TITLE OF DOCUMENT:
Ordinance amending WCC 10.34, Ferry Rates

ATTACHMENTS:
Ordinance, Exhibit A, and Exhibit B

SEPA review required? ( ) Yes ( X ) NO
SEPA review completed? ( ) Yes ( X ) NO
Should Clerk schedule a hearing? ( ) Yes ( ) NO
Requested Date:

SUMMARY STATEMENT OR LEGAL NOTICE LANGUAGE: (If this item is an ordinance or requires a public hearing, you must provide the language for use in the required public notice. Be specific and cite RCW or WCC as appropriate. Be clear in explaining the intent of the action.)

This ordinance amends Whatcom County Code 10.34. The amendment will change the method of calculating the 45% Road Fund Subsidy of the Ferry Operations expenses. The change will make the method of calculation identical to the 55% Ferry Fare Box contribution calculation. **If approved, both calculations will be based upon the same adjusted total expenses number.**

The Ordinance amendment also includes language to clarify the specific state funding included in the calculation as “Ferry Deficit Reimbursement” in an effort to reduce confusion.

COMMITTEE ACTION: 

COUNCIL ACTION:  

Related County Contract #: Related File Numbers: Ordinance or Resolution Number:
AB2012-197 

Please Note: Once adopted and signed, ordinances and resolutions are available for viewing and printing on the County’s website at: www.co.whatcom.wa.us/council.
MEMORANDUM

TO: The Honorable Jack Louws, Whatcom County Executive
Honorable Members of the Whatcom County Council

FROM: Frank M. Abart, Director

RE: An Ordinance to amend WCC 10.34, Ferry Rates

DATE: April 8, 2013

Requested Action:
Consideration of the attached ordinance that amends Whatcom County Code 10.34. The amendment will change the method of calculating the 45% Road Fund Subsidy of the Ferry Operations expenses. The change will make the method of calculation identical to the 55% Ferry Fare Box contribution calculation. **If approved, both calculations will be based upon the same adjusted total expenses number.**

The recommendation also includes language to clarify the specific state funding applicable to the calculation as “Ferry Deficit Reimbursement” in an effort to reduce confusion.

Background and Purpose:
The intended purpose is to provide the same basis of calculation for the 45% Road Fund Subsidy as is currently used to calculate the 55% Fare Box Recovery. The current calculation allowed by ordinance provides a disproportionate increase in the amount subsidized by the Road Fund.

The change also clarifies the source and identification of state funding intended to directly assist County Ferry Operations. There have been concerns expressed regarding other state funding and confusion about whether it applies or not. This language change is intended to eliminate the confusion.

Other Information:
The financial impact from the previous three years has required the Road Fund to pay an additional $228,888 in **increased** subsidy toward the Ferry Operational expenses (2010 = $61,735, 2011 = $80,028, 2012 = $87,125).

If approved, this Ordinance change would eliminate the **increased** subsidy (over 45%) from the Road Fund and shift the expense back to the Ferry Fund.

If you have any questions please call Frank Abart at extension 50678. Thank you.

Enc.
ORDINANCE NO. ______

AMENDING WHATCOM COUNTY CODE CHAPTER 10.34 FERRY RATES

WHEREAS, Chapter 10.34 of the Whatcom County Code addresses administration of ferry rates; and

WHEREAS, Section 10.34.030 addresses use of ferry user fee revenue; and

WHEREAS, the amendment will change the method of calculating the 45% Road Fund Subsidy of the Ferry Operations expenses. The change will make the method of calculation identical to the 55% Ferry Fare Box contribution calculation. **If approved, both calculations will be based upon the same adjusted total expenses number.**

WHEREAS, the amendment also includes language to clarify the specific state funding applicable to the calculation as “Ferry Deficit Reimbursement” in an effort to reduce confusion.

NOW, THEREFORE, BE IT ORDAINED by the Whatcom County Council that Whatcom County Code 10.34 is hereby amended as shown in Exhibit A to this ordinance, and

BE IT FURTHER ORDAINED that the amended calculations shall be effective retroactively to January 1, 2013.

ADOPTED this ___ day of ________, 2013.

ATTEST:

Dana Brown-Davis, Clerk of the Council

WHATCOM COUNTY COUNCIL
WHATCOM COUNTY, WASHINGTON

Kathy Kershner, Council Chair

WHATCOM COUNTY EXECUTIVE
WHATCOM COUNTY, WASHINGTON

APPROVED AS TO FORM:

Daniel L. Gibson

Civil Deputy Prosecutor

( ) Approved  ( ) Denied

Date Signed: ____________________
EXHIBIT A

Chapter 10.34 FERRY RATES

Sections:

10.34.005 Definitions.

10.34.010 Effective date for ferry user fees.

10.34.020 Interpretation of rate schedule.

10.34.030 Use of ferry user fee revenues.

10.34.005 Definitions.

A. "Ferry system" means all physical elements of the Lummi Island ferry operations, including both the Gooseberry Point and Lummi Island vehicle and pedestrian staging areas, vehicle parking areas, and ferry docks, and any and all boats utilized for transport purposes.

B. "Operating cost" means all actual daily running expenses and all actual regular and routine maintenance and administrative expenses associated with the use and operation of all physical elements of the ferry system.

C. "Capital cost" means all capital expenditures, including financing and depreciation expenses applied to the replacement, expansion, or creation of ferry system physical elements.

D. "Fare box recovery rate" means the calculated percentage of total revenue generated through ferry user fees in comparison to total actual operating costs for the same period of time minus any revenue from the motor vehicle fuel tax meant for ferry operations, or from interest.

E. "Ferry user fees" means the rates and charges required of and collected from any and all users of the ferry system, as established and periodically amended in the Unified Fee Schedule.


10.34.010 Effective date for ferry user fees.
Ferry user fees are set forth in the Whatcom County Unified Fee Schedule and become

10.34.020 Interpretation of rate schedule.

The following provisions should be observed in application of the ferry rate schedule:

A. Trailers shall include, but not be limited to, ball hitches, military hitches, fifth wheel in bed of pickup, dump trailers, recreation trailers and mobile homes.

B. Special trips are a surcharge in addition to the applicable fare.

C. A weekly run limited to fuel trucks, charged at the regular rate, shall be scheduled by the public works department and published appropriately.

D. Trucks and tow vehicles with trailers shall be charged a rate based on length and weight. Heavy machinery and motor homes shall be charged at the corresponding vehicle rate.

E. All trucks shall be charged regular round-trip rates based on legal license capacity.

F. Over-width vehicles or trailers occupying more than one lane shall be charged a 50 percent surcharge. In addition, vehicles towing over-width trailers shall also be charged a 50 percent surcharge.

G. Student multi-ride cards shall be sold to full-time post-high school students only. Proof of post-high school enrollment shall be required at time of purchase. No special student discount is available for drivers of vehicles.

H. Children 12 to under 19 (nineteen) years of age will receive free passenger and pedestrian passage all year round. No special child discount is available for drivers of vehicles.

I. County employees on official county business shall be exempt from fares. All county employee trips exempt from fares will be tracked, and $10.00 per trip will be credited toward the fare box recovery rate each year.

J. Enrolled members of the Lummi Indian Tribe who are issued appropriate identification cards by the tribe, or current fishing cards, licenses, or Lummi Indian Business Council ID cards and who have legitimate tribal business upon Lummi Island, as indicated by the Lummi Indian Tribe, shall have free foot passage upon and across the ferry operated by Whatcom County between Gooseberry Point and Lummi Island.

K. A special-needs-based discount is provided for Lummi Island residents who meet the income levels listed below. These special tickets will only be sold at the Whatcom County treasurer’s office in Bellingham and will require proof of income and family size. Eligibility will be reviewed at least annually. Forms and procedures will be developed by the
1. Family of four or more with less than $40,000 total annual income;

2. Family of three with less than $30,000 total annual income;

3. Family of two with less than $20,000 total annual income;

4. Individual with less than $10,000 total annual income.

L. Eligibility for a special "senior/disabled" discount is available to all Lummi Island residents who currently hold property tax exemptions or deferral as defined under RCW 84.36.381 and 84.38.030 and WAC 458-16-020 and 458-18020, and as these may be hereafter amended. Eligibility for a special "senior/disabled" discount is also available to all Lummi Island residents that also qualify for medical assistance within the Medicaid Program.

M. Intentionally left blank.

N. All children under the age of 12 years when traveling on the Whatcom County ferry must be accompanied by an adult. An exception to this policy will be made only if the adult parent or guardian signs a waiver exempting Whatcom County from all liabilities for any and all injuries, loss of life, etc., while the child is traveling on the ferry.

10.34.030 Use of ferry user fee revenues.

Beginning January 1, 2006, a 55 percent fare box recovery rate shall be applied and evaluated continuously from that time forward. 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.

In any given year the actual fare box recovery rate exceeds 55 percent, the excess revenue shall be retained in the ferry system fund and applied only to future operating costs.

In any given year the actual fare box recovery rate is below 55 percent, the difference shall be recovered in a future ferry user fee increase unless there is adequate excess ferry user fee revenue remaining in the ferry system fund collected during prior years.

Beginning January 1, 2007, any interest income or miscellaneous ferry fares income, or income from the State of Washington specifically identified as the annual Ferry Deficit Reimbursement, motor vehicle fuel tax for ferry operation and the credit for County employee ferry trips will be deducted from the actual operating costs before the actual 55 percent fare box recovery rate is calculated and before the actual 45% Road Fund subsidy is calculated. The goal of this method of calculation is that the Road Fund will not contribute more than 45 percent of the adjusted operating costs each year. (Ord 2012-016, Exh A, Ord. 2010-054, Exh A, Ord. 2008-052 Exh. A; Ord. 2008-017 Exh. A; Ord. 2007-001
Prior legislation: Ord. 89-103.
**EXHIBIT B**

Example of **Current** and **Proposed** method of calculation and the resulting impact using actual numbers from the 2012 budget.

<table>
<thead>
<tr>
<th>Current Calculation Method</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Ferry Fund</strong></td>
</tr>
<tr>
<td>Total ferry operating expenses</td>
</tr>
<tr>
<td>less ferry deficit reimbursement</td>
</tr>
<tr>
<td>less county employee trip credit</td>
</tr>
<tr>
<td>less miscellaneous income</td>
</tr>
<tr>
<td>less interest income</td>
</tr>
<tr>
<td>Adjusted operating expenses</td>
</tr>
<tr>
<td>Cost recovery amounts</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Road Fund</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total ferry operating expenses</td>
</tr>
<tr>
<td>less fare recovery amount</td>
</tr>
<tr>
<td>less road fund contribution</td>
</tr>
<tr>
<td>Amount paid by ferry fund</td>
</tr>
<tr>
<td>Total ferry operating expenses:</td>
</tr>
<tr>
<td>Percent paid by ferry fund</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

* $1 difference due to rounding.

The current Ferry Fund contribution is total operating expenses (A) less credited income items (B) equaling adjusted operating expenses (C), multiplied by 55 percent which results in a fare recovery amount of 50.72% of total operating expenses (D). The remaining 4.28 percent (F) of the credited income items is paid by the ferry fund.

The current calculation method for the Road fund contribution is total operating expenses (A), multiplied by 45 percent equaling the road fund contribution (E).
### Proposed Calculation Method

<table>
<thead>
<tr>
<th>Description</th>
<th>Ferry Fund</th>
<th>Road Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total ferry operating expenses</td>
<td>$2,488,023 (A)</td>
<td>$2,488,023 (C)</td>
</tr>
<tr>
<td>less ferry deficit reimbursement</td>
<td>(181,433) (B)</td>
<td></td>
</tr>
<tr>
<td>less county employee trip credit</td>
<td>(5,510) (B)</td>
<td></td>
</tr>
<tr>
<td>less miscellaneous income</td>
<td>(526) (B)</td>
<td></td>
</tr>
<tr>
<td>less interest income</td>
<td>(6,142) (B)</td>
<td></td>
</tr>
<tr>
<td>Adjusted operating expenses</td>
<td>$2,294,412 (C)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Ferry Fund</th>
<th>Road Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost recovery amounts</td>
<td>$1,261,927 (50.72%) (D)</td>
<td>$1,032,485 (41.5%) (E)*</td>
</tr>
<tr>
<td></td>
<td>55%</td>
<td>45%</td>
</tr>
</tbody>
</table>

Total ferry operating expenses: $2,488,023 (A)

<table>
<thead>
<tr>
<th>Description</th>
<th>Ferry Fund</th>
<th>Road Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>less fare recovery amount</td>
<td>(1,261,927) (D)</td>
<td></td>
</tr>
<tr>
<td>less road fund contribution</td>
<td>(1,032,485) (E)</td>
<td></td>
</tr>
<tr>
<td>Amount paid by ferry fund</td>
<td>$193,611 (7.78%) (F)</td>
<td></td>
</tr>
</tbody>
</table>

Total ferry operating expenses: $2,488,023 (A)

<table>
<thead>
<tr>
<th>Description</th>
<th>Ferry Fund</th>
<th>Road Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent paid by ferry fund</td>
<td>7.78%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$193,568 (F)*</td>
<td></td>
</tr>
</tbody>
</table>

* $43 difference due decimal points in percentage.

The proposed contribution amounts are adjusted operating expenses (C) multiplied by 55 and 45 percent respectively, which results in a fare recovery amounts of 50.72 percent (D) and 41.5 percent (E) of total operating expenses, (A). The remaining 7.78 percent (F) is paid by the ferry fund.

### 2010 Financial Impact:

<table>
<thead>
<tr>
<th>Description</th>
<th>Ferry Fund</th>
<th>Road Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current calculation method</td>
<td>$1,351,154</td>
<td>$1,167,225</td>
</tr>
<tr>
<td>Proposed calculation method</td>
<td>(1,351,154)</td>
<td>(1,105,490)</td>
</tr>
<tr>
<td>Change to contribution amounts</td>
<td>$0</td>
<td>$61,735</td>
</tr>
</tbody>
</table>

### 2011 Financial Impact:

<table>
<thead>
<tr>
<th>Description</th>
<th>Ferry Fund</th>
<th>Road Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current calculation method</td>
<td>$1,261,927</td>
<td>$1,100,574</td>
</tr>
<tr>
<td>Proposed calculation method</td>
<td>(1,261,927)</td>
<td>(1,020,546)</td>
</tr>
<tr>
<td>Change to contribution amounts</td>
<td>$0</td>
<td>$80,028</td>
</tr>
</tbody>
</table>

### 2012 Financial Impact:

<table>
<thead>
<tr>
<th>Description</th>
<th>Ferry Fund</th>
<th>Road Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current calculation method</td>
<td>$1,119,610</td>
<td>$1,119,610</td>
</tr>
<tr>
<td>Proposed calculation method</td>
<td>(1,119,610)</td>
<td>(1,032,485)</td>
</tr>
<tr>
<td>Change to contribution amounts</td>
<td>$0</td>
<td>$87,125</td>
</tr>
</tbody>
</table>
Chapter 10.34 FERRY RATES

Sections:

10.34.005 Definitions.

10.34.010 Effective date for ferry user fees.

10.34.020 Interpretation of rate schedule.

10.34.030 Use of ferry user fee revenues.

10.34.005 Definitions.

A. "Ferry system" means all physical elements of the Lummi Island ferry operations, including both the Gooseberry Point and Lummi Island vehicle and pedestrian staging areas, vehicle parking areas, and ferry docks, and any and all boats utilized for transport purposes.

B. "Operating cost" means all actual daily running expenses and all actual regular and routine maintenance and administrative expenses associated with the use and operation of all physical elements of the ferry system.

C. "Capital cost" means all capital expenditures, including financing and depreciation expenses applied to the replacement, expansion, or creation of ferry system physical elements.

D. "Fare box-recovery rate" means the calculated percentage of total revenue generated through ferry user fees in comparison to total actual operating costs for the same period of time minus any revenue from the motor vehicle fuel tax meant for ferry operations, or from interest.

E. "Ferry user fees" means the rates and charges required of and collected from any and all users of the ferry system, as established and periodically amended in the Unified Fee Schedule.


10.34.010 Effective date for ferry user fees.
Ferry user fees are set forth in the Whatcom County Unified Fee Schedule and become

10.34.020 Interpretation of rate schedule.

The following provisions should be observed in application of the ferry rate schedule:

A. Trailers shall include, but not be limited to, ball hitches, military hitches, fifth wheel in bed of pickup, dump trailers, recreation trailers and mobile homes.

B. Special trips are a surcharge in addition to the applicable fare.

C. A weekly run limited to fuel trucks, charged at the regular rate, shall be scheduled by the public works department and published appropriately.

D. Trucks and tow vehicles with trailers shall be charged a rate based on length and weight. Heavy machinery and motor homes shall be charged at the corresponding vehicle rate.

E. All trucks shall be charged regular round-trip rates based on legal license capacity.

F. Over-width vehicles or trailers occupying more than one lane shall be charged a 50 percent surcharge. In addition, vehicles towing over-width trailers shall also be charged a 50 percent surcharge.

G. Student multi-ride cards shall be sold to full-time post-high school students only. Proof of post-high school enrollment shall be required at time of purchase. No special student discount is available for drivers of vehicles.

H. Children 12 to under 19 (nineteen) years of age will receive free passenger and pedestrian passage all year round. No special child discount is available for drivers of vehicles.

I. County employees on official county business shall be exempt from fares. All county employee trips exempt from fares will be tracked, and $10.00 per trip will be credited toward the fare box recovery rate each year.

J. Enrolled members of the Lummi Indian Tribe who are issued appropriate identification cards by the tribe, or current fishing cards, licenses, or Lummi Indian Business Council ID cards and who have legitimate tribal business upon Lummi Island, as indicated by the Lummi Indian Tribe, shall have free foot passage upon and across the ferry operated by Whatcom County between Gooseberry Point and Lummi Island.

K. A special-needs-based discount is provided for Lummi Island residents who meet the income levels listed below. These special tickets will only be sold at the Whatcom County treasurer’s office in Bellingham and will require proof of income and family size. Eligibility will be reviewed at least annually. Forms and procedures will be developed by the
Whatcom County treasurer's office.

1. Family of four or more with less than $40,000 total annual income;
2. Family of three with less than $30,000 total annual income;
3. Family of two with less than $20,000 total annual income;
4. Individual with less than $10,000 total annual income.

L. Eligibility for a special "senior/disabled" discount is available to all Lummi Island residents who currently hold property tax exemptions or deferral as defined under RCW 84.36.381 and 84.38.030 and WAC 458-16-020 and 458-18020, and as these may be hereafter amended. Eligibility for a special "senior/disabled" discount is also available to all Lummi Island residents that also qualify for medical assistance within the Medicaid Program.

M. Intentionally left blank.

N. All children under the age of 12 years when traveling on the Whatcom County ferry must be accompanied by an adult. An exception to this policy will be made only if the adult parent or guardian signs a waiver exempting Whatcom County from all liabilities for any and all injuries, loss of life, etc., while the child is traveling on the ferry.

10.34.030 Use of ferry user fee revenues.

Beginning January 1, 2006, a 55 percent fare box recovery rate shall be applied and evaluated continuously from that time forward. 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.

In any given year the actual fare box recovery rate exceeds 55 percent, the excess revenue shall be retained in the ferry system fund and applied only to future operating costs.

In any given year the actual fare box recovery rate is below 55 percent, the difference shall be recovered in a future ferry user fee increase unless there is adequate excess ferry user fee revenue remaining in the ferry system fund collected during prior years.

Beginning January 1, 2013, any interest income or miscellaneous ferry fares income, or income from the State of Washington specifically identified as the annual Ferry Deficit Reimbursement and the credit for County employee ferry trips will be deducted from the actual operating costs before the actual 55 percent fare box recovery rate is calculated and before the actual 45% Road Fund subsidy is calculated. The goal of this method of calculation is that the Road Fund will not contribute more than 45 percent of the adjusted operating costs each year. (Ord 2012-016, Exh A; Ord. 2010-054, Exh A; Ord. 2008-052 Exh. A; Ord. 2008-017 Exh. A; Ord. 2007-001 Exh. A; Ord. 2005-090 Exh. A; Ord. 2002-012; Ord.
Prior legislation: Ord. 89-103.