



HMC – Ferry Services White Paper Analysis

HMC Transportation Committee

July 30, 2016

Introduction: The HMC Board has asked the Transportation Committee to provide a White Paper, with a pro & con analysis of our Ferry Operations for the purpose of exploring the concept of contracting outside ferry crew operations.

Herron Island offers an economically and socially diverse community of individuals who enjoy serenity and privacy of its remoteness, but also the ability to be part of a community, take advantage of the benefits of a major city, and maintain proximity to employers. The year-round ferry system is the lifeline of any island community and supports members with access to commercial businesses, second residences, and emergency services. The ferry also supports the Herron Island economy by providing a means for vacationers to visit the island. Ferry management is clearly an important consideration for all these reasons.

This paper includes the research and documentation supporting two options for ferry management: whether to employ a service provider to manage the ferry, or whether to maintain the current management by the HMC board. Both options have advantages and disadvantages. Contracting with a service provider means that the crew of our ferry will be managed by a service provider and may no longer be residents of the community and members of HMC.

The top argument in support of employing a service provider are that it relieves the island management of having to maintain staffing of employees. The thought is that this would free up managements time to do other more value added tasks. This also would ensure that ferry runs would not be cancelled due to staffing deficiencies. Research into these assumptions are showing that this is not always true. We'll take a deeper look into both these assumptions.

The primary argument for keeping the management of our ferry "in house" and under our control is simple. The cost for our ferry service will increase with a service provider. Belief is that this will be the natural effect of moving from a "nonprofit" operation to a "for profit" operation. We will show factors to support this assumption. Next is the concern for our ferry maintenance and safety. By moving to a crew that is not vested in ownership it will result in reduced maintenance, and a crew with a reduced understanding of the factors indicating trouble. As a community we have seen these assets, such as; the ramps, dolphins, engines, etc be very costly to repair or replace. Security is our third factor supporting "in house" management.

Future direction: With this “White Paper Analysis” the Transportation Committee has provided relevant information and recommendations to assist the HMC Board in making informed choices in regards to future HMC Ferry Services. The decisions made regarding the HMC Ferry Services are solely those of the HMC Board and those decisions which they decide to put to a vote of Membership.

Background: Here are the words of our HMC President, Mike Graham in the June 2016 Beachcomber: “The board asked for a Transportation Committee to look at ferry operations and including contracting ferry crew operations. The committee was asked to deliver a “White Paper” giving the pros and cons of such a concept. When the committee finishes its work, the Board after reviewing will share those results with the Membership. The Board is not looking at making immediate changes to ferry operations, but rather is looking at how we can maintain ferry operation as our crew leaves through normal attrition. We all are getting older and experiencing more medical issues. Our ferry crew is not immune to this. The problems we experienced with three crew members out for various medical reasons this last year and the difficulty we had in finding, keeping and obtaining the services of qualified crew members prompts us to plan for the future.”

Herron Island Maintenance Co was created in 1958. Throughout its years of existence many ideas have been proposed, with one of the first being that a bridge be built to connect us with the mainland. Rumor has it that that vote of the membership failed by just one vote. Between the objections of our mainland neighbors, and the lack of membership support, the bridge idea has failed to come to fruition. On the next page is a copy of old correspondence which will show that nothing on this island has been easy, and without controversy.

The ferry “Annabelle” was put into service in 1958 and it was it retired after 31 years of service in December of 1989. Captain Charlie Wells and Tom Tallman took turns at the helm on the last run. In January of 1990, the “Herron Islander” was put into service. Her full-time Captains/Deckhands have included many over the years; Ross McMenamin, Tim Clark, Gene Thornton, Bob Bourne, Dave Lidkey, Patrick Steehler, Fernando Mathes, Steve Wiggins, John Farris, Richard Urfer, and Terry Kraft. The early captains were hired to service both in the deckhand and Captain capacities. There were a number of deckhands, with Donnie Surratt being the most long-term. We will not try to document the individuals in the deckhand position.

Dear Friend:

The Herron Island Maintenance Company has announced their intent to build a bridge connecting with the mainland at a location adjacent to the present ferry landing. Property owners on the mainland as well as the island have voiced strenuous objections involving financial, ecological, navigational, and esthetic matters.

To my knowledge a formal application for bridge construction has not yet been submitted to the Coast Guard (the governmental approval agency). However, we should be prepared for this possibility by the formation of an opposition group. It seems to me that this is the proper method for consolidating our resources which may eventually require the retention of an attorney to protect our public interests.

Membership in the Herron Bridge Opposition Group would include both island and mainland property owners, as well as any other interested parties. Initial formation of the group would involve no funds, meetings, nor election of leaders. However, should a formal application be submitted by the Herron Island Maintenance Company, I would sound the call for a membership meeting to elect leaders, to charter our course of action, and to determine any supporting costs.

In view of the above, I have taken the liberty to prepare the attached statement of opposition and earnestly solicit your signature and return to me for placement in a master file of signatures which would be immediately available as public evidence of our strenuous objections to bridge construction.

Thank you for your cooperation.

Sincerely yours,

Alvin L. Johanson
Alvin L. Johanson
Colonel USAF Retired

Alvin L. Johanson
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Early "Beachcomber" editions mention crew issues, such as maintenance concerns, fines by the Coast Guard and WISHA along with union grievances dating back to the issues reviewed up to 1990. Here is a "Beachcomber" from 1990 that shows us that the issues we are experiencing now are not greatly different from those 25 years ago (with the exception of maintenance issues and fines:)

HERRON ISLAND BEACHCOMBER

A Publication By and For HMC Members

OCTOBER/NOVEMBER 1990

HMC BOARD NEWS

NLRB HISTORY OF EVENTS

In February or March, 1990 two of our ferry crew, without first contacting the rest of the crew or our ferry chairman, went to the Inland Boatman's Union of the Pacific, petitioning for representation.

This was taken to the NLRB and HMC received their first knowledge regarding this situation by summons for first hearing on 3/12/90.

Over the months since, HMC has spent time and money* to argue this, based on the fact HMC did not meet any jurisdictional standards and that jurisdiction should not be asserted. In short, the Board of Trustees did not feel that we are engaged in interstate commerce, and, therefore, that Union representation is inconsistent with federal law.

The letter you members received from 'ferry crew' was sent, unknown to 3 of 5 members, and postage paid by the Inland Boatman's Union, their postage meter #2756616. It claimed lack of health benefits (not so), no pension plan (not so), and no raises, although HMC has given cost-of-living raises every year. (In 1989, the cost-of-living increases ranged from 1% to 4%, and we gave them a 5% increase).

To compare Island pay scale with the State and County systems is not logical. The Island is a privately owned system with only its members to pay for it. The State and County have a tax base from all of the taxpayers, making it a vastly different source.

It was also felt that the men who applied for the ferry jobs knew beforehand of the wages and the split shifts. They need not spend time or money on commuting, and the in-between hours can be spent fixing up their own property or pursuing other interests.

The NLRB determined that because of our one-time ferry purchase (from a local shipyard), our purchases of material for water system (valves, nuts, etc.), our oil delivery (which comes from a local company who might also be involved in interstate commerce) and, oh yes, our rented SaniCans may have been made in another state - all of these are indications of Interstate Commerce

involvement and therefore, jurisdiction was asserted over the employer, HMC.

HMC requested a review from the NLRB in Washington, D.C. The Union issued a statement in opposition to review and the NLRB denied HMC review on 9/4/90. An election was ordered for the ferry employees for September 14, 1990 at 11:30am on the ferry. Directions were issued, which HMC followed to the letter, however, at the last minute, on the ferry, Mr. Clark and the Union made opposition to our 'observer' and further challenged the eligibility of Charlie Wells to vote (he was not allowed to vote even though he had been submitted under THEIR rules of eligibility). The vote was 3 to 1 for the Union, and now HMC is in position of bargaining in good faith.

* Amount spent by HMC to date: \$4,869.70 (not including many hours and resources donated by volunteers)

****SPECIAL BALLOT EDITION****

**PROPOSED BY-LAW CHANGE AND HMC
LOT BID UP FOR VOTE! DETAILS IN
THIS EDITION**

BOOSTER HAPPENINGS

Saturday October 27th:

Children's Halloween Party: 2:00 - 4:00pm, Community Hall. Games and treats; costumes optional. No charge.

HALLOWEEN PARTY 8:30PM: Cost is \$3 per person. Pop and ice provided; bring hors d'oeuvres, BYOB. Costumes are encouraged, but not required!

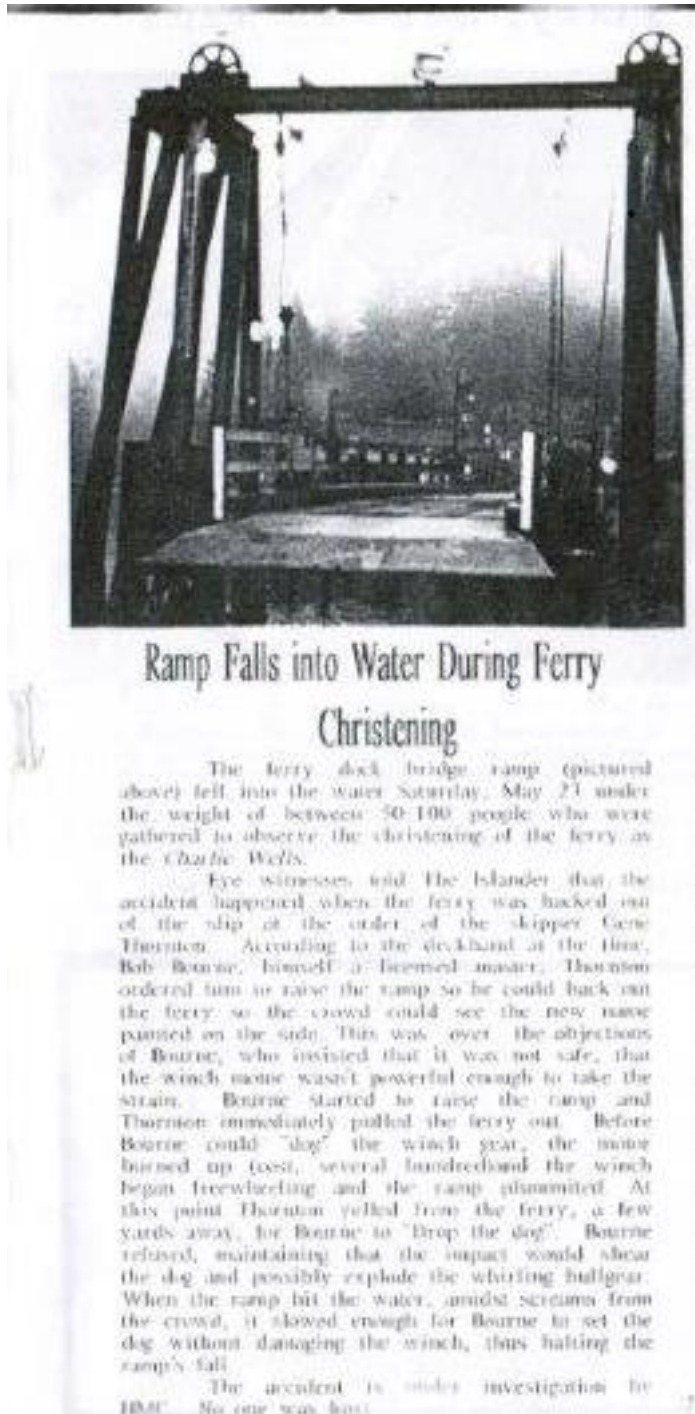
Saturday November 14th: Holiday Bazaar, 11:00am - 1:00pm, Community Hall. Bake Sale, Crafts Fair...and Santa's arrival, too! *Picnics with Santa!* (If interested in participating in crafts fair, contact Barb Whitney)

Saturday December 8th: Potluck and Boosters Meeting, 6:00pm, Community Hall

NEW YEAR'S EVE PARTY Monday December 31st: mark your social calendars...see next Beachcomber for details!

Please note though that the line items do not show an entry for the fines in the HMC annual budgets.

Attached is an interesting story that was shared showing a real difference in the times. This is not something one could imagine we would experience with the crew we have today.



In late 1999 the attitudes show a marked change concerning the ferry. The accidental death of Rose McGinn woke up the island and this brought about significant change. The incident involved Ms. McGinn's vehicle rolling off the ferry and into Puget Sound. Prior to her death the HMC Board appointed a Transportation head to oversee issues with the ferry, including the hiring and firing of staff. Comments in the "Beachcombers" pointed the blame towards employee turnover and a lack of training. Employee unhappiness was evident in the days around this tragedy and it is said we went through five captains in a very short time.

This all changed following the catastrophe. The HMC Board was recalled, the office staff resigned, and the ferry crew went through significant changes. The cause was never shared with the members, but it was widely acknowledged that there was negligence by the crew due to a lack of chocks, which would have prevented vehicle movement, and lack of training.

Also in the fall of 1999 crew unionization was again in process when the McGinn incident occurred. On Nov 13, 1999, the week following the incident, John Farris started as captain. Faced with responding to the incident, Nick Huff and Captain Farris developed and implemented new training, safety and hiring protocols. Within a six-month period, Steve Wiggins and Kevin Kircher were hired. The new crew voted down unionizing at that time.

On March 27, 2000, the HMC Board hired its first island manager, Doug Allen. One of the goals was to insert stability into the employer/employee relationships that existed on the island. This was to help with the annual change of leadership that occurred with the annual voting in of our new HMC Board members. Doug Allen now had responsibilities to see that the ferry operations ran efficiently, and with the assistance of an island board member, Nick Huff, saw to ferry issues. Under Doug and John's leadership the ferry had maintained stable and consistent operations.



Beachcomber

April 2000 Page 12



MEET DOUG ALLEN

On March 27th, the HMC Board was pleased to offer the position of Island Manager to Doug Allen. We were very lucky - he accepted the job.

Doug retired as District Chief from the Santa Clara Co. Fire Dept. in 1997, after more than 20 years in the fire service. At the same time, he was the resident manager of his small homeowners association in California where he managed private roads, a private water system, assessments and accounts. In his early years, Doug worked as a Trooper for the California Highway Patrol, and he has a B.A. in Public Management. He is a lifelong boater, familiar with propulsion systems and Coast Guard regulations.

Doug is one of the authors of a comprehensive report on earthquake preparedness, and his entire career has revolved around safety issues and practices.

Along with his wife Barbara, Doug came to the northwest and built a home in the Gig Harbor area. When the construction was completed, he set out looking for new challenges, and happened to see our ad.

As you have been reading over these past few months, we had eleven IM applicants, many of whom were extremely qualified and could have done the IM job. But Doug, with his knowledge and experience that seem tailor-made for our island, placed first in the rankings of each category of the screening process, and with each Board and non-Board interviewer. We joked that if we'd set out to knit a "perfect fit" for Herron Island, we would have knitted Doug Allen.

To Doug and his wife Barbara, welcome to Herron Island. That "new challenge" you were looking for is here. To the members, please stop by and meet Doug when you are on the island. You will find him to be knowledgeable, professional, and just plain nice.



Here is a segment from a Beachcomber article from then-President Bill Lafferty:



BEACHCOMBER

Happy Valentine's Day

February, 2000

President's Message

The First Rule of Holes

I was talking to a friend of mine about some of the challenges Herron Island faces and was bluntly told that the first rule of holes must be strictly enforced. What is the first rule of holes? Simply put, it states that when you are in one, quit digging. Below is a summary of some of HMC's recent activities that have followed this rule to the letter.

Running the ferry is clearly a challenge. However, recent staffing issues, continued employee training, and the reconstitution of the transportation committee have all been accomplished, albeit with a few bumps along the way. Relationships with the Coast Guard have been good as we continue to cooperate to facilitate the safety of ferry patrons and staff. While protocol books, user-friendly logs, procedure manuals, and yes, endless reports, may be low on the glamour scale, they are essential to the effective management of this system.

Following the tragic event of 1999 the above message showed that the island leadership, John Farris included, had quite a lot of work to do. This meant starting from scratch, including training, safety training and regaining the confidence of the island membership. The ferry system was now under a microscope. With the leadership of the two new hires, and the new Board, the ferry had stable and consistent operations.

An ongoing “Best Practice” began at this point and the “Beachcombers” included a section titled either: “Captain John Says” or “Ferry Business.” This always included rules reminders, safety tips or other important information concerning the ferry. Safety became and has continued to be the number one issue on the ferry.

In 2008, as Doug Allen departed, the island was in some turmoil. We needed a new water system, and how to accomplish this was highly disputed. Claudia Ellsworth entered the picture and brought with her city management experience, which helped the island find a direction.

We selected Claudia Ellsworth who has worked in management in the City of Seattle, was the executive director of the Shoreline Fire Department, was assistant city manager of University Place in Pierce County, and has been a management consultant for cities, counties, and nonprofit corporations like ours. Claudia brings a wealth of experience and wanted to keep working at a part time level. The HMC Island Manager job was a good fit for her and she is an excellent choice for us. Claudia will start working the last week in July. We welcome her and promise to give her all our support as she takes over the many duties of keeping our island working for the benefit of us all.

*Fred Fath, President
July 2009*

With island volunteers, the island membership became experts at finding, financing and building a water utility that would sustain the island for years to come. An upward spiral of stability was now seen on the island; and we funded the water system, rebuilt and improved our docks, our roads and our parks. Accomplished too, were dedicated reserve accounts, which ultimately would help to stabilize the high cost of special assessments. With that, though, came high assessments, which forced belt tightening by the membership.

Our last major project, the Dolphin replacement, is now faced by the membership. Again Claudia’s assistance with coordinating the engineering and financing has been beneficial. It is understood that the concerns of the HMC Board have now moved on to the next major concern, and that is ensuring the transportation for of the island membership over the next decade.

At this point we will include the pro & cons analysis performed by the island’s Transportation Committee on June 4, 2016. We have prioritized the items we felt were the most important.

Please note that we have keep the items relevant and consistent based on the assumptions below:

Assumptions:

Contractor
Perform the services that the ferry performs today
Having employees with all the skills that come with each position
Provides information to recommend shipyard maintenance
Contractor maintains an unblemished Certificate of Inspection
Maintain current ferry schedule without staffing related cancellations
24/7 operations with 15 min response
Island
Office to do ferry revenue reconciliations
Still in charge of setting schedules
HMC Board would still regulate ferry fees

Pros & cons listing: Should the island investigate outsourcing as an option for our ferry services?

Here are the Pros in support of outsourcing our ferry services to a provider:

Priority #	PROS
1	Reduced risk to HMC membership of ferry cancellations due to staff shortages.
2	Possibly free Island Managers time. Not having to be concerned with crew staffing, covering medical leave, vacations, pending retirements and addressing crew issues and crew meetings.
3	No extra costs for health care coverage, no costs for union negotiations and no legal expenses for union business and grievances.
4	Outsourcing will lesson responsibilities of HMC Board so that more members may step up to serve on our board.
5	IM & HMC Board no longer responsible for handling or resolving crew complaints.
6	Potential expanded labor base for crew staffing.
7	Eliminate repeating costs associated with each union contract negotiations (every 3 years).
8	No more alleged “conflict of interest” issues for ferry crew and families.
9	Personality conflicts with crew and their island neighbors would no longer be Island business.
10	Lessens microscopic attention to crew off-time activities.
11	Current Member crew could speak freely on their position regarding Island business without retaliation from IM, Board and neighbors.
12	Current crew will no longer be HMC employees and therefore could serve on the Board.

13	No longer IM or Board responsibility for having to fill staffing absences and handling of staff shortages.
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Notes:

1. **Reduced risk to HMC membership of ferry cancellations due to staff shortages.**
Whether or not this is a true statement is to be determined. Please refer to the metrics compiled by the Pierce Co ferry system. On first glance, the numbers do seem to reflect that there are more cancellations than we have experienced with our services and crew. We are not aware that tracking of this nature has taken place and recommend that we begin to accumulate these statistics that can be used to make comparisons in the future.
2. **Possibly free IMs time. Not having to be concerned with crew staffing, covering medical leave, vacations, pending retirements and addressing crew issues and crew meetings.**
Need to measure the actual time spent by the Island manager to manage these functions. With this actual information, the true reduction can be counted. To note though, there will be new tasks, associated with managing the quality and service of the provider.
3. **No extra costs for health care coverage, no costs for union negotiations and no legal expenses for union business and grievances.** Again, more numbers to start measuring. What were the costs of the original union negotiations? What were the costs for healthcare coverage? How many grievances have we experienced throughout the past contract and what have been the costs? Has this information been collected?
4. **Outsourcing will lesson responsibilities of HMC Board so that more members may step up to serve on Board.** What is the time reduction? What are the old duties that will be reduced? What new duties with a service provider will be added? Will this have an impact on potential HMC volunteers?
5. **Island Manager & HMC Board no longer responsible for handling or resolving crew complaints.** Staffing complaints by both employees and HMC members can be stressful and time consuming. Dealing with discipline issues, whether the offenses are terminable or not, can put the schedule and performance at jeopardy.

Here are the Cons of outsourcing our ferry services to a provider:

Priority #	CONS-COSTS
1	Increased cost in liability and replacement insurance. This would be in the event of contractor negligence. This would be needed for all assets: ramps, dolphins, ferry and passengers.
2	Assumption is that the life of the ferry would be shortened, due to having a staff that no longer has a vested interest in proper care of the ferry, therefore accelerating replacement costs for the membership.
3	Outsourcing would be at an increased expense (assumption when transitioning from non-profit operation to a for-profit operation).
4	Hidden costs and legal costs to produce RFI and RFP documents.
5	Any items <i>not</i> included in the contract will result in extra costs for all missed requirements.
6	Costs for contract negotiations due at expiration of each contract with service provider.
7	HMC Board will have increased budgeting efforts to determine how costs will be shared with membership. This will eventually lead to increased dues or ferry fees.
8	No guarantees of the price of ferry fees. They could go up anytime and at any price. ** Assumption was that HMC Board would still regulate the ferry fees.

Priority #	CONS-LOSS OF CONTROL
1	Leaves Certificate of Inspection (COI) vulnerable (Stays with ferry ownership—even if blemished by contractor).
2	Loss of oversight/control by HMC in enforcing hiring standards (running background checks, validating experience and insuring licensing). Loss of control of scheduling crews, training and insuring on-call coverage.
3	Loss of control in trip scheduling - changes wouldn't be instantaneous, may have increased cost, etc. (Once contract in place no flexibility to change schedule without contract change.)
4	Once the crew is outsourced, there would be no turning back to hiring our own crew again. No one would be available to hire or, at best, the crew would have to start from scratch.
5	Difficult to go back to in-sourcing.
6	Dependent on Service Provider.
7	Loss of motivation/ability to make technology improvements. Would now be at mercy of service provider.
8	Loss of security and delinquent list management.

Priority #	CONS-CONTRACTOR/SERVICE
1	May require increased IM attention to support outsourced contractor and membership interactions.
2	Outsourcing crews would just do their job and not care about the passengers or the maintenance of the ferry. No loyalty to maintain service or assets.
3	Increased possibilities of schedule cancellations much like the State and Pierce County ferry systems.
4	Possibility of inconsistent staffing.
5	We would lose the asset of having trained captains and deckhands as part of Membership and emergency resources supporting our island community.
6	Susceptible to provider's risks of bankruptcy; financial loss etc.
7	Familiarity will be lost with Members and with the operation.
8	No say as to quality of labor.
9	No control of labor (can't fire over personality conflicts, rudeness, or violation of the rules of conduct, etc.).

Priority #	CONS-OUR CREW
1	Creates possible legal problems with current Member crew
2	Displaces current Member crew

In 1993/94 the dues were \$450, and 10 years later (2002/2003) they had almost doubled, at \$896. We see this repeating in 2011/12 where they reached \$1944, more than doubling in this less than 10-year span.

The user fees charged for the ferry help reduce the overall cost of the ferry services. We often look at the overall expenses of the ferry but fail to offset these by the user fees, which were added in 1993. Our guests help supplement our system.

As mentioned above, the assessments have grown. Obviously the ferry services are the #1 cost. We have not seen the actual breakdown of the numbers but will attempt to do that. This is information from a study done in 1999 showing a breakdown of the costs of expenses supporting our island assets.

3. Breakdown of Allocated Costs - We used the current year's budget and allocated the administrative department costs to each department, as shown. Administrative costs are considered the indirect costs of maintaining and operating island facilities

	Allocated Cost in \$	% of Total Budget
Ferry	293,245	87.6%
Parks	9,112	2.8%
Roads	18,409	5.5%
Water	13,601	4.1%
Total	334,367	100.0%

As you can see, the ferry consumes a disproportionate amount of the total budget. Our lawyer recommended at our kick-off meeting that we should examine different methods of funding the ferry when we look at reassessment because multiple lot owners do not use the ferry any more than single lot owners. In our studies we have examined a number of possible ways in which to fund the ferry, looking at different versions of a basic annual charge plus a user fee. See Attachment A.

Here is the Breakdown of the 2016/17 Allocated Expenses and we see that the expenses of our ferry are 75.4% of the budgeted expenses on the island. This is representing a clear reduction in ferry expenditures.

	Total Proposed Budget	%	Reserves	%	Budget less Reserves	%	Allocated HMC Regular Operations Administrative	%	Budget + Allocated HMC Regular Operations for Administra tive	%
Docks & Ramps	58,827	5.6%	3,300	5.5%	55,527	7.1%	15,854	7.1%	71,381	7.1%
Ferry	533,142	50.3%	3,000	5.0%	530,142	68.2%	151,364	68.2%	681,506	68.2%
Total Docks, Ramps & Ferry	591,969	55.9%	6,300	10.4%	585,669	75.4%	167,218	75.4%	752,887	75.4%
Parks	14,050	1.3%	1,000	1.7%	13,050	1.7%	3,726	1.7%	16,776	1.7%
Roads	81,254	7.7%	17,000	28.1%	64,254	8.3%	18,346	8.3%	82,600	8.3%
Water	148,908	14.1%	34,626	57.3%	114,282	14.7%	32,629	14.7%	146,911	14.7%
					777,255	100.0%	221,919	100.0%	999,174	100.0%

See Attachment 11: Detailed analysis of the above

Attached is the current Prevailing Wage for Inland Boatman. This is the scale that the Pierce County system must base their pay rates upon. Please note that the rates are including the costs of Fringe benefits.

County	Trade	Job Classification	Wage	Holiday	Overtime	Notes
Pierce	Inland Boatmen	Boat Operator	\$56.78	5B	1K	
Pierce	Inland Boatmen	Cook	\$53.30	5B	1K	
Pierce	Inland Boatmen	Deckhand	\$53.30	5B	1K	
Pierce	Inland Boatmen	Deckhand Engineer	\$54.32	5B	1K	
Pierce	Inland Boatmen	Launch Operator	\$55.57	5B	1K	
Pierce	Inland Boatmen	Mate	\$55.57	5B	1K	

Our island labor costs are considerably lower than these rates and we are a much smaller operation. The crew employed by a service provider subject to paying rates based on this scale will prefer and expect equivalent rates. This will have an impact on the costs charged by a service provider.

HMC Cost

Job Classification	Wage per Contract	Cost of Fringe Estimate	Total Labor Rate	Percentage of Prevailing Wage
Captain	\$32.21	25%	\$40.2625	71%
Deckhand/Purser	\$21.63	25%	\$27.0375	51%

Security is the next major concern because history shows us the impact of poor safety practices. We lost an island member before and that should never happen again. Our crew has these practices engrained in their performance. Within the last few months, we have heard them say “no” to potential staffing arrangements where there are two untrained employees.

Many parents have also felt secure knowing that their neighbor, a crew member, would never allow their child to leave the island with someone unknown.

Lastly, is the attention paid to emergency calls. The current crew drops everything when the call is received. They don’t initially know who is involved, but it’s one of their neighbors and they take it seriously. This attention can’t be compromised.

Annually we see the breakdown of income and expenses of the HMC membership and it is voted upon. There is a lot of information that we do not see, especially with the ferry system. Do we have the breakdown of the total cost per trip, fuel usage per trip, and what is the most efficient speed? What are the prime usage times, the passenger counts by day, per month, annually? How many emergency calls do we have a year? Is September really the best month to take the ferry out of service or would March maybe be the better time considering the reduction in user fees?

Attached is a copy of the data retained by the Pierce County ferry systems. Information like this would help our community in making informed decisions. This 8-page monthly document captures the performance indicators maintained by the Pierce County system.

Attachment 2 – Pierce County Ferry Performance Measures

Here is a snapshot of the data this contains:

AIRPORT AND FERRY DIVISION MEMORANDUM

May 9, 2016

Subject: April 2016 Ferry Performance Measures

This memorandum and the attached charts provide the Pierce County Ferry Performance Measures for April 2016. Historic trend charts are also included to provide a basis for performance comparison. Other than cars left behind, all ridership statistics are one-way figures.

Fare Revenue

MONTH	FARE REVENUE	BUDGETED FARE REVENUE
April 2016	\$176,019.27	\$185,566.25

Monthly revenues reported in the Performance Measures may vary based on the posting date used by Pierce County Budget & Finance.

April 2016 Ridership

RIDERSHIP CATEGORY	RIDERSHIP COUNT	PERCENT DIFFERENCE FROM 2015	DIFFERENCE IN RIDERS FROM 2015
YTD Total Ridership	53,537	-2.8%	-1,544
Monthly Total Ridership	15,337	2.95%	440
Walk-on Adults	1,867	9.95%	169
Walk-on Youth	1,683	2.4%	39
Walk-on Senior / Disabled	1,487	0.54%	-8
Walk-on Commuters	1,813	9.2%	152
Vehicles up to 21' with Driver	2,005	4.8%	91
Vehicles up to 21' with Commuter	5,217	-1.97%	-105
Vehicles up to 21' with Senior/Disabled	794	6.9%	51
Commuter Motorcycles	30	-14.3%	-5

Vehicles Left Behind

VEHICLES LEFT BEHIND APRIL 2016	VEHICLES LEFT BEHIND APRIL 2015	% CHANGE FROM 2015
50	46	8.7%

On-Time / Delayed Departures

MONTH	PERCENT OPERATED ON TIME	NUMBER OF TRIPS	TOTAL DELAYED TRIPS	CAUSE OF DELAYS
April 2016	91.9%	884	72	Full Load – 47 trips Train – 13 trips Crew Shortage – 6 trips Maintenance – 2 trip Mechanic – 1 trip Weather – 1 trip Stalled Vehicle – 1 trip Passenger Behavior – 1 trip

This report shows that the service is routinely delayed for various reasons and cars are left behind. This is 8% of the trips in one month and this number far exceeds the cancellations of our “in house” ferry operations.

In our research we have seen that Herron Island is not unique in its dependency on marine transportation. Attached is a detailed report by the Lummi island community on the dependency of their ferry system.

Attachment 1 – Lummi Island Task Ferry Force Report

This paper contains extensive research on a multitude of issues, including:

- Evaluation of fare options, with revenue predictions and percentages
- The consequences and proposed usage of a summer surcharge.
- The consequence and savings with single engine operations.
- The repeated use of a simulation tool for expense & income determinations
- Evaluation of ferry replacement alternatives
- Examples of the reconciliations forms completed by crew members
- A multitude of ideas, all submitted by public comment

An interesting note that we've seen in the documents we've viewed is the portion of funds provided from user fees, various taxing districts and opportunities. We, the members of this Herron Island, do not have that option, but one thing to note is that we do have a structure with user fees and annual assessments. We understand there is a ratio for equating the percentage of user fees vs assessments. If this is the case, the analysis and approach for this should be shared and if agreed upon, this consistent approach should then be incorporated into the budgeting process.

Conclusions: Based on the information gathered herein it is our conclusion that more research is needed before a definitive solution can be recommended. We do not believe that the time is right for a change of this magnitude. The current island manager, Claudia Ellsworth, has indicated her desire to retire following the completion of the dolphin project and this presents the opportunity for the island to select a new manager to address the island needs including ferry management. The leadership has been presented challenges before and, by working together, they have made choices that have built a strong community. HMC has 58 years of ferry operations overall and, with knowledge of what our needs are, we will be able to support our ferry operations needs in the future.

Summary of Recommendations:

1. Since over 50% of our assets include the transportation of the membership, we need to ensure that our leadership is knowledgeable in maritime matters. This includes having work experience with the Coast Guard, and experience operating and maintaining inspected vessels.
2. By having a manager with maritime skills, should the Island move to acquiring a service provider, it will do so with a more knowledgeable and competent foundation.
3. Understand that having a union crew does not cost the membership more. HMC and the crew, even when not unionized, have had a wage and benefit agreement. Having a union

contract only puts in writing that which was already in place. After the first year it moved to a three-year period at which time the terms are negotiated. A union crew offers experience, stability, pride, safety and knowledge.

4. The crew deserves respect. This is visible in our safety records and stable crew environment that has existed since the death of an Island member almost 20 years ago.
5. Safety needs to be Concern #1, not the union contract, or petty issues.
6. Return to the best practice of having a ferry or crew article in “Beachcomber.”
7. Get our ‘ducks’ in order. Start gathering metrics, counts, etc so that if the decision is to outsource we have measurable information.
8. The island has not sought out full-time crew in many years. The island has not been very successful in acquiring part-time crew, so the fear is that full-time options do not exist. *This has not been proven.*
9. Explore hybrid employment options such as a combination captain/deckhand position and get approval in the upcoming contract for use. If the position can be added in the next contract that would provide future options. Explore value and consequences of redistributing workload and work schedules to support a third full-time position and hire it as a Captain/Deckhand.
10. Consider creating a new position designed to perform ferry operational tasks currently assigned to Island Manager and Senior Captain – to act as a conduit between island management and the ferry and therefore doing away with the need for the island manager to have “maritime” experience.
11. If the Board believes outsourcing is still a valued direction, it is recommended that the Board explore the possibility, including pros and cons, of releasing ownership of the Ferry and Docks to Pierce County as an alternative to outsourcing.
12. Recommend a policy be created that spells out a formula for when user fees will increase. This should be used consistently in the budgeting process.

Attachments:

Attachment 1: – Lumni Island Task Ferry Force Report



lumni island.pdf

Attachment 2: – Pierce County Ferry Performance Measures



ferry stats.pdf

Attachment 3: – Prevailing Wage Document

<https://fortress.wa.gov/lmi/wagelookup/prvWagelookup.aspx>

County	Trade	Job Classification	Wage	Holiday	Overtime	Notes
Pierce	Inland Boatmen	Boat Operator	\$56.78	5B	1K	
Pierce	Inland Boatmen	Cook	\$53.30	5B	1K	
Pierce	Inland Boatmen	Deckhand	\$53.30	5B	1K	
Pierce	Inland Boatmen	Deckhand Engineer	\$54.32	5B	1K	
Pierce	Inland Boatmen	Launch Operator	\$55.57	5B	1K	
Pierce	Inland Boatmen	Mate	\$55.57	5B	1K	

Attachment 4: Member Comments

One member's input. There is a strong belief that we can talk about outsourcing the ferry every day and it still would not make sense why we would want to take an integral part of us and cut it off. It just doesn't make sense. The island has been self-sufficient, has voted over and over to maintain this status. I don't understand how many times does membership have to say "no." And move forward to exploring and putting in place systems that make our ferry system stronger not weaker. Members voted down a bridge. Members voted to keep our water. Taking away our Member crew would be like cutting off our own legs. Are we ready to be without the confidence we now have in our Member crew. They suit up and show up 7 days a week. They drop all at a page to respond and because we know them. We trust them to respond and be there. Companies become Member owned to make them stronger. We are Member owned. Let's build our system stronger and plan for the future together.

It is hard to believe that outsourcing would cost less than having our own crew who are getting a little over a minimum wage. If we can do it for as little as we do, how can an outsource company do it and make money.

The Island should be locking in actual fuel prices in the budget by buying futures on fuel.

Our service performance has not been measured, so how can we do a proper comparison?

Island Leadership/Management is lacking experience and knowledge of making decisions like this. Questions like - What do we look for, what do we ask for? Finding experts to assist in analysis will come at a cost. Is the Island aware of this listing?

Attachment 5:

https://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/subject_areas/ncfo/index.html

Assumption is that there is an issue with Lost Revenue - until preventative measures are tightened, this will never be resolved.

Safety appears to have taken a back seat regarding the ferry. Since the crew joined the union in 2009, it seems like the island leadership has been at odds with the crew. This has been evident in the Island Manager notes, the lack of crew involvement in issues; tones and attitudes have been heard by all. This is reminiscent of the days of old and we need to remember the quote from George Santayana "Those who do not remember the past are condemned to repeat it."

Attachment 5:

https://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/subject_areas/ncfo/index.html



2014 NCFO
Operator.xlsx

Lastly we would like to provide some additional documents from the Pierce County Ferry System. These are the RFP Documents that were created and used for finding a service provider for the Pierce County system:

Attachment 6: The 2013 RFP for Ferry Operations Steilacoom



RFP 2013 Ferry
Operations Steilaco

Of Interest: Staffing details, insurance requirements, employee requirements, including training, prevailing wage rates, overtime specifications, maintenance schedules, reporting specifications, reporting structures and much more.

Attachment 7: MV Steilacoom II Vessel Charter Agreement



MV Steilacoom II
Vessel Charter Agree

Pierce Co and State of Washington agreement. Of interest: Fee structure & insurance requirements.

Attachment 8: 2015 Waterborne Transportation Study



Final%20WTS%20Re
port%20w%20Apper

Of Interest: Passenger statistics, projected growth and passenger needs based on demographics, future funding needs & options based on ridership & demographics, fare options and sustainability.

Attachment 9: Transportation Committee Meeting Minutes (Pros & Cons Analysis)



0604 TC Mtg Min.doc

Lists participants of this White Paper analysis

Attachment 10: RFQ Pierce Co Ferry Engine Maintenance



RFQ 1346 for 24 hr
Engine Maintenance

Attachment 11: Detailed Budget Analysis

	Total Proposed Budget	%	Reserves	%	Budget less Reserves	%	Allocated HMC Regular Operations Administrative	%	Budget + Allocated HMC Regular Operations for Administra tive	%
Docks & Ramps	58,827	5.6%	3,300	5.5%	55,527	7.1%	15,854	7.1%	71,381	7.1%
Ferry	533,142	50.3%	3,000	5.0%	530,142	68.2%	151,364	68.2%	681,506	68.2%
Total Docks, Ramps & Ferry	591,969	55.9%	6,300	10.4%	585,669	75.4%	167,218	75.4%	752,887	75.4%
Parks	14,050	1.3%	1,000	1.7%	13,050	1.7%	3,726	1.7%	16,776	1.7%
Roads	81,254	7.7%	17,000	28.1%	64,254	8.3%	18,346	8.3%	82,600	8.3%
Water	148,908	14.1%	34,626	57.3%	114,282	14.7%	32,629	14.7%	146,911	14.7%
					777,255	100.0%	221,919	100.0%	999,174	100.0%
HMC Regular Operations (Administrative)	223,419	21.1%	1,500	2.5%	221,919					
	1,059,600	100.0%	60,426	100.0%	999,174					

Docks, Ramps & Ferry	752,887
Add Reserves	6,300
Total Docks, Ramps & Ferry	759,187
Less Budgeted User Fees	175,000
Net Ferry Costs	584,187
Units (minus delinquents)	374
Net Ferry Costs per Unit	1,562