Casco Bay Lines Finance Committee

Presentation by the Chair/Treasurer

9/7/2023

By-Laws

CBITD By-Laws 4/14/17 lay out our responsibilities:

Section 5, Finance Committee. There shall be a Finance Committee that includes the Treasurer. It shall be the duty of the Finance Committee to, monitor the financial performance of the District, to oversee development of both the annual operating budget and the long-term capital expense budget of the District, and to recommend revisions as necessary to the Board. The Finance Committee shall meet quarterly except as more frequent meetings are required with respect to the development of the annual budget.

Treasurer's responsibilities:

Section 5, Treasurer. The Treasurer shall oversee the care and custody of all the money, funds, valuable papers and documents of the District necessary for exercising, under the supervision of the District, all the powers and duties commonly incident to the office of Treasurer. The Treasurer shall oversee the records of deposits of the funds of the District in such bank or banks, trust or trust companies, or with such firms doing a banking business as the District may from time to time designate. He/she may, on behalf of the District, endorse for deposit or collection all checks, notes and other obligations payable to the District or its order, and may oversee acceptance of drafts on behalf thereof. He/she shall have oversight of the keeping of accurate books of account of all official transactions, which books shall be the property of the District, and, together with all other of its property shall be subject at all times to the inspection and control of the Board of Directors and within the possession of the District. All receipts and vouchers for payments made to the District and all checks, drafts, notes or other official obligations for the payment of money by the District shall be signed by the Treasurer except as the District, through Executive Committee and/or Directors, may otherwise specifically order.

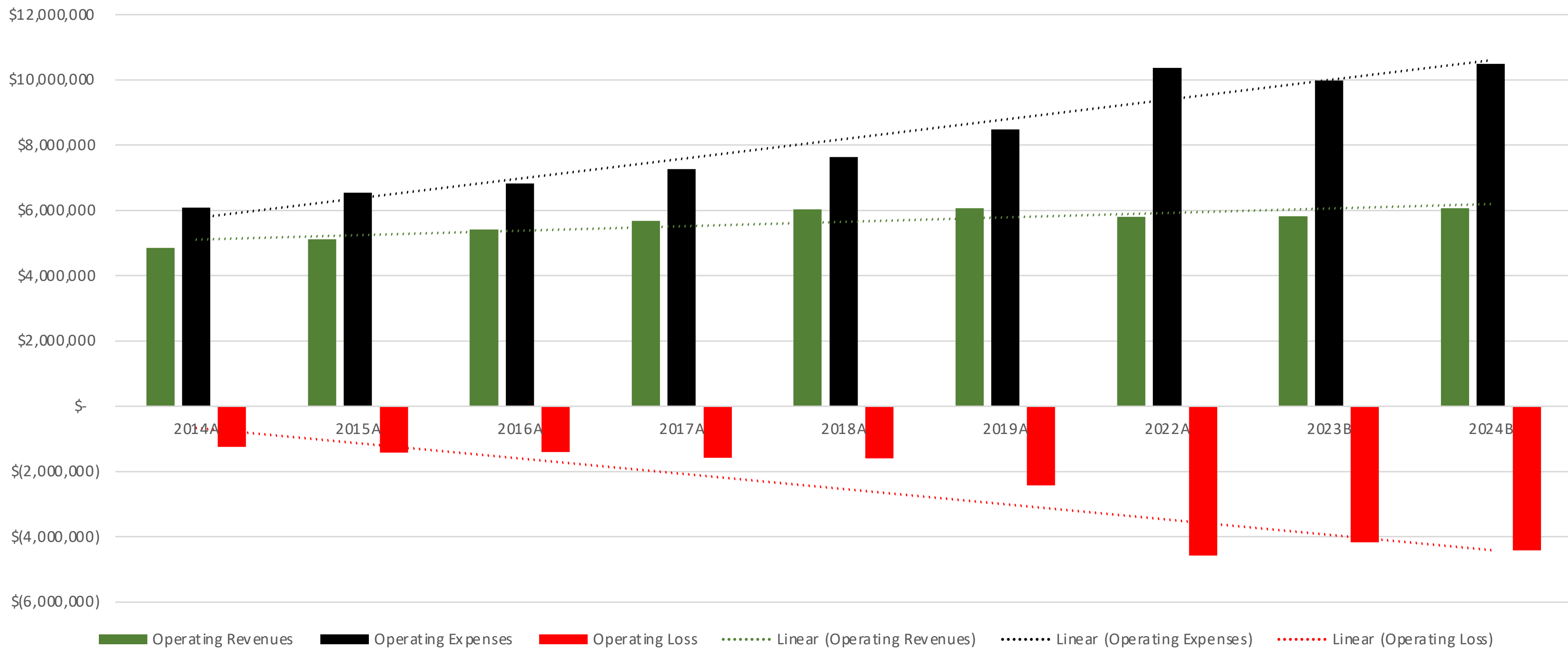
Finance Comm Priorities for FY 2023, proposed 12/21/22

- Complete financial Audit of FY 2022 financials by new independent audit firm with no material misstatements, urgently
- Provide input to GM on hiring high caliber Finance lead, ASAP
- Oversee staff achievement of FY 2023 operating budget approved by the board on 9/22/22
  - Revenues $5.8mm / Expenses $10.0mm
  - Operating loss -$4.2mm offset by Grant revenue $4.2mm
- Draft FY 2024 budget to Finance Comm with models for 3 options for reducing the operating loss by $1-2mm, by end July 2023
- Improve timeliness of monthly financial statements, deliver to Finance Comm by end of each subsequent month

- **Sept 2023 budget meeting** Finance Comm directed staff to reduce the loss for 2024 and to prepare multiple scenarios by July 2023 for reducing expenses and increasing revenue to provide the board with a menu of options to reduce the net loss by $1-2mm

CBL Expense/Loss Trend 2014A-2024B

(removed covid years 2020-21)



Flat operating revenues + growing expenses = growing operating loss

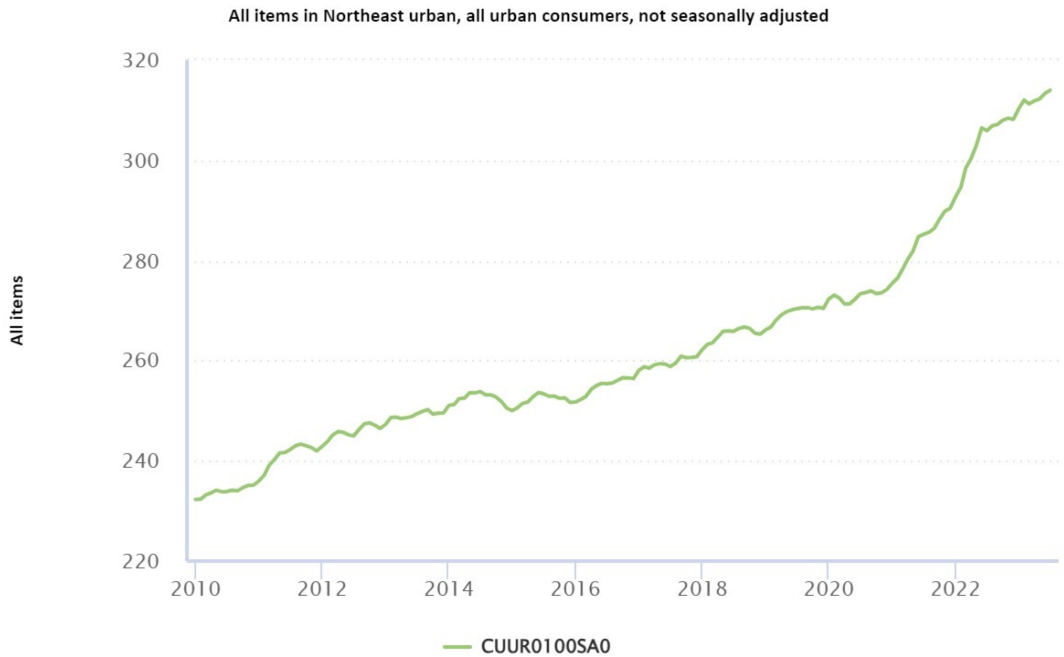
Issue: Expenses keep rising, fares haven't risen in >10 years

Consumer Price Index (CPI) Up 35% Since 2010
CBL: No Fare Increase, Expenses Up 73%

Per Hank, last fare increase ~14 years ago

If peak fares had increased with CBI Peaks would be $10.40, Long $14.45

CBL expenses are up 73% since 2014, more than twice the rate of inflation



Click and drag in the plot area to zoom in. Hover over chart to view data.
Source: U.S. Bureau of Labor Statistics.

Financial Ops Summary

*does not include capital expenses (capex)

- 2019 expenses & loss increased significantly (pre covid)
- 2022 expenses up 22% over 2019; loss up 89%
- 2023 budget continued the trend of greatly increased expenses and loss
- Finance Committee rec'd 2023 budget in Sept as Finance Director departed, no time to analyze or change
- Finance Comm directed staff to reduce the loss for 2024 and to prepare multiple scenarios by July 2023 for reducing expenses and increasing revenue to provide the board with a menu of options to reduce the net loss by $1-2mm

	Op Revenues	OpExpenses	Op Loss	Loss vs PY	Exp vs PY
2014A	$ 4,845,934	$ 6,091,118	$ (1,245,184)		
2015A	$ 5,119,331	$ 6,539,199	$ (1,419,868)	14%	7%
2016A	$ 5,418,336	$ 6,824,704	$ (1,406,368)	-1%	4%
2017A	$ 5,682,481	$ 7,262,331	$ (1,579,850)	12%	6%
2018A	$ 6,037,222	$ 7,633,653	$ (1,596,431)	1%	5%
2019A	$ 6,061,478	$ 8,480,473	$ (2,418,995)	52%	11%
2020A	$ 3,357,286	$ 7,946,871	$ (4,589,585)	90%	-6%
2021A	$ 5,348,112	$ 11,161,561	$ (5,813,449)	27%	40%
2022A	$ 5,798,740	$ 10,364,336	$ (4,565,596)	89%	22%
2023B	$ 5,826,865	$ 9,988,426	$ (4,161,561)	-9%	-4%
2024B	$ 6,068,057	**$ 10,522,419**	**$ (4,454,362)**	**7%**	**5%**

Goal: Address Both Expenses and Revenues

- Discuss across the board fare increases (3%-15%), flat to all islands and other models that capture revenue from high volume single ticket buyers while discounting for year-round riders
- Increase event charters and price appropriately: run scheduled service on time eliminate extra boats to Peaks (with residential boarding)
- E-ticketing: increase single ticket price (no round trip), offer discounts for those who support ferry year-round and after purchasing X tickets (over time, not all at once)
  - Discuss monthly/annual pass pricing, for example $50/mo. $500-600/yr.
  - Commuter books do not make sense as currently offered & used by summer groups
  - Need to address half price ticket buyers (elderly, disabled, child)
  - Hardship program: perhaps with churches, like fuel assistance (special situations)

Goal: Address Both Expenses and Revenues

- Rationalize down the bay schedule (while decreasing db ticket prices)
- Explore combined DB/Peaks runs: early/late?, freight boat
- Eliminate extra summer boats to Peaks
  - Notify event hosts, offer charters, communicate in advance
  - Extra boats add more cost than they bring in revenue
  - Reduce stress on crew, improve on time performance on which islanders depend
- Reduce marketing expenses (City and State efforts drive tourist traffic)
- Staff should be looking for efficiencies and expense reductions
- Seasonal staffing levels?

A Lot of Work To Be Done . . .

- Public discussion and input critical
- Changes to fare structure for passengers
- Changes also needed for cars and freight
  - When was the last time freight costs were analyzed?
  - Freight is a concern that unifies all Peaks and down the bay islanders, impacts businesses and generates stress on crew
  - Large home projects on Peaks generate large shipments and trucks: is pricing fair?
- Fares, expenses, fall under Finance Committee
- Schedules under Operations, important to address for both Peaks and down the bay, and an opportunity for us and citizens to work together