

# **COMMENT SUMMARIES AND RESPONSES TO CONSOLIDATED COMMENTS**

## **Comment Summaries**

### **Written Comments Received**

Name: Selectboard, Town of North Haven

Summary: Increases of approximately 37% in 5 years disproportionately affect frequent users of ferry, including commuters and small businesses, and will jeopardize local businesses, drive up cost of goods, and threaten population stability as families and workers consider leaving the island. Propose 75% State share of Maine State Ferry Service (MSFS) expenditures and exploring State subsidies, federal grants, or reallocation of existing MaineDOT funds. Commuter ticket program is too restrictive; propose flat rate monthly pass for island residents for unlimited round trips with tiers based on usage.

Name: Rebekah Carmichael-Austin, Town Administrator, Town of North Haven

Summary: Average 30% increase in last few years threatens economic stability of islands. Studies by KPFF Consulting Engineers in collaboration with the Island Institute show opportunities for cost savings and operational improvements, including discount for island residents. Extraordinary repairs, as opposed to routine maintenance, should not be covered by fare hikes; Highway Fund should fully cover unbudgeted repair and maintenance expenses. Seaward Services contract is largely for the benefit of Vinalhaven; North Haven and other islands should not bear a cost resulting from lack of planning and staff shortages. MSFS should address these deficiencies. Transparency on repair and staffing costs would allow island to verify necessity of costs and suggest alternatives. Propose meeting with MaineDOT/MSFS to review expenditures and revenues.

Name: Dawne Dyer, Vinalhaven

Summary: Asks if discounts for medical trips and for families with young children have been explored. Vinalhaven boats get shifted to other islands, making for fewer trips or smaller boats to Vinalhaven.

Name: John King, Islesboro

Summary: Current rates, which have been in effect for less than one year, represented a substantial increase. The proposed rates represent another substantial increase, raising issue of inability to get off islands for services. Third party mariner services should be minimized. Repairs are out of control. Major work on the Margaret Chase Smith ferry could have been avoided if a comprehensive capital projects replacement plan had been in place and raised questions whether costs should be considered capital or operating costs; if capital, they need to be backed out of the operating budget for rate-setting. There has been a lack of a comprehensive plan for repairs – the Margaret Chase Smith is only one example. Dumbfounded that MaineDOT/MSFS will not consider resident rate, senior citizen discount, and commuter plan.

Name: Katie Chapman, Swan's Island

Summary: Concerned about mainland docking of ferries.

Name: May Vaughn

Summary: Fare increases are excessive. Asked why there is no family fare, and stated that bicycles should be free.

Name: Selectboard, Town of Islesboro

Summary: Request a reduced resident rate; proposed increase will make Islesboro unaffordable, especially for year-round families and senior citizens on fixed incomes. Critically important for year-round population, considering 30% fare increase over 12 months. Major repairs should be classified as capital expenses rather than operating expenses per GAAP standards – has major implications for operating budget. Information on how this is handled requested.

Name: Jon Bernstein, Summer resident of Islesboro

Summary: Consider two-tier pricing: one for people with Maine drivers license and one for others to have a larger portion of the cost borne by visitors.

Name: Eric Sofen

Summary: Should allow passengers to load kayaks for maximum of one-third of car fee based on size of typical sea kayak. Bicycle fares are disproportionately high, calculated on an area or weight basis, compared to motor vehicles. A reasonable summer round-trip bicycle rate should be less than \$5.00.

Name: Alan Barker II

Summary: Objects to location and time of hearing. Rate increases for freight trucks, which are essential to getting necessities to the island and for shipping lobster off the island, should be based on number of car spaces taken up by a truck.

Name: Sandra Oliver, Islesboro

Summary: Decreased number of trips because of rising ferry rates. If end up needing doctor visits several times per month, may have to move off island. If lowered the rates, might go to mainland more often.

Name: Jon Emerson, North Haven

Summary: North Haven has 100% ferry reliability. We realize that to pay fair wages, make safety repairs, and buy fuel, it will result in increased costs, but we are approaching the tipping point where rates are unaffordable. Need a year-round rate for island residents, especially those over 65 years old.

### **Oral Comments at April 10, 2025 Public Hearing**

Name: Peter Wilcox, Islesboro

Summary: Mr. Wilcox read into the record the letter submitted by the Selectboard of the Town of Islesboro. Those comments are summarized above.

Name: Karen London, formerly from Islesboro

Summary: Moved off island last summer because it became unaffordable. Some elderly people on island cannot afford to move and, with age, may need more medical care. Asked for relief for older residents still living on island.

Name: Nick Batista, Chief Policy and External Affairs Officer at Island Institute

Summary: Look at 2021-22 Island Institute study to see what additional recommendations can be implemented (noted that some recommendations had already been implemented by the MSFS) that eases the need for raising ferry rates as currently proposed.

Name: Eva Murray, Matinicus Island

Summary: Asked if could consider applying entire rate increase for Matinicus Island to vehicles rather than walk-on passengers to discourage large number of vehicles due to small size of ferry.

Name: Perry Gates, from North Haven but living on mainland

Summary: Should look at big picture in 10-20 years from now. Ferry service is not a successful business model because expenses exceed income. Asked what can be done down the road to increase income. Have to be able to relate percentage increases to percentage of expenses expected for next 10-15 years.

## **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% from the State's Highway Fund.

As a result of this rulemaking, Maine State taxpayers will continue to pay half of the operational cost of the MSFS ferry service – about \$8.6 million per year – as a subsidy using Highway Fund resources. Nearly all of the remaining 50% of the cost of operations – about \$8.6 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 with state and federal funding. Capital costs have averaged nearly \$16 million per year over the last three years, driven primarily by the construction of new replacement ferry boats. Since 2019, MaineDOT has spent over \$100 million in State and federal funds on the Maine State Ferry Service for both operating and capital costs, which translates to a 75% overall government subsidy.

The ferry tolls were increased just about a year ago to raise an additional 18.4% in customer revenues. It was hoped the new rates would be sufficient to keep rates the same for 4 years. Unfortunately, the Ferry Service was hit with many challenges in 2024, from an unprecedented amount of ferry mechanical issues, an historic number of leaves of absence and Family Medical Leave in the crew ranks, to a continued global mariner shortage that hindered recruitment of new employees to fill vacancies. MSFS experienced just over 200 cancellations due to lack of crew alone. Numerous calls, letters and emails were sent to MaineDOT headquarters and to the Governor demanding better reliability. MaineDOT heard in several settings over the last year that the island communities expect 100% reliability except for cancellations for weather and emergency runs.

As the peak summer season approached with no sign of improvement in the crew staffing situation, MaineDOT took multiple steps to keep the ferries running. To help retain existing crew members and assist in recruiting new employees, crew compensation was moved to the top step of their pay ranges. To incentivize our employees to work 10 out of 13 of their scheduled shifts, and to encourage them to volunteer to fill in for others, MaineDOT instituted a 6-month \$4,000 dollar bonus and increased overtime compensation rates to double-time for most positions. Because of the higher numbers of crew out on leave, MaineDOT went through the process of adding more positions to the state budget. MaineDOT also added a new Captain classification to attract new employees from a broader base of candidates and to add another rung to our mariner career ladder. And finally, a contract with a national mariner staffing firm, Seaward Services, was executed to cover unfilled vacancies and for our crew members out on leave. While this contract was very controversial with the employees, their union, and many islanders, a handful of contracted mariners was the only reason we were able to meet 98% reliability through the months of July through September. Because of recent success in hiring critical positions, we have not used any Seaward mariners since December of 2024.

In addition to the actions taken by MaineDOT and the MSFS since last year's toll increase, the State's collective bargaining process also resulted in increased pay and expense reimbursement for all Ferry Service employees above what was projected.

The extra costs associated with these actions are the reason for the increase proposed now. The tolls need to be increased to cover half the increase in costs to operate the Maine State Ferry Service, while the State increases its contribution for the other 50% of the increase.

In 2023, MaineDOT and MSFS worked with the Ferry Advisory Board to come up with 4 different options for applying the 18.4% increase needed. After all the feedback from those discussions and last year's rulemaking, the rate structure in place today was established with different weighting applied to peak and off-peak periods, and also for vehicles and passengers. Late last year and earlier this year, we informed the Board that another 15% increase was needed. As we approached the current rulemaking process our analysis indicated that we could reduce the increase to 13.5%. We originally presented an illustration to the Ferry Advisory Board of what a 15% increase would look like if applied across the board to the existing rate structure, and then presented what that would look like with the reduced 13.5% increase. Very little feedback was received from the Advisory Board's members, and the 13.5% across-the-board increase is what we proposed for this rulemaking.

As stated, our goal again is to not have another need for an increase in tolls until 4 years from now with our updated projections.

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 March 19, 2025, with publishing the rulemaking notice and making the new toll structure available on MaineDOT's website. A public hearing was held on April 10, 2025, at the Samoset Resort in Rockport, Maine. The public hearing was livestreamed, and a video recording of the hearing was made available online through MaineDOT's Public Involvement Management Application (PIMA). Comments were received through email, in-person at the public hearing, and through the PIMA website. The comment period ended on April 20, 2025.

### **Consolidated Comments and Responses**

#### **Consolidated Comment:**

Toll increases in 2024 plus the proposed increase will cause personal and economic hardship and will jeopardize island businesses and economies, drive up the cost of goods, and threaten population stability as families and workers consider moving off the islands. Lower rates may result in increased trips to the mainland. The State share for the MSFS should be 75%, and State subsidies, federal grants, and a reallocation of MaineDOT funds should be explored.

#### **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 will 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 adult 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 \$17.00 to \$23.00 in peak season and from \$10.25 to \$15.75 for off peak for all islands, with the exception of Matinicus Isle, which has a year-round rate of \$25.00. A round trip for a vehicle and driver 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 \$42.50 to \$55.00 during peak season and from \$30.00 to \$41.50 off peak.

**Vehicle with Driver Comparisons**

	Off-Peak	Peak	
MSFS Islesboro	\$30.00	\$42.50	(Proposed rule)
MSFS SI, VI, NH	\$41.50	\$55.00	(Proposed rule)
Casco Bay Lines - Peaks Island	\$36.65	\$82.65	(Peak \$62.65 Mon-Tue, \$36.65 Wed)
Casco Bay Lines - Peaks Proposed 2025	\$120.00	\$190.00	(\$82.65 Off-peak Mon-Wed)
Casco Bay Lines - other islands	\$88.65	\$122.65	
Steam Auth Martha's Vinyard	\$161.00	\$263.00	(\$341 Fri-Sun)
Steam Auth Nantucket	\$431.00	\$651.00	(\$741 Fri-Sun)
Steam Auth Martha's Vinyard (Resident)	\$94.00	\$127.00	"Excursion" rates
Steam Auth Nantucket (Resident)	\$182.00	\$246.00	"Excursion" rates

For those calling for no fare increases or reduced fares, 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 significant changes, and certainly transformational changes, with the exception of more State subsidy. If anything, the general sentiment is to request more service at lower fares.

A recurring call for more State subsidy does not seem viable from a policy perspective. With our current cost projections over the next four years, the State will already be subsidizing the Ferry Service at around \$3,064 per year per year-round island resident for operating costs, which do not include capital expenditures.

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:

Various suggestions for fare discounts and accommodations were offered in comments, including the following: island resident discount; a discount for persons with a Maine drivers license; senior citizen rate; Maine resident rate; medical trip discount; discount for families with young children; and a more flexible commuter program offering a flat rate monthly pass for island residents for unlimited round trips. One comment from Islesboro stated that MaineDOT has not responded to suggestions for discounts for residents or senior citizens made during the 2024 rulemaking.

Response:

The Department has considered or responded to requests for resident and senior citizen discounts. The response, reasoning and proposed solution from the 2024 rulemaking are

repeated here and remain applicable for all discounts proposed in the current 2025 rulemaking as well.

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, 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, i.e., peak and off-peak 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:

Extraordinary repairs, as opposed to routine maintenance, may be more properly classified as capital costs, not operating costs, and should not be covered by fare increases. They should be backed out of the MSFS operating budget for rate setting. The Highway Fund

should fully cover unbudgeted repair and maintenance expenses. There should be a comprehensive capital projects replacement plan to avoid the need for major unplanned repairs.

Response:

Extraordinary planned work to the existing fleet, like replacing the engines on the M/V Thompson, are covered as a capital expense, are not part of the Ferry Service operating costs, and are not paid for by ferry toll revenue. However, most as-needed repairs to the existing ferry fleet have traditionally been part of the operating costs of the Ferry Service.

These repairs are charged against the operating budget and are appropriately accounted for in accordance with federal accounting principles. The costs have historically been considered operating because that is part of the cost to maintain the fleet and service to the islands. The confusion comes when there is an “extraordinary repair.” If the repair extends the life of the asset beyond its current service dates in the State accounting system, the Controller’s office requires that Finance reflect that “extraordinary repair” for the existing asset and depreciate accordingly. The act of noting that “extraordinary repair” in the State accounting system is called capitalizing repairs, but this does not mean the costs must be paid with capital funds or that the state must pay 100%.

These comments suggest that the State of Maine should increase its subsidy to the Maine State Ferry Service by covering 100% of costs previously paid 50% by customers. As stated previously, the MSFS is already significantly subsidized with State and Federal funds (capital).

The reality is that the State of Maine is already covering more than the 50% subsidy allowed under state statute. Customer revenues have only hit the 50% target in three of the last ten years. Over this period, the State has covered 54% of the operating costs, which totals \$5.1M more than would have been provided in accordance with the 50% limit.

MaineDOT has taken extraordinary measures to update the fleet with two new ferries already delivered in the last five years and another new ferry nearing completion, and plans to put another ferry out to bid this year. It is expected that the magnitude of repairs will decrease with the newer vessels.

Consolidated Comment:

The Seaward Services contract was largely for the benefit of Vinalhaven, and the other islands should not bear a cost resulting from the lack of planning and staff shortages. Third party mariner services should be minimized.

Response:

The contracted mariners from Seaward Services were brought in to help the staffing situation across service to all islands. The cancellations in 2024 were mainly felt by



Vinalhaven due to the MSFS policy to take the second Vinalhaven ferry out of service instead of leaving other islands without service at all. The other islands' service benefited from Vinalhaven impacts. Vacancies, illnesses, Family Medical Leave, and injuries were felt across all islands. Suggesting there was a lack of planning that caused cancellations and staff shortages does not take into account the facts that caused the cancellations of 2024.

Consolidated Comment:

The Vinalhaven ferries get shifted to other islands, making for fewer trips or smaller boats to Vinalhaven.

Response:

In 2024, crew shortages manifested primarily into cancellations impacting one of the two daily boats serving Vinalhaven. When something must give, reducing Vinalhaven service to one boat is the fairest and most logical system-wide adjustment to make so that all regularly served islands have ferry runs.

This is the general policy of the MSFS, made in the best overall interest of the MSFS operations and its customers.

Consolidated Comment:

A concern was expressed in one comment about the mainland docking of ferries.

Response:

The location of ferry docking is outside the scope of this rulemaking process for adjusting the tolls.

Consolidated Comment:

One comment on bicycle rates indicated that there should be no charge to transport bicycles on ferries. Another comment stated that bicycle fares are disproportionately high when calculated on an area or weight basis, compared to motor vehicles, and should be a maximum of \$5.00 for a summer round trip and that kayaks should be allowed for one-third of a car rate.

Response:

The prices for bicycles have been reduced significantly from previous tariffs, which is not popular with some islanders who believe the prices should be much higher to discourage bicyclists from going to their island. The cost of taking a bicycle is \$6.75 or \$7.00 for a round trip, or only \$3.50 or less each way. The Department believes this cost is reasonable.

We are not introducing a separate rate for kayaks at this time. The comment received regarding kayaks appears to describe very specific circumstances, impacting very few ferry customers.

Consolidated Comment:

The truck rate 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 in 2024 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 are significantly less than 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.

Additionally, if the cost of a truck were changed to be the number of cars spaces taken, then tolls for passengers or vehicle categories would have to be increased to make up for the loss of revenue from reducing the tolls currently paid by trucks.

Consolidated Comment:

A concern was expressed about the location and time of the hearing.

Response:

A central location was chosen, at a time that could best accommodate as many as possible

to travel to and from the islands. 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 Rockport 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:

Consider whether the rate increase as applied to Matinicus only could be applied to vehicles rather than to walk-on passengers to encourage walk-on passengers and discourage unnecessary vehicles because of the small size of the ferry serving Matinicus.

Response:

Based on a comment received during the rulemaking, MaineDOT has decided to keep the walk-on passenger rates the same as they currently are and place the needed increase in revenue from tolls on the motor vehicle categories for Matinicus Island. The revised rates affect only Matinicus Island and are revenue-neutral not only for Matinicus, but for all other islands as well. These revised rates do not result in any change in the 13.5% across-the-board rate increase for all rate categories for the other islands, and for Matinicus, all it does is shift the increase to vehicles. For Matinicus, most of vehicles are used to haul freight, but in the seemingly unlikely event of a tourist who thinks they can drive there, the revised rate structure will encourage them to park the car and walk aboard the ferry.