

TO: Casco Bay Lines Board of Directors

FROM: Ben Dinsmore, GM

DATE: June 25, 2026

RE: June Update

Dear Board Members,

It's exciting to see our summer visitors and guests returning to the islands this season. Even with a few weekends when the weather didn't fully cooperate, ridership has returned to the strong summer levels we count on, and there's a welcome energy around the terminal and out on the water.

This month's report is heavy on analysis, and intentionally so. As the board continues its work to address the District's \$3.6 million operating deficit, staff have prepared a substantial body of material for your review—a freight revenue and cost analysis, an assessment of how our seasonal calendars align with actual passenger and freight demand, and the context surrounding a potential comprehensive schedule rebuild. Each is summarized below with a link to the full presentation. My aim has been to make sure that when the board is ready to act, you have the data you need in hand.

Winter Schedule:

The Operations Committee has challenged staff to propose alternatives to the winter schedule with broadly defined goals of saving money, minimizing effects on service levels, and being mindful of crew and staffing 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 representative(s) advocates for those needs. Last winter's elimination of the Downbay 0800 weekend, and 1300 daily boats created consequences that were not fully considered nor raised by the public during the process. Committee members are now requesting more adjustments that would result in additional cost savings. It was also noted during the Operations Committee that this effort will be separated from a full schedule review and potential rebuild that the board also desires to be undertaken. I strongly encourage

everyone to reread the analysis staff put together on how service levels and operating costs have crept up over the last 8 years, and how much it costs for each trip a vessel takes within the system. This data, along with each board members' individual understanding of their islands' unique needs will be crucial in crafting thoughtful scheduling adjustments that achieve the board's goals of reducing the operating deficit. The full analysis can be found here: <https://www.cascobaylines.com/uploads/Schedule-Analysis-Presentation-May-2026-1.pdf>

As part of the ongoing schedule review, staff was also asked to analyze how our current seasonal schedules (Spring/Summer/Winter/Fal) align with actual demand. In other words, does the transition from Summer to Fall or Spring to Summer (as examples) align with what the data suggests. For the most part, the schedules do align with demand. The full analysis, that looks at both passenger and freight demand, can be found here:

<https://www.cascobaylines.com/uploads/CBL-Current-Calendar-vs-Actual-Demand-June-2026.pdf>

Freight Analysis:

As the board continues to address the District's operating deficit, which currently stands a \$3.6 Million, staff conducted an analysis of our freight revenue and operating expenses. While the board has taken steps to address both passenger and vehicle revenue, freight rates have remained unchanged for 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 full analysis can be found here:

<https://www.cascobaylines.com/uploads/Freight-Analysis-June-2026-Finance-Committee.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).

Full Schedule Analysis:

As mentioned above and in the linked presentation, the last time the district undertook a comprehensive schedule analysis, the effort cost the district roughly \$400K (in 2026 dollars) and took over 3 years. Last year's attempts to make relatively modest adjustments to the winter schedule (compared to the board's cost savings goal) have revealed how challenging this process can be and why the decision was made to outsource the process last time.

E-Ticketing:

At last month's board meeting I presented information on e-ticketing systems. I discussed the challenges the district has faced in previous attempts to implement e-ticketing, showing where peer agencies have also experienced issues, and provided context on how much these systems cost. The characterization that these systems are easy to implement is simply not based on reality. Many of the features highlighted by the public, such as digital punch cards, fare-capping, and individual account management have cost peer agencies 10's of millions of dollars. At last month's board meeting, members were provided with a checklist of various features they would like to see in a prospective e-ticketing system. I have not received any checklists or other feedback to date. The presentation and checklist can be found here: <https://www.cascobaylines.com/uploads/CBITD-E-Ticketing-May-2026-1.pdf>

Down Bay Vessel:

BHGI is continuing their work on the final design of the down bay replacement vessel. They have just released technical specifications for the vessel's propulsion system that staff can now include in a Request for Proposal (RFP) for vendors looking to design and source the propulsion components for the vessel. 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 will be finalizing the RFP within the next week or two and advertise the RFP in the market.

Battery Steele:

Commissioning work and testing has been ongoing and has been good overall, but has taken a little longer than expected. The shipyard, US Coast Guard and the design and inspection team were present during the DVTP (Design Verification Test Procedures) and the PSTP (Periodic Safety test Procedures) testing and aside from some minor issues that have been corrected, the testing was successful and signed off by the Coast Guard. With the warmer summer weather and direct sunlight, there were a few areas of deflection that

popped up on the 02 deck that have been identified and corrective actions have been agreed to, with some of the areas already being corrected. Corrective repairs cannot take place with the vessel energized, so that work is having a slight impact on delivery. As it stands now, Sea Trials start around mid-July and they should last for up to 4 days. If they pass with the Coast Guard, once the final paperwork is supplied, the Coast Guard should issue a temporary COI to allow the shipyard to sail the vessel to Maine. Currently, the vessel is scheduled to come to Maine during the week of July 20th. Once in Maine, there is the final commissioning work with the shore charger that needs to take place as well as training with CBL crews. Once the crew are trained and can demonstrate their ability to safely operate the vessel and the vessel systems, we should be able to obtain our permanent COI allowing us to place the vessel into active service by the end of September early Oct.

For those interested in the Battery Steele's new propulsion system and what it means for the district's future, I joined Kristina Egan on WMPG's "Let's Connect" radio show and podcast: <https://open.spotify.com/episode/0Bd58vqTeoshK4wiFfHCTG>

MaineDOT Piers:

As a reminder, two 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. Staff continue to coordinate plan reviews for both this project and the Cliff Island Pier Replacement.

Passenger Behavior:

Staff has been on the receiving end of increasingly objectionable behavior from passengers. This is not acceptable and will not be tolerated. CBL reserves the right to refuse transportation to any person refusing to abide by its rules and regulations or whose conduct causes him/her to be objectionable or dangerous to other passengers.

Additionally, staff and crew do not have time to argue long standing District policies around how early freight needs to arrive to get on a specific boat, what happens if you lose your residential boarding pass, whether your 4-wheeled wagon is permissible, etc. These issues can be appropriately considered through multiple channels including email (comment@cascobaylines.com) or by attending a monthly board or committee meeting

(either in-person or remote). Customers can also email me directly at bend@cascobaylines.com.

Terminal:

I'd like to thank Patrick Donovan, Jake Charette and Caity Gildart for successfully troubleshooting the Cisco Webex video conferencing system. Patrick was able to isolate the problem to a single HDMI box. After replacing the box, the system is now fully operational.

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

Regards,

A handwritten signature in black ink, appearing to read 'Ben Dinsmore', with a stylized flourish at the end.

Ben Dinsmore, GM