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HOUSE BILL 2123

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State of Washington

57th Legislature

2001 Regular Session

By Representatives Rockefeller, Haigh, Eickmeyer, Poulsen, Jackley, Schual-Berke and McDermott

Read first time 02/15/2001. Referred to Committee on Transportation.

1 AN ACT Relating to Washington state ferries; amending RCW  
2 43.17.020, 47.01.081, 47.64.011, 88.16.010, 47.60.010, 47.60.013,  
3 47.60.040, 47.60.060, 47.60.113, 47.60.114, 47.60.120, 47.60.130,  
4 47.60.135, 47.60.140, 47.60.145, 47.60.150, 47.60.310, 47.60.326,  
5 47.60.440, 47.60.450, 47.60.505, 47.60.530, 47.60.760, and 47.64.120;  
6 reenacting and amending RCW 43.17.010 and 46.68.090; adding a new  
7 section to chapter 41.06 RCW; adding a new chapter to Title 47 RCW;  
8 creating a new section; and repealing RCW 47.60.330 and 47.64.290.

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

10 NEW SECTION. **Sec. 1.** The legislature recognizes the unique needs  
11 of the citizens of the state who live and are employed around Puget  
12 Sound, the businesses who must cross Puget Sound as part of conducting  
13 business, and the tourists who visit the area. The legislature also  
14 recognizes the part played by the Washington state ferry system in  
15 meeting these needs. The governor, as head of the executive branch,  
16 should have direct control over the Washington state ferry system. The  
17 legislature therefore finds and declares that a separate agency in  
18 state government should be created to service those requirements.

1        NEW SECTION.    **Sec. 2.**    As used in this chapter, unless the context  
2 indicates otherwise:

3        (1) "Department" means the Washington state ferries department.

4        (2) "Director" means the director of Washington state ferries.

5        NEW SECTION.    **Sec. 3.**    (1) A department of state government to be  
6 known as the Washington state ferries department is created.

7        (2) All powers, duties, and functions vested by law in the  
8 department of transportation, the transportation commission, and the  
9 secretary of transportation, related to the Washington state ferry  
10 system, are transferred to the jurisdiction of the department, except  
11 those powers, duties, and functions that are expressly directed  
12 elsewhere by law.

13        (3) The board of pilotage commissioners is transferred to the  
14 jurisdiction of the department for its staff support and  
15 administration. Nothing in this section transfers policy-making powers  
16 of the board of pilotage commissioners to the Washington state ferries  
17 department.

18        (4) All references to the secretary of transportation or department  
19 of transportation as they pertain to Washington state ferries in the  
20 Revised Code of Washington mean the director of Washington state  
21 ferries or the Washington state ferries department when referring to  
22 the functions transferred in this section.

23        NEW SECTION.    **Sec. 4.**    (1) The department shall submit an annual  
24 report no later than December 20th of each year to the governor and  
25 chairs of the transportation committees of the senate and house of  
26 representatives with a copy to the staff of each of the committees,  
27 including but not limited to operational and construction activities of  
28 the preceding fiscal period as the department deems important and  
29 recommendations for future operations of the department.

30        (2) The department shall report at least annually to the  
31 transportation accountability board regarding:

32        (a) Progress towards meeting benchmarks set by the transportation  
33 accountability board;

34        (b) Short-term and long-term capital and operational needs and  
35 plans to meet those needs; and

36        (c) Analysis of how budget proposals made by the department further  
37 progress towards benchmarks and related transportation policies.

1        NEW SECTION.    **Sec. 5.**    The director is the executive head and  
2    appointing authority of the department. The governor shall appoint the  
3    director, with the consent of the senate, and the director serves at  
4    the pleasure of the governor. If a vacancy occurs in the position  
5    while the senate is not in session, the governor shall make a temporary  
6    appointment until the next meeting of the senate. A temporary director  
7    may not serve more than one year.

8        NEW SECTION.    **Sec. 6.**    It is the intent of the legislature wherever  
9    possible to place the internal affairs of the department under the  
10   control of the director in order that the director may institute the  
11   flexible, alert, and intelligent management of department business that  
12   changing contemporary circumstances require. Therefore, whenever the  
13   director's authority is not specifically limited by law, the director  
14   has complete charge and supervisory powers over the department. The  
15   director may create such administrative structures as the director  
16   considers appropriate, except as otherwise specified by law. The  
17   director may employ such assistants and personnel as may be necessary  
18   for the general administration of the department. This employment must  
19   be in accordance with the state civil service law, chapter 41.06 RCW,  
20   except as otherwise provided.

21       NEW SECTION.    **Sec. 7.**    The department may be subdivided into  
22   divisions. Except as otherwise specified or as federal requirements  
23   may differently require, these divisions must be established and  
24   organized in accordance with plans to be prepared by the director and  
25   approved by the governor. In preparing the plans, the director shall  
26   endeavor to promote efficient public management, to improve programs,  
27   and to take full advantage of the economies, both fiscal and  
28   administrative, to be gained from the consolidation of functions and  
29   agencies under this chapter.

30       NEW SECTION.    **Sec. 8.**    The director shall appoint a deputy  
31   director, and such assistant directors as may be needed to administer  
32   the department. The deputy director has charge and general supervision  
33   of the department in the absence or disability of the director and, in  
34   case of a vacancy in the office of director, will continue in charge of  
35   the department until a successor is appointed and qualified, or until  
36   the governor appoints an acting director.

1        NEW SECTION.    **Sec. 9.**    The director may delegate any power or duty  
2 vested in or transferred to the director by law or executive order to  
3 the deputy director or to any other assistant or subordinate; but the  
4 director remains responsible for the official acts of the officers and  
5 employees of the department.

6        NEW SECTION.    **Sec. 10.**    (1) The director may appoint such advisory  
7 committees or councils as may be required by federal legislation as a  
8 condition to the receipt of federal funds by the department.    The  
9 director may also appoint statewide committees or councils on subject  
10 matters that are or come within the department's responsibilities.    The  
11 statewide committees and councils must have representation from both  
12 major political parties and substantial consumer representation.    The  
13 committees or councils must be constituted as required by federal law  
14 or as the director determines.

15        Members of the state advisory committees or councils may be  
16 reimbursed for their travel expenses in accordance with RCW 43.03.050  
17 and 43.03.060.

18        (2) Councils appointed by the director must include but not be  
19 limited to a tariff policy committee.    The tariff policy committee  
20 shall advise and assist the director in setting ferry tariff policy.

21        NEW SECTION.    **Sec. 11.**    In furtherance of the policy of the state  
22 to cooperate with the federal government in all programs under the  
23 jurisdiction of the department, the director shall adopt rules that  
24 become necessary to entitle the state to participate in federal funds,  
25 unless expressly prohibited by law.    Any internal reorganization  
26 carried out under the terms of this chapter must meet federal  
27 requirements that are a necessary condition for state receipt of  
28 federal funds.    Any section or provision of law dealing with the  
29 department that may be susceptible to more than one construction must  
30 be interpreted in favor of the construction most likely to comply with  
31 federal laws entitling this state to receive federal funds for the  
32 various programs of the department.    If any law dealing with the  
33 department is ruled to be in conflict with federal requirements that  
34 are a prescribed condition of the allocation of federal funds to the  
35 state, or to any departments or agencies thereof, the conflicting part  
36 is declared to be inoperative solely to the extent of the conflict.

1        NEW SECTION.    **Sec. 12.**    A new section is added to chapter 41.06 RCW  
2 to read as follows:

3        In addition to the exemptions under RCW 41.06.070, this chapter  
4 does not apply in the Washington state ferries department to the  
5 director, the director's personal secretary, the deputy director, all  
6 assistant directors, and one confidential secretary for each of these  
7 officers.

8        NEW SECTION.    **Sec. 13.**    All reports, documents, surveys, books,  
9 records, files, papers, or written material in the possession of the  
10 department of transportation pertaining to the powers, functions, and  
11 duties transferred must be delivered to the custody of the Washington  
12 state ferries department. All cabinets, furniture, office equipment,  
13 motor vehicles, and other tangible property employed in connection with  
14 the powers, duties, and functions transferred must be made available to  
15 the Washington state ferries department. All funds, credits, or other  
16 assets held in connection with the powers, duties, and functions  
17 transferred must be assigned to the Washington state ferries  
18 department.

19        Any appropriations made in connection with the powers, duties, and  
20 functions transferred are, on the effective date of this act,  
21 transferred and credited to the Washington state ferries department.

22        Whenever any question arises as to the transfer of any personnel,  
23 funds, books, documents, records, papers, files, equipment, or other  
24 tangible property used or held in the exercise of the powers and the  
25 performance of the duties and functions transferred, or as to the  
26 powers, duties, and functions transferred, the director of financial  
27 management shall make a determination as to the proper allocation and  
28 certify the determination to the state agencies concerned.

29        NEW SECTION.    **Sec. 14.**    All classified employees employed in  
30 connection with the powers, duties, and functions transferred are  
31 transferred to the jurisdiction of the Washington state ferries  
32 department. All employees classified under chapter 41.06 RCW, the  
33 state civil service law, are assigned to the Washington state ferries  
34 department to perform their usual duties upon the same terms as  
35 formerly, without any loss of rights, subject to any action that may be  
36 appropriate after the assignment in accordance with the laws and rules  
37 governing state civil service.

1        NEW SECTION.    **Sec. 15.** All rules and all pending business before  
2 any agency of state government pertaining to the powers, duties, and  
3 functions transferred must be continued and acted upon by the  
4 Washington state ferries department. All existing contracts and  
5 obligations remain in full force and must be performed by the  
6 Washington state ferries department.

7        NEW SECTION.    **Sec. 16.** The transfer of the powers, duties,  
8 functions, and personnel does not affect the validity of any act  
9 performed by the employee before the effective date of this act.

10       NEW SECTION.    **Sec. 17.** If apportionments of budgeted funds are  
11 required because of the transfers directed by sections 13 through 16 of  
12 this act, the director of financial management shall certify the  
13 apportionments to the agencies affected, the state auditor, and the  
14 state treasurer. Each of these shall make the appropriate transfer and  
15 adjustments in funds and appropriation accounts and equipment records  
16 in accordance with the certification.

17       NEW SECTION.    **Sec. 18.** Nothing contained in sections 13 through 16  
18 of this act alters any existing collective bargaining unit or the  
19 provisions of any existing collective bargaining agreement until the  
20 agreement has expired or until the bargaining unit has been modified by  
21 action of the personnel board as provided by law.

22        **Sec. 19.** RCW 43.17.010 and 1993 sp.s. c 2 s 16, 1993 c 472 s 17,  
23 and 1993 c 280 s 18 are each reenacted and amended to read as follows:

24        There shall be departments of the state government which shall be  
25 known as (1) the department of social and health services, (2) the  
26 department of ecology, (3) the department of labor and industries, (4)  
27 the department of agriculture, (5) the department of fish and wildlife,  
28 (6) the department of transportation, (7) the department of licensing,  
29 (8) the department of general administration, (9) the department of  
30 community, trade, and economic development, (10) the department of  
31 veterans affairs, (11) the department of revenue, (12) the department  
32 of retirement systems, (13) the department of corrections, ((and)) (14)  
33 the department of health, ((and)) (15) the department of financial  
34 institutions, and (16) the Washington state ferries department, which  
35 shall be charged with the execution, enforcement, and administration of

1 such laws, and invested with such powers and required to perform such  
2 duties, as the legislature may provide.

3 **Sec. 20.** RCW 43.17.020 and 1995 1st sp.s. c 2 s 2 are each amended  
4 to read as follows:

5 There shall be a chief executive officer of each department to be  
6 known as: (1) The secretary of social and health services, (2) the  
7 director of ecology, (3) the director of labor and industries, (4) the  
8 director of agriculture, (5) the director of fish and wildlife, (6) the  
9 secretary of transportation, (7) the director of licensing, (8) the  
10 director of general administration, (9) the director of community,  
11 trade, and economic development, (10) the director of veterans affairs,  
12 (11) the director of revenue, (12) the director of retirement systems,  
13 (13) the secretary of corrections, ((and)) (14) the secretary of  
14 health, ((and)) (15) the director of financial institutions, and (16)  
15 the director of Washington state ferries.

16 Such officers, except the secretary of transportation and the  
17 director of fish and wildlife, shall be appointed by the governor, with  
18 the consent of the senate, and hold office at the pleasure of the  
19 governor. The secretary of transportation shall be appointed by the  
20 transportation commission as prescribed by RCW 47.01.041. The director  
21 of fish and wildlife shall be appointed by the fish and wildlife  
22 commission as prescribed by RCW 77.04.055.

23 **Sec. 21.** RCW 46.68.090 and 1999 c 269 s 2 and 1999 c 94 s 6 are  
24 each reenacted and amended to read as follows:

25 (1) All moneys that have accrued or may accrue to the motor vehicle  
26 fund from the motor vehicle fuel tax and special fuel tax shall be  
27 first expended for purposes enumerated in (a) and (b) of this  
28 subsection. The remaining net tax amount shall be distributed monthly  
29 by the state treasurer in the proportions set forth in (c) through (l)  
30 of this subsection.

31 (a) For payment of refunds of motor vehicle fuel tax and special  
32 fuel tax that has been paid and is refundable as provided by law;

33 (b) For payment of amounts to be expended pursuant to  
34 appropriations for the administrative expenses of the offices of state  
35 treasurer, state auditor, and the department of licensing of the state  
36 of Washington in the administration of the motor vehicle fuel tax and  
37 the special fuel tax, which sums shall be distributed monthly;

1 (c) For distribution to the motor vehicle fund an amount equal to  
2 ((~~44.387~~)) 28.5602 percent to be expended for highway purposes of the  
3 state as defined in RCW 46.68.130;

4 (d) For distribution to the special category C account, hereby  
5 created in the motor vehicle fund, an amount equal to 3.2609 percent to  
6 be expended for special category C projects. Special category C  
7 projects are category C projects that, due to high cost only, will  
8 require bond financing to complete construction.

9 The following criteria, listed in order of priority, shall be used  
10 in determining which special category C projects have the highest  
11 priority:

12 (i) Accident experience;

13 (ii) Fatal accident experience;

14 (iii) Capacity to move people and goods safely and at reasonable  
15 speeds without undue congestion; and

16 (iv) Continuity of development of the highway transportation  
17 network.

18 Moneys deposited in the special category C account in the motor  
19 vehicle fund may be used for payment of debt service on bonds the  
20 proceeds of which are used to finance special category C projects under  
21 this subsection (1)(d);

22 (e) For distribution to the Puget Sound ferry operations account in  
23 the motor vehicle fund an amount equal to ((~~2.3283~~)) 5.1116 percent;

24 (f) For distribution to the Puget Sound capital construction  
25 account in the motor vehicle fund an amount equal to ((~~2.3726~~)) 15.4161  
26 percent;

27 (g) For distribution to the urban arterial trust account in the  
28 motor vehicle fund an amount equal to 7.5597 percent;

29 (h) For distribution to the transportation improvement account in  
30 the motor vehicle fund an amount equal to 5.6739 percent and expended  
31 in accordance with RCW 47.26.086;

32 (i) For distribution to the cities and towns from the motor vehicle  
33 fund an amount equal to 10.6961 percent in accordance with RCW  
34 46.68.110;

35 (j) For distribution to the counties from the motor vehicle fund an  
36 amount equal to 19.2287 percent: (i) Out of which there shall be  
37 distributed from time to time, as directed by the department of  
38 transportation, those sums as may be necessary to carry out the  
39 provisions of RCW 47.56.725; and (ii) less any amounts appropriated to

1 the county road administration board to implement the provisions of RCW  
2 47.56.725(4), with the balance of such county share to be distributed  
3 monthly as the same accrues for distribution in accordance with RCW  
4 46.68.120;

5 (k) For distribution to the county arterial preservation account,  
6 hereby created in the motor vehicle fund an amount equal to 1.9565  
7 percent. These funds shall be distributed by the county road  
8 administration board to counties in proportions corresponding to the  
9 number of paved arterial lane miles in the unincorporated area of each  
10 county and shall be used for improvements to sustain the structural,  
11 safety, and operational integrity of county arterials. The county road  
12 administration board shall adopt reasonable rules and develop policies  
13 to implement this program and to assure that a pavement management  
14 system is used;

15 (l) For distribution to the rural arterial trust account in the  
16 motor vehicle fund an amount equal to 2.5363 percent and expended in  
17 accordance with RCW 36.79.020.

18 (2) Nothing in this section or in RCW 46.68.130 may be construed so  
19 as to violate any terms or conditions contained in any highway  
20 construction bond issues now or hereafter authorized by statute and  
21 whose payment is by such statute pledged to be paid from any excise  
22 taxes on motor vehicle fuel and special fuels.

23 **Sec. 22.** RCW 47.01.081 and 1984 c 48 s 1 are each amended to read  
24 as follows:

25 (1) Initially the department shall be organized into divisions,  
26 including the division of highways, the division of public  
27 transportation, the division of aeronautics, (~~the division of marine~~  
28 ~~transportation,~~) and the division of transportation planning and  
29 budget.

30 (2) The secretary may reorganize divisions in order to attain the  
31 maximum possible efficiency in the operation of the department. Each  
32 division shall be headed by an assistant secretary to be appointed by  
33 the secretary. The secretary may also appoint a deputy secretary as  
34 may be needed for the performance of the duties and functions vested in  
35 the department and may also appoint up to twelve ferry system  
36 management positions as defined in RCW 47.64.011. The secretary may  
37 delegate to officers within the several divisions of the department

1 authority to employ personnel necessary to discharge the  
2 responsibilities of the department.

3 (3) The officers appointed under this section shall be exempt from  
4 the provisions of the state civil service law and shall be paid  
5 salaries to be fixed by the governor in accordance with the procedure  
6 established by law for the fixing of salaries for officers exempt from  
7 the operation of the state civil service law.

8 **Sec. 23.** RCW 47.64.011 and 1983 c 15 s 2 are each amended to read  
9 as follows:

10 As used in this chapter, unless the context otherwise requires, the  
11 definitions in this section shall apply.

12 (1) "Arbitration" means the procedure whereby the parties involved  
13 in an impasse submit their differences to a third party for a final and  
14 binding decision or as provided in this chapter.

15 (2) "Arbitrator" means either a single arbitrator or a panel of  
16 three arbitrators as provided in RCW 47.64.240.

17 (3) "Collective bargaining representative" means the persons  
18 designated by the (~~secretary of transportation~~) governor and employee  
19 organizations to be the exclusive representatives during collective  
20 bargaining negotiations.

21 (4) (~~"Department of transportation" means the department as~~  
22 ~~defined in RCW 47.01.021.~~

23 (~~+5~~)) "Ferry employee" means any employee of the (~~marine~~  
24 ~~transportation division of the department of transportation~~)  
25 Washington state ferries department who is a member of a collective  
26 bargaining unit represented by a ferry employee organization and does  
27 not include an exempt employee pursuant to RCW 41.06.079.

28 (~~+6~~)) (5) "Ferry employee organization" means any labor  
29 organization recognized to represent a collective bargaining unit of  
30 ferry employees.

31 (~~+7~~)) (6) "Ferry system management" means those management  
32 personnel of the (~~marine transportation division of the department of~~  
33 ~~transportation~~) Washington state ferries department who have been  
34 vested with the day-to-day management responsibilities of the  
35 Washington state ferry system by the (~~transportation commission~~)  
36 director of Washington state ferries and who are not members of a  
37 collective bargaining unit represented by a ferry employee  
38 organization.

1       (~~(8)~~) (7) "Lockout" means the refusal of ferry system management  
2 to furnish work to ferry employees in an effort to get ferry employee  
3 organizations to make concessions during collective bargaining,  
4 grievance, or other labor relation negotiations. Curtailment of  
5 employment of ferry employees due to lack of work resulting from a  
6 strike or work stoppage, as defined in subsection (11) of this section,  
7 shall not be considered a lockout.

8       (~~(9)~~) (8) "Marine employees' commission" means the commission  
9 created in RCW 47.64.280.

10       (~~(10)~~) (9) "Office of financial management" means the office as  
11 created in RCW 43.41.050.

12       (~~(11)~~) (10) "Strike or work stoppage" means a ferry employee's  
13 refusal, in concerted action with others, to report to duty, or his or  
14 her willful absence from his or her position, or his or her stoppage or  
15 slowdown of work, or his or her abstinence in whole or in part from the  
16 full, faithful, and proper performance of the duties of employment, for  
17 the purpose of inducing, influencing, or coercing a change in  
18 conditions, compensation, rights, privileges, or obligations of his,  
19 her, or any other ferry employee's employment. A refusal, in good  
20 faith, to work under conditions which pose an endangerment to the  
21 health and safety of ferry employees or the public, as determined by  
22 the master of the vessel, shall not be considered a strike for the  
23 purposes of this chapter.

24       (~~(12)~~ "Transportation commission" means the commission as defined  
25 in RCW 47.01.021.)

26       (11) "Washington state ferries department" means the department as  
27 defined in section 2 of this act.

28       **Sec. 24.** RCW 88.16.010 and 1991 c 200 s 1001 are each amended to  
29 read as follows:

30       (1) The board of pilotage commissioners of the state of Washington  
31 is (~~hereby~~) created (~~and shall consist of the assistant secretary of~~  
32 ~~marine transportation of the department of transportation of the~~  
33 ~~state~~), consisting of the director of Washington state ferries, or the  
34 (~~assistant secretary's~~) director's designee, who (~~shall~~) must be an  
35 employee of the (~~marine division~~) Washington state ferries  
36 department, who shall be chairperson, the administrator of the (~~office~~  
37 ~~of marine safety~~) integrated oil spill prevention and response  
38 program, or the administrator's designee, and seven members appointed

1 by the governor and confirmed by the senate. Each of the appointed  
2 commissioners shall be appointed for a term of four years from the date  
3 of the member's commission. No person shall be eligible for  
4 appointment to the board unless that person is at the time of  
5 appointment eighteen years of age or over and a citizen of the United  
6 States and of the state of Washington. Two of the appointed  
7 commissioners shall be pilots licensed under this chapter and actively  
8 engaged in piloting upon the waters covered by this chapter for at  
9 least three years immediately preceding the time of appointment and  
10 while serving on the board. One pilot shall be from the Puget Sound  
11 pilotage district and one shall be from the Grays Harbor pilotage  
12 district. Two of the appointed commissioners shall be actively engaged  
13 in the ownership, operation, or management of deep sea cargo and/or  
14 passenger carrying vessels for at least three years immediately  
15 preceding the time of appointment and while serving on the board. One  
16 of said shipping commissioners shall be a representative of American  
17 and one of foreign shipping. One of the commissioners shall be a  
18 representative from a recognized environmental organization concerned  
19 with marine waters. The remaining commissioners shall be persons  
20 interested in and concerned with pilotage, maritime safety, and marine  
21 affairs, with broad experience related to the maritime industry  
22 exclusive of experience as either a state licensed pilot or as a  
23 shipping representative.

24 (2) Any vacancy in an appointed position on the board shall be  
25 filled by the governor for the remainder of the unfilled term, subject  
26 to confirmation by the senate.

27 (3) Five members of the board shall constitute a quorum. At least  
28 one pilot, one shipping representative, and one public member must be  
29 present at every meeting. All commissioners and the chairperson shall  
30 have a vote.

31 **Sec. 25.** RCW 47.60.010 and 1984 c 18 s 1 are each amended to read  
32 as follows:

33 The department is authorized to acquire by lease, charter,  
34 contract, purchase, condemnation, or construction, and partly by any or  
35 all of such means, and to thereafter operate, improve, and extend, a  
36 system of ferries on and crossing Puget Sound and any of its tributary  
37 waters and connections thereof, and connecting with the public streets  
38 and highways in the state. The system of ferries shall include such

1 boats, vessels, wharves, docks, approaches, landings, franchises,  
2 licenses, and appurtenances as shall be determined by the department to  
3 be necessary or desirable for efficient operation of the ferry system  
4 and best serve the public. (~~The department may in like manner acquire~~  
5 ~~by purchase, condemnation, or construction and include in the ferry~~  
6 ~~system such toll bridges, approaches, and connecting roadways as may be~~  
7 ~~deemed by the department advantageous in channeling traffic to points~~  
8 ~~served by the ferry system.)) In addition to the powers of acquisition  
9 granted by this section, the department is empowered to enter into any  
10 contracts, agreements, or leases with any person, firm, or corporation  
11 and to thereby provide, on such terms and conditions as it shall  
12 determine, for the operation of any ferry or ferries or system thereof,  
13 whether acquired by the department or not.~~

14 The authority of the department to sell and lease back any state  
15 ferry, for federal tax purposes only, as authorized by 26 U.S.C., Sec.  
16 168(f)(8) is confirmed. Legal title and all incidents of legal title  
17 to any ferry sold and leased back (except for the federal tax benefits  
18 attributable to the ownership thereof) shall remain in the state of  
19 Washington.

20 **Sec. 26.** RCW 47.60.013 and 1981 c 341 s 1 are each amended to read  
21 as follows:

22 The governor is authorized to take such actions as may be necessary  
23 to insure the continued operation of the Puget Sound ferry (~~and toll~~  
24 ~~bridge~~) system under any emergency circumstances which threaten the  
25 continued operation of the system. In the event of such an emergency,  
26 the governor may assume all the powers granted by law to the  
27 (~~transportation commission and department of transportation~~)  
28 Washington state ferries department with respect to the ferry system.  
29 In addition, notwithstanding the provisions of chapters 47.60 and 47.64  
30 RCW, the governor may contract with any qualified persons for the  
31 operation of the Washington state ferry system, or any part thereof, or  
32 for ferry service to be provided by privately owned vessels.  
33 Administrative costs to the office of the governor incurred in the  
34 exercise of this authority shall be reimbursed by the department.

35 **Sec. 27.** RCW 47.60.040 and 1984 c 7 s 300 are each amended to read  
36 as follows:

1 For the purpose of obtaining information for the consideration of  
2 the department upon the acquisition of any ferries or ferry facilities  
3 (~~((or the construction of any toll bridge under this chapter))~~), the  
4 department shall make any examination, investigation, survey, or  
5 reconnaissance for the determination of material facts pertaining  
6 thereto.

7 The cost of any such examination, investigation, survey, or  
8 reconnaissance, and all preliminary expenses leading up to and  
9 resulting in the issuance of any revenue bonds including, but not being  
10 limited to expenses in making surveys and appraisals and the drafting,  
11 printing, issuance, and sale of bonds under this chapter shall be borne  
12 by the department out of the (~~(motor vehicle fund. All such costs and  
13 expenses as well as any thereof heretofore incurred shall be reimbursed  
14 to the motor vehicle fund out of any proceeds derived from the sale of  
15 bonds or out of tolls and revenues to be derived by the department  
16 through its operations hereunder))~~ Puget Sound capital construction  
17 account.

18 **Sec. 28.** RCW 47.60.060 and 1984 c 7 s 302 are each amended to read  
19 as follows:

20 For the purpose of paying the cost of acquiring by lease, charter,  
21 contract, purchase, condemnation, or construction all or any part of  
22 such Puget Sound ferry system, (~~((including toll bridges, approaches,  
23 and roadways incidental thereto,))~~) and for rehabilitating, rebuilding,  
24 enlarging, or improving all or any part of the system, the department  
25 is authorized by resolution to issue its revenue bonds which shall  
26 constitute obligations only of the department and shall be payable  
27 solely and only from all or such part of the revenues from the  
28 operation of the system as may be provided in and by the resolution.

29 Each revenue bond shall contain a recital that payment or  
30 redemption of the bond and payment of the interest thereon is secured  
31 by a direct charge and lien upon the tolls and revenues pledged for  
32 that purpose and that the bond does not constitute an indebtedness of  
33 the state of Washington.

34 The department is empowered to include in any resolution  
35 authorizing the issuance of the bonds such covenants, stipulations, and  
36 conditions as may be deemed necessary with respect to the continued use  
37 and application of the income and revenues from the undertaking.

1 The revenue bonds may bear such date or dates, may mature at such  
2 time or times as the department determines, may bear interest at such  
3 rate or rates, may be in such denomination or denominations, may be in  
4 such form, either coupon or registered, may carry such registration and  
5 conversion privileges, may be made subject to such terms of redemption  
6 with or without premium, and may contain such other terms and covenants  
7 not inconsistent with this chapter as may be provided in the  
8 resolution. Notwithstanding the form or tenor thereof, and in the  
9 absence of an express recital on the face thereof that the bond is  
10 nonnegotiable, each such revenue bond shall at all times be and shall  
11 be treated as a negotiable instrument for all purposes. All such bonds  
12 shall be signed by the state treasurer and countersigned by the  
13 governor, and any interest coupons appertaining thereto shall bear the  
14 signature of the state treasurer. The countersignature of the governor  
15 on the bonds and the signature of the state treasurer on the coupons  
16 may be their printed or lithographed facsimile signatures.

17 Pending the issuance of definitive bonds, temporary or interim  
18 bonds, certificates, or receipts of any denomination and with or  
19 without coupons attached may be issued as may be provided by the  
20 resolution.

21 **Sec. 29.** RCW 47.60.113 and 1984 c 7 s 305 are each amended to read  
22 as follows:

23 The department is authorized to refund, at the maturity thereof, or  
24 before the maturity thereof if they are subject to call prior to  
25 maturity or if all of the holders thereof consent thereto, upon such  
26 terms and conditions as it deems best, any or all of its revenue bonds  
27 now or hereafter outstanding, issued for the purpose of acquiring,  
28 constructing, or reconstructing (~~(any toll bridge, toll road, toll~~  
29 ~~tunnel,)~~) the ferry system, (~~(or any other toll facility of any sort,)~~)  
30 or issued for the purpose of refunding such bonds, which revenue bonds  
31 are payable out of all or part of the revenues of the (~~(toll facility)~~)  
32 ferry system. Refunding bonds may be issued hereunder in a sufficient  
33 amount to provide additional funds for acquiring, constructing,  
34 reconstructing, rehabilitating, rebuilding, enlarging, or improving  
35 (~~(any toll bridge, toll road, toll tunnel,)~~) the ferry system, (~~(or any~~  
36 ~~other toll facility of any sort,)~~) and to pay all refunding costs and  
37 expenses and to provide adequate reserves (~~(for the toll facility and)~~)  
38 for any such refunding bonds. Various issues and series of such

1 outstanding bonds, including refunding bonds, may be combined and  
2 refunded by a single issue of refunding bonds. The refunding bonds  
3 shall bear interest at such rates and mature at such times, without  
4 limitation by the interest rates or maturity of the bonds being  
5 refunded, and shall contain such other covenants and conditions as the  
6 department determines by resolution.

7 **Sec. 30.** RCW 47.60.114 and 1984 c 7 s 306 are each amended to read  
8 as follows:

9 Any refunding bonds authorized by this chapter constitute  
10 obligations of the department only and not of the state of Washington.  
11 They shall be payable solely out of all or such part of the revenues  
12 derived from the operation of the (~~toll bridge, toll road, toll~~  
13 ~~tunnel,~~) ferry system(~~(, or any other toll facility,~~) as shall be  
14 provided in the resolution authorizing the issuance of the refunding  
15 bonds.

16 **Sec. 31.** RCW 47.60.120 and 1993 c 427 s 1 are each amended to read  
17 as follows:

18 (1) If the (~~department~~) state acquires or constructs, maintains,  
19 and operates any ferry crossings upon or toll bridges over Puget Sound  
20 or any of its tributary or connecting waters, there shall not be  
21 constructed, operated, or maintained any other ferry crossing upon or  
22 bridge over any such waters within ten miles of any such crossing or  
23 bridge operated or maintained by the (~~department~~) state excepting  
24 such bridges or ferry crossings in existence, and being operated and  
25 maintained under a lawfully issued franchise at the time of the  
26 location of the ferry crossing or construction of the toll bridge by  
27 the department.

28 (2) The ten-mile distance in subsection (1) of this section means  
29 ten statute miles measured by airline distance. The ten-mile  
30 restriction shall be applied by comparing the two end points (termini)  
31 of a state ferry crossing to those of a private ferry crossing.

32 (3) The Washington utilities and transportation commission may,  
33 upon written petition of a commercial ferry operator certificated or  
34 applying for certification under chapter 81.84 RCW, and upon notice and  
35 hearing, grant a waiver from the ten-mile restriction. The waiver must  
36 not be detrimental to the public interest. In making a decision to  
37 waive the ten-mile restriction, the commission shall consider, but is

1 not limited to, the impact of the waiver on transportation congestion  
2 mitigation, air quality improvement, and the overall impact on the  
3 Washington state ferry system. The commission shall act upon a request  
4 for a waiver within ninety days after the conclusion of the hearing.  
5 A waiver is effective for a period of five years from the date of  
6 issuance. At the end of five years the waiver becomes permanent unless  
7 appealed within thirty days by the commission on its own motion, the  
8 department, or an interested party.

9 (4) The ~~((department))~~ state shall not maintain and operate any  
10 ferry crossing or toll bridge over Puget Sound or any of its tributary  
11 or connecting waters that would infringe upon any franchise lawfully  
12 issued by the state and in existence and being exercised at the time of  
13 the location of the ferry crossing or toll bridge by the ~~((department))~~  
14 state, without first acquiring the rights granted to such franchise  
15 holder under the franchise.

16 **Sec. 32.** RCW 47.60.130 and 1979 ex.s. c 189 s 6 are each amended  
17 to read as follows:

18 ~~((Such ferry system, including any toll bridges, approaches, and  
19 roadways incidental thereto, may be financed and operated in  
20 combination or separately as one or more units as the department of  
21 transportation may determine, and such ferry system together with any  
22 toll bridge hereafter constructed by the department upon or across the  
23 waters of Puget Sound or Hood Canal, or any part of either, replacing  
24 one or more presently operated ferry routes, is declared to be a  
25 continuous project within the meaning of RCW 47.56.070.))~~ The  
26 department ~~((is empowered to))~~ may rent, lease, or charter any property  
27 acquired under this chapter. If the department determines that any  
28 real property (including lands, improvements thereon, and any interests  
29 or estates) originally acquired for the ferry system is no longer  
30 required for the purposes of the ferry system, the department shall  
31 offer it for sale in the manner and with the authority authorized to  
32 the department by RCW 47.12.063 or 47.12.283. The ~~((secretary of  
33 transportation))~~ director may adopt rules further implementing this  
34 section. The proceeds of all such sales shall be paid into the  
35 separate trust fund of the state treasury established pursuant to RCW  
36 47.60.150.



1 agreement for rental of a ferry vessel for the purpose of a charter  
2 voyage to be held on . . . . ., the parties agree as follows:

3 1. WSF agrees to supply the vessel . . . . . (subject to change)  
4 for the use of the Lessee from the period from . . . . . to . . . . .  
5 on . . . . . (date).

6 2. The maximum number of passengers; or in the case of hazardous  
7 materials transports, trucks and trailers; that will be accommodated on  
8 the assigned vessel is . . . . . This number MAY NOT be exceeded.

9 3. The voyage will originate at . . . . ., and the route of travel  
10 during the voyage will be as follows:  
11 . . . . .

12 4. The charge for the above voyage is . . . . . dollars (\$ . . . )  
13 plus a property damage deposit of \$350 for a total price of \$ . . . . ,  
14 to be paid by cashier's check three working days before the date of the  
15 voyage at the offices of the WSF at Seattle Ferry Terminal, Pier 52,  
16 Seattle, Washington 98104. The Lessee remains responsible for property  
17 damage in excess of \$350.

18 5. WSF is responsible only for the navigational operation of the  
19 chartered ferry and in no way is responsible for directing voyage  
20 activities, providing equipment, or any food service.

21 6. Other than for hazardous materials transport, the voyage  
22 activities must be conducted exclusively on the passenger decks of the  
23 assigned ferry. Voyage patrons will not be permitted to enter the  
24 pilot house or the engine room, nor shall the vehicle decks be used for  
25 any purpose other than loading or unloading of voyage patrons or  
26 hazardous materials.

27 7. If the Lessee or any of the voyage patrons will possess or  
28 consume alcoholic beverages aboard the vessel, the Lessee must obtain  
29 the appropriate licenses or permits from the Washington State Liquor  
30 Control Board. The Lessee must furnish copies of any necessary  
31 licenses or permits to WSF at the same time payment for the voyage is  
32 made. Failure to comply with applicable laws, rules, and regulations  
33 of appropriate State and Federal agencies is cause for immediate  
34 termination of the voyage, and WSF shall retain all payments made as  
35 liquidated damages.

1 8. WSF is not obligated to provide shoreside parking for the  
2 vehicles belonging to voyage patrons.

3 9. The Lessee recognizes that the primary function of the WSF is  
4 for the cross-Sound transportation of the public and the maintaining of  
5 the existing schedule. The Lessee recognizes therefore the right of  
6 WSF to cancel a voyage commitment without liability to the Lessee due  
7 to unforeseen circumstances or events that require the use of the  
8 chartered vessel on its scheduled route operations. In the event of  
9 such a cancellation, WSF agrees to refund the entire amount of the  
10 charter fee to the Lessee.

11 10. The Lessee agrees to hold WSF harmless from, and shall process  
12 and defend at its own expense, all claims, demands, or suits at law or  
13 equity, of whatever nature brought against WSF arising in whole or in  
14 part from the performance of provisions of this agreement. This  
15 indemnity provision does not require the Lessee to defend or indemnify  
16 WSF against any action based solely on the alleged negligence of WSF.

17 11. This writing is the full agreement between the parties.

18 . . . . . WASHINGTON STATE FERRIES  
19 Lessee

20 By: . . . . . By: . . . . .  
21 ((General Manager))  
22 Director or Director's designee"

23 **Sec. 34.** RCW 47.60.140 and 1995 1st sp.s. c 4 s 2 are each amended  
24 to read as follows:

25 (1) The department is empowered to operate such ferry system,  
26 including all operations, whether intrastate or international, upon any  
27 route or routes, (~~and toll bridges~~) as a revenue-producing and self-  
28 liquidating undertaking. The department has full charge of the  
29 construction, rehabilitation, rebuilding, enlarging, improving,  
30 operation, and maintenance of the ferry system, (~~including toll  
31 bridges, approaches, and roadways incidental thereto that may be  
32 authorized by the department,~~) including the collection of tolls and  
33 other charges for the services and facilities of the undertaking. The  
34 department has the exclusive right to enter into leases and contracts  
35 for use and occupancy by other parties of the concessions and space  
36 located on the ferries, wharves, docks, approaches, and landings, but,

1 except as provided in subsection (2) of this section, no such leases or  
2 contracts may be entered into for more than ten years, nor without a  
3 competitive contract process, except as otherwise provided in this  
4 section. The competitive process shall be either an invitation for  
5 bids in accordance with the process established by chapter 43.19 RCW,  
6 or a request for proposals in accordance with the process established  
7 by RCW 47.56.030.

8 (2) As part of a joint development agreement under which a public  
9 or private developer constructs or installs improvements on ferry  
10 system property, the department may lease all or part of such property  
11 and improvements to such developers for that period of time, not to  
12 exceed fifty-five years, or not to exceed thirty years for those areas  
13 located within harbor areas, which the department determines is  
14 necessary to allow the developer to make reasonable recovery on its  
15 initial investment. Any lease entered into as provided for in this  
16 subsection that involves state aquatic lands shall conform with the  
17 Washington state Constitution and applicable statutory requirements as  
18 determined by the department of natural resources. That portion of the  
19 lease rate attributable to the state aquatic lands shall be distributed  
20 in the same manner as other lease revenues derived from state aquatic  
21 lands as provided in RCW 79.24.580.

22 **Sec. 35.** RCW 47.60.145 and 1982 c 210 s 1 are each amended to read  
23 as follows:

24 (1) An "historic ferry" is any vessel in the Washington state  
25 ferries fleet which has been listed in the Washington state register of  
26 historic places.

27 (2) When the Washington state ferries department (~~of~~  
28 ~~transportation~~)) determines that an historic ferry is surplus to the  
29 needs of Washington state ferries, the department shall call for  
30 proposals from persons who wish to acquire the historic ferry.  
31 Proposals for the acquisition of an historic ferry shall be accepted  
32 only from persons or organizations that (a) are a governmental entity  
33 or a nonprofit corporation or association dedicated to the preservation  
34 of historic properties; (b) agree to a contract approved by the state  
35 historic preservation officer, which requires the preservation and  
36 maintenance of the historic ferry and provides that title to the ferry  
37 reverts to the state if the (~~secretary of transportation~~) director of  
38 Washington state ferries determines that the contract has been

1 violated; and (c) demonstrate the administrative and financial ability  
2 successfully to comply with the contract.

3 (3) The Washington state ferries department shall evaluate the  
4 qualifying proposals and shall select the proposal which is most  
5 advantageous to the state. Factors to be considered in making the  
6 selection shall include but not be limited to:

7 (a) Extent and quality of restoration;

8 (b) Retention of original design and use;

9 (c) Public access to the vessel;

10 (d) Provisions for historical interpretation;

11 (e) Monetary return to the state.

12 (4) If there are no qualifying proposals, an historic ferry shall  
13 be disposed of in the manner provided by state law.

14 **Sec. 36.** RCW 47.60.150 and 1999 c 94 s 26 are each amended to read  
15 as follows:

16 Subject to the provisions of RCW 47.60.326, the schedule of charges  
17 for the services and facilities of the system shall be fixed and  
18 revised from time to time by the (~~commission~~) director of Washington  
19 state ferries so that the tolls and other revenues deposited in the  
20 Puget Sound ferry operations account for maintenance and operation, and  
21 all moneys in the Puget Sound capital construction account available  
22 for debt service will yield annual revenue and income sufficient, after  
23 allowance for all operating, maintenance, and repair expenses to pay  
24 the interest and principal and sinking fund charges for all outstanding  
25 revenue bonds, and to create and maintain a fund for ordinary renewals  
26 and replacements: PROVIDED, That if provision is made by any  
27 resolution for the issuance of revenue bonds for the creation and  
28 maintenance of a special fund for rehabilitating, rebuilding,  
29 enlarging, or improving all or any part of the ferry system then such  
30 schedule of tolls and rates of charges shall be fixed and revised so  
31 that the revenue and income will also be sufficient to comply with such  
32 provision.

33 All income and revenues as collected shall be paid to the state  
34 treasurer for the account of the department and deposited into the  
35 Puget Sound ferry operations account. (~~Nothing in this section~~  
36 ~~requires tolls on the Hood Canal bridge except as may be required by~~  
37 ~~any bond covenants.))~~

1       **Sec. 37.** RCW 47.60.310 and 1988 c 100 s 1 are each amended to read  
2 as follows:

3       (1) The department is further directed to conduct such review by  
4 soliciting and obtaining expressions from local community groups in  
5 order to be properly informed as to problems being experienced within  
6 the area served by the Washington state ferries. ~~((In order that local  
7 representation may be established, the department shall give prior  
8 notice of the review to the ferry advisory committees.))~~

9       (2) ~~((The legislative authorities of San Juan, Skagit, Clallam, and  
10 Jefferson counties shall each appoint a committee to consist of five  
11 members to serve as an advisory committee to the department or its  
12 designated representative in such review. The legislative authorities  
13 of other counties that contain ferry terminals shall appoint ferry  
14 advisory committees consisting of three members for each terminal area  
15 in each county, except for Vashon Island, which shall have one  
16 committee, and its members shall be appointed by the Vashon/Maury  
17 Island community council. At least one person appointed to each ferry  
18 advisory committee shall be representative of an established ferry user  
19 group or of frequent users of the ferry system. Each member shall  
20 reside in the vicinity of the terminal that the advisory committee  
21 represents.))~~ A ferry advisory committee must be assembled to provide  
22 citizen input to the Washington state ferries department regarding the  
23 operation of the ferry system. The ferry advisory committee members  
24 will be comprised of:

25       (a) One member from San Juan county, to be appointed by the San  
26 Juan county legislative authority;

27       (b) One member from Skagit county, to be appointed by the Skagit  
28 county legislative authority;

29       (c) One member from Island county, to be appointed by the Island  
30 county legislative authority;

31       (d) Two members from Kitsap county, to be appointed by the Kitsap  
32 county legislative authority;

33       (e) One member from Vashon Island, to be appointed by the  
34 Vashon/Maury Island community council.

35       (3) ~~((The members of the San Juan, Clallam, and Jefferson county  
36 ferry advisory committees shall be appointed for four year terms. The  
37 initial terms shall commence on July 1, 1982, and end on June 30, 1986  
38 Any vacancy shall be filled for the remainder of the unexpired term by  
39 the appointing authority. At least one person appointed to the~~

1 ~~advisory committee shall be representative of an established ferry user~~  
2 ~~group or of frequent users of the ferry system, at least one shall be~~  
3 ~~representative of persons or firms using or depending upon the ferry~~  
4 ~~system for commerce, and one member shall be representative of a local~~  
5 ~~government planning body or its staff. Every member shall be a~~  
6 ~~resident of the county upon whose advisory committee he or she sits,~~  
7 ~~and not more than three members shall at the time of their appointment~~  
8 ~~be members of the same major political party.~~

9 ~~(4))~~ The members of ~~((each terminal area))~~ the ferry advisory  
10 committee shall be appointed for four-year terms. The initial terms of  
11 the members of each terminal area committee shall be staggered as  
12 follows: All terms shall commence September 1, ~~((1988))~~ 2001, with  
13 ~~((one))~~ two member's terms expiring August 31, ~~((1990))~~ 2003, ~~((one))~~  
14 two member's terms expiring August 31, ~~((1991))~~ 2004, and the remaining  
15 member's terms expiring August 31, ~~((1992))~~ 2005. Any vacancy shall be  
16 filled for the remainder of the unexpired term by the appointing  
17 authority. ~~((Not more than two members of any terminal area committee~~  
18 ~~may be from the same political party at the time of their appointment,~~  
19 ~~and in a county having more than one committee,))~~ The overall political  
20 party representation shall be as nearly equal as possible.

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

25 ~~(6))~~ (4) The committee~~((s to be appointed by the county~~  
26 ~~legislative authorities))~~ members shall serve without fee or  
27 compensation. Committee members are entitled to reimbursement of  
28 expenses as allowed under RCW 43.03.220, 43.03.050, and 43.03.060.

29 **Sec. 38.** RCW 47.60.326 and 1999 c 94 s 27 are each amended to read  
30 as follows:

31 (1) In order to maintain an adequate, fair, and economically sound  
32 schedule of charges for the transportation of passengers, vehicles, and  
33 commodities on the Washington state ferries, the Washington state  
34 ferries department ~~((of transportation)),~~ with the assistance of the  
35 tariff policy committee, each year shall conduct a full review of such  
36 charges.

37 (2) ~~((Prior to))~~ Before February 1st of each ~~((odd-numbered))~~ year  
38 the department shall transmit ~~((to the transportation))~~ a report of its

1 review together with its recommendations for the revision of a schedule  
2 of charges for the ensuing biennium to the ferry advisory committee.  
3 ~~((The commission on or before July 1st of that year shall adopt as a~~  
4 ~~rule, in the manner provided by the Washington administrative procedure~~  
5 ~~act, a schedule of charges for the Washington state ferries for the~~  
6 ~~ensuing biennium commencing July 1st.))~~ If, after consultation with the  
7 ferry advisory committee, the director of Washington state ferries  
8 determines that an adjustment in the schedule of charges is  
9 appropriate, the director shall adopt a new schedule of charges.

10 (a) The schedule of charges must be adopted as a rule under the  
11 Washington Administrative Procedure Act, chapter 34.05 RCW.

12 (b) The schedule may initially be adopted as an emergency rule if  
13 necessary ((to take effect on, or as near as possible to, July 1st)).

14 (3) The department in making its review and formulating  
15 recommendations ~~((and the commission in adopting a schedule of~~  
16 ~~charges))~~ may consider any of the following factors:

17 (a) The amount of subsidy available to the ferry system for  
18 maintenance and operation;

19 (b) The time and distance of ferry runs;

20 (c) The maintenance and operation costs for ferry runs with a  
21 proper adjustment for higher costs of operating outmoded or less  
22 efficient equipment;

23 (d) The efficient distribution of traffic between cross-sound  
24 routes;

25 (e) The desirability of reasonable commutation rates for persons  
26 using the ferry system to commute daily to work;

27 (f) The effect of proposed fares in increasing walk-on and  
28 vehicular passenger use;

29 (g) The effect of proposed fares in promoting all types of ferry  
30 use during nonpeak periods;

31 (h) Such other factors as prudent managers of a major ferry system  
32 would consider.

33 (4) In adopting a schedule of charges for passenger-only ferry  
34 service, the department in making its review and formulating  
35 recommendations and the commission in adopting a schedule of charges  
36 shall consider the factors in this subsection (4) in addition to those  
37 factors enumerated in subsection (3) of this section. The department  
38 and the commission shall take into account the public benefit derived

1 from encouraging the availability and use of passenger-only ferry  
2 service, including but not limited to:

3 (a) The long-term environmental and economic benefit from providing  
4 a reliable, reasonably priced alternative for moving people over  
5 Washington's navigable waterways and the resulting reduction in  
6 automobile traffic;

7 (b) The necessity for up-front investment to build the passenger-  
8 only ferry service into a viable component of the transportation  
9 choices available to Washington's citizens;

10 (c) The potential savings to the state from avoided investment in  
11 cross-sound vehicular transportation; and

12 (d) The stimulus to balanced economic development to west sound and  
13 island communities served by the ferry system.

14 (5) If at any time during the biennium it appears that projected  
15 revenues from the Puget Sound ferry operations account and any other  
16 operating subsidy available to the Washington state ferries will be  
17 less than the projected total cost of maintenance and operation of the  
18 Washington state ferries for the biennium, the department shall  
19 forthwith undertake a review of its schedule of charges to ascertain  
20 whether or not the schedule of charges should be revised. The  
21 department shall, upon completion of its review report, submit its  
22 recommendation to the ((transportation commission which)) ferry  
23 advisory committee. After consultation with the ferry advisory  
24 committee, the department may in its sound discretion revise the  
25 schedule of charges as required to meet necessary maintenance and  
26 operation expenditures of the ferry system for the biennium or may  
27 defer action until the regular annual review and revision of ferry  
28 charges as provided in subsection (2) of this section.

29 ~~((5) The provisions of RCW 47.60.330 relating to public~~  
30 ~~participation shall apply to the process of revising ferry tolls under~~  
31 ~~this section.)) (6) Before a revision in the schedule of ferry tolls or~~  
32 ~~charges, the department shall consult with affected ferry users.~~

33 **Sec. 39.** RCW 47.60.440 and 1999 c 94 s 28 are each amended to read  
34 as follows:

35 The Washington state ferry system shall be efficiently managed,  
36 operated, and maintained as a revenue-producing undertaking. Subject  
37 to the provisions of RCW 47.60.326 the ((commission)) Washington state  
38 ferries department shall maintain and revise from time to time as

1 necessary a schedule of tolls and charges on said ferry system with  
2 other moneys deposited in the Puget Sound ferry operations account for  
3 maintenance and operation (~~and~~). All moneys in the Puget Sound  
4 capital construction account available for debt service will produce  
5 net revenue available for debt service, in each fiscal year, in an  
6 amount at least equal to minimum annual debt service requirements as  
7 hereinafter provided. Minimum annual debt service requirements as used  
8 in this section shall include required payments of principal and  
9 interest, sinking fund requirements, and payments into reserves on all  
10 outstanding revenue bonds authorized by RCW 47.60.400 through  
11 47.60.470.

12 The provisions of law relating to the revision of tolls and charges  
13 to meet minimum annual debt service requirements from net revenues as  
14 required by this section shall be binding upon the (~~commission~~)  
15 department but shall not be deemed to constitute a contract to that  
16 effect for the benefit of the holders of such bonds.

17 **Sec. 40.** RCW 47.60.450 and 1986 c 66 s 7 are each amended to read  
18 as follows:

19 If the net revenue together with all moneys in the Puget Sound  
20 capital construction account available for debt service in any fiscal  
21 year fail to meet minimum annual debt service for the year, as defined  
22 in RCW 47.60.440, the (~~commission~~) governor shall promptly revise the  
23 tolls and charges after considering supporting data and recommendations  
24 therefor which shall be furnished by a nationally recognized traffic  
25 engineering firm retained by the (~~commission~~) governor in the manner  
26 provided in the bond proceedings.

27 Tolls and charges shall not be increased in any case when in the  
28 opinion of the engineering firm the increase would so reduce traffic  
29 that no net gain in revenue would result. This section is a covenant  
30 for the benefit of the holders of the bonds.

31 **Sec. 41.** RCW 47.60.505 and 1986 c 66 s 9 are each amended to read  
32 as follows:

33 There is hereby created in the motor vehicle fund the Puget Sound  
34 capital construction account. All moneys hereafter deposited in said  
35 account shall be used by the Washington state ferries department (~~of~~  
36 transportation) for:

1 (1) Reimbursing the motor vehicle fund for all transfers therefrom  
2 made in accordance with RCW 47.60.620; and

3 (2) Improving the Washington state ferry system including, but not  
4 limited to, vessel acquisition, vessel construction, major and minor  
5 vessel improvements, terminal construction and improvements, (~~and~~  
6 ~~reconstruction or replacement of, and improvements to, the Hood Canal~~  
7 ~~bridge, reimbursement of the motor vehicle fund for any state funds,~~  
8 ~~other than insurance proceeds, expended therefrom for reconstruction or~~  
9 ~~replacement of and improvements to the Hood Canal bridge,)) pursuant to  
10 proper appropriations(~~(: PROVIDED, That)~~). Any funds accruing to the  
11 Puget Sound capital construction account after June 30, 1979, which are  
12 not required to reimburse the motor vehicle fund pursuant to RCW  
13 47.60.620 as such obligations come due nor are required for capital  
14 improvements of the Washington state ferries pursuant to appropriations  
15 therefor shall from time to time as shall be determined by the  
16 Washington state ferries department ((of transportation)) be  
17 transferred by the state treasurer to the Puget Sound ferry operations  
18 account in the motor vehicle fund.~~

19 (3) The department may pledge any moneys in the Puget Sound capital  
20 construction account or to be deposited in that account to guarantee  
21 the payment of principal or interest on bonds issued to refund the  
22 outstanding 1955 Washington state ferry system refunding bonds (~~and~~  
23 ~~the 1957 ferry and Hood Canal bridge revenue bonds~~)).

24 The department may further pledge moneys in the Puget Sound capital  
25 construction account to meet any sinking fund requirements or reserves  
26 established by the department with respect to any bond issues provided  
27 for in this section.

28 To the extent of any pledge authorized in this section, the  
29 department shall use the first moneys available in the Puget Sound  
30 capital construction account to meet such obligations as they arise,  
31 and shall maintain a balance of not less than one million dollars in  
32 the account for this purpose.

33 (4) The treasurer shall never transfer any moneys from the Puget  
34 Sound capital construction account for use by the department for state  
35 highway purposes so long as there is due and unpaid any obligations for  
36 payment of principal, interest, sinking funds, or reserves as required  
37 by any pledge of the Puget Sound capital construction account.  
38 Whenever the department has pledged any moneys in the account for the  
39 purposes authorized in this section, the state agrees to continue to

1 deposit in the Puget Sound capital construction account the motor  
2 vehicle fuel taxes and special fuel taxes as provided in RCW 82.36.020  
3 and 82.38.290 and further agrees that, so long as there exists any  
4 outstanding obligations pursuant to such pledge, to continue to impose  
5 such taxes.

6 (5) Funds in the Puget Sound capital construction account of the  
7 motor vehicle fund that are not required by the department for payment  
8 of principal or interest on bond issues or for any of the other  
9 purposes authorized in this chapter may be invested by the department  
10 in bonds and obligations of the nature eligible for the investment of  
11 current state funds as provided in RCW 43.84.080.

12 **Sec. 42.** RCW 47.60.530 and 1979 c 27 s 4 are each amended to read  
13 as follows:

14 There is hereby created in the motor vehicle fund the Puget Sound  
15 ferry operations account to the credit of which shall be deposited all  
16 moneys directed by law to be deposited therein. All moneys deposited  
17 in this account shall be expended pursuant to appropriations only for  
18 ~~((reimbursement of the motor vehicle fund for any state moneys, other  
19 than insurance proceeds, expended therefrom for alternate  
20 transportation services instituted as a result of the destruction of  
21 the Hood Canal bridge, and for))~~ maintenance and operation of the  
22 Washington state ferries ~~((including the Hood Canal bridge)),~~  
23 supplementing as required the revenues available from the Washington  
24 state ferry system.

25 **Sec. 43.** RCW 47.60.760 and 1983 c 133 s 9 are each amended to read  
26 as follows:

27 The Washington state ferries department ~~((of transportation shall))~~  
28 may not be required to make available for public inspection and copying  
29 financial information supplied by any person, firm, or corporation for  
30 the purpose of qualifying to submit a bid or proposal for a ferry  
31 system construction or repair contract as required by RCW 47.60.680  
32 through 47.60.750.

33 **Sec. 44.** RCW 47.64.120 and 1997 c 436 s 1 are each amended to read  
34 as follows:

35 (1) Ferry system management and ferry system employee  
36 organizations, through their collective bargaining representatives,

1 shall meet at reasonable times, to negotiate in good faith with respect  
2 to wages, hours, working conditions, insurance, and health care  
3 benefits as limited by RCW 47.64.270, and other matters mutually agreed  
4 upon. Employer funded retirement benefits shall be provided under the  
5 public employees retirement system under chapter 41.40 RCW and shall  
6 not be included in the scope of collective bargaining. If the  
7 legislature enacts an across-the-board salary increase granted  
8 automatically to all state employees including ferry system employees,  
9 ferry system employees may not bargain for salary increases in addition  
10 to the amount granted by the legislature.

11 (2) Upon ratification of bargaining agreements, ferry employees are  
12 entitled to an amount equivalent to the interest earned on retroactive  
13 compensation increases. For purposes of this section, the interest  
14 earned on retroactive compensation increases is the same monthly rate  
15 of interest that was earned on the amount of the compensation increases  
16 while held in the state treasury. The interest will be computed for  
17 each employee until the date the retroactive compensation is paid, and  
18 must be allocated in accordance with appropriation authority. The  
19 interest earned on retroactive compensation is not considered part of  
20 the ongoing compensation obligation of the state and is not  
21 compensation earnable for the purposes of chapter 41.40 RCW.  
22 Negotiations shall also include grievance procedures for resolving any  
23 questions arising under the agreement, which shall be embodied in a  
24 written agreement and signed by the parties.

25 NEW SECTION. **Sec. 45.** The following acts or parts of acts are  
26 each repealed:

- 27 (1) RCW 47.60.330 (Public participation) and 1983 c 15 s 26; and  
28 (2) RCW 47.64.290 (Toll bridge employees subject to civil service)  
29 and 1984 c 48 s 2.

30 NEW SECTION. **Sec. 46.** Sections 1 through 10 and 13 through 18 of  
31 this act constitute a new chapter in Title 47 RCW.

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