



October 7, 2020

To: The Chebeague Community

The highest priority of the Chebeague Transportation Company's board and management is maintaining CTC's financial solvency so the company can continue to provide the island with safe, dependable service for years to come. The CTC board wants the island community to better understand the financial challenges the company is currently facing.

Ridership, CTC's major source of revenue, is down by nearly 70 percent this year compared to 2019. Net income in July, typically our most profitable month, was just \$1,685 compared to \$116,489 the previous July. Cash flow projections into 2021 paint a worrisome picture.

CTC estimates it will lose \$800,000 between the start of 2020 and June 2021. The likelihood of additional federal or state emergency aid is by no means certain. Nor is there any clear indication when the economy (and life in general) will return to normal.

Based on current projections using our reduced schedule costs, CTC may reach its minimum working capital as early as May or June 2021, the soonest we can optimistically begin to record positive revenue. Returning to our former schedule now, as some have requested, could hasten that date to April.

Reduction of expenses, which has partially been achieved by reducing our schedule, has been one way that CTC's board and management have slowed the flow of red ink. Recognizing that these cutbacks have an impact on the community, the board and management have worked diligently in recent weeks to review schedules in light of this increasingly bleak financial picture given all the unknowns about the pandemic's duration.

As a result of that review, the board has determined that expanding ferry service (especially a later evening boat) is not reasonable for two reasons: Financial and the welfare of our crew.

Adding even one ferry trip beyond our current reduced hours (6:30 a.m. to 6:30 p.m.) would necessitate adding a second crew. Operating with a single crew, working a 12-hour shift, currently saves the company around \$80,000 a year. Adding a second shift even for one boat (while also guaranteeing a reasonable schedule to our dedicated full-time crew) eliminates those savings.

Of equal concern is the resiliency of our operations amid the pandemic. We cannot afford additional risks to the health of our boat crew and mainland team. They, indeed, are frontline, essential workers in this pandemic. The likelihood of an increase in COVID cases during the winter poses even more threats. We need to guarantee adequate staff in the event of an outbreak.

CTC recognizes the difficulties our reduced schedule has on some islanders and is actively exploring options, including subcontracting with a water taxi service to provide an evening trip from Cousins to Chebeague. Discussions are now ongoing, and we will notify the community if and when a workable plan can be crafted.

The viability of the Chebeague community depends on CTC's remaining financially solvent and resilient. We are working hard to ensure that we remain a strong and sustainable company.

Sincerely,
John Rent
President, CTC board of directors