



**MEETING SUMMARY  
 LOCAL AGENCY REVIEW TEAM MEETING #6  
 FERRY FINANCING LEGISLATION  
 SPIKE EIKUM CONFERENCE ROOM, COLMAN DOCK  
 SEPTEMBER 18, 2008  
 1:00 – 3:30 P.M.**

Note: This meeting summary represents notes from the Local Agency Review Team (LART) meeting, and is not a formal transcript. It is provided for the information of WSDOT/WSF, LART members, and other interested parties.

**Meeting Attendees**

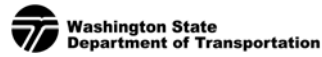
<i>Present</i>	<i>LART members</i>
X	Heather McCartney, City of Mukilteo
	Ian Munce, City of Anacortes
	Matt Sheldon, Sound Transit
X	Greg Cioc, Kitsap County
X	Mike Bertrand, Town of Friday Harbor
X	Ann Sutphin, City of Seattle
X	Stephen Clifton, City of Edmonds
X	Mike Sudduth, King County Metro
	Randy Brackett, Island County
	Phil Williams, City of Bremerton
X	Mike Morton, Island County
X	Kelly Dickson, City of Bainbridge Island
	Rick Sepler, City of Port Townsend
	Pete Rose, San Juan County
	John Clausen, Kitsap Transit
X	Stephen Kiehl, Puget Sound Regional Council
X	Mary McClure, Kitsap Regional Coordinating Council

*Staff:*

Ray Deardorf, WSF  
 Celine Gihring, WSF  
 Michael Hodgins, Berk & Associates  
 Kirsten Hauge, PRR  
 Laura LaBissoniere, PRR

**Meeting Overview**

Ray Deardorf, WSF Planning Director, welcomed attendees to the sixth meeting of the Local Agency Review Team (LART). The agenda focused on WSF's presentation to the Joint Transportation Committee (JTC). The presentation was divided into two segments and provided information about: 1) WSF's financial picture and 2) system improvements. In addition the meeting provided an opportunity for members to



share their community's perspectives on current ferry issues. The meeting would conclude with an update on the status of the Commission's survey and funding study then a look ahead to next steps.

Before providing an opportunity for an LART roundtable on ferry issues, Ray asked if there were any changes to the July meeting summary. There was one question of clarification about the statement that the Mukilteo-Clinton route is affected by concurrency.

Ray said that there was a piece of legislation in the late 1990s which said that island counties served by highways of statewide significance are subject to concurrency. Island County is one and only county with this standard attached to it and it is measured every year in terms of boat wait standards.

The only change to the meeting notes is that Ann Sutphin was not in attendance.

### **Roundtable: Perspectives from LART on Current Ferry Issues**

LART members shared the following comments about current WSF activities from their community's perspectives. In some cases, staff responses are noted following each comment.

- Edmonds has discussed a reservation system and would be willing to test it at a staff level only.
  - Ray responded that the June meetings provided quite a bit of pushback regarding the reservation system. However, the success of the system in eliminating the queue in Port Townsend has trickled down to other jurisdictions that are now more supportive.
- The Kitsap Regional Coordinating Council is looking at how to coordinate with other ferry affected communities during the upcoming legislative session. Initially the goal was to perform a regional impact analysis, but the funding to complete such a large task was a deterrent. Instead, they are going to do something on a much smaller scale. Their sense is that the balance between regional, local, state and fares is critical and there is also concern that passenger-only ferries won't have a funding source.
- Kitsap County Public Works said that the Commissioner will want to provide input on the ferry study. When will they have input? Next year?
  - Ray responded that there are different layers of policy choices that will be shared during the next round of public meetings. The draft plan in November will show a range of options and a department recommendation as to what level should be funded. Once the document is finalized it will go to the legislature for review.
  - Michael Hodgins added that the long range plan will have a policy framework section and there will need to be some choices made about the different strategies that should proceed forward. The Transportation Commission will release a report in December and until then WSF will have to make assumptions in the plan about funding needs and options. We hope to get public feedback and official comments from host communities on the Draft Plan. The public comment period ends on December 19.



- The City of Seattle was similarly concerned about the role of ferry finance in the Plan. Will the long range plan have financial policy assumptions behind the recommendations?
  - Michael answered that it is not WSF's responsibility to determine funding, we are only charged with developing the right plan for service levels and capital investments. It is the Commission's job to decide on a funding source. The Plan will include a base level and then increments of investment beyond that. The Commission will have the tools necessary to determine a sustainable funding source.
- Will the WSF plan have ridership assumptions and particular recommendations for fare box recovery?
  - Michael noted that it is still unclear; it seems to fall within the Commission responsibility because fare policy as it relates revenue is in their court. We are concerned more about structure of how we price and how people choose to use the system. There are demand management implications, but we could choose a revenue neutral option. There is currently no sustainable funding source. The legislature is aware of this and needs to commit to WSF in terms of feasible options. We don't know how they will decide what is a reasonable funding level. It is WSF's responsibility to package choices in a prioritized order. Funding could then be a mix of state, regional and local.
- The Legislature knew WSF didn't have enough funding but directed WSF to be entrepreneurial, which required time and energy. This didn't solve the problem and actually made the gap larger. The Legislature should look at the bigger picture.
- The City of Seattle has had no formal forums about the Plan, but there have been some discussions with the Mayor's office about the reservation system. We had a briefing to our council in June. The council looked at operational strategies and they were received positively. Other than that, we don't have many forums to discuss WSF. We are concerned about how the policy and financial picture will come together and if local government will have the opportunity to review this piece of the puzzle.
- We are normally given a plan to review, but not given the financial plan. We almost need to see both things.
- This does seem necessary, especially the financial implications, maybe not in detail but at least an overview.
  - Michael responded that it will be covered in the Plan, but there is a question about whether we would diverge from current assumptions about farebox recovery. We would look at more of a revenue neutral approach to strategies, but it is not WSF's role to propose a new revenue target.
- San Juan County recently had a transportation summit. It was very well attended and the ferry system came up in every discussion. We would like to test reservations in Friday Harbor.
- Island County received a presentation from WSDOT, and learned that WSDOT has a large deficit, with a projected \$400-600 million shortfall, and many of the 9.5 cent gas tax projects will be significantly delayed. We are worried about how this may impact ferries, because the rest of the state is not concerned with ferry service and funding is not a priority.
- The Legislature may look at new revenues and a possible motor vehicle excise tax.



- Another funding concern is that the highway trust fund is now defunct.

### **Discussion of Presentation to JTC on Plan's Building Blocks**

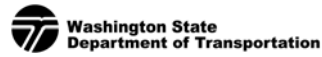
Ray handed out a packet outlining the JTC presentation and explained that Michael would review in further detail. Ray reminded the members that a series of public meetings were conducted in March and April and focused on revised ridership forecasts as well as WSF's approach to level of service (LOS). Then the June/July public meetings focused on operational and pricing strategies. At the end of the meeting, the LART would discuss the upcoming October public meetings. Hearings on the draft plan are scheduled to occur toward the end of December.

Michael introduced the presentation packet and said that the team spent a lot of time developing the building blocks and now is the time to assemble them. The presentation first attempts to establish base needs before considering current deficiencies and future growth. It is important to reinforce that the current situation is not sustainable and fairly significant backfilling has occurred. Michael then reviewed the presentation packet (*See handout: Building Blocks for the Development of the Long Range Plan*).

Michael explained that looking forward the plan will be very similar to today regarding operations. We are not predicting much change in terms of the baseline. The key drivers on operations are not service levels but cost factors, particularly labor cost escalation and fuel. There are many assumptions in terms of changes for the baseline. For instance, fuel is based on global insights and is more pessimistic. Our other costs are just expected to grow with inflation.

LART members provided the following suggestions, questions and comments:

- Is it true that part of the capital dollars were somewhat skewed by large terminal projects?
  - Michael responded that this figure reflects dollars actually expended. We've raised fares in some places during the same time frame.
  - Ray added that a lot of terminal projects have been in early phases of design, but haven't begun construction. WSF hasn't spent much on new construction.
- The longer we stretch out design, the more expensive the project becomes. We spent a lot of what we were supposed to have available for actual improvements. It doesn't help to delay because then we have to go back and start the design process all over again.
- What percentage does fuel cost represent in overall cost?
  - Ray responded it accounts for 20-25 percent—it used to be 10 percent.
- It doesn't seem like labor cost is high enough.
  - Michael replied that the figure reflects WSF's 10 year average, so it seems it is a defensible number.
- There was a request to show a scenario where costs are rising faster than fares.
  - Michael said that these assumptions result in about an 80 percent average and we are sensitive to the risks and that issue in particular.
- The plan service level outlined on page 7 seems different than merely maintaining and preserving the baseline number.



- Michael replied that this figure represents capital needs. It is about maintaining, preserving and replacing existing assets. It is only a minimalist version of the capital program.
- In Mukilteo, the original idea was to add a third ferry. Would it still be possible in 2020 to add a third boat?
  - Michael explained that the goal is to define what it would take to enable the terminal to continue to operate as it does today. If we make additional recommendations, then we will need to identify those as increments above the baseline and they need to be presented in a cost benefit framework.
- It looks like the Plan doesn't include projects such as the Mukilteo and Edmonds terminals.
- Is it true there is a move to prolong the lifespan of the ferries?
  - Michael explained that the JTC has their own parallel study about vessel sizing and acquisition. They would look at what kinds of boats WSF should purchase. As part of that effort, a green architect identified some vessels we could invest to extend rather than retiring. But these options are not included in our acquisition plan.
- Under this base scenario, it looks like we just can't afford it.
- In regards to Southworth, does it take into consideration that Tacoma Narrows is now being a free flow bridge so some traffic would prefer to drive around?
  - Celine Gihring said it does and the team is currently relying on the standard forecast model used throughout the state.
- Will the addition of passenger only ferries change these dates?
  - Michael responded that the dates listed on the current plan will probably change some if passenger only ferries were added. We need to analyze it from multiple angles and plan for both scenarios.
  - Celine also noted that this is a key issue, whether our ultimate goal and planning accounts for committed passenger only ferries in the regional plan.
- At the regional staff meeting at PSRC, the group was talking about tolls and someone stated that ferries are already tolled. The discussion then moved toward organizing a framework where toll revenues could be directed toward transportation investments that improve revenue in the corridor.
  - Celine said highway tolling is becoming a big topic across the region. Ferry riders are paying tolls every day. Congestion pricing would be a reconfiguration of our current tolls so we can use them to manage demand. Ferry tolling is slightly different than the highway system.
- If you took this info and looked at LOS, are these strategies based on the hierarchy of the challenges?
  - Michael responded that although it needs further work, conceptually it is in line with what we took out in March for public comment.
- The reservation system is working well at Keystone, and it seems this strategy might apply to those routes that are heavily in demand during peak times.
  - Michael said although WSF heard a fair amount of skepticism about the value of the reservation system in June, the response has been favorable in places where it has been implemented.



- One problem we have encountered in Mukilteo is loading buses for school sports. They are currently forced to wait in line with everyone else, there has to be a more efficient method.
- People won't want to arrive too early. Under the new system they will be able to make a reservation and cancel or change within 30 minutes of departure.
- People will make two reservations every time to ensure a spot. There is no penalty.
- Consider adding a premium to the second reservation to discourage people from making multiple reservations.
- What happens if ferries cancel the sailing?
  - Michael said there are very few cancelled sailings. However, if that were to occur, people would be diverted to another boat. Priority would be given to them and no new reservations accepted.
- Will a reservation guarantee sailing on another boat?
  - Michael responded that reservations will get priority.
- How will people be notified?
  - Michael answered that several methods of communication are being explored, including text messages, highway signs and email.
- Would second home commuters benefit from this system?
  - Michael explained that there could be a frequent user program and even a segment within this to deal with the variations.
- Has this been run through State Law?
  - Michael said that State residents are contributing through gas tax. Although it is intended to focus on commuters, the frequency component is important.

- | • Pricing Strategies—Michael then reviewed the second part of the presentation focused on pricing strategies. LART members raised the following questions and comments:

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- Have you considered keeping small car fares the same, but escalating large car fares?
  - | ◦ Michael –answered that would be one way to implement. We want to package some of these incentives to achieve TDM benefits.
- With the addition of each train have you seen an increase in walk-ons?
  - Celine responded that we haven't looked at it in that detail. We don't know if there is an incremental differentiation.
- | • Consider creating a transit/ferry fare.
- King County is now having internal conversations about this topic because funding can now be used for the King County Ferry District.

#### Look Ahead:

Ray thanked the LART for their comments and announced that the next meeting will be held Thursday, October 30 unless otherwise noted. At this point the team will plan to share the draft plan with the LART before it is presented to the public. The meeting was then adjourned.

#### Meeting Handouts

- Agenda
- Building Blocks for the Development of the Long Range Plan



- Ferry Advisory Committee meeting schedule
- Local Agency Review Team meeting schedule
- WSDOT DRAFT Public Meeting Agenda