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## Transportation Committee

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### HB 2161

**Brief Description:** Concerning ferry vessel procurement.

**Sponsors:** Representatives Fey and Fitzgibbon.

#### Brief Summary of Bill

- Authorizes the Washington State Department of Transportation to modify an existing option contract executed prior to July 6, 2015, to allow for the purchase of up to five additional 144-auto ferry vessels, for a total of nine 144-auto ferry vessels.
- Increases the vessel replacement surcharge by 75 cents for each vehicle fare sold.

**Hearing Date:** 4/1/19

**Staff:** Beth Redfield (786-7140).

#### Background:

The Washington State Ferries (WSF) system is composed of 23 vessels, operating on 11 routes around the Puget Sound. In acquiring vessels for the system, the Washington State Department of Transportation (WSDOT) is authorized to use a design-build (DB) procurement process. This process consists of three phases: (1) evaluation of proposers; (2) preparation of technical proposals, and (3) evaluation of bids and selection of the successful bidder.

In 2018 WSF accepted the fourth 144-car vessel in a series of new vessels procured under a DB process. The original contract was signed on December 13, 2007. Contract extensions for additional vessels were executed in 2012, 2014, and 2015. The contract will expire as of June 30, 2019.

The design-build process was amended in 2015 to require:

- legislative approval before issuing a new request for proposal for new vessels;
- an independent owners' representative as a third-party intermediary during the development and construction of the first vessel in a new class;

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- a fixed price contract; and
- a provision that if initial bids on a new contract are greater than 5 percent over the engineers' estimate, all bids must be rejected and a new request for proposals issued, which would not be subject to build-in-Washington requirements.

The 2015 changes to the procurement law do not apply to a class of vehicles developed before July 6, 2015.

Ferry fares and pricing policies are set by the Washington State Transportation Commission (Commission). In 2011 the Legislature directed the Commission to impose a 25-cent vessel replacement surcharge on every one-way and round-trip ferry fare sold, including multiride and monthly pass fares.

The Capital Vessel Replacement Account (account) is an appropriated account created in the Motor Vehicle Fund (restricted to highway purposes). Revenues to the account include the capital vessel replacement surcharge and service fees collected by the state and county auditors on transactions including, but not limited to, changes to vehicle titles and vehicle registration renewals. Expenditures from the account are for the construction or purchase of ferry vessels and to pay the principal and interest on bonds authorized for the construction or purchase of ferry vessels. Excess fund balance in the account may be used for ferry terminal construction and preservation.

**Summary of Bill:**

The WSDOT may modify an existing option contract executed prior to July 6, 2015, to allow for the purchase of up to five additional 144-auto ferry vessels, for a total of nine 144-auto ferry vessels.

The vessel replacement surcharge is increased by 75 cents for each vehicle fare sold.

**Appropriation:** None.

**Fiscal Note:** Requested on March 28, 2019.

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