

COMMENT SUMMARIES AND RESPONSES TO CONSOLIDATED COMMENTS

Comment Summaries

Written Comments Received

Name: Elizabeth Napier, summer resident of Islesboro

Summary: Opposes increase. Will discourage day and overnight trips and negatively affect island businesses, which may result in decreased Ferry Service revenue. Will negatively impact year-round residents.

Name: Jackson H. of Georgia

Summary: Approve and support proposed new tolls.

Name: Jennifer Brown, North Haven

Summary: Increase in vehicle and passenger rates unsustainable for long-time residents. Maybe smaller increases over time. Have hearing on each island.

Name: Candace B., North Haven

Summary: Increase makes budgeting difficult for seniors on Social Security.

Name: Joshua Lemoi, North Haven

Summary: Have hearings on each island. Existing high grocery prices combined with toll increases will force residents off the islands.

Name: Michael Normandin, North Haven

Summary: Prices are already too high. Increases will drive residents and summer labor away from islands. Especially difficult for low-income residents in light of high grocery prices.

Name: Sarah C., Frenchboro

Summary: Would like a discounted frequent commuter pass. Provide a refund if ferry turns around due to bad weather.

Name: James Grumbach, Vinalhaven

Summary: Suggests flat percentage increases for most categories – 12% for passengers and 15% for all categories of vehicles, year-round, rather than a range of increases for different categories represented by proposed tolls.

Name: Anonymous Swan's Island resident

Summary: Is commenting on behalf of Swan's Island residents who travel to mainland for medical care since medical care is available on Swan's Island only twice per month. The proposed higher tolls are crippling, especially for elderly on Social Security and in light of unreliable ferry service.

Name: Marjorie Stratton, Vinalhaven Town Manager

Summary: 31.58% truck rate increase is of concern. Maybe smaller, more frequent increases would be more palatable. Understand 50% limit on use of highway funds to pay Ferry Service operating costs, but how fares are configured is the issue. Ferry is a bridge, and is the primary method of transporting goods to islands. Vinalhaven contributes over \$30 million in seafood landings annually, with all seafood needed to be trucked off the island. Need to distribute rates more evenly across other rate categories and not just focus on trucks. Eliminate separate truck driver rate.

Name: Leahanne Z.

Summary: No increase, especially for Maine residents. If increase, do it only for non-residents. Increase would hurt residents using ferry to commute to mainland and family visits to residents.

Name: John J. King, Jr., Islesboro representative on Ferry Advisory Board

Summary: Peak/off-peak rate structure makes sense, especially with higher demand in summer. Vehicle rate may be too high and should be monitored. Proposes discounted rates for island residents, senior citizens, and commuters, with a longer time to use commuter pass. Residents must travel to mainland for a variety of services, especially families with children and seniors; expects this would not have a significant impact on revenues.

Name: Caitlan Clapham, Vinalhaven

Summary: Increase will make it impossible for many families to travel to mainland for medical reasons, groceries, or children's sports. Truck rate increase will increase cost of goods on islands. Suggests a Maine resident rate.

Name: Christina Reynolds

Summary: No increases – rates are already too high. Will hurt island communities. If increase, offer discounted pass for residents and increase only for non-residents.

Name: Oliver Venezia, Islesboro

Summary: Need discounted fare for year-round residents. If Ferry Service is trying to price out island populations so it does not have to run ferries, it is succeeding.

Name: Jason J.

Summary: Asks how much of 26% increase for vehicle and driver will be allocated to an equitable contract for ferry captains and crews. Cancellations are due to poor treatment of employees and will get worse if captains are not given adequate raise and other support.

Name: Bob Slater, Islesboro

Summary: Ferry service schedule seems to be cancelled too casually – there's always a new reason. Ferry service is critical infrastructure and not just a "nice to have" service. Communication on cancellation is mostly from Facebook posts from fellow islanders, not from Ferry Service. Increase in rates should be matched with stronger commitment to service and communications.

Name: State Representative Holly Eaton – House District 15 (Brooklin, Deer Isle, Frenchboro, Marshall Island, Southwest Harbor, Stonington, Swan's Island, Tremont, Eagle Island Township, Isle au Haut, and Vinalhaven)

Summary: Opposes increase – would directly affect Swan’s Island, Frenchboro, and Vinalhaven, and indirectly affect surrounding communities. Islanders rely on ferry for various needs. Ferry is a bridge to the mainland. Especially concerned about increase in light of service issues.

Name: Karen M., Islesboro

Summary: Would like a 25% rate discount for seniors. Instead of 50/50 split between highway fund and other revenue sources for Ferry Service operations, suggests 40/60 split using federal infrastructure law funds to make up the difference.

Name: Shelby S., Manager of Vinal Energy

Summary: Operates on Vinalhaven and Islesboro. Truck per foot increase will increase price of heating fuels on islands, seriously impacting customers on islands just to get fuel trucks to and from islands. The truck per foot rate should be closer in cost to the number of car spaces that the truck takes up. Foresee people moving off islands, negatively impacting number of ferry tickets sold.

Name: Morgan Grumbach, Vinalhaven

Summary: Understand the need for increases, but would like to see rates rise more slowly. Concerned about higher rates in light of unreliable ferry service, such as cancellations. Should implement a plan to fix service issues.

Name: Paul Nichter, Islesboro

Summary: Was a contractor on Islesboro for 35 years, now retired. He and wife must travel to mainland twice per week. Increases of 20-25% when inflation ranges from 3-8% is punishing to island dwellers, especially those on a fixed income. Understands rising costs, but there should be a discount for permanent island dwellers.

Name: Susan Falkenhan, summer resident of Vinalhaven

Summary: Supports need for higher fares, but should be tied to requirement that Vinalhaven service will no longer be impacted by changes to smaller, slower ferries, which has resulted in island being underserved.

Name: Myron Sprague, Jr., Jason Joyce, Kathy Clark, Gary Farley, Selectmen of Swan’s Island and members of Ferry Advisory Board.

Summary: Request complimentary fare coverage for all healthcare personnel traveling back and forth to all islands served by the Ferry Service so that more residents can be seen by a health care professional.

Name: Robert Brooker, Vinalhaven

Summary: Wants to understand how there could be price increases in light of inconsistent, unreliable Vinalhaven ferry service. Does not understand why it costs island residents so much to travel to and from mainland when this is a taxpayer funded part of MaineDOT.

Name: Caleb Mason, Vinalhaven

Summary: Consider raising rates for June 1 – August 31, excluding freight trucks, and keep existing rates as they are the rest of the year. Would largely impact visitors, who would still come to the islands.

Name: State Representative Paige Ziegler – House District 40 (Appleton, Islesboro, Liberty, Lincolnville, Montville, Morrill, and Searsmont)

Summary: Opposes increase – would directly affect Islesboro, and indirectly affect entire region. Islanders rely on ferry for various needs. Especially concerned about increase in light of service issues. Cancellations with little or no notice is a disservice to those who use the ferry.

Name: Caitlin Trafton, Swan’s Island

Summary: Opposes increase, need more explanation on where revenue will go. There is an employee shortage at Ferry Service. Process for certification of Able Seaman (AB) is time-consuming and costly. A liaison to assist in AB certification process would help with staff shortages. More revenue will not necessarily change poor service. Has not seen a business or financial plan to remedy service issues.

Name: Evan Brown, Vinalhaven Ferry Tariff Member and fuel supplier

Summary: Ferry is bridge, but toll is charged whereas other bridges in Maine do not charge tolls. In light of capital costs of bridges and new ferries, a \$1 million annual increase would allow Ferry Service to operate for 3 years. Investing in local job sustainability in fishing communities should take precedence over wind port investment. Truck transportation is essential for providing comprehensive community service, so truck rates are crucial. Taller vehicles should be charged a higher rate. Should retain fourth trip for oil trucks during winter. Consider relocating ferry dock to North Haven end of island to save 20 minutes per trip.

Name: Samantha Thompson, Vinalhaven

Summary: Should hold hearings on each island. Islesboro rates should be the same as every other island – they are 40-55% less than other islands for shorter and more frequent trips. Rates for other islands are prohibitive for residents to afford frequent trips to mainland, and there are schedule uncertainties for Vinalhaven, leading to less ridership. Higher rates will further decrease ridership. Truck rate will negatively affect island residents and businesses since higher tolls will be passed to them in the form of price increases. There should be no truck rate increases for summer months since costs are not passed to summer tourists, and rate should be equal to the number of car spaces the truck takes up. Other ways to generate revenue should be considered. Increases for passenger vehicles and adult and child tickets is prohibitive for islanders. Consider having a lower fare on a specified day of the week during the summer, or a resident rate even if it’s just for seniors. Resident school-age children should be charged a year-round off-peak rate. Bike rate is too low – should be \$100 per bike to help keep bicyclists off island and/or raise additional revenues from bicyclists, regardless whether it is an adult or child. Other revenue sources could be reservations on every ferry. As to service, the Ferry Service should think creatively to address maintenance issues and crew shortages to provide better service and increase revenue.

Name: Sarah Crossman, Vinalhaven

Summary: Understands need for additional revenue. Suggests increasing number of reservations to increase revenue. Supports island resident discounted rate.

Name: Carrie Reed, Islesboro

Summary: Increased fares will create hardship for many residents. Sees a lack of creative solutions. Should adopt island resident rate, a more flexible commuter ticket book that allows a longer period

of use, senior discount, and other innovative ways to operate ferries. Ferries are bridges to the mainland; islanders already pay taxes that support common infrastructure and should not need to pay high rates for ferry service. It should be a subsidized benefit.

Name: Roxanne Tolman, Vinalhaven Fisherman's Cooperative, Inc.

Summary: Understand that 50% of operating costs need to be covered by ferry tolls. Calculated fare revenue exceeding \$10 million, using 2023 ridership data and current rates, which exceeds 50%. Seeks information on rationale for rate increase.

Name: State Representative Valli Geiger – North Haven and Matinicus

Summary: Deep concern on ferry toll increase, which would affect North Haven and Matinicus, which she represents. Ferry service is backbone of island life, a lifeline that connects islanders to the mainland for essential services and employment. Increase is financial strain on islanders, especially in light of storm damage, which will deter living and working on islands and result in undermining sustainability and vibrancy of island communities.

Name: Alan D. Barker, Voting Member of Ferry Service Advisory Board representing Vinalhaven

Summary: All commodities arrive by ferry. Increased rates will add to higher costs resulting from inflation and supply shortages. Truck rates will be passed on to community as well. Asks if 50/50 split between highway fund and ferry tolls to pay for Ferry Service operating costs is negotiable. Requests a discounted rate for permanent island residents. Island fishing communities will be affected by truck rate increase of approximately \$100 per day, which will give mainland sellers a competitive advantage.

Name: May Hardy Piper, Vinalhaven (comments submitted through Alan Barker)

Summary: Should provide a discount rate for year-round island residents. Ferry service should make it easier for seniors on fixed income to afford tolls.

Name: Pam Johnson, Vinalhaven (comments submitted through Alan Barker)

Summary: Truck prices will have largest impact in long run since higher prices will need to be passed on to consumers on island for all commodities and services using trucks. Truck rates should be equal to number of car spaces taken up by truck.

Name: Alison Thibault, Vinalhaven (comments submitted through Alan Barker)

Summary: Truck rates will put burden almost entirely on year-round residents and on businesses, who will need to pass costs to residents; will affect economy. Truck rate should be equal to rate for number of car spaces taken up by truck. Consider higher rate for extended cab trucks (22 feet long) plus driver fee; surcharge for heavier electric vehicles; islander rate; substantially higher rates for passenger vehicles and pedestrians in July and August; maximum 3-month expiration on tickets; and reservations on all Vinalhaven ferries. Ferry is our highway: Should spread costs over entire MaineDOT highway system by using tolls on bridges and highways, and remote towns should pay 50% of maintenance costs of roads serving them. Asks how MaineDOT will raise revenue for highway maintenance with gas tax revenue decrease resulting from electric vehicle increases. Islanders are paying more than their fair share for highways considering that they travel by ferry.

Name: Chris Clarke, Vinalhaven

Summary: Suggests a lower year-round rate for islanders. Service is often unreliable.

Name: Britta Lindgren, Green Granite Soapworks, Vinalhaven

Summary: Truck rates are of concern and will affect prices of commodities on island. With rising costs for feed and hay for farm, it's already becoming harder to run a business on Vinalhaven. Truck rate should be equal to number of car spaces taken up by the truck.

Name: Peter Drury, Vinalhaven, former Maine State Ferry Service employee

Summary: Opposed to increases because there is no proposal for an appropriate distribution of higher fares. Truck rates will have a significant negative impact on island economy. There is no justification offered for per-foot truck rate – should be equal to the number of car spaces taken up by the truck. Increased truck rates will be passed along to consumers through higher commodity prices charged by businesses, which will affect the overall economy of islands by making businesses less competitive than similar mainland businesses, and municipalities may raise property taxes to cover increased costs of municipal services depending on truck transportation. Ferry Service should implement policy changes to reduce costs and raise revenues, such as increasing the number of Vinalhaven ferry reservations, changing the refund policy, and adding parking fees at the Rockland, Lincolnville, and Bass Harbor lots. There should be no fare increase until a more appropriate fare distribution exists and a showing is made that other revenue sources and cost savings are insufficient to support Ferry Service operations.

Name: Sue L'Africain and Joseph L'Africain, Owner/Operators of Island Spirits, Vinalhaven

Summary: Oppose increase in truck rates. Will put burden almost entirely on year-round residents and on businesses, which will have to pass higher costs to consumers. Fare increase will affect residents both because of higher rates for vehicle and passengers and truck transportation. Truck rates should be equal to number of car spaces taken up by the truck. Proposed toll increases are 25-30% higher than existing tolls, but inflation is running at about 3%. Ferry is our highway: Should spread costs over entire MaineDOT highway system by using tolls on bridges and highways, and remote towns should pay 50% of maintenance costs of roads serving them. Asks how MaineDOT will raise revenue for highway maintenance with gas tax revenue decrease resulting from electric vehicle increases. Islanders are paying more than their fair share for highways considering that they travel by ferry.

Name: Diana C., Vinalhaven

Summary: Opposes toll increase. There is only one rate for different sizes of passenger vehicles; should have two tiers of vehicle fares, based on length and width. Bicycles and motorcycles pay disproportionately higher for the space they occupy. Truck rate will impact residents since businesses will pass through higher costs and will affect lobstering industry significantly since 50% of island's economy is from lobstering. Higher summer rates do not impact only visitors and seasonal residents; they impact year-round residents as well. Parking in Rockland not in island residents' interest. Imbalance in number of ferry trips among islands. Tickets should have one-month expiration date. Ferry service should be treated as the economic and social lifeline for islanders that it is.

Name: Town of Islesboro

Summary: Any increase in fares will directly impact island communities, many of which are facing financial challenges due to storms. High rates can deter tourists and visitors from traveling to islands, which impacts local businesses that depend on tourism, and can result in decreased

economic activity, loss of jobs, and an overall decline in residents' quality of life. Higher rates may make it more difficult for residents to access basic necessities and services. Rates should take into account the socio-economic realities of island communities.

Oral Comments at March 12, 2024 Public Hearing

Name: Duncan Bond, Member of Ferry Service Advisory Board representing Frenchboro

Summary: Proposed rates are reasonable and not a burden for Frenchboro.

Name: Eva Murray, Member of Ferry Service Advisory Board representing Matinicus Isle

Summary: Proposed rates are reasonable and not a burden for Matinicus Isle. However, fees for driver should be treated equally for trucks and passenger vehicles and it may be reasonable to re-examine rates for truck and longer/higher passenger vehicles.

Name: Jon Emerson, Member of Ferry Service Advisory Board representing North Haven

Summary: Passing along comments of North Haven residents: Should have lower rate for island residents, who are dependent on traveling to the mainland for many everyday needs; higher rates will seriously affect their budgets. Should have senior citizen rate – would not adversely affect Ferry Service budget. Concern over high truck rates since that will affect the cost of everything brought to the island. Peak and off-peak split of 60/40 is equitable.

Name: Fred Granger, Owls Head resident, works on Vinalhaven

Summary: Works in quarry. Difficult to understand rationale for truck rate – his 24-foot long truck is only 4 feet longer than passenger vehicle, but he's charged much more and has to pay for a driver ticket in addition.

Name: Karen Mundo, Islesboro

Summary: Requests a fare discount for people over 65.

Name: Alan Barker, Member of Ferry Service Advisory representing Vinalhaven

Summary: Truck will pay the equivalent of 9.3 car spaces plus driver during off-peak period under new rates, which will affect prices since everything comes to the island by truck. It's not just a peak vs. off-peak issue for island residents – need to go to mainland to access many goods and services. Should look at truck rate to see if could adjust.

Name: Maggie Wilcox, Islesboro Island News

Summary: Read John King's letter (see summary above) into the record. Some people have commented that medical rates are onerous to apply for. Unfunded retirement accounts in other State agencies are paid through taxes; make sure it's not being paid twice.

Name: Gary Farley, Swan's Island

Summary: Ferry service issues – lost trips; no makeup trips like Frenchboro, which has fewer residents. This impacts businesses on Swan's Island. All islands pay a higher toll than Islesboro – rates should be the same for all islands. Look at possibility of funding other than 50/50 split to equalize rates.

Name: Roxanne Tolman, Vinalhaven Fishermen's Cooperative

Summary: Higher truck rates will impact business and cost of goods passed on to residents. Truck rate should be equal to rate for number of car spaces taken up by the truck.

Name: Caitlin Trafton, Swan's Island

Summary: Read letter from Casey and Chris Emerick into the record: Request separate ticket prices for Swan's Island – is a shorter distance than all islands except Islesboro, and Swan's Island is the only island that shares a boat with another island (Frenchboro), which decreases the total number of trips. Data should be available in advance of public hearing. Need better communication on delivery of new ferry. Service issues need to be addressed – they are distressing.

Responses to Consolidated Comments

Preface

1. Background

Pursuant to 23 M.R.S. § 4401, the Maine State Ferry Service (MSFS), an operational unit of the Maine Department of Transportation (MaineDOT), operates ferries carrying passengers and vehicles to the four Penobscot Bay islands of North Haven, Vinalhaven, Islesboro, and Matinicus Isle, and to the two Blue Hill Bay islands of Swan's Island and Frenchboro. Pursuant to § 4404, MaineDOT is required to establish tolls for the use of MSFS ferry lines. 23 M.R.S. §4210-C limits the State's financial support toward the MSFS operating costs to no more than 50%.

As a result of this rulemaking, Maine State taxpayers will continue to pay half of the operational cost of the MSFS ferry service – about \$7.7 million per year – as a subsidy using Highway Fund resources. Nearly all of the remaining 50% of the cost of operations – about \$7.7 million per year – will be paid for by Ferry Service patrons primarily in the form of fares (i.e. tolls) and parking fees.

All capital costs of the MSFS - 100% - for ferries, terminals, piers, transfer bridges, etc. are paid by the State. Capital costs have averaged nearly \$11 million per year over the last three years driven primarily by the construction of new replacement ferry boats. Since 2019, MaineDOT has spent over \$80 million in State and federal funds on the Maine State Ferry Service for both operating and capital costs, which translates to a 73% overall government subsidy.

The last time the tolls for Maine State Ferry Service were increased was over 4 years ago in October of 2019. The revenue from the toll increase was originally keeping pace with expenditures until the Covid-19 pandemic hit in March of 2020. Like other transit operations, ridership and ticket sales plummeted. Nevertheless, the ferries kept running regular schedules and the State, with significant assistance from federal Covid relief funding, covered the operational deficit. In 2020 and 2021, the State and federal government covered 58% of the MSFS operating costs. Fortunately, ridership and customer revenue rebounded well coming out of the pandemic, especially over the last two years. However, there is still a shortfall in customer revenue. As intended in 2019, our goal again with this toll change is to establish fares that will provide half of operating costs over the next 4 years without needing another adjustment. In setting the toll rates for the next four years, there are two aspects that must be considered 1) the current shortfall

in customer revenues, and 2) the additional customer revenue needed to cover 50% of projected cost increases over the next four years.

Current shortfall: Current fare revenues do not cover 50% of the Ferry Service operating costs as provided by State law. This should be no surprise given the extraordinary inflation that has occurred since setting the current toll rates in 2019. A simple calculation from the U.S. Bureau of Labor Statistics Consumer Price Index (CPI) Inflation Calculator shows that general inflation of over 21% was experienced between October 2019 (when the current rates went into effect) and March 2024. Many areas and items have seen much higher inflation, such as MaineDOT construction costs that have increased by over 50% during the same period.

The three most significant elements of our operating costs are personal services, which are the salary and benefits of our employees, vessel repairs, and diesel. Personal services line items have seen the highest increase, up 27% between 2019 and 2024, in part because of recruitment and retention bonuses and stipends for our crew positions that became necessary as a result of what has been described as a “global mariner shortage” related to the Covid-19 pandemic that started affecting us around 2021-2022. We have also added additional crew positions to help improve the reliability of the service. Fortunately, the price of diesel has dropped from the \$4.02 per gallon experienced in 2022. The average for the last two years of higher customer revenue was used in the calculation of the current shortfall, and still there is a \$596,000 projected annual deficit that needs to be addressed.

Projected cost increases: For projected costs over the next four years, a 3% inflation rate per year was applied to existing costs for some items, while other items received more specific consideration. For example, diesel prices can be so variable, a flat rate of \$3.25 per gallon was used over the entire four-year period.

Our evaluation shows that, as currently configured and operated, the Ferry Service will cost approximately \$15.5 million per year over the next four years to operate. To achieve the 50% in customer revenue that is required due to the 50% limit on use of State Highway Fund monies to support MSFS operating costs, an increase of 18.39% in fare revenue is needed.

2. Toll increase considerations.

MaineDOT and the MSFS have worked through a collaborative process with the Maine State Ferry Service Advisory Board over the past several months to consider possible ways to apply the needed toll increase. Last July the Board was presented with an analysis of the current revenue shortfall and a 4-year projection of anticipated operating expenditures.

At the request of the Board, different illustrative scenarios were developed to show what the toll adjustments would look like to raise the required additional revenue. These scenarios included illustrations of 18% across the board, and illustrations where more weight was applied to the 4-month peak season tickets including 60% peak/ 40% off-peak, 75% peak/ 25% off-peak, and 100% peak. These weighted scenarios applied the increases across the board during peak season and non-peak season. The Advisory Board members discussed these scenarios with their island municipal officials, and we received feedback from Board members or directly from the town officials themselves. The 60/40 scenario appeared to surface as the most popular of the scenarios

created.

On September 21, we presented another scenario to the Board called the “truck model” where a large portion of the increase was applied to the truck per foot and vehicle rates and with only nominal increases to the passenger rates. On October 30, Commissioner Van Note attended a special Advisory Board meeting and discussed some of the key strategies of the Ferry Service over the next several years and the supply and demand factors that impact operations. He explained that the “truck model” placed more of the increase on services that cost much more and directly impact the capacity of our ferries and create the highest demand for the number of trips scheduled. The Advisory Board took this proposal back to their respective Select Board members and gave feedback at the next Board meeting. Generally, the feedback was that the increases for truck and vehicles was too high. That feedback was considered, and the vehicle and truck rates were scaled back and blended with the 60/40 scenario in developing the tolls that are now proposed in the toll rulemaking.

It is the duty and responsibility of MaineDOT and the MSFS to consider various views and to establish reasonable and balanced toll rates. MaineDOT believes that, with the adoption of this rule, it has done so, and it hopes that all participants will agree that the process was open and fair and that all participants have had a reasonable opportunity to be heard and have been respected.

The formal rulemaking process was initiated on February 21, 2024, with publishing the rulemaking notice and making the new toll structure available on MaineDOT’s website. A public hearing was held on March 12, 2024, at the Samoset Resort in Rockland, Maine. The public hearing was livestreamed, and a video recording of the hearing was made available through MaineDOT’s Public Involvement Management Application (PIMA). Comments were received through email, in-person at the public hearing, and through the virtual meeting PIMA website. The comment period ended on March 22, 2024.

Consolidated Comments and Responses

Consolidated Comment:

Tolls are already too high and should not be increased or should rise more slowly. Increase will cause personal and economic hardship and discourage ferry use, resulting in adverse impact on local businesses and economy and less MSFS revenue. The ferry is a public utility and should be free or subsidized.

Response:

As stated in the ‘Background’ section above, Maine State law requires the MaineDOT to operate the Maine State Ferry Service and limits the State’s subsidy to a maximum of 50% of the operating costs. Absent other contributions, the other 50% of the operating costs must come from customer revenue from toll charges, parking fees, etc. As costs increase, so will the tolls and fees, as well as the State subsidy.

Even with the proposed toll increases, the ticket prices for MSFS ferry service are not out of line with other ferry services. For example, for a round trip passenger ticket to any of the islands it services, Casco Bay Lines in Portland charges \$14.00 in peak season and \$7.20 off peak. By comparison, the MSFS proposed passenger rates range from \$15.00 to \$20.25 in peak season and from \$9.00 to \$14.00 for off peak for all islands, with the exception of Matinicus Isle, which has a year-round rate of \$25.00. A round trip to Peaks Island on the Casco Bay ferry during peak season is \$82.65 from Thursday through Sunday and is \$36.65 off peak. For a round trip to all islands except Matinicus, the proposed toll would range from \$37.50 to \$48.50 during peak season and from \$26.00 to \$36.50 off peak.

For those calling for no fare increases, reduced fares, or even free service, that simply is not possible without transformational changes to the operations of the MSFS, or to how the MSFS is funded.

To date, the island communities and the Ferry Advisory Board have been resistant to most change, and certainly transformational changes, with the exception of more State subsidy. If anything, the general sentiment is to request more service at lower fares. MaineDOT and the MSFS, out of necessity, will be bringing forward and evaluating changes to improve the reliability and efficiency of the ferry service, including some ideas suggested through comments received in this rulemaking proceeding.

The Ferry Service is not a public utility; it is a government supported transit service with strict funding governance. The island municipalities continue to pay nothing for the MSFS and have rejected the concept of a municipal contribution to the operating costs to help reduce ticket prices or offset future increases.

A recurring call for more State subsidy is not viable from a policy perspective. The State is already subsidizing the Ferry Service at around \$2,850 per year per year-round island resident for operating costs, which do not include capital expenditures. Requests to increase that State subsidy further could highlight the current subsidy level and spur calls from non-island legislators for subsidy reduction.

While rate increases are never easy, MaineDOT and the MSFS have determined that the increases are necessary to continue operations and that the proposed rate structure is a fair and reasonable way to raise the revenue necessary to cover the current deficit and additional projected operating costs.

MaineDOT believes the targeted four-year duration for toll changes is a good strategy for providing customer price stability and minimizing the administrative and logistical burden of more frequent toll changes.

Consolidated Comment:

Islesboro rates should not be lower than others.

Response:

At just three miles from the mainland terminal, the Islesboro route is only a 20-minute ride while all other routes are at least double that time. The Islesboro route also generates the highest ridership and the highest ticket revenue of all the islands. The current three rate scenario, with Islesboro and Matinicus having different rates from the other islands, lower and higher respectively, recognizes and partially reflects the differing costs per passenger per island, and the different route costs in a general way. MaineDOT believes this to be a fair and reasonable approach.

Consolidated Comment:

Swan's Island should have its own rate because it shares a ferry with Frenchboro, which decreases the number of round trips.

Response:

Swan's Island, Frenchboro, North Haven, and Vinalhaven have had the same rate structure for decades, and the proposed rates continue that practice.

For comparison purposes, Swan's Island's regular schedule for July 2024 includes 173 round trips. North Haven's schedule, on the other hand, has only 91 round trips scheduled for July. Frenchboro's regular July schedule only includes 12 round trips. With Swan's Island getting 90% more trips per month than North Haven, it is unreasonable to expect that Swan's Island's rates should be lower.

Although a recurring comment from some residents of Swan's Island, MaineDOT and the MSFS have concluded that it is fair for the ferry to make 12 trips per month to the neighboring island of Frenchboro, which is less than 7% of the total trips serving both islands to and from Bass Harbor, especially considering it receives almost double the runs of North Haven.

Consolidated Comment:

Various suggestions for fare discounts or refunds were offered in comments, including the following: island resident discount such as a discount per ticket or prepaid pass with unlimited trips; senior discount; low-income senior rate; Maine resident rate; commuter rate; complimentary rate for healthcare personnel; school children off-peak rate year round; and refunds if ferry turns around due to weather.

Response:

As noted above, Maine law limits the State's operating cost subsidy for the Ferry Service to 50%. The proposed toll rates are necessary to generate enough customer revenue to cover the remaining 50% of the Ferry Service operating costs. If any of the suggested discounts were implemented, an increase in the proposed rates would need to be made to make up the difference. Several comments were received that the proposed rates were already too high as presented.

The idea of discounted resident tolls has received significant negative feedback in the past. At public hearings held in the winter of 2018 (prior to the implementation of the toll rates currently in effect), there was vigorous, unanimous public opposition to establishing different toll rates for Maine and non-Maine residents. The reasons stated for this opposition included (i) the negative dynamics that different toll rates would create among year-round residents and summer residents or visitors, and (ii) the practical administrative difficulties associated with the use of different toll rates. Establishing different toll rates for year-round island residents and seasonal/non-island residents would lead to similar negative dynamics and practical difficulties. From a policy perspective, there is a question as to why only island residents should get a discount when the rest of the state of Maine residents contribute to the 50% State subsidy.

MaineDOT and the MSFS have concluded that the fairest and most equitable way to provide a price break for year-round island residents is to continue with seasonal toll rates.

Additionally, there is another way that islands can provide discounts in a way that meets each island's unique culture and policy goals. Each island's municipality is free to purchase bulk tickets at face value and then provide and administer discounts customized to the needs and priorities of its community. The municipalities are in a much better position to determine who on the islands are eligible for the discounts they want to provide, whether that be year-round residents or all homeowners, all senior citizens or based on needs, specific visiting medical providers, etc.

The island municipalities would need to absorb the cost of these discounts, but would have administrative and budgetary control of those costs based upon their specific island's needs and goals. The State of Maine pays 50% of the operations and 100% of the capital needs of the Maine State Ferry Service while the municipalities do not contribute at all. It seems fair and reasonable that discounts and other equitable adjustments deemed important to the islands could be incorporated without significant impact on their municipal budget.

Consolidated Comment:

Commenters stated that the ferries are the islands' "bridges" or "highways."

Response:

We often hear the comparison that the ferries are the islands' "bridges" or that the ferry routes are the islands' "highways", and that it is unfair that tolls must be paid for ferries

when non-island Maine residents do not pay tolls to cross State-owned bridges or highways on the mainland.

A review of actual spending on island residents versus mainland residents shows that islanders are already getting an extraordinary amount of State subsidy. MaineDOT spends about \$27.7M on bridge maintenance and operations for all 2,806 bridges per year statewide. MaineDOT's capital costs for all bridge work statewide over the next 3 years is expected to be \$282.2M per year.

MaineDOT will expend \$7.7M per year over the next four years to operate the Ferry Service (the estimated 50% State subsidy) and has expended an average of \$10.7M in capital cost per year over the last three years.

In comparing the cost per bridge, assuming the Ferry Service consists of six "bridges" for the six islands served, MaineDOT spends 130 times more money to operate and maintain Ferry Service "bridges" than it expends on other bridges. When including capital costs, MaineDOT spends 28 times more money per ferry "bridge" than it expends on other bridges in the State.

In looking at per capita costs, using 2,700 as the combined island year-round residents and 1,300,000 as the statewide resident population, MaineDOT spends 134 times more money per island resident to operate and maintain the Ferry Service "bridges" than it expends per resident on all other bridges. When including capital costs, MaineDOT spends 29 times more money per island resident on Ferry Service "bridges" than it expends per Maine resident for all other bridges.

Even considering the total traditional Highway Fund revenue of around \$271.3M per year for all highway and bridge uses, the State will spend 14 times more per island resident to provide the ferry service than it spends per State resident for all highway and bridge needs.

The island residents certainly get their fair share of transportation funding. In fact, some might conclude that it represents an extraordinary government per capita contribution required to provide the Maine State Ferry Service when compared to the transportation expenditures per capita for the rest of Maine.

The ferries are, of course, not bridges or highways, and even a figurative comparison is not a good one. There is a significant difference in driving or walking across a bridge or section of road independently versus being transported (passengers and vehicles) on a large ferry operated by 4 or 5 certified/licensed mariners.

The Maine State Ferry Service is actually a transit service – a transit service that transports people, cars, and trucks and that has the benefit of a sizeable 50% State operating subsidy to keep fare prices down.

Consolidated Comment:

The proposed truck rates are too high and will result in higher prices on the islands due to higher costs being passed through. The truck rate should include the driver and should be equal to the number of car spaces taken up by the truck.

Response:

The ‘Toll Increase Considerations’ section above describes the considerations given to the toll structure and the various ticket types. The truck and vehicle rates were increased to place more of the increase on those customers that cost more and that directly impact the capacity of our ferries and create the highest demand for the number of trips scheduled. Even with these increases for trucks, the rates do not come close to private commercial rates.

One way to look at the comparison of truck cost versus passenger vehicle cost is by length, but that is not the complete picture. The weight and height of the truck must be considered as well. Trucks can only go down the centerline of the ferry, taking up premium space on the ferry. The weight of the truck is a consideration as well since this will make the ferry much heavier and therefore require more fuel. In addition, the cost of designing and building ferries that can accommodate tractor trailer trucks and the weight associated with those trucks during all types of weather, 365 days per year, needs to be taken into account. Additionally, costs associated with the transfer bridges and ramps to be able to handle the length and weight of the trucks loading on the ferries is another factor to consider in setting truck rates. The other perspective to evaluate is supply and demand. Looking at other options locally, using the Island Transporter, a round trip for a cement truck to Vinalhaven from Rockland would cost at a minimum \$1,485.00 (charged at \$495.00 per hour). Casco Bay Lines ferries are not fully built to take the types of trucks that MSFS can take. A 60,000-pound truck for a round trip from Portland to Peaks Island (15-minute run) costs \$345.00. Additionally, a heavy construction vehicle of over 25,000 pounds would cost \$292.65 for a round trip. Further, the toll charge for commercial trucks can be more reasonably absorbed across the customers of their cargo, commodities, or services, while passenger vehicle costs tend to be more directly paid by the vehicle owner.

Based on comments received, consideration was given to allowing the truck driver free passage with the truck. An impact analysis showed that doing so would cause other passenger and vehicle tickets to increase above the proposed rates. Given feedback that the passenger and vehicle rate increases were too high as proposed, it was decided that the driver will still have to buy an adult ticket along with paying the per-foot toll as a result of this rulemaking.

Consolidated Comment:

Rates for electric vehicles should be higher due to their weight and fire hazard.

Response:

The MSFS follows the United States Coast Guard regulations and guidance when considering the vehicles being transported and the associated fire hazards. The MSFS will not be instituting an electric vehicle surcharge with this toll rulemaking.

Consolidated Comment:

The bicycle rate is too low – charge \$100/ bike for adults and children to discourage large chartered biking groups on islands.

Response:

Good public transportation policy and common sense dictate against charging a bicycle double or triple the cost for a car. The MSFS is highly subsidized with public funding, and the State will not be using the toll rate structure to limit the public's use of non-motorized transportation on public roads on the islands. In fact, bicycle use is being promoted elsewhere as a health-friendly way to reduce automobile use and address climate change.

Consolidated Comment:

Suggestions were made to increase MSFS revenues, including increasing the number of reservations, changing the refund policy, and charging parking fees.

Response:

An increased number of reservations may be considered in the future when new ferries, currently under design or construction, arrive and vessel breakdowns become less prevalent. Changes to the refund policy may be considered in the future. Parking fees are outside the scope of this rulemaking proceeding, but will be increased.

Consolidated Comment:

Some commenters wondered about the process used to determine the new proposed rates and offered their views on how rates should be determined. They noted that the national inflation is only 3%, but the toll increases are much higher.

Response:

The process used to evaluate the toll revenue needs and to develop the proposed rates is explained in the 'Background' section above.

The current annual inflation percentage (a yearly rate) cannot be compared to the percent increase needed over a future four-year period. In setting the toll rates for the next four years, there are two aspects that must be considered 1) the current shortfall in customer revenues, and 2) the additional customer revenue needed to cover 50% of projected cost increases over the next four years.

Current shortfall: Current customer revenues do not cover 50% of the Ferry Service operating costs as provided by State law. This should be no surprise given the extraordinary inflation that has occurred since setting the current toll rates in 2019. A simple calculation from the U.S. Bureau of Labor Statistics Consumer Price Index (CPI) Inflation Calculator shows that general inflation of over 21% has been experienced between October 2019 (when the current rates went into effect) and March 2024. Many areas and items have seen much higher inflation, such as MaineDOT construction costs that have increased by over 50% during the same period. In addition to inflation, there have been other cost increases experienced by the Ferry Service that were not projected in 2019, such as added crew recruitment and retention bonuses and stipends that were necessary to help mitigate staffing issues related to what has been described as a “global mariner shortage” related to the Covid-19 pandemic. Fortunately, ridership and customer revenue rebounded well coming out of the pandemic, especially over the last two years. The average of the last two years of higher customer revenue was used in the calculation of the current shortfall, and still there is a \$596,000 projected annual deficit that needs to be addressed.

Projected cost increases: For projected costs over the next four years, a 3% inflation rate per year was used as a default for some items, while other items received more specific consideration. For example, diesel prices can be so variable, a flat rate of \$3.25 per gallon was used over the entire four-year period.

Operating cost information is reported in detail to the Ferry Advisory Board in advance of every meeting which occurs every other month.

Consolidated Comment:

Operational cost savings were suggested, including eliminating ticket offices on islands and converting them to pedestrian shelters and moving the Vinalhaven dock to North Haven to save 20 minutes per trip.

Response:

These types of transformational changes are what may be needed in the future to improve Ferry Service operations and mitigate future toll increases. MaineDOT will be discussing such changes with the island communities and implementing them as funding allows. To date, these types of changes have been unpopular with the island communities.

Consolidated Comment:

There are no parking spaces at the Rockland terminal. Should have reserved parking for island residents.

Response:

Parking is outside the scope of this rulemaking proceeding. However, MaineDOT is actively designing parking expansion projects in both Rockland and Lincolnville.

Consolidated Comment:

Hearings should be held on the islands.

Response:

As noted at the ferry tolls rulemaking hearing, there have been three different proposals that were presented to the Ferry Service Advisory Board over the past several months. The intent was to have a collaborative process and seek input from each island on the proposals before the toll hearing was to take place. We asked that the Advisory Board members present the proposals to their respective Select Board members and give us feedback on them and on what the islands were saying for input. This was a very long process that started with the first proposal in August 2023, and it has taken close to a year to complete it. Having separate meetings on each island would only add more time to this process, so a central location was chosen. This rulemaking proceeding did not require a public hearing, nor did it require a hearing in each community. Nonetheless, a public hearing was held in Rockland and livestreamed to anyone who desired to observe. Additionally, a recording of the hearing was made available as were multiple methods of public comment. Previous ferry tolls rulemaking public hearings were also held at one location on the mainland.

Consolidated Comment:

The application process for the medical rate is onerous.

Response:

There is no 'medical rate' for the Maine State Ferry Service. However, in accordance with 23 MRS §4407, residents of the islands served by the Ferry Service may be eligible for free ferry passage to and from the mainland for appointments pertaining to a catastrophic illness. The application for complimentary catastrophic illness passage is available online or at the terminals and is undergoing review to ensure that its requirements are more easily understood. The Rockland Office can be contacted at (207) 596-5400 for any questions related to the application process.

Consolidated Comment:

There is an imbalance in the size and number of ferries assigned to the islands.

Response:

MaineDOT and MSFS own and operate the fleet of ferries of the MSFS. The assignment of ferries to the various islands is the responsibility of the MSFS and may change depending on operational situations and needs. The MSFS makes fleet assignment and replacement decisions in the best overall interest to the MSFS operations and its customers.

Consolidated Comment:

There have been repeated service issues resulting from the ramp at Swans Island that could be addressed through the fare increase.

Response:

The revenue collected from the tolls helps fund the Ferry Service operating costs, not capital improvements to transfer bridges and ramps. Major work to the ramps, pens, and terminals are capital improvements paid 100% from State and federal funding secured through MaineDOT's budget and Work Plan development process. Electrical upgrades of the Swan's Island ramp are scheduled to begin in 2025.

Consolidated Comment:

More flexibility is needed for using commuter tickets.

Response:

Based upon comments received through the Ferry Advisory Board and this rulemaking, the MSFS has decided to expand the flexibility for commuter tickets by increasing the time allowed to use the 5 tickets from seven days to fourteen.

Consolidated Comment:

Unfunded pension liability payments should be excluded from MSFS operating costs if paid for through taxes.

Response:

By law, MaineDOT is required to make payments to the Maine Public Employees Retirement System (MainePERS) at rates, including rates for Unfunded Actuarial Liability, set by MainePERS. Like other wage and benefit costs, all payments made to MainePERS for MSFS employees are classified appropriately as Ferry Service operating costs.