

TOWN OF ISLESBORO
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Janet R. Anderson
Town Manager

February 5, 2018

Commissioner David Bernhardt
Department of Transportation
State House Station #16
Augusta, Maine 04330

Dear Commissioner Bernhardt,

The Islesboro Select Board is writing to request a delay in implementing the proposed ferry rate increase. After attending the informational meeting on January 29th it is apparent to both the Select Board and the Islesboro Community that additional consideration is needed before finalizing a rate increase and implementing a plan.

First, it was surprising that the MSFS delegation claimed to not know the relationship between the cost to run each boat and the revenue generated by each boat. This information is necessary to make an informed decision about rate changes. The following is a chart showing how much revenue from each ferry contributes to its annual cost. The chart was derived from information provided by the Maine State Ferry Service to the Islesboro Select Board.¹

	Expense %	Expense Cost	Revenue	Rev as a % of Cost
Islesboro	20%	\$1,970,000	\$1,300,000	65.99%
Swans/Frenchboro	20%	\$1,970,000	\$900,000	45.69%
Vinalhaven	40%	\$3,940,000	\$1,500,000	38.07%
North Haven	20%	\$1,970,000	\$700,000	35.53%
Misc Revenue			\$350,000	

As shown above, Islesboro generates enough revenue to cover approximately 66% of the cost to run its vessel. This is by far the largest percentage of the various ferries and Islesboro is the only island which funds more than 50% of the cost with its revenue. Despite this, the proposed rate increases disproportionately raise Islesboro's rates. The following chart shows the percentage increase in ticket prices for various tickets on various islands. This table is based on the increase of island originated tickets and does not consider mainland originated tickets/out of state tickets.

¹ We note that these numbers are not exact because there are many expenses which are not tied to a particular vessel and would encourage the MSFS fine tune accounting practices so that costs and revenues reflect individual vessels and more informed decisions on business operations can be made in the future.

	Islesboro	N+V Haven	Matinicus	Swans/Frenchboro
Adult	27.27%	23.08%	6.06%	6.67%
Child	42.86%	33.33%	5.88%	12%
Vehicle	16.36%	6.42%	2.32%	5.43%
Truck OW/ft	76.47%	90%	45.45%	72.72%

Almost across the board Islesboro is paying the largest percentage increase on tickets. This strikes the Select Board and the community as patently unfair and unreasonable given that Islesboro is already providing a larger percentage of the cost of running its ferry than every other island. In essence, Islesboro is already subsidizing other ferries and now is being asked to bear the brunt of a rate increase.

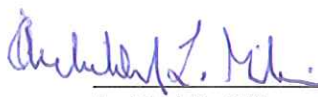
Another concern that should be considered is that the demand for Islesboro’s ferry is more elastic than the other ferries. We are geographically close to Lincolnville and there is already an active water taxi operating out of Islesboro. Because of this, a large increase on Islesboro’s rates may result in a noticeable reduction in usage of the ferry as residents turn to private vessels, the water taxi, or simply stay home. This would undermine the very purpose of the rate increase and must be considered as a part of any well-thought plan intended to meet the state’s target.


The State’s proposal to charge different rates for in state and out of state customers will lead to unnecessary confusion and frustration during the ticketing and boarding process. There will be many times when Maine residents forget IDs and will be very frustrated to have to pay the increased rate. Customers will be able to game the system by having a resident drive their car over while the non-resident is just a passenger. A resident could buy a ticket and give it to a non-resident so that you really need someone checking IDs when passengers are getting on a boat—leading to gridlock if the crew sends back a vehicle for new ticketing when twenty cars are behind them in line. These are just a few scenarios which will cause problems and it is likely that this proposed change will not facilitate automated ticketing because it will require so much oversight by attendants.

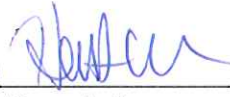
The most equitable plan would be to increase rates across the board for all tickets on all islands by the percentage needed to meet the budget shortfall. This amount should be slightly more than the exact percentage to account for the fact that some people will not be able to afford to ride the ferry as much with increased rates. This additional increase should be rounded up to make tickets be even numbers to facilitate making change for the attendants. Alternatively, charging less in the winter and more in the summer would eliminate many of the problems associated with checking customer identification and facilitate online ticketing in the future.


Lastly, we are concerned that an increase on the cost of child tickets would make it more difficult for young families to afford living on Islesboro. In an era where fewer and fewer families are moving to the island an increase in cost will continue to fuel the downward trend in the island population. Tickets for things like dentists, orthodontists, doctors, music lessons, extracurricular activities, etc. really add up for a family when living in a place where everything is already more expensive.

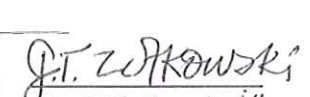
In summary, we are aware that the budget shortfall needs to be addressed but feel that the current proposal is inequitable and does not facilitate the stated goal of moving toward online ticketing. This proposal will also cause frustration and delays at the ticket booth and likely will not meet the revenue target. We urge Maine DOT to delay a final decision on the pricing increase to ensure that the increases will be equitable, facilitate e-ticketing, and actually achieve the revenue target.


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Islesboro Select Board

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