

WASHINGTON STATE FERRY

PUBLIC HEARINGS - JANUARY 2009

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PUBLIC COMMENT

Reported by: Linda M. Grotefendt, CCR
License No. 3013

PUBLIC SPEAKER NO. 1: Good evening. As David pointed out, my name is Jim English. I'm very honored to be a new resident of Anacortes, and thank you for the welcome. As David pointed out, I was chair, president, if you will, of the Vashon/Maury Island Community Council for five years and on the board for nine. So needless to say, Vashon has struggled with ferry issues for a long time and continues to do so today. And when I moved up here, I wasn't prepared to do it again, but here we are, doing it again. And I'm very glad to be up here defending the Anacortes/Sydney run.

My impression, from my time working with the ferry system these past nine years, but certainly the past year or so that Dave has been in charge, is: The ferry system is very open to our comments and very concerned about trying to do the very best it can.

But it is in a box, and it's not a box of their own choosing. It's a box that's been created by the Legislature, by and large. And as a consequence, a lot of what we need to do, in terms of what they're proposing -- and as they gave you -- they gave you a spectrum, and that's not the end-all. They're just saying that "this is the worst-case scenario and this is the best-case scenario," and what we come up with is somewhere in that balance between.

And as a consequence, that's what we need to do. We need to

be thinking about what we can propose to Washington State Ferries, but more importantly, to the Legislature, that's going to help them come up with that balanced approach between those two spectrums.

And in my opinion, one of the key things that they need to do is to -- is for the Legislature to allow Washington State Ferries to work efficiently and economically by allowing it to buy beyond Washington State.

As you know, there is a mandate, under certain circumstances, that they can't buy boats outside of the state of Washington. Now, that may have made sense at one point in time but, today, it does not. And clearly, there's a lot of economy of scale, going beyond this state. And I recognize the job situation and so on but, clearly, it's important that the Legislature understand that, because of our financial circumstances and their financial circumstances, that we very definitely need to move beyond that particular mandate.

And another thing that we need to do is recognize that, again, they can't do it themselves. It's the Legislature that has to open up these windows. And the Legislature created this problem. You know, Tim Eiman is blamed, but the reality was, his initiative was overturned. It was the Legislature who decided to go ahead and honor the vote of the people and do the \$30 tabs without ever filling in that gap that that MVET provided.

So as a consequence, we need to -- we, as a community, and

we, as the entire ferry-served community in the Puget Sound, have to be on top of the Legislature, telling them, "These are the things that need to happen to make the ferry system not only efficient, but certainly provide the service that we all expect; and most importantly, to hold on to this run."

Because this run is very important. It's an international run. It's very important to our state; it's very important to our Canadian neighbors. And certainly, with the 2010 Olympics coming up, I think it would be that much more important.

So for whatever I can do from my standpoint, I will be here to support you.

PUBLIC SPEAKER NO. 2: I agree with Mr. English and do not intend to repeat what he said. However, I think what you need is Plan C, and in Plan C, which does require more funding, the first place I would take it from is the Sharp's Corner roundabout, because that's going to cost millions. I don't have it in my head how many millions.

WSDOT cannot figure out how to configure it. They cannot figure out what it's to do except that it is to have continuous flow as fast as possible for as many cars as possible to go down South Fidalgo Island on State Route 20.

And of the people who were at the last meeting, from WSDOT, two of them agreed that we had a legitimate desire to cross and turn left across a State highway that goes down through the middle of our island, and two announced that we had no right to use State

Route 20, which meant that we would all have to come into Anacortes, and I don't know what the school bus would do when it turns left.

So you've got a supply of money that would help deal with the ferry cost for the Sidney ferry. You probably also have some money towards the Keystone ferry.

I've been dealing with the economics of this area ever since the early '60s, when I was first hired to teach in Skagit. And I remember the economy of this area: North Whidbey, Skagit County, and particularly in the west, the islands, Sidney, and over on the Peninsula.

It was poor. There were houses, but they were shacks, for the weekend. They weren't insulated, they weren't heated very much. The value of the houses, in many cases, was 2,500, and not much more under current standards.

Now, those houses have been replaced with real ones, lots of them costing far more than 417,000, which is the amount you can get an ordinary mortgage for. The only way we're going to be able to sell those houses -- and I'm one of them that grew from not much to, all of a sudden, expensive. The only way we're going to sell them is for people to come from other parts of the United States and Canada and say -- and this applies not just to us. It applies all over this area, which used to be Congressional District 2 -- "I want to live here. I want to contribute. I want to do what Jim English just said he did." You move up here, you

buy, you take part. You contribute your sales tax, you contribute all kinds of things to that.

I've traveled all over the world and, wherever I go, people say, "Where are you from?" "Oh, I'm from the U.S. end of the Sidney ferry, the one that goes to British Columbia." "Oh, you are? I've been there." Or, "Oh, I've always wanted to go."

Now, with the economy not worth much in this country and with the dollar even worth less, as I discovered last summer, there's a huge push to see America. You want to see a foreign country, go to Canada.

Last year, on 5th Avenue, there was a picture on the Lehman Brother's building of the Whidbey Island Bridge, Deception Pass Bridge. And wherever you look, this is an area to come to. They stay overnight. The rest of you can talk about this.

But it's -- you have a problem. We have a huge economic problem. Don't contribute to it.

PUBLIC SPEAKER NO. 3: I appreciate the opportunity to testify. And I want to say that I really appreciate the work that David and Ray and others have done over the last two years with this project, and I agree with a number of the conclusions.

I think anything that -- regarding the reservations, I think anything regarding efforts to better utilize runs, encourage more passenger traffic, and even the fuel charge, and I agree with that -- I think that's a necessary measure.

When you start talking about Plan A and B, I think it's

important to keep in mind that Plan A, although designed to be a continuation of service as it is, as time goes on, it becomes less of a continuation of service, because we expect -- you expect ridership to increase 36 percent by the time you get to 2030.

Plan B then becomes that much more of a rush backwards. Plan B, with its reduction in service in a number of places, and particularly the Sidney run, is really counterproductive. It just doesn't seem to me, in any way, to be a legitimate strategy.

The fact that Plan B calls for a new ferry in 2010 and then no more new ferries until 2021 is just incomprehensible. It just doesn't make any sense. So I think my first and strongest comment would be that Plan B just doesn't belong in this scenario at all.

My second comment relates to your suggestion, David, that the system is not sustainable. It's not, but there is something unique about the Sidney run. The Hovee report, that is in what I submitted, indicates that the State treasury benefits to the tune of \$4.6 million every year as a direct result from this one ferry run. So, in effect, the Sidney run is sustainable and, in fact, it's creating a net gain for the State of Washington of somewhere between 5 and \$7 million per biennium.

So although the system in its entirety is unsustainable, this one run is unique in that it does carry its own weight and provides a net gain to the State. I think that's important.

Also, from the Hovee report, the huge impact that relates to spending, payroll: \$30 million payroll annually, \$126 million in

spending in five local counties simply cannot be ignored from the bigger picture.

Another thing I wanted to touch base about was the construction of new ferries. The "build only in Washington" plan was wonderful when it started, well-intentioned and well-developed, but now creates two significant problems.

There is no competitive-bid process, number one. And number two, federal funds are not available as long as that requirement is in place, and that's an issue worth hundreds of millions of dollars in this discussion.

I'm done. Thank you.

PUBLIC SPEAKER NO. 4: Thank you. I'm David Rapell, and I live here in Anacortes. I am a member of the Anacortes Sister City Association. Anacortes has four sister cities throughout the world. Sidney, B.C., happens to be one of them, and I've been blessed in the last three years as chairperson for that city.

My duties require that I make six to eight trips each year to Sidney, to attend their general membership meetings and also meet with my counterpart, and we discuss how we can do things better at joining the two cities together.

I'm going to get off of my notes here, but it occurred to me that, with the Sister City Association, we are very unique that we have Canada for our border, because they are just lovely, lovely people. And they consider us as their cousins to the south, which

we consider them our cousins to the north. So it's a unique relationship that we do have with them.

And then they come here on the 4th of July. And also the Christmas parade; they march in it. And then we go there and march in their parade, which is Canada Day, which is July the 1st; and also their Christmas parade.

For the past three or four years, I have traveled to Sidney with four to five cartons of brochures that I gather from our hotels, our bed & breakfasts, motels, restaurants, anything that they can use to give to their people, their tourists that come here.

If they go down I-5, they will just bypass us, and that's revenue that we will lose. And then I pick up the brochures from them to bring here, and I drop those off at our information center and also the Chamber of Commerce.

And I believe that the amount of money that our people here, the stores, everything, will lose will outnumber what we will lose on what it costs us for the ferry.

Thank you.

PUBLIC SPEAKER NO. 5: Mr. Moseley, welcome to Anacortes. Ray, I think we've done this before. And welcome to all of our State Ferry staff. I appreciate what you do. You have a difficult job. And, you know, some of my remarks tonight are with the full understanding that you've got a difficult task.

Disappointed would be understating what the community of

Anacortes feels regarding Washington State's draft ferry plan, Option B, which discontinues international ferry service to our Canadian neighbors and Sidney, British Columbia, in the fall of 2009. More disappointing is that the Plan B is the Governor's selection of options for her proposed budget for our state.

I received a package today in the mail from the Governor's office. It was a stimulation package designed to create 20,000 jobs and to stimulate our economy. There's a strong irony between losing 1500 jobs associated with this international ferry run and the \$30 million in payroll. And I'm confused by that, but that's a discussion for another day.

Ferries have served Puget Sound since the early 1900s, with the mosquito fleet. Washington State Ferries has operated since 1951. We value our relationship with our neighbors to the north. You'll hear the economics of the run.

I've said it before but, in an economy like this one, you can't afford to lose any jobs. We can't afford to lose revenue for the State of Washington, and Duane Clark put it very well when he said this is a net revenue gain for the State of Washington.

So I know that the Washington State Legislature gets an opportunity to create their own budget. I'm confident in the leadership we have at the legislative level. And, again, I'm hopeful for the day that we find the money to run this ferry system, the largest in the United States, third largest in the world, beautiful resource for our community, beautiful resource

for the state.

So I'm dedicated to trying to maintain every one of these runs. Our population is not shrinking, it's growing, and this is an extension of the public highway, and there's a lot of language that supports keeping those highways open.

So I appreciate you being here tonight. Thanks for coming.

PUBLIC SPEAKER NO. 6: My name is Don Wick, and I work for the Economic Development Association of Skagit County. Mr. Moseley, good to see you. Thank you so much for being here.

And, Ray, we broke bread together on this in 1997. I always appreciate how cordial and what a gentleman you were during that whole process; really do appreciate that. And you've been very supportive of this community over the years, and you guys make great efforts to come here and listen to the community, and we so appreciate that. We understand the difficult dilemma you find yourselves in right now in having to make terribly tough decisions. We understand that.

Our organization is very much in support of maintaining the international run. We hired Eric Hovee & Associates in 1997 to do a study; that study, we updated in 2007. And these are 2006 statistics, mostly from the study. But just briefly -- some of this, Duane quoted. 131 (sic) passengers rode that run, minus 17 percent that stopped in the interislands; so well over 100,000 on the international run.

Approximately 14,070 jobs are associated indirectly, over

1100 directly, and another few hundred indirectly, with over \$30 million in annual payroll; 20 million, directly, and another 10 million indirectly associated with that international run.

So if you look at the overall State budget, as Mayor Maxwell, Duane, stated, this is a plus for the State. For this reason alone, we support it.

The State of Washington receives \$4.6 million in taxes related to this run. I'll leave you -- I'm certain you already have a copy of this, Duane, unless you want me to resend it. I'll leave you the other copies tonight.

In addition to this, there's six and a half million population in a 100-mile radius of Anacortes. That is the whole front line of tourism and is the vast, vast majority of tourism, particularly in this economy. And for us to not maintain that tremendous showcase in this region -- it probably -- it probably wouldn't be the most prudent thing to do, especially with the Olympics coming up, when the millions of visitors will be here.

If that run were running during the winter in 2010, next year, it gives us a great opportunity to showcase this whole region. People come back to, obviously, have a readventure on assets like that in any community.

So thank you for being here tonight. Thank you for the tough job that you have, and it's just I want you to know that our group has such strong support for this economic engine in our region as it relates to tourism.

Thanks so much.

PUBLIC SPEAKER NO. 7: Thank you very much for being here this evening. I understand the issues you have to go with. I'm Ron Wesen, Skagit County Commissioner, District 1. This is just my 15th day on the job, so I'm getting into quite a bit of things here.

Just like Don and the other people mentioned, we definitely need this in our community for a tax base; good for Anacortes and the rest of Skagit County and good for the State. So you need to look at the whole picture when you're looking at the cost-cutting things you're doing.

The county commissioners have signed a letter we sent to our Senators and Representatives, and we will send it down to DOT also. We definitely think it is a very good thing to keep the ferry running from Anacortes to Sidney.

Going back to your Plan A and Plan B, I think, personally, the registration of cars is a good thing to do. That makes it more efficient. Transit service at the docks for the walk-ons -- that's a good thing. Your price to passengers -- cheaper for walk-ons as compared to the other people is a good thing. And a fuel surcharge is a good thing.

I'm also a dairy farmer, and we've been having fuel surcharges for years. We get a surcharge on the grain they deliver to our farm. We get a surcharge for milk leaving our farm. So those are things that we've been doing in the industry

for years.

So thank you very much for the time to comment this evening. We need this ferry in Skagit County and Anacortes. It's good for our community. It's good jobs. It's good for the environment. We need to have this service, so please keep in it mind and keep this going.

Thank you very much.

PUBLIC SPEAKER NO. 8: Yes. I'm Cynthia Richardson, and I'm a member of the Anacortes City Council, and we've seen you before, so thanks for coming again.

I know you have done a very thorough analysis of the ferry system and its costs and benefits. But I wonder who is looking at the big picture: the overall costs and benefits to the State of Washington.

You have a taste of that in the Hovee report, which is specific to the Sidney run. And it -- even that one ferry run -- it's very clear that cutting that out has huge economic impacts to not just the region, but the State budget.

And that -- you can't solve that problem, but it seems to me that the ferry system as a whole affects the whole region's economy in such tremendous ways that you cannot look at the ferry system as a stand-alone entity. It has to consider the impacts of all of the Puget Sound communities.

And if the ferry system suffers and the communities suffer, the State budget suffers, and you get into a downward spiral. So

somebody -- and in this case, it's the Legislature, obviously, has the final decision. But I think we and you need to convince the Legislature that this is not just a subsidy of a deficit in the ferry system, but, rather, there is an economic pool of money in other places that needs to be shared with the ferry system if the whole system of the State of Washington is going to be successful.

Getting back more specifically to the Sidney ferry. If you don't count Point Roberts, which doesn't go anywhere, we have five international crossings between the two countries west of the Cascades. Does it make sense to close one of these the year before we're having the Olympics? I don't think so.

As someone mentioned earlier, people from Germany, Japan, Switzerland, all over the world, take this international cruise that we call the Sidney ferry and go home and tell their friends about it. Do you think that anybody goes home and tells their friends about the international crossing at Oroville?

Has anybody talked to the State Department of Tourism, who is spending millions of dollars promoting tourism for the Olympics, and said, "Oh, by the way, did you know we're shutting down 20 percent of the border crossings?" We need to look at the big picture on how decisions about the ferries affect the communities and the entire State budget.

PUBLIC SPEAKER NO. 9: Thank you again, David Moseley and Ray. We appreciate all the work that you're doing, and we appreciate you being here for the public hearing.

A couple of things. I know Duane and everybody is tapped into the Hovee report, which is very vital to our community. And as we look at the difference between the capital issue and the operating issue, I think that one of the key factors, in terms of the capital issue, is -- as Duane alluded to, is trying to get the Legislature to be thinking in a little more innovative way in terms of the opportunity to suspend the mandate that requires the vessels to be built in Washington State so that we can open it up to a nationwide bid and be eligible for federal dollars. That would help solve our vessel issue, which is critical to maintaining the system.

And the second thing I wanted to point out was, as Cynthia had mentioned, the Washington State Ferries is our number-one tourist attraction in the state of Washington. And to eliminate an essential part of that system, which is the Anacortes-to-Sidney run, just doesn't make sense.

As Cynthia said, we're spending millions and millions of -- the State is spending millions and millions of dollars to attract more and more tourists. And as we go into 2010, the Olympics, here we are; we're eliminating an essential part of that system that is our number-one tourist opportunity. It just doesn't make sense.

We appreciate your being here, and we hope that we come up with some other alternative. Thank you.

PUBLIC SPEAKER NO. 10: Thank you for the opportunity.

I am Linda Aufrecht. I am the president of the Burlington Chamber of Commerce. I have two hats on tonight. I am also the president of the Skagit -- Skagit County Chamber Executive Directors Association, but you can call us SCCEDA. That's a long one.

What I'm doing here today is to represent the business community. Both small and large businesses depend on more than the residents to be successful. The ferry is very, very important to keep people traveling through our area.

Working with SCCEDA, we encourage tourism, we encourage economic growth. We need people to come in here. The Olympics is very big, and we're doing a lot of marketing right now to make sure people truly stop in between Seattle, in between Vancouver, here in Skagit County.

We have so much to offer here for businesses and for tourism, and we need people to stop and see it. By eliminating a ferry run, we are stopping an awful lot of traffic from coming through this area, from stopping in this area, from spending time as tourists in this area and for eating in our restaurants, staying at our hotels, using the businesses and services that we provide. So I am here speaking on behalf of the businesses, asking that Plan B not be the option for the ferry plan.

Thank you very much.

PUBLIC SPEAKER NO. 11: It's good to see you. My name is Bill Turner. I'm on the City -- Anacortes City Council. I'm also a homebuilder. I own a construction company here in town,

and I'm talking from both those angles.

You have listened to the testimony about how important this run is to us and also, I think, how important it is to the state. I want to talk to you a little bit about how important it is to homebuilders and other businesses here in town.

I can truly say that, with the comments that I get from people who buy lots from me and other people and want to build homes here, is that they come through town from somewhere all the way across the United States, all the way to Florida. They come through here on the way to go to another country, Canada, and they end up returning to Anacortes. I hear that all the time.

This run is very vital in a very, sort of, indirect way to many parts of the economy of this town. And people return here over and over again, and they start by this ferry run that they take to go to Victoria and to go vacationing.

Another thing I'd like to talk about tonight is the sensitivity of economies on islands. I was running for Skagit County Commissioner this last year, and I had to deal quite a bit with the Guemes ferry. A lot of people know that. They're having a big fight over changing just the schedule for this island.

And it seemed like a funny thing, but changing just the schedule of the one ferry changes how they live. And I saw this and I believe it, and I've looked at it thoroughly. And changing the schedule for this particular ferry -- eliminating it is going to change the economy of this island in ways that we have yet to

figure out. It's a very important part of this thing to try to --

Tourism is getting to be one of the three main parts of our economy. I think we have homebuilding here, we have marine-related businesses, we have many of the small businesses. The other one is tourism. And we're continuing to increase that year by year, and this is a very important part of it, and please don't eliminate it.

Thank you.

PUBLIC SPEAKER NO. 12: Thanks for coming, for turning out tonight. I know that you have a lot of things that you could be doing tonight, and it's great to see you. First of all, it's great to see both of you. I know that you're traveling the Puget Sound area. It's great to see you in Anacortes. We thank you for the opportunity to provide testimony this evening.

As executive director of the Anacortes Chamber of Commerce, I'm vitally interested in seeing that our international ferry run is left in place for years to come. The ferry system is a tremendous economic driver of the Anacortes economy. For a number of our hotels, the international run provides up to 50 percent of their annual revenue. Full hotel rooms translate into restaurant seats; support our merchants.

As is noted in the Hovee study, commissioned by ES, \$5.9 million in State and local taxes is generated annually from this economic activity, more than enough to cover the operating deficit.

With regard to the long-term plan, in my view, the average citizen will not be able to fully comprehend the options presented due to their complexity. On the surface, the lay reader is left with the conviction that there is simply not money to keep the system going. What is not explicitly stated and is not clear in the report is that the reduction in ferry service will result in a reduction in tax collections, which will greatly affect both local economies and the ability of the State to fund needed capital expansion.

There is nothing in this study to reflect the realities of the communities served by the ferry system, their economic viability, and the cultural impacts imposed. The ferry system is a marine highway, first and foremost, with a comprehensive impact on both stateside commerce and economic development.

Make no mistake. The impact of the ferry system on tourism is tremendous. Ferries are an iconic element in drawing visitors who, in turn, are the largest user group in the ferry system, as you well know. In addition to providing ready access between Skagit County and Vancouver Island, the international ferry run under consideration is significant in its ability to bring tens of thousands of people to our state.

Let's face it. The central issue here is not the fact that there is the annual operating deficit of a million and a half dollars a year. The issue is the lack of capital funding, the benign neglect, really, that has produced a capital crisis in our

ferry fleet.

Isn't it strange that, at the same time the federal government is focused on improving national infrastructure, what you propose is the exact opposite: cutting service to a variety of routes, effectively decreasing the utility of this vital resource.

Shouldn't we instead produce a plan that makes the case that the state's marine highway system is just as important as the bridges and roads that will be rebuilt? Making this argument takes a measure of courage in our current fiscal environment but, to my mind, it's both necessary and valid.

Losing the international ferry run simply to provide redundancy to an overly stressed system is the wrong approach.

Thank you.

PUBLIC SPEAKER NO. 13: Hello. This is the second time I've been able to testify, and I admire your courage, and thank you for coming back to Anacortes. I'm Robin Pestarino. I am a member of the Anacortes Chamber of Commerce and also the state subcommittee for the ferry for the League of Women Voters.

There are two things -- three things I would like to say. I am in favor of Plan A based on the Hovee report, and I would urge the Legislature to repeal the requirement for our ferries to be built in-state. Although I am a member of the Chamber of Commerce, I understand what that means as far as employment goes in our state, but I think it would be a very prudent thing to do.

Also, I have lived here since the year 2000, and my family has enjoyed the ferry system tremendously. It's something that we did not have in Texas, where we came from. We enjoy getting on it on our bikes, riding over to the San Juan Islands via the ferry, ride around, coming back.

One thing that has not been touched on, and I would like to say, is that your employees are extremely polite, they're very helpful. I would hate to see them lose their jobs here.

Whenever we have out-of-the-area visitors, one of the things we do, primarily, is to take them on the ferry system to one of the islands. They enjoy that. It's almost like a carnival ride. But it's so unique that they want to see it.

I would very much like for you to consider Plan A. Thank you.

PUBLIC SPEAKER NO. 14: Hi. Nick Petrish. I'm on the Anacortes City Council from Ward 1, and I have a question for David. You made a presentation to the City Council several months ago about the remodel of the ferry terminal. Is that off the books now?

MR. MOSELEY: No, it's in the budget.

PUBLIC SPEAKER NO. 14: It's in the budget for when?

MR. MOSELEY: '09/'11.

PUBLIC SPEAKER NO. 14: '09/'11? Okay. The reason I say I'm --

MR. MOSELEY: It's in the proposed budget for '09/'11.

PUBLIC SPEAKER NO. 14: Oh, the proposed budget. Oh, okay. All righty. The reason I say I'm a councilman from Ward 1 is because that's where 90 percent of the Anacortes businesses are. And obviously, I'm a strong supporter of the Anacortes businesses, and tourism is very important to them.

It's inconceivable to me that, with tourism as high and the revenue it produces in the state of Washington, that you want to cut the most glamorous route in the country and reduce it, therefore reducing tourism, reducing dollars spent. It just doesn't make any sense to me.

It makes about as much sense as a gentleman that I once knew that -- his boss wanted to reduce his hours and reduce his pay. He was paying him \$30,000 a year. This gentleman went into the books was able to prove to his boss that he generated over \$100,000 of revenue, so the boss was not too prudent in wanting to cut him back to save \$30,000 and lose 100,000.

Thank you.

PUBLIC SPEAKER NO. 15: Hi. My name is Jackie Boss. Most of the people here won't know me, because I'm living evidence of one of those people who came to buy a ferry ticket and stayed. So I've only been here 13 months but, in those 13 months, I've been to Sidney three times, and twice with the Sister Cities and another time as an individual.

And we were getting on a bus in Victoria and got to talking with the bus driver, and he said, "Oh, I live in Sidney." I said,

"Oh, I was in the Canada Day parade with you guys." So it has been fun to go up and back and forth here. And this fall, we did have people down here from Sidney to be in our parade, and we took them all around to show them where to go shopping.

So that's about what I have to say. I'm living evidence of people who come here because of the system, and it's really pretty terrific. So I enjoy living here.

PUBLIC SPEAKER NO. 16: Thank you, gentlemen and ladies. You do indeed have quite a sticky wicket. Very difficult to add anything to what has already been said. Your ideas are good ones.

I don't support Plan B at all. There's something that I can add, and it was said also, earlier, the second speaker, a lady. She mentioned that the places here were around \$2500, and I can remember when they were about 20,000, and then that has escalated now to well over 200-, 400,000.

The problems that we're facing today, nasty as they are, are going to get considerably worse, moneywise, so, hopefully, we can find the funds. A lot of the boats that we have retired now have been made in other places. If it's necessary for that to be again, then so be it.

I definitely support Washington businesses making things for Washington people. I'm one of those who does that sort of thing. All I can do is ask that you try to convince those others, as you're already trying to do. I'm just adding a little more fuel

to the fire.

PUBLIC SPEAKER NO. 17: Thanks. My name is Mark Lijek. I'm a retired Foreign Service Officer, and I would like to present, basically, a snail's-eye view of tourism, I guess, if you can call it that. Because we were in the Foreign Service, we have friends from many postings that live all over the country. We like to have them come out and visit us.

Well, it's kind of hard to do, because they think we live at the end of the earth, and, in a sense, we do. I mean this is a very tucked-away corner in the U.S. It's far away from places, expensive to get here. But one thing that we can tell people is about what I call "the great circle."

You can fly to SeaTac, rent a car, come to Anacortes, take the ferry through the San Juans to Sidney, drive down to Victoria, across to Port Angeles on the other ferry, see the Peninsula, go back to Seattle, do your tourism there.

It makes it a viable visit and, frankly, it's nice to get at least a few people to come out and see us. And if we close this run, we literally will be at the end of the earth, because, I mean, there's no place you can get to. I mean, we're going to become an end destination rather than a way point.

Now, I'm not an expert on tourism, but I think that the economics of being an end point are considerably different, and it would put quite a burden on our tourism facilities, our economic, our business community, to make that adjustment.

Anyway, I do -- would like to make one last observation. I did work for the government for many years, in administrative and financial stuff, and I know that, sometimes, our accounting systems don't present the whole picture. You try to save a dime here, and you don't realize you're losing a dollar somewhere else.

I think you guys -- based on what you've said tonight, you do realize it. The Legislature apparently doesn't, and I'm not sure what we can do to get the message to them. But I think, with all the evidence that's been presented, it's pretty clear that we are trying to save a dime while losing a dollar, and that's sad.

PUBLIC SPEAKER NO. 18: Hi, Mr. Moseley. Thanks for being here this evening. I'm Erica Pickett, a member of the City Council here in Anacortes. I'd like to compliment you on the plan -- the part of the plan that emphasizes links with transit systems and an increase in the walk-on traffic.

That's particularly dear to my heart because of the inevitable traffic conflicts that happen along 12th Street and Oakes Avenue here in town as that car traffic increases. So it seems to me that that part of the plan is forward-looking and brainy. So thank you very much.

Naturally, I'm not as happy about losing the Sidney run. The Sidney run is not just a transportation link, as so many other people have noted, but really one of the showpiece trips we can offer visitors from around the world. And I think that could be true particularly in the winter.

If you look at the number of wintertime possibilities, which are closed, like the road to Mt. Rainier -- and the passes, at least this winter, have been in pretty grim condition -- it seems to me that we do offer -- or could offer the visitors to the Vancouver Olympics a nice little circle route that would bring them through our state as well.

I was interested to learn from somebody who has been in the tourist business for a long time that Victoria -- and this has been a number of years ago now, but used to have a larger tourism advertising budget than the entire Washington State. And I would just like to say that this is a little coattail we shouldn't let go of. This is something that I think is very valuable to Washington State, and, therefore, let's keep that Sidney run, please.

Thank you.

PUBLIC SPEAKER NO. 19: Mr. Moseley and Mr. Deardorf, thank you for the opportunity to present a comment. My name is Phil Fusselman. I have a Master's Coast Guard license, and I've operated here in the Puget Sound area and up and down the West Coast for 35 years.

As a resident of the Skagit Valley, I do use the Sidney ferry quite often in the summertime. I -- this is a situation where a commercial entity takes advantage of the Sidney run that you have, by situations where boats are delivered from the East Coast to Victoria now via barge.

These are private vessels, and I personally have gone to Sidney to pick these vessels up and bring them across the border here, into the United States. With the elimination of the Sidney run, I would be required to -- the only option I have would be to go to Vancouver and take the Tsawwassen ferry, which adds a lot of time and expense to this operation.

So this is just one small example of the use of this Sidney ferry as it is now. Now, everybody is, you know, saying, "Well, we need to save it."

I have a suggestion. In the summertime, you have two boats that run to Sidney. Well, let's sharpen a pencil here and let's have one boat run there. You know, we're all trying to cut down and save money wherever we can. But instead of eliminating something, this would be one way to save costs and still keep the Sidney run operating.

I have a question for Mr. Moseley. I think it was in 2004, there was money appropriated for four ferry vessels, and where are those? Where are we at with the building of those ferries that -- there's one that's -- that was promised no later than 2010.

MR. MOSELEY: That's under construction now.

PUBLIC SPEAKER NO. 19: And where is that?

MR. MOSELEY: At Todd.

PUBLIC SPEAKER NO. 19: Okay. But that is a ferry to replace the Port Townsend ferry. Prior to that, there was money appropriated for four ferries, for full-sized ferries, to operate

not on the Port Townsend ferry runs, but in the San Juans and the Seattle/Puget Sound area. Where are those ferries?

MR. MOSELEY: Let's talk about that after -- I'd be happy to talk to you about that after the public testimony. I'd be happy to chat with you about that at the end.

PUBLIC SPEAKER NO. 19: Okay. And one other question I have is, starting in the fall of 2009, the ferry system is starting on an eight-hour crew operation and no longer having tours, where the employees stay overnight on the boat. In other words, they operate -- or they work eight hours a day and no staying over on the -- how is that going to impact the cost to the ferry system?

MR. MOSELEY: Let's chat about that afterwards. I'll be happy to talk with you about it.

PUBLIC SPEAKER NO. 19: Thank you very much for this opportunity.

PUBLIC SPEAKER NO. 20: It's actually Dennis Tribble, an "l-e." Trouble with tribbles. I saw that on Star Trek. I hated that when I went to school.

Anyway, to speed it up a little bit, I'd just like to make one quick observation. We always see, in tourism brochures, the Space Needle. So I would like to say that the Space Needle is to Seattle what the ferry run, international run, is to this area, in tourism dollars. So that's a big thing.

The other issues that I don't think we're really looking at

are -- the gentleman started getting into the commercial aspects. By eliminating runs, you obviously eliminate the opportunity for commerce, people that are in business, to move their products to the islands. So that means they have had more downtime, waiting, because the ferry lines are long enough as they are. So the employers are basically going to be spending more wages just having the guy sit there to try to get on the ferry, and maybe can't get back on the ferry.

I know, a lot of times, I have to go down to Friday Harbor and hope I get back in time. Otherwise, I have another three hours to sit before the next ferry. So if you reduce it further, we're even going to have more downtime, which puts more strain not only on my wage costs but, of course, everybody else involved too.

The other thing is, if we eliminate that run, what's it going to do to the borders? We already have enough border problems, getting on -- in and out of the country, oftentimes. So it increases the time spent sitting and waiting for border traffic.

And then one last thing I'd like to propose -- or think about. It was kind of curious. This last couple weeks, we had quite a weather occasion. It shut down I-5. It shut down all the corridors to the east. What happens when we all expect the great earthquake to hit?

Now, the only transportation that I see we're going to have is the waterways, because, if our arteries are cut for a long period of time, that we can't get in and out of the state, we're

going to rely -- in this area particularly, is going to have to rely on water traffic to get goods and services to the islands and these people.

So it's one of those things, like Dean Maxwell was saying, that you really have to look at what they're going to be doing with the bailout money or all that kind of stuff, and this should -- transportation should be the priority. And so to reduce this --

But there is one question I had for you. The retiring vessels -- what do you do with them?

MR. MOSELEY: They become surplus or they become scrap.

PUBLIC SPEAKER NO. 20: Okay. I do like one part of Plan B, where you indicate that it could be multijurisdictional. I look at the regional transit bus system as part of our regional responsibility and not necessarily the State. If, in fact, the State could offer those, we have great facilities here at Dakota Creek that could perhaps refurbish those. So where it says, in this part right here, if you can hold on -- please don't hold up that sign.

It proposes an alternative where the State takes responsibility for the core marine highway system, and a locally funded entity or entities would take responsibility for the new marine transit system. I'd like to say that, if the State would delay long enough for us to look at the other possibilities, of having something between Anacortes, Bellingham, Sidney, Victoria,

Port Townsend -- all those entities get together and maybe viably approach as a regional system for, you know, operating throughout the whole area.

So before you do, you know, retire those, it would be nice to maybe offer them to some of us, as a municipality, to see what we can do. That's it. Thank you.

PUBLIC SPEAKER NO. 21: Good evening. Welcome. Good to have you here tonight. My name is Ted Gage. I'm serving currently as the planning director for the Squamish Indian Nation. I'm here tonight representing the Squamish Nation. We want to go on record with probably two key points.

The first is, we are convinced that the Hovee report makes sense. It's grounded in data. You can check the sources, you can replicate the calculations, and it makes economic sense to maintain the Sidney run.

The second point for us, and we may be in a unique position on this one -- the Sidney run represents a link between families. Our tribe has many members who are actually Canadian citizens but enrolled in the Squamish Nation, living on Vancouver Island. Our only remaining fluent speakers of our language are on Vancouver Island.

The Sidney run makes possible family gatherings for all those points in life when people need to be together. And the fact that it is out of commission in the winter right now is not our first choice. We would like to see it run 12 months of the year, only

so that we can keep those connections, which is so important.

Thanks very much.

PUBLIC SPEAKER NO. 22: This may be the only community municipal meeting I've ever attended where the viewpoints have been unanimous, everybody saying the same thing. Guys, are you getting that?

Okay. I'm a small-business owner here in Anacortes. I am an avid and frequent user of the entire ferry system. We ride, regularly, seven different ferries in the Washington State system.

The Sidney run is the easiest commute I do, because I do business in Sidney. I'm on that ferry one to two times a month. I don't know how I'm going to get there for the next three months. It's really difficult, and I need to be there.

I'm also a member of the Sister Cities community, and we have the support of the Sidney Sister Cities group to keep this run going, as well as the Sidney business community. Some of my business clients--they're in Sidney--depend on that run to come south to purchase materials and products, because it's far easier than for them to go across on a British Columbia ferry and drive down the land border.

That's business for the State of Washington. My business earns revenue for the State of Washington, even though I do business in Sidney, that I pay business and occupation tax on. Without that link, that revenue is gone, okay?

It's also, I think, an international cultural-exchange link.

In a world that is shrinking but at the same time seeing some increasing tension, I think that the value of international friendship cannot be overstated. I think this is incredibly valuable.

We visit in each other's homes. I visit businesses. As close as we are and as similar as we are, we're not identical in the way we do things, and we learn from each other. I think that's rather amazing.

Every choice I make, traveling to my businesses, I take a ferry. I would far rather do the Port Townsend/Keystone run to Bremerton than drive down I-5. So you have a really loyal customer base here, and you guys are doing a great job.

Thank you.

PUBLIC SPEAKER NO. 23: Hi. My name is Pat Robinson. I'd just like to say Washington State Ferries are an extension of our highway system and, last time I checked, we're not reducing the size of our highways.

So if anything -- I understand you need to build some new boats, maybe replace some of the smaller boats. I don't know why they're condemning boats at 60 years now. The steel electricians went to 80, and they were still approved by the Coast Guard, even though somebody with, as far as I know, no maritime experience decided they were no good at 80 years. So if they reskin some of these vessels, put new hulls on them, which might cost, I don't know, \$10 million, maybe 15 million, and get another 40 years out

of them --

I don't think anybody is afraid of being on an 80-year- old boat. If you've ever been on the steel electrics, they were a pleasure to be on. And as far as saving money, something we need to do, reduction of speed, of course, to save fuel.

People purchase their homes on the islands and everywhere within the ferry system and expect a certain level of service, and to reduce the service to them is basically not fair.

But, you know, I just look at -- you know, when you guys broke down the gas tax, when you asked for 9 cents or whatever it was a couple years ago, the ferries get a half cent. Planning committees get three and a half cents. You know, why not chip away on something? I don't know why the planning committee gets to get three and a half cents. But take a little from somewhere else and make sure the ferry system --

And I agree. If you need to, you know, put a little something on the car tabs, put a little something on the car tabs. We need to keep the system going.

PUBLIC SPEAKER NO. 24: Hi. I'm Steve Tiefisher, from Anacortes. This ferry system and the Port Townsend run has had a real effect on me and my business and my business partner that I was doing really well with, Bob Dickey, of First Mate Marine.

We were growing together. We merged. We were doing the Seattle Boat Show. Revenue was increasing. And once that ferry got shut down, Bob, in the winter, can't get up here. He has

since moved back down to Port Townsend, and he's operating and suffering in his business there. I'm suffering through my business, and we're no longer working together. So it's had a real impact on me already.

Some of my suppliers, Eaton Saw Woods, has had to relocate and bring their material from Seattle instead of using our runs. I know they've shifted people also.

Another thing in the marine industry is, we have to work on the tourists' boats. We have people that come here -- we have people that come here to see our area.

The people that charter boats -- we have 300 charter boats or more going out a week. They'll take their boats to Canada, they'll use those runs, the ferry runs, to pick up people, drop off people. It makes our area attractive, and it's part of our lagging business.

And so as you -- we're already suffering. A lot of the guys that are working in the marine industry are already suffering because of the economy. It's really, really impacted us heavily. And then, this is like sticking another knife into our business, to take -- say we're going to take away such a vital piece of our community and pull that out and make our area less attractive for tourists to come here, bring their boats here and use their boats. So it's impacted me twice.

And I grew up here and I love it. I've used the ferries all my life, and I just hate to see an icon of our great Washington

State, you know, go away and be chipped on like that. It's just really painful.

So anyway, that's all I have to say. So thank you very much.

PUBLIC SPEAKER NO. 25: Thank you for coming. Good evening, everybody. My name is Michael Petrish. I'm a lifelong resident of Anacortes. And listening to everybody this evening and the points that everybody brought up -- a couple points that I'd like to make from being in this community since I was an infant.

I grew up on these boats. I've traveled on many ferry routes throughout the state of Washington, but many memories traveling to Sidney with my family as a child. There's festivals we traveled to up in Sidney. We'd go to Victoria. They have a large Croatian community in the islands, especially in Vancouver and Victoria, and I have a Croatian background, and those are fantastic memories as a kid.

We're talking -- a lot of the things you're talking about, if you jump forward in time, we talk about the Olympics. Wow. What a concept.

And the amount of people that are going to be coming to this region for the Olympics is even hard to fathom, how many people are going to come through here on the way across the border.

And the reason I say that -- I had the opportunity to travel overseas, and I spent four and a half years in the U.S. military. I was a civilian volunteer that worked for the Department of

Defense, and I met a lot of people that were in the military, that were stationed at Whidbey Island Naval Air Station, that were in Fort Lewis, you know, were in Germany. And we'd start talking in a conversation.

I can't remember how many times that they told me that they took that ferry from Anacortes to Sidney. That conversation I had more than a dozen times, if not more. And they take their families, and they tell other friends and they come here. Those retired military families are coming back here to live in this region that made such an impact on them. And those people continue to share that and go north.

The things I did when I was growing up: dive trips. We'd take the ferry from Sidney, Salt Spring Island to get up to Sidney -- take the ferry down, and we'd go to Salt Spring Island. It's just there's such an impact that this would have on this region if this one run was cancelled. And for me, to be here and listen to everybody speak, the memories that were jarred.

But in addition, you look at the financial impact that it's going to make on this community. And not only here in Anacortes, but in Canada. It's going to impact our neighbors across the border, because so many people use it.

And I'm not one for big quotes, but one thing I would like to say for a quote from the Bible. "A man without vision shall perish." And a lack of vision in this decision, to cancel this run, would be an enormous impact for the State of Washington and

for our cousins to the north in British Columbia.

Thank you very much.

PUBLIC SPEAKER NO. 26: Good evening, everyone. My name is Ed Sutton. I'm the chair of the San Juan County Ferry Advisory Committee, and, David, if you will excuse my back -- they've heard enough of me today. We had a meeting like this out on the island during most of the day and around the islands.

I thought I'd take just a couple of minutes before I run for another ferry and speak to you. And what I'd like you to know is that, two days ago, the San Juan County Council, in cooperation with the San Juan Ferry Advisory Committee, officially corresponded with Mr. Moseley and rejected Plan B as an acceptable alternative to ferry service. So we are on record as looking for something other than Plan B.

And David has asked if we can help him find a way to get closer to Plan A, and I hope he will ask you that as well. So after 35 years of living on Orcas Island and traveling through your wonderful community, probably several billion times, I'd like to invite you to come visit us, because, with a little bit of luck, we'll have a lot of ferry service out there. We continue to work as neighbors and so forth.

So thanks very much. I just wanted to let you know what we were up to.

PUBLIC SPEAKER NO. 27: Hi. My name is Brad Adams, and I'm also -- well, there's some of us here tonight on the Anacortes

City Council. I think I'm the last one to speak that's here.

First of all, I'd like to say the ferries -- the Washington State Ferry system is a tremendous asset to all of the local communities in Washington State, and it also provides an outlet to improve people's quality of life to live in Washington. And anytime the State can provide an outlet that allows people to improve their quality of life, it's something we should try to hold on to.

I think we're in agreement here tonight. I haven't heard anyone in support of Option B, so I think Option A is something that we're all striving to see succeed.

The problem is it's really complicated, Option A is, because we need to figure out how to keep the current level of service and make it economically viable, because the economics of this whole situation are very difficult.

And I think one of the things we need to really focus on -- we don't really need to worry about cutting the international ferry run. What we really need to focus on is trying to figure out how to improve the processes and the efficiencies in the current system.

And I would hope -- I work for a private company, and we're always trying to find ways to cut costs, hold the line, and save money by improving processes and to make things more efficient. One thing I've learned is, usually, your best ideas come out of the people that work at the ground level in the system.

So in this case, I would hope that you're having workshops with the deckhands that work on the ferries daily and the people that work in the engine room, the people that are on the ferries every day, because their ideas are probably going to make the most sense as far as how to figure out how to make improvements in the system.

Thank you.

PUBLIC SPEAKER NO. 28: I'm one of those ferry workers, and I agree. I see those people every day. All fall, I've worked on the Sidney run. We have families who are going across to take care of their loved elders. That's going both ways. They need to go across once or twice a week, stay a week, come back.

And to fit it all in, it's very hard. If you have to add another six-hour-or-longer drive to get there, it would cause a big hardship for them. It's hard enough trying to get up there to take care of them. If you have families -- including my own. We went up and went to the museums and stuff; go up and stay overnight and do stuff. It is fun, and I feel it's needed.

We have cars from everywhere. Sometimes it seems like half of them are British Columbia. We'll get Alberta. We get Texas cars. I get them from everywhere. We do get a fair number of rentals. "Please go down and turn off your car alarm." Sound familiar? They don't how because it's a rental, you know.

We do -- they have good transportation. The bus picks them up right at the ferry and then goes into the nearby areas. No

problem. We do need to do better with ours. But that is one of the things that we will be approaching.

We do not -- Sunday, if they come in, they cannot catch a SKAT bus. It is not available.

We do have duty-free on the Sidney run, and it's well-used. But that's one area where I think we could make money. If the ferries had a little store and sold some of these souvenirs -- people are always asking, "Well, do you have a deck of cards?" "Do you have something that says the San Juans or Washington State?" And they love to buy it. That's one area that I would like to see us go into.

It doesn't have to be a big place. Duty-free is a little closet of a space. It's about the size of a -- of -- well, it's a closet. It's a walk-in closet. And that's all I'm talking about, how big a space it would have to be.

If we did have to cut some of the Sidney run, could we do it with, say, a Tuesday, Friday, Sunday schedule, so you can go up, stay two days, and come back? And that would save fuel, going up and back and stuff that way.

You know, it's just one area, if we have to do some for part-time. But we don't want to lose that run. We don't want to lose that dock. Once we lose it, we may never get it back. And it's very crucial. We need to keep it, because people -- you know, I talk to them every time. They do not want to lose our run.

PUBLIC SPEAKER NO. 29: Good evening. Thank you for being here. I really appreciate you coming back to Anacortes.

Laurie Gere. I've had a business here for 28 years. I think about 25 percent of our income is tourism dollars, which equates to three to five positions year-round, just in my business in Anacortes.

And tourism -- they come -- many of them come to Anacortes to take the run to the San Juans and, of course, to Sidney. Year after year, I get repeat people that come from all over the world, love the ferry run, the Northwest, and everything you're doing. So from a personal business standpoint, I really think this is important.

I also serve on the Planning Commission, and I've had the pleasure of having you all come. And I was very excited about our new facility you have in your proposed budget, down the road. And I would hate to have a facility built some day without that run, and I doubt it would be built without that run.

I commend you on your planning. I support Plan A. I commend the portion on the transit. I think that's so important. The walk-on, I think -- you know, that's forward-thinking. That's the way -- we all have to leave the car at home and use other forms of transportation.

I'm very concerned about the lack of a dedicated income stream to the ferry system. I think that's a statewide legislative problem. It's something we maybe, at grassroots,

should be helping you with. So that is a concern of mine.

I absolutely support Plan A. This community supports Plan A. And I think it's short-sighted on the legislative and the Governor's part to take that away. And I could repeat everything that was said here today.

But anyway, I appreciate you being here.

PUBLIC SPEAKER NO. 30: It's actually pretty legitimate, an additional three minutes, because it's another perspective that I'm coming from. Thank you for that. I'm also president of the Anacortes Sister Cities Association. I have been for many years. And I've appreciated the comments made by several members tonight.

Although the Sister Cities Association, in relationship with Sidney, is primarily a friend/cultural relationship, it also has a significant economic impact. I was just thinking about -- our relationship has been in place for 12 or 13 years. During that time, we've made somewhere around 60 exchange trips to various events on either side of the water, and we've always used the Anacortes-to-Sidney ferry run to do that. So there's an economic issue there.

The other thing that is pretty stunning, if you think about it -- when we go to Sidney to participate in their two annual parades, one on Canada Day, and their Christmas parade, they have a huge following. Probably 10,000 people come to their parade in a city that's not much larger than that. Many people come from

Victoria.

We are marching in their parade. We have our banner that virtually says "come to Anacortes." And when they come and participate in our parades, the reverse is the case. And in addition to that, we both sponsor events that are designed to encourage people from our sister city to come to our city.

So there's a number of things that result in a direct economic impact just because -- just as a sidelight to this wonderful cultural experience. Anything that creates a challenge to that experience, in our estimation, is just not acceptable.

Plan B is just not workable in any form; should not even be left on the table. Thank you.

PUBLIC SPEAKER NO. 31: 30 seconds. I have a solution, okay? I heard something about: What are we doing with those boats they took out of service, the four boats? I'm in construction. I know a lot of guys in boatbuilding that have always asked -- I've heard there's cracks in the skin. That's the only thing I heard. So I don't know the whole story.

But I don't understand why we can't put those boats back into service with a few million dollars. I just don't get it. And I know there's bigger political issues at hand but, somehow, in a huge budget crisis that we're having right now, we ought to really, seriously consider getting those boats back into service, somehow, for another 20 or 40 years, or 10 years. I don't know what the deal is.

The other thing is, I was very disappointed when we eliminated the car-tab tax. This is my personal opinion. It was the only progressive tax that Washington State has, because it -- because, the more expensive a car you bought, the more tax you paid. If you drive a big, fancy car, you paid more tax.

We need a revenue stream for the ferry system, and we need it very badly, and I personally will vote for that tax again if we can get it back. I'm sure it won't be as big, but we ought to consider a separate revenue stream for the ferry system.

Thank you.

(The public comment portion of the hearing
concluded at 8:16 p.m.)

