

LUMMI ISLAND FERRY ADVISORY COMMITTEE (LIFAC) MINUTES

1/11/23

Location: The Grange, Lummi Island

Meeting called to order by Vice-Chair, Judy Olsen at 6:10pm

ROLL CALL:

Judy Olsen (Vice Chair), Mary Marshall (Secretary) Rich Frye, Jim Dickinson, Todd Lagestee, Mike McKenzie

Excused Absent, Cris Colburn

Others:

Rich Hudson, Todd Donovan (County Council Chair)

Rhayma Blake, John Tolomei, Carrie Garde, Leslie Dempsey, Lane Courey, Mary Ross, Catherine Shormick, Joan Moyer, Peter Earle, Michael Skehan

Flag Salute and Moment of Silence

Open Session for Public Comment:

Mike Skehan – Reminded us that code says that fares should only be raised if ferry fund is deficient and LIFAC committee should get clarity on what adequate excess actually means. There is over \$2Million in fund currently.

Peter Earle – His view is that a rate increase of this scale will change the makeup of the island. Ordinance says that operating expenses are defined as maintenance but preceded by the words “routine and regular” and wants to get specifics on what exactly that is. He requests that LIFAC get an accounting of that for the past 10 years to verify that what has been counted as routine and regular, in fact is. And would like a pause to be put on rate increases until this is investigated. Reminded us he is a lawyer and that given the dramatic increase, we investigate it to make sure.

Catherine Shormick – Would like to register concern for 45-46% increases in ferry rates. While residents do understand the inconveniences of living on an island, any cost-of-living increase of 46% is reason for reevaluation. Seasonal increases and other alternatives discussed at last month’s meeting should be pursued and the 55% requirement should be revisited. Concerned that the path we are on will lead to unintended consequences for the Island. Also, all the people who service the island will be impacted.

Mary Ross – Concerned about outages at night, it really impacts those who work late and will have to stay in town.

Rhayma Blake – Is it possible to consider a two-step fare increase? Can we suggest 50% now and 50% in a year.

Mary Marshall – Update - Judy and I met with Rich Hudson, Randy Rydell and Liz. Summarized our resolution from last month regarding ferry fares (from Diane Harper). Asked about the operating costs and 55/45 split. Multiple council members will not consider and in fact, would like the Fare Box to have a higher split or reverse it, which will worsen our problem. The operating expenses are publicly available for people to see.

Peter Earle – Said that although he has requested this and has received it, it does not itemize expenses therefore cannot determine what is regular and routine. Again reiterated that an audit should happen and that all increases be on hold and adopt a resolution as such.

Todd Donovan – Explained that current **Fare** Proposal will be discussed on January 24th at a Finance committee meeting and then **move** to the Council meeting on the evening of January 24th for a vote. The current proposal is a reduction from what was originally proposed and does take into account feedback from LIFAC as much as possible. Anyone can reach out to council members to share your opinions. Can't say what the vote will be but given the budget shortfalls, something needs to change.

Mary Marshall – Judy and I (and possibly Mike McKenzie) will attend the committee meeting to try and influence the rates. Let's remember that there have been no rate increases since 2015, and expenses for everything have increased, fuel, wages, maintenance, etc, so we can't expect the fares to not increase as well. Unfortunately, over the last 3 years, the county did not enforce the ordinance due to the pandemic. Along with a drop in ridership, We are now at the point that some action must be taken.

Judy Olsen – Reminded us that Ridership is also down, contributing to the budget shortfall. The ordinance has been in effect since 2006 so the "regular and routine" phrase has been applied since then. Also, just remember that even with the increased fare rates, it won't have an effect on 2023 due to the lag time and people having punch cards that will be good for 6 months from date the increase goes into place.

Rich Frye – Concerned that with only a month's notice, we are being pressed to decide on increases. Reiterated Peter Earle's points regarding the operating costs and said that several operating expenses are capital expenses, which should not be included. Concerned that we are in the same position as 2007 where increases changed the demographics of the island. Assumptions about how people are going to respond to the increases may be wrong. Feels it's unfair to use rate increases to social engineering of the island demographics. Wanted to introduce a motion to halt rate increases until audit of expenses is completed. Annual cost for a daily commuter will be an increase of \$1000.

Mike McKenzie – Made the correction to Rich's statement that we just learned about this last month. The budget deficit was brought to the attention of LIFAC in October. The last increase was also 50%, from \$6 to \$9. We've all be impacted by inflation and increases, and we need to remember these are facts of life.

Mary Marshall – The current ferry is going to be gone in 4 years therefore capital expenses are almost a moot point since they would be depreciated over a very short period, effectively making them operating expenses.

Rich Frye – We need to follow the law.

Judy Olsen – We have been following the law for 16 years.

Peter Earle – Wanted to object to the county having the hearing on an evening that the ferry will be shut down early and wanted it to be postponed.

Judy Olsen – The meeting was set prior to the emergency repairs but it will be a hybrid meeting so islanders can attend and speak via zoom.

Todd Lagestee – suggested that the community gather at the grange on the 24th.

Jim Dickenson – wanted to make a motion to move the county council meeting until ferry was back on evening service.

Judy – Reminded everyone that we are not in new business yet.

Minutes Consent:

Motion to approve December 2022 Meeting Minutes – Approved (unanimous consent)

Committee Activity:

- **2023 Calendar** – Will meet every 2nd Wednesday in 2023, 6 pm, at the Grange with a few exceptions, including February, which will be held in Bellingham at the Public Works offices.
- Mary announced that LICA is putting together a “mobile Zoom Cart” and as soon as it’s ready, LIFAC can borrow it so we can hold hybrid meetings at the grange going forward. Might be ready as soon as March.
- Terms: Cris Colburn is stepping down as Chair but would like to remain on the committee.
- Mary nominated Judy as Chair – Mike McKenzie seconded – Approved (unanimous consent)
- Judy nominated Mary as Vice Chair (in addition to role as secretary), Mike McKenzie seconded – Approved (unanimous consent)

Reports, Presentations and Discussion:

Motion:

Rich Frye – Introduced a motion and moved to adopt and present to County Council:
“LIFAC requests the County Council to table all ferry fare change proposals until an external audit can verify that all costs charged to the fare box over the past ten years properly qualify as “regular and routine” maintenance as required by statute”

Jim Dickinson – Seconded the motion

Discussion:

Mike McKenzie – Wanted to remind everyone that the council decides on the final, not LIFAC.

Todd Lagestee – Liked Rhayma’s suggestion that we discuss a two-step fare increase and suggested adding as a friendly amendment to Rich Frye’s motion.

Jim Dickinson – believes the ferry fund **is** used for things that should be county expenses, much like any road repairs would be.

Mary Marshall – If the request is actually for a 10-year full audit, that is a very expensive & lengthy proposal and will undoubtedly come out of the ferry fund, making things worse.

Todd Donovan – Agreed that it would be very expensive and be a ferry expense.

Mike McKenzie – asked what exactly Rich F. was looking for? There is a process for getting this information and LIFAC is not it.

Rich Frye – An extensive external item by item breakdown of every expense charge as ordinary and routine maintenance for ten years to make sure it was in fact an operating expense. Should be an easy thing for the county to provide and the minimum we should be asking for.

Much more discussion from Rich F, reiterating the earlier discussion regarding capital vs. operating expenses.

Judy Olsen – Would like to slow the process but not in favor of this motion. The ordinance adopted in 2006 should be reviewed but we should request that separately. We choose to live on this island and a ferry is a part of our livelihood, so we need to work with the county on this, not against them.

Jim Dickinson – Said his family came in 1888 so he really had no choice to be here. And he would like this to pause all fares till we have some answers.

Todd Lagestee – proposed an amendment to the motion again, eliminating the words external audit, he could support but otherwise, he could not. Would like the fare increase split in half.

Judy – Called for discussion to end, to ensure completion of agenda items.

Rich Hudson – He would like to state that as the person charged with classifying expenses as they happen, if it exists, it's a repair; if it doesn't exist, it's capital. An audit is not likely to turn up anything different. Even if we open up this can of worms and it gets called capital, the county is likely to change the 55/45 split to 60/40 because the money has to come from somewhere.

Mary called for vote:

- All those in Favor: Rich Frye and Jim Dickinson
- All those opposed: Mary, Judy, Mike, Todd
- Motion Failed

Ferry Operations Report: Rich Hudson

- Timing of Dolphin repair is an emergency and due to tides, the last ferry run times posted on the website are accurate – approx. 9 days of work. Located on Lummi Island side, middle south. The pilings are almost all cracked and must be repaired. Because of the positioning of the barge, there is no way they can have a late ferry. It is critical to get this done.
- Early May for Dry Dock and will be 3 weeks

Jim Dickinson – Would like County meeting to be postponed until work completed.

Todd Donovan – Anyone can join remotely, and meeting was scheduled before we knew repairs were needed.

Jim Dickinson – Wanted to point out that the population is getting older so they should not be walking on, they should be in cars so we shouldn't raise the car rates to 3:1 because it's unsafe.

Todd Donovan – All of the ideas we heard tonight have been discussed in county council and committee meetings. The most important thing is the report as to how long it's going to take to get back to the 55% required split and it will take at least 3-5 years, it will not happen in one or two years. The ordinance requires it be done every year, but it has not been done. There is

always a hesitancy to raise rates, and with the pandemic, it just didn't happen. Also the state requires that you not lower rates or they will not contribute a portion of the annual Ferry Deficit Reimbursement fund - their \$340K to the Whatcom County ferry. So there is always caution. Remember that inflation is at approximated 37%.

Rich Frye – What happened to Diane Harper's proposal?

Mary Marshall – As discussed earlier, we presented all of it to the county and made arguments for all the points – some items were incorporated into the revised rates – such as a better discount on punch cards. Summer surcharge was discussed but there is added cost so the net gain was negligible.

Todd Lagestee – Encouraged everyone to lobby council members with their ideas and suggestions. And any time you are asking for a reduction, you need to offer a increase on something else.

Mary Marshall – We are still working with the finance committee and will continue to see what we can do to reduce the rates.

Todd Lagestee – Asked the council for reduced runs and passenger and bicycles fares to remain the same to reduce carbon emissions

Rich Hudson – There is no appetite for reduced runs because it doesn't show it saves money, you'd have to renegotiate with 2 unions and possibly cut peoples wages.

Judy Olsen – Encouraged everyone to review the new schedule, as the passenger, bike and punch card fares have all come down from the original proposal.

Rich Hudson – Lost \$700K+ in the last 3 years, so the fare increase is not to get this back but to balance it over the next several years and stop the decline. Explained that the summer surcharge requires new card stock, new signage, and reprogramming card readers so although it seemed to net \$50K but with the expenses, it might not be worth it. It's not off the table, just maybe not now.

Mike McKenzie – Although he feels deep sympathy for islanders with this additional expense, he wants to keep committee on track. This is a bottom-line issue with the county, nothing about demographics, it's just a process to recommend to keep things in budget.

Judy – We are not going to discuss the extended passenger only ferry situation until we get thru the fare increase.

- If anyone has items they would like to discuss at our next meeting, please send us those items.
- We do need to discuss the naming of the new ferry
- Rich, please let us know when you get the Dry Dock Dates.

Todd Donovan – If anyone has recommendations, try to consolidate to one or two, it's easier to get those added if you are in consensus with one another.

Action Items:

1. Mary and Judy to attend Finance Committee meeting.

Judy:

- **Adjourned meeting at 7:30 and thanked Attendees for participation and ideas.**