical details on these slides before the meeting, they are back-up information to a request for WCFAC to take up this topic.*

What Is the Adopted Level of Service (LOS)?

The LOS looks at Volume of traffic divided by Capacity of ferry: it is a performance grade.



LIFAC recommended that the LOS standard for the Whatcom County Ferry be enough capacity for no more than a two boat wait.

After a lot of number crunching, LIFAC recommended that a 34 car ferry was the best way to meet this goal. **Whatcom County Council Resolution 2018-026** adopted that solution.

If traffic volumes are now expected to be lower than projected, the LOS goal can be achieved with a smaller vessel.

Traffic Predictions Are Based on Housing and Commuters

U. S. Census Bureau				
Decennial Surveys and 2022 American Community Survey 5-Year Estimates				
	Whatcom County 2022	Lummi Island 2020/2022	Lummi Island 2010/2011	Lummi Island 1999/2000
Median Household Income	\$82,500	\$79,220		
Poverty	11.6%	10.5%		
Population		934	964	821
Median Age	38.2	62.2	55.2	
Transportation to Work				
Single Occupant Vehicle	68%	45%		
Carpool	8%	0%		
Other means	9%	16%		
Worked from home	16%	40%	24.5%*	
Housing Units				
Occupied housing units	90123	464	479	387
Vacant housing units	9941	435	485	274
<i>percentage available</i>	10%	48%	50%	41%

* Not asked the same way, so this percentage may be too high.

The world is changing, and so is the island: Population

Table 5: Population and Compound Annual Growth Rates for Washington State, Whatcom County, and Lummi Island

	Washington State	Whatcom County	Lummi Island
1990	4,866,659	127,780	620
2000	5,894,143	166,826	822
2005	6,298,797	184,965	898
2010	6,724,540	201,140	968
2016	7,183,700	212,540	1,015
CAGR 1990-2000	1.93%	2.70%	2.86%
CAGR 2000-2010	1.33%	1.89%	1.65%
CAGR 2010-2016	1.11%	0.92%	0.79%

Washington State Office of Financial Management, SDG Analysis

page 8 of 23, steerdaviesgleave.com, memo to Kpff on March 20, 2018

Appendix B – Ridership Demand Forecast, a part of Appendix A to the RAISE grant application

However, the 2020 Census found that the population of Lummi Island was 934, slightly less than in 2010; **not** the 5% increase shown from 2010 to 2016.

This might be attributed to the growth in housing being used as second homes and the short-term rental businesses supported by the internet.

In other words, the number of housing units may grow quite a bit more than the year round resident population grows.

DH-8-22-24

The world is changing, and so is the island: Commutes

The consultant explained that a drop in ridership of about 28% between 2006 and 2015 can be attributed to a drop in commuters of about 1/3.

In 2010 about 25% of island workers did not commute; in 2020 it was 40%.

Analysis of commuters on Lummi Island provides an additional source apart from demographic data to show the reduction in commuters on Lummi Island. Commuters are one of the most stable segments of ferry ridership. These American Community Survey (ACS) 5-year estimates cannot be used to give a single year total, as they collect data and merge over a 5-year span. But using two non-overlapping year groupings to compare such as the 2006-2010 and 2011-2015 estimates, we see in Table 7 the drop from 596 to 400 estimated commuters on the island. A reduction of close to 1/3, this can be seen in relation to the over 28% decline in ridership between 2006 and 2015 discussed and shown in the earlier Figure 1.

Table 7: Lummi Island Commuters

	2006-2010	2007-2011	2008-2012	2009-2013	2010-2014	2011-2015
Commuters	596	649	574	593	493	400

American Community Survey, 5 Year Estimates

page 9 of 23, steerdaviesgleave.com, memo to Kpff on March 20, 2018

Appendix B – Ridership Demand Forecast, a part of Appendix A to the RAISE grant application

Ferry Vehicle Traffic

Forecasting growth is difficult; to do so the price of fares and ferry service levels were held constant

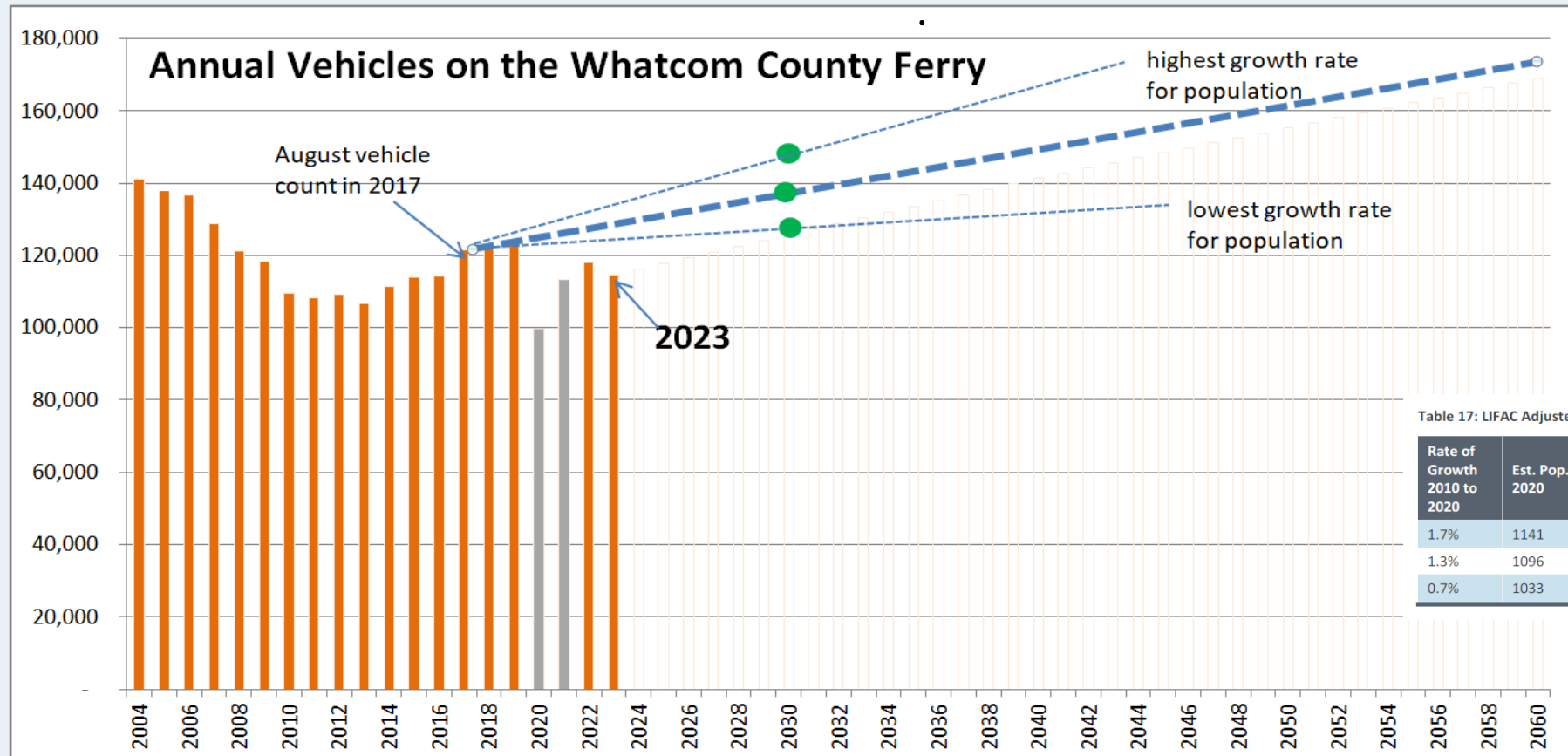






Table 17: LIFAC Adjusted Growth Rates

Rate of Growth 2010 to 2020	Est. Pop. 2020	Rate of Growth 2020 to 2030	Est. Population 2030	% increase 2010-2030
1.7%	1141	1.4%	1311	36%
1.3%	1096	1.0%	1211	26%
0.7%	1033	0.5%	1085	13%

Data 2004-2010 reported in RAISE grant application. Data from 2011-2023 from Whatcom County ferry website; note that the data from 2011-2017 from RAISE grant application was about 1% lower than the Whatcom County data presented for the same years. Actual hourly counts only periodically are made so ridership by time of day is limited; typically the sales of fares are used for annual ridership reporting and budgeting.

Impacts of Meeting the LOS Goal

Early consideration was focused on the cost of the vessel, not the additional costs of terminal requirements and associated implementation issues.

	Current 16-Car Vessel	20-Car Vessel	28-Car Vessel	34-Car Vessel
Level of Service				
Vessel Capital Cost	NA	~\$8-10 M	~\$10-12 M	~\$11-13 M
ADA Accessibility	No	Yes	Yes	Yes
Crew Requirements	3	3	3	3

Source: Presentation at public meeting on FERRY SYSTEM IMPROVEMENT PROJECT | MARCH 14, 2018

Given the unprecedented cost increases, the size of the ferry has become an important question since both any required terminal modifications and the cost of the ferry have a large impact on the Funding Gap that the County faces in replacing the ferry.

Next Steps for WCFAC?

If WCFAC found when updating the 2017 LIFAC recommendation that the LOS could be met with a smaller ferry, it might be useful for the County's requests for grants.

Proposal:

1. A limited ad hoc subcommittee is created to consider available information about housing, population, commute patterns, and ferry operation specifics in order to update the 2017 recommendation from LIFAC.
2. In September WCFAC discusses a draft updated recommendation and invites community comment.
3. Adopt recommendation and propose a draft resolution to update Resolution 2018-026 to the Whatcom County Council in October.

QUESTIONS AND COMMENTS