

October 5, 2007

Mr. Tharmalingam Bremjit
Terminal Engineering
Washington State Ferries
2901 Third Avenue, Suite 500
Seattle, WA 98121-3014

Subject: Washington State Department of Transportation Innovative Partnerships Program
Opportunities at Washington State Ferry Terminals (WSF)
Proposal for Services
WSF Agreement Y-10061, Task AP

Dear Brem:

KPFF Consulting Engineering (KPFF) is pleased to present this proposal for Rob Berman, AICP to manage the study in compliance with legislative directive regarding public-private partnership opportunities at WSF ferry terminals. The project team also includes subconsultants Strategic Economics and Van Meter Williams Pollack.

BACKGROUND

The 2007 Legislature required the Washington State Department of Transportation, through its Innovative Partnerships Program, to study the potential for innovative financing and partnerships at Washington State Ferries (WSF) terminal sites. The specific legislative budget proviso provides: "(this)... appropriation is provided solely for the department to hire a consultant to develop a plan for co-development and public-private partnership opportunities at public ferry terminals. ¹"

SCOPE OF WORK

Each of the WSF terminal locations provides a unique set of circumstances related to ferries operations and facilities, as well as the potential for other non-operational types of development. This approach to addressing the legislative mandate includes three phases intended to utilize prior work as appropriate to the purpose of this study: 1) collect targeted information about each terminal in the ferry system; 2) define and evaluate the terminals in light of co-development² goals; and, 3) conduct more detailed feasibility analyses at

¹ Sec. 218, Engrossed Substitute House Bill 1094 (2007-09 Biennial Transportation Budget), Ch. 518, Laws of 2007.

² There are many different terms that might be used to describe development at and around WSDOT ferry terminals, including Co-development, Joint development, Transit Oriented Development, and Public-Private Partnerships. For the purpose of this scope of work, the term co-development is utilized to encompass the wide range of development mechanisms that could be implemented in the ferry system.

approximately three terminals identified as most desirable for co-development and recommend an implementation plan.

PHASE 1

Phase 1 will provide an understanding of the context for potential co-development at every (nineteen) WSF ferry terminal, including: WSF facility operational needs; market potential for other types of (private) development; terminal development opportunities and constraints; and the role that the local community might play in facilitating co-development. This will allow the team to compile uniform information about the potential for co-development at each terminal that will allow for comparisons between terminals. Approximately \$8,000 of WSF effort is required to assist in Tasks 1 and 2.

- Task 1: Review Background Material
 - Review prior feasibility studies and analysis of potential co-development at WSF terminals.
 - Review WSF ridership projections.
 - Map origins and destinations within the ferry system.
 - Review all Legislative and WSDOT policy materials related to co-development and relevant public-private partnership materials.
- *Deliverable: Project Purpose Statement.*
- Task 2: Document The Co-Development Context at Each Ferry Terminal
 - Identify the key contextual drivers for co-development opportunities, including site characteristics related to development potential such as access and visibility; local planning context; market potential; WSF facility needs/timing of improvement, and other factors.
 - Conduct information gathering meetings with WSF staff, key public officials and local planning staff as necessary to collect data.
- *Deliverable: Notebook of status for each ferry terminal in WSF system.*
- Task 3: Identify Potential Co-Development Outcomes
 - Identify the range of potential outcomes/goals for the State from co-development opportunities. The outcomes may range from the near-term to long-term, and from non-farebox revenue to community economic development to new ridership (or farebox revenue). The team will articulate a range of outcomes that offers both direct and indirect benefit to WSDOT.
- *Deliverable: Listing of potential outcomes and definitions.*

PHASE 2

During Phase 2, the consultant team will assist WSDOT in evaluating the co-development opportunities in the ferry system in light of co-development goals, which are expected to include maintenance and/or upgrading of terminal facilities and operations, farebox and non-farebox

revenue, and local economic development. The analysis is considered a macro-level view of the system to inform selection of specific locations for further, in-depth analysis.

- Task 4: Assess Co-Development Potential by Ferry Terminal
 - Using the outcomes identified in the previous task, determine the ferry terminal opportunities that are most desirable at this time and meet the project purpose.
 - Identify critical path and steps for co-development of specific WSF terminal projects identified as “high desired outcome potential” and/or “near term potential.” Select up to three terminal locations for further analysis.
- *Deliverable: Opportunities matrix and background narrative describing the process of selecting ferry terminals for further study.*

PHASE 3

Phase 3 will involve analysis of up to three terminals for more in-depth research and feasibility analysis. At this time we envision this work to consist of a series of financial feasibility analyses based on conceptual development plans for the sites, however other types of research and analysis may be required, depending on the terminal context and goals. The expected series of tasks for Phase 3 is described below:

For each of these terminals, the team will prepare a series of conceptual development alternatives, which will be used to test the feasibility of co-development, and to provide a better understanding of potential revenue that can be generated by co-development.

- Task 5: Explore Development Program Options for Primary Opportunity Terminals
 - Prepare preliminary concept level sketches of potential physical programs for up to three selected terminal locations that have high desired outcome potential and/or near term potential.
- Task 6: Financial Feasibility (considering constraints in RCW 47.29.060 and other statutory provisions)
 - Prepare concept level cost models for project construction and development cost
 - Conduct detailed financial analysis of candidate projects
 - Develop potential revenue scenarios
 - *Deliverable: Financial analysis of key opportunities.*
- Task 7: Finalize Co-Development Outcomes
 - Use findings from Task 4-6 to prepare final list of co-development outcomes that can reasonably be achieved for the WSF terminals.
 - Prepare an outline of potential future phases of work.
 - *Deliverable: Opportunities Brief to the Legislature on co-development outcomes and priorities for the WSF system.*

SCHEDULE

This task begins October 15, 2007 and ends August 31, 2008. Tasks 1 – 4 will be complete by February 15, 2008. The schedule for the remaining tasks will be determined following the 2008 Washington State Legislative Session.

FUTURE PHASES

Additional areas of work are to be determined. Likely efforts will be related to communication strategies, requests for proposal, solicitation documents, procurement, negotiation of agreements, project development, and construction.

KEY TEAM ROLES AND RESPONSIBILITIES

JEFF DOYLE, DIRECTOR OF INNOVATIVE PARTNERSHIPS – WSDOT

- Project Director.
- Overall project delivery responsibility.
- Communicate with legislative sponsors and Governor's office to ensure expectations are clarified and met.
- Brief Washington State Transportation Commission as necessary.

JOHN WHITE, DIRECTOR OF TERMINAL ENGINEERING – WSF

- Provide the WSF perspective with regard to terminal design and operational goals.
- Ensure this work is coordinated with other WSF tasks and on-going studies.

ROB BERMAN, PROJECT MANAGER – KPFF

- Project management with responsibility to Jeff Doyle for all deliverables, schedule and budget.
- Integration of development planning and ferry facility requirements.
- Lead interaction between the study team and WSF and ferry communities.

DENA BELZER, PRESIDENT – STRATEGIC ECONOMICS

- Nationally recognized expert to oversee and direct analysis of co-development potential.

NADINE FOGARTY, PRINCIPAL – STRATEGIC ECONOMICS

- Market and financial analysis of co-development potential.

RICK WILLIAMS, PARTNER – VAN METER WILLIAMS POLLACK

- Site development opportunities and constraints.
- Development of conceptual development programs for selected ferry terminals.
- Provide general input on potential co-development outcomes.