

# HOUSE BILL REPORT

## SSB 5974

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### As Passed House - Amended:

April 16, 2003

**Title:** An act relating to the exercise of sound business practices to enhance revenues for Washington State Ferries.

**Brief Description:** Exercising sound business practices to enhance revenues for Washington State Ferries.

**Sponsors:** By Senate Committee on Highways & Transportation (originally sponsored by Senators Benton, Haugen, Horn and Oke).

### Brief History:

#### Committee Activity:

Transportation: 4/4/03 [DPA].

#### Floor Activity:

Passed House - Amended: 4/16/03, 97-0.

### Brief Summary of Substitute Bill (As Amended by House)

- Provides the Washington State Ferries (WSF) greater flexibility in generating revenue.
- Directs new revenue to be used to offset the WSF operating costs.

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## HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass as amended. Signed by 24 members: Representatives Murray, Chair; Rockefeller, Vice Chair; Simpson, Vice Chair; Ericksen, Ranking Minority Member; Jarrett, Assistant Ranking Minority Member; Anderson, Armstrong, Campbell, Clibborn, Cooper, Dickerson, Flannigan, Hankins, Hatfield, Hudgins, Lovick, Mielke, Morris, Nixon, Romero, Shabro, Sullivan, Wallace and Woods.

**Staff:** Jay Alexander (786-7339).

### Background:

The Washington State Ferries (WSF) has proposed, and the Transportation Commission

has approved, a new strategic business plan that intends to provide for the long-term financial viability of the ferry system. This strategic plan, commonly referred to as the 5.5.5 plan, incorporates multiple strategies as a means to eliminate existing operating subsidies for the WSF system within five years. One element of this strategic plan is to increase revenues by pursuing new sources of revenue, combined with regular fare increases.

Currently, charter rates for vessels are established based on actual operating costs plus 50 percent, rounded to the nearest \$50. These rates are reviewed and established each year and must remain fixed for the entire year unless there is an increase of 5 percent or more in the vessel operating costs. Charter voyage patrons are authorized only in passenger areas of the vessel.

The WSF has the exclusive right to enter into leases and contracts for concessions and space located on the ferries, wharves, docks, approaches, and landings.

In revising the published schedule of fares, the WSF and the Transportation Commission take into consideration such factors as time and distance of ferry runs, maintenance and operating costs, distribution of traffic between routes, and the effect of rate changes on commuters, ferry usage, and in promoting non-peak period use. In addition, prior to implementing any rate changes, a public review and input process is required.

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### **Summary of Amended Bill:**

Charter rates would cover operating costs plus a market-rate profit margin. The requirement to fix rates annually would be eliminated. In establishing chartering agreements, the special needs of local communities and interested parties would be taken into consideration, as well as the interests of existing private enterprises. Statutory language outlining charter agreement format would be eliminated. Charter voyage patrons would only be prohibited access to the pilot house and engine room.

Parking lots would be added to the locations where the WSF has exclusive right to enter into leases and contracts for concessions. The WSF would also be authorized to sell commercial advertising space and licenses to use the WSF trademarks.

Additional criteria for consideration in revising the schedule of charges would include estimated revenues generated from commercial advertisements, parking, contracts, leases, and other sources. The Chief Executive Officer of the WSF would be authorized to use promotional, discounted, and special event fares. These fares would be exempt from the public hearings process associated with the published schedule of fares. An accounting of all exempt revenues would be reported to the Transportation Commission annually.

All revenues generated and collected by the WSF would be deposited into the Puget

Sound Ferry Operations Account.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** None.