

SENATE BILL REPORT

ESSB 6127

As Passed Senate, March 12, 2007

Title: An act relating to state ferries.

Brief Description: Regarding state ferries.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Spanel, Swecker, Kilmer, Haugen, Marr and Kohl-Welles).

Brief History:

Committee Activity: Transportation: 2/27/07, 3/01/07 [DPS, w/oRec].
Passed Senate: 3/12/07, 44-5.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 6127 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chair; Marr, Vice Chair; Murray, Vice Chair; Swecker, Ranking Minority Member; Benton, Berkey, Delvin, Eide, Jacobsen, Kastama, Kauffman, Kilmer, Sheldon and Spanel.

Minority Report: That it be referred without recommendation.

Signed by Senators Clements and Holmquist.

Staff: Janice Baumgardt (786-7319)

Background: Level of Service Standards: Washington State Department of Transportation (WSDOT) sets the level of service standards on highways and state ferry routes of statewide significance.

Fares: WSDOT must review fares annually by getting input from Ferry Advisory Councils (FACs). Ferry fare recommendations are made yearly by WSDOT to the Transportation Commission (Commission). The Commission adopts fares by rule. Before including increased fares in a budget proposal, WSDOT must hold a public hearing and either work with affected FACs or conduct a survey of affected users. Statute lists items that WSDOT and the Commission may, but are not required, to consider when setting fares.

Changes to Service Levels: Before substantial changes may be made to service levels, WSDOT must consult with affected users, consider all possible cost reductions, and consider adapting service levels equitably on a route-by-route basis. The Ferry System Productivity

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

Council is established and directed to meet periodically to discuss ways to improve ferry system productivity.

Capital Program: The state-owned facilities component of the statewide transportation plan must include a state ferry system plan. The plan must: (1) include service objectives for routes; (2) forecast demand; (3) develop investment strategies that consider regional and statewide needs, support local use plans, and assure that ferry services are fully integrated with other transportation services; (4) provide for the preservation of capital assets based on lowest life-cycle cost methods; (5) be consistent with the regional transportation plans for areas served by Washington State Ferries (WSF); and (6) be developed in conjunction with the FACs.

2006 Legislation: In the 2006 transportation budget, the Joint Transportation Committee (JTC) was directed to conduct a study of WSF. The study was to facilitate legislative policy discussions and decisions regarding WSF. The study made recommendations which are listed under the Summary of Proposed Substitute section.

Summary of Engrossed Substitute Bill: Level of Service Standards: Language is added allowing WSDOT to set a level of service standards for ferry routes such that they are seasonally flexible.

Market Survey: The Commission is directed, with the involvement of WSDOT and input from the Ferry Advisory Councils, to conduct a yearly market survey of ferry users to inform level of service, operational, pricing, planning, and investment decisions. Information is to be gathered on recreational users, vehicles, and freight, and reactions to possible operational and pricing strategies.

Operational Strategies: WSDOT is directed to develop, and the Commission is directed to review, operational strategies that must, at a minimum: (1) recognize that travel markets are unique; (2) use data from a current market survey; (3) be consistent with vehicle level of service standards; (4) use a life-cycle cost analysis that considers capital and operating costs and the most efficient balance between these costs; and (5) use methods of collecting fares that maximize efficiencies and achieve revenue controls. Specific strategies that must be considered are listed.

Fares: WSDOT must review fares annually by using data from a current market survey and input from affected ferry users. The dates by which WSDOT must make fare recommendations to the Commission, and by which the Commission must adopt the fares, is changed. The various descriptions of what the Commission and WSDOT may consider in setting fares are removed. WSDOT must develop fares and pricing strategies so that they: (1) recognize each travel market is unique; (2) use data from current market surveys; (3) are developed with input from affected ferry users; (4) generate the amount of revenue required by the budget; and (5) require fare schedules to be as simple as possible. Using pricing to level vehicle peak demand and using pricing to increase off-peak ridership must be considered when developing fares and pricing strategies. Revenues in the Puget Sound Ferry Operations Account may not be used to support the Puget Sound Capital Construction Account unless that support is identified on the fare.

The requirement that pricing strategies be developed that include pricing options to level peak demand and increase off-peak ridership is removed and made optional. The date by which the Commission must adhere to the new fare setting schedule is extended and the Commission is given flexibility regarding the length of time the fare schedules may be for during the transition period.

Changes to Service Levels: Language is added requiring WSDOT to receive legislative approval before adding or deleting an entire ferry route. The requirement for public involvement if WSDOT recommends substantial changes to the service levels is retained. Requirements that changes be made equitably across the system are eliminated. The ferry productivity council is eliminated.

Capital Program Defined: Capital projects are defined. Appropriations made for capital expenditures may not be used for maintenance costs. System-wide and administrative capital costs are allocated to specific projects.

Capital Preservation Program: WSDOT is directed to maintain a life-cycle cost model (LCCM) to be used in estimating future capital preservation costs. Appropriations made for preservation costs may only be spent for capital costs that have a documented need. Preservation funding requests must be elements of the LCCM and requests over five million dollars must be accompanied by a pre-design that meets Office of Financial Management (OFM) requirements.

Terminal Design Standards: WSDOT is directed to develop terminal design standards that find the most efficient balance between capital and operating investments, recognize that travel markets are unique, and adhere to the various standards and strategies adopted by WSDOT and the Commission.

Capital Improvement Program: WSF's capital plan must be approved by the Commission and be based upon a current ridership demand forecast, vehicle level of service standards, and must adhere to the various standards and strategies adopted by WSDOT and the Commission. Funding requests for terminal improvement projects must be based on the capital plan and must include a pre-design study that meets OFM requirements and includes various other elements.

The Joint Legislative Accountability and Review Committee (JLARC) is directed to audit capital expenditures made by WSF to ensure they follow an approved cost allocation plan, all expenditures meet the definition of capital, preservation expenditures show documented need for the expenditure, and improvement expenditures are within the scope of legislative appropriations. The report on this evaluation is due by January 31, 2010.

The Joint Transportation Committee is directed to participate in the initial development of, and provide an independent review of, the market survey, vehicle level of service standards, operational strategies, pricing strategies, terminal design standards, and capital plan that WSDOT and the Commission are directed to develop.

Appropriation: None.

Fiscal Note: Requested on February 26, 2007.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Substitute Bill: PRO: This will help address the problems facing Washington State Ferries.

OTHER: The public and local government needs to be more involved in Washington State Ferries (WSF) operations and fare setting. WSF needs a revenue target.

Projects should not be slowed down too much to meet new predesign elements.

Persons Testifying: PRO: Reema Griffith, Transportation Commission.

OTHER: Dennis Cziske, Walt Elliot, Ferry Advisory Council; Doug MacDonald, Department of Transportation; Marilyn Omev, Vashon Maury Island Community Council; Debbi Lester, Ferry Community Partnership.

Signed in, Unable to Testify & Submitted Written Testimony: OTHER: Mike Doubleday, City of Edmonds.