

Memorandum

TO: Casco Bay Island Transit District Board of Directors
FROM: Jennifer Lavanture, President
DATE: May 8, 2025
RE: **Casco Bay Island Transit District Vehicle Tariff Proposal**

In response to a trend of increased operating loss due to rising expenses without corresponding increase in revenue, the Finance Committee of the Board of Directors (“Finance Committee”) of Casco Bay Island Transit District (“CBITD”) agreed on a plan to address revenues from the three scheduled services provided by CBITD. The rate schedule (the “Rate Proposal”) herein addresses vehicle service to Peaks Island. Peaks Island is the only island served by CBITD with regularly scheduled car ferry service. Vehicle revenues are the second highest source of scheduled service revenues to the District, after passenger revenues, which were the subject of a rate change approved by the Board of Directors (“Board”) last year and implemented June 1, 2024, following submission to the PUC. This proposal for a vehicle tariff change has been workshopped at five Finance Committee and one Board meeting public workshops, and is the subject of a public hearing to be held on May 9, 2025 at a special Board of Directors meeting, following which the Board may consider and act regarding the Rate Proposal.

Background

CBITD provides ferry service to islands that are not otherwise accessible by any means other than water taxi or personal watercraft and has an obligation via its enabling statute to maintain reasonable and adequate service to the islands of Casco Bay. This statute also requires the Board to fix rates of fare to assure sufficient income to meet the cost of the service.

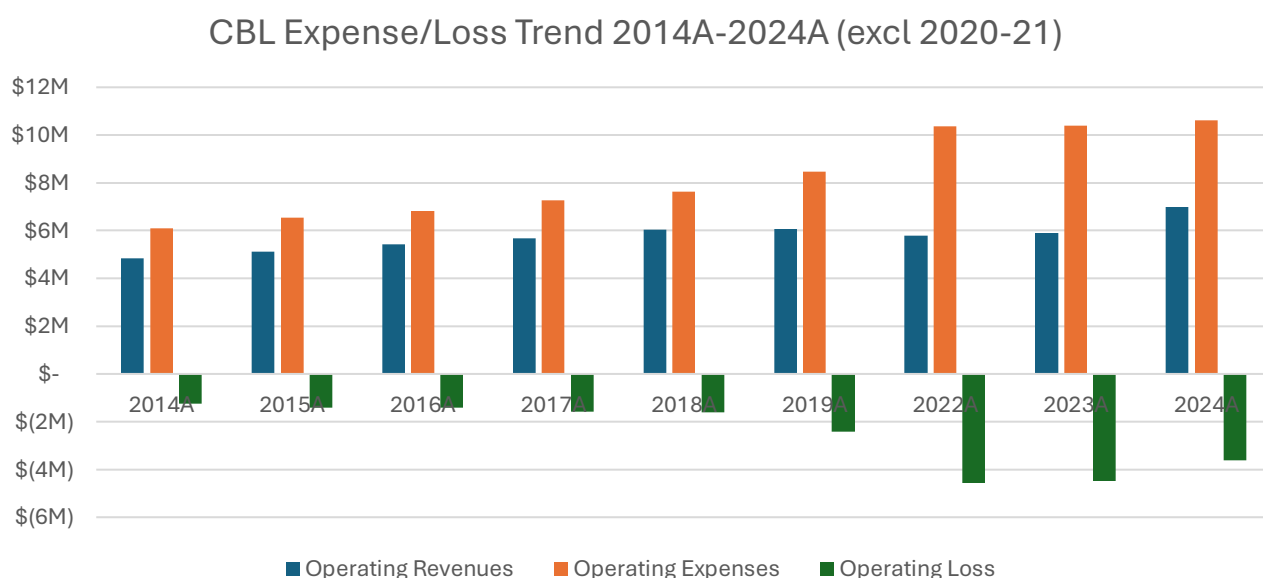
Operating Loss at the District increased significantly since 2019 (even excluding 2020 and 2021 which were impacted by the COVID-19 pandemic). This trend of increasing loss results from generally flat operating revenues and significantly increasing operating expenses. Historically, CBITD’s operating losses have been offset primarily by Federal grants. As of May 2025, the District has secured grant commitments to cover projected deficits through FY 2026. However, due to evolving Federal priorities and potential funding reductions, future grant availability remains uncertain. In response, the Board has adopted a resolution to reduce the operating deficit to \$1 million or less by 2027. A budget targeting a reduced FY 2024 operating loss was approved and successfully met, driven largely by a passenger rate adjustment. The Board subsequently voted on a budget to reduce the operating loss for FY 2025, targeting \$500k through revenue increases and \$400k through expense reductions, both on an annualized basis. This vehicle rate change proposal is projected to contribute \$470k of the \$500k annualized revenue increase target.

On June 1, 2024 the District implemented a passenger fare increase after Finance Committee workshops, a public hearing, a vote by the Board of Directors, and review by the Public Utilities Commission. As a result, primarily of the passenger fare increase, District passenger revenues for FY 2024 increased by \$743k or 28% over FY 2023. It bears noting that the number of passengers traveling on the District’s ferries increased slightly during the period. The

passenger fare increase raised the price of single tickets, eliminated a commuter ticket book and rationalized prices on passes, available as monthly (replaced two commuter books), 90-day or annual passes. The passes improved cash flow to the District, while providing predictable, affordable pricing for islanders (year-round and seasonal residents), workers, and frequent visitors that depend on the District’s ferry service. Many people purchased passes, and appreciated the freedom and predictability of a pass and the cost savings compared to single tickets, particularly for annual passes.

The tariff that governs passenger, vehicle, and freight rates had not been updated in 15 years prior to implementation of the passenger fare increase last year. The Finance Committee of the Board determined in 2024 that they would review passenger rates first, vehicle rates second and freight third, in order of relative contribution to the District’s scheduled service revenues. At the same time, operating expenses have increased significantly, at rates outpacing inflation, though the District has successfully moderated expense increases since 2023. **Figure 1** presents a summary of financial operating performance from 2014 to 2024. It shows progress in reducing the deficit since 2022 and the need for further efforts, consistent with the purpose of this rate increase proposal.

Figure 1: Operating Revenue, Expenses, and Operating Loss, 2014-2024



The Finance Committee initiated action to develop a proposal to increase revenue via restructuring of the vehicle tariff in August/September 2024 and held the first public Finance Committee workshop on October 1, 2024. Finance workshops and efforts continued into 2025, with a total of five workshops on the vehicle rate change. The model and structure of the passenger rate change were informative in developing a vehicle rate change proposal that would:

- Increase revenues to the District, acting in accordance with CBITD’s mission “to the extent possible reasonably assure sufficient income to meet the cost of the service”

- Support CBITD’s mission of acting “in the interest of ... the inhabitants of the islands comprising the district” by maintaining affordable vehicle access for islanders, workers, frequent visitors who depend on the car ferry;
- Reduce congestion from a single discount day on Wednesdays during peak season;
- Revise commercial rates, with a stop-gap increase, acknowledging a separate process starting in June to address fairness issues of large commercial vehicles that take up extra space;
- Be compliant with Federal, State and local laws and regulations

In parallel, staff and the Operations Committee have identified and are continuing to seek to identify other areas of expense reduction, with the expense reduction amount targeted in FY 2025 at \$400k on an annualized basis. The Finance Committee has acknowledged need for further review and restructuring of the commercial vehicle tariff, noting the project to build a larger ferry with wider area for vehicles is nearing completion, and noting the need to balance fair pricing for large vehicles with islander access to and affordability of service providers. The Finance Committee plans to review propose revisions to the freight tariffs after thorough analysis and public input, in the future.

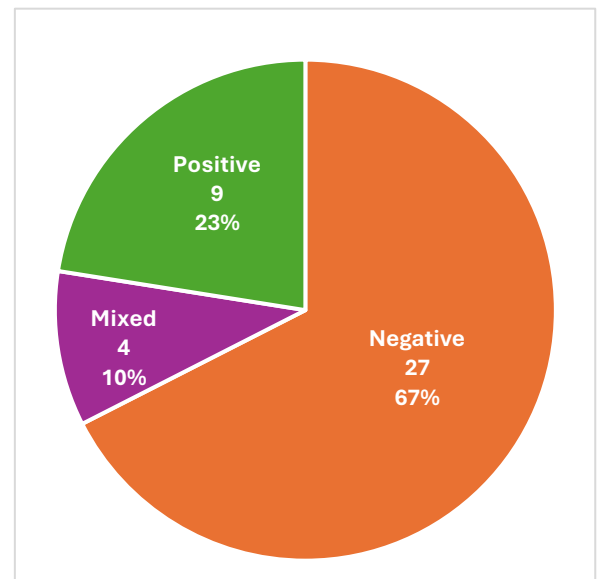
Process

Members of the Finance Committee initiated data analysis and modeling in August/September 2024, followed by a series of six public workshops, five workshops at the Finance Committee (October 1, 2024, March 19, 2025, April 2, April 9, and April 17, 2025, and one workshop at the Board meeting on April 24, 2025). Public participation and input have been welcomed in all Finance Committee and Board meetings. Additionally, a dedicated page was established on the Casco Bay Lines website that provided information on the process and proposal and invited attendance at meetings and submission of written comments ([Finance Committee - Rate Change - Casco Bay Lines](#)).

As of the morning of May 8, 2025, a total of 40 individuals have provided written public comment, with 9 in support, 27 against, and 4 mixed (**Figure 2** at right). A copy of all written comments received to-date accompanies this memo as Attachment A. Additionally, a legal analysis of the Rate Proposal was requested from CBITD’s counsel, and is included as Attachment B. The preliminary analysis did not identify any potential legal violations, though acknowledges that rate change may be subject to Maine Public Utilities Commission (MPUC) investigation.

A public hearing has been noticed for May 9, 2025 to be held during a specially scheduled Board of Directors meeting. The agenda for this meeting includes an item of business of consideration and action by the Board on restructuring of the vehicle rates. Should the Board vote to approve the proposal, or any other change to the rate schedule, the District must file such rate schedule with the Maine Public Utilities Commission (MPUC). Notice of any rate change must also be published at least 30 days in advance of the effective date of the changes.

Figure 2: Tabulation of Written Feedback Sentiment



Modeling Approach

To develop the proposal for rate restructuring, a multi-phased approach was utilized that included:

- 1. Analysis of CBL ticket purchasing data:** A detailed review of ticket purchase data was conducted, with particular focus on relative contribution of passenger and commercial vehicles, seasonality, and variability by day of the week.¹
- 2. Assessment of Inflation Rates:** As vehicle rate structure had not been updated in over 15 years, an important component of the analysis was to compare to what rates would be if they had tracked with rates of inflation². If rates had been adjusted at the rate of inflation, a Peaks single car ferry ticket during peak season would be ~\$121. The price for Wednesdays, the single designated discount day during peak season, would be \$54.
- 3. Comparable Research:** Rates at other ferry systems were reviewed, including Chebeague ferry (Chebeague Transportation Company), Steamship Authority, Maine State Ferry. Of note, Chebeague Transportation Company fare is \$230 round trip, Steamship Authority charges \$340 round trip on Friday-Sunday and \$262 round trip Monday-Thursday, while CBITD charges \$245 round trip for single vehicles transported on passenger ferries down the bay. Maine State Ferry, which has a different statutory basis, funding, and operating structure than CBITD (i.e., predominately a car ferry service), charges \$38-108 round trip. The cost to park in Portland was also reviewed, as CBITD's current pricing makes it cheaper to bring a vehicle to Peaks for a short visit than to park in Portland, which now costs \$15-\$50/day. Notably the cost to park in the garage at the CBITD terminal is \$50 a day.
- 4. Development of Scenarios and Recommendations:** Utilizing the data inputs described above, scenarios were developed with the aim of increasing revenue from vehicles, while also preserving accessibility and affordability for islanders and frequent users of the service (e.g., those who work on or provide services to the islands). Analysis of financial impact (i.e., revenue forecast and comparison to prior year) was assessed, and sensitivity analyses also conducted, to evaluate how impacted the forecast would be to a change in assumptions (e.g., more/fewer people use pass-holder rate tickets, overall changes in total vehicles transported).

Vehicle Tariff Rate Proposal

Based on the modeling approach described above, a proposal for restructuring of the fares was developed and workshopped at five meetings of the Finance Committee and one meeting of the Board. The Rate Proposal comprehensively addresses non-commercial vehicle rates, while incrementally increasing commercial vehicle rates as a stop-gap, with the intent to analyze and consider re-structuring commercial rates after the summer season. The Rate Proposal:

- Maintains peak and off-peak season rates for service;
- Maintains differential pricing by day of the week (days changed based on updated analysis of vehicle ridership patterns);
- Provides for a 2-tier prices structure: general ticket prices, which are higher, and passholder rate prices, which are lower and available to anyone who has an annual pass and anyone who purchases a supplement to a 90-day pass;

The Rate Proposal is depicted in **Figure 3 and Figure 4 below**. Additionally, a draft of Tariff Rate Schedule and Terms reflecting the Rate Proposal is included as Attachment C.

¹ Source RocketRez. Summary data available in April 16th Finance committee presentation.

² Summary data available in April 16th Finance committee presentation.

Figure 3: Proposed Structure - Round-Trip Peaks Island non-commercial vehicle rate summary

PROPOSED STRUCTURE			
PASSHOLDER RATE		Off-Peak Season	Peak Season
Passenger Vehicle SUN-WED		\$46.00	\$46.00
Passenger Vehicle THURS-SAT		\$46.00	\$82.65
GENERAL TICKET RATE		Off-Peak Season	Peak Season
Passenger Vehicle SUN-WED		\$82.65	\$190.00
Passenger Vehicle THURS-SAT		\$120.00	\$190.00

PASSHOLDER RATE ELIGIBILITY:

Annual Passenger Pass holders are eligible to purchase Passholder Rate vehicle tickets. 90-day pass holders may purchase a supplement at the time of pass purchase (\$50 per pass, \$25 per half-price pass) in order to purchase Passholder Rate vehicle tickets.

Special Rates:

Handicapped Rate: \$46.00 year-round, 7 days (requires handicapped plate or hang tag)

Figure 4: Proposed Structure - Round-Trip Peaks Island commercial vehicle rates (stop-gap)

PROPOSED STRUCTURE – Commercial Vehicles by Registered GVW		
	Off-Peak Season	Peak Season
<6,000 lbs.	\$55.00	\$105.00
6,000 – 10,999 lbs.	\$59.00	\$108.00
11,000 – 19,999 lbs.	\$65.00	\$117.00
20,000 – 29,999 lbs.	\$77.00	\$135.00
30,000 – 39,999 lbs.	\$92.00	\$159.00
40,000 – 49,999 lbs.	\$108.00	\$196.00
50,000 – 59,999 lbs.	\$134.00	\$217.00
over 60,000 lbs.	\$166.00	\$242.00

Maximum charge per vehicle including freight: \$425.00

Pilot implementation

The Finance Committee has recommended to the Board that the vehicle rate proposal be adopted as a pilot. Assessment of the pilot by the Finance Committee is recommended after peak season 2025 and after a full year of implementation. Analysis of the financial impact of the vehicle rate change should be coupled with assessment of the impact on islanders and vehicle users, including both non-commercial and commercial users. The Committee has discussed that good practice would include evaluation and assessment of implementation of all rate changes once approved, and more frequent reviews of the rate structure generally. Comments were made stating that opportunities for further refinements would likely be identified. A suggestion for framing of a potential structure for pilot implantation is below, should the board proceed to act to implement a rate change.

Pilot Implementation

The [Rate Proposal] be approved on a pilot basis for a period of [18 months], with the intent that its implementation will be reviewed by the Board of Directors following the first [12 months] of implementation. Absent further action from the Board of Directors at such time, the [Rate Proposal] will be adopted on a permanent basis.

Financial Analysis

The rate proposal is projected to provide increased revenue to CBITD, based on extrapolation analysis (Figure 5). Additionally, the Rate Proposal is robust to sensitivity analysis, showing projected increases in revenue, albeit of less magnitude, when assumptions are changed (Figure 6). Of note, the rate proposal increases income even in an unlikely scenario with a 40% decrease in purchases of tickets of all types.

Figure 5: Forecasted Revenue Impact, by Rate Type, by Month

Rate/Product Name	Baseline	January	February	March	April	May	June	July	August	September	October	November	December	Forecast Year 1 Implementation	Change vs. Baseline (% Change)
PEAKS AUTO / LIGHT TRUCK - VDP - SUN-WED	\$30,956	\$27,694	\$25,608	\$35,349	\$47,355	\$56,874	\$45,143	\$43,139	\$37,876	\$40,797	\$35,860	\$35,926	\$462,576		
PEAKS AUTO / LIGHT TRUCK - VDP - THURS-SAT	\$3,440	\$3,077	\$2,845	\$7,057	\$9,454	\$11,354	\$9,012	\$8,612	\$7,561	\$4,533	\$3,984	\$3,992	\$74,922		
PEAKS AUTO - Regular	\$13,317	\$11,914	\$11,016	\$34,958	\$63,388	\$76,129	\$90,640	\$86,616	\$50,700	\$23,755	\$15,426	\$15,455	\$493,314		
PEAKS AUTO - Regular - Weekend	\$19,335	\$17,297	\$15,994	\$34,958	\$63,388	\$76,129	\$90,640	\$86,616	\$50,700	\$23,755	\$15,426	\$15,455	\$534,385		
SubTotal	\$1,185,000	\$67,947	\$59,981	\$55,464	\$112,323	\$183,584	\$220,486	\$235,434	\$224,983	\$146,837	\$103,576	\$77,668	\$77,812	\$1,565,196	32%
VDP - Annual, Recognized Revenue		\$743	\$743	\$743	\$949	\$1,155	\$1,361	\$1,361	\$1,361	\$1,361	\$1,155	\$949	\$743	\$12,623	
VDP - 90-day, Recognized Revenue		\$743	\$743	\$743	\$949	\$1,155	\$1,361	\$1,361	\$1,361	\$1,361	\$1,155	\$949	\$743	\$12,623	N/A - new
(Commercial) Vehicle < 6,000lbs	\$7,469	\$8,018	\$8,842	\$21,862	\$15,240	\$19,549	\$16,186	\$18,814	\$13,874	\$8,458	\$8,677	\$8,128	\$155,116		
Vehicle 6-10,999lbs	\$4,541	\$2,270	\$2,497	\$3,676	\$6,487	\$6,595	\$4,000	\$4,433	\$3,352	\$3,784	\$4,108	\$2,919	\$48,853		
Vehicle 11-19,999lbs	\$1,638	\$2,468	\$2,224	\$4,096	\$4,330	\$3,745	\$2,692	\$2,575	\$1,756	\$1,404	\$2,224	\$585	\$29,727		
Vehicle 20-29,999lbs	\$2,832	\$3,776	\$2,697	\$2,967	\$4,316	\$5,530	\$4,316	\$6,339	\$5,934	\$4,855	\$2,832	\$2,967	\$49,362		
Vehicle 30-39,999lbs	\$477	-	\$159	-	\$477	\$159	\$159	\$796	\$637	\$1,751	\$1,751	\$477	\$6,844		
Vehicle 40-49,999lbs	-	-	-	\$196	-	-	-	\$196	\$393	-	\$196	\$196	\$1,178		
Vehicle 50-59,999lbs	-	-	\$217	\$217	-	\$435	\$217	\$217	\$217	\$435	\$217	-	\$2,173		
Vehicle over 60,000lbs	\$242	\$2,177	\$242	\$726	-	\$484	-	\$242	\$968	\$242	\$242	\$242	\$5,805		
Vehicle Maximum Charge	-	-	-	-	\$850	\$1,275	\$850	\$2,975	\$850	\$2,975	\$850	\$1,275	\$11,900		
SubTotal	\$231,000	\$17,280	\$18,700	\$16,868	\$33,740	\$31,701	\$37,772	\$28,420	\$36,586	\$27,979	\$23,904	\$21,098	\$16,790	\$310,758	35%
TOTAL KEYVEHICLE CATEGORIES (note: excludes trailers, mopeds, motorcycles)	\$1,416,000	\$84,989	\$79,424	\$73,074	\$147,012	\$216,440	\$258,619	\$265,215	\$262,931	\$176,177	\$128,635	\$99,715	\$95,345	\$1,888,576	32%

Figure 6: Forecasted Revenue Impact - Sensitivity Analysis

Scenario #1: Decreased % of tickets are at Discount Rate (40% in all months)					
Travel Type	Ticket Type	Rate/Product/Name	Baseline	Forecast Year 1 Implementation (% Change)	Change vs. Baseline
Vehicle	Auto	PEAKS AUTO /LIGHT TRUCK - VDP - SUN-WED		\$366,824	
Vehicle	Auto	PEAKS AUTO /LIGHT TRUCK - VDP - THURS-SAT		\$69,389	
Vehicle	Auto	PEAKS AUTO - Regular		\$719,276	
Vehicle	Auto	PEAKS AUTO - Regular - Weekend		\$790,535	
Vehicle	Auto	SubTotal	\$1,185,000	\$1,967,233	\$682,233 58%
Vehicle	VDP	VDP - Annual, Recognized Revenue		-	
Vehicle	VDP	VDP - 90-day, Recognized Revenue		\$12,823	
Vehicle	VDP	SubTotal		\$12,823	\$12,823 N/A - new
Vehicle	Commercial	(Commercial) Vehicle < 6,000lbs		\$156,116	
Vehicle	Commercial	Vehicle 6-10,999lbs		\$48,653	
Vehicle	Commercial	Vehicle 11-19,999lbs		\$29,727	
Vehicle	Commercial	Vehicle 20-29,999lbs		\$49,362	
Vehicle	Commercial	Vehicle 30-39,999lbs		\$6,844	
Vehicle	Commercial	Vehicle 40-49,999lbs		\$1,178	
Vehicle	Commercial	Vehicle 50-59,999lbs		\$2,173	
Vehicle	Commercial	Vehicle over 60,000lbs		\$5,885	
Vehicle	Commercial	Vehicle Maximum Charge		\$11,909	
Vehicle	Commercial	SubTotal	\$231,000	\$318,758	\$79,758 35%
TOTAL KEY VEHICLE CATEGORIES (note: excludes trailers, mopeds, motorcycles)			\$1,416,000	\$2,190,614	\$774,614 54%

Scenario #2: Increased % of tickets are at Discount Rate (80% in all months)					
Travel Type	Ticket Type	Rate/Product/Name	Baseline	Forecast Year 1 Implementation (% Change)	Change vs. Baseline
Vehicle	Auto	PEAKS AUTO /LIGHT TRUCK - VDP - SUN-WED		\$366,345	
Vehicle	Auto	PEAKS AUTO /LIGHT TRUCK - VDP - THURS-SAT		\$69,688	
Vehicle	Auto	PEAKS AUTO - Regular		\$283,694	
Vehicle	Auto	PEAKS AUTO - Regular - Weekend		\$327,281	
Vehicle	Auto	SubTotal	\$1,185,000	\$1,295,948	\$84,948 7%
Vehicle	VDP	VDP - Annual, Recognized Revenue		-	
Vehicle	VDP	VDP - 90-day, Recognized Revenue		\$12,823	
Vehicle	VDP	SubTotal		\$12,823	\$12,823 N/A - new
Vehicle	Commercial	(Commercial) Vehicle < 6,000lbs		\$156,116	
Vehicle	Commercial	Vehicle 6-10,999lbs		\$48,653	
Vehicle	Commercial	Vehicle 11-19,999lbs		\$29,727	
Vehicle	Commercial	Vehicle 20-29,999lbs		\$49,362	
Vehicle	Commercial	Vehicle 30-39,999lbs		\$6,844	
Vehicle	Commercial	Vehicle 40-49,999lbs		\$1,178	
Vehicle	Commercial	Vehicle 50-59,999lbs		\$2,173	
Vehicle	Commercial	Vehicle over 60,000lbs		\$5,885	
Vehicle	Commercial	Vehicle Maximum Charge		\$11,909	
Vehicle	Commercial	SubTotal	\$231,000	\$318,758	\$79,758 35%
TOTAL KEY VEHICLE CATEGORIES (note: excludes trailers, mopeds, motorcycles)			\$1,416,000	\$1,593,328	\$177,328 12%

Scenario #3: 40% decrease in all units purchased (downside vs. base case)					
Travel Type	Ticket Type	Rate/Product/Name	Baseline	Forecast Year 1 Implementation (% Change)	Change vs. Baseline
Vehicle	Auto	PEAKS AUTO /LIGHT TRUCK - VDP - SUN-WED		\$348,932	
Vehicle	Auto	PEAKS AUTO /LIGHT TRUCK - VDP - THURS-SAT		\$66,191	
Vehicle	Auto	PEAKS AUTO - Regular		\$422,841	
Vehicle	Auto	PEAKS AUTO - Regular - Weekend		\$458,844	
Vehicle	Auto	SubTotal	\$1,185,000	\$1,284,908	\$99,908 8%
Vehicle	VDP	VDP - Annual, Recognized Revenue		-	
Vehicle	VDP	VDP - 90-day, Recognized Revenue		\$12,823	
Vehicle	VDP	SubTotal		\$12,823	\$12,823 N/A - new
Vehicle	Commercial	(Commercial) Vehicle < 6,000lbs		\$156,116	
Vehicle	Commercial	Vehicle 6-10,999lbs		\$48,653	
Vehicle	Commercial	Vehicle 11-19,999lbs		\$29,727	
Vehicle	Commercial	Vehicle 20-29,999lbs		\$49,362	
Vehicle	Commercial	Vehicle 30-39,999lbs		\$6,844	
Vehicle	Commercial	Vehicle 40-49,999lbs		\$1,178	
Vehicle	Commercial	Vehicle 50-59,999lbs		\$2,173	
Vehicle	Commercial	Vehicle over 60,000lbs		\$5,885	
Vehicle	Commercial	Vehicle Maximum Charge		\$11,909	
Vehicle	Commercial	SubTotal	\$231,000	\$318,758	\$79,758 35%
TOTAL KEY VEHICLE CATEGORIES (note: excludes trailers, mopeds, motorcycles)			\$1,416,000	\$1,607,388	\$191,388 13%

Scenario #4: 10% decrease in all units purchased (upside vs. base case)					
Travel Type	Ticket Type	Rate/Product/Name	Baseline	Forecast Year 1 Implementation (% Change)	Change vs. Baseline
Vehicle	Auto	PEAKS AUTO /LIGHT TRUCK - VDP - SUN-WED		\$529,397	
Vehicle	Auto	PEAKS AUTO /LIGHT TRUCK - VDP - THURS-SAT		\$64,287	
Vehicle	Auto	PEAKS AUTO - Regular		\$624,261	
Vehicle	Auto	PEAKS AUTO - Regular - Weekend		\$667,868	
Vehicle	Auto	SubTotal	\$1,185,000	\$1,924,813	\$741,813 63%
Vehicle	VDP	VDP - Annual, Recognized Revenue		-	
Vehicle	VDP	VDP - 90-day, Recognized Revenue		\$12,823	
Vehicle	VDP	SubTotal		\$12,823	\$12,823 N/A - new
Vehicle	Commercial	(Commercial) Vehicle < 6,000lbs		\$156,116	
Vehicle	Commercial	Vehicle 6-10,999lbs		\$48,653	
Vehicle	Commercial	Vehicle 11-19,999lbs		\$29,727	
Vehicle	Commercial	Vehicle 20-29,999lbs		\$49,362	
Vehicle	Commercial	Vehicle 30-39,999lbs		\$6,844	
Vehicle	Commercial	Vehicle 40-49,999lbs		\$1,178	
Vehicle	Commercial	Vehicle 50-59,999lbs		\$2,173	
Vehicle	Commercial	Vehicle over 60,000lbs		\$5,885	
Vehicle	Commercial	Vehicle Maximum Charge		\$11,909	
Vehicle	Commercial	SubTotal	\$231,000	\$318,758	\$79,758 35%
TOTAL KEY VEHICLE CATEGORIES (note: excludes trailers, mopeds, motorcycles)			\$1,416,000	\$2,249,392	\$833,392 58%

Proposal Iterations following Finance Committee and Board Workshops

The Finance committee has received feedback and questions in writing and at five workshops, and this, combined with robust committee deliberation, informed iterations of the proposal. Several topics identified in response to input and comments received from members of the board, staff, and public are summarized below for the benefit of the board. Additionally, an alternate scenario that was discussed at the Board workshop on April 24th is detailed below.

1. Support for two-tier pricing structure

The two-tier price structure was developed to address the two key aims of increasing revenue for the District while maintaining affordability for islanders and frequent vehicle users who depend on the ferry.

The Finance Committee did not pursue a flat increase across rates when modeling, as the two-tier system enables the District to capture increased revenue from general ticket sales especially in peak season (similar to the passenger fare change last year), while protecting against more significant increases for islanders, summer residents, contractors & frequent users with 90-Day and Annual passes. With a two-tier structure, these users who depend on the ferry, are more protected from compounding, as rates will need to be increased on regular cadence. Because everyone is eligible to purchase a pass, there are no residency or homeownership requirements, and, noting the existence of half-rate passes for seniors and those with disabilities, the Finance Committee concluded that a two-tier pricing structure tied to passes was preferable to fulfill the Board's goals and CBITD's mission.

2. Charging for supplement to 90-day pass option, eliminating supplement for annual pass

A required supplement fee was initially part of the proposal for both Annual and 90-Day Pass holders. Upon advice from counsel that a separate supplement structure was not required, the Finance committee eliminated the supplement fee and structure associated with the Annual Pass. This change simplified the concept of Passholder rates and addressed many complaints from members of the public related to the complexity of the proposal and added cost. The Finance Committee recommended keeping the add-on requirement for the 90 Day Pass in the interest of fairness and prevention of abuse of the structure.

3. Commercial Vehicle rates

As the Finance Committee began its workshops, the intent was to comprehensively revise by commercial and passenger rates. However, given the complexities of the interactions between Commercial Vehicle rate structure and operational requirements, changes in staffing at CBITD, and pending delivery of the new car ferry (with increased car deck capacity), it was decided to defer a major structural change to commercial vehicle rates at this time. Therefore, the Finance committee recommended an across the board increase of 23% for commercial rates, an increase generally consistent with the percentage increases in passholder rates. A full consideration of re-structuring is planned for summer-fall 2025, with a goal of implementing a commercial vehicle rate change no later than November 2025.

4. Concerns about impact for people who travel infrequently, with focus on seniors

The Finance committee discussion focused on aggregate impact to cost. Discussion acknowledged the % magnitude increase for General rate tickets, but also noted the availability and popularity of passes, including half-rate passes for seniors. Additionally, the availability of support programs administered by various communities and organizations (e.g., Peaks Island Council, Town of Long Island, Loretta Voyer fund) were discussed for those who may be experiencing financial hardship.

5. Magnitude of increase for General Rate tickets (Alternate Scenario Consideration)

An alternative proposal developed in response to Finance committee member discussion during the April 17, 2025 workshop and presented at the April 24, 2025 Board meeting and workshop reduces the amount of revenue increase projected from the vehicle rate change from \$473k projected from the Finance committee recommended proposal to \$310k. A reduction in the General Rate ticket price from \$190 in peak season and \$82.65 (Sun-Wed) and \$120 (Thurs-Sat) during off-peak to \$170 peak season Thurs-Sat and \$150 peak Sun-Wed and off peak \$100 Thurs-Sat and \$70 Sun-Wed significantly reduces the projected revenue increase to the District, though may provide an opportunity to phase-in an increase.

Conclusion

CBITD provides ferry service to islands that are not otherwise accessible by any means other than water taxi or personal watercraft and has an obligation via its enabling statute to maintain reasonable and adequate service to the islands of Casco Bay. This statute also requires the Board to fix rates of fare to assure sufficient income to meet the cost of the service. It is therefore imperative for the Board to take action to address the trend of growing operating losses.

CBITD's costs to provide ferry service to the Casco Bay Islands are considerable, and as reflected in reports from the Finance committee as well as audited financial statements, with operating expenses that continue to rise. Specific to vehicle rates, the District incurs significant incremental costs to provide scheduled car ferry service, relative to passenger service, including costs for additional crewing required on the car ferry, increased staffing shoreside to

support operations on the car ferry, and increased operating costs (fuel, maintenance, firefighting equipment, dry dock and associated barge subcontracting).

While implementation of the passenger rate change contributed to reducing the operating deficit of CBITD, a multi-million-dollar operating deficit remains. The operating loss projected for FY 2025 is \$3 million, before the Board voted to reduce the loss through a combination of revenue increases and expense reductions. This vehicle rate increase is projected to deliver \$470k of additional revenue on an annualized basis, the majority of the \$500k in additional revenue targeted in the Board voted deficit reduction for 2025. Without this vehicle fare increase, the District will backtrack on its goal of reducing reliance on Federal grants to maintain its operations.

The Rate Proposal is intended to reduce CBITD's operating losses by overhauling the current rate structure to create additional revenue from vehicle ticket sales. This additional revenue will help offset the costs to provide service to the islands, which have been increasing due to increased expenses for personnel, fuel, and dry dock. This change in fare structure is designed to be reasonable both in relation to the benefits provided via ferry service to the islands, and to preserve affordability of passenger service all passengers.

Attachments

Attachment A: Compilation of written comments received as of May 8, 2024;

Attachment B: Memorandum - CBITD Tariff Proposal Legal Analysis;

Attachment C: Draft Tariff Rate Schedule and Terms