

### EXECUTIVE COMMITTEE – ISSUE REVIEW

October 14, 2011

#### **Subject**

2012 Budget Proposal

#### **District Staff**

John Resha

#### **Overview**

The King County Ferry District (District) provides waterborne transit service, also known as passenger only ferry service or water taxi service, on King County waterways. The District operates two routes:

**Vashon Island – Downtown Seattle Water Taxi** providing three morning and three afternoon trips during the commute periods; and

**West Seattle – Downtown Seattle Water Taxi** providing seasonal (commute and non-commute) service April through October; and as mitigation for the Alaskan Way Viaduct construction, providing commute service November through March.

In association with these waterborne transit services, shuttle connections with landside vehicle parking areas is also provided.

The District operates in a contract services environment with a full-time employee of the District, a district administrator, overseeing the operations and agreements of the District.

#### **District Goals for 2012**

- Continue delivering existing regular and mitigation-related water taxi services using leased vessels;
- Using predominantly federal grant funding, continue design-build contracted construction of new vessels included contracted project management;
- Complete construction and installation of a maintenance and moorage barge;
- Implement vessel and facility changes to provide for vessel occupancy greater than one hundred fifty passengers;
- Negotiate a new Interlocal Agreement with King County for operations, technical and District support services;
- Begin a business and strategic planning process led by the district administrator;
- Develop and implement a district administrator-led marketing program for growing ridership including proposed uses of appropriated marketing program funds; and
- Establish advertising policies

## **PROPOSED BUDGET HIGHLIGHTS**

### **Revenue:**

- Fares are proposed to increase by \$0.50 per trip.
- Ridership is trending upwards, though with the incorporation of "transfers" into the ORCA rates, fare revenue is proposed to increase by 19.5% over the \$922,000 of revenue for 2011.
- Federal grants will be carried over from previous years to fund capital improvement projects.
- \$450,000 is anticipated for funding of Alaskan Way Viaduct construction mitigation services on the West Seattle – Downtown Seattle route.

### **Expenses:**

- King County operating-related expenses remain relatively flat even with the inclusion of temporary financial support being provided through the Department of Transportation Director's Office.
- District expenses are proposed to be up over the 2011 budget due to the increased budget associated with a full-time administrator as an employee of the District and added financial management responsibilities.
- The capital improvement program remains focused on building vessels and completing the moorage and maintenance facility.
- Changes since draft budget: Slight increase in net King County operating costs due to final rates; vessel leases needed to reflect a full agreement appropriation; and the maintenance barge agreement/appropriation needed to reflect the timing and results of the bidding process.

### **Overall:**

- Total expenditures and net expenditures are anticipated to be below 2011 adopted budget levels.
- The operating cost per rider continues to decrease, while farebox recovery remains at 17% even with the fare revenue reductions associated with ORCA transfer methodology.

### **Supplemental Legislation:**

In addition to the Budget and Levy Resolutions, the following legislation will establish the operating environment for 2012:

- Fare increase, updating and establishing a new fare table for the District;
- Amendments to Legal and Financial Services agreements;
- A one-year extension of the Interlocal Agreement with King County; and
- Extension of vessel lease.

**2012 King County Ferry District Proposed Budget  
For Discussion - October 14, 2011**

	KCFD	King County Agreement	Total KCFD Budget
<b><i>Estimated Beginning Balance</i></b>	\$ 22,500,000	\$ -	\$ 22,500,000
<b>Revenue</b>			
Fares	\$ 1,102,543	\$ -	\$ 1,102,543
Advertising	\$ -	\$ -	\$ -
Property Tax	\$ 1,183,252	\$ -	\$ 1,183,252
State Forest Timber Sales	\$ 7,000	\$ -	\$ 7,000
Other Earned Income	\$ -	\$ -	\$ -
Interest income	\$ 225,000	\$ -	\$ 225,000
Federal Grants	\$ 14,418,411	\$ -	\$ 14,418,411
State Grants	\$ 455,368	\$ -	\$ 455,368
<b>Subtotal Revenue</b>	<b>\$ 17,391,574</b>	<b>\$ -</b>	<b>\$ 17,391,574</b>
<b>Operating Expenses</b>			
Vashon Operations	\$ -	\$ 1,482,875	\$ 1,482,875
West Seattle Operations	\$ -	\$ 2,834,720	\$ 2,834,720
Management & Support	\$ -	\$ 1,594,115	\$ 1,594,115
District Management	\$ 416,100	\$ -	\$ 416,100
<b>Subtotal Operating Expenses</b>	<b>\$ 416,100</b>	<b>\$ 5,911,710</b>	<b>\$ 6,327,810</b>
<b>Capital Expenses</b>			
<b>Vessels</b>			
Vessel Leases	\$ -	\$ 1,927,535	\$ 1,927,535
Vessel Construction	\$ -	\$ 10,949,524	\$ 10,949,524
<b>Subtotal Vessels</b>	<b>\$ -</b>	<b>\$ 12,877,059</b>	<b>\$ 12,877,059</b>
<b>Facilities</b>			
Moorage and Maintenance Facility	\$ -	\$ 4,376,188	\$ 4,376,188
Seattle	\$ -	\$ 375,570	\$ 375,570
Vashon Terminal	\$ -	\$ 239,711	\$ 239,711
Seacrest		\$ 766,123	\$ 766,123
<b>Subtotal Facilities</b>	<b>\$ -</b>	<b>\$ 5,757,592</b>	<b>\$ 5,757,592</b>
<b>Total Capital</b>	<b>\$ -</b>	<b>\$ 18,634,650</b>	<b>\$ 18,634,650</b>
<b>Total Expenditures</b>	<b>\$ 416,100</b>	<b>\$ 24,546,360</b>	<b>\$ 24,962,460</b>
<b>Revenue less Expenditures</b>	<b>\$ 16,975,474</b>	<b>\$ (24,546,360)</b>	<b>\$ (7,570,887)</b>
<b>Estimated Yearend Fund Balance</b>	<b>\$ 39,475,474</b>	<b>\$ (24,546,360)</b>	<b>\$ 14,929,113</b>

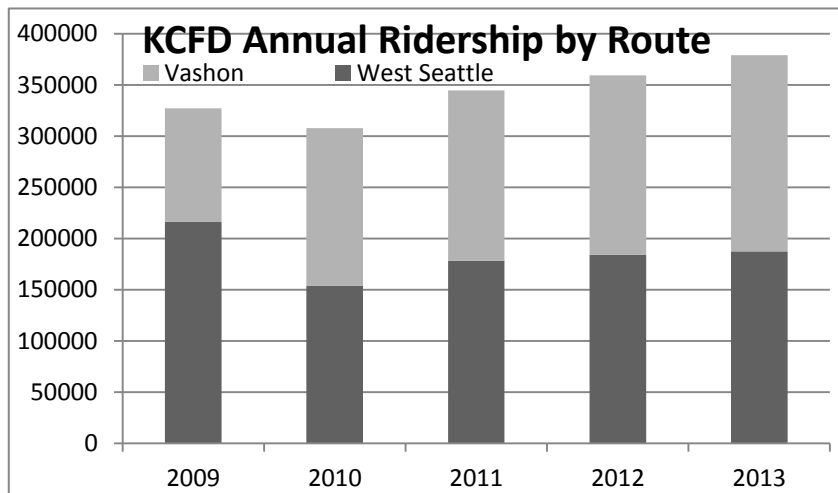
# King County Ferry District 2012 Budget Comparison

## (2011 Adopted Budget / 2012 Proposed Budget)

### 2011 Budget

(in millions)

	2011 Adopted	2012 Proposed
<b>Beginning Balance</b>	<b>26.50</b>	<b>22.50</b>
<b>Revenue</b>		
Fares	1.15	1.10
Advertising	0.00	0.00
Property Tax	1.18	1.18
Grants and other Revenue	11.77	15.11
<b>Subtotal Revenue</b>	<b>14.11</b>	<b>17.39</b>
<b>Operating Expenses</b>		
King County Operations	5.78	5.91
District Administration	0.36	0.42
<b>Subtotal Operating Expenses</b>	<b>6.14</b>	<b>6.33</b>
<b>Capital Expenses</b>		
Construct Vessels	11.31	10.95
Other Capital Projects	7.23	7.69
<b>Total Capital</b>	<b>18.54</b>	<b>18.63</b>
<b>Total Expenditures</b>	<b>24.68</b>	<b>24.96</b>
<b>Revenue less Expenditures</b>	<b>-10.57</b>	<b>-7.57</b>
<b>Fund Balance</b>	<b>15.93</b>	<b>14.93</b>



**2012 King County Ferry District Proposed Budget  
District Administration**

<b>PROPOSED 2011 BUDGET</b>	<b>2011</b>	<b>2011</b>	<b>2012 Basis/Change from 2011</b>	<b>2012</b>
<b>Item</b>	<b>Budget</b>	<b>Estim.</b>		<b>Proposed</b>
District Staffing - Payroll	\$0	\$0	New Position, 80k+30% o/h	\$104,000
Office Rent	\$0	\$0	250 sq ft @ \$20/year including WAN connection	\$5,000
Office Phone/Mobile/Internet	\$0	\$700	Office Line @ \$25, Mobile @ \$110, Internet extra charges @ \$15	\$1,800
Supplies	\$0	\$1,000	same as 2010, \$200/month	\$2,400
Contract Services - Administrator	\$67,750	\$44,910	<i>Employee only for 2012</i>	\$0
Policy Support	\$22,000	\$21,000	15% of JR time	\$22,000
Clerk of Board	\$25,000	\$17,500	Clerk estimate of work	\$25,000
Communications Contract	\$36,600	\$75	Administrator Leads with support for Board Issues	\$0
State Auditor Fees	\$15,000	\$15,000	No change in requirement	\$15,000
Contract Services - Accountant	\$75,000	\$130,000	Accountant estimate of work	\$130,000
Contract Services - Legal	\$81,760	\$61,000	Legal Services estimate of work	\$75,000
Director Insurance	\$5,000	\$5,000	Actual Alliant Billing for 2010, other Director premiums	\$5,000
Advertising & Promotion	\$30,000	\$15,000	Marketing program budget	\$25,000
WSDOT Fuel Pool	\$500	\$500		\$500
Bank and Merchant Fees		\$4,536	<i>New Item</i>	\$5,400
<b>District Sub-Total</b>	<b>\$358,610</b>	<b>\$316,221</b>	<b>District Management Sub-Total</b>	<b>\$416,100</b>