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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Sept. 26, 2005

Washington Utilities and Transportation Commission
Attn: Danny Kermod
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

Dear Sirs and Madams,

At the most recent Washington State Utilities and Transportation Commission (WUTC) hearing on Sept. 14, 2005 during the discussion of the Aqua Express (AE) request to temporarily suspend its Kingston-Seattle passenger only ferry (POF) service, a representative from Kitsap Transit's primary operators' union expressed opposition to the timing of the suspension and apparently also asked that the suspension start date be moved to December to coincide with a contract-specified service change time for bus drivers. This letter is to inform you that this person was not representing Kitsap Transit (KT) in any way and that KT expects and intends to handle the service change time issue internally through its normal labor grievance processes and that the WUTC would in no way need to attempt to accommodate or even consider the opinion expressed by the operators' union representative.

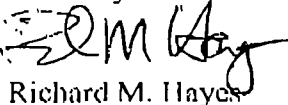
Even in the operators' union were to prevail in the grievance on this matter, the remedies would be made available through KT being required to accommodate some of the interests of the drivers being affected by the AE suspension of service after Sept. 30, 2005, rather than by changing the date of the service suspension in Kingston. In fact, KT has already adjusted all the routed bus runs needed and is fully prepared to make the appropriate changes in bus service on Oct. 1, 2005.

I believe you are already aware that KT supports this temporary service suspension because it gives us time to work with the various AE partners on resumption of this POF service on a more sustainable basis. Please see the attached Resolution of the Kitsap Transit Board of Commissioners.

Thank you for your consideration and help on this matter as well as on others in the past.

60 Washington Avenue • Suite 200 • Bremerton, Washington 98337
Phone: 360.479.6962 • FAX: 360.377.7086 • Website: www.kitsaptransit.org

Sincerely,

A handwritten signature in black ink, appearing to read "R M Hayes", written over a faint, illegible typed name.

Richard M. Hayes
Executive Director
Kitsap Transit

Enclosure

Sep 27 05 04:06p

COBI Executive Department 206-780-8600

p. 1

09/27/2005 11 18 FAX 3603777086

KITSAP TRANSIT

001/002

RESOLUTION AUTHORIZING KITSAP TRANSIT STAFF TO NEGOTIATE AMENDMENTS TO THE JOINT DEVELOPMENT AGREEMENT WITH AQUA EXPRESS TO COMPLETE THE PURCHASE OF THE DOCK AND ALL IMPROVEMENTS, INCLUDING THE FLOAT'S, GANGWAY AND ASSOCIATED IMPROVEMENTS, SUPPORT THE REQUEST FROM AQUA EXPRESS TO THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION FOR A NINE-MONTH SUSPENSION AND CONTINUE PREPARATIONS TO HAVE A MORE EFFICIENT SMALLER BOAT AVAILABLE TO AQUA EXPRESS UPON RESUMPTION OF ITS POF SERVICE BETWEEN KINGSTON AND SEATTLE

RESOLUTION 05-49

WHEREAS, Kitsap Transit has been in communication with Aqua Express, the firm that is operating POF between Kingston and Seattle under a Joint Development Agreement (JDA) with Kitsap Transit, and;

WHEREAS, through the course of these discussions, it has become clear that for a variety of reasons Aqua Express truly needed to suspend its operations for approximately nine (9) months to allow the Governor's POF Task Force, the State Legislature and Kitsap Transit time to consider the respective state, regional and local roles and determine if a broad-scale public private POF was truly feasible, and;

WHEREAS, suspension notwithstanding, Kitsap Transit still is proposing that we proceed to purchase the Kingston improvements in the form of two hundred and fifty thousand dollars (\$250,000) in soon-to-be available federal funds on the premise that no matter which firm or agency operates the Kingston POF service, the Kingston dock remains a vital local community asset and needs to be retained in local government hands, and;

WHEREAS, Kitsap Transit has been sufficiently involved in Aqua Express' concerns and discussions as to warrant a recommendation that the Transit Board support the request from Aqua Express to the Washington Utilities and Transportation Commission (WUTC) for a nine-month suspension, and;

WHEREAS, there is a strong possibility that service will resume in 2006, Kitsap Transit would be well-advised to continue efforts to make an efficient, smaller ferry available to Aqua Express, under a lease-purchase arrangement, and;

WHEREAS, the Board of Commissioners of Kitsap Transit has reviewed all of the above discussion as well as the proposed changes to the JDA and concurs in the above, and;

Resolution 05-49

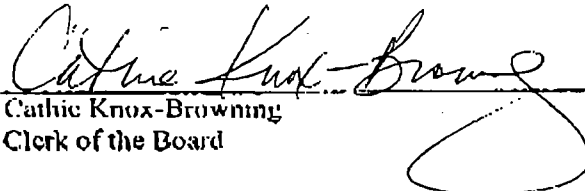
NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Kitsap Transit that Kitsap Transit staff are authorized and directed to:

1. amend the Joint Development Agreement between Aqua Express and Kitsap Transit to complete the purchase of the dock and all improvements, including the floats, gangway and associated improvements, and
2. join in Aqua Express' request to the WUTC for suspension of service between Sept. 30, 2005 and June 30, 2006, with said resumption to coincide with the Kitsap Transit service change implementation, and
3. continue preparations to have a more efficient, smaller boat available to Aqua Express upon resumption of its POF service between Kingston and Seattle.

ADOPTED by the Board of Commissioners of Kitsap Transit at a regular meeting thereof, held on the 15th day of September, 2005.


 Darlene Kordonowy, Chairperson

ATTEST:


 Cathie Knox-Browning
 Clerk of the Board

Resolution 03-19