

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE SENATE BILL 6787

Chapter 332, Laws of 2006

59th Legislature
2006 Regular Session

PASSENGER-ONLY FERRY SERVICE

EFFECTIVE DATE: 6/7/06

Passed by the Senate March 8, 2006
YEAS 43 NAYS 3

BRAD OWEN

President of the Senate

Passed by the House March 8, 2006
YEAS 61 NAYS 37

FRANK CHOPP

Speaker of the House of Representatives

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 6787** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

Approved March 29, 2006.

FILED

March 29, 2006 - 4:51 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 6787

AS AMENDED BY THE HOUSE

Passed Legislature - 2006 Regular Session

State of Washington 59th Legislature 2006 Regular Session

By Senate Committee on Ways & Means (originally sponsored by
Senators Rockefeller, Poulsen, Haugen and Oke)

READ FIRST TIME 02/17/06.

1 AN ACT Relating to local government passenger ferry service
2 funding; amending RCW 47.60.645, 36.54.110, 36.54.130, and 36.54.050;
3 reenacting and amending RCW 81.84.020; adding new sections to chapter
4 47.60 RCW; adding new sections to chapter 47.01 RCW; adding a new
5 section to chapter 36.57A RCW; and creating a new section.

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

7 **Sec. 1.** RCW 47.60.645 and 1995 2nd sp.s. c 14 s 558 are each
8 amended to read as follows:

9 There is hereby established in the transportation fund the
10 passenger ferry account. Money in the account shall be used for
11 ~~((capital improvements for passenger ferry projects including, but not~~
12 ~~limited to, pedestrian and transit facilities at ferry terminals and~~
13 ~~passenger only ferry vessels)) operating or capital grants for ferry~~
14 systems as provided in chapters 36.54 and 36.57A RCW. Moneys in the
15 account shall be expended with legislative appropriation.

16 NEW SECTION. **Sec. 2.** By October 31, 2006, the department of
17 transportation shall have an independent appraisal of the market value
18 of the Washington state ferries Snohomish and Chinook and present it to

1 the transportation committees of the legislature and the governor by
2 November 1, 2006. The department of transportation shall sell or
3 otherwise dispose of the Washington state ferries Snohomish and Chinook
4 for market value and deposit the proceeds of the sales into the
5 passenger ferry account created in RCW 47.60.645 as soon as practicable
6 upon approval by the governor of the business plan described in RCW
7 36.54.110(5).

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

10 The department shall maintain the level of service existing on
11 January 1, 2006, for the Vashon to Seattle passenger-only ferry route
12 until such time as the legislature approves a county ferry district's
13 assumption of the route, as authorized under RCW 36.54.110(5),
14 providing a level of service at or exceeding the state level.

15 NEW SECTION. **Sec. 4.** A new section is added to chapter 47.01 RCW
16 to read as follows:

17 (1) The department of transportation shall establish a ferry grant
18 program subject to availability of amounts appropriated for this
19 specific purpose. The purpose of the grant program is to provide
20 operating or capital grants for ferry systems as provided in chapters
21 36.54 and 36.57A RCW to operate passenger-only ferry service.

22 (2) In providing grants under this section, the department may
23 enter into multiple year contracts with the stipulation that future
24 year allocations are subject to the availability of funding as provided
25 by legislative appropriation.

26 (3) Priority shall be given to grant applications that provide
27 continuity of existing passenger-only service and the provision of
28 local or federal matching funds.

29 NEW SECTION. **Sec. 5.** A new section is added to chapter 47.60 RCW
30 to read as follows:

31 The Washington state ferry system shall collaborate with new and
32 potential passenger-only ferry service providers, as described in RCW
33 36.54.110(5), for terminal operations at its existing terminal
34 facilities.

1 NEW SECTION. **Sec. 6.** A new section is added to chapter 47.01 RCW
2 to read as follows:

3 The office of financial management shall contract to develop a
4 back-up plan for operating the Vashon to Seattle passenger-only ferry
5 route existing on January 1, 2006, that does not include operations by
6 state government.

7 **Sec. 7.** RCW 36.54.110 and 2003 c 83 s 301 are each amended to read
8 as follows:

9 (1) The legislative authority of a county (~~((with a population over
10 one million persons and having a boundary on Puget Sound))~~) may adopt an
11 ordinance creating a ferry district in all or a portion of the area of
12 the county, including the area within the corporate limits of any city
13 or town within the county. The ordinance may be adopted only after a
14 public hearing has been held on the creation of a ferry district, and
15 the county legislative authority makes a finding that it is in the
16 public interest to create the district. (~~((A ferry district is limited
17 to providing passenger only ferry service.))~~)

18 (2) A ferry district is a municipal corporation, an independent
19 taxing "authority" within the meaning of Article VII, section 1 of the
20 state Constitution, and a "taxing district" within the meaning of
21 Article VII, section 2 of the state Constitution.

22 (3) A ferry district is a body corporate and possesses all the
23 usual powers of a corporation for public purposes as well as all other
24 powers that may now or hereafter be specifically conferred by statute,
25 including, but not limited to, the authority to hire employees, staff,
26 and services, to enter into contracts, and to sue and be sued.

27 (4) The members of the county legislative authority, acting ex
28 officio and independently, shall compose the governing body of any
29 ferry district that is created within the county. The voters of a
30 ferry district must be registered voters residing within the boundaries
31 of the district.

32 (5) (~~((For the purposes of this section, Puget Sound is considered
33 as extending north as far as the Canadian border and west as far as
34 Port Angeles.))~~) A county with a population greater than one million
35 persons and having a boundary on Puget Sound, or a county to the west
36 of Puget Sound with a population greater than two hundred thirty
37 thousand but less than three hundred thousand persons, proposing to

1 create a ferry district to assume a passenger-only ferry route between
2 Vashon and Seattle, including an expansion of that route to include
3 Southworth, shall first receive approval from the governor after
4 submitting a complete business plan to the governor and the legislature
5 by November 1, 2006. The business plan must, at a minimum, include
6 hours of operation, vessel needs, labor needs, proposed routes,
7 passenger terminal facilities, passenger rates, anticipated federal and
8 local funding, coordination with Washington state ferry system,
9 coordination with existing transit providers, long-term operation and
10 maintenance needs, and long-term financial plan. The business plan may
11 include provisions regarding coordination with an appropriate county to
12 participate in a joint ferry under RCW 36.54.030 through 36.54.070. In
13 order to be considered for assuming the route, the ferry district shall
14 ensure that the route will be operated only by the ferry district and
15 not contracted out to a private entity, all existing labor agreements
16 will be honored, and operations will begin no later than July 1, 2007.
17 If the route is to be expanded to include serving Southworth, the ferry
18 district shall enter into an interlocal agreement with the public
19 transportation benefit area serving the Southworth ferry terminal
20 within thirty days of beginning Southworth ferry service. For the
21 purposes of this subsection, Puget Sound is considered as extending
22 north to Admiralty Inlet.

23 NEW SECTION. Sec. 8. A new section is added to chapter 36.57A RCW
24 to read as follows:

25 A public transportation benefit area seeking funding for a
26 passenger-only ferry route between Kingston and Seattle shall first
27 receive approval from the governor after submitting a complete business
28 plan to the governor and the legislature by November 1, 2006. The
29 business plan must, at a minimum, include hours of operation, vessel
30 needs, labor needs, proposed routes, passenger terminal facilities,
31 passenger rates, anticipated federal and local funding, coordination
32 with Washington state ferry system, coordination with existing transit
33 providers, long-term operation and maintenance needs, and long-term
34 financial plan.

35 **Sec. 9.** RCW 36.54.130 and 2003 c 83 s 303 are each amended to read
36 as follows:

1 (1) To carry out the purposes for which ferry districts are
2 created, the governing body of a ferry district may levy each year an
3 ad valorem tax on all taxable property located in the district not to
4 exceed seventy-five cents per thousand dollars of assessed value. The
5 levy must be sufficient for the provision of ferry services as shown to
6 be required by the budget prepared by the governing body of the ferry
7 district.

8 (2) A tax imposed under this section may be used only for providing
9 ((~~passenger-only~~)) ferry services, including the purchase, lease, or
10 rental of ((~~passenger-only~~)) ferry vessels and dock facilities, the
11 operation and maintenance of ((~~passenger-only~~)) ferry vessels and dock
12 facilities, and related personnel costs.

13 **Sec. 10.** RCW 36.54.050 and 1963 c 4 s 36.54.050 are each amended
14 to read as follows:

15 The joint commission is authorized to transact all business
16 necessary in carrying out the purposes of RCW 36.54.030 through
17 36.54.070 and its acts shall be binding upon the two counties, and one-
18 half of all bills and obligations created by the commission shall be
19 binding and a legal charge against the road fund of each county and the
20 claims therefor shall be allowed and paid out of the county road fund
21 the same as other claims against said fund are allowed and paid, unless
22 otherwise provided in an agreement between the two counties.

23 **Sec. 11.** RCW 81.84.020 and 2005 c 313 s 609 and 2005 c 121 s 7 are
24 each reenacted and amended to read as follows:

25 (1) Upon the filing of an application the commission shall give
26 reasonable notice to the department, affected cities, counties, and
27 public transportation benefit areas and any common carrier which might
28 be adversely affected, of the time and place for hearing on such
29 application. The commission shall have power after notice and an
30 opportunity for a hearing, to issue the certificate as prayed for, or
31 to refuse to issue it, or to issue it for the partial exercise only of
32 the privilege sought, and may attach to the exercise of the rights
33 granted by said certificate such terms and conditions as in its
34 judgment the public convenience and necessity may require; but the
35 commission shall not have power to grant a certificate to operate
36 between districts and/or into any territory prohibited by RCW 47.60.120

1 or already served by an existing certificate holder, unless such
2 existing certificate holder has failed or refused to furnish reasonable
3 and adequate service, has failed to provide the service described in
4 its certificate or tariffs after the time period allowed to initiate
5 service has elapsed, or has not objected to the issuance of the
6 certificate as prayed for: PROVIDED, A certificate shall be granted
7 when it shall appear to the satisfaction of the commission that the
8 commercial ferry was actually operating in good faith over the route
9 for which such certificate shall be sought, on January 15, 1927:
10 PROVIDED, FURTHER, That in case two or more commercial ferries shall
11 upon said date have been operating vessels upon the same route, or
12 between the same districts the commission shall determine after public
13 hearing whether one or more certificates shall issue, and in
14 determining to whom a certificate or certificates shall be issued, the
15 commission shall consider all material facts and circumstances
16 including the prior operation, schedules, and services rendered by
17 either of the ferries, and in case more than one certificate shall
18 issue, the commission shall fix and determine the schedules and
19 services of the ferries to which the certificates are issued to the end
20 that duplication of service be eliminated and public convenience be
21 furthered.

22 (2) Before issuing a certificate, the commission shall determine
23 that the applicant has the financial resources to operate the proposed
24 service for at least twelve months, based upon the submission by the
25 applicant of a pro forma financial statement of operations. Issuance
26 of a certificate shall be determined upon, but not limited to, the
27 following factors: Ridership and revenue forecasts; the cost of
28 service for the proposed operation; an estimate of the cost of the
29 assets to be used in providing the service; a statement of the total
30 assets on hand of the applicant that will be expended on the proposed
31 operation; and a statement of prior experience, if any, in such field
32 by the applicant. The documentation required of the applicant under
33 this section shall comply with the provisions of RCW 9A.72.085.

34 (3) Subsection (2) of this section does not apply to an application
35 for a certificate that is pending as of July 25, 1993.

36 (4) In granting a certificate for passenger-only ferries and
37 determining what conditions to place on the certificate, the commission

1 shall consider and give substantial weight to the effect of its
2 decisions on public agencies operating, or eligible to operate,
3 passenger-only ferry service.

4 (5) Until July 1, (~~2006~~) 2007, the commission shall not accept or
5 consider an application for passenger-only ferry service serving any
6 county in the Puget Sound area with a population of over one million
7 people. Applications for passenger-only ferry service serving any
8 county in the Puget Sound area with a population of over one million
9 pending before the commission as of May 9, 2005, shall be held in
10 abeyance and not considered before July 1, (~~2006~~) 2007.

Passed by the Senate March 8, 2006.

Passed by the House March 8, 2006.

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