

SUFFOLK COUNTY LEGISLATURE



Gail Vizzini
Director

BUDGET REVIEW OFFICE

September 5, 2012

Honorable William J. Lindsay, Presiding Officer, and
Members of the Suffolk County Legislature
William H. Rogers Legislature Building
725 Veterans Memorial Highway
Smithtown, New York 11787

Dear Legislators:

The enclosed report presents the Budget Review Office analysis of the operating and financial data provided by Sayville Ferry Service, Inc. in conjunction with a petition dated July 12, 2012, which was submitted to the Suffolk County Legislature on July 24, 2012 seeking alteration to its existing passenger ferry rates and commercial and passenger freight tariffs applicable to the cross bay service they offer from Sayville, NY to the Fire Island communities of The Pines, Cherry Grove, and Water Island. Procedural Resolution No. 12-2012 set a public hearing regarding authorization of the alteration of rates and Introductory Resolution No. 1810-2012 would approve the requested rates.

The Budget Review Office conducted a thorough review of the operations and financial data provided by Sayville Ferry Service, Inc. The Petitioner desires to alter its passenger and freight rates by a weighted average increase for commercial freight and passenger fares of 15.01%. During the six-year period since Sayville Ferry Service, Inc.'s last fare increase, the Transportation Component of the Consumer Price Index for All Consumers in the New York and Northeastern New Jersey Region has increased 18.61%.

Their petition states they have come to the Legislature requesting relief based upon growth in expenses attributable to fuel, labor costs, property taxes, maintenance of their vessels, and operations in general. Additionally, the petition states that they anticipate an increase in expenses based upon their intention to purchase/lease a new vessel that will be similar to a vessel currently in their fleet, the Fire Island Empress, at a cost estimated to exceed \$2 million.

The audited financial statements provided by the petitioner lend support to their request for rate relief. The income statements submitted to the Budget Review Office indicate net income from Sayville Ferry Service, Inc. operations in 2010 of \$43,179 and a net loss of \$45,987 in 2011. Fuel costs have grown 28.4% between 2009 and 2010 and 40.8% between 2010 and 2011. Operating expenses as a whole have grown in excess of 4.5% between 2010 and 2011.

The Sayville Ferry continues to cooperate with the Legislature, continues to modernize its fleet, and has an effective cash control system in place. Their requested fares should generate approximately \$485,000 in additional revenue based on the proposed rates and projected ridership allowing them to continue operating profitably. The Budget Review Office supports the petitioner's request for rate relief at this time.

Our summary of findings highlights those areas we believe to be most relevant and necessary for legislative deliberation. My staff and I are available should you have questions regarding this report.

Very truly yours,

Gail Vizzini

Gail Vizzini, Director
Budget Review Office

Review of
Sayville Ferry Service, Inc.

**2012 Petition for
Rate Increase**

September 5, 2012

**Prepared for the Suffolk County Legislature
by Robert Doering, Legislative Analyst**

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

Analysis of Sayville Ferry Service, Inc.

Petition for Rate Increase

Summary of Findings

- Sayville Ferry Service, Inc. submitted a petition dated July 12, 2012 to the Suffolk County Legislature seeking alteration to its existing passenger ferry rates and commercial and passenger freight tariffs applicable to the cross bay service they offer from Sayville, NY to the Fire Island communities of The Pines, Cherry Grove, and Water Island.
- Schedule A, which contains the fare schedule for ferry service provided to Cherry Grove, and Fire Island Pines, includes increases that average **14.65%** in the aggregate. Travelers to these Fire Island communities make up approximately 99% of fare revenue generated by Sayville Ferry Service, Inc.
- Schedule B, which contains the fare schedule for ferry service provided to Water Island, includes increases that average **12.44%** in the aggregate. Travelers to this Fire Island community make up less than 1% of fare revenue generated by Sayville Ferry Service, Inc.
- Schedule C, which contains commercial freight tariffs for all of the Fire Island communities serviced by Sayville Ferry Service, Inc., includes increases that average **31.1%** in the aggregate. The freight tariff revenue generated by Sayville Ferry Service, Inc. makes up approximately 4.5% of the Ferry's revenues.
- Sayville Ferry Service, Inc. was last granted a rate increase by the Suffolk County Legislature on April 4, 2006 via Resolution No. 315-2006 therefore; the current fare structure has been in effect for six years.
- During this six-year period the Transportation Component of the Consumer Price Index for All Consumers in the New York and Northeastern New Jersey Region has increased 18.61%, which is notably greater than the weighted average increase for commercial freight and passenger fares of 15.01% requested by the petitioner.
- The income statements submitted to the Budget Review Office indicate net income from Sayville Ferry Service, Inc. operations in 2010 of \$43,179 and a net loss of \$45,987 in 2011. Fuel costs have grown 28.4% between 2009 and 2010 and 40.8% between 2010 and 2011. Operating expenses as a whole have grown in excess of 4.5% between 2010 and 2011.
- The Sayville Ferry continues to cooperate with the Legislature, continues to modernize its fleet, and has an effective cash control system in place. The request should generate approximately \$485,000 in additional revenue based on the proposed rates and projected ridership.
- The Budget Review Office supports the petitioner's request for rate relief at this time.

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 Suffolk County Code as authorized by Section 131-g of the New York Highway Law, Article 8 of the New York Navigation Law and Section 71 of the New York Transportation Corporations Law.

Sayville Ferry Service, Inc. submitted a petition dated July 12, 2012 to the Suffolk County Legislature seeking alteration to its existing passenger ferry rates and commercial and passenger freight tariffs

applicable to the cross bay service they offer from Sayville, NY to the Fire Island communities of The Pines, Cherry Grove, and Water Island. The 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 their consideration.

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 as many service providers as it deems necessary.

Pursuant to Chapter 455 of the Suffolk County Code, applicants must submit audited financial statements for the previous two years of operation. Sayville Ferry Service, Inc. has submitted audited financial statements pertaining to operations occurring November 1, 2009 through October 31, 2011. Satty, Levine & Ciacco, CPAs, P.C. is the accounting firm that audited the financial statements. We are in receipt of documentation indicating that they have been peer reviewed within the last five years, in accordance with sub-section 455-3 (D) of the Suffolk County Code.

The Budget Review Office reviewed the audited financial statements in conjunction with other information we considered necessary to evaluate the petitioner’s request. The petitioner submitted combined financial statements, which include Wayfarer Leasing Corp. that is also owned by the Stein family. The Budget Review Office considered the income statements and balance sheets provided, which were specific to Sayville Ferry Service, Inc. only for the purposes of our evaluation.

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.

Analysis of Sayville Ferry Service, Inc.

The findings presented here are intended to aid the Legislature in its deliberations on rate setting functions requested by Sayville Ferry Service, Inc.

The Petition Seeking a Rate Increase

The petition submitted by Sayville Ferry Service, Inc. dated July 12, 2012 seeks to obtain rate increases to the passenger and freight fare structures for regularly scheduled ferry service between Sayville, NY and the Fire Island communities of Cherry Grove, Fire Island Pines, and Water Island. The Stein family, the owners of Sayville Ferry Service, Inc., has provided ferry service on the Great South Bay since 1894. The present Ferry Company began service to the community of Fire Island Pines in 1955, Cherry Grove in 1983, and Water Island in 1989. All service initiates from the ferry terminal facilities on River Road (Browns Creek) in Sayville, New York.

The following tables illustrate the current and proposed passenger and freight fare structures as included in the current petition.

Schedule A
CHERRY GROVE & FIRE ISLAND PINES
2012 SEASON

FARE CATEGORY	CURRENT FARE	REQUESTED FARE	DOLLAR INCREASE	PER RIDE COST	PERCENTAGE INCREASE
Adult					
One Way	\$7.25	\$8.25	\$1.00	\$ 8.25	13.79%
Round Trip	\$14.00	\$16.00	\$2.00	\$8.00	14.29%
40 Trip Ticket	\$217.50	\$247.50	\$30.00	\$6.19	13.79%
Seniors & Handicap					
One Way	\$ 6.25	\$7.25	\$1.00	\$7.25	16.00%
Round Trip	\$12.00	\$14.00	\$2.00	\$7.00	16.67%
Children					
One Way	\$3.50	\$4.00	\$.50	\$4.00	14.29%
Round Trip	\$6.50	\$7.50	\$1.00	\$3.75	15.38%
40 Trip Ticket	\$105.00	\$120.00	\$15.00	\$3.00	14.29%
Dogs					
One Way	\$2.50	\$2.75	\$.25	\$2.75	10.00%
Round Trip	\$4.00	\$4.50	\$.50	\$4.50	12.50%
40 Trip Ticket	\$75.00	\$ 85.50	\$10.50	\$2.14	14.00%
Winter Service					
Adult One Way	\$12.00	\$14.50	\$2.50	\$14.50	20.83%
Passenger Freight Tariffs	Not Over \$20.00 per item based on bulk and weight	Not Over \$26.00 per item based on bulk and weight	Various	Various	Various

Schedule B
WATER ISLAND
2012 SEASON

FARE CATEGORY	CURRENT FARE	REQUESTED FARE	DOLLAR INCREASE	PER RIDE COST	PERCENTAGE INCREASE
Adult					
One Way	\$12.00	\$13.50	\$1.50	\$13.50	12.50%
Round Trip	\$22.00	\$25.00	\$3.00	\$12.50	13.64%
20 Trip Ticket	\$210.00	\$236.25	\$26.25	\$11.81	12.50%
Children					
One Way	\$6.00	\$6.75	\$.75	\$6.75	12.50%
Round Trip	\$11.00	\$12.25	\$1.25	\$6.13	11.36%
20 Trip Ticket	\$100.00	\$115.00	\$15.00	\$5.75	15.00%
Dogs					
One Way	\$2.50	\$2.75	\$.25	\$2.75	10.00%
Round Trip	\$4.00	\$4.50	\$.50	\$4.50	12.50%

FARE CATEGORY	CURRENT FARE	REQUESTED FARE	DOLLAR INCREASE	PER RIDE COST	PERCENTAGE INCREASE
20 Trip Ticket	\$37.50	\$42.00	\$4.50	\$2.10	12.00%
Passenger Freight Tariffs	Not Over \$20.00 per item based on bulk and weight	Not Over \$26.00 per item based on bulk and weight	Various	Various	Various

Schedule C
SAYVILLE FERRY SERVICE, INC.
COMMERCIAL FREIGHT TARIFFS
2012 SEASON

ITEMS	CURRENT RATE	PROPOSED RATE	DOLLAR INCREASE	PERCENTAGE INCREASE
Amusements				
Bowling game	\$30.00	\$30.00	\$-	0.0%
Cigarette machine	\$40.00	\$40.00	\$-	0.0%
Football game	\$30.00	\$30.00	\$-	0.0%
Juke box	\$40.00	\$40.00	\$-	0.0%
Pinball machine	\$30.00	\$30.00	\$-	0.0%
Video game	\$30.00	\$30.00	\$-	0.0%
Pool table	\$50.00	\$50.00	\$-	0.0%
Piano	\$50.00	\$50.00	\$-	0.0%
Appliances				
Dishwasher	\$22.00	\$22.00	\$-	0.0%
Dishwasher-front panel	\$6.00	\$6.00	\$-	0.0%
Dryer	\$22.00	\$22.00	\$-	0.0%
Freezer-residential	\$44.00	\$50.00	\$6.00	13.6%
Freezer-commercial	\$55.00	\$55.00	\$-	0.0%
Hot tub	\$55.00	\$65.00	\$10.00	18.2%
Microwave oven	\$9.00	\$20.00	\$11.00	122.2%
Range	\$22.00	\$35.00	\$13.00	59.1%
Range top	\$12.00	\$25.00	\$13.00	108.3%
Refrigerator	\$33.00	\$40.00	\$7.00	21.2%
Refrigerator-commercial	\$55.00	\$55.00	\$-	0.0%
soda machine	\$55.00	\$55.00	\$-	0.0%
Stove: coal Franklin, etc.	\$33.00	\$60.00	\$27.00	81.8%

ITEMS	CURRENT RATE	PROPOSED RATE	DOLLAR INCREASE	PERCENTAGE INCREASE
Trash compactor	\$15.00	\$15.00	\$-	0.0%
Walk-in box	\$83.00	\$83.00	\$-	0.0%
Washer	\$22.00	\$35.00	\$13.00	59.1%
Water Heater	\$22.00	\$30.00	\$8.00	36.4%
Bulk Shipments: Liquids, Gas, Etc.				
55-gal drum of gas, oil kero, sand grease, etc.	\$22.00	\$36.00	\$14.00	63.6%
Acid drum (5 gal)	\$4.00	\$6.00	\$2.00	50.0%
Chlorine-5 gal	\$4.00	\$4.00	\$-	0.0%
15 gal	\$8.00	\$8.00	\$-	0.0%
CO2 large	\$8.00	\$8.00	\$-	0.0%
stubbies	\$5.00	\$6.00	\$1.00	20.0%
Gasoline tank, 5 gal and up	\$4.00	\$5.00	\$1.00	25.0%
28 gal		\$20.00	\$20.00	NEW
Propane 100#	\$7.00	\$7.00	\$-	0.0%
Bar-BQ	\$5.00	\$5.00	\$-	0.0%
Furniture				
Beds & Bedding: Bed end-head board	\$6.00	\$10.00	\$4.00	66.7%
Bed frame	\$3.00	\$6.00	\$3.00	100.0%
Bed, folding	\$11.00	\$11.00	\$-	0.0%
Mattress or box spring: Single	\$6.00	\$15.00	\$9.00	150.0%
Double	\$12.00	\$20.00	\$8.00	66.7%
Queen	\$17.00	\$25.00	\$8.00	47.1%
King	\$22.00	\$30.00	\$8.00	36.4%
Chair, folding-each way	\$2.00	\$2.00	\$-	0.0%
Chair, stacking	\$3.00	\$5.00	\$2.00	66.7%
Chair-recliner	\$17.00	\$25.00	\$8.00	47.1%
Chaise, (aluminum, wood)	\$8.00	\$12.00	\$4.00	50.0%
Chaise, folding	\$9.00	\$9.00	\$-	0.0%
Cabinets, Kitchen, Per Foot:				
lower units	\$5.00	\$15.00	\$10.00	200.0%
upper units	\$4.00	\$10.00	\$6.00	150.0%
Carpet or Padding - Roll				
Small	\$11.00	\$12.00	\$1.00	9.1%

ITEMS	CURRENT RATE	PROPOSED RATE	DOLLAR INCREASE	PERCENTAGE INCREASE
Large	\$17.00	\$25.00	\$8.00	47.1%
Dresser-small	\$11.00	\$20.00	\$9.00	81.8%
Dresser-large	\$16.00 - \$22.00	\$30.00	\$8.00	36.4%
Hutch	\$14.00 - \$22.00	\$30.00	\$8.00	36.4%
Lamp, floor style	\$5.00	\$5.00	\$-	0.0%
Lamp, table style	\$3.00	\$3.00	\$-	0.0%
Love seat	\$17.00	\$30.00	\$13.00	76.5%
Recliner	\$11.00	\$25.00	\$14.00	127.3%
Rocker	\$6.00	\$6.00	\$-	0.0%
Sofa	\$22.00	\$45.00	\$23.00	104.5%
Sofa, convertible	\$33.00	\$55.00	\$22.00	66.7%
Stereo component, per piece	\$6.00	\$6.00	\$-	0.0%
Table, dining	\$22.00	\$35.00	\$13.00	59.1%
Table, end	\$5.00	\$12.00	\$7.00	140.0%
Table, picnic	\$20.00	\$20.00	\$-	0.0%
TV Antennae	\$4.00	\$4.00	\$-	0.0%
TV set, cabinet	\$27.00	\$35.00	\$8.00	29.6%
TV set, portable	\$14.00	\$20.00	\$6.00	42.9%
Garden Supplies and Tools				
Bagged plants-large	\$2.25	\$5.00	\$2.75	122.2%
Bush-3 ft.	\$3.25	\$3.25	\$-	0.0%
Chain saw	\$3.25	\$3.25	\$-	0.0%
Cut flowers-box	\$2.25	\$2.25	\$-	0.0%
Gladioli Bundle	\$3.25	\$3.25	\$-	0.0%
Fertilizer/Top Soil 25# bag	\$1.25	\$1.75	\$0.50	40.0%
40-50# bag	\$1.75	\$2.25	\$0.50	28.6%
74-80# bag	\$2.25	\$3.50	\$1.25	55.6%
100# bag	\$2.75	\$5.00	\$2.25	81.8%
Flats-plants or flowers	\$1.75	\$2.25	\$0.50	28.6%
Hanging plant	\$2.25	\$5.00	\$2.75	122.2%
Hay, bale	\$2.25	\$2.25	\$-	0.0%
Mower	\$5.50	\$5.50	\$-	0.0%
Peat moss 2 c.f. bale	\$1.25	\$1.25	\$-	0.0%
4 c.f. bale	\$2.75	\$2.75	\$-	0.0%

ITEMS	CURRENT RATE	PROPOSED RATE	DOLLAR INCREASE	PERCENTAGE INCREASE
6 c.f. bale	\$4.50	\$4.50	\$-	0.0%
Pine bark (chips) - bag	\$1.75	\$1.75	\$-	0.0%
Plant, single sm container	\$2.25	\$3.00	\$0.75	33.3%
Pots, empty (clay/plastic)				
small-each	\$1.25	\$2.00	\$0.75	60.0%
10" or larger-each	\$3.25	\$3.25	\$-	0.0%
Rototiller	\$5.50	\$5.50	\$-	0.0%
Stone Material-Pallet	\$44.00	\$65.00	\$21.00	47.7%
Table saw	\$11.00	\$15.00	\$4.00	36.4%
Tree-first 1'	\$3.25	\$25.00	\$21.75	669.2%
Each add'l foot	\$3.25	\$3.25	\$-	0.0%
Whiskey barrel	\$6.00	\$6.00	\$-	0.0%
Wood chipper	\$28.00	\$28.00	\$-	0.0%
Groceries, Food, & Restaurant Supplies				
Bag empty cans/bottles	\$1.75	\$2.00	\$0.25	14.3%
Beer, case of cans	\$1.25	\$2.00	\$0.75	60.0%
Beer, case of bottles	\$1.50	\$2.00	\$0.50	33.3%
Beer, 1/4 keg w/return	\$3.25	\$3.25	\$-	0.0%
Beer, 1/2 keg w/return	\$6.00	\$6.00	\$-	0.0%
Bread, box or bag	\$1.25	\$1.50	\$0.25	20.0%
Bread tray	\$1.75	\$2.00	\$0.25	14.3%
Cake	\$2.25	\$2.50	\$0.25	11.1%
Cigarettes-box	\$2.25	\$2.50	\$0.25	11.1%
Cookies, carton	\$2.25	\$2.50	\$0.25	11.1%
Dairy	\$1.75	\$2.00	\$0.25	14.3%
Eggs, case	\$2.75	\$3.00	\$0.25	9.1%
Fish, crate or box	\$3.75	\$4.50	\$0.75	20.0%
Frozen per piece	\$1.10	\$1.10	\$-	0.0%
Groceries	\$0.90	\$1.00	\$0.10	11.1%
Groceries, per carton, bulk	\$1.25	\$1.25	\$-	0.0%
per bag	\$1.00	\$1.00	\$-	0.0%
Ice-master bag	\$2.75	\$3.00	\$0.25	9.1%
Ice cream, large carton	\$5.50	\$6.00	\$0.50	9.1%
Ice cream, small	\$3.25	\$3.50	\$0.25	7.7%

ITEMS	CURRENT RATE	PROPOSED RATE	DOLLAR INCREASE	PERCENTAGE INCREASE
Juice/water-case	\$1.75	\$2.00	\$.25	14.3%
Liquor, case	\$3.25	\$4.00	\$.75	23.1%
Meat, large box	\$4.50	\$4.50	\$-	0.0%
Meat, small carton	\$2.00	\$3.00	\$1.00	50.0%
Milk, case w/return	\$1.75	\$2.00	\$.25	14.3%
Newspapers, magazines, per bundle	\$1.25	\$1.50	\$.25	20.0%
Pickle barrel w/return	\$5.50	\$5.50	\$-	0.0%
Produce	\$1.25	\$1.50	\$.25	20.0%
Shell fish, bag	\$2.75	\$3.00	\$.25	9.1%
Soda, case of cans	\$1.25	\$1.50	\$.25	20.0%
Soda, case of bottles	\$1.50	\$2.00	\$.50	33.3%
Soda syrup, 4-gal carton	\$2.75	\$3.00	\$.25	9.1%
Soda, syrup, cyl w/return	\$4.50	\$4.50	\$-	0.0%
Supplies, general	\$2.25	\$2.50	\$.25	11.1%
Vegetables & produce-carton/crate	\$1.25	\$1.50	\$.25	20.0%
Water 5- gal bottle	\$3.50	\$3.50	\$-	0.0%
ITEMS WHICH REQUIRE REFRIGERATION	\$.75	\$.75	\$-	0.0%
Lumber & Building Supplies				
Bricks, 1-100 per piece	\$.35	\$.35	\$-	0.0%
Bricks, 100-999 per piece	\$.15	\$.15	\$-	0.0%
Bricks, 1000 +	\$.10	\$0.10	\$-	0.0%
Cement, bag	\$3.25	\$3.25	\$-	0.0%
Cement block, 8" std/4" solid	\$1.25	\$1.25	\$-	0.0%
Cement block, 12' std	\$1.25	\$1.25	\$-	0.0%
Cement covers, 5' x 12'	\$13.75	\$13.75	\$-	0.0%
Cement mixer	\$33.00	\$33.00	\$-	0.0%
Cement tub	\$6.00	\$6.00	\$-	0.0%
Doors				
Std Luan-hollow	\$6.00	\$6.00	\$-	0.0%
-solid	\$7.00	\$7.00	\$-	0.0%
Jalousie, w/glass	\$11.00	\$11.00	\$-	0.0%
Pre-hung, solid	\$11.00	\$16.00	\$5.00	45.5%
Shower doors	\$17.00	\$20.00	\$3.00	17.6%

ITEMS	CURRENT RATE	PROPOSED RATE	DOLLAR INCREASE	PERCENTAGE INCREASE
Sliding glass set	\$44.00	\$44.00	\$-	0.0%
Flue pipe, 8" x 8", piece	\$1.25	\$1.25	\$-	0.0%
Flue pipe, 12' piece	\$3.25	\$3.25	\$-	0.0%
Formica, 4' x 8' or roll	\$3.25	\$3.25	\$-	0.0%
Class, min per piece	\$5.00	\$5.00	\$-	0.0%
Homosote, 4' x 8' sheet	\$1.50	\$2.00	\$0.50	33.3%
Insulation bundle	\$2.75	\$5.00	\$2.25	81.8%
Insulation, single roll	\$2.00	\$3.00	\$1.00	50.0%
Ladder, step, per foot	\$.35	\$.35	\$-	0.0%
Ladder, 20' extension	\$6.00	\$12.00	\$6.00	100.0%
Ladder, 40' extension	\$11.00	\$15.00	\$4.00	36.4%
Leader or gutter-per ft.	\$.55	\$.75	\$.20	36.4%
Lumber, per bundle ft.	\$.10	\$.11	\$.01	10.0%
Lumber - minimum order	\$2.00	\$5.00	\$3.00	150.0%
Masonite, 4' x 8' panel	\$2.00	\$3.00	\$1.00	50.0%
Molding-per ft.	\$.20	\$.30	\$.10	50.0%
Nails, 50# box	\$2.25	\$5.00	\$2.75	122.2%
Paint, case	\$3.00	\$5.00	\$2.00	66.7%
Paint, gallon can	\$1.50	\$2.00	\$.50	33.3%
Paint, 5 gal pail	\$3.00	\$5.00	\$2.00	66.7%
Plywood, 4' x 8' x 1/2"	\$2.00	\$3.00	\$1.00	50.0%
Plywood, 4' x 10' x 1/2"	\$2.00	\$3.50	\$1.50	75.0%
Poles, CCA				
6" x 8'	\$4.50	\$6.00	\$1.50	33.3%
6" x 20'	\$11.00	\$11.00	\$-	0.0%
6" x 25'	\$13.25	\$13.25	\$-	0.0%
8" x 20'	\$11.00	\$11.00	\$-	0.0%
8" x 25'	\$13.25	\$13.25	\$-	0.0%
10" x 20'	\$15.50	\$15.50	\$-	0.0%
Over 20' add per foot	\$1.50	\$1.50	\$-	0.0%
Roofing, roll or split sheet/felt	\$3.00	\$3.50	\$.50	16.7%
Scaffold w/return per sect	\$11.00	\$11.00	\$-	0.0%
Screens-sq. ft.	\$.60	\$.60	\$-	0.0%
Sheetrock, 4' x 8' x 1/2" sheet l	\$2.00	\$3.00	\$1.00	50.0%

ITEMS	CURRENT RATE	PROPOSED RATE	DOLLAR INCREASE	PERCENTAGE INCREASE
Sheetrock, 4' x 10' x 1/2" sheet	\$3.00	\$4.00	\$1.00	33.3%
Shingles, all types, bundle	\$2.00	\$3.00	\$1.00	50.0%
Skylight	\$6.00	\$16.00	\$10.00	166.7%
Snow fence, 50' roll	\$6.00	\$8.00	\$2.00	33.3%
Snow fence posts	\$4.00	\$4.00	\$-	0.0%
Stockade fence, 6' x 8' sheet	\$6.00	\$10.00	\$4.00	66.7%
Stockade fence post-each	\$1.00	\$1.00	\$-	0.0%
Styrofoam, 2' x 8' sheet	\$1.25	\$1.25	\$-	0.0%
Tile, ceiling, box	\$3.00	\$3.00	\$-	0.0%
Tile, floor, box	\$4.00	\$4.00	\$-	0.0%
Tile, ceramic, box	\$4.00	\$4.00	\$-	0.0%
Windows				
Single unit	\$6.00	\$6.00	\$-	0.0%
Triple or picture	\$33.00	\$33.00	\$-	0.0%
Bay or bow	\$44.00	\$44.00	\$-	0.0%
Wonder board, 2' x 4' pc.	\$4.00	\$ 5.00	\$1.00	25.0%
Miscellaneous				
Air conditioner	\$17.00	\$20.00	\$3.00	17.6%
Barbecue	\$17.00	\$20.00	\$3.00	17.6%
Battery, standard size	\$4.00	\$5.00	\$1.00	25.0%
Bicycle	\$6.00	\$6.00	\$-	0.0%
Boats, per ft.	\$3.00	\$3.00	\$-	0.0%
Cash register	\$6.00	\$6.00	\$-	0.0%
Coal, per 100 lbs.	\$3.00	\$3.00	\$-	0.0%
Computer-per piece	\$5.50	\$5.50	\$-	0.0%
Copy machine	\$11.00	\$11.00	\$-	0.0%
Dry cleaning	\$2.75	\$2.75	\$-	0.0%
Fire extinguisher-sm/lg	\$2.25	\$3.00	\$.75	33.3%
Garbage can, empty-1 can	\$2.25	\$3.00	\$.75	33.3%
additional	\$1.25	\$3.00	\$1.75	140.0%
Laundry, bag or bundle w/return	\$3.50	\$5.00	\$1.50	42.9%
Motor, outboard	\$17.00	\$17.00	\$-	0.0%
Surfboard	\$6.00	\$6.00	\$-	0.0%
Tar kettle w/return	\$33.00	\$50.00	\$17.00	51.5%

ITEMS	CURRENT RATE	PROPOSED RATE	DOLLAR INCREASE	PERCENTAGE INCREASE
Wagon	\$3.00	\$3.00	\$-	0.0%
Windsurfer	\$17.00	\$17.00	\$-	0.0%
Firewood, cord	\$110.00	\$110.00	\$-	0.0%
Plumbing Supplies				
Basin	\$5.50	\$6.50	\$1.00	18.2%
Boiler	\$33.00	\$33.00	\$-	0.0%
Cast iron fittings	\$1.50	\$1.50	\$-	0.0%
Fire hydrant	\$22.00	\$22.00	\$-	0.0%
Pipe:				
C.I. 6' length	\$3.25	\$4.00	\$0.75	23.1%
C.I. 8' length	\$3.25	\$4.00	\$0.75	23.1%
C.I. 10' length	\$3.25	\$4.00	\$0.75	23.1%
Copper, 10' length	\$2.25	\$3.00	\$0.75	33.3%
PVC or vinyl, 10'	\$2.25	\$3.00	\$0.75	33.3%
PVC or vinyl, 10'	\$2.25	\$3.00	\$0.75	33.3%
PVC, 4"-6", 20'	\$2.25	\$3.00	\$0.75	33.3%
Steel'B.I. / galv. per ft.	\$.15	\$.20	\$.05	33.3%
Vinyl, coil	\$2.75	\$8.00	\$5.25	190.9%
Shower unit, fiberglass	\$28.00	\$40.00	\$12.00	42.9%
Spa w/ accessories	\$55.00	\$165.00	\$110.00	200.0%
Toilet bowl	\$6.00	\$10.00	\$4.00	66.7%
Toilet tank	\$5.00	\$8.00	\$3.00	60.0%
Tub, fiberglass	\$28.00	\$28.00	\$-	0.0%
Tub, steel	\$28.00	\$28.00	\$-	0.0%
Tub, complete unit	\$28.00	\$28.00	\$-	0.0%
Water heater, 5-10 gal	\$22.00	\$30.00	\$8.00	36.4%
Mullion-per unit	\$7.00	\$7.00	\$-	0.0%
UPS				
Minimum Charge	\$2.25	\$3.00	\$0.75	33.3%
Up to 30 lbs.	\$3.00	\$5.00	\$2.00	66.7%
31-45 lbs.	\$4.00	\$8.00	\$4.00	100.0%
46-80 lbs.	\$6.00	\$15.00	\$9.00	150.0%
Over 80 lbs.	\$8.00	\$25.00	\$17.00	212.5%

ITEMS	CURRENT RATE	PROPOSED RATE	DOLLAR INCREASE	PERCENTAGE INCREASE
Additional charge for C.O.D.				
Check	\$3.00	\$3.00	\$-	0.0%
Cash	\$4.00	\$4.00	\$-	0.0%
Vehicles-In Operating Condition				
Delivery cart-each way	\$33.00	\$40.00	\$7.00	21.2%
Cushman-type scooter	\$33.00	\$40.00	\$7.00	21.2%
Golf cart	\$33.00	\$33.00	\$-	0.0%
Pay loader, sm. bobcat	\$110.00	\$110.00	\$-	0.0%
Add'l. if not in operating condition	\$16.50	\$16.50	\$-	0.0%
Pallets which have to be broken down and reloaded by hand	\$10.00	\$10.00	\$-	0.0%

Analysis of Proposed Rates

Schedule A, which contains the fare schedule for ferry service provided to Cherry Grove, and Fire Island Pines, includes increases that average **14.65%** in the aggregate. Travelers to these Fire Island communities make up approximately 99% of fare revenue generated by Sayville Ferry Service, Inc. based upon ridership data provided for the prior two years. Fare revenue makes up approximately 93% of the Ferry's revenues. The Budget Review Office projects an increase in revenue of approximately \$485,000 resultant from this increase based upon 2011 actual data.

Schedule B, which contains the fare schedule for ferry service provided to Water Island, includes increases that average **12.44%** in the aggregate. Travelers to this Fire Island community make up less than 1% of fare revenue generated by Sayville Ferry Service, Inc. based upon ridership data provided for the prior two years. Fare revenue makes up approximately 93% of the Ferry's revenues. The Budget Review Office projects an increase in revenue of approximately \$3,700 resultant from this increase based upon 2011 actual data.

Schedule C, which contains commercial freight tariffs for all of the Fire Island communities serviced by Sayville Ferry Service, Inc., includes increases that average **31.1%** in the aggregate. The freight tariff revenue generated by Sayville Ferry Service, Inc. makes up approximately 4.5% of the Ferry's revenues. The Budget Review Office projects an increase in revenue of approximately \$45,000 resultant from this increase based upon 2011 actual data.

Passenger freight is considered to be carry-on luggage, household supplies, vacation equipment and other miscellaneous items. Large and heavy passenger bulk items are subject to negotiation within the proposed \$26 maximum charge. Passenger freight has always been limited at the discretion of the operator based on capacity and safety and makes up approximately 2% of the Ferry's revenues.

The petitioner wishes to continue the \$1.00 surcharge for tickets sold on its vessels when terminal facilities are open at least ten minutes prior to scheduled departure. The purpose of the surcharge

is to discourage onboard ticket sales. Additionally, the petitioner wishes to continue the current practice of exercising their discretion in setting rates for group discounts, charter rates, and other multiple trip rates not addressed in the current and proposed fee schedules as the need may arise.

Sayville Ferry Service, Inc. was last granted a rate increase by the Suffolk County Legislature on April 4, 2006 via Resolution No. 315-2006 therefore; the current fare structure has been in effect for six years. Law governing ferries allows ferry companies to exercise their right to alter fares by applying the Transportation Component of the Consumer Price Index for New York and Northeastern New Jersey for all urban consumers by notifying the Clerk of the Legislature 60 days prior to utilizing the index to implement the alteration of rates. **During this six-year period the Transportation Component of the Consumer Price Index for All Consumers in the New York and Northeastern New Jersey Region has increased 18.61% which, is notably greater than the weighted average increase for commercial freight and passenger fares of 15.01% requested by the petitioner.**

Sayville Ferry Service, Inc. Operations

Sayville Ferry Service, Inc. continues to provide safe, reliable, service to the Fire Island communities that it services. It has been most recently granted a license to do so by the Suffolk County Legislature via Resolution No. 1030-2011. Their petition states they have come to the Legislature requesting rate relief based upon growth in expenses attributable to fuel, labor costs, property taxes, maintenance of their vessels, and operations in general. Additionally, the petition states that they anticipate an increase in expenses based upon their intention to purchase/lease a new vessel that will be similar to a vessel currently in their fleet, the Fire Island Empress, at a cost estimated to exceed \$2 million.

The audited financial statements provided by the petitioner lend support to their request for rate relief. The income statements submitted to the Budget Review Office indicate net income from Sayville Ferry Service, Inc. operations in 2010 of \$43,179 and a net loss of \$45,987 in 2011. Fuel costs have grown 28.4% between 2009 and 2010 and 40.8% between 2010 and 2011. Operating expenses as a whole have grown in excess of 4.5% between 2010 and 2011.

The Budget Review Office toured Sayville Ferry Service, Inc. operations to ensure the utilization of adequate cash controls. The system includes cash registers with money card encoders for recording revenue and turnstiles with electronic modules, which read the encoded money cards for ridership statistics. The revenue collected is compared to the turnstile computer generated ridership statistics. There are cameras present at each point of service where cash is handled allowing management to readily observe all transactions.

Conclusions and Recommendations

Sayville Ferry Service, Inc. has been operating under the current fare structure since 2006. With the increased revenue provided by this rate increase the company should be able to continue operating profitably. The Sayville Ferry continues to cooperate with the Legislature, continues to modernize its fleet, and has an effective cash control system in place. The request should generate approximately \$485,000 in additional revenue based on the proposed rates and projected ridership. The Budget Review Office supports the petitioner's request for rate relief at this time.

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