

BASIS STATEMENT, COMMENT SUMMARIES, AND RESPONSES TO CONSOLIDATED COMMENTS

Basis Statement

This rule establishes tolls for the Maine State Ferry Service pursuant to 23 M.R.S. § 4404. The toll rates in the rule are anticipated to generate sufficient revenue to pay for the continued operation of the Ferry Service in light of the limitation on State support contained in 23 M.R.S. § 4210-C.

Comment Summaries

Written Comments Received

Name: Bruce, Lauren (together with Jennifer West)

Summary: Proposed rates for Islesboro continue to be a substantial increase from Tariff 7. Concerned about impact of proposed rates, that Islesboro ridership will not recover, and that revenue will not meet budget projections. Review budget in 1 or 2 years. Peak rates should run from May 15th to September 15th. Advocate electronic ticketing. Suggestions presented to reduce expenses and regarding future capital expenses, emergency trips, and medical priorities.

Name: Bubar, Gordon

Summary: Business owner (North Haven Grocery) whose business depends on the ferry. Concerned about impact of proposed rates on his business and on North Haven.

Name: de Grasse, Richard

Summary: Advocates using cost-of-service by route as the basis for rates, and recommends that the Ferry Service immediately develop a set of rates based on route operating costs, given present trip schedules and the last twelve months of Tariff 7 ridership. Advocates on-line ticketing.

Name: Doudera, Vicki

Summary: Represents House District 94 (Camden, Rockport, and Islesboro). Rising Ferry Service rates affect everyone on the midcoast, and ultimately all Maine residents. Costs and fares need to go down, and ridership needs to go up. Maine's ferry services are critical components of the state's transportation system.

Name: Dyer, Rachel

Summary: At present rates it costs more for 2 adults to park and walk on the ferry with their bikes than it costs to take their car on the ferry. Advocates lower rates or reduced price bulk purchase options for year-round island residents.

Name: Emerson, Jon (submitted at public hearing)

Summary: North Haven Ferry Advisory Board member. Observes that other islands will experience further rate increases in order to reduce Islesboro's rate increase, with the hope that Islesboro residents will resume using their ferry in larger numbers. Rates should not be based strictly on distance. Truck rate increase is a mistake. Going forward there is good reason to gradually work toward increased parity in Islesboro's fare compared to the rest of the islands.

Name: Emerson, Jon (submitted after public hearing)

Summary: It is true that Islesboro accounts for nearly half of all Ferry Service fare revenues and that it was necessary to raise fares on the other routes in order to lower the Islesboro fares so that Islesboro ridership would increase and so that Islesboro's revenue share would be restored. Continuing this trend will put the other islands at risk. Advocates working toward more equal fares going forward.

Name: Fairfield, Mary

Summary: There is not enough parking in Lincolnville.

Name: Ferry Service Advisory Board

Summary: Regarding toll rates, the Board, in its annual report dated July 31, 2019, expressed its concern "about the toll taken on Islesboro and on the DOT and MSFS by the ill-considered promulgation of Tariff #8 and about the likely effects on us all of its eventual replacement. On the other hand, we do appreciate the effort being made by you to listen and to take our recommendations seriously and we expect the emerging tariff to be the result of fair and equitable consideration of those recommendations balanced with meeting the budgetary needs of the service in a way that makes sense."

Name: King, John

Summary: Advocates including the driver in the truck rates and a three-month peak season, from June 15th to September 15th. Commends accommodating people with medical conditions requiring trips to the mainland.

Name: Lattimer, Rick

Summary: North Haven Town Administrator. Concerned that ferry ticket price increases, particularly increased truck rates, will hit everyone hard; neither businesses nor year-round residents can absorb the increased prices. Advocates including the driver in the truck rates. Would welcome the opportunity to discuss adding a fourth boat in the summer.

Name: Mason, Caleb

Summary: Advocates "frequent traveler" commuter pass for people who have to ride the ferry regularly, as well as lower fares for islanders than for visitors or the sale of books of 10 tickets that islanders could buy at a lower rate per trip.

Name: Murray, Eva

Summary: Requests that the increase in toll rates for Matinicus be revised to minimize the increase for foot passengers. Expresses hope for the use of a boat that is better suited for the Matinicus service.

Name: Roberts, James

Summary: Concerned about how medical exemption requests are handled and advocates better communication about the availability of the exemption and an improved application/evaluation process.

Name: Seymour, Philip

Summary: Islesboro Select Board member. Advocates differential fare rates, i.e. different fare rates for the mainland and for the islands. Ferry Service costs should be better controlled to reduce the need for higher fares; advocates audit of MaineDOT. Believes that if “demand destruction” is not reversed, the outcome will be devastating. Proposed fare rates for Islesboro are too high. Medical exemptions should be available with fewer restrictions. There needs to be more parking in Lincolnville.

Name: Welldon, Doug

Summary: States what he believes islanders need regarding medical exemptions, and presents suggestions regarding medical exemptions.

Name: West, Jennifer (together with Lauren Bruce)

Summary: See the summary above for Bruce, Lauren.

Oral Comments at the August 19, 2019 Public Hearing

Name: Barrows, Dave

Summary: Town of Lincolnville selectman. Supports the new approach on the rate structure. There needs to be more parking in Lincolnville.

Name: Conover, Josh

Summary: Owner of Islesboro Marine and Marshall Cove Aquaculture. Company’s trucking costs will increase substantially; costs cannot be passed on because the company competes in a national market. Suggests adding the ticket for the driver in with the truck. Lower rates would increase ridership and maybe make more money instead of driving people away.

Name: Diggins, Jeff

Summary: Believes that Ferry Service has an expense problem, rooted in a wage and benefit problem. Believes that the salary and benefit structure for the Ferry Service is more than 30% higher than other services. Ferry Service is paying almost a million dollars a year toward unfunded pension liability (which is included in wage and benefit costs); this should not be an operating cost. Believes Ferry Service is in a slow death spiral, unsustainable, and that the Legislature will have to be asked for a different funding formula or the system will have to be privatized or some other alternative found. Advocates proceeding with productivity and efficiency measures, such as electronic ticketing, a mobile app, and technology like TransPass.

Name: de Grasse, Richard

Summary: See summary of written comments. In addition, concerned about “demand destruction.” Advocates discount tickets that would enable commercial operators to buy a month’s or six months’ worth of tickets at a discount.

Name: Doudera, Vicki

Summary: See summary of written comments.

Name: Emerson, Jon

Summary: See summary of written comments submitted at the public hearing.

Name: Herbig, Erin

Summary: State senator for all 26 communities in Waldo County, including Islesboro. Expresses frustration with the situation and outlines impacts of higher rates. Proposed rates are an improvement but do not address impacts of higher rates. Rates must be developed that address the concerns of island residents and meet the needs of Waldo County and Maine. MaineDOT must be transparent about how it determines rates, and a full audit of the Ferry Service is necessary to determine rates that will work for everyone.

Name: Johnson, Betty

Summary: Waldo County Commissioner. Higher rates have negatively impacted everyone. Funding sources such as federal highway funding should be used. Hopes a better solution can be reached where there is a win-win for all.

Name: King, John

Summary: Islesboro resident. Favors seasonal rates and advocates peak season of June 15th to September 15th. Makes sense to recognize some rough relationship between distance, cost, and the toll being charged. Supports increasing the age for children to 17. Supports commuter rates but advocates wider parameters so more people can benefit from them. Concerned that farebox revenue is driven by the budget, and the budget is driven by operating costs, and operating costs have gone up and continue to rise. Concerned that unless and until operating expenses are controlled, the current proposal is simply a Band-Aid measure and tolls will continue to rise, and if tolls continue to rise, ridership will continue to fall, and the islands and the midcoast area will be adversely affected. Supports an audit of the Ferry Service.

Name: Lattimer, Rick

Summary: North Haven Town Administrator and Ferry Advisory Board member. North Haven does not want to see any rate increase, which negatively impacts everyone on the island. The increase in truck rates in particular will hit everyone. If there have to be rate increases in the future, they should be smaller (and, if necessary, sooner) because that is better than waiting four or five years and seeing a sudden increase that significantly changes islanders’ cost of living.

Name: Matlack, Ann

Summary: Represents District 92, which includes Matinicus. Asks MaineDOT to remember Matinicus, which is unique. People on Matinicus are more inclined toward a

tariff that places a higher share of costs onto vehicles rather than foot passengers. People who come out to the island in the summertime generally come as foot traffic, including children and bird watchers and family gatherings, and the people on Matinicus think that is to be encouraged more than truck traffic.

Name: Olson, Craig

Summary: Islesboro resident with full-time job on the mainland to which he commutes, but not every day of the week. Advocates wider parameters for commuter rates so more people can benefit from them. Parking situation in Lincolnville is especially onerous for commuters. Thanks MaineDOT for allowing anyone under eighteen to be considered a child for ticketing purposes.

Name: Pendleton, Gabriel

Summary: Islesboro Select Board member and an Advisory Board representative from Islesboro. New rate structure includes some beneficial changes, including child ticket prices, commuter passes, and generally the seasonal rate structure. Concerned about Ferry Service costs outpacing ability of island residents to pay for ferry tickets. Recommends: (i) limiting the peak season to June 15th to September 15th, (ii) a larger gap between peak and off-peak rates, and (iii) permitting island residents to bulk-buy tickets before the rate changes. Suggests closing down the upper deck of the *Margaret Chase Smith* so that the boat can operate with one less deckhand.

Name: Seymour, Philip

Summary: See summary of written comments.

Name: Sprague, Myron

Summary: Swan's Island Board of Selectmen member and an alternate member to the Ferry Advisory Board. Favors commuter ticket proposal, i.e. five tickets for the price of four. Proposed rates are fair. Costs are "wicked high," but funding from more sources may help.

Name: Welldon, Doug

Summary: See summary of written comments.

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 23 M.R.S. § 4404, MaineDOT is required to establish tolls for the use of MSFS ferry lines.

As currently configured and operated, the Ferry Service costs almost \$12 million per year to operate. (All capital costs of the service - 100% - for boats, terminals, piers, transfer bridges, etc. are paid by the State through State highway and bond funds, and through federal grants. These capital costs historically average at least \$2 million per year and are due to increase substantially in future years as new replacement ferry boats are added.)

Although there have been many suggestions aimed at cutting the \$12 million operational cost, experience has shown that significant rate reductions will not be realized in the near term without substantial structural changes to the service or revenue sources. The immediate question – ferry toll rates in effect now – requires that such structural discussions occur outside of the current rate-setting process. The MSFS and MaineDOT are happy to engage in such structural change discussions with the Maine Ferry Service Advisory Board (MFSAB) in the coming months and years in preparation for the next rate review – now tentatively scheduled for 2023.

Maine State taxpayers currently pay half of the operational cost of the service – about \$6 million per year – as a subsidy through State gasoline and diesel fuel taxes. Nearly all of the remaining 50% of the cost of operations – about \$6 million per year – is paid for by Ferry Service patrons in the form of fares (i.e. tolls).

MaineDOT implemented new Ferry Service toll rates in May 2018 to raise the 50% for operations paid by patrons. Among other things, the 2018 rate schedule created a single, year-round, round-trip, uniform rate schedule for all islands including an \$11 fare for adults, \$5.50 for children aged 5 to 12, and \$30 for a car with driver. Island ferry routes vary from 3 miles for Islesboro, 12.5 miles for North Haven, 15 miles for Vinalhaven, 23 miles for Matinicus, 6 miles for Swan's Island, and 8 ¼ miles for Frenchboro. The May 2018 structure also reduced most truck rates. Generally speaking, the May 2018 rate schedule had the effect of slightly reducing effective rates on four islands (North Haven, Vinalhaven, Swan's Island and Frenchboro), dramatically reducing rates for Matinicus, and doubling the rates for Islesboro.

This new rate schedule did not raise revenue as planned. Reduced ferry usage (especially on the Islesboro route), along with personnel, vessel repair, and other cost increases, have contributed to a projected fare collection deficit of approximately \$800,000 per year. To raise the needed farebox revenue using the same rate concept as May 2018 (i.e. uniform, year-round rates), another rate increase of approximately 17% would be necessary. Such an across-the-board increase would result in rates of \$13 for adults, \$6.50 for children, and \$35 for a car with driver.

2. A Fresh Look.

After the installation of the Mills administration, MaineDOT quickly indicated its willingness to take a fresh look at the May 2018 rate schedule by extending the rulemaking process that already was under way.

This fresh look included an extensive and continuing listening and public input process. The MaineDOT Commissioner and other top management met with affected customers on multiple occasions, including multiple meetings with the Maine State Ferry Advisory Board, meetings with legislators, four individual island meetings on Islesboro, Vinalhaven, North Haven, and Swan's Island, and a formal rulemaking meeting in Belfast in the spring. Advisory Board input has been an important part of this process. Further, an additional formal rulemaking process has occurred over the summer including publishing the proposed new rates and holding another public hearing which included an additional written comment period. It is anticipated that new rates will take effect on October 1, 2019.

The task currently before MaineDOT is to establish a "fair" rate structure that raises the 50% for operations required. During the fresh look, it has become clear that different islands have different perspectives, that there can be different definitions of "fair" even on the same island, and that no proposal will be universally supported. Given this reality, it is the duty and responsibility of MaineDOT and the MSFS to consider these 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.

3. Summary of the New Rate Structure.

The new rate structure MaineDOT is adopting is attached as Appendix A and is summarized below. MaineDOT projects that the new rate structure will raise sufficient revenue to avoid the need to review rates again in the near term – hopefully until 2023. With that said, MaineDOT is open to reviewing rates before then if warranted by substantial changes to operational costs or revenue structures.

Off-Season Rates (October through May). For eight months of the year, the round-trip (RT) rates for the four islands of North Haven, Vinalhaven, Swan's Island and Frenchboro are \$12.50 for adults, \$6.25 for minors (ages 6-17), \$31 for a car with driver, and a truck rate of \$4.25 per foot.

The off-season RT rates for Islesboro are \$8 for adults, \$4 for minors, \$22 for a car with driver, and a truck rate of \$4.00 per foot.

Similar to the rates in effect prior to May 2018, the rates for Matinicus will be year-round and are \$25 for adults, \$12.50 for minors, \$90 for a car with driver, truck rates of \$5.75 per foot (one-way) and \$7.00 per foot (round-trip), adult bike round trip \$30, and minor bike round trip \$17.50.

Commuter tickets (5 tickets for the cost of 4 to be used in 7 days) will be available and will reduce effective rates by 20% for those who use them.

RT bicycles rates are being reduced to the applicable passenger rate plus \$5.00 (including rider), and RT motorcycle rates (including driver) are being set at \$24.25 (for Swan's Island, Frenchboro, North Haven, and Vinalhaven), \$17.50 (for Islesboro), and \$50.00 (for Matinicus).

Peak Season Rates (June through September). For all islands except Matinicus, during the four higher-demand months of June through September, the rates set forth above are increased by \$5 for passengers, \$7.50 for cars, 50 cents per foot for trucks, \$5.00 for bicycles, and \$6.25 for motorcycles.

4. Reasoning for Rates.

In establishing toll rates, MaineDOT has had to balance various – sometimes competing – policy goals and definitions of fairness, using reasoning mentioned by MaineDOT at all or most of the meetings during the fresh look process.

Cost of Service vs. One System. MaineDOT is adopting three sets of rates – one for Islesboro, one for Swan's Island, Frenchboro, North Haven, and Vinalhaven, and one for Matinicus – to partially reflect the differing costs per passenger per island. From input received during the fresh look process, MaineDOT expects that Islesboro may opine that there is not enough of a reduction for Islesboro, while other islands may opine that it is too much. MaineDOT notes that the MSFS is one ferry system, and its intent was never to calculate with mathematical certainty the different costs of different runs to different islands at different times of year and charge accordingly. Rather, its intent was to recognize and reflect differing route costs in a general way. The rates that MaineDOT is adopting do that.

Value of Convenience / Better Service. The rates that MaineDOT is adopting also recognize the enhanced convenience and better connection that result from more frequent ferry runs. It makes a real difference in the quality of life on an island to have more runs, more flexibility, and more connection to the mainland. MaineDOT has heard more runs means higher property values, and fewer runs cause a sense of isolation and lower property values.

5. Seasonal Rates. As is common with other ferry services, the rates that MaineDOT is adopting include a relatively modest, seasonal rate adjustment for the higher demand months of June through September. This has the effect of mitigating costs for year-round islanders, one of the goals of this process, while treating similarly situated users more fairly. As MaineDOT has made clear consistently, it will not be reinstating the practice, which was in place prior to May 2018, of charging different rates for the same ferry run depending upon where the ticket is sold (i.e. at an on-island terminal versus at a mainland terminal). This system, though still favored by some islanders, allows gaming and unfairness, and it is not consistent with the introduction of on-line ticket sales, which is anticipated in the relatively near future. Truck Rates. Truck rates are being increased to help hold down the rates for passengers and cars which were overwhelmingly the most significant concerns heard throughout this process. The State Subsidy.

Many islanders (and others) advocate increasing the amounts the State pays for the MSFS so that tolls rates can be reduced. As noted above, the State already provides 100% of the capital funding and 50% of the operational funding for the MSFS. Increasing the State's share of

operational funding would require a change to State law. In MaineDOT's view, such a change is unlikely and would be hard to justify from a statewide policy perspective. In fact, highlighting the amounts the State currently pays for the MSFS could have unintended consequences.

Consolidated Comments and Responses

Consolidated Comment:

The new toll rates are too high. They will cause personal and economic hardship and will deter people from visiting the islands. There should be lower toll rates or reduced-price purchase options for year-round island residents.

Response:

Between 2009 and May 2018, (i) the toll rates for round-trip adult passenger and automobile tickets purchased on Vinalhaven, North Haven, and Swan's Island (where there were on-island discounts) were \$9.75 and \$27.25, respectively, and (ii) the toll rates for round-trip adult passenger and automobile tickets for Frenchboro (where there was no on-island discount) were \$11.25 and \$32.25, respectively. Those island communities survived, and even flourished, with those toll rates in place. The comparable off-season rates being adopted for Islesboro – \$8.00 and \$22.00, respectively – are lower than those rates. And comparable off-season rates being adopted for Vinalhaven, North Haven, Swan's Island, and Frenchboro – \$12.50 and \$31.00 – are reasonably close to the rates that formerly were in effect for Frenchboro. While the peak-season rates being adopted are higher, they are in effect only for four months of the year.

As for lower toll rates or reduced-price purchase options for year-round island residents, some islanders would like to restore the past practice of selling tickets at a discount at the terminals on North Haven, Vinalhaven, Swan's Island, and Islesboro, a practice that was intended to give year-round residents of those islands a discount. Those point of purchase discounts were eliminated in May 2018, and the Department will not restore them. In reality, many people who are not island residents learned how to take advantage of the discounts, to the point that the vast majority of tickets for those routes were sold at the discounted price. In addition, point of purchase discounts, which in the past were not well-publicized, raised serious issues of lack of transparency and fairness. (Maine motorists across the state pay taxes that help subsidize the cost of operating the MSFS. Yet those who were not "in the know" – who bought tickets at mainland terminals – received no discount, while residents of other states who were "in the know" did.) Finally, restoring point of purchase discounts would be inconsistent with moving toward electronic ticketing, a move that appears to have nearly universal support.

As for establishing different – lower – toll rates for island residents, 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 visitors, and (ii) the practical 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.

In MaineDOT's judgment, the fairest and most equitable way to provide a price break for year-round island residents is to establish seasonal toll rates.

Consolidated Comment:

Toll rates should be reduced to increase ridership. Increased ridership would mean more revenue. The goal should be to increase ridership.

Response:

The toll rates that were in Tariff 7 (which were in effect prior to May 2018) were not yielding toll revenues sufficient to pay for the continued operation of the Ferry Service at current service levels, and there is no basis to conclude that toll rates lower than those in Tariff 7 would – through increased ridership at current service levels – yield more toll revenues than the toll rates in Tariff 7 did. While increased ridership would likely help offset increased cost, it must be balanced by the need to assure sufficient revenue to meet the existing statutory framework of raising 50% of its operating costs from revenues, primarily toll revenues.

Consolidated Comment:

Toll rates should be based on the cost of service by route.

Response:

Compared with the uniform toll rates currently in effect, the toll rates that MaineDOT is adopting respond, in a general way, to the reality that the cost of serving each island is not the same. But, in the exercise of MaineDOT's discretion, MaineDOT deems it appropriate to consider other factors such as the benefits to island from increased service, in addition to the cost of service, in establishing toll rates.

Consolidated Comment:

Change the parameters for commuter tickets so that more people can take advantage of them, e.g. 4 tickets for the price of 3 to be used within 7 days, or 15 tickets for the price of 12 to be used within 30 days. Or sell books of 10 tickets at a lower rate per ticket, or sell discount tickets to commercial users.

Response:

After considering various alternatives, MaineDOT has decided to adopt the commuter ticket provision as proposed, i.e. 5 commuter tickets may be purchased for the price of 4 regular tickets, to be used within 7 days. Commuter tickets are intended for use by people who have to commute, from or to an island, 5 days a week. This issue can be revisited in future rate adjustments with the benefit of anticipated better data from electronic ticketing.

Consolidated Comment:

Regarding seasonal toll rates, the peak season should be three months (from June 15th to September 15th) rather than four months (from June 1st to September 30th), and there should be a larger differential between peak-season and off-season rates. In addition, island residents should be permitted to bulk-buy tickets before peak-season rates take effect.

Response:

While MaineDOT has considered reducing the peak season to three months and increasing the differential between peak-season and off-season toll rates, MaineDOT has decided to proceed with a four-month peak season, with the differential as proposed. Over the course of the past two years MaineDOT has heard many express concern about having seasonal rates at all and about having too large a differential between off-season and peak-season rates. Moreover, the ridership data does not reveal a clear justification for utilizing a three-month peak season from June 15 to September 15. In MaineDOT's judgment, the proposed rule appropriately balances these competing concerns. As for bulk-buying tickets, off-season tickets will not be valid for passage during peak season (at least not without payment of the differential), so there will be no advantage to bulk-buying tickets before peak-season rates take effect.

Consolidated Comment:

The proposed truck rates are too high and will affect everyone on the islands. The truck rates should include the driver.

Response:

The truck rates for Vinalhaven, North Haven, Swan's Island, Frenchboro, and Matinicus were reduced substantially in May 2018. MaineDOT has concluded that current truck rates are not generating sufficient revenue and has decided to adopt the truck rates as proposed. MaineDOT carefully evaluated the request to include the driver within the proposed truck rates, but it declines to do so at this time because our information shows that it would result in a substantial loss of projected revenue which would need to be made up with additional increases to passengers and car rates. Increasing passenger and car rates further would run counter to the overwhelming sentiment heard through this process.

Consolidated Comment:

The toll rates for Matinicus should be more favorable to foot passengers, with offsetting higher rates for vehicles.

Response:

Service to Matinicus is unlike service to the other islands in several important respects. The distance from the mainland to Matinicus is considerably greater than the distance from the mainland to the other islands, and service frequency to Matinicus is a fraction of the service frequency to the other islands. In response to this comment, MaineDOT has decided to adopt toll rates for Matinicus that are slightly lower for passengers and slightly higher for vehicles than the rates that were proposed. The adjusted rates were established in a manner to generate the same overall revenue as the previously proposed rates from the Matinicus route, and to not affect the tolls for other routes. Toll rates for minors and bicycles for the Matinicus route were also adjusted to be consistent with the associated price variances as was previously proposed.

Consolidated Comment:

Rising Ferry Service operating costs, led by high wage and benefit costs, are driving toll rates to levels that island residents will not or cannot pay. The resulting reduction in demand will lead to further increases in toll rates, with no end in sight and a disastrous outcome for both the islands and the Ferry Service.

Response:

The Ferry Service wages and benefits are established through same State of Maine governmental administrative and decision-making processes as other State employees. MaineDOT examines and budgets the r Ferry Service operating costs and is interested in ways to reduce costs and to minimize future cost increases. It is recognized, however, that the cost of goods and services increases over time.

Consolidated Comment:

Unfunded pension liability payments should be excluded from Ferry Service operating costs.

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 (UAL), set by MainePERS. Like other wage and benefit costs, all

payments made to MainePERS for employees who operate the Ferry Service are classified appropriately as Ferry Service operating costs.

Consolidated Comment:

Use other funding sources, such as federal highway funding, to reduce toll rates.

Response:

MaineDOT continually seeks out alternative funding sources.

Consolidated Comment:

The Ferry Service should be audited. MaineDOT should provide better financial information for the Ferry Service and should be more transparent about how it determines toll rates.

Response:

The Maine State Auditor audits MaineDOT annually. These annual audits include the MSFS (which is part of MaineDOT), and they have not resulted in any adverse findings regarding the MSFS (i.e. findings of non-conformance with audit criteria).

Discussions are ongoing with the Maine State Ferry Advisory Board regarding the form and content of the financial information that MaineDOT regularly provides to the Advisory Board. As for how MaineDOT determines toll rates, see the preface to these consolidated comments/responses.

Consolidated Comment:

The Ferry Service should implement online ticketing.

Response:

MaineDOT intends to implement online ticketing.

Consolidated Comment:

Close down the upper deck of the *Margaret Chase Smith* so that the boat can operate with one less deckhand.

Response:

MaineDOT interested in exploring cost-saving measures consistent with quality customer service, Coast Guard regulations, and federal and state law.

Consolidated Comment:

Two adults visiting an island with bikes should not pay less when they bring their bikes on the ferry on their car (compared to parking their car at the mainland terminal and boarding the ferry on foot, with their bikes). The toll rates encourage people with bikes to bring cars onto the ferry unnecessarily.

Response:

This comment is based on the toll rates currently in effect. The toll rates MaineDOT is adopting do not encourage people with bikes to bring cars (with bikes on or in them) onto the ferry unnecessarily. For visitors to Islesboro, in the off season two adults with bicycles will pay a total of \$26, while two adults with a car will pay a total of \$30. In the peak season, two adults with bicycles will pay a total of \$36, while two adults with a car will pay a total of \$42.50. For visitors to Swan's Island, Frenchboro, North Haven, and Vinalhaven, in the off season two adults with bicycles will pay a total of \$35, while two adults with a car will pay a total of \$43.50. In the peak season, two adults with bicycles will pay a total of \$45, while two adults with a car will pay a total of \$56. For visitors to Matinicus, two adults with bicycles will pay a total of \$60, while two adults with a car will pay a total of \$115.

Consolidated Comment:

MaineDOT should improve the process for obtaining medical exemptions and make medical exemptions available in a wider range of circumstances.

Response:

Medical exemptions are outside the scope of this rulemaking proceeding, but MaineDOT intends to proceed with administrative changes that will clarify the circumstances in which medical exemptions are available and streamline the process for obtaining medical exemptions. The statute, 23 M.R.S. § 4407, provides for free passage for island residents with a catastrophic illness. In addition, MaineCare offers non-emergency transportation services (including transportation by ferry) for eligible members. For more information, visit: https://www.maine.gov/dhhs/oms/nemt/nemt_index.html.

Consolidated Comment:

There is not adequate parking at mainland terminals, particularly in Lincolnville.

Response:

Parking is outside the scope of this rulemaking proceeding. MaineDOT recognizes that parking at the Lincolnville terminal is limited and is reviewing what can be done to improve the situation.