TO: Casco Bay Lines Board of Directors

FROM: Ben Dinsmore, GM

DATE: July 26, 2026

RE: July Report

There are few better places to spend the nation's 250th birthday than on the Portland waterfront, and the Casco Bay Lines terminal was at the center of it all. Over the 4th of July weekend, our crews moved thousands of passengers between the mainland and the islands as families, visitors, and islanders came together to celebrate. Despite a mechanical issue on the Maquoit, prompting an impressive shift by the crew to the Bay Mist, the energy around the terminal was something to see. Full boats, fireworks over the harbor, and a front-row seat to what makes this bay and this service special. Weekends like that are a good reminder of why the District exists in the first place: to connect people to the places and communities they love. I want to thank our crews and terminal staff, who handled one of the busiest weekends of the year with the professionalism our passengers have come to expect.

That connection is worth keeping in mind as we work through a season of real change at Casco Bay Lines. Between the winter schedule discussions, the first look at freight rates in nearly 17 years, the Battery Steele's final stretch toward delivery, and the design of a new down bay vessel, there is a lot in motion. Each of these efforts is aimed at the same goal: running a more efficient operation and bringing our revenue to a sustainable level, while protecting the service our islands depend on. Those goals often compete with one another, and sorting through them takes patience, public input, and a willingness to hear hard feedback. Honestly, that's one of the things that drew me to this job. The chance to work through complicated, often competing priorities alongside the public is not something every position offers, and so far it has not disappointed. The pages that follow cover where each of these efforts stands today.

Winter Schedule:

In June, the Operations Committee challenged staff to propose alternatives to the winter schedule with three competing goals: save money, minimize effects on service levels, and be mindful of crew and staff commitments. As the District knows from previous experience, including changes to last winter's schedule, this process demands careful thought and consideration of each island's unique needs and circumstances. It is essential that the public is engaged throughout this process and that each island's board representatives advocate for those needs.

I was fortunate to attend a public meeting on Long Island last week where I met with islanders and listened to their concerns regarding adjustments to the Winter Schedule. As I've said before, please do not hesitate to reach out if there are similar opportunities to listen and speak on other islands. I'll do my best to attend.

Last year, staff proposed ~20 different savings options for the winter schedule, culminating in the board voting to eliminate the down bay 8:00 AM weekend and 1:00 PM daily boats. Those adjustments saved approximately $77,000. Some of their effects became apparent only after implementation, having not been raised during the public comment process. That experience is exactly why early and specific public input matters this time.

Operating within the Operations Committee's goals, and with no savings target yet defined, staff presented two new cost-saving concepts at the July Operations Committee meeting. The first would reduce the operating speed of the Peaks Island run, saving approximately $37,000 in energy costs while adding roughly 10 minutes to each trip and eliminating one trip per day. This proposal was unique in that it saved money with virtually no impact on staffing levels and it had the least effect on service levels and included additional environmental benefits.

The second concept looked at replacing the 8:30 PM down bay boat with an inner bay loop using either the 7:15 PM or 8:15 PM Peaks boat; the last boat to Chebeague and Cliff would default to 5:45 PM, as it was in 2019. Peaks would also lose vehicle service after the 5:35 PM (or possibly the 7:15 PM) boat during the winter months. This concept would save approximately $92,000 per year. Combined, the two proposals represent approximately $129,000 in additional savings. Both concepts can be found in more detail here: https://www.cascobaylines.com/uploads/Winter-Schedule-Change-Concepts-v1.2.pdf

These new concepts drew a range of responses from committee members. Some expressed discouragement and felt Peaks Island should not be considered for schedule adjustments at all. Others argued that everything should be on the table. Another cited the District's statutory obligation to serve all islands and considered any service reduction, to any island, a non-starter. During the July meeting, a more defined goal around cost savings emerged: a member suggested staff should target $360,000 in additional savings from the winter schedule, compared with the roughly $77,000 achieved last year. I reminded the committee that even eliminating the two most expensive down bay winter trips entirely, the

8:00 AM and 12:00 PM, would only account for approximately $240,000 in additional savings. No combination of schedule adjustments reaches $360,000 without service reductions beyond anything the committee has indicated it would support.

Nonetheless, staff are working on a new proposal that is more in line with the service levels provided in 2019 before the most recent down-bay schedule expansion. This new proposal will likely be presented at the August Operations Committee meeting. As I've stated before, any ideas or suggestions to save money through changes to the winter schedule would be incredibly helpful, especially given the competing and constantly evolving goals. As the last operations committee meeting demonstrated, everybody is an expert on why a concept won't work, but no one has proposed a viable alternative. I appreciate the board's understanding that I have no hard feelings associated with any of the feedback I've received regarding the concepts or proposals put forth; it's all part of the process.

Battery Steele:

While the Battery Steele conducted a very promising builder's sea-trial, two new issues have emerged that will likely delay her arrival by another month or two. The first issue involves the documentation of the vessel's "gross tonnage". Although it sounds like a weight measurement, gross tons are a measurement of a vessel's internal volume. For example, 1 gross ton equals 100 cubic feet of volume. To make things even more confusing, some areas of a ship like machinery spaces (engine rooms, battery compartments, etc.) are excluded from this calculation. In some instances, even the size of the openings where cables and piping pass through a wall can affect a vessel's gross tonnage. The Battery Steele's original design called for it to be less than 100 gross tons to stay within a certain manning and operating requirements (for example, larger vessels require different manning and license requirements). During an inspection, it was determined that some of these openings on the Battery Steele may not meet the exemption requirements that had originally been intended. Senesco has reached out to a specialist who handles these situations to determine whether the original gross tonnage calculation is correct and/or what the best course of action forward is.

The second issue has to do with the actual weight of the vessel. The vessel sits higher out of the water than was originally intended. This will likely mean that additional weight (ballast) will need to be added to the vessel so that it sits at the intended depth in the water when not carrying passengers, vehicles, or freight. Senesco is consulting with naval architects and marine engineers to determine the appropriate next steps.

Third Party Delivery Apps: Hannaford to go, Instacart, etc….

We continue to see an increasing number of issues with third party delivery apps like Instacart, Hannaford to go, Door Dash, etc. While CBL staff goes to great lengths to ensure items purchased through these apps make it to their intended destination, the informality of these delivery apps, and their drivers' motivation to "complete the delivery" no matter what, makes it nearly impossible for staff to resolve certain issues.

These issues range from the delivery driver labeling the freight with the wrong island sticker, not checking the delivery in with CBL freight staff, and groceries being left on the sidewalk or in front of doors that aren't the freight shed and being discovered by employees hours later.

While we know the customer can't control some of these issues, we ask you to understand and help with the following:

- Delivery notes must include first name, last name, island destination
- Delivery notes must instruct driver to check in at the Freight Shed
- Customers wishing to receive these deliveries must have a credit card on file with the freight department to cover the freight charge (the name on the order must match the name on the freight account)
- Casco Bay Lines will not take responsibility for damaged or mis-shipped items if the items are not packaged properly or if the issue with shipment is a result of the 3rd party

We will continue to analyze the shipment of third-party delivery service goods and decide on whether it makes sense to continue accepting these shipments. Peer ferry agencies, including Fire Island Ferries (NY) and Block Island Ferries (RI) have stopped accepting these services all together due to issues with packaging, labeling, and lack of invoices.

Freight Analysis:

As the board continues to address the District's operating deficit, which currently stands at $3.6 Million, staff conducted an analysis of our freight revenue and operating expenses and presented it for a second time during July's Finance Committee. While the board has taken steps to address both passenger and vehicle revenue, freight rates have remained unchanged for nearly 17 years. Freight revenue has grown through increases in volume (up 10% from 2023 to 2025), however, it is by far our worst performing revenue category generating roughly 38 cents for every dollar the District spends. The analysis includes a breakdown of individual freight categories and shows their distribution by island. Understanding these various categories will help assist in considering rate adjustments that are responsible and in line with the operational and financial realities the district is facing. The most recent analysis presented in July can be found here:

https://www.cascobaylines.com/uploads/Freight-Analysis-July-2026-Workshop-Presentation.pdf

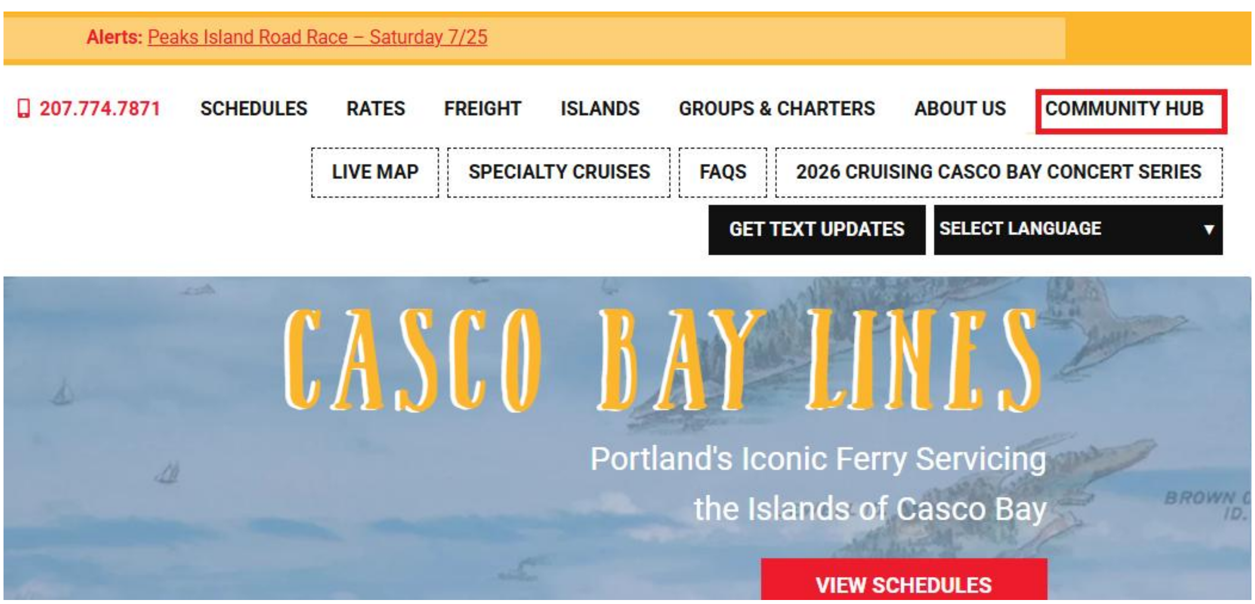
It is important to note that the increase in freight is entirely centered on Downbay islands. For example, freight to Great Diamond, Diamond Cove, and Chebeague have increased 21%, 34%, and 26% respectively over the last 2 years (FY23 => FY25). This increase in freight handling has dramatically affected the timeliness of both the 0800 and 1200 freight boats. Both trips are routinely behind due to schedules that no longer align with the district's operational realities. Making matters worse, the freight boats need to operate at less efficient speeds to make up time which dramatically impacts fuel consumption costs (and emissions).

Staff are continuing the process of evaluating freight rates and will likely be presenting proposals to the finance committee in the late summer or fall.

Website Updates:

This month we're introducing a new "Community Hub" feature on the Casco Bay Lines website. You can find a link to the new page on the top right of the homepage on the menu bar.

The goal of the Community Hub is to centralize the most requested data and information in one place. You'll find quick links to Board Meetings and Material, Financial and Operations Data, Rate Change, Schedule Change, Battery Steele updates and other special project pages. You'll also find a new "General Manager" page where I have posted all my previous Monthly Board Reports.



Terminal/Wharfs:

CBL continues to experience excessive costs associated with lost freight handling equipment. A dive team working in Chandlers Cove off Chebeague Wharf found 8 freight carts, 4 cages, and 6 pallet jacks that had presumably been tossed off the wharf. This accounts for over $10,000 in lost equipment at just one of our 7 island destinations. In addition to this vandalism, we're seeing freight carts being used as personal luggage carts being brought to island homes for extended periods of time. I've instructed staff to work with island communities and MaineDOT to identify ways to protect our equipment and help keep our operating costs down.

Staff are also aware of trash issues at the Peaks Island wharf and are working with our vendor and other community resources to address the issue.

Down Bay Vessel:

BHGI is continuing their work on the final design of the down bay replacement vessel. They released the technical specifications and staff has prepared a request for proposal (RFP) document for companies looking to design and provide the boat's propulsion system. These vendors, known in the shipbuilding world as "Integrators", are vital in ensuring the vessel's critical propulsion system components are properly designed, and that support infrastructure (circuits, panels, wiring, transformers, etc.) are correctly sized. Staff has advertised the RFP and has already received feedback and additional questions from prospective integrators.

MaineDOT Piers:

As a reminder, three months ago, CBL executed an agreement with MaineDOT for reimbursement of barge service during the painting of the Peaks Island transfer bridge tower. Reimbursement is capped at $100,000 and must cover up to 30 days, which would only support roughly four to five barge round trips per day. We did request additional funding, but DOT has not changed its position. The bridge closure window runs from mid-October through mid-May, with DOT imposing damages for overruns and offering incentives for early completion. This issue will likely need to be addressed at an Operations Committee meeting in September. Staff continue to coordinate plan reviews for both this project and the Cliff Island Pier Replacement.

As always, I welcome any questions or feedback from the board. Thank you for your continued support.

Regards,

Ben Dinsmore, GM