

## EXHIBIT A

### GUEMES ISLAND FERRY FARE REVENUE METHODOLOGY

#### Overview:

The Guemes Island Ferry 2023 Rate Study was conducted to evaluate the Guemes Island Ferry fare schedule and fare policies, and to provide a rate schedule for 2023/2024, as well as policy for setting future fare increases.

#### Ferry Fare Revenue Target:

It is the desire of the Board to implement fare increases to reach a 65% fare box revenue target phased over a 5-year period from August 15, 2023, through December 31, 2028, as follows:

- Implement the first fare increase in summer 2023, to be effective through December 2024. The recommended fare schedule is provided in Exhibit B.
- Adjust fares on an annual basis beginning in January 2025 to achieve a 65% fare box recovery by 2028. Such fare adjustments shall be made subject to an annual public hearing.
  - Update the 2028 5-year average annual O&M cost with new expenditure data and updated cost escalation rates.
  - Re-run the fare model to confirm the required fare adjustment to achieve the updated 2028 average O&M and establish new fare levels.

The methodology establishes a 5-year average O&M expenditure projection using the past two years actual expenditures, the current year's approved budget, and the next two year's projected expenditures using cost escalation factors.

#### Additional assumptions:

##### Other tax revenue:

- Contributions from the Motor Vehicle Fuel Tax (MFVT) attributable to the ferry system, and the Washington State Department of Transportation (WSDOT) deficit reimbursement will be applied before the 65% revenue target is calculated.

#### Reporting Requirements:

During the annual preparation of the department's budget, Public Works will prepare and submit a report to the Board that calculates the County's ferry fare revenue target, pursuant to the above formula, and will recommend a ferry rate schedule for the upcoming calendar year with an estimate of revenues based on those rates. The first evaluation and report shall be prepared in summer 2024 in preparation for the January 1, 2025, fare adjustment.