

Review of **South Ferry Company, Inc.**

**Petition for 2025
Rate Increase**



April 14, 2025

**Budget Review Office
Suffolk County Legislature
Hauppauge, New York 11788**

Analysis of South Ferry Company, Inc.

Petition for Rate Alteration

Summary of Findings

- South Ferry Co. continues to provide a vital transportation service in a professional manner between North Haven, NY and Shelter Island, NY.
- South Ferry's cash control system is sufficient to safeguard the company's assets and protect the public's interest.
- South Ferry Co. has complied with the provisions of Chapter 455 of the Suffolk County Code including submission of the required certified audited financial statements by an accountant providing proof of satisfactory peer review. The certified financial statements were received on March 13, 2025.
- According to projections provided by the petitioner, the largest revenue category for the company is cash cars which comprises approximately 45.8% of company sales, followed by commuter tickets (13.6%), discount books (11.7%), resident tickets (11.6%), and cash trucks (10%).
- The current rates were authorized by Resolution No. 706-2019 and approved June 18, 2019.
- South Ferry Co. filed a petition, dated December 19, 2024, seeking an alteration to the rate schedule. The average unweighted rate increase for passenger and vehicle fares is 34.80% and 14.04%, respectively. The Company projects that fare revenue will increase by \$1.3 million or 17.1% if rate relief is granted.
- According to the petition and financial statements, the company has seen a substantial rise in costs in recent years for labor (\$3,324,861 in 2022, \$3,511,886 in 2023, \$4,149,849 in 2024, and \$4,315,000 projected in 2025, which translates to a 29.8% increase compared to 2022); repairs and maintenance (\$190,000 in 2022, \$319,868 in 2023, \$372,794 in 2024, and \$375,000 projected in 2025, which translates to a 97.4% increase since 2022); and capital improvements (\$7,650,000 planned over the next five-seven years up 46.9% from \$5,207,000 spent between 2019 and 2024).
- According to audited financial statements, the Company's net income was \$918,331 in 2022 or \$148,081 excluding the non-cash forgiveness of a PPP loan and \$220,767 in 2023.
- According to South Ferry, the Company experienced an operating loss of \$67,828 in 2024 and the Company is projecting a net loss of \$345,809 without rate relief in 2025. With rate relief, South Ferry is projecting net income of \$954,191.
- Based on the increased cost of doing business over the last six years and the need to ensure safe and continuous service for passengers, we believe the requested relief should be approved.

Scope of Report

All ferry service operators who transport passengers and/or freight across bodies of water within the boundaries of Suffolk County are required to obtain a license and rate approval from the Suffolk County Legislature in accordance with Chapter 455 of the Laws of Suffolk County, as authorized by Section 131-g of the Highway Law, Article 8 of the Navigation Law and Article 6 of the Transportation Corporations Law. The intent of the Suffolk County Ferry Law is to assure “continuous and adequate ferry service in Suffolk County.” The license granted by the County is not exclusive; non-exclusive licenses may be granted to service providers as deemed necessary.

South Ferry Co. submitted a petition, dated December 19, 2024, to the Suffolk County Legislature seeking authorization for an increase in its rates as provided for by Section 131-g of the New York State Highway Law and detailed in Introductory Resolution 1327-2025. The certified financial statements were received on March 13, 2025.

The Suffolk County Legislature is the governmental agency responsible for action on this request. The Budget Review Office is responsible for reviewing the application and presenting its findings in a report to the Legislature for consideration.

Pursuant to Chapter 455 of the Laws of Suffolk County, applicants must submit audited financial statements for the previous two years of operation. South Ferry has submitted audited financial statements and supplementary information for two years from January 1, 2022, through December 31, 2023. Craig, Fitzsimmons & Meyer, LLP is the accounting firm that audited the financial statements. In accordance with Chapter 455-3 (D) of the Suffolk County Code, this firm has been peer-reviewed in the last five years.

Audited financial statements are intended to provide an independent, competent, and objective presentation of operations. Any financial forecasts presented in this report are based upon assumptions of future events and should not be construed as facts. The methodology used in our review includes an evaluation of the assumptions used in the applicant’s forecast of revenue and expenses and an analysis of the submitted financial statements and revenue projections and comparisons with the current rates. We also toured the petitioner’s fixed place of business on Shelter Island, and the petitioner reviewed cash control procedures with us.

Analysis of South Ferry Company, Inc.

The Petition Seeking Rate Relief

The petition submitted by South Ferry Co. indicates that the company is a for-profit transportation corporation organized under the Transportation Corporation Law of the State of New York. It has been and remains in good standing under the law and is authorized and licensed to operate a vehicle and passenger ferry between North Haven, New York and Shelter Island, New York. The petitioner is applying for alteration of its present fare structure as previously authorized via Resolution No. 706-2019 and approved June 18, 2019. The current petition seeks to increase and restructure rates for most trips provided.

The petition indicates that the operating and capital needs of the Company have led the petitioner to request rate relief, particularly the rising costs for labor (\$3,324,861 in 2022, \$3,511,886 in 2023, \$4,149,849 in 2024, and \$4,315,000 projected in 2025, which translates to a 29.8% increase compared to 2022); repairs and maintenance (\$190,000 in 2022, \$319,868 in 2023, \$372,794 in 2024, and

\$375,000 projected in 2025, which translates to a 97.4% increase since 2022); and capital improvements (\$7,650,000 planned over the next five-seven years up 46.9% from \$5,207,000 spent between 2019 and 2024).

In its petition, South Ferry included a listing of \$5.207 million in capital improvements completed since the last fare increase. The company has made \$1.121 million in fleet mortgage payments since June 2019 on five boats, continued maintenance of its dock and barn at a cost of \$1.65 million, added solar panels on its new barn at a cost of \$135,000, created new affordable housing on-site for its crew members at a cost of \$1 million, added an electronic pursing system for \$400,000, constructed new docks and bulkheads for \$600,000, upgraded its rolling stock of equipment for \$161,000, and added additional spare diesel engines for its vessels in accordance with recent EPA regulations at a cost of \$140,000.

South Ferry also included a five-to-seven-year capital plan with the petition, proposing \$7.65 million in various additional improvements to its vessels and sites. Improvements consist of lengthening its fifth boat, *Captain Bill Clark*, from seventy-six feet to one-hundred feet at an estimated cost of \$4 million, expansion of its main office building and building and grounds facilities at an estimated cost of \$750,000, extension of two platforms and new dock work at an estimated cost of \$900,000, and an increase in affordable housing for its crew members at an estimated cost of \$2 million.

It should be noted that the capital investment in affordable staff housing proposed by the petitioner is a non-standard item among the ferry companies that we review. Attachment 2 to the petitioner's 2019 request for rate relief brought attention to the company's capital plans for affordable staff housing at that time. According to the current petition, South Ferry has invested approximately \$1 million in this category since 2019 and has proposed a further investment of \$2 million over the next five-seven years. The Legislature may want to consider this item during its deliberations for rate relief.

South Ferry believes it will risk a decline in service quality without the planned capital improvements. As noted above, the most significant cost in the capital plan is the expansion of the *Captain Bill Clark* from seventy-six feet to one-hundred feet followed by a significant investment in affordable housing for employees.

Comparison of Current and Proposed Rates

According to projections provided by the petitioner, the largest revenue category for the company is cash cars which comprises approximately 45.8% of company sales, followed by commuter tickets (13.6%), discount books (11.7%), resident tickets (11.6%), and cash trucks (10%). The average unweighted rate increase for passenger and vehicle fares is 34.8% and 14.04%, respectively. Excluding new fares, the largest percentage increase in this request is the 66.67% increase for the five-day commuter–non-resident fare, which increases \$18 from \$27 to \$45. Additionally, excluding new fares, the largest dollar increase is the ten round-trip general public auto book which increases \$30 from \$120 to \$150. The Company projects that fare revenue will increase by \$1.3 million or 17.1% if rate relief is granted.

The complete proposed rate schedule as included in the petition is contained in Appendix A. The following table includes the proposed rate changes for passenger fares.

| Passenger Fares | | | | | | |
|--|-------|---------------------|----------------------|----------------------|-----------------|--|
| Category | | Current Fare | Proposed Fare | Dollar Change | % Change | |
| <u>Commuter: Residents</u> | 5 Day | \$ 27.00 | \$ 30.00 | \$ 3.00 | 11.11% | |
| | 6 Day | \$ 33.00 | \$ 36.00 | \$ 3.00 | 9.09% | |
| <u>Commuter: Non-Resident</u> | 5 Day | \$ 27.00 | \$ 45.00 | \$ 18.00 | 66.67% | |
| | 6 Day | \$ 33.00 | \$ 54.00 | \$ 21.00 | 63.64% | |
| <u>Commuter Bicycle</u> | 5 Day | \$ 15.00 | \$ 20.00 | \$ 5.00 | 33.33% | |
| | 6 Day | \$ 18.00 | \$ 24.00 | \$ 6.00 | 33.33% | |
| <u>General Public Auto Book</u> | | | | | | |
| 10 One-Way | | \$ 90.00 | \$ 115.00 | \$ 25.00 | 27.78% | |
| 10 Round-Trip | | \$ 120.00 | \$ 150.00 | \$ 30.00 | 25.00% | |
| <u>Resident Auto Tickets*</u> | | <u>One-Way</u> | | | | |
| Resident Tier 1 (per trip)** | | \$ 6.50 | \$ 6.50 | \$ - | 0.00% | |
| Resident Tier 2 (per trip)** | | \$ 6.50 | \$ 8.50 | \$ 2.00 | 30.77% | |
| <u>Resident Auto Tickets*</u> | | <u>Round-Trip</u> | | | | |
| Resident Tier 1 (per trip)** | | \$ 6.50 | \$ 7.20 | \$ 0.70 | 10.77% | |
| Resident Tier 2 (per trip)** | | \$ 6.50 | \$ 9.50 | \$ 3.00 | 46.15% | |
| <u>30 One-Way Passenger Book</u> | | \$ 30.00 | \$ 48.00 | \$ 18.00 | 60.00% | |
| <u>20 Round-Trip Passenger Book</u> | | New Fare | \$ 60.00 | \$ 60.00 | 100.00% | |
| *10 trip card to be phased out and replaced by a rechargeable debit card. | | | | | | |
| **Tier 1 pricing is available to anyone with a Shelter Island driver's license. | | | | | | |
| **Tier 2 pricing is available to any Shelter Island property owner or year-round lease holder without a Shelter Island driver's license. | | | | | | |

The next tables contain the proposed rate changes for vehicles.

Vehicles, ONE-WAY

| Category | Current Fare | Proposed Fare | Dollar Change | % Change |
|---------------------------------|---------------------|----------------------|----------------------|-----------------|
| Auto Under 22' | \$ 15.00 | \$ 18.00 | \$ 3.00 | 20.00% |
| Backhoe/Pay Loader - Light | T/R | T/R | | |
| Backhoe/Pay Loader - Heavy | \$ 45.00 | \$ 50.00 | \$ 5.00 | 11.11% |
| Bicycles | \$ 4.00 | \$ 5.00 | \$ 1.00 | 25.00% |
| <u>Boom/Bucket Trucks</u> | | | | |
| 30,000 GVWR & Under | T/R | T/R | | |
| Over 30,000 GVWR (2 Axle) | \$ 45.00 | \$ 50.00 | \$ 5.00 | 11.11% |
| 3 Axles | \$ 45.00 | \$ 50.00 | \$ 5.00 | 11.11% |
| 4 Axles | \$ 80.00 | \$ 90.00 | \$ 10.00 | 12.50% |
| <u>Buses</u> | | | | |
| Under 25' | \$ 20.00 | \$ 23.00 | \$ 3.00 | 15.00% |
| 25' - Under 30' | \$ 35.00 | \$ 40.00 | \$ 5.00 | 14.29% |
| Over 30' Standard | \$ 45.00 | \$ 50.00 | \$ 5.00 | 11.11% |
| Over 30' Coach | \$ 80.00 | \$ 90.00 | \$ 10.00 | 12.50% |
| <u>Concrete Pump</u> | | | | |
| 2 Axles | T/R | T/R | | |
| 3 Axles | \$ 80.00 | \$ 90.00 | \$ 10.00 | 12.50% |
| 4 Axles | \$ 90.00 | \$ 100.00 | \$ 10.00 | 11.11% |
| <u>Dual Wheel Pick-Ups/Vans</u> | | | | |
| Under 22' | \$ 15.00 | \$ 18.00 | \$ 3.00 | 20.00% |
| 22' & Over | T/R | T/R | | |

Vehicles, ROUND-TRIP

| <u>Category</u> | <u>Current Fare</u> | <u>Proposed Fare</u> | <u>Dollar Change</u> | <u>% Change</u> |
|---------------------------------|---------------------|----------------------|----------------------|-----------------|
| Auto Under 22' | \$ 20.00 | \$ 25.00 | \$ 5.00 | 25.00% |
| Backhoe/Pay Loader - Light | T/R | T/R | | |
| Backhoe/Pay Loader - Heavy | \$ 80.00 | \$ 90.00 | \$ 10.00 | 12.50% |
| Bicycles | \$ 6.00 | \$ 8.00 | \$ 2.00 | 33.33% |
| <u>Boom/Bucket Trucks</u> | | | | |
| 30,000 GVWR & Under | T/R | T/R | | |
| Over 30,000 GVWR (2 Axle) | \$ 80.00 | \$ 90.00 | \$ 10.00 | 12.50% |
| 3 Axles | \$ 80.00 | \$ 90.00 | \$ 10.00 | 12.50% |
| 4 Axles | \$ 130.00 | \$ 150.00 | \$ 20.00 | 15.38% |
| <u>Buses</u> | | | | |
| Under 25' | \$ 40.00 | \$ 46.00 | \$ 6.00 | 15.00% |
| 25' - Under 30' | \$ 70.00 | \$ 80.00 | \$ 10.00 | 14.29% |
| Over 30' Standard | \$ 90.00 | \$ 100.00 | \$ 10.00 | 11.11% |
| Over 30' Coach | \$ 130.00 | \$ 150.00 | \$ 20.00 | 15.38% |
| <u>Concrete Pump</u> | | | | |
| 2 Axles | T/R | T/R | | |
| 3 Axles | \$ 130.00 | \$ 150.00 | \$ 20.00 | 15.38% |
| 4 Axles | \$ 160.00 | \$ 180.00 | \$ 20.00 | 12.50% |
| <u>Dual Wheel Pick-Ups/Vans</u> | | | | |
| Under 22' | \$ 22.00 | \$ 27.00 | \$ 5.00 | 22.73% |
| 22' & Over | T/R | T/R | | |

Vehicles, ONE-WAY

| <u>Category</u> | <u>Current Fare</u> | <u>Proposed Fare</u> | <u>Dollar Change</u> | <u>% Change</u> |
|---------------------------------------|---------------------|----------------------|----------------------|-----------------|
| <u>Dump Trucks/Roll-Off's</u> | | | | |
| 2 Axles | T/R | T/R | | |
| 3 Axles | \$ 60.00 | \$ 70.00 | \$ 10.00 | 16.67% |
| 4 Axles | \$ 65.00 | \$ 75.00 | \$ 10.00 | 15.38% |
| Tractor Trailer | \$ 70.00 | \$ 80.00 | \$ 10.00 | 14.29% |
| <u>Garbage Trucks/Pump-Out Trucks</u> | | | | |
| 2 Axles | T/R | T/R | | |
| 3 Axles | \$ 45.00 | \$ 50.00 | \$ 5.00 | 11.11% |
| 4 Axles | New | \$ 90.00 | \$ 90.00 | 100.00% |
| Gasoline/Propane/Hazmat | \$ 90.00 | \$ 100.00 | \$ 10.00 | 11.11% |
| <u>Low-Sided Dumps/Roll-Off's</u> | | | | |
| 2 Axles | T/R | T/R | | |
| 3 Axles | \$ 45.00 | \$ 50.00 | \$ 5.00 | 11.11% |
| 4 Axles | New | \$ 90.00 | \$ 90.00 | 100.00% |
| Motorcycles | \$ 8.00 | \$ 9.00 | \$ 1.00 | 12.50% |
| Motorized Crane | \$ 90.00 | \$ 100.00 | \$ 10.00 | 11.11% |
| Passengers | \$ 2.00 | \$ 2.00 | \$ - | 0.00% |
| Pick-Ups/Vans 22' and Over | T/R | T/R | | |
| Redi-Mix/Volumetric Mixer | \$ 80.00 | \$ 90.00 | \$ 10.00 | 12.50% |

Vehicles, ROUND-TRIP

| <u>Category</u> | <u>Current Fare</u> | <u>Proposed Fare</u> | <u>Dollar Change</u> | <u>% Change</u> |
|---------------------------------------|---------------------|----------------------|----------------------|-----------------|
| <u>Dump Trucks/Roll-Off's</u> | | | | |
| 2 Axles | T/R | T/R | | |
| 3 Axles | \$ 120.00 | \$ 140.00 | \$ 20.00 | 16.67% |
| 4 Axles | \$ 130.00 | \$ 150.00 | \$ 20.00 | 15.38% |
| Tractor Trailer | \$ 140.00 | \$ 160.00 | \$ 20.00 | 14.29% |
| <u>Garbage Trucks/Pump-Out Trucks</u> | | | | |
| 2 Axles | T/R | T/R | | |
| 3 Axles | \$ 80.00 | \$ 90.00 | \$ 10.00 | 12.50% |
| 4 Axles | New | \$ 150.00 | \$ 150.00 | 100.00% |
| Gasoline/Propane/Hazmat | \$ 160.00 | \$ 180.00 | \$ 20.00 | 12.50% |
| <u>Low-Sided Dumps/Roll-Off's</u> | | | | |
| 2 Axles | T/R | T/R | | |
| 3 Axles | \$ 80.00 | \$ 90.00 | \$ 10.00 | 12.50% |
| 4 Axles | New | \$ 150.00 | \$ 150.00 | 100.00% |
| Motorcycles | \$ 10.00 | \$ 12.00 | \$ 2.00 | 20.00% |
| Motorized Crane | \$ 160.00 | \$ 180.00 | \$ 20.00 | 12.50% |
| Passengers | \$ 3.00 | \$ 4.00 | \$ 1.00 | 33.33% |
| Pick-Ups/Vans 22' and Over | T/R | T/R | | |
| Redi-Mix/Volumetric Mixer | \$ 130.00 | \$ 150.00 | \$ 20.00 | 15.38% |

Vehicles, ONE-WAY

| <u>Category</u> | <u>Current Fare</u> | <u>Proposed Fare</u> | <u>Dollar Change</u> | <u>% Change</u> |
|----------------------------------|---------------------|----------------------|----------------------|-----------------|
| <u>Tank Trucks</u> | | | | |
| 2,500 Gallons & Under | T/R | T/R | | |
| Over 2,500 Gallons - 3 Axle | \$ 45.00 | \$ 50.00 | \$ 5.00 | 11.11% |
| Over 2,500 Gallons - 4 Axle | New | \$ 90.00 | \$ 90.00 | 100.00% |
| <u>Tractor Trailers</u> | | | | |
| Less than 18 Wheels | \$ 45.00 | \$ 50.00 | \$ 5.00 | 11.11% |
| 18 Wheeler | \$ 80.00 | \$ 90.00 | \$ 10.00 | 12.50% |
| <u>Unibody Trucks/Box Trucks</u> | | | | |
| Under 22' | \$ 15.00 | \$ 18.00 | \$ 3.00 | 20.00% |
| 22' and Over = T/R | See # 2 | See # 2 | | |
| 3 Axles & Over 30K GVWR | \$ 45.00 | \$ 50.00 | \$ 5.00 | 11.11% |
| <u>Vans</u> | | | | |
| Under 22' | \$ 15.00 | \$ 18.00 | \$ 3.00 | 20.00% |
| 22' & Over | T/R | T/R | | |

Vehicles, ROUND-TRIP

| <u>Category</u> | <u>Current Fare</u> | <u>Proposed Fare</u> | <u>Dollar Change</u> | <u>% Change</u> |
|----------------------------------|---------------------|----------------------|----------------------|-----------------|
| <u>Tank Trucks</u> | | | | |
| 2,500 Gallons & Under | T/R | T/R | | |
| Over 2,500 Gallons - 3 Axle | \$ 80.00 | \$ 90.00 | \$ 10.00 | 12.50% |
| Over 2,500 Gallons - 4 Axle | New | \$ 150.00 | \$ 150.00 | 100.00% |
| <u>Tractor Trailers</u> | | | | |
| Less than 18 Wheels | \$ 80.00 | \$ 90.00 | \$ 10.00 | 12.50% |
| 18 Wheeler | \$ 130.00 | \$ 150.00 | \$ 20.00 | 15.38% |
| <u>Unibody Trucks/Box Trucks</u> | | | | |
| Under 22' | \$ 22.00 | \$ 27.00 | \$ 5.00 | 22.73% |
| 22' and Over = T/R | See # 2 | See # 2 | | |
| 3 Axles & Over 30K GVWR | \$ 80.00 | \$ 90.00 | \$ 10.00 | 12.50% |
| <u>Vans</u> | | | | |
| Under 22' | \$ 20.00 | \$ 25.00 | \$ 5.00 | 25.00% |
| 22' & Over | T/R | T/R | | |

Vehicles, ONE-WAY

| Category | Current Fare | Proposed Fare | Dollar Change | % Change |
|-------------------------------|-------------------------|-------------------------|----------------------|-----------------|
| | (Length Minus 5) | (Length Minus 2) | | |
| <u>#2 T/R Standard Trucks</u> | | | | |
| 22' | \$ 17.00 | \$ 20.00 | \$ 3.00 | 17.65% |
| 23' | \$ 18.00 | \$ 21.00 | \$ 3.00 | 16.67% |
| 24' | \$ 19.00 | \$ 22.00 | \$ 3.00 | 15.79% |
| 25' | \$ 20.00 | \$ 23.00 | \$ 3.00 | 15.00% |
| 26' | \$ 21.00 | \$ 24.00 | \$ 3.00 | 14.29% |
| 27' | \$ 22.00 | \$ 25.00 | \$ 3.00 | 13.64% |
| 28' | \$ 23.00 | \$ 26.00 | \$ 3.00 | 13.04% |
| 29' | \$ 24.00 | \$ 27.00 | \$ 3.00 | 12.50% |
| 30' | \$ 25.00 | \$ 28.00 | \$ 3.00 | 12.00% |
| 31' | \$ 26.00 | \$ 29.00 | \$ 3.00 | 11.54% |
| 32' | \$ 27.00 | \$ 30.00 | \$ 3.00 | 11.11% |
| 33' | \$ 28.00 | \$ 31.00 | \$ 3.00 | 10.71% |
| 34' | \$ 29.00 | \$ 32.00 | \$ 3.00 | 10.34% |
| 35' | \$ 30.00 | \$ 33.00 | \$ 3.00 | 10.00% |
| 36' | \$ 31.00 | \$ 34.00 | \$ 3.00 | 9.68% |
| 37' | \$ 32.00 | \$ 35.00 | \$ 3.00 | 9.38% |
| 38' | \$ 33.00 | \$ 36.00 | \$ 3.00 | 9.09% |
| 39' | \$ 34.00 | \$ 37.00 | \$ 3.00 | 8.82% |
| 40' | \$ 35.00 | \$ 38.00 | \$ 3.00 | 8.57% |

| Vehicles, ROUND-TRIP | | | | |
|---------------------------------|-------------------------|-------------------------|----------------------|-----------------|
| Category | Current Fare | Proposed Fare | Dollar Change | % Change |
| | (Length Minus 5) | (Length Minus 2) | | |
| #2 T/R Standard Trucks | | | | |
| 22' | \$ 34.00 | \$ 40.00 | \$ 6.00 | 17.65% |
| 23' | \$ 36.00 | \$ 42.00 | \$ 6.00 | 16.67% |
| 24' | \$ 38.00 | \$ 44.00 | \$ 6.00 | 15.79% |
| 25' | \$ 40.00 | \$ 46.00 | \$ 6.00 | 15.00% |
| 26' | \$ 42.00 | \$ 48.00 | \$ 6.00 | 14.29% |
| 27' | \$ 44.00 | \$ 50.00 | \$ 6.00 | 13.64% |
| 28' | \$ 46.00 | \$ 52.00 | \$ 6.00 | 13.04% |
| 29' | \$ 48.00 | \$ 54.00 | \$ 6.00 | 12.50% |
| 30' | \$ 50.00 | \$ 56.00 | \$ 6.00 | 12.00% |
| 31' | \$ 52.00 | \$ 58.00 | \$ 6.00 | 11.54% |
| 32' | \$ 54.00 | \$ 60.00 | \$ 6.00 | 11.11% |
| 33' | \$ 56.00 | \$ 62.00 | \$ 6.00 | 10.71% |
| 34' | \$ 58.00 | \$ 64.00 | \$ 6.00 | 10.34% |
| 35' | \$ 60.00 | \$ 66.00 | \$ 6.00 | 10.00% |
| 36' | \$ 62.00 | \$ 68.00 | \$ 6.00 | 9.68% |
| 37' | \$ 64.00 | \$ 70.00 | \$ 6.00 | 9.38% |
| 38' | \$ 66.00 | \$ 72.00 | \$ 6.00 | 9.09% |
| 39' | \$ 68.00 | \$ 74.00 | \$ 6.00 | 8.82% |
| 40' | \$ 70.00 | \$ 76.00 | \$ 6.00 | 8.57% |
| #3 Towed Items - One Way | | | | |
| Up to 12' | \$ 7.00 | \$ 8.00 | \$ 1.00 | 14.29% |
| 12' - Under 22' | \$ 13.00 | \$ 15.00 | \$ 2.00 | 15.38% |
| 22' and Over | T/R By Length See #2 | T/R By Length See #2 | | |

Comparison with Transportation Consumer Price Index (CPI)

Pursuant to § 455-3 (l) of the Suffolk County Ferry Service Law, the petitioner may request to allow rate alterations by applying the Transportation Component of the Consumer Price Index for Urban Customers (New York and Northern New Jersey). If the CPI change from April 2019 (223.336) to December 2024 (286.999) was applied to the current rates for South Ferry, we estimate a rate increase of up to 28.5% would be authorized. In comparison, the petitioner’s average unweighted rate increases for passengers and vehicles are 34.8% and 14.04%, respectively. However, total revenue is projected to increase by 17.1%, which is well below the CPI increase.

Financial Statements

South Ferry Co. submitted audited financial statements for the years ending December 31, 2022, and December 31, 2023. The financial statements were audited by Craig, Fitzsimmons & Meyer, LLP; the firm's last peer review was in 2024.

The financial forecasts presented in this report are based on assumptions of future events and should not be construed as facts. During our review, we analyzed information we considered necessary and appropriate in evaluating the assumptions used in these forecasts. Future events may affect the assumptions contained herein favorably or unfavorably. Therefore, the actual results achieved during the forecasted fiscal year may vary from the forecasted results.

The Statements of Income and Changes in Retained Earnings for South Ferry Co. show net income in 2022 and 2023 in the amounts of \$918,331 and \$220,767, respectively. Most of the higher net income in 2022 is due to the one-time non-cash forgiveness of federal PPP loan money in the amount of \$770,250. Excluding this item results in 2022 net income of \$148,081. The Company's unaudited net income is a loss of \$67,828 in 2024. Utilizing 2024 actual figures prepared in-house by South Ferry as a baseline, the company anticipates bringing in an additional \$1.3 million in revenue and having net income of \$954,191 in 2025 with the requested rate relief. Without the requested rate relief, the company projects a net loss of \$345,809.

Cash Controls

South Ferry continues to utilize the cash controls in place in 2019, when they last petitioned for rate relief, using a duplex ticketing system. The company also expects to add the ability to purchase tickets through a web-based application by June 2025. As in our previous review, we found cash controls were sufficient to safeguard both the company's assets and the public's interest.

Introductory Resolutions 1327-2025 and Procedural Motion 22-2025

As part of the rate setting process, one Introductory Resolution and one Procedural Motion are before the Legislature concerning South Ferry. Procedural Motion 22-2025 sets the public hearing for the granting of the rate alterations and Introductory Resolution No. 1327-2025 approves the new rates. Introductory Resolution No. 1327-2025 contains the entire rate schedule for all fare categories including both the current and proposed rates for the rates the petitioner seeks to modify.

Conclusion and Recommendation

Our analysis of South Ferry's petition for rate relief encompasses several perspectives. Rates should reflect costs without being excessive and should provide sufficient revenue for the business to be a going concern. BRO also compares proposed rates to other similar ferry operations, and to bridge tolls in the New York Metropolitan Area, given the Company's role as an extension of a public road (NYS 114). The company's anticipated capital investments combined with diligent efforts to control costs indicate a need for rate relief to mitigate the risk of loss from increasing labor costs and to assure the ability of the Company to continue to provide safe and undisrupted operations.

We support the requested rate relief. Our support for the requested rate relief should not be deemed validation that the petitioner's requested changes are optimal.

New York State, and particularly Suffolk County, is unusual in the use of fully private companies for ferry service in that most ferries in the United States are public service, public benefit corporations, or concessionaires operating along a public route. No Suffolk County Ferry receives any public

augmentation to farebox revenues to support capital improvements or to mitigate costs for the proprietors. Although the ferries of the County, particularly the two Shelter Island Ferries, provide a significant benefit to the public, the proprietors of these companies bear all the risk.

| CURRENT | | 1/W | R/T | PROPOSED | | 1/W | R/T |
|---------------------------------------|-----|---------|----------|---------------------------------------|-----|----------|----------|
| DUMP TRUCKS/ROLL-OFF'S | | | | DUMP TRUCKS/ROLL-OFF'S | | | |
| -2 AXLES | T/R | \$60.00 | \$120.00 | -2 AXLES | T/R | \$70.00 | \$140.00 |
| -3 AXLES | T/R | \$65.00 | \$130.00 | -3 AXLES | T/R | \$75.00 | \$150.00 |
| -4 AXLES | T/R | \$70.00 | \$140.00 | -4 AXLES | T/R | \$80.00 | \$160.00 |
| -TRACTOR TRAILER | | | | -TRACTOR TRAILER | | | |
| GARBAGE TRUCKS/PUMP-OUT TRUCKS | | | | GARBAGE TRUCKS/PUMP-OUT TRUCKS | | | |
| -2 AXLES | T/R | \$45.00 | \$80.00 | -2 AXLES | T/R | \$50.00 | \$90.00 |
| -3 AXLES | T/R | \$45.00 | \$80.00 | -3 AXLES | T/R | \$50.00 | \$90.00 |
| -4 AXLES | New | New | New | -4 AXLES | New | New | New |
| GASOLINE/PROPANE/HAZMAT | | \$90.00 | \$160.00 | GASOLINE/PROPANE/HAZMAT | | \$100.00 | \$180.00 |
| LOW-SIDED DUMPS/ROLL-OFF'S | | | | LOW-SIDED DUMPS/ROLL-OFF'S | | | |
| -2 AXLES | T/R | \$45.00 | \$80.00 | -2 AXLES | T/R | \$50.00 | \$90.00 |
| -3 AXLES | T/R | \$45.00 | \$80.00 | -3 AXLES | T/R | \$50.00 | \$90.00 |
| -4 AXLES | New | New | New | -4 AXLES | New | New | New |
| MOTORCYCLES | | \$8.00 | \$10.00 | MOTORCYCLES | | \$9.00 | \$12.00 |
| MOTORIZED CRANE | | \$90.00 | \$160.00 | MOTORIZED CRANE | | \$100.00 | \$180.00 |
| PASSENGERS | | \$2.00 | \$3.00 | PASSENGERS | | \$2.00 | \$4.00 |
| PICK-UPS/VANS 22" AND OVER | | T/R | T/R | PICK-UPS/VANS 22" AND OVER | | T/R | T/R |
| REDI-MIX / VOLUMETRIC MIXER | | \$80.00 | \$130.00 | REDI-MIX / VOLUMETRIC MIXER | | \$90.00 | \$150.00 |

| CURRENT | 1/W | R/T | PROPOSED | 1/W | R/T |
|----------------------------------|---------------|---------------|----------------------------|---------------|---------------|
| TANK TRUCKS | | | | | |
| - 2500 GALLONS & UNDER | T/R | T/R | - 2500 GALLONS & UNDER | T/R | T/R |
| - OVER 2500 GALLONS 3 AXLE | \$45.00 | \$80.00 | - OVER 2500 GALLONS 3 AXLE | \$50.00 | \$90.00 |
| - OVER 2500 GALLONS 4 AXLE | New | New | - OVER 2500 GALLONS 4 AXLE | \$90.00 | \$150.00 |
| TRACTOR TRAILERS: | | | | | |
| - LESS THAN 18 WHEELS | \$45.00 | \$80.00 | - LESS THAN 18 WHEELS | \$50.00 | \$90.00 |
| - 18 WHEELER | \$80.00 | \$130.00 | - 18 WHEELER | \$90.00 | \$150.00 |
| UNIBODY TRUCKS/BOX TRUCKS | | | | | |
| - UNDER 22' | \$15.00 | \$22.00 | - UNDER 22' | \$18.00 | \$27.00 |
| - 22' AND OVER = T/R | <u>SEE #2</u> | <u>SEE #2</u> | - 22' AND OVER = T/R | <u>SEE #2</u> | <u>SEE #2</u> |
| - 3 AXLES & OVER 30K GVWR | \$45.00 | \$80.00 | - 3 AXLES & OVER 30K GVWR | \$50.00 | \$90.00 |
| VANS UNDER 22' | | | | | |
| -22' AND OVER | \$15.00 | \$20.00 | -22' AND OVER | \$18.00 | \$25.00 |

CURRENT

PROPOSED

#2: T/R STANDARD TRUCKS (LENGTH MINUS 5 = 1M)

| | 1M | RT |
|-----|------|------|
| 22' | \$17 | \$34 |
| 23' | \$18 | \$36 |
| 24' | \$19 | \$38 |
| 25' | \$20 | \$40 |
| 26' | \$21 | \$42 |
| 27' | \$22 | \$44 |
| 28' | \$23 | \$46 |
| 29' | \$24 | \$48 |
| 30' | \$25 | \$50 |
| 31' | \$26 | \$52 |
| 32' | \$27 | \$54 |
| 33' | \$28 | \$56 |
| 34' | \$29 | \$58 |
| 35' | \$30 | \$60 |
| 36' | \$31 | \$62 |
| 37' | \$32 | \$64 |
| 38' | \$33 | \$66 |
| 39' | \$34 | \$68 |
| 40' | \$35 | \$70 |

#2: T/R STANDARD TRUCKS (LENGTH MINUS 2 = 1M)

| | 1M | RT |
|-----|------|------|
| 22' | \$20 | \$40 |
| 23' | \$21 | \$42 |
| 24' | \$22 | \$44 |
| 25' | \$23 | \$46 |
| 26' | \$24 | \$48 |
| 27' | \$25 | \$50 |
| 28' | \$26 | \$52 |
| 29' | \$27 | \$54 |
| 30' | \$28 | \$56 |
| 31' | \$29 | \$58 |
| 32' | \$30 | \$60 |
| 33' | \$31 | \$62 |
| 34' | \$32 | \$64 |
| 35' | \$33 | \$66 |
| 36' | \$34 | \$68 |
| 37' | \$35 | \$70 |
| 38' | \$36 | \$72 |
| 39' | \$37 | \$74 |
| 40' | \$38 | \$76 |

#3: TOWED ITEMS

#3: TOWED ITEMS

- UP TO 12' \$7.00 each way
 - 12' - UNDER 22' \$13.00 each way
 - 22' AND LONGER TRUCK RATE by length (see#2)

- UP TO 12' \$8.00 each way
 - 12' - UNDER 22' \$15.00 each way
 - 22' AND LONGER TRUCK RATE by length (see #2)

| <u>CURRENT</u> | | <u>PROPOSED</u> | |
|-----------------------------------|--------------------|-----------------------------------|---------------------------------|
| <u>#4: MULTI-TRIP BOOKS</u> | | <u>#4: MULTI-TRIP BOOKS</u> | |
| COMMUTER TICKETS: RESIDENT | 5 DAY 6 DAY | COMMUTER TICKETS: RESIDENT | 5 DAY 6 DAY |
| | \$27.00 \$33.00 | | \$30.00 \$36.00 |
| COMMUTER: NON-RESIDENT | 5 DAY 6 DAY | COMMUTER: NON-RESIDENT | 5 DAY 6 DAY |
| | \$27.00 \$33.00 | | \$45.00 \$54.00 |
| COMMUTER BICYCLE | 5 DAY 6 DAY | COMMUTER BICYCLE | 5 DAY 6 DAY |
| | \$15.00 \$18.00 | | \$20.00 \$24.00 |
| <u>GENERAL PUBLIC AUTO BOOK:</u> | | <u>GENERAL PUBLIC AUTO BOOK:</u> | |
| 10 ONE WAY | \$90.00 | 10 ONE WAY | \$115.00 |
| 10 ROUND TRIP | \$120.00 | 10 ROUND TRIP | \$150.00 |
| <u>RESIDENT AUTO TICKETS**</u> | | <u>RESIDENT AUTO TICKETS</u> | |
| Resident Tier 1 - per trip | 1/W \$6.50 | Resident Tier 1 - per trip | 1/W \$6.50 |
| Resident Tier 2 - per trip | R/T \$6.50 | Resident Tier 2 - per trip | R/T \$7.20 |
| | \$6.50 | | \$8.50 New Fare \$9.50 New Fare |
| <u>30 ONE WAY PASSENGER BOOK:</u> | \$30.00 | <u>30 ONE WAY PASSENGER BOOK:</u> | \$48.00 |
| <u>20 R/T PASSENGER BOOK:</u> | NEW FARE | <u>20 R/T PASSENGER BOOK:</u> | \$60.00 |

** 10 Trip Card to be phased out to be replaced by a rechargeable debit card

NOTES:

1. SHELTER ISLAND RESIDENT CARD REQUIRES PROOF OF RESIDENCY & MUST BE PURCHASED AT COMPANY OFFICE

2. VEHICLES OVER 80,000 lbs GROSS, AND/OR REQUIRING SPECIAL HANDLING PRICED PER AGREEMENT BETWEEN SOUTH FERRY AND VEHICLE OWNER

5. CHILDREN IN CAR SEATS / BOOSTER SEATS ARE FREE

6. DISCOUNT BOOKS AVAILABLE FOR MOST FARES

7. WEEKLY COMMUTER TICKETS DATED & AVAILABLE TO WORKERS AND STUDENTS ONLY

8. PERMAMMENT ATTACHMENTS TO A VEHICLE THAT CAUSES TOTAL LENGTH TO EXCEED 22' WILL ENACT TRUCK BY LENGTH RATES

9. SHELTER ISLAND RESIDENTS MUST USE PRE-PAID RESIDENT PASS CARD OR RESIDENT COMMUTER TICKET TO AVOID

BEING CHARGED FOR PASSENGERS IN VEHICLE

PHONE: (631) 749-1200

E-MAIL: INFO@SOUTHFERRY.COM

NOTES:

1. SHELTER ISLAND RESIDENT CARD REQUIRES PROOF OF RESIDENCY & MUST BE PURCHASED AT COMPANY OFFICE
2. TIER 1 PRICING IS AVAILABLE TO ANYONE WITH A SHELTER ISLAND DRIVERS LICENSE. TIER 2 PRICING IS AVAILABLE TO ANY SHELTER ISLAND PROPERTY OWNER, OR YEAR-ROUND LEASE HOLDERS WITHOUT SHELTER ISLAND DRIVERS LICENSE

3. VEHICLES OVER 80,000# GROSS, AND/OR REQUIRING SPECIAL HANDLING PRICED PER AGREEMENT BETWEEN SOUTH FERRY AND VEHICLE OWNER

4. PEDESTRIANS UNDER 8 FREE (IF ACCOMPANIED BY ADULT)

5. CHILDREN IN CAR SEATS / BOOSTER SEATS ARE FREE

6. DISCOUNT BOOKS AVAILABLE FOR MOST FARES
7. WEEKLY COMMUTER TICKETS DATED & AVAILABLE TO WORKERS AND STUDENTS ONLY

8. PERMAMMENT ATTACHMENTS TO A VEHICLE THAT CAUSES TOTAL LENGTH TO EXCEED 22' WILL ENACT TRUCK BY LENGTH RATES

9. SHELTER ISLAND RESIDENTS MUST USE PRE-PAID RESIDENT PASS CARD OR RESIDENT COMMUTER TICKET TO AVOID

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* \$2 EXTENDED SERVICE FEE DISCONTINUED