
SUBSTITUTE SENATE BILL 6127

State of Washington

60th Legislature

2007 Regular Session

By Senate Committee on Transportation (originally sponsored by Senators Spanel, Swecker, Kilmer, Haugen, Marr and Kohl-Welles)

READ FIRST TIME 03/05/07.

1 AN ACT Relating to state ferries; amending RCW 47.06.140,
2 47.60.290, and 47.60.330; adding new sections to chapter 47.60 RCW;
3 creating a new section; repealing RCW 47.60.150 and 47.60.326; and
4 providing expiration dates.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 47.06.140 and 1998 c 171 s 7 are each amended to read
7 as follows:

8 (1) The legislature declares the following transportation
9 facilities and services to be of statewide significance: The
10 interstate highway system, interregional state principal arterials
11 including ferry connections that serve statewide travel, intercity
12 passenger rail services, intercity high-speed ground transportation,
13 major passenger intermodal terminals excluding all airport facilities
14 and services, the freight railroad system, the Columbia/Snake navigable
15 river system, marine port facilities and services that are related
16 solely to marine activities affecting international and interstate
17 trade, and high-capacity transportation systems serving regions as
18 defined in RCW 81.104.015. The department, in cooperation with
19 regional transportation planning organizations, counties, cities,

1 transit agencies, public ports, private railroad operators, and private
2 transportation providers, as appropriate, shall plan for improvements
3 to transportation facilities and services of statewide significance in
4 the statewide multimodal plan. Improvements to facilities and services
5 of statewide significance identified in the statewide multimodal plan
6 are essential state public facilities under RCW 36.70A.200.

7 (2) The department of transportation, in consultation with local
8 governments, shall set level of service standards for state highways
9 and state ferry routes of statewide significance. Although the
10 department shall consult with local governments when setting level of
11 service standards, the department retains authority to make final
12 decisions regarding level of service standards for state highways and
13 state ferry routes of statewide significance. In establishing level of
14 service standards for state highways and state ferry routes of
15 statewide significance, the department shall consider the necessary
16 balance between providing for the free interjurisdictional movement of
17 people and goods and the needs of local communities using these
18 facilities. When setting the level of service standards under this
19 section for state ferry routes, the department may allow for a standard
20 that is adjustable for seasonality.

21 NEW SECTION. Sec. 2. A new section is added to chapter 47.60 RCW
22 to read as follows:

23 The definitions in this section apply throughout this chapter
24 unless the context clearly requires otherwise.

25 (1) "Capital plan" means the state ferry system plan as described
26 in RCW 47.06.050(2) and adopted by the commission.

27 (2) "Capital project" has the same meaning as used in capital
28 budget instructions developed by the office of financial management.

29 (3) "Commission" means the transportation commission created in RCW
30 47.01.051.

31 (4) "Improvement project" has the same meaning as "program project"
32 in capital budget instructions developed by the office of financial
33 management. If a project meets both the improvement project and
34 preservation project definitions in this section it must be defined as
35 an improvement project. All improvement work scheduled for a specific
36 terminal constitutes one project. New vessel acquisitions must be
37 defined as improvement projects.

1 (5) "Life-cycle cost model" means that portion of a capital asset
2 inventory system which, among other things, is used to estimate future
3 preservation cost needs.

4 (6) "Maintenance cost" has the same meaning as used in capital
5 budget instructions developed by the office of financial management.

6 (7) "Preservation project" has the same meaning as used in capital
7 budget instructions developed by the office of financial management.

8 (8) "Route" means all ferry sailings from one location to another,
9 such as the Seattle to Bainbridge route or the Port Townsend to
10 Keystone route.

11 (9) "Sailing" means an individual ferry sailing for a specific
12 route, such as the 5:00 p.m. sailing from Seattle to Bremerton.

13 (10) "Travel market" means one or more ferry routes that encompass
14 a market with distinct characteristics as determined by the department.

15 NEW SECTION. **Sec. 3.** A new section is added to chapter 47.60 RCW
16 to read as follows:

17 (1) The commission shall, with the involvement of the department,
18 conduct a market survey to gather information on ferry users to help
19 inform level of service, operational, pricing, planning, and investment
20 decisions. The survey must include, but is not limited to:

21 (a) Recreational use;

22 (b) Vehicle customer use;

23 (c) Freight and goods movement demand; and

24 (d) Reactions to potential operational and pricing strategies
25 described under section 4 of this act and RCW 47.60.290.

26 (2) The market survey must be updated at least every two years.

27 NEW SECTION. **Sec. 4.** A new section is added to chapter 47.60 RCW
28 to read as follows:

29 (1) The department shall develop, and the commission shall review,
30 operational strategies to ensure existing assets are fully utilized and
31 to guide future investment decisions. These operational strategies
32 must, at a minimum:

33 (a) Recognize that each travel market is unique and should be
34 evaluated separately;

35 (b) Use data from the current market survey conducted under section
36 3 of this act;

1 (c) Be consistent with vehicle level of service standards; and
2 (d) Use a life-cycle cost analysis that considers capital and
3 operating costs and the most efficient balance between these costs.

4 (2) In developing operational strategies, the following, at a
5 minimum, must be considered:

6 (a) The feasibility of using reservation systems;

7 (b) Methods of shifting vehicular traffic to other modes of
8 transportation;

9 (c) Methods of improving on-dock operations to maximize efficiency
10 and minimize operating and capital costs;

11 (d) A cost-benefit analysis of remote holding versus over-water
12 holding;

13 (e) Methods of reorganizing holding areas and minimizing on-dock
14 employee parking to maximize dock size available for customer vehicles;

15 (f) Schedule modifications;

16 (g) Efficiencies in exit queuing and metering; and

17 (h) Interoperability with other transportation services.

18 (3) Operational strategies must be reevaluated periodically, at a
19 minimum, before developing a new capital plan.

20 **Sec. 5.** RCW 47.60.290 and 1983 c 3 s 136 are each amended to read
21 as follows:

22 (~~Subject to the provisions of RCW 47.60.326,~~) (1) The department
23 (~~is hereby authorized and directed to~~) shall annually review
24 (~~tariffs and charges as~~) fares and pricing strategies applicable to
25 the operation of the Washington state ferries (~~for the purpose of~~
26 ~~establishing a more fair and equitable tariff to be charged passengers,~~
27 ~~vehicles, and commodities on the routes of the Washington state~~
28 ~~ferries~~)).

29 (2) Beginning in 2008, the fares and pricing strategies developed
30 by the department must:

31 (a) Recognize that each travel market is unique and should be
32 evaluated separately;

33 (b) Use data from the current market survey conducted under section
34 3 of this act;

35 (c) Be developed with input from affected ferry users by public
36 hearing, by review with the affected ferry advisory committees, or by

1 some other method of gathering input in addition to the data gathered
2 from the market survey conducted in section 3 of this act; and

3 (d) Keep fare schedules as simple as possible.

4 (3) The fares and pricing strategies developed by the department
5 may include:

6 (a) Options for using pricing to level vehicle peak demand; and

7 (b) Options for using pricing to increase off-peak ridership.

8 (4) Fares and pricing strategies must be adopted by rule, under
9 chapter 34.05 RCW, by the commission, according to the following
10 schedule:

11 (a) Each year the department shall provide the commission a report
12 of its review of fares and pricing strategies, with recommendations for
13 the revision of fares for the ensuing year;

14 (b) By October 1st of each year, beginning in 2008, the commission
15 shall adopt as a rule, a schedule of fares for the ensuing year. The
16 schedule may initially be adopted as an emergency rule if necessary to
17 take effect in, or as near as possible to, the month of October.

18 (5) The commission may adopt by rule fares that are effective for
19 more or less than one year for the purposes of transitioning to the
20 fare schedule in subsection (4) of this section.

21 (6) The commission may increase ferry tolls included in the
22 schedule of charges adopted under this section by a percentage that
23 exceeds the fiscal growth factor.

24 (7) Using sound business judgment, the chief executive officer of
25 the ferry system may authorize the use of promotional, discounted, and
26 special event fares to the general public and commercial enterprises
27 for the purpose of maximizing capacity use and the revenues collected
28 by the ferry system. The department shall report to the commission a
29 summary of the promotional, discounted, and special event fares offered
30 during each fiscal year and the financial results from these
31 activities.

32 (8) Fare revenues and other revenues deposited in the Puget Sound
33 ferry operations account created in RCW 47.60.530 may not be used to
34 support the Puget Sound capital construction account created in RCW
35 47.60.505, unless the support for capital is separately identified in
36 the fare.

1 **Sec. 6.** RCW 47.60.330 and 2003 c 374 s 5 are each amended to read
2 as follows:

3 (1) Before a substantial change to the service levels provided to
4 ferry users, the department shall consult with affected ferry users by
5 public hearing, by review with the affected ferry advisory committees,
6 or by some other method.

7 ~~(2) Before ((a substantial expansion or curtailment in the level of~~
8 ~~service provided to ferry users, or a revision in the schedule of ferry~~
9 ~~tolls or charges)) adding or eliminating a ferry route, the department~~
10 ~~((of transportation)) shall consult with affected ferry users and~~
11 ~~receive legislative approval. ((The consultation shall be: (a) By~~
12 ~~public hearing in affected local communities; (b) by review with the~~
13 ~~affected ferry advisory committees pursuant to RCW 47.60.310; (c) by~~
14 ~~conducting a survey of affected ferry users; or (d) by any combination~~
15 ~~of (a) through (c).-~~

16 ~~Promotional, discount, and special event fares that are not part of~~
17 ~~the published schedule of ferry charges or tolls are exempt. The~~
18 ~~department shall report an accounting of all exempt revenues to the~~
19 ~~transportation commission each fiscal year.~~

20 ~~(2) There is created a ferry system productivity council consisting~~
21 ~~of a representative of each ferry advisory committee empanelled under~~
22 ~~RCW 47.60.310, elected by the members thereof, and two representatives~~
23 ~~of employees of the ferry system appointed by mutual agreement of all~~
24 ~~of the unions representing ferry employees, which shall meet from time~~
25 ~~to time with ferry system management to discuss means of improving~~
26 ~~ferry system productivity.~~

27 ~~(3) Before increasing ferry tolls the department of transportation~~
28 ~~shall consider all possible cost reductions with full public~~
29 ~~participation as provided in subsection (1) of this section and,~~
30 ~~consistent with public policy, shall consider adapting service levels~~
31 ~~equitably on a route by route basis to reflect trends in and forecasts~~
32 ~~of traffic usage. Forecasts of traffic levels shall be developed by~~
33 ~~the bond covenant traffic engineering firm appointed under the~~
34 ~~provisions of RCW 47.60.450. Provisions of this section shall not~~
35 ~~alter obligations under RCW 47.60.450. Before including any toll~~
36 ~~increase in a budget proposal by the commission, the department of~~
37 ~~transportation shall consult with affected ferry users in the manner~~

1 ~~prescribed in (1)(b) of this section plus the procedure of either~~
2 ~~(1)(a) or (c) of this section.)~~

3 NEW SECTION. **Sec. 7.** A new section is added to chapter 47.60 RCW
4 to read as follows:

5 (1) Appropriations made for the Washington state ferries capital
6 program may not be used for maintenance costs.

7 (2) Systemwide and administrative capital program costs shall be
8 allocated to specific capital projects using a cost allocation plan
9 developed by the department. Systemwide and administrative capital
10 program costs shall be identifiable.

11 NEW SECTION. **Sec. 8.** A new section is added to chapter 47.60 RCW
12 to read as follows:

13 (1) The department shall maintain a life-cycle cost model on
14 capital assets such that:

15 (a) Available industry standards are used for estimated life;

16 (b) Department-adopted standard life cycles for steel, concrete,
17 and other nontimber structures are used when industry standards are not
18 available;

19 (c) Standard estimated life is adjusted for asset condition when
20 inspections are made; and

21 (d) It does not include: Power; lighting; cathodic protection;
22 vessel backfeed; back-up generators; communication systems; point of
23 sale systems; sewer; signage; fire protection; traffic controls; storm
24 drainage; water supply; heating ventilation and air conditioning
25 systems; or security gates.

26 (2) All assets in the life-cycle cost model must be inspected and
27 updated at least every three years.

28 (3) The life-cycle cost model shall be used in estimating future
29 system preservation costs.

30 (4) Preservation funding requests shall only be for items in the
31 life-cycle cost model.

32 (5) Preservation funding requests that exceed five million dollars
33 per project must be accompanied by a predesign study that includes all
34 elements required in the office of financial management's predesign
35 manual.

1 (6) Appropriations made for preservation projects shall be spent
2 only on preservation projects when warranted by the asset condition.

3 NEW SECTION. **Sec. 9.** A new section is added to chapter 47.60 RCW
4 to read as follows:

5 The department shall develop terminal design standards that adhere
6 to the following:

7 (1) Vehicle level of service standards as described in RCW
8 47.06.140;

9 (2) Operational strategies as described in section 4 of this act;

10 (3) Pricing strategies as described in RCW 47.60.290;

11 (4) Life-cycle costs are considered for both capital and operating
12 costs and the most efficient balance between the two is chosen; and

13 (5) A recognition that each travel market is unique and should be
14 evaluated separately.

15 NEW SECTION. **Sec. 10.** A new section is added to chapter 47.60 RCW
16 to read as follows:

17 The capital plan must adhere to the following:

18 (1) A current ridership demand forecast;

19 (2) Vehicle level of service standards as described in RCW
20 47.06.140;

21 (3) Operational strategies as described in section 4 of this act;

22 (4) Pricing strategies as described in RCW 47.60.290; and

23 (5) Terminal design standards as described in section 9 of this
24 act.

25 NEW SECTION. **Sec. 11.** A new section is added to chapter 47.60 RCW
26 to read as follows:

27 (1) Terminal improvement project funding requests must adhere to
28 the capital plan.

29 (2) Terminal improvement funding requests must be submitted with a
30 predesign study that includes all elements required in the office of
31 financial management's predesign manual.

32 (3) The predesign study must also:

33 (a) Separately identify basic terminal elements essential for
34 operation and their costs;

- 1 (b) Separately identify additional elements to provide ancillary
- 2 revenue and customer comfort and their costs;
- 3 (c) Include construction phasing options that fit with forecasted
- 4 ridership increases;
- 5 (d) Identify additional elements requested by locals and the cost
- 6 and proposed funding source of those elements;
- 7 (e) Identify multimodal elements and the cost and proposed funding
- 8 source of those elements; and
- 9 (f) Identify all contingency amounts.

10 NEW SECTION. **Sec. 12.** A new section is added to chapter 47.60 RCW
11 to read as follows:

12 (1) The joint legislative audit and review committee shall assess
13 and report as follows:

14 (a) Audit the implementation of the cost allocation methodology
15 evaluated under chapter . . . (House Bill No. 1094), Laws of 2007, as
16 it exists on the effective date of this section, assessing whether
17 actual costs are allocated consistently with the methodology, whether
18 there are sufficient internal controls to ensure proper allocation, and
19 the adequacy of staff training; and

20 (b) Review the assignment of preservation costs and improvement
21 costs for fiscal year 2009 to determine whether:

- 22 (i) The costs are capital costs;
- 23 (ii) The costs meet the statutory requirements for preservation
- 24 activities and for improvement activities; and
- 25 (iii) Improvement costs are within the scope of legislative
- 26 appropriations.

27 (2) The report on the evaluations in this section is due by January
28 31, 2010.

29 (3) This section expires December 31, 2010.

30 NEW SECTION. **Sec. 13.** (1) The joint transportation committee
31 shall participate in and provide an independent review of (a) through
32 (f) of this subsection. In addition to committee members, or their
33 designees, the governor shall appoint a representative for this review.
34 The committee may also appoint other persons to assist in this review.

35 (a) Development and interpretation of the market survey of ferry
36 customers described in section 3 of this act;

1 (b) Analysis and reestablishment of vehicle level of service
2 standards as described in RCW 47.06.140. In reestablishing the
3 standards, consideration shall be given to whether boat wait is the
4 appropriate measure;

5 (c) Development of operational strategies as described in section
6 4 of this act;

7 (d) Development of pricing strategies as described in RCW
8 47.60.290. In developing these strategies, the one-way fare policy in
9 effect on some routes shall be evaluated;

10 (e) Development of terminal design standards as described in
11 section 9 of this act; and

12 (f) Development of a long-range capital plan as described in
13 section 10 of this act.

14 (2) This section expires June 30, 2009.

15 NEW SECTION. **Sec. 14.** The following acts or parts of acts are
16 each repealed:

17 (1) RCW 47.60.150 (Fixing of charges--Deposit of revenues) and 2003
18 c 374 s 3, 1999 c 94 s 26, & 1990 c 42 s 405; and

19 (2) RCW 47.60.326 (Schedule of charges for state ferries--Review by
20 department, factors considered--Rule making by commission) and 2005 c
21 270 s 1, 2003 c 374 s 4, 2001 1st sp.s. c 1 s 1, 1999 c 94 s 27, 1990
22 c 42 s 406, 1983 c 15 s 25, & 1981 c 344 s 5.

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