

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Study Session Worksheet

Presentation Date: May 1, 2012 **Approx. Start Time:** 1:30 p.m. **Approx. Length:**

Presentation Title: Canby Ferry Update

Department: Department of Transportation and Development

Presenters: Cam Gilmour, Sam Irving, Darrel Burnum

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

We are asking the Board to approve the following items:

- Proceeding with the proposal process for replacement of the Canby Ferry's propulsion system,
- Implementing a new fee structure to improve cost recovery from vehicles using the ferry, effective July 1, 2012.
- Placing on hold any further investigation into the feasibility of replacing the ferry with a bridge.

EXECUTIVE SUMMARY:

On January 24, 2012, we met with the BCC to discuss the Canby Ferry and its current status. During that meeting, direction was given to proceed with the Request for Proposal process and to research a new fee structure. It was suggested that we conduct public outreach to get input from our customers and the public at large. Also, after staff introduced the subject of a bridge replacing the ferry, we were asked to look at the feasibility of replacing the ferry operation with a new bridge.

Since January 24 we have received approval from the Oregon Department of Transportation to advertise the Request for Proposals, conducted the survey and taken a look at the feasibility of replacing the ferry with a bridge. Since the ODOT review took longer than anticipated, we acted to renew the United States Coast Guard permit, which allows ferry operations to continue for the next five years.

With the new permit, the ferry can operate during the highest use period of the year (the summer), rather than be out of commission. The contractor, whom we hope to contract with upon your approval in July, will not start work until November, so the engine installation will be completed during our lowest use period. We expect the ferry will be back in operation in January 2013.

Some very preliminary work shows that, eventually, a bridge may be a cost-effective alternative to the ferry. This is based on a 2012 bridge cost of \$20-\$25 million, a toll of \$2 per vehicle, and traffic modeling that shows what could be a considerable attraction of traffic from other routes to the new bridge. However, given the cost of the bridge and

the fact that the ferry, with its new propulsion system, will be operational for at least the next decade, we recommend no further study of the bridge option at this time.

A survey conducted in February showed overwhelming support for continued ferry operation and for increased fees to reduce the deficit between revenue collections and the cost of operation. The survey was conducted by handing out surveys on the ferry directly to our customers and having the survey available on our web page. We received 1,046 responses, with more than 90% expressing support for increasing the fees. In addition, we contacted the Canby Chamber of Commerce and found it is very supportive of the ferry, stating that it is the biggest draw for tourists in the local area.

As a result of the in-depth study of our fees and the responses to our public outreach, we are proposing the ferry fee structure be changed as follows, effective July 1, 2012:

	<u>Current</u>	<u>Proposed</u>
Pedestrians	Free	Free
Bicycles	Free	\$2
Motorcycles	\$1	\$2
Less than 22 feet long (one space)	\$2	\$4
Greater than 22 feet long (two spaces)	\$4	\$8
Using the entire lane (three spaces)	\$6	\$12
Using the entire Ferry (six spaces)	\$12	\$24

We also have punch passes, which are used most by our local customers. Our current pass fee and options are listed below:

Current	\$35 for 20 rides	\$1.75 per ride
Option 1	\$40 for 20 rides	\$2.00 per ride
Option 2	\$45 for 20 rides	\$2.25 per ride
Option 3	\$50 for 20 rides	\$2.50 per ride (recommended)

A \$4 per vehicle charge and a \$50 punch pass would generate an estimated \$241,600 in annual revenue. This would reduce the net cost on the Road Fund to less than \$175,000 per year.

Proposal Break Down	Cost Per Punch	Cost of increase per punch	Percent of increase per punch	Cost savings over a cash customer	Percentage savings over a cash customer	Forecasted revenue earned
Current Punch Pass = \$35	\$1.75	-	-	\$0.25	12.5%	\$123,400
New Option #1 = \$40	\$2.00	\$0.25	14.3%	\$2.00	50.0%	\$235,000
New Option #2 = \$45	\$2.25	\$0.50	28.6%	\$1.75	43.0%	\$238,300
New Option #3 = \$50	\$2.50	\$0.75	42.9%	\$1.50	37.5%	\$241,600

Items that we considered in the recommended fee adjustments:

- **Fee history.** The Canby Ferry provided service for free during its first years of operation. In 1986 we began charging a \$1 per vehicle fee. In 1996, the fee was increased to \$1.25 and in 2008 it was increased again to \$2 per vehicle.
- **The cost to drive around.** The average distance a person drives to go around the ferry is 10 miles. Using the Federal reimbursement rate of 55¢ per mile; a trip around the ferry would cost \$5.50. It appears our current fee of \$2 could be increased and still be a financial benefit to those who ride the Ferry.
- **Charge pedestrians.** Because of the location, we don't have a lot of pedestrian use. We do have occasional tourists who park their vehicles and want to ride on the boat deck. We don't make special trips for these people; they just ride along as we transport vehicles. Therefore, we do not recommend charging pedestrians.
- **Charge bicycles.** Currently bicycles are not charged a fee. We have only been tracking the volume of bicycles for six months, and in that time we found we transported 2,500 bikes. We agree they should be charged and that the fee be \$2 per trip.
- **Review motorcycle fee.** Currently motorcycles are charged \$1 per trip. In reviewing our fees, we propose that motorcycles be charged the same amount as bicycles -- \$2 per trip.
- **Review vehicle fee.** Currently vehicles are charged \$2 per trip. Based on the fact that it costs \$5.50 to drive around, we agree the fee should be increased. Survey results were split 25% between \$3, \$4 and \$5. We propose a new fee that charges vehicles \$4 per trip. We recognize that any fee increase may drive away some customers, resulting in some overall revenue loss. This revenue loss is perceived as unavoidable.
- **Charge cash customers more than the punch pass system.** Currently we have a punch pass system that gives our regular customers a cost savings. The pass allows them to ride for \$1.75 per trip. We propose that punch pass rides be increased to \$2.50 per trip. Punch passes are good until all punches on the pass are used. We still receive some passes that were sold 10 years ago. We propose that the new punch pass be valid for the calendar year in which it is sold. If someone doesn't use all of their punches by the end of the calendar year, the card expires.
- **Implement an annual pass system.** We have had an annual pass system in the past and found it to be difficult to manage. We would prefer to improve on our punch pass system and not implement an annual pass.
- **Consider fees that are adjusted seasonally.** We ran multiple scenarios through our fee calculator and didn't see a big gain by generating summer/winter

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fees. Any confusion we can avoid at the landing as we collect the fee helps us to get across the river more quickly. The system will be much easier to manage if we use one annual fee schedule.

FINANCIAL IMPLICATIONS (current year and ongoing):

The cost of the replacement propulsion system is largely paid for with a \$1 million grant from the Federal Highway Administration. The proposed fee adjustments will reduce the annual subsidy associated with operating the ferry by over 50%. Higher fees than proposed could significantly reduce ferry trips, reducing the annual revenue collected.

LEGAL/POLICY REQUIREMENTS: The new propulsion system and repairs to the ferry will allow our Coast Guard permit to be renewed and to be in effect for another five years.

PUBLIC/GOVERNMENTAL PARTICIPATION: This project has been extensively coordinated with the United States Coast Guard, the Oregon Department of Transportation and the general public.

OPTIONS: No options to proceeding with the project are proposed. The Executive Summary explains the rationale for proceeding with the project as planned.

RECOMMENDATION:

Continue with the contract award process for the replacement of the Canby Ferry Propulsion system, implement the new fee structure as described above and discontinue any further study of a bridge to replace the ferry.

ATTACHMENTS: N/A

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval Ben Feltman

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Darrel Burnum @ 503-650-3210

Fiscal Impact Form

RESOURCES:

Is this item in your current work plan and budget?

YES

NO

START-UP EXPENSES AND STAFFING (if applicable):

This project is estimated to cost \$1.5 million. We will know the actual contract amount once the proposals have been opened. Funds are in place and previously approved for the project.

ONGOING OPERATING EXPENSES/SAVINGS AND STAFFING (if applicable):

The new engine will reduce the cost of operation and the new fee structure will reduce the annual operating subsidy of ferry operations by an estimated 50%.

ANTICIPATED RESULTS:

When this project is finished, the Canby Ferry will be renewed, permitted to operate for another five years under a Coast Guard permit, and the new engine will consume less fuel and be more environmentally friendly. Additional revenue from a new fee structure will reduce the annual operating subsidy.

COSTS & BENEFITS:

The cost of the replacement propulsion system is largely paid for with a \$1 million grant from the Federal Highway Administration. The proposed fee adjustments will reduce the annual subsidy associated with operating the ferry by over 50%.