

Hat Island Ferry Replacement Proposal FAQs

Overview:

Since 2016, the Board has been periodically reviewing proposals for replacement of the **Hat Island Express** passenger ferry.

Our current ferry has not aged gracefully. Routine maintenance is costly. Near future major repair/replacement costs are becoming a real concern and this vessel's size usually requires a larger crew (3 vs.2).

Given this situation, the board tasked Udo Gerz to survey and compare available replacement options and make a recommendation.

No recommendation was financially viable until recently. The Island's financial situation has become strong enough to make such a purchase not only feasible but attractive. Udo was therefore encouraged to convene a ferry selection committee to present and review his efforts and conclusions.

The committee agreed with his preliminary conclusions.

The Finance Committee was tasked with developing a more detailed financial analysis. A search for financing options and a review of budget impacts is also in progress.

Udo submitted change requests for modifications required to meet our unique requirements and Udo, Island Manager Kim Gleason, and Captain Blake Berry continued with their due diligence activities. During this process, they discovered an alternative design by the same manufacturer which they believe is a viable alternative. This alternative will now be included in the final analysis. (See expanded presentation)

An updated review was then presented to an expanded ferry committee. A presentation was then made to the community at the September board meeting. A copy an updated and expanded version of that presentation is available on the Island web site.

As a supplement to that presentation, the following FAQs are provided:

Q: Who are the Ferry Committee members who reviewed Udo's recommendation?

A: Mike Immel, Craig Harris, Udo Gerz, Don Fernandez, Kurt Kassahn, Jim Moore, Cheryl Petterson, Rick Bennett and several members of the Finance Committee.

Q: What happens now?

A: Udo, Kim and Blake will be conducting a manufacturer facility review September 11 as part of their continuing due diligence.

The Finance Committee will update the PowerPoint presentation. It will include the alternative (Armstrong outboard) model, financials and budget impacts. The update will be available the week of September 9th.

A final recommendation will be made to the new Board in late September or early October. That proposal, if approved, will then be presented to the Community for a vote in October.

Q: Are any other options being evaluated?

A: Yes. A community member has identified a possibility. Mike McCarthy is currently evaluating this option. If competitive, it will be incorporated into the analysis.

Q: What about the Munson option? It looks less expensive.

A: The Munson proposal was actually for 2 boats. One for high season and one for low season. Together they are more expensive than the Armstrong proposal.

Q: This ferry has a smaller passenger capacity than the current ferry. Will there be a reservation system in place to manage sailings during peak traffic days?

A: Yes. Several options are available. One will be in place when old ferry is replaced.

Q: When would the new ferry be available?

A: Approximately six months after the order is placed.

Q: What is the difference in cargo capacity?

A: New ferry will have approximately 70% of current ferry cargo capacity.

Q: What is the plan to handle passenger cargo when this capacity is reduced?

A: First, remember this ferry has about 62% of the current ferry's passenger capacity so the amount of available cargo space per passenger will be about the same. Also, the Board has been informed that many passengers have been violating current rules covering what is allowed. Enforcement of these rules would help deal with managing cargo requirements. Finally, there will be more discussions on how to more effectively deal with seasonal cargo requirements. More barge runs and/or an increase in **fares for**

extra cargo (not passenger fares) are examples of possible options that could be considered if cargo capacity became a problem. Constructive suggestions would be welcomed.

Q: Will purchase of new ferry require a special assessment, annual assessment increase or fare increase?

A: No. See presentation.

Q: Does the new ferry offer new revenue options?

A: Yes. Offering ferry on off days or off hours for whale watching and excursions are viable possibilities.

Q: Any other plusses?

A: One of the capabilities of one of the options is that it could be beached in an emergency with no damage to the ferry.