

SENATE BILL REPORT

ESHB 3209

As of Second Reading

Title: An act relating to managing costs of the ferry system.

Brief Description: Managing costs of the ferry system.

Sponsors: House Committee on Transportation (originally sponsored by Representatives Clibborn, Rolfes, Seaquist and Morris).

Brief History: Passed House: 3/05/10, 90-8.

Committee Activity: Transportation:

SENATE COMMITTEE ON TRANSPORTATION

Staff: Janice Baumgardt (786-7319)

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 22 vessels and 20 terminals.

The 2009-11 Transportation Budget appropriates \$400.6 million for the operating expenses and \$98.4 million for the capital expenses of the Ferries Division.

The Washington State Ferry (WSF) system is part of the state highway system. State highways may be constructed, altered, repaired, or improved by state work forces or by contractors. The work may be done by state work forces when estimated costs are less than \$60,000 or estimated costs are less than \$100,000 and delay of the project would jeopardize a state highway or constitute a danger to the traveling public. The WSF has a maintenance facility located at Eagle Harbor on Bainbridge Island. The WSDOT employees at the site perform maintenance and preservation work on ferry vessels and terminals within the contracting limits in state law.

Representatives of ferry employees at the WSDOT, who are members of a collective bargaining unit represented by a ferry employee organization, bargain with the state over wages, hours, working conditions, insurance, and health care benefits. The first step in negotiations is to agree on impasse procedures. If the parties fail to agree on procedures, the statutory mediation and arbitration procedures apply.

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.

Under the statutory arbitration process, the arbitrator is limited to deciding between the final offers of the parties on each impasse item, unless the parties have agreed to allow the arbitrator to issue a decision it deems just and appropriate. The statutory factors that the arbitrator must consider in making its decision include:

- past collective bargaining agreements;
- the constitutional and statutory authority of the state;
- the stipulations of the parties;
- the results of a salary survey;
- wage comparisons with other west coast operations doing comparable work, giving consideration to factors peculiar to the area and classifications involved;
- changes in circumstances during the proceedings;
- limitations on ferry toll increases or operating subsidies as the Legislature may impose; and
- other factors that are normally or traditionally taken into consideration.

The arbitration award is not binding on the Legislature and, if the Legislature does not approve the funding, is not binding on the state or ferry employee organization.

Before submitting a funding request to the Legislature, the request must be submitted to the Director of the Office of Financial Management (OFM) by October 1 prior to the legislative session in which it will be considered, and the Director of the OFM must certify the request as feasible financially for the state.

Summary of Bill: The Legislature intends to address increasing costs of operating the ferry system in a manner that balances the interests of the ferry system, ferry workforce, and the fare payers.

State work forces may construct, alter, repair, or improve the (WSDOT) ferry vessels and terminals if the estimated cost of the work is less than \$120,000.

The limitation that an arbitrator may only select from the final offers submitted by the parties at bargaining impasses is eliminated. Instead, unless otherwise agreed to by the employee organization and the state in their impasse procedures, an arbitrator is required to issue a decision it deems just and appropriate with respect to each impasse item.

The statutory factors that the arbitrator must consider in making its decision are modified. An arbitrator must take into consideration the financial ability of the WSDOT to pay for the compensation and fringe benefit provisions of a collective bargaining agreement. An arbitrator is also required to take into consideration the wages, hours, employment benefits, and conditions of other state employees or public and private sector employees, in states along the west coast of the United States, Alaska, and British Columbia, doing comparable but not necessarily identical work.

The WSDOT is directed to develop a methodology for giving public visibility to cost service tradeoffs among service schedules, crew schedules, crew costs, and operating costs. The methodology is due to the Legislature by September 1, 2010. The Governor must consult

with affected unions to review existing bargaining units and contracts associated with the WSF and to propose appropriate improvements.

Appropriation: The sum of \$7.3 million is appropriated from the Puget Sound Ferries Operating Account for the purpose of travel time associated with ferries employees and makes the appropriation contingent upon the provision of travel pay data to the Legislature.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.