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**Transportation Committee**

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**HB 2358**

**Brief Description:** Regarding state ferries.

**Sponsors:** Representatives Rolfes, Strow, Appleton, Seaquist, VanDeWege, Lantz, Flannigan, Roberts, Cody, Green, Eickmeyer, Jarrett and Kessler.

**Brief Summary of Bill**

- Makes various changes to the statutes regarding Washington State Ferries, including level of service standards, fare setting, and the department's capital program.

**Hearing Date:** 2/27/07

**Staff:** Teresa Berntsen (786-7301).

**Background:**

The Washington State Department of Transportation (WSDOT) Ferries Division operates and maintains ferry vessels and terminals, constructs terminals, and acquires vessels. The system serves eight Washington counties and one Canadian province through 28 vessels and 20 terminals. The WSF also operates a maintenance facility at Eagle Harbor.

Level of Service Standards:

The WSDOT sets the level of service standards for state ferry routes of statewide significance.

Fares:

The WSDOT reviews fares annually and makes recommendations to the Transportation Commission (Commission). The Commission must adopt fares by rule.

When reviewing fares, the WSDOT must solicit input from local community groups, consult with affected ferry users, and give notice of the review to Ferry Advisory Committees. The makeup of Ferry Advisory Committees is established. The WSDOT may solicit input from affected ferry users by holding a public hearing in affected communities, working with affected Ferry Advisory Committees, conducting a survey of affected users, or a combination. State law lists items that may be considered when setting fares.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

### Changes to Service Levels:

Before making substantial changes to service levels, the WSDOT must consult with affected users, consider all possible cost reductions, and consider adapting service levels equitably on a route-by-route basis. The Ferry System Productivity Council is established and directed to meet periodically to discuss ways to improve ferry system productivity.

### Transportation Plan:

The state-owned facilities component of the statewide transportation plan must include a state ferry system plan. The plan must: (1) include service objectives for routes; (2) forecast demand; (3) develop investment strategies that consider regional and statewide needs, support local use plans, and assure that ferry services are fully integrated with other transportation services; (4) provide for the preservation of capital assets based on lowest life-cycle cost methods; (5) be consistent with the regional transportation plans; and (6) be developed in conjunction with the Ferry Advisory Committees.

### 2006 Ferries Finance Study:

In the 2006 transportation budget, the Joint Transportation Committee (JTC) was directed to conduct finance study of the state ferry system. The study was to facilitate legislative policy discussions and decisions regarding Washington State Ferries. The study made recommendations in the following areas: conducting a market survey, developing operational and pricing strategies, capital expenditures, long-range capital planning, and the ferries capital improvement program.

### **Summary of Bill:**

#### Level of Service Standards:

Language is added allowing WSDOT to adjust ferry level of service standards for seasonality.

#### Market Survey:

The Commission is directed, with the involvement of WSDOT, to conduct a market survey of ferry users to inform level of service, operational, pricing, planning, and investment decisions. Information is to be gathered on recreational users, vehicles, and freight; and reactions to possible operational and pricing strategies. The survey must be updated annually.

#### Operational Strategies:

The WSDOT is directed to develop, and the Commission is directed to review, operational strategies that must at a minimum: (1) recognize that travel markets are unique; (2) use data from a current market survey; (3) be consistent with vehicle level of service standards; and (4) use a life-cycle cost analysis that considers capital and operating costs and the most efficient balance between these costs. Specific strategies that must be considered are listed.

#### Fares:

The WSDOT must review fares annually by using data from a current market survey and input from affected ferry users. The date by which the Commission must adopt fares for the following year is changed from October to April. The descriptions of what the Commission and the WSDOT may consider in setting fares are removed. The WSDOT must develop fares and pricing strategies so that they: (1) recognize each travel market is unique; (2) use data from a current market survey; (3) are developed with input from affected ferry users; (4) require fare schedules to be as simple as possible; (5) develop options to use pricing to level vehicle peak demand and to increase off-peak ridership. Revenues in the Puget Sound Ferry Operations Account may not be

used to support the Puget Sound Capital Construction Account unless that support is identified on the fare.

Changes to Service Levels:

The WSDOT must to receive Legislative approval before adding or deleting an entire ferry route. The requirement for public involvement if the WSDOT recommends substantial changes to the service levels is retained.

Capital Program Defined:

Capital projects are defined. Appropriations made for capital expenditures may not be used for maintenance costs. Systemwide and administrative capital costs must be allocated to specific projects.

Capital Preservation Program:

The WSDOT is directed to maintain a life-cycle cost model to be used in estimating future capital preservation costs. Appropriations made for preservation costs may only be spent for capital costs that have a documented need.

Terminal Design Standards:

The WSDOT is directed to develop terminal design standards that find the most efficient balance between capital and operating investments, recognize that travel markets are unique, and that adhere to standards and strategies adopted by the WSDOT and the Commission.

Capital Improvement Program:

The WSDOT's ferries capital plan portion of the state transportation plan must be approved by the Commission. The capital plan must be based on a current ridership demand forecast, vehicle level of service standards, and must adhere to standards and strategies adopted by the WSDOT and the Commission. Funding requests for terminal improvement projects must be based on the capital plan and must include a pre-design study that meets OFM requirements and includes various other elements.

The Joint Legislative Accountability and Review Committee (JLARC) is directed to audit capital expenditures made by the WSF to ensure they follow an approved cost allocation plan, all expenditures meet the definition of capital, preservation expenditures show documented need for the expenditure, and improvement expenditures are within the scope of legislative appropriations. The report on this evaluation is due by January 31, 2010.

**Appropriation:** None.

**Fiscal Note:** Requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.