

SENATE BILL REPORT

SHB 1264

As Reported by Senate Committee On:
Transportation, April 8, 2025

Title: An act relating to making the salaries of ferry system collective bargaining units more competitive through salary survey comparisons.

Brief Description: Concerning the salaries of ferry system collective bargaining units.

Sponsors: House Committee on Transportation (originally sponsored by Representatives Fey, Macri, Fitzgibbon, Lekanoff, Berry, Bronoske, Leavitt, Callan, Ryu, Ramel, Reed, Paul, Parshley, Nance and Alvarado).

Brief History: Passed House: 3/5/25, 93-3.

Committee Activity: Transportation: 3/17/25, 4/08/25 [DPA, DNP, w/oRec].

Brief Summary of Amended Bill

- Requires the Office of Financial Management to complete a salary survey for use in collective bargaining negotiations of specifically enumerated groups for comparison with select work groups at the Washington State Ferries.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended.

Signed by Senators Lias, Chair; Lovick, Vice Chair; Ramos, Vice Chair; Alvarado, Chapman, Cortes, Krishnadasan, Lovelett, Nobles, Shewmake, Valdez and Wilson, J..

Minority Report: Do not pass.

Signed by Senators King, Ranking Member; Christian, Fortunato and Holy.

Minority Report: That it be referred without recommendation.

Signed by Senators Goehner, Assistant Ranking Member; Harris and MacEwen.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Staff: Jenna Forty (786-7755)

Background: Washington State Ferries (WSF) operates a fleet of 21 vessels serving 10 routes and 20 terminals. WSF has approximately 2000 employees represented by 16 labor unions. WSF employees have collective bargaining rights and bargain with the state over wages, hours, and other terms and conditions of employment. On a biennial basis, labor unions collectively bargain with the state, which is represented by the Governor or their designee. The Office of Financial Management (OFM) produces a salary survey of public and private employees who perform directly comparable but not necessarily identical work to WSF work groups for use in bargaining negotiations. For this survey, OFM considers employees along the west coast of the United States, including Alaska, and British Columbia.

WSF employees have interest arbitration procedures to resolve impasses over contract negotiations which cannot be solved through mediation. Under interest arbitration, an impartial third party makes decisions regarding the unresolved terms of the contract. There are statutory procedures for parties to select arbitrators and factors the arbitration panel must consider when making its decision.

Summary of Amended Bill: OFM must contract with a nationally recognized firm which has experience with conducting compensation surveys to produce a salary survey of public and private sector employees whose work is comparable to WSF employees. The final salary survey must be made available to all bargaining parties by April 1st of each even-numbered year. OFM must seek input from employee organizations when gathering data for the survey. Salary and fringe benefit survey information collected from private employers, which identifies a specific employer with the salary and fringe benefit rates which the employer pays to its employees, is not subject to public disclosure under state law.

For deck department, terminal department, engine room, and all other covered employees not specifically listed, the survey must compare the wages, hours, employee benefits, and conditions of employment of WSF employees with public and private sector employees in states along the west coast of the United States, including Alaska, and in British Columbia doing directly comparable, but not necessarily identical, work.

Certain WSF work groups must be compared with specifically enumerated groups of employees in accordance with the following:

- the survey for masters and mates must include comparisons with business entities whose operations include the movement of unlimited tonnage vessels, in the designated pilotage waters of the states along the west coast of the United States, including Alaska;
- the survey for engine room employees must include comparisons with private sector shipping employees, and public sector employees on the east coast who operate double-ended vessels with similar horsepower that carry more than 2000 passengers;

and

- trades at Eagle Harbor must be compared with public and private sector employees in the Puget Sound region, including the Port of Seattle maintenance facility, Port of Tacoma maintenance facility, King County maintenance facility, and state prevailing wage rates for shipyard and building trades employees.

In the event WSF employees and their employer go to interest arbitration, the arbitration panel must consider the wages, hours, employee benefits, and conditions of employment of those public and private sector employees as described above.

EFFECT OF TRANSPORTATION COMMITTEE AMENDMENT(S):

- Elaborates the definition of total compensation.
- Revises the qualification of the entity to conduct salary survey to be a nationally recognized firm with expertise in conducting compensation surveys.
- Specifies that salary and fringe benefit information collected from private employees is not subject to public disclosure.
- Clarifies that the entity contracted to conduct survey must seek input from employee organization and the final survey be available to all bargaining parties by April 1st of the even-numbered year.
- Removes the requirement for OFM to compare a specific time period covered by the wage scales in the survey.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Substitute House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: The current collective bargaining process at Washington State Ferries is fundamentally broken and while this bill doesn't completely fix a lot of the issues with it, it does go a long way towards bringing the starting point to be a more honest understanding of where the current wages in the region are in the current survey process.

Passing this bill, allowing more competitive wages, will attract more employees thereby reducing the overtime spending and providing value to the taxpayers and ensuring a sustainable path forward to reducing the number of missed sailings.

It's no small undertaking to balance Washington State's fiscal responsibility to the taxpayer alongside its commitment to providing and maintaining our state's critical infrastructure and

with such difficult decisions, severe consequences can result when they're made without actively reviewing and trusting the relevant data.

HB 1264 would improve Washington State Ferrie's ability to attract licensed and qualified engineers at a time when there's a worldwide shortage of marine engineers. Washington State Ferries is in direct competition with the private sector for qualified marine engineers.

Washington is competing directly with private shipping companies and other public ferry systems both of which offer more attractive compensation packages.

There's a global shortage of skilled mariners intensifying the competition for talent without competitive benefits. The ferry system faces significant difficulty maintaining the workforce required to safely and efficiently function.

Persons Testifying: PRO: Representative Jake Fey, Prime Sponsor; Robert Hodge, Boilermakers local 104; Chris Schneider, Marine Engineers' Beneficial Association; Nick Twietmeyer, Marine Engineers' Beneficial Association; Eric Winge, Marine Engineers' Beneficial Association; Felix Tapley, Marine Engineers' Beneficial Association; Jeff Coughlin; Greg Poor, Marine Engineers' Beneficial Association; Phil Wolf, Marine Engineers' Beneficial Association; Alex Zecha, Marine Engineers' Beneficial Association; Peter Hart, Inland Boatmen's Union.

Persons Signed In To Testify But Not Testifying: No one.