

Casco Bay Lines “Finance Committee Vehicle Rate Change Discussion”

Vehicle Fare Change Intro:

- CBL fares do not cover expenses. CBL operates with a multi-million dollar deficit every year.
- CBL is dependent on Federal government grants to plug annual operating deficits.
- CBL Board prioritized reducing deficit, for 2024 was \$2.6m compared to \$4.5m in 2023
- CBL’s ability to serve islanders year-round is at risk if deficits continue and grants are not available, changes under the new administration create uncertainty
- Finance Committee is prioritizing tackling vehicle fares to raise revenues and reduce deficits fairly while supporting islanders and frequent vehicle riders who depend on the ferry
- Goals of the vehicle fare change include reducing congestion and addressing fairness in charging large commercial vehicles for extra space rather than by weight

Background:

The Casco Bay Island Transit District has historically operated at a multi-million dollar loss annually, which is offset by grant revenue (primarily Federal tax dollars) to achieve a neutral balance. In recent years, the magnitude of operating loss has been growing, resulting in scrutiny by the Board of Directors and prioritization of reducing the deficit through both increased revenues and decreased operating expenses. A first step to increasing revenues was through the Passenger fares restructuring that was implemented in June of 2024 – the first rate change in 15 years. Please see [Finance Committee - Rate Change - Casco Bay Lines](#) for background, discussion and final rates.

The passenger fare change has been successful. The first 6 months of implementation saw increased revenues, with the rate change the main driver of a reduction in the operating deficit for 2024 to \$2.6 million (compared to the \$4.5m loss in 2023). Additionally, there was not a decline in passenger volume, and feedback from both residents and businesses has generally been positive.

The Finance Committee prioritized passenger rates first, vehicle rates second, and freight rates third to complete overdue attention to fares. CBL’s expenses also need to be reduced so that the operating deficit can be reduced and the District can continue to fulfill its mission of operating ferries to serve the six residential islands of Casco Bay year-round.

Vehicle Rate Change:

A proposal for a vehicle rate change was introduced and a public workshop conducted by the Finance Committee on October 1, 2024.

Subsequent to that public workshop, the Finance Committee paused consideration of vehicle rate changes. The pause allowed time to further consider how to structure a discount that would compliantly support affordability for year-round islanders and frequent vehicle travelers, including people who use vehicles for work on the islands, while increasing revenues.

Goals of Vehicle Fare Change:

1. Increase revenue to CBL, noting increased risk and uncertainty of Federal grants to plug operating deficits
2. Support island affordability and access, year-round, including residents and people who use vehicles for work on Peaks
3. Reduce congestion on Peaks and Portland, offering more discount travel times than “wacky Wednesday”

4. Charge fairly for large commercial vehicles, calculating by size not weight, and charge for trailers/racks that take extra space

The Finance Committee and Board recognize both the importance of vehicle access and affordability for islanders and the complexity of vehicle fares, consideration of which will raise the many questions and concerns. We anticipate multiple meetings of the Finance Committee to insure full vetting of proposals and consideration of public input and the impact on Peaks islanders, workers, visitors, ferry crew and CBL operations.

Timing:

Our goal is to have new fares in place for the summer season in order to make a meaningful reduction in this year's operating loss and reduce summer congestion. We expect to have an opportunity for additional changes in future to optimize these complex fares and ensure that the District can continue to fulfill its mission of delivering year-round service to all the residential islands of Casco Bay in a manner that is as affordable as possible.

Process for Considering Vehicle Fare Change (Next Steps):

The Finance Committee plans to conduct a workshop to discuss vehicle fare changes at its monthly public meeting, on March 19, 2025 at 7:45 am. The meeting is a hybrid format with in-person (at CBL terminal) & online (via Webex) options for participation. The meeting Agenda and link to join the meeting will be posted on [Casco Bay Lines Board of Directors](#).

The workshop is intended to continue the process started at the 10/1/2024 finance committee workshop. The workshop format will be:

- Presentation of background information and the revised proposal
- Committee discussion of proposal
- Public comment
- Summary of next steps

Following the March 19th workshop, the Finance committee intends to schedule additional public workshops to fully explore proposals and consider feedback. The Finance Committee then intends to make a recommendation to the Board of Directors for consideration and action at an April or May Board meeting.

A public hearing will be held at a Board of Directors meeting after the Finance Committee has reached a recommendation. The meeting notice and agenda will be posted.

Once a rate structure is passed by the Board, it will require submission to the Maine Public Utilities Commission (PUC). Any proposed effective date for new fares would be set no less than 30 days after approval by the Board.

How to Provide Feedback:

Public participation and comment are welcome and encouraged at all meetings, workshops, and hearings. Written comments may also be shared via email to ratechange@cascobaylines.com with Jean Hoffman, Finance Committee Chair, copied jeanh@cascobaylines.com