

Docket TS-180277  
 Prepared by Scott Sevall  
 Date: 4/11/2018

**Staff Conclusion:**

I conclude that the financial and ridership estimates are reasonable and that Lake Union Ferry Company has the financial capacity to provide service for at least 12 months.

**Staff Notes:**

For this analysis I am going to use the low estimate ridership for 2019. Doing this will result in the most conservative analysis. I will use different tariff rates to analyze the effect on net revenue. In this analysis the cost will remain the same. Scheduled ferry service must run the boats on the schedule, thus the costs should stay relatively steady.

**Staff 12 Month Coverage Analysis**

Type of Ticket	Fare	Number of Trips	Cost per Trip	Average Daily Ridership	Yearly Ridership	Number of Tickets Sold	Yearly Revenue Generated	Yearly Operating Expense	Net Income/Loss	Cash on hand	Coverage
<b>One-way</b>											
Adult	\$ 4.00	1	\$ 4.00	952	347,480	347,480	\$ 1,389,920	\$ 1,195,750	\$ 194,170	\$ 871,550.00	\$ 1,065,720.00
<b>Roundtrip</b>											
Adult	\$ 7.00	2	\$ 3.50	952	347,480	173,740	\$ 1,216,180	\$ 1,195,750	\$ 20,430	\$ 871,550.00	\$ 891,980.00
<b>Hop-on, hop-off Day Pass</b>											
Adult	\$ 12.00	4	\$ 3.00	952	347,480	86,870	\$ 1,042,440	\$ 1,195,750	\$ (153,310)	\$ 871,550.00	\$ 718,240.00
<b>Monthly Commuter Pass</b>											
Monthly Pass	\$ 130.00	60	\$ 2.17	952	347,480	5,791	\$ 752,873	\$ 1,195,750	\$ (442,877)	\$ 871,550.00	\$ 428,673.33

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**Staff Conclusion of Ridership Estimates**

I conclude that the ridership estimates are reasonable. The company has used a method that is similar to the method used for estimating ridership in the development of the Seattle Water Taxi. While this is a different service in a different location I show that the method employed seems to be reasonably accurate as shown in the table above.

**Staff Notes:**

This analysis is restricted to the limits set forth in RCW 81.84.020 (2), staff will determine that the company is or is not feasible for a 12 month period. The 12 month period staff will analyze is the calendar year 2019, because it is the first full calendar year and the company admits that they will not have operations started in 2018.

**West Seattle Water Taxi Estimate Accuracy  
Accuracy of Ridership Estimates**

Year	Accuracy
2011	98%
2012	100%
2013	98%

Company Ridership Estimates			
Average Daily Ridership			
Year	Low Estimate	High Estimate	
2019*		952	1,903
	2020	1,167	2,333
	2021	1,364	2,729
	2022	1,414	2,827
	2023	1,540	3,079

West Seattle Water Taxi Ridership Estimates		
Yearly Ridership Estimates		
Year	Estimate	
2011	220,000	
2012	250,000	
2013	255,000	

West Seattle Water Taxi Actual Ridership		
Yearly Ridership		
Year	Ridership	
2011	216,155	
2012	249,427	
2013	249,319	

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**Staff Conclusion of Operating Expense**

Attachment 2 of the company's application provides the detail of how these costs were estimated. Lake Union Ferry contracted Elliott Bay Design Group to assist in providing estimates for this application. Staff has no reason to believe that these estimates are not reasonable.

**Staff Notes:**

Note: These estimates came from Elliott Bay Design Group, who are professional naval architects and engineers in designing boats and ships. Elliott Bay Design Group also has an extensive history of designing ferry operations from concept to operation.

**Company Estimated Operating Expenses**

Year		2019
<b>Boat Captains</b>	\$	554,000
<b>Electrical</b>	\$	27,000
<b>Insurance</b>	\$	43,750
<b>Maintenance</b>	\$	87,500
<b>Dock Fee</b>	\$	13,500
<b>Storage</b>	\$	120,000
<b>Sales and Marketing</b>	\$	90,000
<b>General and Admin</b>	\$	260,000
<b>Total</b>	\$	1,195,750

**Company Balance Sheet**

Year		2019
<b>Assets</b>		
Cash & Securities	\$	871,550
Accounts Recievable	\$	-
<b>Current Assets</b>	<b>\$</b>	<b>871,550</b>
Ferry Boats	\$	1,750,000
Docks	\$	378,450
<b>Long Term Assets</b>	<b>\$</b>	<b>2,128,450</b>
<b>Total Assets</b>	<b>\$</b>	<b>3,000,000</b>
<b>Liabilities</b>		
Accounts Payable	\$	-
Bank LOC	\$	-
<b>Short Term Liabilities</b>		
Equipment (Boat & Dock) Financing	\$	1,000,000
<b>Long Term Liabilities</b>	<b>\$</b>	<b>1,000,000</b>
<b>Equity</b>		
<b>Owner Equity</b>	<b>\$</b>	<b>2,000,000</b>

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**Company Proposed Rates**

<b>Pass Type</b>	<b>Fare</b>
<b>One-way</b>	
Adult	\$ 4
Youth	\$ 3
Child	\$ 2
Senior	\$ 3
<b>Roundtrip</b>	
Adult	\$ 7
Youth	\$ 5
Child	\$ 3
Senior	\$ 5
<b>Hop-on, hop-off Day Pass</b>	
Adult	\$ 12
Youth	\$ 9
Child	\$ 6
Senior	\$ 9
<b>Monthly Commuter Pass</b>	
Monthly Pass	\$ 130