

SSB 6109 - S AMD 330
By Senator Haugen

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** It is the intent of the legislature that
4 final recommendations from the joint transportation committee ferry
5 study, submitted to the legislature during the 2009 regular legislative
6 session, be enacted by the legislature and implemented by the
7 department of transportation as soon as practicable in order to benefit
8 from the efficiencies and cost savings identified in the
9 recommendations. It is also the intent of the legislature to make
10 various additional policy changes aimed at further efficiencies and
11 cost savings. Since the study began in 2006, recommendations have been
12 made with regard to long range planning and implementing the most
13 efficient and effective balance between ferry capital and operating
14 investments. It is intended that this act, the 2009-2011 omnibus
15 transportation appropriations act, and subsequent transportation
16 appropriations acts serve as vehicles for enacting these
17 recommendations in order to maximize the utilization of existing
18 capacity and to make the most efficient use of existing assets and tax
19 dollars.

20 **Sec. 2.** RCW 47.60.355 and 2007 c 512 s 11 are each amended to read
21 as follows:

22 (1) Terminal and vessel preservation funding requests received
23 after the effective date of this section shall only be for assets in
24 the life-cycle cost model.

25 (2) Terminal and vessel preservation funding requests that exceed
26 five million dollars per project must be accompanied by a predesign
27 study. The predesign study must include all elements required by the
28 office of financial management.

1 **Sec. 3.** RCW 47.60.365 and 2007 c 512 s 12 are each amended to read
2 as follows:

3 The department shall develop terminal and vessel design standards
4 that:

5 (1) Adhere to vehicle level of service standards as described in
6 RCW 47.06.140;

7 (2) Adhere to operational strategies as described in RCW 47.60.327;
8 and

9 (3) Choose the most efficient balance between capital and operating
10 investments by using a life-cycle cost analysis.

11 **Sec. 4.** RCW 47.60.375 and 2008 c 124 s 3 are each amended to read
12 as follows:

13 (1) The capital plan must adhere to the following:

14 (a) A current ridership demand forecast;

15 (b) Vehicle level of service standards as described in RCW
16 47.06.140;

17 (c) Operational strategies as described in RCW 47.60.327; and

18 (d) Terminal and vessel design standards as described in RCW
19 47.60.365.

20 (2) The capital plan must include the following:

21 (a) A current vessel preservation plan;

22 (b) A current systemwide vessel rebuild and replacement plan as
23 described in RCW 47.60.377;

24 (c) A current vessel deployment plan; and

25 (d) A current terminal preservation plan that adheres to the life-
26 cycle cost model on capital assets as described in RCW 47.60.345.

27 **Sec. 5.** RCW 47.60.385 and 2008 c 124 s 6 are each amended to read
28 as follows:

29 (1) Terminal improvement, vessel improvement, and vessel
30 acquisition project funding requests received after the effective date
31 of this section must adhere to the capital plan(~~(-~~

32 ~~(2) Requests for terminal improvement design and construction~~
33 ~~funding must))~~ and be submitted with a predesign study that:

34 (a) Includes all elements required by the office of financial
35 management;

1 (b) Separately identifies basic terminal elements essential for
2 operation and their costs;

3 (c) Separately identifies additional elements to provide ancillary
4 revenue and customer comfort and their costs;

5 (d) Includes construction phasing options that are consistent with
6 forecasted ridership increases;

7 (e) Separately identifies additional elements requested by local
8 governments and the cost and proposed funding source of those elements;

9 (f) Separately identifies multimodal elements and the cost and
10 proposed funding source of those elements; ((and))

11 (g) Identifies all contingency amounts((-

12 ~~(h))[(3)] When planning for new vessel acquisitions, the department
13 must evaluate the long-term vessel operating costs related to fuel
14 efficiency and staffing));~~

15 (h) Identifies any terminal, vessel, or other capital modifications
16 that would be required as a result of the proposed capital project;

17 (i) Includes an analysis of the effect of the proposed capital
18 project on the entire route;

19 (j) Includes planned service modifications as a result of the
20 proposed capital project, and the consistency of those service
21 modifications with the capital plan; and

22 (k) Demonstrates the evaluation of long-term operating costs
23 including fuel efficiency, staffing, and preservation.

24 (2) The department shall prioritize vessel preservation and
25 acquisition funding requests over vessel improvement funding requests.

26 NEW SECTION. Sec. 6. A new section is added to chapter 47.60 RCW
27 to read as follows:

28 (1) In addition to the requirements of RCW 47.60.385(1), initial
29 requests for, and substantial modification requests to, vessel
30 acquisition funding must be submitted with a predesign study that:

31 (a) Includes a business decision case on vessel sizing;

32 (b) Includes an updated vessel deployment plan demonstrating
33 maximum use of existing vessels, and an updated systemwide vessel
34 rebuild and replacement plan;

35 (c) Includes an analysis that demonstrates that acquiring a new
36 vessel or improving an existing vessel is more cost-effective than

1 other alternatives considered. At a minimum, alternatives explored
2 must include:

3 (i) Alternatives to new vessel construction that increase capacity
4 of existing vessels;

5 (ii) Service level changes in lieu of adding vessel capacity; and

6 (iii) Existing vessels or vessel plans;

7 (d) Includes documentation of community reaction to proposed vessel
8 capacity changes;

9 (e) Demonstrates that the vessel proposed for improvement,
10 construction, or purchase, if intended to replace an existing vessel or
11 to place an existing vessel into inactive or reserve status, is
12 consistent with the scheduled replacements in the rebuild and
13 replacement plan.

14 (2) In addition to the requirements of RCW 47.60.385(1), initial
15 requests for, and substantial modification requests to, vessel
16 improvement funding must be submitted with a predesign study that
17 includes:

18 (a) An explanation of any regulatory changes necessitating the
19 improvement;

20 (b) The requirements under subsection (1) of this section, if the
21 improvement modifies the capacity of a vessel;

22 (c) A cost-benefit analysis of any modifications designed to
23 improve fuel efficiency, including potential impacts on vessel
24 maintenance and repair; and

25 (d) An assessment of out-of-service time associated with making the
26 improvement and ongoing preservation of the improvement.

27 **Sec. 7.** RCW 47.28.030 and 2007 c 218 s 90 are each amended to read
28 as follows:

29 (1)(a) A state highway shall be constructed, altered, repaired, or
30 improved, and improvements located on property acquired for
31 right-of-way purposes may be repaired or renovated pending the use of
32 such right-of-way for highway purposes, by contract or state forces.
33 The work or portions thereof may be done by state forces when the
34 estimated costs thereof are:

35 (i) Less than fifty thousand dollars and effective July 1, 2005,
36 sixty thousand dollars(~~(+ PROVIDED, That)~~); or

1 (ii) Subject to subsection (4) of this section, less than one
2 hundred thousand dollars for work performed on ferry vessels or
3 terminals.

4 (b) When delay of performance of such work would jeopardize a state
5 highway or constitute a danger to the traveling public, the work may be
6 done by state forces when the estimated cost thereof is less than
7 eighty thousand dollars and effective July 1, 2005, one hundred
8 thousand dollars.

9 (c) When the department of transportation determines to do the work
10 by state forces, it shall enter a statement upon its records to that
11 effect, stating the reasons therefor.

12 (d) To enable a larger number of small businesses, and minority,
13 and women contractors to effectively compete for department of
14 transportation contracts, the department may adopt rules providing for
15 bids and award of contracts for the performance of work, or furnishing
16 equipment, materials, supplies, or operating services whenever any work
17 is to be performed and the engineer's estimate indicates the cost of
18 the work would not exceed eighty thousand dollars and effective July 1,
19 2005, one hundred thousand dollars.

20 (2) The rules adopted under this section:

21 ~~((1))~~ (a) Shall provide for competitive bids to the extent that
22 competitive sources are available except when delay of performance
23 would jeopardize life or property or inconvenience the traveling
24 public; and

25 ~~((2))~~ (b) Need not require the furnishing of a bid deposit nor a
26 performance bond, but if a performance bond is not required then
27 progress payments to the contractor may be required to be made based on
28 submittal of paid invoices to substantiate proof that disbursements
29 have been made to laborers, material suppliers, mechanics, and
30 subcontractors from the previous partial payment; and

31 ~~((3))~~ (c) May establish prequalification standards and procedures
32 as an alternative to those set forth in RCW 47.28.070, but the
33 prequalification standards and procedures under RCW 47.28.070 shall
34 always be sufficient.

35 (3) The department of transportation shall comply with such goals
36 and rules as may be adopted by the office of minority and women's
37 business enterprises to implement chapter 39.19 RCW with respect to
38 contracts entered into under this chapter. The department may adopt

1 such rules as may be necessary to comply with the rules adopted by the
2 office of minority and women's business enterprises under chapter 39.19
3 RCW.

4 (4) The department and the unions representing workers at the Eagle
5 Harbor maintenance facility shall report to the transportation
6 committees of the legislature by December 1, 2009, on what steps they
7 have taken to reduce vessel out-of-service time. The report must
8 address all identifiable obstacles to reducing vessel out-of-service
9 time.

10 **Sec. 8.** RCW 47.60.315 and 2007 c 512 s 6 are each amended to read
11 as follows:

12 (1) The commission shall adopt fares and pricing policies by rule,
13 under chapter 34.05 RCW, according to the following schedule:

14 (a) Each year the department shall provide the commission a report
15 of its review of fares and pricing policies, with recommendations for
16 the revision of fares and pricing policies for the ensuing year,
17 including options for active demand management pricing strategies;

18 (b) By September 1st of each year, beginning in 2008, the
19 commission shall adopt by rule fares and pricing policies for the
20 ensuing year.

21 (2) The commission may adopt by rule fares that are effective for
22 more or less than one year for the purposes of transitioning to the
23 fare schedule in subsection (1) of this section.

24 (3) The commission may increase ferry fares included in the
25 schedule of charges adopted under this section by a percentage that
26 exceeds the fiscal growth factor.

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

34 (5) Fare revenues and other revenues deposited in the Puget Sound
35 ferry operations account created in RCW 47.60.530 may not be used to
36 support the Puget Sound capital construction account created in RCW

1 47.60.505, unless the support for capital is separately identified in
2 the fare.

3 (6) The commission may not raise fares until the fare rules contain
4 pricing policies developed under RCW 47.60.290, or September 1, 2009,
5 whichever is later.

6 (7) Before raising fares due to predicted increased fuel costs, the
7 commission shall verify that the department has considered operational
8 changes to reduce fuel consumption.

9 (8) When setting ferry fares to raise required total system
10 revenues, first consideration must be given to raising revenues through
11 increased off-peak vehicle ridership.

12 (9) The commission may authorize a fuel surcharge effective no
13 sooner than July 1, 2013.

14 **Sec. 9.** RCW 47.60.290 and 2007 c 512 s 5 are each amended to read
15 as follows:

16 (1) The department shall annually review fares and pricing policies
17 applicable to the operation of the Washington state ferries.

18 (2) Beginning in 2008, the department shall develop fare and
19 pricing policy proposals that must:

20 (a) Recognize that each travel shed is unique, and might not have
21 the same farebox recovery rate and the same pricing policies;

22 (b) Use data from the current survey conducted under RCW 47.60.286;

23 (c) Be developed with input from affected ferry users by public
24 hearing and by review with the affected ferry advisory committees, in
25 addition to the data gathered from the survey conducted in RCW
26 47.60.286;

27 (d) Generate the amount of revenue required by the biennial
28 transportation budget;

29 (e) Consider the impacts on users, capacity, and local communities;
30 and

31 (f) Keep fare schedules as simple as possible.

32 (3) While developing fare and pricing policy proposals, the
33 department must consider the following:

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

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

36 (4) Before proposing fare increases due to predicted increased fuel

1 costs, the department shall consider operational changes to reduce fuel
2 consumption.

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

5 The legislature finds measuring the performance of Washington state
6 ferries requires the measurement of quality, timeliness, and unit cost
7 of services delivered to customers. Consequently, the department must
8 develop a set of metrics that measure that performance and report to
9 the transportation committees of the house of representatives and
10 senate and to the office of financial management on the development of
11 these measurements along with recommendations to the 2010 legislature
12 on which measurements must become a part of the next transportation
13 budget.

14 **Sec. 11.** RCW 43.19.642 and 2007 c 348 s 201 are each amended to
15 read as follows:

16 (1) Effective June 1, 2006, for agencies complying with the ultra-
17 low sulfur diesel mandate of the United States environmental protection
18 agency for on-highway diesel fuel, agencies shall use biodiesel as an
19 additive to ultra-low sulfur diesel for lubricity, provided that the
20 use of a lubricity additive is warranted and that the use of biodiesel
21 is comparable in performance and cost with other available lubricity
22 additives. The amount of biodiesel added to the ultra-low sulfur
23 diesel fuel shall be not less than two percent.

24 (2) Effective June 1, 2009, state agencies are required to use a
25 minimum of twenty percent biodiesel as compared to total volume of all
26 diesel purchases made by the agencies for the operation of the
27 agencies' diesel-powered vessels, vehicles, and construction equipment.

28 (3) All state agencies using biodiesel fuel shall, beginning on
29 July 1, 2006, file biannual reports with the department of general
30 administration documenting the use of the fuel and a description of how
31 any problems encountered were resolved.

32 (4) For the 2009-2011 fiscal biennium, the Washington state ferries
33 is required to use a minimum of five percent biodiesel as compared to
34 total volume of all diesel purchases made by the Washington state
35 ferries for the operation of the Washington state ferries diesel-
36 powered vessels so long as the per gallon price of diesel containing a

1 five percent biodiesel blend level does not exceed the per gallon price
2 of diesel by more than five percent. If the per gallon price of diesel
3 containing a five percent biodiesel blend level exceeds the per gallon
4 price of diesel by more than five percent, then the requirements of
5 this section do not apply to vessel fuel purchases by the Washington
6 state ferries.

7 (5) By December 1, 2009, the department of general administration
8 shall:

9 (a) Report to the legislature on the average true price
10 differential for biodiesel by blend and location; and

11 (b) Examine alternative fuel procurement methods that work to
12 address potential market barriers for in-state biodiesel producers and
13 report these findings to the legislature.

14 **Sec. 12.** RCW 47.60.310 and 1988 c 100 s 1 are each amended to read
15 as follows:

16 (1) The department is further directed to conduct such review by
17 soliciting and obtaining expressions from local community groups in
18 order to be properly informed as to problems being experienced within
19 the area served by the Washington state ferries. ~~((In order that local~~
20 ~~representation may be established, the department)) The department
21 shall meet the requirements of this section by means of no more than
22 quarterly meetings with the legislative authority of each ferry-served
23 county. This subsection may not be construed to limit the number of
24 meetings that legislative authorities of ferry-served counties or ferry
25 advisory committees may conduct.~~

26 (2) The legislative authorities of ferry-served counties:

27 (a) Shall give prior notice of ~~((the review))~~ meetings described in
28 subsection (1) of this section to the ferry advisory committees
29 established in this section and to the governing officials of cities or
30 towns with ferry terminals;

31 (b) Shall update the membership of the ferry advisory committees to
32 reflect statutory requirements regarding numbers of members, expiration
33 of terms, and diversity of representation on the committees; and

34 (c) May request the ferry advisory committees to conduct public
35 outreach to gather community input, document the method and findings of
36 the public outreach, and report the results at the meetings with the
37 department.

1 ~~((+2))~~ (3) The legislative authorities of San Juan, Skagit,
2 Clallam, and Jefferson counties shall each appoint a committee to
3 consist of ~~((five))~~ a maximum of six members to serve as an advisory
4 committee to the ~~((department—or—its—designated—representative))~~
5 legislative authorities of ferry-served counties in such review. The
6 legislative authority of Kitsap county shall appoint a maximum of five
7 members for each terminal area to serve as advisory committees. The
8 legislative authorities of other counties that contain ferry terminals
9 shall appoint ferry advisory committees consisting of ~~((three))~~ a
10 maximum of four members for each terminal area in each county, except
11 for Vashon Island, which shall have one committee, and its members
12 shall be appointed ~~((by))~~ in consultation with the Vashon/Maury Island
13 community council. ~~((At least one person appointed to))~~

14 (4) Membership in each ferry advisory committee shall be
15 representative of ~~((an))~~ established ferry user ~~((group or of frequent~~
16 ~~users of the ferry system))~~ groups consistent with the most recent
17 ferry ridership survey conducted by the Washington state transportation
18 commission. The membership of county ferry advisory committees shall
19 include an elected local official and a representative of commercial
20 users. Each member shall reside in the vicinity of the terminal that
21 the advisory committee represents.

22 ~~((+3))~~ (5) The members of the ~~((San Juan, Clallam, and Jefferson~~
23 ~~county))~~ ferry advisory committees shall be appointed for four-year
24 terms. ~~((The initial terms shall commence on July 1, 1982, and end on~~
25 ~~June 30, 1986.))~~ Any vacancy shall be filled for the remainder of the
26 unexpired term by the appointing authority. ~~((At least one person~~
27 ~~appointed to the advisory committee shall be representative of an~~
28 ~~established ferry user group or of frequent users of the ferry system,~~
29 ~~at least one shall be representative of persons or firms using or~~
30 ~~depending upon the ferry system for commerce, and one member shall be~~
31 ~~representative of a local government planning body or its staff. Every~~
32 ~~member shall be a resident of the county upon whose advisory committee~~
33 ~~he or she sits, and not more than three members shall at the time of~~
34 ~~their appointment be members of the same major political party.~~

35 ~~(4) The members of each terminal area committee shall be appointed~~
36 ~~for four year terms. The initial terms of the members of each terminal~~
37 ~~area committee shall be staggered as follows: All terms shall commence~~
38 ~~September 1, 1988, with one member's term expiring August 31, 1990, one~~

1 ~~member's term expiring August 31, 1991, and the remaining member's term~~
2 ~~expiring August 31, 1992. Any vacancy shall be filled for the~~
3 ~~remainder of the unexpired term by the appointing authority. Not more~~
4 ~~than two members of any terminal area committee may be from the same~~
5 ~~political party at the time of their appointment, and in a county~~
6 ~~having more than one committee, the overall party representation shall~~
7 ~~be as nearly equal as possible.~~

8 ~~(5) The chairmen of the several committees constitute an executive~~
9 ~~committee of the Washington state ferry users. The executive committee~~
10 ~~shall meet twice each year with representatives of the marine division~~
11 ~~of the department to review ferry system issues.~~

12 ~~(6))~~ The committees to be appointed by the county legislative
13 authorities shall serve without fee or compensation.

14 NEW SECTION. **Sec. 13.** RCW 47.60.395 (Evaluation of cost
15 allocation methodology and preservation and improvement costs) and 2007
16 c 512 s 15 are each repealed."

SSB 6109 - S AMD
By Senator

17 On page 1, line 1 of the title, after "ferries;" strike the
18 remainder of the title and insert "amending RCW 47.60.355, 47.60.365,
19 47.60.375, 47.60.385, 47.28.030, 47.60.315, 47.60.290, 43.19.642, and
20 47.60.310; adding new sections to chapter 47.60 RCW; creating a new
21 section; and repealing RCW 47.60.395."

EFFECT: Reinstates the biodiesel fuel use requirement for
Washington state ferries (WSF) at a B5 level, rather than a B20 level,
for the 2009-2011 fiscal biennium. Allows for an exemption from the
biodiesel fuel use requirement for Washington state ferries if the per
gallon cost of B5 biodiesel exceeds the per gallon cost of regular

diesel by more than 5 percent. Requires the department of general administration to report to the legislature on 1) the average true price differential of biodiesel by blend and location, and 2) alternative fuel procurement methods to address market barriers for in-state biodiesel.

The dollar threshold for state work forces working on vessels or terminals is increased to \$100,000. The unions and WSF are to report on what changes they have implemented to reduce the vessel out-of-service time and any obstacles to further reducing vessel out-of-service time.

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