

Appendix G

Implementation Phasing and Financial Plan

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KITSAP TRANSIT

Implementation Phasing and Financial Plan



December 2014 | Final Report



Passenger-Only Ferry Business Plan and Long Range Strategy

Implementation Phasing and Financial Plan

December 2014

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Appendix A – Financial Plan



1. Introduction/Overview

Successful passenger-only ferry (POF) service in Kitsap County will involve a phasing plan that introduces service in an incremental way, building upon earlier successes. The plan will leverage existing infrastructure, including terminal, vessel, and staff expertise, both in house and in partnering agencies, to bring a reliable commuting option for Kitsap County residents.

2. Operating Plan and Service Assumptions

The operating plan and service assumptions reflect the recommendation to partner with King County Marine Division to operate the Kitsap Transit (KT) routes to utilize and build upon that existing knowledge base.

2.1 SERVICE DELIVERY APPROACH ASSUMPTIONS

The operating plan modeled in the financial analysis is the public/public partnership organizational structure. This structure, as further outlined in Task 6, draws on the knowledge and expertise of the King County Marine Division (KCMD), which currently operates two POF routes out of Pier 50 in Seattle. KT would retain control of service levels, fares, fare collection, and route selection, and would manage their capital planning and acquisition program. They would also manage the operating contract with KCMD.

2.2 LONG-TERM SERVICE COMPOSITION

This plan recommends a phased approach to implementation of the KT POF service. However, to understand how the phasing comes together, one must have a grasp of what the system will look like in maturity.

Long-term POF service in Kitsap will include three routes serving Bremerton, Kingston, and Southworth. Initially each route will serve commuter traffic only, with three AM round-trips and three PM round-trips.

Increased ridership demand may trigger a need to offer additional trips. Current ridership analysis does show that increasing service levels by offering 12 daily round-trips increases projected ridership by more than double. To capture this additional demand, long-term service may offer 12 round-trips per day, with six round-trips during the AM commute and six round-trips during the PM commute. Because this enhanced service would be offered within the commute periods, additional vessels would be required to meet the schedule demand.

Service outside the commute period is not recommended at start up due to the low ridership and, therefore, low revenue return. Additionally, a public survey completed for this project indicated that extended weekday evening service is preferred over midday or weekend service. As the system matures, extended weekday evenings, weekend, or midday service may become more viable.

2.3 SERVICE LEVEL ASSUMPTIONS BY ROUTE

The service schedules are based on six round-trips per day for each route. These include three round-trips in the AM commute and three round-trips in the PM commute period. The crossing times for each route differ due to the distance from downtown Seattle, and/or operating constraints. The crossing times are outlined below and include approach time for the vessel. In addition to the stated crossing times, a 7-minute dwell time is added to each trip to account for passenger loading and unloading at the dock.

Table 2-1: Roundtrip Timeframes

Route	Crossing Time Proposed (Min.)	Dwell Time (Min.)	One-Way Round-Trip (Min.)
Bremerton	28	7	35
Kingston	33	7	40
Southworth	23	7	30

The example schedules outlined below were created through careful review of existing POF sailings out of Pier 50, existing Washington State Ferries (WSF) sailing schedule, fueling requirements, and most effective use of crew time. Crew hours indicated in Table 2.2 include 20 minutes for start-up activities and approximately 15 minutes for shutdown activities.



Table 2-2: Example Schedules

Bremerton			Kingston			Southworth		
Depart Bremerton	Depart Seattle	Crew Hours	Depart Kingston	Depart Seattle	Crew Hours	Depart Southworth	Depart Seattle	Crew Hours
5:45	6:20	4.5 Hrs	5:40	6:20	5 Hrs	6:00	6:30	3.5 Hrs
6:55	7:30		7:00	7:40		7:00	7:30	
8:05	8:40		8:20	9:00*		8:00	8:30	
3:25	4:00	4 Hrs	3:20	4:00	4.5 Hrs	3:05*	4:20	4.5 Hrs
4:35	5:10		4:40	5:20		4:50	5:20	
5:45	6:20		6:00	6:40		5:50	6:20	

Notes: **BOLD** indicates PM, * indicates dead head trip to fuel at Harbor Island.

3. Route Phasing

The Bremerton service is the first priority for implementation. This is due to the presence of existing infrastructure at the terminal and the fact that KT owns the RP1 vessel, specifically designed to serve the route. The successful implementation and operation of this route can serve as an example for the other two routes and provide insights along the way.

3.1 EXISTING INFRASTRUCTURE

Existing infrastructure plays a large role in the recommended route phasing. As mentioned above, the Bremerton route is virtually ready for operation by Fall of 2014 due to upgrades that were completed at the terminal. The Kingston Terminal would be next in line with very minimal infrastructure improvements necessary.

A complete POF facility must be built at Southworth because there is no existing POF infrastructure. Some facility elements could be shared with WSF, however, due to the extensive work required in-water, operation of a POF from this location is years away even if planning and design began today.

On the other side of the water, the eastern terminal at Pier 50 is currently in the design process for a new facility as part of the Colman Dock maintenance and preservation project. Pier 50 will be relocated during the first portion of construction, slated to begin in 2017 and be completed in 2019. Covered queuing and passenger space to accommodate multiple POF routes is planned for the new terminal. In addition to providing additional upland queuing space with the redevelopment, additional slips must be added at Pier 50 to accommodate all three Kitsap routes. This two-slip float is projected to be replaced with a four-slip float by 2021, which will accommodate the three additional routes from Kitsap, as well as, King County's existing two routes.

3.2 PROPOSED APPROACH

A proposed phasing/service schedule can be viewed below. This schedule represents an aggressive approach to service implementation with the goal of providing service not long after tax revenues are available. This schedule can be adjusted as the KT Board decides when to request a vote on a tax proposal and when applicable grant funding cycles for capital improvement are available.

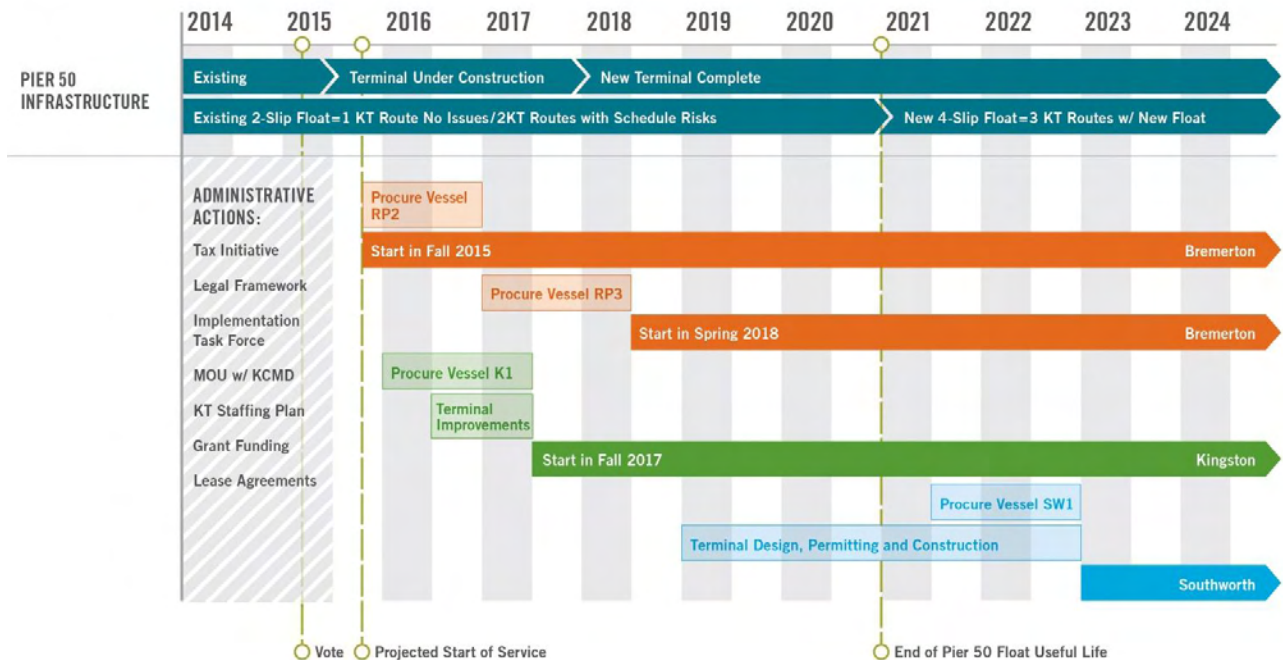
Prior to service start-up, a host of administrative and organizational actions will need to be completed. Most importantly, a reliable local funding source must be identified. The decision to go for a ballot measure, the setting of the proposed levy rate, and the preparations for putting that measure to the voters requires organization and time. Additional administrative actions beyond local funding should be identified with a plan for action based on the voting timeframe decided upon by the KT Board. A detailed review of these administrative actions is outlined in Section 9 of this report. Such administrative actions include the convening of an implementation task force to include King County, KT, and WSF, identification of potential grant funding sources, internal KT staffing planning, and lease agreements.

The phasing plan recognizes the timing of key elements, including the ability of Pier 50 in Seattle to accept new routes, given existing redevelopment projects and infrastructure, and capital improvements needed for each route including vessels and terminal infrastructure.

As mentioned above, the first route proposed for service is the Bremerton route where the necessary terminal and vessel infrastructure is in place. The second route to come online would be the Kingston route. This route has existing terminal infrastructure in place that would need only minimal improvements. Vessel acquisition will be the determining factor for when this route is ready for service. This is discussed further in the Vessel section below. The third route to come online would be the Southworth route. This is due to the extensive infrastructure improvements required at this terminal and the timeframe required for designing, permitting, and constructing the facility.



Figure 3-1: Proposed Phasing Plan



4. Capital Improvements

Capital improvements will be phased based on available funding and the route phasing strategies outlined above.

4.1 TERMINALS

Terminal infrastructure needs for the Bremerton and Kingston routes are very minimal. An entirely new terminal facility is needed at Southworth and would require substantial capital and time to design, permit, and construct the facility. It is estimated that it would take approximately 18 months for Kingston improvements and 4 years for Southworth improvements. The Bremerton terminal is ready for operation as permanent signage is not an absolute necessity for operation.

Seattle (Pier 50) Terminal Improvements.

The proposed eastern terminal for the Kitsap POF service is Pier 50, the location of the existing King County Water Taxi terminal. Pier 50 capital improvements are currently in design. Terminal improvements are scheduled for completion in 2019; however, the design and construction schedule is still in flux as it is tied to the WSF overall terminal replacement project. The terminal

improvements do not currently include replacement of the existing two-slip float. The current Pier 50 POF float's useful life is estimated to 2021. The replacement POF float will have four slips which will accommodate more than three routes effectively without the risk of service disruption.

4.2 VESSELS

Vessel procurement strategies will ultimately depend on the service structure chosen by KT. In the public/public partnership model, some vessel assets can be shared among the routes. Some routes, however, have unique requirements that will require a specific vessel be procured. When building the phasing plan, it was assumed that it takes between 18 and 24 months to build a vessel. As identified in the table below, Bremerton, with its specific wake wash requirements, will build Rich Passage 2 (RP2) vessel to serve as a back up to the six round-trip service. Once 12 round-trip service is initiated, an additional vessel, the RP3, will be needed to serve as a back-up to the two RP vessels. Kingston requires a very fast boat with more capacity than an RP vessel can provide. Due to its unique speed requirements, a custom vessel is anticipated for the Kingston route. A more standard 150-passenger vessel is assumed for the Southworth route. The RP class vessels could serve as back-up for the Kingston and Southworth routes with some operational impacts. Additionally, assets shared with King County may also serve as back-up vessels for these routes.

Table 4-1: Vessel Procurement Plan by Route

Route	Primary Vessel	Assumed Procurement Method	Backup Vessel	Assumed Procurement Method
Bremerton (1)	RP1 (118 PSGR)	Currently Owns	RP2 (118 PSGR)	Build
Bremerton (2)	RP2 (118 PSGR)	Would have been built for previous route service	RP3 (118 PSGR)	Build
Kingston	T-boat (150 PSGR) – 34 knot capable	Build	RP2/3 & KCMD Spirit of Kingston	N/A
Southworth	T-Boat (150 PSGR) – 28 knot capable	Lease or Build	RP2/3 & KCMD Spirit of Kingston	N/A

5. Cost Projections

The financial analysis is premised upon the “build out” of the service for three routes, Kingston, Bremerton, and Southworth complete by 2023. Both capital investments as well as ongoing operational costs are included. The operating plan and service assumptions outlined in this report form the basis for projected operating costs and fare revenue.

Cost projections can be broken down by capital costs for infrastructure and the cost to operate the POF service outlined in the section above.

5.1 GENERAL ASSUMPTIONS

The operating plan and service assumptions reflect the recommendation to partner with KCMD to provide and operate the KT routes. Our analysis relies on and builds upon known costs for the operation of the King County service such as labor rates, maintenance needs, and operations management, etc. Specific assumptions for each major cost component are discussed in the following sections.

Cost Inflation

The base year was set at 2015. If not already available in 2015 dollars, cost estimates were initially inflated to 2015 levels using KT’s accepted rate of five percent per annum. Subsequent-year costs reflect compound inflation at five percent per annum.

Fuel Cost

The base year cost for fuel was set at \$4 per gallon for marine diesel. While the current rate is closer to \$3.35, the higher rate was selected to provide a cushion against volatile fuel prices. The annual inflation rate was also set five percent per annum.

Operations Management

The public-public organizational model recommended in the Operations Report establishes the base level costs for operations management and support.

Labor Rates

KCMD’s 2015 maritime labor rates are assumed for all vessel and terminal positions. Current King County benefit factors including health, retirement, premium pay, and leave are also assumed.

5.2 CAPITAL COSTS

Capital costs include capital infrastructure needed to service the routes. This includes vessels and terminal infrastructure to serve both the passengers and vessels.

Terminals

Terminal capital costs were estimated using current unit pricing for terminal elements after a site visit was conducted to assess the state of existing infrastructure. Recommended improvements required at the Bremerton and Kingston terminal are very minimal in nature, whereas the Southworth location will require the design and construction of an entirely new facility. The cost for repayment to the Port of Bremerton (POB) for the proportionate cost of improvements to shared facilities between the POB marina and the KT POF facility is included in the terminal capital program. New facility needs were identified with unit costs for development of a new facility based on the current unit pricing associated with the Pier 50 redevelopment. New facility costs by terminal were identified. (Costs inflated based on timing of improvement costs).

Table 5-1: Assumed Terminal Capital Costs

Terminal	Improvements Proposed	Cost (\$)
Bremerton	Signage	\$20,000
Kingston	Aesthetic improvements, decking inspections and repair. (no in-water work)	\$876,000
Southworth	New terminal (in-water work)	\$8,251,000

Vessels

As noted in section 4.2 above, due to the route specific operating requirements, different vessels are proposed for each route.

KT built the RP1 as part of the Rich Passage wake research project. The cost of acquiring all additional vessels was estimated based on currently available vessel construction cost data.

Table 5-2: Assumed Vessel Acquisition Costs (2015 Dollars)

Route	Vessel Proposed	Cost (\$)
Bremerton (1) & (2)	RP2 and RP3 (118 PSGR)	\$5,843,000
Kingston	T-Boat (150 PSGR) – 34 knot capable	\$5,775,000
Southworth	T-Boat (150 PSGR) - 28 knot capable	\$4,909,000

Fare Collection Development and Equipment

The implementation of a fare collection system will require some level of capital costs to make the required modification to the ORCA system for the new KT POF service. New fare collection equipment will need to be installed at each terminal. Additionally, some capital costs are associated with the development of the fare collection system and incorporation into the ORCA regional transit fare collection system. Table 5-3 represents rough order of magnitude costs assumed for the capital investment in the fare collection development and equipment needed.

Table 5-3: Assumed Fare Collection Capital Costs

Revenue Collection Equipment	Estimated Cost	Notes
Ticket Vending Machine	\$ 120,000	Two at Pier 50, two at Bremerton, one at Southworth, and one at Kingston. Similar model as KCMD, priced at \$20K each
Portable Fare Transaction Processors	\$ 18,000	\$2k per unit plus \$1k per unit for cradle, 6 units
Portable Farebox	\$ 32,000	\$8k per unit, 1 unit per route plus 1 spare
Pass Program Costs	Estimated Cost	Notes
ORCA and KT Program Costs	\$ 75,000	Addition of three routes and associated business rules to the ORCA program, addition of KT pass.

5.3 OPERATING AND MAINTENANCE COSTS

Operating and maintenance costs include all those cost elements required to run and maintain service. These costs are categorized below by vessel and terminal.

Vessels

The number of crew required is determined by the Officer in Charge, Marine Inspections (OCMI). All vessels are required to have a Captain (Master) and a Senior Deckhand. Generally, for most T-boats (the 150 passenger boats recommended), deckhands are required for each deck available to passengers. For the purposes of developing costs within the business plan, three crew members will be assumed.

- **Vessel Operating Labor:** An hourly vessel labor rate was calculated using the mandated crew positions, KCMD wage rates, benefit factors, and overtime, holiday, and leave experience. This hourly rate was then applied to the operating hours defined in the recommended service schedule to determine vessel operating labor costs.
- **Vessel Maintenance Labor:** A recommended vessel maintenance schedule employing marine operating engineers and oilers was developed to provide necessary routine maintenance at the west side tie up locations. Maintenance labor costs were developed using the recommended schedule and KCMD labor rates, benefit factors, and penalty, overtime, holiday, and leave experience. The maintenance crew schedule does recognize certain economies of scale that might be recognized as the fleet size grows.
- **Fuel Consumption:** Fuel usage rates were developed using fuel curves for the specific vessel performance parameters defined for each route. These fuel use rates were then applied to the proposed operating schedule by route to determine projected annual fuel consumption. The base year price per gallon was inflated to the appropriate year and then applied to projected annual consumption to determine fuel costs.

- **Maintenance:**
 - **Vessel Maintenance Supplies and Materials:** Maintenance supplies such as lube oil, filters, and maintenance supplies reflect industry experience for similar vessels.
 - **Other Maintenance:** Annual drydock, inspection, and routine annual maintenance costs were established at levels typical for similar vessels using Puget Sound rates.
 - **Back-up Vessel(s):** The cost of maintaining, inspecting, and insuring back-up vessels are allocated equally to the routes operating during each year.
- **Other Vessel Operating Costs:** Included in this category are costs associated with consumables, communication, uniform other miscellaneous vessel expenses. And vessel insurance KT's marine insurance broker provided estimated 2014 annual premiums for standard marine coverage for each operating and backup vessel including hull and machinery, protection and indemnity, pollution, and excess liability coverage.

Terminals

Terminal operating costs include labor, leases, maintenance, and insurance. The specific assumptions related to each are outlined below. There are three terminals.

- **Terminal Labor:**
 - **Westside Terminals (Kitsap County):** Four hours of terminal staffing are programmed at each west side terminal to cover passenger queuing and processing during the morning commute period.
 - **Seattle Pier 50 Terminal:** Assume 2015 KCMD terminal costs. Based on experience during the Rich Passage research test service, it is assumed that the current KCMD terminal staffing for the Seattle dock is adequate to handle one additional KT route. When the second route is implemented the terminal costs will be increased by one third and remain at that level when the third route is implemented.
- **Seattle Pier 50 Terminal Cost Allocation:** All operating costs for the Seattle terminal are allocated amongst the KCMD and KT routes based on the anticipated number of vessel landings.
- **Terminal Maintenance:** Ongoing terminal maintenance is estimated based on KCMD experience.
- **Terminal Other Costs:** Other terminal operating costs are based on the KCMD 2015 budget and estimated fare collections costs reflecting current fare collection media and systems.
- **Terminal Leases:** No lease cost is included for the Bremerton Transportation Facility. The lease cost for the other two west side terminals uses KCMD's current lease rate at Vashon as a fair market value estimate. The lease or landing fee paid to WSF for the Seattle terminal is set at the rate established by WSF and charged to both the Rich Passage 1 and KCMD vessels.



- **Terminal Insurance:** The cost identified for terminal insurance for the west side terminals reflects actual rates charged by KT's insurance provider for the Bremerton Transportation Center. Insurance cost for the Seattle terminal is included in the KCMD other terminal costs allocation.
- **Fare Collection:** Estimated fare collection costs assume that fare will be collected through the regional fare collection system and cash fare boxes. Costs estimates are included for operation and maintenance of ticketing and fare processing equipment, communication, over the counter sales, and revenue service.

5.4 PROGRAM AND OPERATIONS MANAGEMENT SUPPORT

Operating and administrative costs include those costs associated with managing and administering all aspects of the service. This will include management of the capital program.

Cost Allocation of KCMD Management and Support

Under the selected public/public operating model it is assumed that KCMD, under contract to KT, will perform operations management of the KT POF service. To estimate management and support costs, 2015 proposed KCMD management and support costs were supplemented by 20%, or approximately one full time equivalent, in the first year to reflect the additional workload associated with the first Kitsap route. It is assumed that the second route can be implemented with no overall increase in the level of management and support but that an additional 20% increase is required when the third route is implemented. The total management and support costs were then allocated between the current KCMD routes and the Kitsap routes based on the ratio of their respective direct vessel and terminal labor costs.

Kitsap Transit Passenger-Only Ferry Service and Capital Program Management

To manage the capital program, fare policy, service development, and the contract with King County, it is assumed that KT will establish a POF program management function internally. The overall cost of this function is set at one and a half full time equivalents at the salary and benefits level for the KCMD finance management position plus a thirty percent factor for other related support costs. It is assumed that this function would be funded at fifty percent at the onset, increasing to 75% when the second route is implemented and 100% when the third route is implemented.

6. Operating Revenue

The financial plan assumes only fare box revenue will be collected. Although non-fare box revenue such as on-board advertising might be pursued; because the level, probability, and timing is uncertain, no allowance is made for non-fare operating revenue in the financial plan. The draft financial plan outlined in this report would be updated frequently and refined as decision makers adjust the implementation phasing plan.

6.1 ESTIMATED FARE REVENUE

Fare revenue estimates were calculated by applying a range of full-fare levels to the ridership projection model. These revenue projections were then deflated to reflect WSF experience with actual average fare realization per passenger (the average realization is less than full-fare due to the number of discounted fare types available). A further reduction of 25% was also applied to address incremental ridership growth and uncertain economic conditions.

Ridership Projections

The baseline ridership estimates and estimated fare revenue are identified in the following tables. Ridership projections were developed using a mode-choice model, based on assumed fare levels. The assumed fare levels were selected at the mid-range of competing modes with a slight premium over the cash fare of the least expensive overall mode (which largely consisted of transit, either WSF ferry or a combination of bus/train and WSF ferry). These baseline projections are outlined below.

Table 6-1: Baseline Projected Ridership and Revenue

	Round-trip Fare Assumed	Annual Ridership (6 RT)	Annual Revenue (2015 \$)
Bremerton	\$11.00	217,676	\$1.2 M
Kingston	\$15.00	177,608	\$1.3 M
Southworth	\$11.00	147,335	\$0.8 M

Our analysis remained with the median fare throughout. Although this posted full-fare rate was used in the ridership model, many riders enjoy some form of discount from the posted fare. To account for the average fare paid, the projected revenue was reduced by approximately 15%. Table 6-2 displays the baseline revenue forecasts used for the financial plan after this revenue reduction (numbers are rounded).

Table 6-2: Projected Revenue After Adjustment

	Round-trip Fare Assumed	Annual Ridership (6 RT)	Annual Revenue (\$)
Bremerton	\$11.00	217,676	\$1.0 M
Kingston	\$15.00	177,608	\$1.1 M
Southworth	\$11.00	147,335	\$0.7 M

The 2014 base year revenue was inflated each year in the financial forecast by 5%; the same rate used to inflate costs. This allows for a combination of annual fare increases and ridership growth to achieve a rate of revenue growth commensurate with operating cost growth.

6.2 FAREBOX RECOVERY AND OPERATING SUBSIDY REQUIREMENTS

Once operating costs and fare box revenue were estimated, projected farebox recovery and operating subsidy requirements were calculated. The current financial plan generates a first-year farebox recovery of nearly 29%, increasing to approximately 33% when the second route comes online and approximately 34% with the third route, which is in line with the King County Water Taxi 2013 farebox recovery of 28%. The WSF farebox recovery numbers are not a valid comparison because their costs and revenue reflect a combined passenger and vehicle service.

The first year operating subsidy level is \$2.0 million with one vessel operating on the Bremerton route. When a second vessel is added to Bremerton and the Kingston service is initiated the overall annual subsidy level will be \$5.5 million.

Table 6-3: Estimated Farebox Recovery and Operating Subsidy by Year

Year	Annual Subsidy	Farebox Recovery	Service Level
2016	\$2.0 M	29%	One Vessel serving Bremerton
2018	\$5.5 M	33%	One Vessel serving Kingston, Two vessels serving Bremerton
2023	\$8.1M	34%	One Vessel serving Southworth, One Vessel serving Kingston, Two vessels serving Bremerton

7. Funding Approach

Adequate funding is critical to a sustainable service. While a portion of operating costs will be covered by farebox revenue, large capital outlays will need to be covered through other funding sources. Grant funding will be utilized whenever possible; however, it is very competitive and applicable programs are limited. Local funding, in the form of tax levies, will be required to support the capital needs and sustain the service over the long term. Securing necessary capital and long-term operating subsidy funding is the first step in establishing this POF service.

Operations

Fare box revenue must be supplemented by local tax revenue to cover the full costs of operation. There are no applicable grant sources to fund operations. Local tax options are discussed below in section 7.2

Capital Funding

Three approaches to raising the capital required to support the POF implementation plan have been identified: grant funding, local funding, and use of bond funds.

7.1 GRANT FUNDING

Pursuing grant funding may not be possible until local, sustainable funding is in place. The financial plan assumes that steps are immediately taken to identify specific grant opportunities so that preparations can be made to submit applications as soon as a local funding source is secure.

A number of viable potential grant sources were identified during Task Two of this effort. It is assumed, however, that the initial level of required capital funding is too great to be met entirely through grant sources. The plan includes grant funding at levels projected by KT staff.



7.2 LOCAL FUNDS

It is assumed that a sales tax levy would be pursued to provide local funds to subsidize ongoing operations and to supplement grant funds for capital requirements. Sales tax yields were provided by KT staff and reflect the past several years' actual collections. Please refer to Section 8 for a more detailed projection of local funding needs.

Should KT wish to explore the funding capacity of other tax options, such as the Motor Vehicle Excise Tax (MVET), additional research will be required to establish the total vehicle value base in Kitsap County. There is no ready source of current information for county vehicle value because the MVET has not been collected in nearly fifteen years.

7.3 BONDING

High front-end capital funding requirements may require that some portion of the capital program be funded through bond proceeds. Bonding will increase overall capital costs some to cover both initial bond issuance costs and to service the bond debt. The alternative to bonding is setting a local tax rate at a level sufficient to cover all capital requirements in excess of predicted grant funds.

8. Financial Plan

Projected route financial statements are prepared for each of the three identified routes and include operating revenue, operating costs, and capital costs. The projected route financial statements reflect the implementation schedule proposed in the overall business plan. The projected route financial statements for each of the three routes are consolidated into a system-wide route projected financial plan that incorporates funding for both the operating subsidy and the capital program (Refer to Appendix A).

The financial plan is balanced assuming \$31 million in federal and state grants between 2017 and 2034 with a 2/10 county-wide sales tax. A bond issuance of \$5 million provides the cash flow required in early years. Alternative local funding sources have not been evaluated but could supplement or be substituted for the sales tax. If a decision is made to create a ferry district with boundaries other than the boundaries of Kitsap County, additional analysis would be required to revise the sales tax revenue projection and re-balance the financial plan.

8.1 PROGRAM IMPLEMENTATION STRATEGY

Successful implementation of this program requires an implemental approach. Organization actions need to occur in a specific order to facilitate successful implementation. To move this service forward, big steps need to be made, most importantly locating sustainable funding. Concurrent to this most important aspect, organizational and operational agreements will need to be shaped between KT and the recommended contracted operator, KCMD. The incremental implementation strategy and its components are outlined below.

8.2 LEAD AGENCY AND ORGANIZATIONAL BODIES

The lead agencies identified in this proposed plan are KT, Port of Kingston, King County and WSF. KCMD will provide many operational and management functions, which will be identified in a memorandum of understanding between the two agencies. KT must also coordinate with WSF for operations at Pier 50 and for the proposed collation at Southworth.

8.3 RECOMMENDED ACTIONS

Organizational and Funding

Before actual implementation of the POF business plan can begin, additionally organizational and funding planning tasks should be undertaken.

Legal Framework

The legal framework for providing POF service is in place. The funding mechanism, specifically the creation a ferry benefit district, may require some legislative action.

Structure and Staffing

Administrative and organizational phasing has a lot to do with the final agreement reached between KT and KCMD. Ultimately, there may be a desire to bring more services in-house to KT, which could be accomplished long-term. In the short-term, administrative and organizational infrastructure already in place within KCMD would be leveraged for operations of the first service. The proposed organizational structure to manage the POF operations will require an internal KT staff member to work as the Marine Program Manager, overseeing the contracting with King County for ferry services. Additional administrative support, capital program management, marketing, and other support functions can likely be drawn from current internal staff with that expertise. As the system grows and matures and workload becomes greater, additional staff or dedicated staff may be needed.

Implementation Task Force

An implementation task force should be formed, including policy makers and operational personnel of both public partnering agencies. From King County, this may include a member of the King County Council, as well as, the Director of the Marine Division and operations personnel. From KT, these members may include a member of the KT Board, as well as the KT Executive Director and the POF contract manager. A representative from WSF should also be included on the committee, in order to keep communications open about planned terminal improvements and vessel operations.



Capital Funding

Further research into the most promising sources of capital grant funds is recommended. This research should also address grant funding cycles and alternative granting funding schedules. Alternative financial plans might be developed to address different grant funding scenarios.

Route Specific

Route specific implementation actions include the availability of nearby parking or utilization of park-and-ride facilities as well as existing transit modifications required to serve the commuters.

Existing Transit Service Modifications

Some minor existing transit service modifications would be required to fully support the POF service and its customers. These modifications include the revision of some bus schedules to meet with ferry arrival and departure times as well as some route modification or expansion related to serving nearby parking areas and the ferry terminals themselves.

Table 8-1: Implementation Strategy

Recommended Actions	Partner Agencies	Prior to Tax Measure	Implementation			
			Year 1	Short-Term	Mid-Term	Long Term
<i>Organizational</i>						
1	KT Board decision to move forward with tax initiative	KT	*	→		
2	Prepare for tax initiative	KT	*			
3	Identify applicable grants	KT	*			
4	Alterations to legal framework	KT	*			
5	Interagency Implementation Committee	KT/KCMD/WSF/POK		- - - - - →		
6	Amend CIP to prioritize for POF improvements	KT				
7	Apply for grant applications	KT/KCMD				
8	Develop and execute MOU for KCMD partnership	KT/KCMD				
9	Develop and initiate internal KT staff organization to accommodate service	KT				
10	Fare collection program development	KT				
<i>Bremerton</i>						
B1	Prepare RP1 for service	KT				
B2	Commission building of RP2	KT				
B3	Capital terminal improvements (minimal)	KT				
B4	Implement service (w/o back-up vessel)	KT/KCMD				
<i>Kingston</i>						
K1	Lease agreement with Port of Kingston	KT/POK				
K2	Capital terminal improvements at Kingston	KT/POK				
K3	Procure vessel	KT				
K4	Implement service (Share RP2 as back-up vessel)	KT/KCMD				
<i>Southworth</i>						
S1	Lease agreement with WSF	KT/WSF				
S2	Capital terminal improvements at Southworth	KT/WSF				
S3	Procure vessel	KT				
S4	Procure back-up vessel	KT				
S5	Implement service	KT/KCMD				
<i>Pier 50</i>						
KC1	Lease agreement with KCMD	KT/KCMD		→		
KC2	Capital infrastructure contribution	KT/KCMD				

KT=Kitsap Transit
 KCMD=King County Marine Division
 WSF=Washington State Ferries
 POK=Port of Kingston
 CIP=Capital Improvement Plan
 MOU=Memorandum of Understanding



9. Next Steps

Additional action items may be identified along the way, as well as adjustment to roles and responsibilities. On an ongoing basis KT should review progress made on the incremental implementation plan and make adjustment to priorities as needed.

KT Board action to move forward with securing local funding, the successful passing of a funding measure, and the collection of those funds are vital steps toward establishing this service. Grant funding can be pursued, along with local financing strategies (taxing districts) to implement this service.

This phasing plan represents an aggressive implementation of service and should be re-evaluated as the KT board moved towards their decision to move forward with the project.

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Appendix A

Financial Plan

Kitsap Passenger-Only Ferry Financial Projection
Consolidated- All Routes
2015 -2034

Capital	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenue	Bremeron Service Introduced																			
State Grant Funding			1,600,000	-	-	-	2,000,000	-	-											
Federal Grants- New Small Starts			6,695,000	2,436,000	1,545,000	703,000	5,476,000	5,388,000	-											
Federal Grants-Ferry Boat Discretionary			-	280,000	280,000	280,000	1,080,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000
Total Capital Grant Revenue	-	-	8,295,000	2,716,000	1,825,000	983,000	8,556,000	5,668,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000
Expenses	Kingslon Service Introduced																			
Vessels	Service Introduced																			
Vessel Leases			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vessel Acquisitions	1,461,000	8,930,000	6,348,000	1,611,000	-	-	1,645,000	4,934,000	-	-	-	-	-	-	-	-	-	-	-	-
Rich Passage Monitoring	160,000	224,000	235,000	247,000	259,000	272,000	286,000													
Subtotal Vessels	1,621,000	9,154,000	6,583,000	1,858,000	259,000	272,000	1,931,000	4,934,000	-	-	-	-	-	-	-	-	-	-	-	-
Terminals																				
Seattle Terminal	-		2,625,000	862,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kitsap Terminals	165,000	486,000	486,000	-	1,348,000	957,000	6,265,000	2,151,000	-	-	-	-	-	-	-	-	-	-	-	-
Bremerton Terminal Debt Repayment		675,000	675,000	675,000	675,000															
Subtotal Terminals	165,000	1,161,000	3,786,000	1,537,500	2,023,000	957,000	6,265,000	2,151,000	-	-	-	-	-	-	-	-	-	-	-	-
Future Capital Contingency																1,000,000	1,000,000	280,000	280,000	280,000
Total Capital Expenditures	1,786,000	10,315,000	10,369,000	3,395,500	2,282,000	1,229,000	8,196,000	7,085,000	-	-	-	-	-	-	1,000,000	1,000,000	280,000	280,000	280,000	280,000
Net Capital Funding Required	(1,786,000)	(10,315,000)	(2,074,000)	(679,500)	(457,000)	(246,000)	360,000	(1,417,000)	280,000	280,000	280,000	280,000	280,000	280,000	(720,000)	(720,000)	-	-	-	-
Total Local Funding Required for Capital and Operating	(2,493,000)	(12,314,000)	(4,173,000)	(6,144,500)	(6,195,000)	(6,272,000)	(5,964,000)	(8,060,000)	(7,810,000)	(8,214,000)	(8,638,000)	(9,086,000)	(9,553,000)	(10,046,000)	(11,562,000)	(12,102,000)	(11,953,000)	(12,552,000)	(13,178,000)	(13,836,000)
Total PTBA-POF Tax Funding at Two Tenths	2,553,000	7,927,000	8,204,000	8,491,000	8,788,000	9,096,000	9,414,000	9,743,000	10,084,000	10,437,000	10,802,000	11,180,000	11,571,000	11,976,000	12,395,000	12,829,000	13,278,000	13,743,000	14,224,000	14,722,000
Bond Funds		5,050,000																		
Debt Service		617,000	617,000	617,000	617,000	617,000	617,000	617,000	617,000	617,000	617,000									
Reserve for Port Orchard Foot Ferry			1,050,000	1,103,000	1,158,000	1,216,000	1,276,000	1,340,000	1,407,000	1,477,000	1,551,000	1,629,000	1,710,000	1,796,000	1,886,000	1,980,000	2,079,000	2,183,000	2,292,000	2,407,000
Projected Cash Balance	60,000	106,000	2,470,000	3,097,000	3,915,000	4,906,000	6,463,000	6,189,000	6,439,000	6,568,000	6,564,000	7,029,000	7,337,000	7,471,000	6,418,000	5,165,000	4,411,000	3,419,000	2,173,000	652,000

Numbers may not add up due to rounding.

Kitsap Passenger Only Ferry Financial Projection
Bremerton - Seattle
2015-2034

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operations																				
Revenue																				
Fares	190,000	800,000	840,000	1,764,000	1,852,000	1,945,000	2,042,000	2,144,000	2,251,000	2,364,000	2,482,000	2,606,000	2,736,000	2,873,000	3,017,000	3,168,000	3,326,000	3,492,000	3,667,000	3,850,000
Total Operating Revenue	190,000	800,000	840,000	1,764,000	1,852,000	1,945,000	2,042,000	2,144,000	2,251,000	2,364,000	2,482,000	2,606,000	2,736,000	2,873,000	3,017,000	3,168,000	3,326,000	3,492,000	3,667,000	3,850,000
Expenses																				
Direct Vessel Operating Expense																				
Labor	176,000	740,000	777,000	1,526,000	1,602,000	1,682,000	1,767,000	1,855,000	1,948,000	2,045,000	2,147,000	2,255,000	2,367,000	2,486,000	2,610,000	2,741,000	2,878,000	3,021,000	3,172,000	3,331,000
Fuel	168,000	706,000	741,000	1,556,000	1,634,000	1,716,000	1,802,000	1,892,000	1,987,000	2,086,000	2,190,000	2,300,000	2,415,000	2,536,000	2,663,000	2,796,000	2,936,000	3,083,000	3,237,000	3,399,000
Maintenance	46,000	192,000	202,000	424,000	445,000	467,000	490,000	515,000	541,000	568,000	596,000	626,000	657,000	690,000	725,000	761,000	799,000	839,000	881,000	925,000
Other Operating Costs	57,000	240,000	252,000	351,000	369,000	387,000	406,000	426,000	406,000	426,000	448,000	470,000	494,000	518,000	544,000	571,000	600,000	630,000	661,000	694,000
Subtotal Vessel Operations	447,000	1,878,000	1,972,000	3,857,000	4,050,000	4,252,000	4,465,000	4,688,000	4,882,000	5,125,000	5,381,000	5,651,000	5,933,000	6,230,000	6,542,000	6,869,000	7,213,000	7,573,000	7,951,000	8,349,000
Direct Terminal Operating Expense																				
Labor	24,000	100,000	105,000	111,000	117,000	123,000	129,000	135,000	102,000	107,000	112,000	118,000	124,000	130,000	137,000	144,000	151,000	159,000	167,000	175,000
Maintenance	5,000	20,000	21,000	22,000	23,000	24,000	25,000	26,000	27,000	28,000	29,000	30,000	32,000	34,000	36,000	38,000	40,000	42,000	44,000	46,000
Other	31,000	131,000	138,000	172,000	181,000	190,000	200,000	210,000	220,000	231,000	242,000	255,000	267,000	281,000	295,000	309,000	325,000	341,000	358,000	376,000
Subtotal Terminal Operations	60,000	251,000	264,000	305,000	321,000	337,000	354,000	371,000	349,000	366,000	383,000	403,000	423,000	445,000	468,000	491,000	516,000	542,000	569,000	597,000
Total Direct Expenses	507,000	2,129,000	2,236,000	4,162,000	4,371,000	4,589,000	4,819,000	5,059,000	5,231,000	5,491,000	5,764,000	6,054,000	6,356,000	6,675,000	7,010,000	7,360,000	7,729,000	8,115,000	8,520,000	8,946,000
Management and Support																				
KT POF Management and Support	142,000	149,000	156,000	159,000	167,000	175,000	184,000	193,000	157,000	165,000	173,000	182,000	191,000	201,000	211,000	222,000	233,000	245,000	257,000	270,000
Contractor Management and Support	248,000	521,000	547,000	915,000	961,000	1,009,000	1,059,000	1,112,000	768,000	806,000	846,000	888,000	932,000	979,000	1,028,000	1,079,000	1,133,000	1,190,000	1,250,000	1,313,000
Total Management and Support	390,000	670,000	703,000	1,074,000	1,128,000	1,184,000	1,243,000	1,305,000	925,000	971,000	1,019,000	1,070,000	1,123,000	1,180,000	1,239,000	1,301,000	1,366,000	1,435,000	1,507,000	1,583,000
Total Operating Expenses	897,000	2,799,000	2,939,000	5,236,000	5,499,000	5,773,000	6,062,000	6,364,000	6,156,000	6,462,000	6,783,000	7,124,000	7,479,000	7,855,000	8,249,000	8,661,000	9,095,000	9,550,000	10,027,000	10,529,000
Net Operating Operating Subsidy Required	707,000	1,999,000	2,099,000	3,472,000	3,647,000	3,828,000	4,020,000	4,220,000	3,905,000	4,098,000	4,301,000	4,518,000	4,743,000	4,982,000	5,232,000	5,493,000	5,769,000	6,058,000	6,360,000	6,679,000
Farebox Recovery	21.2%	28.6%	28.6%	33.7%	33.7%	33.7%	33.7%	33.7%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%
Capital																				
Expenses																				
Vessels																				
Vessel Acquisitions	1,461,000	4,382,000	4,832,000	1,611,000																
Rich Passage Monitoring	160,000	224,000	235,000	247,000	259,000	272,000	286,000													
Subtotal Vessels	1,621,000	4,606,000	5,067,000	1,858,000	259,000	272,000	286,000													
Terminals																				
Seattle Terminal																				
Bremerton Terminal																				
Bremerton Terminal Debt Repayment		675,000	675,000	675,000	675,000															
Subtotal Terminals		675,000	675,000	675,000	675,000															
Total Capital Expenditures		5,281,000	5,742,000	2,533,000	934,000	272,000	286,000													
Total Operating and Capital Expenditures	897,000	8,080,000	8,681,000	7,769,000	6,433,000	6,045,000	6,348,000	6,364,000	6,156,000	6,462,000	6,783,000	7,124,000	7,479,000	7,855,000	8,249,000	8,661,000	9,095,000	9,550,000	10,027,000	10,529,000
(Total Subsidy Required)	(707,000)	(7,280,000)	(7,841,000)	(6,005,000)	(4,581,000)	(4,100,000)	(4,306,000)	(4,220,000)	(3,905,000)	(4,098,000)	(4,301,000)	(4,518,000)	(4,743,000)	(4,982,000)	(5,232,000)	(5,493,000)	(5,769,000)	(6,058,000)	(6,360,000)	(6,679,000)

Numbers may not add up due to rounding.

Kitsap Passenger Only Ferry Financial Projection
Kingston - Seattle
2015-2034

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operations																				
Revenue																				
Fares				969,000	1,018,000	1,069,000	1,122,000	1,178,000	1,237,000	1,299,000	1,364,000	1,432,000	1,504,000	1,579,000	1,658,000	1,741,000	1,828,050	1,919,000	2,015,000	2,116,000
Total Operating Revenue	-	-		969,000	1,018,000	1,069,000	1,122,000	1,178,000	1,237,000	1,299,000	1,364,000	1,432,000	1,504,000	1,579,000	1,658,000	1,741,000	1,828,050	1,919,000	2,015,000	2,116,000
Expenses																				
Direct Vessel Operating Expense																				
Labor				857,000	900,000	945,000	992,000	1,042,000	1,093,000	1,148,000	1,205,000	1,265,000	1,328,000	1,394,000	1,464,000	1,537,000	1,614,000	1,695,000	1,780,000	1,869,000
Fuel				870,000	914,000	960,000	1,008,000	1,058,000	1,111,000	1,167,000	1,225,000	1,286,000	1,350,000	1,418,000	1,489,000	1,563,000	1,641,000	1,723,000	1,809,000	1,899,000
Maintenance				218,000	229,000	240,000	252,000	265,000	278,000	292,000	307,000	322,000	338,000	355,000	373,000	392,000	412,000	433,000	455,000	478,000
Other Operating Costs				211,000	222,000	233,000	245,000	257,000	220,000	231,000	243,000	255,000	268,000	281,000	295,000	310,000	326,000	342,000	359,000	377,000
Subtotal Vessel Operations	-	-		2,156,000	2,265,000	2,378,000	2,497,000	2,622,000	2,702,000	2,838,000	2,980,000	3,128,000	3,284,000	3,448,000	3,621,000	3,802,000	3,993,000	4,193,000	4,403,000	4,623,000
Direct Terminal Operating Expense																				
Labor				111,000	117,000	123,000	129,000	135,000	184,000	193,000	203,000	213,000	224,000	235,000	247,000	259,000	272,000	286,000	300,000	315,000
Maintenance				22,000	23,000	24,000	25,000	26,000	24,000	25,000	26,000	27,000	28,000	29,000	30,000	32,000	34,000	36,000	38,000	40,000
Other				89,000	93,000	98,000	103,000	108,000	113,000	119,000	125,000	131,000	138,000	145,000	152,000	160,000	168,000	176,000	185,000	194,000
Subtotal Terminal Operations	-	-		222,000	233,000	245,000	257,000	269,000	321,000	337,000	354,000	371,000	390,000	409,000	429,000	451,000	474,000	498,000	523,000	549,000
Total Direct Expenses	-	-		2,378,000	2,498,000	2,623,000	2,754,000	2,891,000	3,023,000	3,175,000	3,334,000	3,499,000	3,674,000	3,857,000	4,050,000	4,253,000	4,467,000	4,691,000	4,926,000	5,172,000
Management and Support																				
KT POF Management and Support				87,000	91,000	96,000	101,000	106,000	86,000	90,000	95,000	100,000	105,000	110,000	116,000	122,000	128,000	134,000	141,000	148,000
Contractor Management and Support				499,000	524,000	550,000	578,000	607,000	419,000	440,000	462,000	485,000	509,000	534,000	561,000	589,000	618,000	649,000	681,000	715,000
Total Management and Support	-	-		586,000	615,000	646,000	679,000	713,000	505,000	530,000	557,000	585,000	614,000	644,000	677,000	711,000	746,000	783,000	822,000	863,000
Total Operating Expenses	-	-		2,964,000	3,113,000	3,269,000	3,433,000	3,604,000	3,528,000	3,705,000	3,891,000	4,084,000	4,288,000	4,501,000	4,727,000	4,964,000	5,213,000	5,474,000	5,748,000	6,035,000
Net Operating Operating Subsidy Required	-	-		1,995,000	2,095,000	2,200,000	2,311,000	2,426,000	2,291,000	2,406,000	2,527,000	2,652,000	2,784,000	2,922,000	3,069,000	3,223,000	3,384,950	3,555,000	3,733,000	3,919,000
Farebox Recovery				32.7%	32.7%	32.7%	32.7%	32.7%	35.1%	35.1%	35.1%	35.1%	35.1%	35.1%	35.1%	35.1%	35.1%	35.1%	35.1%	35.1%
Capital																				
Expenses																				
Vessels																				
Vessel Acquisitions	-	4,548,000	1,516,000																	
Subtotal Vessels	-	4,548,000	1,516,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Terminals																				
Seattle Terminal																				
Kingston Terminal	-	486,000	486,000																	
Subtotal Terminals	-	486,000	486,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Program Management & Support																				
Total Capital Expenditures	-	5,034,000	2,002,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating and Capital Expenditures	-	5,034,000	2,002,000	2,964,000	3,113,000	3,269,000	3,433,000	3,604,000	3,528,000	3,705,000	3,891,000	4,084,000	4,288,000	4,501,000	4,727,000	4,964,000	5,213,000	5,474,000	5,748,000	6,035,000
(Total Subsidy Required)	-	(5,034,000)	(2,002,000)	(1,995,000)	(2,095,000)	(2,200,000)	(2,311,000)	(2,426,000)	(2,291,000)	(2,406,000)	(2,527,000)	(2,652,000)	(2,784,000)	(2,922,000)	(3,069,000)	(3,223,000)	(3,384,950)	(3,555,000)	(3,733,000)	(3,919,000)

Numbers may not add up due to rounding.

Kitsap Passenger Only Ferry Financial Projection
Southworth - Seattle
2015-2034

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operations																				
Revenue																				
Fares									752,000	790,000	830,000	872,000	916,000	962,000	1,010,000	1,061,000	1,114,000	1,170,000	1,229,000	1,290,000
Total Operating Revenue	-	-	-	-	-	-	-	-	752,000	790,000	830,000	872,000	916,000	962,000	1,010,000	1,061,000	1,114,000	1,170,000	1,229,000	1,290,000
Expenses																				
Direct Vessel Operating Expense																				
Operating Labor									974,000	1,023,000	1,074,000	1,128,000	1,184,000	1,243,000	1,305,000	1,370,000	1,439,000	1,511,000	1,587,000	1,666,000
Fuel									473,000	497,000	522,000	548,000	575,000	604,000	634,000	666,000	699,000	734,000	771,000	810,000
Maintenance									231,000	243,000	255,000	268,000	281,000	295,000	310,000	326,000	342,000	359,000	377,000	396,000
Other Operating Costs									203,000	213,000	224,000	235,000	247,000	259,000	272,000	286,000	300,000	315,000	331,000	348,000
Subtotal Vessel Operations	-	-	-	-	-	-	-	-	1,881,000	1,976,000	2,075,000	2,179,000	2,287,000	2,401,000	2,521,000	2,648,000	2,780,000	2,919,000	3,066,000	3,220,000
Direct Terminal Operating Expense																				
Labor									136,000	143,000	150,000	158,000	166,000	174,000	183,000	192,000	202,000	212,000	223,000	234,000
Maintenance									28,000	29,000	30,000	32,000	34,000	36,000	38,000	40,000	42,000	44,000	46,000	48,000
Other									155,000	163,000	171,000	180,000	189,000	198,000	208,000	218,000	229,000	240,000	252,000	265,000
Subtotal Terminal Operations	-	-	-	-	-	-	-	-	319,000	335,000	352,000	370,000	389,000	408,000	428,000	449,000	471,000	495,000	520,000	546,000
Total Direct Expenses	-	-	-	-	-	-	-	-	2,200,000	2,311,000	2,427,000	2,549,000	2,676,000	2,809,000	2,949,000	3,097,000	3,251,000	3,414,000	3,586,000	3,766,000
Management and Support																				
KT POF Management and Support									76,000	80,000	84,000	88,000	92,000	97,000	102,000	107,000	112,000	118,000	124,000	130,000
Contractor Management and Support									372,000	391,000	411,000	432,000	454,000	477,000	501,000	526,000	552,000	580,000	609,000	639,000
Total Management and Support	-	-	-	-	-	-	-	-	448,000	471,000	495,000	520,000	546,000	574,000	603,000	633,000	664,000	698,000	733,000	769,000
Total Operating Expenses	-	-	-	-	-	-	-	-	2,648,000	2,782,000	2,922,000	3,069,000	3,222,000	3,383,000	3,552,000	3,730,000	3,915,000	4,112,000	4,319,000	4,535,000
Net Operating Operating Subsidy Required	-	-	-	-	-	-	-	-	1,896,000	1,992,000	2,092,000	2,197,000	2,306,000	2,421,000	2,542,000	2,669,000	2,801,000	2,942,000	3,090,000	3,245,000
Farebox Recovery									28.4%	28.4%	28.4%	28.4%	28.4%	28.4%	28.4%	28.4%	28.5%	28.5%	28.5%	28.4%
Capital																				
Expenses																				
Vessels																				
Vessel Acquisitions							1,645,000	4,934,000												
Subtotal Vessels	-	-	-	-	-	-	1,645,000	4,934,000	-	-	-	-	-	-	-	-	-	-	-	-
Terminals																				
Seattle Terminal																				
Southworth Terminal					1,348,000	957,000	6,265,000	2,151,000												
Subtotal Terminals	-	-	-	-	1,348,000	957,000	6,265,000	2,151,000	-	-	-	-	-	-	-	-	-	-	-	-
Capital Program Management & Support																				
Total Capital Expenditures	-	-	-	-	1,348,000	957,000	7,910,000	7,085,000	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating and Capital Expenditures	-	-	-	-	1,348,000	957,000	7,910,000	7,085,000	2,648,000	2,782,000	2,922,000	3,069,000	3,222,000	3,383,000	3,552,000	3,730,000	3,915,000	4,112,000	4,319,000	4,535,000
(Total Subsidy Required)	-	-	-	-	(1,348,000)	(957,000)	(7,910,000)	(7,085,000)	(1,896,000)	(1,992,000)	(2,092,000)	(2,197,000)	(2,306,000)	(2,421,000)	(2,542,000)	(2,669,000)	(2,801,000)	(2,942,000)	(3,090,000)	(3,245,000)

Numbers may not add up due to rounding.