

SUFFOLK COUNTY LEGISLATURE

Robert Lipp
Director

BUDGET REVIEW OFFICE

March 14, 2019

Honorable DuWayne Gregory, 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 contains the Budget Review Office analysis of the financial and statistical data provided by Fire Island Ferries, Incorporated, in support of its petitions for rate increases. Introductory Resolution No. 1137-2019 would approve the requested rate increases for Fire Island Water Taxi and Introductory Resolution No. 1136-2019 would approve the requested rate increases for Fire Island Ferry.

The Budget Review Office conducted thorough reviews of the certified and audited financial statements which were prepared by an accountant with satisfactory peer review status. Fire Island Water Taxi Company, Inc. last received a rate increase in 2015. Rate increases are requested in almost all fare categories; the average increase is 9% for the Water Taxi lateral service, 11% for the Ferry passengers and 20% for ferry freight.

The Budget Review Office recommends that the petitioner's request for a rate increase be approved. The rate increase request is reasonable, given rising personnel and health insurance expenses, and the need to pay for recent capital improvements, such as a vessel purchase.

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,



Robert Lipp, Director
Budget Review Office

Review of
Fire Island Ferries, Inc.

and
Fire Island Water Taxi Company, Inc.

**Petitions for 2019
Rate Increase**

March 14, 2019

**Budget Review Office
Suffolk County Legislature
Smithtown, New York 11787**

Analysis of Fire Island Water Taxi Company, Inc.

Petition for Rate Alteration

Summary of Findings

- Fire Island Ferries, Inc., and its wholly owned subsidiary, Fire Island Water Taxi, LLC, filed a petition for rate relief and supporting documents with the Clerk of the Legislature in December 2018.
- The rate relief requests were laid on the table before the Legislature on February 13, 2019, as Introductory Resolution No. 1136-2019 for Fire Island Ferries, Inc., and Introductory Resolution No. 1137-2019 for Fire Island Water Taxi, LLC.
- Fire Island Ferries, Inc. 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 for both petitions.
- Both Fire Island Ferries, Inc. and Fire Island Water Taxi were last granted rate increases in 2015.
- The cash control system used on both the Ferries and the Water Taxi is sufficient to safeguard the company's assets and protect the public's interest.
- In support of the proposed rate increases, audited financial statements and projections were submitted by the petitioner. For the most part, rising wage and benefit costs, rising fuel costs, and scheduled capital improvements have resulted in decreasing profits and margins since 2015 for Fire Island Ferries and Fire Island Water Taxi.
- Fire Island Ferries seeks to impose a 3.5% surcharge on tickets purchased electronically. The petitioner requests an increase of approximately 11% in rates for Fire Island Ferries, 9% for Fire Island Water Taxi lateral services, 15.2% for Fire Island Water Taxi cross bay services, and 24.1% for freight rates.
- Lateral service fares would increase by approximately one dollar. Ferry Service fares would also increase by approximately one dollar per trip (two dollars round trip), less than one dollar for multi-trip ticket purchases. Cross-bay taxi service would increase by \$25.00 for the most common fares. The minimum freight charge would increase by \$0.25. Groceries per carton would increase by \$0.10, and the per wagon charge would increase by \$1.35, for an empty wagon.
- Without the requested rate relief, Fire Island Water Taxi, LLC, and Fire Island Ferries, Inc. will probably experience net losses before taxes in 2019.
- The expected revenue increase for the two combined companies is 13.2%, compared to expected revenues without rate relief. In comparison, growth in the Transportation CPI index since the last rate increase was 4%.
- We support the request for rate increases. The requested rate relief allows Fire Island Ferries, Inc., and its subsidiary, Fire Island Water Taxi, LLC, sufficient revenue growth to mitigate their expected increases in wages, benefits, and fuel costs in 2019.

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. Applicable laws are the Suffolk County Ferry Service Law (Chapter 455 of the Laws of Suffolk County), Section 131-g of the New York State Highway Law, Article 8 of the New York State Navigation Law and Article 6 of the New York State Transportation Corporations Law. The intent of the Suffolk County Ferry Service Law is to assure “continuous and adequate ferry service in Suffolk County”. The licenses granted by the County are not exclusive; non-exclusive licenses may be granted to as many service providers as deemed necessary.

Fire Island Ferries, Inc. submitted two petitions in December 2018 to the Suffolk County Legislature seeking authorization for increases in its rates as provided for by Section 131-g of the New York State Highway Law. The requested increases are detailed in Introductory Resolution No. 1136-2019 for Fire Island Ferries, Inc., and in Introductory Resolution No. 1137-2019 for Fire Island Water Taxi, LLC. Pursuant to the New York State Navigation Law and the County Ferry Service Law, the County Legislature is responsible for action on this request. The Legislative Budget Review Office reviews the application and presents its findings in a report to the Legislature for their consideration, per Section 455-3 of the Ferry Service Law.

Pursuant to the County Ferry Service Law, applicants must submit audited financial statements for the previous two years of operation. Fire Island Ferries, Inc. provided audited financial statements and supplementary information for the two years of operations occurring from October 1, 2016 to September 30, 2018, for both Fire Island Ferries and for Fire Island Water Taxi, LLC. Fire Island Water Taxi, LLC, is a wholly owned subsidiary of Fire Island Ferries, Inc., and except for the requirements of Chapter 455, does not typically report its finances separately from Fire Island Ferries, Inc. The petitioner also submitted a consolidated financial statement. King and Associates, CPA, P.C. audited and certified each of these financial statements.

King and Associates, CPA, P.C. provided documentation indicating that they have been peer reviewed within the last five years, in accordance with Chapter 455-3 (D) of the Suffolk County Code. Audited financial statements are intended to provide an independent, competent, and objective presentation of operations. In cooperation with the petitioner, King and Associates also prepared forecasts for 2019 based on the financial statements. Any financial forecasts presented in this report are based upon assumptions of future events and should not be construed as facts.

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, records of ridership volume, and comparisons with current rates. We also toured the petitioner’s fixed place of business in Bay Shore, and the petitioner reviewed cash control and freight receiving procedures. Along with their forecasts of revenues and expenditures for 2019, the petitioner provided supplementary information on revenues and expenses back to 2015, and data on ridership for both Fire Island Ferries and Fire Island Water Taxi for 2015 to 2018. BRO also had access to information provided during the petitioner’s previous rate relief petition.

Analysis of the Petitions for Rate Relief

The findings presented here are intended to aid the Legislature in its deliberations on the rate alterations requested by Fire Island Water Taxi Co., LLC, and Fire Island Ferries, Inc.

The Petitions Seeking Rate Relief

The petitions submitted by Fire Island Ferries, Inc. indicate that the ferries are for-profit transportation corporations organized under the Transportation Corporations Law of the State of New York. They have been and remain in good standing under the law and are authorized and licensed to operate passenger and freight ferries between Bay Shore, New York and various communities on Fire Island, and to operate laterally along Fire Island with various ports of embarkation. Their latest license approval was in 2014. Resolution Nos. 233 and 234-2014 renewed the Fire Island Ferries, Inc. licenses (lateral and cross bay); and Resolution No. 235-2014 approved the license for Fire Island Water Taxi, LLC.

The current fare structure was previously authorized in May 2015. Fares for Fire Island Ferries were set by Resolution No. 274-2015 and fares for Fire Island Water Taxi were set by Resolution No. 275-2015.

According to the petition, the net loss forecast in 2019 for the combined (Ferry and Water Taxi) operations indicates that rate relief is necessary. The petition also cites a “decreasing return on investment” as a factor in seeking rate relief. The Legislature has not embraced the concept of decreasing rate of return when considering previous petitions.

Since the last rate relief in 2015, Fire Island Ferries has purchased one Ferry vessel for \$3.1 million and a Water Taxi vessel for \$475,000, and has experienced increases in employee wages, benefits and fuel. The petitions submitted in December 2018 seek to increase and restructure rates for most cross-bay and lateral services provided by both entities, as well as for certain freight rates. Based on these increases, the petitioner expects passenger revenues from Fire Island Ferries to increase by 10.4%, compared to their revenue at current rates, and freight revenues to increase by 20%. Fire Island Water Taxi revenues are also expected to increase by 20%. Projections prepared by King and Associates estimate that for 2019, *without* rate relief there would be a loss before taxes of \$643,152 for Fire Island Ferries and \$10,815 for Fire Island Water Taxi. According to the forecast, if rate relief is granted, the petitioner believes it will realize income before taxes of \$530,473 for Fire Island Ferries and \$283,528 for Fire Island Water Taxi. As with any financial forecast, they are based upon assumptions of future events and should not be construed as facts.

Comparison of Current and Proposed Rates

The requested rate relief increases fares in most passenger categories for both Fire Island Ferries and Fire Island Water Taxi. Passenger fares will increase by an unweighted average of 11.2% for the Ferries, 17.9% for the lateral service provided by the Water Taxi, and 13.9% for Water Taxi cross bay service.

If approved, a round trip adult fare, the most common fare sold by Fire Island Ferries, would increase by two dollars from \$19 to \$21. The most common water taxi lateral fare from Fire Island Pines to Cherry Grove or vice versa, would increase by one dollar, from \$9 to \$10, an 11% increase. The base fare for the most common Water Taxi cross bay trip, an in-season evening trip from Ocean Beach to Bay Shore or vice versa, would increase by 12.5% from \$200 to \$225.

If rate relief is granted, freight rates will increase by an unweighted average of 24.1%. The petitioner forecasts a 20% increase in freight revenue compared to projections at current rates. The new rate schedule removes 85 rates from the freight tariff list and adds rates for 21 items. The average dollar change for freight items, excluding vessel charter, is an increase of \$3.27. Freight revenues accounted for approximately 17% of Fire Island Ferries revenues between 2015 and 2018.

The following tables illustrate proposed alterations to the ferry rates and fares as included in the current petition for more than 90% of all passenger revenues for Fire Island Ferries and Fire Island Water Taxi. A schedule of all rate changes is contained in Appendix A of this report and in the Appendices for Introductory Resolution Nos. I136-2019 and I137-2019.

Summary of Proposed Fare Structures

Fire Island Ferries—Selected Fares	CURRENT	PROPOSED	CHANGE	% CHANGE
Round Trip Adult	\$19.00	\$21.00	\$2.00	10.5%
40 trip Adult	\$295.00	\$330.00	\$35.00	11.9%
One Way	\$10.00	\$11.00	\$1.00	10.0%
Villages (40 Ticket Books)				
Ocean Beach	\$221.25	\$247.50	\$26.25	11.9%
Saltaire	\$265.50	\$297.00	\$31.50	11.9%
All Other Villages/ Organizations	\$265.50	\$297.00	\$31.50	11.9%
Restricted Fire Island Workers (40 ticket Book) Note: The Proposed Fare allows use of the Workers Tickets <u>only</u> during the off-season	\$235.00	\$260.00	\$25.00	

- **Passenger fares comprise about 80% of Fire Island Ferries revenues**

Although Fire Island Ferries, Inc. maintains a lateral license for service along Fire Island for the communities of Kismet, Fair Harbor, Dunewood, Atlantique, Seaview and Ocean Bay Park, and the Villages of Ocean Beach and Saltaire, the only lateral service currently offered is by Fire Island Water Taxi, LLC.

Summary of Proposed Fare Structures

Fire Island Water Taxi—Selected Lateral Fares	CURRENT	PROPOSED	Change	% CHANGE
Fire Island Pines ↔ Cherry Grove	\$9.00	\$10.00	\$1.00	11%
Ocean Beach ↔ Kismet	\$12.00	\$13.00	\$1.00	8%
Ocean Beach ↔ Atlantique	\$9.00	\$10.00	\$1.00	11%
Ocean Beach ↔ Fair Harbor	\$10.00	\$11.00	\$1.00	10%
Ocean Beach ↔ Ocean Bay Park	\$9.00	\$10.00	\$1.00	11%
Ocean Beach ↔ Cherry Grove	\$16.00	\$17.00	\$1.00	6%
Ocean Beach ↔ Saltaire	\$12.00	\$13.00	\$1.00	8%
Ocean Beach ↔ Fire Island Pines	\$18.00	\$19.00	\$1.00	6%
Ocean Beach ↔ Sailors Haven	\$14.00	\$15.00	\$1.00	7%
Ocean Bay Park ↔ Kismet	\$14.00	\$15.00	\$1.00	7%
Ocean Bay Park ↔ Fire Island Pines	\$14.00	\$17.00	\$3.00	21%
Ocean Bay Park ↔ Cherry Grove	\$14.00	\$15.00	\$1.00	7%
Kismet ↔ Atlantique	\$10.00	\$11.00	\$1.00	10%
Kismet ↔ Fair Harbor	\$10.00	\$11.00	\$1.00	10%
Fire Island Pines ↔ Water Island	\$12.00	\$13.00	\$1.00	8%
Cherry Grove ↔ Seaview	\$18.00	\$17.00	\$1.00	-6%

- **Lateral fares comprise about 71% of all Fire Island Water Taxi revenues**

Summary of Proposed Fare Structures for Cross Bay Service

<u>Fire Island Water Taxi—Selected</u> <u>Cross Bay</u>	<u>CURRENT FARE</u>	<u>PROPOSED</u> <u>FARE</u>	<u>Change</u>	<u>PERCENTAGE</u> <u>CHANGE</u>
Seasonal, Day, up to six passengers	\$175.00	\$200.00	\$25.00	14.3%
Seasonal, Night, up to six passengers	\$200.00	\$225.00	\$25.00	12.5%
Off-Season, Day, up to six passengers	\$200.00	\$225.00	\$25.00	12.5%
Off-Season, Night, up to six passengers	\$250.00	\$300.00	\$50.00	20.0%
Seasonal, Additional Passenger	\$15.00	\$15.00	NA	0.0%
Special Late Night Seasonal One Way, per person, minimum six passengers	\$25.00	\$30.00	\$5.00	20.0%

- ***Cross Bay Fares comprise about 29% of all Fire Island Water Taxi revenues***

Comparison with Transportation Consumer Price Index (CPI)

Pursuant to § 455-3 (l) of the Suffolk County Ferry Service Law, for purposes of comparison, the petitioner has included an analysis of increasing rates by applying the Transportation Component of the Consumer Price Index for Urban Customers (New York and Northern New Jersey). If the annual index change from 2015 (213.147) to 2019 (221.680) was applied to current rates for Fire Island Ferries, we estimate a rate increase of up to 4% would be authorized. The petitioner's requested increases exceed the growth in the CPI Transportation Component, primarily due to wage and benefit cost growth. During the last rate relief process, the petitioner requested relief that is less than the growth in the component of the Transportation CPI.

Note that the petitioner's requested rate alteration formula, contained in the section Rate Alteration By Formula in Introductory Resolution 1136-2019, and not included in Introductory Resolution 1137-2019, uses a formula beginning in 2008, seven years prior to the petitioner's last rate increase. If the formula contained in the petition were used, rates could rise by up to 10% more than the previous year. The formula contained in the petition does not appear to reset the base year based on the last granted rate increase, but should. In any case, the petitioner would still be required to notify the Legislature of its intent to use the CPI for its rate alteration, and the Legislature could reject the use of the CPI.

Financial Statements

The petitioner submitted audited financial statements for their fiscal years ending September 30, 2017 and September 30, 2018 for both Fire Island Ferries, Inc., and separately for Fire Island Water Taxi, LLC. King and Associates prepared and audited the financial statements; their last peer review was completed in 2016. Both the Independent Auditor's Report and the Notes to Financial Statements accompanying the Audited Financial Statements indicate that Fire Island Water Taxi, LLC is a wholly owned subsidiary of Fire Island Ferries, Incorporated. Generally accepted accounting procedures in the United States require that majority owned subsidiaries be accounted for as consolidated subsidiaries. The unconsolidated reports were prepared at the request of the management of Fire Island Ferries, Inc. Because of the separate licensing of the two companies under the County Ferry Service Law, this presentation is necessary for consideration of the two separate rate relief petitions. The Independent Auditor's Report contains sufficient information to determine the effect of consolidation of the financial statements would have on assets, liabilities, revenues and liabilities.

During our review, the Budget Review Office analyzed additional information that we considered necessary and appropriate in evaluating the assumptions used in these forecasts. The assumptions may be affected favorably or unfavorably by future events.

Fire Island Ferries, Inc. submitted its most recent balance sheet for the year ended September 30, 2018, which shows assets and liabilities of \$11,473,460. The assets consist of property, plant, and equipment (net of accumulated depreciation), and Other Assets, which consist almost entirely of \$3.3 million in related party receivables or investment in Fire Island Water Taxi. Property, plant, and equipment represent the majority of assets at approximately \$7.45 million.

Liabilities consist of current liabilities of \$1.2 million and long term liabilities of \$2.3 million. Stockholders' Equity consists almost entirely of \$8.4 million in retained earnings. As noted above, these figures represent unconsolidated assets and liabilities. While the company has experienced decreasing profit margins and losses as costs have risen and revenues have stayed flat, based on their current ratio and cash on hand, the business appears to be in overall "good health".

Fire Island Ferries' Statements of Income show net income before taxes of \$164,926 in 2017 and in 2018, a net loss before taxes of \$138,005. The Statements of Income for Fire Island Water Taxi Co., Inc. show a net loss before taxes in 2017 of \$18,920 and in 2018 a net gain in income before taxes of \$33,855.

Cost of Operations for Fire Island Water Taxi increased 25.9% from 2015 to 2018, according to the financial statements and supplemental data provided by the petitioner; the most significant cost drivers appear to be increases in salaries, repairs and maintenance, and fuel and oil lubricants. The increase in salaries closely conforms with the increase in the New York State Minimum Wage from 2016 to 2018. Fire Island Ferries' Cost of Operations increased by 5.4% over the same time period; their most significant cost drivers appear to be salaries, depreciation, rent and property taxes. Almost 95% of the cost increases are due to the increases in salary and commensurate increase in payroll taxes. Overall cost increases experienced by the Ferries also conform closely to the increase in the State Minimum Wage.

Fire Island Ferry operating revenues since the last rate increase have averaged approximately \$9.6 million annually, varying each year by 2.7%. The discontinuation of the 1:00 AM one way special trip had a direct negative impact on operating revenues; prior to the discontinuation of this trip, that fare accounted for about 2% of operating revenues in 2015 and 2016. Fire Island Water Taxi revenues have increased each year since the last rate increase. Operating Revenues in 2018 were 17% higher in 2018 than in 2015. However, the Water Taxi's cost growth has exceeded the growth in operating revenues.

Cash Controls

The controls in place during the previous three rate setting processes, in 2008, 2010 and 2015, are still in place for both corporate entities. We reviewed the process with both the petitioner, King and Associates, and the petitioner's employees at the Bay Shore ticket terminal. BRO is satisfied that the previously approved procedures remain in place. Additionally, the introduction of a mobile app to purchase tickets for both the Ferries and the Water Taxi has decreased the amount of cash handled by the business. However, the petitioner should continue to modernize its freight receiving and accountability procedures.

Introductory Resolution Nos. 1136-2019 and 1137-2019

As part of the rate setting process, two Introductory Resolutions and two Procedural Motions are before the Legislature concerning these requests for rate relief. Procedural Motion Resolution No. 7-2019 sets the public hearing for the authorization of the rate alterations for Fire Island Water Taxi, LLC, and Introductory Resolution No. 1137-2019 approves the new rates. Procedural Motion Resolution No. 8-2019 sets the public hearing for the authorization of the rate alterations for Fire Island Ferries, Inc., and Introductory Resolution No. 1136-2019 approves the new rates. The two introductory resolutions contain the rate schedule for all fare categories including both the current and petitioner's proposed rates.

Conclusion and Recommendation

Our analyses of the two petitions for rate relief encompass several perspectives. Rates should reasonably reflect operation costs without being excessive and should provide sufficient revenue for the business to be a going concern. Typical margins for ferry businesses range from 10% to 20% worldwide, and average about 8% in the U.S. Based on the Certified Financial Statements and the supplementary information provided by the petitioner, Fire Island Ferries has had a profit margin below this average since 2016 and experienced a loss before taxes in 2018. Fire Island Water Taxi has operated below margin in three of four years since the last rate increase, and experienced a loss before taxes in 2017. If consolidated, as noted in the Independent Auditor's Report, Fire Island Ferries would have shown a loss in 2018. The below expected profit margins, and the loss years experienced by both licensees indicate that a rate increase is appropriate. We support the requested rate increase. The combined revenue growth for the two companies expected by the petitioner assuming rate relief is 13.2%. We concur with this estimate.

New York State, and particularly Suffolk County, is unusual in the use of fully private companies for ferry service; most of the 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 either support capital improvements or to mitigate cost volatility. Conversely, the County receives no direct revenues from the operation of these private concerns. It should be noted that cost volatility is especially a problem with the price of fuel. Although the ferries of the County are run to a significant public benefit, the proprietors of these companies bear all the risk. The petitioner has demonstrated a consistent ability to operate in the public interest at a reasonable cost.

The requested rate relief allows Fire Island Ferries, Inc., and its subsidiary, Fire Island Water Taxi, LLC, sufficient revenue growth to somewhat offset anticipated cost growth due to increases in wages and fuel costs since its last rate increase in 2015. Our belief that the requested rates are sufficient to provide relief should not be interpreted as a belief that the requested relief is optimal.

* * *

Appendix A—FIRE ISLAND FERRY PROPOSED 2019 RATES

Fare Type (changes to Fare Type are underlined)	Current Rate	Proposed Rate	Change	% Change
Adult One-Way	\$10.00	\$11.00	\$1.00	10.0%
Adult Round Trip	\$19.00	\$21.00	\$2.00	10.5%
Adult Multiple trip tickets of not less than 20, nor more than 40 trips, shall be 75% of the Adult One-Way Fare	\$295.00	\$330.00	\$35.00	11.9%
Senior Citizens displaying a Suffolk County Senior Citizen Card, Handicapped Persons displaying a Suffolk County Handicapped Card and Military Active Duty/VETERANS (veterans rate is new)	\$9.00	\$10.00	\$1.00	11.1%
Children between the ages of two (2) twelve (12) and dogs One-Way shall be one-half Adult One-Way fare	\$5.00	\$6.00	\$1.00	20.0%
Children Round-trip tickets shall be	\$9.00	\$11.00	\$2.00	22.2%
Infants (under 2 years old)	No charge	No charge	NA	NA
Children multiple trip tickets of not less than 20 nor more than 40 trips shall be 35% of the Adult One-Way fare. No charge for infants (under 2 years old).	\$140.00	\$165.00	\$25.00	17.9%
Petitioner shall be entitled to charge a \$.25 surcharge for any tickets sold on its vessels where the terminal of departure ticket office was open not less than 10 minutes prior to scheduled departure.	\$0.25	\$1.00	\$0.75	300%
A special one-way adult fare from Fire Island departing at or later than 1:00 AM (not currently scheduled)	\$19.00	\$20.00	\$1.00	NA
Restricted Fire Island workers book for Monday through Friday only (departing at approximately 7:00 AM to Fire Island and 4:30 PM to Bay Shore). Restricted purchase at the Bay Shore main office only. Sold in books of forty only. Restricted exclusively for workers traveling to their principal place of employment on Fire Island during the off season (excludes Summer Schedule)	\$235.00	\$260.00	\$25.00	10.60%
Petitioner shall be entitled to a minimum charge for passengers with shopping carts, luggage carriers and excessive baggage	\$5.00	\$6.00	\$1.00	20%
Petitioner shall be entitled to change a processing fee not to exceed 3.5% for tickets purchased using Petitioner mobile application	New	New	New	NA

<u>Freight Rates</u>					
	<u>Item</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Change</u>	<u>% Change</u>
*DENOTES MINIMUM RATES					
APPLIANCES:					
	Dishwasher	\$11.15	\$13.00	\$1.85	16.6%
	Dryer	\$11.15	\$14.00	\$2.85	25.6%
	Refrigerator/Freezer, residential	\$27.90	\$32.50	*	New
	Refrigerator/Freezer, commercial	\$46.45	\$55.00	*	New
	Refrigerator/Freezer, small	\$0.00	\$10.00	*	New
	Microwave oven	\$6.15	\$7.50	*	New
	Range	\$15.65	\$18.75	*	New
	Range top	\$4.60	\$5.50	*	New
	Refrigerator	\$27.90	Removed	Removed	Removed
	Refrigerator, commercial	\$44.30	Removed	Removed	Removed
	Stove: Coal, Franklin, etc.	\$15.20	Removed	Removed	Removed
	Trash compactor	\$9.40	Removed	Removed	Removed
	Walk-in box	\$111.15	\$125.00	*	New
	Washer	\$16.75	\$18.75	\$2.00	11.9%
GARDEN SUPPLIES:					
	Bush per foot	\$2.00	\$1.00	(\$1.00)	-50.0%
	Chain saw	\$3.10	\$3.50	*	New
	<i>Fertilizer/Soil/Mulch/Pine bark (Landscaping bags):</i>				
	25-50 lbs. bag	\$1.30	\$1.45	\$0.15	11.5%
	75-80 lbs. bag	\$2.00	\$2.50	\$0.50	25.0%
	100 lbs. bag	\$2.00	\$3.00	\$1.00	50.0%
	Flat of plants or flowers	\$2.00	\$2.00	*	New
	Hay, bale	\$2.50	\$2.50	*	New
	Mower	\$5.30	\$6.00	*	New
	Peat moss	\$2.75	\$3.00	*	New
	Plant, single small container	\$1.25	Removed	Removed	Removed
	Roto-tiller	\$5.10	Removed	Removed	Removed
	Sprayer	\$5.10	Removed	Removed	Removed
	Table saw	\$10.10	\$12.00	*	New
	Tree PER FOOT	\$3.35	\$4.00	*	New

Freight Rates					
	Item	Current Rate	Proposed Rate	Change	% Change
BULK SHIPMENTS (price includes return trip):					
	55-gallon drum containing kero, sand, gravel, grease	\$10.10	Removed	Removed	Removed
	Gas cylinder, lg (CO2, Acetylene, O2)	\$7.25	\$8.50	\$1.25	17.2%
	Gas cylinder, small (CO2, propane, 5 gal. gas)	\$5.60	\$6.00	\$0.40	7.1%
	Propane cylinder, 100 lbs.	\$8.40	\$9.00	\$0.60	7.1%
GROCERIES - Bulk, rest.:					
	Cans, case of	\$1.00	Removed	Removed	Removed
	Bottles, case of	\$1.10	Removed	Removed	Removed
	Bottles/cans case	\$1.05	\$1.20	\$0.15	14.3%
	deposit case return	\$0.55	\$0.60	\$0.05	9.1%
	Beer Ball w/return	\$4.80	Removed	Removed	Removed
	Beer Keg w/return	\$7.55	\$8.50	\$0.95	12.6%
	Bread or cake, box or bag	\$1.15	\$1.25	\$0.10	8.7%
	Cigs, case of cigarettes	\$2.35	\$2.50	\$0.15	6.4%
	Cones, carton	\$1.20	\$1.50	\$0.30	25.0%
	Cookies, carton	\$2.10	Removed	Removed	Removed
	Dairy products, per piece	\$1.00	\$1.10	\$0.10	10.0%
	Deli products, per piece	\$0.90	Removed	Removed	Removed
	Eggs, case	\$2.00	Removed	Removed	Removed
	Fish, carton, bag or bushel	\$2.25	\$2.60	\$0.35	15.6%
	Frozen food, per carton	\$0.75	\$0.85	\$0.10	13.3%
	Groceries, per carton, bulk	\$1.00	\$1.10	*	New
	Groceries, individual car	\$2.40	Removed	Removed	Removed
	IC, ctn ice cream	\$3.45	\$5.00	*	New
	Ice cream, small carton	\$2.65	Removed	Removed	Removed
	Liquor, case	\$3.10	\$3.50	\$0.40	12.9%
	Meat	\$2.25	\$2.50	\$0.25	11.1%
	Meat, small carton	\$1.45	Removed	Removed	Removed
	Milk, case w/return	\$1.15	\$1.35	\$0.20	17.4%
	Papers, mags	\$1.15	\$1.30	\$0.15	13.0%
	Soda BIB	\$2.50	\$2.75	\$0.25	10.0%
	Cyl syrup	\$4.75	Removed	Removed	Removed

<u>Freight Rates</u>					
	<u>Item</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Change</u>	<u>% Change</u>
	Supplies, general, per ctn	\$1.75	Removed	Removed	Removed
	Vegetables & produce, ctn	\$1.10	\$1.20	\$0.10	9.1%
	Water, 5-gal. bottle water	\$5.50	\$6.00	\$0.50	9.1%
HARDWARE:					
	Hardware, package or cart	\$2.00	\$2.25	\$0.25	12.5%
	Paint, case	\$2.50	\$2.75	\$0.25	10.0%
	Paint, 5-gallon pail	\$5.50	\$6.00	\$0.50	9.1%
LUMBER & BUILDING SUPPLIES:					
	Bricks, per 100 weight	\$0.25	\$5.00	\$4.75	1900.0%
	Bricks, 100-999, per 100	\$6.80	Removed	Removed	Removed
	Bricks, per 1000 bulk	\$43.35	Removed	Removed	Removed
	Cement, bag	\$2.35	\$3.00	\$0.65	27.7%
	Cement block, 8" std. or	\$0.70	\$0.80	\$0.10	14.3%
	Cement block, 12" std.	\$1.00	\$1.25	\$0.25	25.0%
	Cement covers, 5' x 2'	\$17.40	\$19.50	\$2.10	12.1%
	Cement covers, 2' round	\$7.80	Removed	Removed	Removed
	Cement mixer	\$11.30	\$15.00	*	New
	Cement tub	\$1.75	Removed	Removed	Removed
	Clay (tennis court), bag	\$1.65	\$2.00	\$0.35	21.2%
DOORS:					
	Combo & exterior Prehung		\$15.00	*	New
	Interior & louver Prehung		\$10.00	*	New
	Jalousie, w/glass	\$6.80	Removed	Removed	Removed
	slab		\$8.50	*	New
	Sliding glass set	\$15.20	\$20.00	*	New
	Door frame, set	\$11.30	Removed	Removed	Removed
	Door jambs, set	\$1.05	Removed	Removed	Removed
	Flagstone PER HUNDRED WEIGHT		\$5.00		
	Felt, roll	\$1.15	Removed	Removed	Removed
	Fiberglass panel, 2' x 8'	\$0.90	Removed	Removed	Removed
	Flue pipe, 8" x8", piece	\$1.05	Removed	Removed	Removed
	Flue pipe, 12', piece	\$1.60	Removed	Removed	Removed
	Formica, 4' x 8' or roll	\$3.60	Removed	Removed	Removed

Freight Rates					
	Item	Current Rate	Proposed Rate	Change	% Change
	Glass, minimum per piece	\$4.60	\$7.00	*	New
	Gravel, bag	\$1.05	Removed	Removed	Removed
	Homosote, 4' x 8' sheet	\$1.15	Removed	Removed	Removed
	Insulation, bundle	\$2.00	Removed	Removed	Removed
	Insulation, single roll		\$2.50		
	Ladder PER FOOT		\$1.00		
	Ladder, 20' extension	\$5.45	Removed	Removed	Removed
	Ladder, 40' extension	\$8.85	Removed	Removed	Removed
	Lath, 2' x 8' wire	\$1.10	\$1.25	\$0.15	13.6%
	Leader/gutter piece or bundle PER FOOT		\$1.00	*	New
	LUMBER, per 1000 bd. ft.	\$60.00	\$69.00	\$9.00	15.0%
	LUMBER, CCA,TREX, AZEK per 1000 bd.ft.	\$83.70	\$96.26	\$12.56	15.0%
	LUMBER, lengths over 16',add	\$11.45	\$13.17	\$1.72	15.0%
	LUMBER, minimum order	\$2.40	\$2.75	\$0.35	14.6%
	Molding, bundle, per foot	\$0.45	\$0.50	\$0.05	11.1%
	Nails, 50 lbs. box	\$2.35	\$2.75	\$0.40	17.0%
	Plywood, 4' x 8' sheet	\$1.30	\$1.50	*	New
	Plywood, 4' x 9' sheet	\$1.80	\$2.00	*	New
	Plywood, 4' x 10' sheet	\$2.00	\$2.25	\$0.25	12.5%
	Poles (treated) PER FOOT		\$1.25		
	R.R. ties, creosote	\$4.45	Removed	Removed	Removed
	Landscape ties, CCA	\$3.05	Removed	Removed	Removed
	Roof deck, 2' x 8' panel	\$1.15	Removed	Removed	Removed
	Roofing, roll or split sheet	\$1.65	\$2.00	\$0.35	21.2%
	Scaffold, stages, jacks PER FOOT with return		\$2.25		
	Screens	\$2.00	\$2.25	\$0.25	12.5%
	Sheetrock, 4' x 8' sheet	\$1.70	\$2.00	\$0.30	17.6%
	Sheetrock, 4' x 10' sheet	\$2.00	\$2.30	\$0.30	15.0%
	Sheetrock, 4' x 12' sheet	\$2.35	\$2.75	\$0.40	17.0%
	Shingles, all types, per	\$2.00	\$2.25	\$0.25	12.5%
	Siding break w/return	\$10.95	\$25.00	\$14.05	128.3%
	Skylight, minimum	\$4.60	\$5.00	*	New

<u>Freight Rates</u>					
	<u>Item</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Change</u>	<u>% Change</u>
	Slate, per piece, bulk	\$1.05	\$1.15	\$0.10	9.5%
	Siding, bundle	\$1.75	Removed	Removed	Removed
	Snow fence, 50' roll	\$3.85	\$5.00	\$1.15	29.9%
	Snow fence posts, bdl. Of	\$2.35	\$2.75	\$0.40	17.0%
	Split rail fence, per piece	\$1.20	\$1.35	\$0.15	12.5%
	Stockade fence, 6' x 8' s	\$5.35	\$8.00	*	New
	Stockade fence post, each up to 8 ft	\$0.90	Removed	Removed	Removed
	Styrofoam, 4' x 8' sheet		\$1.45		
	Tile carton		\$2.75	*	New
	Tile, floor, box	\$2.10	Removed	Removed	Removed
	Tile, ceramic, box	\$2.10	Removed	Removed	Removed
	Windows, MINIMUM		\$7.00		
	Single unit	\$5.55	Removed	Removed	Removed
	Mullion	\$7.60	Removed	Removed	Removed
	Triple or picture	\$15.00	Removed	Removed	Removed
	Bay or bow	\$22.75	Removed	Removed	Removed
PLUMBING SUPPLIES:					
	Boiler	\$22.00	\$25.00	*	New
	Cast iron fittings	\$1.65	\$2.00	*	New
	Fire hydrant	\$24.25	\$30.00	\$5.75	23.7%
	Pipe bdl. (Cl, Cu, PVC, galv. Pex), per foot		\$1.10	*	New
	C.I. 6'-10' length, per pipe		Removed	Removed	
	C.I. 8' length	\$2.15	Removed	Removed	Removed
	C.I. 10' length	\$2.65	Removed	Removed	Removed
	Copper, bdl. 10' length		Removed	Removed	
	Copper, DWV, bdl. 20' length		Removed	Removed	
	PVC or vinyl, 10' length	\$0.75	Removed	Removed	Removed
	PVC or vinyl, 20' length	\$1.45	Removed	Removed	Removed
	PVC, 4" & 6", 20' length	\$2.75	Removed	Removed	Removed
	Steel, B.I. or galv. P	\$1.80	Removed	Removed	Removed
	Transite, 4' x 10'	\$2.15	Removed	Removed	Removed
	Transite, 6' x 10'	\$2.65	Removed	Removed	Removed
	Vinyl, coil	\$2.10	Removed	Removed	Removed

Freight Rates					
	Item	Current Rate	Proposed Rate	Change	% Change
	Shower base	\$6.60	\$7.50	*	New
	Shower door	\$5.70	\$10.00	*	New
	Shower unit, fiberglass	\$27.20	\$35.00	*	New
	Tank, steel or fbgl, per 100 gal.		\$15.00		
	Tank, steel or fbgl. 275	\$30.25	Removed	Removed	Removed
	Tank, steel or fbgl. 550	\$52.85	Removed	Removed	Removed
	Tub, C.I.	\$22.75	\$27.50	*	New
	Tub, fbgl	\$11.45	Removed	Removed	Removed
	Tub, steel or fbgl.	\$12.90	\$15.00	*	New
	Tub, complete fbgl. Unit	\$37.80	\$45.00	\$7.20	19.0%
	Water heater, per 10 gals	\$2.35	\$2.60	\$0.25	10.6%
FURNITURE:					
	Bed end	\$1.75	Removed	Removed	Removed
	Bed frame	\$2.10	Removed	Removed	Removed
	Bed, folding	\$4.10	Removed	Removed	Removed
	Chair (folding, dining, picnic, etc.)	\$2.00	\$3.00	\$1.00	50.0%
	Chaise	\$6.60	\$8.00	*	New
	Twin Mattress/Box spring	\$4.50	\$6.00	\$1.50	33.3%
	Double Mattress/Box spring	\$6.70	\$10.00	\$3.30	49.3%
	Queen Mattress/Box spring	\$8.95	\$15.00	*	New
	King Mattress/Box spring	\$15.00	\$25.00	*	New
	Dresser	\$3.35	\$3.72	*	New
	Hi-riser	\$13.60	Removed	Removed	Removed
	Hutch	\$11.30	\$15.00	*	New
	Lamp, floor style	\$2.55	Removed	Removed	Removed
	Lamp, table style	\$1.75	Removed	Removed	Removed
	Love seat	\$15.00	\$17.50	*	New
	Piano	\$37.80	Removed	Removed	Removed
	Play pen	\$2.35	Removed	Removed	Removed
	Recliner/ Armchair	\$6.60	\$10.00	*	New
	Rocker	\$2.40	Removed	Removed	Removed
	Rug, carpet or padding, roll per foot		\$2.50	*	New
	Sofa	\$25.00	\$30.00	*	New

Freight Rates					
	Item	Current Rate	Proposed Rate	Change	% Change
	Sofa, convertible	\$37.80	\$50.00	*	New
	Table		\$10.00	*	New
	TV set, boxed	\$5.70	\$12.00	*	New
MISCELLANEOUS:					
	Air conditioner	\$3.85	\$7.50	*	New
	Arcade/Video game	\$21.00	\$25.00	\$4.00	19.0%
	Battery, std. size	\$2.70	\$5.00	*	New
	Bicycle, small	\$2.75	Removed	Removed	Removed
	Bicycle, medium	\$4.00	Removed	Removed	Removed
	Bicycle	\$6.15	\$6.50	\$0.35	5.7%
	Bicycle, carton, bulk	\$4.20	\$5.00	\$0.80	19.0%
	Boats, per foot	\$2.75	Removed	Removed	Removed
	Cash register	\$5.30	\$8.00	*	New
	Carton, minimum	\$2.50	\$2.75	*	New
	Copy machine	\$9.05	\$10.00	*	New
	Film case w/return	\$3.50	Removed	Removed	Removed
	Fire extinguisher, return included	\$2.35	\$2.75	\$0.40	17.0%
	Garbage can, empty	\$1.75	Removed	Removed	Removed
	Laundry, bag or bundle, w/return	\$3.85	\$5.00	*	New
	Motor, outboard	\$17.40	\$20.00	*	New
	Paddleboard		\$25.00	*	New
	Pool table	\$30.25	\$35.00	\$4.75	15.7%
	Scooter	\$2.75	Removed	Removed	Removed
	Sunfish sailboat	\$39.30	\$50.00	*	New
	Surfboard per ft		\$1.00		
	Tar kettle w/return	\$40.65	Removed	Removed	Removed
	Tricycle, small	\$1.75	Removed	Removed	Removed
	Wagon, empty	\$3.10	\$5.00	*	New
	Wagon, carton, bulk up to 20 lbs.	\$1.75	Removed	Removed	Removed
	Windsurfer	\$19.65	\$30.00	*	New
	Firewood, face cord	\$101.55	Removed	Removed	Removed
VEHICLES:					
	Cushman, Kawasaki, Polaris, Ranger	\$45.35	\$55.00	\$9.65	21.3%

Freight Rates					
	Item	Current Rate	Proposed Rate	Change	% Change
	Golf cart	\$30.15	\$45.00	\$14.85	49.3%
	Payloader, small Bobcat 1000 # or less	\$67.70	Removed	Removed	Removed
	Vehicle (minimum)	\$113.25	\$200.00	*	New
	Large Vehicle 7000 lbs or less	\$200.00	Removed	Removed	Removed
	Vehicle (Construction equipment, trucks, etc.)		\$5.00		
	per 100 weight				
	Vehicles not in operating condition, add to price	\$30.25	\$50.00	*	New
	Golf Cart - not running - additional	\$15.20	\$17.50	\$2.30	15.1%
CHARTERS:					
	Price includes Vessel and Coast Guard mandated minimum of 6 hours - including round trip loading, sailing and unloading time. (NO CRANE)	\$1,200.00	\$1,500.00	\$300.00	25.0%
	crew for a maximum of 6 hours. Including round trip				
	trip loading, sailing and unloading (No Crane)				
	Same as above (CRANE)	\$1,500.00	\$1,800.00	\$300.00	20.0%
	2nd RT within the 6 hrs is an additional (NO CRANE)	\$300.00	\$350.00	\$50.00	16.7%
	2nd RT within the 6 hrs is an additional (NO CRANE)	\$400.00	\$450.00	\$50.00	12.5%
	Overtime after 6 hr period, per hour or any part thereof	\$225.00	\$300.00	\$75.00	33.3%
	Each additional crew needed for loading and unloading in a 6 hr period	\$225.00	\$300.00	\$75.00	33.3%
	Forklift Rental with operator - first hour	\$196.85	\$250.00	\$53.15	27.0%
	additional hour	\$98.45	\$125.00	\$26.55	27.0%
	Roll on/off construction vehicle up to 15000 lbs	\$541.00	Removed	Removed	Removed
ADDITIONAL CHARGES:					
	<i>Items not listed on this table will be charged at the following rate:</i>				
	\$5.00 per hundredweight (100 lb)	\$5.00	\$5.00	\$0.00	0.0%
	\$2 per cubic ft.	\$2.00	Removed	Removed	Removed
	Minimum charge	\$2.50	\$2.75	\$0.25	10.0%
	<i>All freight shipped on vessels other than regularly scheduled freight boats will be charged at double the rates shown in the Freight Tariff Schedule</i>				

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