CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1264

Chapter 296, Laws of 2025

69th Legislature
2025 Regular Session

FERRY EMPLOYEES—SALARIES AND BENEFITS

EFFECTIVE DATE: July 27, 2025

Passed by the House April 21, 2025
Yeas 70 Nays 27

LAURIE JINKINS

Speaker of the House of Representatives

Passed by the Senate April 15, 2025
Yeas 29 Nays 19

DENNY HECK

President of the Senate

Approved May 17, 2025 11:10 AM

BOB FERGUSON

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1264** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

May 19, 2025

Secretary of State
State of Washington

SUBSTITUTE HOUSE BILL 1264

AS AMENDED BY THE SENATE

Passed Legislature - 2025 Regular Session

State of Washington 69th Legislature 2025 Regular Session

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

READ FIRST TIME 02/28/25.

AN ACT Relating to making the salaries of ferry system collective bargaining units more competitive through salary survey comparisons; and amending RCW 47.64.006, 47.64.170, and 47.64.320.

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

Sec. 1. RCW 47.64.006 and 1989 c 327 s 1 are each amended to read as follows:

The legislature declares that it is the public policy of the state of Washington to: (1) Provide continuous operation of the Washington state ferry system at reasonable cost to users; (2) efficiently provide levels of ferry service consistent with trends and forecasts of ferry usage; (3) promote harmonious and cooperative relationships between the ferry system and its employees by permitting ferry employees to organize and bargain collectively; (4) protect the citizens of this state by assuring effective and orderly operation of the ferry system in providing for their health, safety, and welfare; (5) prohibit and prevent all strikes or work stoppages by ferry employees; (6) protect the rights of ferry employees with respect to employee organizations; and (7) promote just and fair compensation, benefits, and working conditions for ferry system employees as compared with public and private sector employees ((~~in states along the west coast of the United States, including Alaska,~~

~~and in British Columbia~~)) in directly comparable but not necessarily identical positions.

Sec. 2. RCW 47.64.170 and 2015 3rd sp.s. c 1 s 305 are each amended to read as follows:

(1) Any ferry employee organization certified as the bargaining representative shall be the exclusive representative of all ferry employees in the bargaining unit and shall represent all such employees fairly.

(2) A ferry employee organization or organizations and the governor may each designate any individual as its representative to engage in collective bargaining negotiations.

(3) Negotiating sessions, including strategy meetings of the employer or employee organizations, mediation, and the deliberative process of arbitrators are exempt from the provisions of chapter 42.30 RCW. Hearings conducted by arbitrators may be open to the public by mutual consent of the parties.

(4) Terms of any collective bargaining agreement may be enforced by civil action in Thurston county superior court upon the initiative of either party.

(5) Ferry system employees or any employee organization shall not negotiate or attempt to negotiate directly with anyone other than the person who has been appointed or authorized a bargaining representative for the purpose of bargaining with the ferry employees or their representative.

(6)(a) Within ((~~ten~~)) 10 working days after the first Monday in September of every odd-numbered year, the parties shall attempt to agree on an interest arbitrator to be used if the parties are not successful in negotiating a comprehensive collective bargaining agreement. If the parties cannot agree on an arbitrator within the ((~~ten~~)) 10-day period, either party may request a list of seven arbitrators from the federal mediation and conciliation service. The parties shall select an interest arbitrator using the coin toss/ alternate strike method within ((~~thirty~~)) 30 calendar days of receipt of the list. Immediately upon selecting an interest arbitrator, the parties shall cooperate to reserve dates with the arbitrator for potential arbitration between August 1st and September 15th of the following even-numbered year. The parties shall also prepare a schedule of at least five negotiation dates for the following year, absent an agreement to the contrary. The parties shall execute a

written agreement before November 1st of each odd-numbered year setting forth the name of the arbitrator and the dates reserved for bargaining and arbitration. This subsection (6)(a) imposes minimum obligations only and is not intended to define or limit a party's full, good faith bargaining obligation under other sections of this chapter.

(b) The negotiation of a proposed collective bargaining agreement by representatives of the employer and a ferry employee organization shall commence on or about February 1st of every even-numbered year.

(c) For negotiations covering the 2009-2011 biennium and subsequent biennia, the time periods specified in this section, and in RCW 47.64.210 and 47.64.300 through 47.64.320, must ensure conclusion of all agreements on or before October 1st of the even-numbered year next preceding the biennial budget period during which the agreement should take effect. These time periods may only be altered by mutual agreement of the parties in writing. Any such agreement and any impasse procedures agreed to by the parties under RCW 47.64.200 must include an agreement regarding the new time periods that will allow final resolution by negotiations or arbitration by October 1st of each even-numbered year.

(7) It is the intent of this section that the collective bargaining agreement or arbitrator's award shall commence on July 1st of each odd-numbered year and shall terminate on June 30th of the next odd-numbered year to coincide with the ensuing biennial budget year, as defined by RCW 43.88.020((~~(7)~~)) (9), to the extent practical. It is further the intent of this section that all collective bargaining agreements be concluded by October 1st of the even-numbered year before the commencement of the biennial budget year during which the agreements are to be in effect. After the expiration date of a collective bargaining agreement negotiated under this chapter, except to the extent provided in ((~~subsection (11) of this section and~~)) RCW 47.64.270(4), all of the terms and conditions specified in the collective bargaining agreement remain in effect until the effective date of a subsequently negotiated agreement, not to exceed one year from the expiration date stated in the agreement. Thereafter, the employer may unilaterally implement according to law.

(8) ((~~The office of financial management shall conduct a salary survey, for use in collective bargaining and arbitration~~)) (a) The salary and fringe benefits paid to ferry employees must be competitive with those in the applicable category of external public

and private sector employees described in (b)(i) through (v) of this subsection that is appropriate for each work group, guided by the results of a survey undertaken in the collective bargaining process during each biennium. Salary and fringe benefits include direct wage compensation, vacation, holidays and other paid excused time, pensions, insurance, and benefits received.

(b) The office of financial management shall conduct a comprehensive salary and fringe benefit survey, for maritime employees for use in collective bargaining and arbitration, by contracting with a nationally recognized firm that has expertise in conducting compensation surveys that involve comparisons of wages, hours, benefits, and conditions of employment. To accomplish this, the office of financial management may pursue a sole source contract under RCW 39.26.140. Salary and fringe benefit survey information collected from private employers, which identifies a specific employer with the salary and fringe benefit rates, which that employer pays to its employees, is not subject to public disclosure under chapter 42.56 RCW. The salary survey must be conducted as follows:

(i) The salary survey for the deck department and terminal department employees must consist of a comparison of wages, hours, employee benefits, and conditions of employment of the involved ferry employees with those of 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, giving consideration to factors peculiar to the area and the classifications involved;

(ii) The salary survey for the masters and mates must consist of a comparison of wages, hours, employee benefits, and conditions of employment of the involved ferry employees with those of public and private sector employees, including 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, doing directly comparable but not necessarily identical work. When considering whether work is directly comparable but not necessarily identical, consideration must be given to factors peculiar to the area and the classifications involved and whether there are United States coast guard licensing requirements, including the holding of first-class pilot endorsements as described in 46 U.S.C. Sec. 8502;

(iii) The salary survey for the engine room employees must consist of a comparison of wages, hours, employee benefits, and conditions of employment of the involved ferry employees with those of private sector shipping employees and public and private sector employees in states along the west coast of the United States, including Alaska, and in British Columbia, and public sector employers on the east coast who operate double-ended vessels with similar horsepower that carry more than 2,000 passengers, doing directly comparable but not necessarily identical work, giving consideration to factors peculiar to the area and the classifications involved;

(iv) The salary survey for the trades employees at the Eagle Harbor shipyard facility must consist of a comparison of wages, hours, employee benefits, and conditions of employment of the involved ferry employees with those of public and private sector employees in the Puget Sound region and must include the Port of Seattle maintenance facility, the Port of Tacoma maintenance facility, the King county maintenance facility, rates required to be paid under chapter 39.12 RCW to workers performing construction, maintenance, and repair on vessels and structures under publicly funded projects within King, Pierce, Snohomish, Skagit, San Juan, and Kitsap counties, doing directly comparable but not necessarily identical work, giving consideration to factors peculiar to the area and the classifications involved;

(v) The salary survey for all other covered employees must consist of a comparison of wages, hours, employee benefits, and conditions of employment of the involved ferry employees with those of 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, giving consideration to factors peculiar to the area and the classifications involved.

(9) The entity contracted to complete the survey shall seek the input of the employee organizations in gathering information.

(10) The office of financial management shall make the final salary survey available to all bargaining parties by April 1st of the even-numbered year. For 2026 only, should the office of financial management not be able to complete the survey by April 1st, the parties shall agree to a new completion date.

((~~(9) Except as provided in subsection (11) of this section:~~))

(11)(a) The governor shall submit a request either for funds necessary to implement the collective bargaining agreements including, but not limited to, the compensation and fringe benefit provisions or for legislation necessary to implement the agreement, or both. Requests for funds necessary to implement the collective bargaining agreements shall not be submitted to the legislature by the governor unless such requests:

(i) Have been submitted to the director of the office of financial management by October 1st before the legislative session at which the requests are to be considered; and

(ii) Have been certified by the director of the office of financial management as being feasible financially for the state.

(b) The governor shall submit a request either for funds necessary to implement the arbitration awards or for legislation necessary to implement the arbitration awards, or both. Requests for funds necessary to implement the arbitration awards shall not be submitted to the legislature by the governor unless such requests:

(i) Have been submitted to the director of the office of financial management by October 1st before the legislative session at which the requests are to be considered; and

(ii) Have been certified by the director of the office of financial management as being feasible financially for the state.

(c) The legislature shall approve or reject the submission of the request for funds necessary to implement the collective bargaining agreements or arbitration awards as a whole for each agreement or award. The legislature shall not consider a request for funds to implement a collective bargaining agreement or arbitration award unless the request is transmitted to the legislature as part of the governor's budget document submitted under RCW 43.88.030 and 43.88.060. If the legislature rejects or fails to act on the submission, either party may reopen all or part of the agreement and award or the exclusive bargaining representative may seek to implement the procedures provided for in RCW 47.64.210 and 47.64.300.

((~~(10)~~)) (12) If, after the compensation and fringe benefit provisions of an agreement are approved by the legislature, a significant revenue shortfall occurs resulting in reduced appropriations, as declared by proclamation of the governor or by resolution of the legislature, both parties shall immediately enter into collective bargaining for a mutually agreed upon modification of the agreement.

((~~(11)(a) For the collective bargaining agreements negotiated for the 2011-2013 fiscal biennium, the legislature may consider a request for funds to implement a collective bargaining agreement even if the request for funds was not received by the office of financial management by October 1st and was not transmitted to the legislature as part of the governor's budget document submitted under RCW 43.88.030 and 43.88.060.~~

~~(b) For the 2013-2015 fiscal biennium, a collective bargaining agreement related to employee health care benefits negotiated between the employer and coalition pursuant to RCW 41.80.020(3) regarding the dollar amount expended on behalf of each employee must be a separate agreement for which the governor may request funds necessary to implement the agreement. The legislature may act upon a 2013-2015 collective bargaining agreement related to employee health care benefits if an agreement is reached and submitted to the office of financial management and legislative budget committees before final legislative action on the biennial or supplemental operating budget by the sitting legislature.~~

~~(c) For the collective bargaining agreements negotiated for the 2013-2015 fiscal biennium, the legislature may consider a request for funds to implement a collective bargaining agreement reached after October 1st after a determination of financial infeasibility by the director of the office of financial management if the request for funds is transmitted to the legislature as part of the governor's budget document submitted under RCW 43.88.030 and 43.88.060.~~))

Sec. 3. RCW 47.64.320 and 2010 c 283 s 15 are each amended to read as follows:

(1) The mediator, arbitrator, or arbitration panel may consider only matters that are subject to bargaining under this chapter, except that health care benefits are not subject to interest arbitration.

(2) The decision of an arbitrator or arbitration panel is not binding on the legislature and, if the legislature does not approve the funds necessary to implement provisions pertaining to compensation and fringe benefit provisions of an arbitrated collective bargaining agreement, is not binding on the state, the department of transportation, or the ferry employee organization.

(3) In making its determination, the arbitrator or arbitration panel shall be mindful of the legislative purpose under RCW 47.64.005

and 47.64.006 and, as additional standards or guidelines to aid it in reaching a decision, shall take into consideration the following factors:

(a) The financial ability of the department to pay for the compensation and fringe benefit provisions of a collective bargaining agreement;

(b) Past collective bargaining contracts between the parties including the bargaining that led up to the contracts;

(c) The constitutional and statutory authority of the employer;

(d) Stipulations of the parties;

(e) The results of the salary survey as required in RCW 47.64.170(8);

(f) Comparison of wages, hours, employee benefits, and conditions of employment of the involved ferry employees with ((~~those of 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, giving consideration to factors peculiar to the area and the classifications involved~~)) the appropriate public and private sector employees in the described geographical areas, as specified under RCW 47.64.170(8)(b)(i) through (v);

(g) Changes in any of the foregoing circumstances during the pendency of the proceedings;

(h) The limitations on ferry toll increases and operating subsidies as may be imposed by the legislature;

(i) The ability of the state to retain ferry employees;

(j) The overall compensation presently received by the ferry employees, including direct wage compensation, vacations, holidays and other paid excused time, pensions, insurance benefits, and all other direct or indirect monetary benefits received; and

(k) Other factors that are normally or traditionally taken into consideration in the determination of matters that are subject to bargaining under this chapter.

(4) This section applies to any matter before the respective mediator, arbitrator, or arbitration panel.

Passed by the House April 21, 2025.
Passed by the Senate April 15, 2025.
Approved by the Governor May 17, 2025.
Filed in Office of Secretary of State May 19, 2025.

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