

**DARRELL E. BRYAN**  
Clipper Navigation, Inc.  
2701 Alaskan Way, Pier 69  
Seattle, WA 98121 206.443.2560

**WUTC**

**DOCKET NO.** TS-640650

**EXHIBIT #** 1

**ADMIT**

*td*

**W/D**

**REJECT**

**PROFESSIONAL HISTORY**

1986 – Present

Executive Vice President and General Manager  
Clipper Navigation, Inc.  
Seattle, Washington

1972 – 1985

National Railroad Passenger Corporation (Amtrak)  
Seattle, Los Angeles, Oakland, San Francisco, Chicago, New York, Washington, D.C.  
Positions included Senior Director – Station Operations, Regional Director –  
Passenger Service, Assistant Director – Passenger Service, etc.

**PROFESSIONAL ASSOCIATIONS (ACTIVE)**

- Executive Board of Directors, Seattle King County Convention and Visitors Bureau, Past Chair
- Board of Directors, International Marine Transit Association (IMTA)

**PROFESSIONAL ASSOCIATIONS (TERMS EXPIRED)**

- Passenger Vessel Association (PVA), Past President
- International Marine Transit Association (IMTA), Past President
- Marine Transportation System National Advisory Council (MTS)
- Advisory Board, Central Waterfront Business Improvement Area
- Canadian Tourism Commission, U.S. Advisory Board for Leisure Travel
- Port of Seattle Tourism Advisory Committee
- Taxi Advisory Group, City of Seattle
- Delegate to the White House Conference on Travel and Tourism (1995)
- Past President, Victoria Transportation Association
- Board of Directors, Association of Washington Business
- Advisory Board, Washington State University Center for Professional Development in Hospitality and Tourism
- Executive Board of Directors, Tourism Victoria
- President of Board of Governors, The Propeller Club of the United States
- Washington State Tourism Advisory Council
- Joint Task Force on Ferries

**PROFESSIONAL RECOGNITION**

- Victoria, British Columbia, Business Person of the Year Award (1998)
- State Tourism Person of the Year Award (1995)

**EDUCATION**

M.B.A.  
St. Mary's College  
Moraga, California

B.A. in History and Political Science  
Washington State University  
Pullman, Washington

**PERSONAL**

Married, with two sons

WUTC

DOCKET NO. TS-040650

EXHIBIT # 2

ADMIT

W/D

REJECT

*Ad*

## AQUA EXPRESS MEMBERS

### ARGOSY CRUISES

Argosy Cruises is a family-owned and locally-operated Seattle company offering guests public and private cruises and Royal Argosy brunch, lunch and dinner cruises on the waters of Puget Sound. Argosy Cruises has been operating in Seattle for 55 years and has carried more than 7 million passengers. Argosy Cruises operates 10 vessels in the region with moorage located on Seattle's Central Waterfront at Piers 54, 55, 56 and 57, an ideal location for ferry passengers. Argosy Cruises also moors vessels on Lake Union and at Kirkland City Dock.

### CLIPPER NAVIGATION

Clipper Navigation, Inc., was founded in 1985 to provide year-round passenger ferry service between Seattle, Wash., and Victoria, B.C., aboard the Victoria Clipper. Since its inception, the company has expanded to provide seasonal service to the San Juan Islands, as well as the provision of contract ferry service for Navy personnel. Clipper Navigation, Inc., has owned and operated a fleet of as many as 6 vessels at a time and currently operates 3 passenger catamarans. In addition, Clipper Navigation, Inc., has become a leading tour operator for the Pacific Northwest offering tours to more than 10 destination cities.

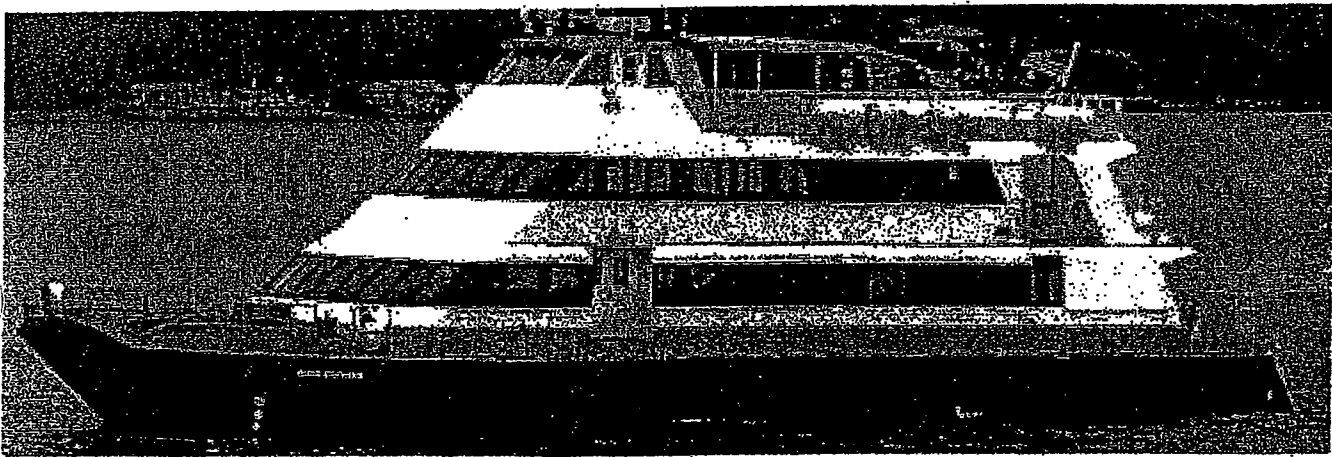
### FOUR SEASONS MARINE SERVICES

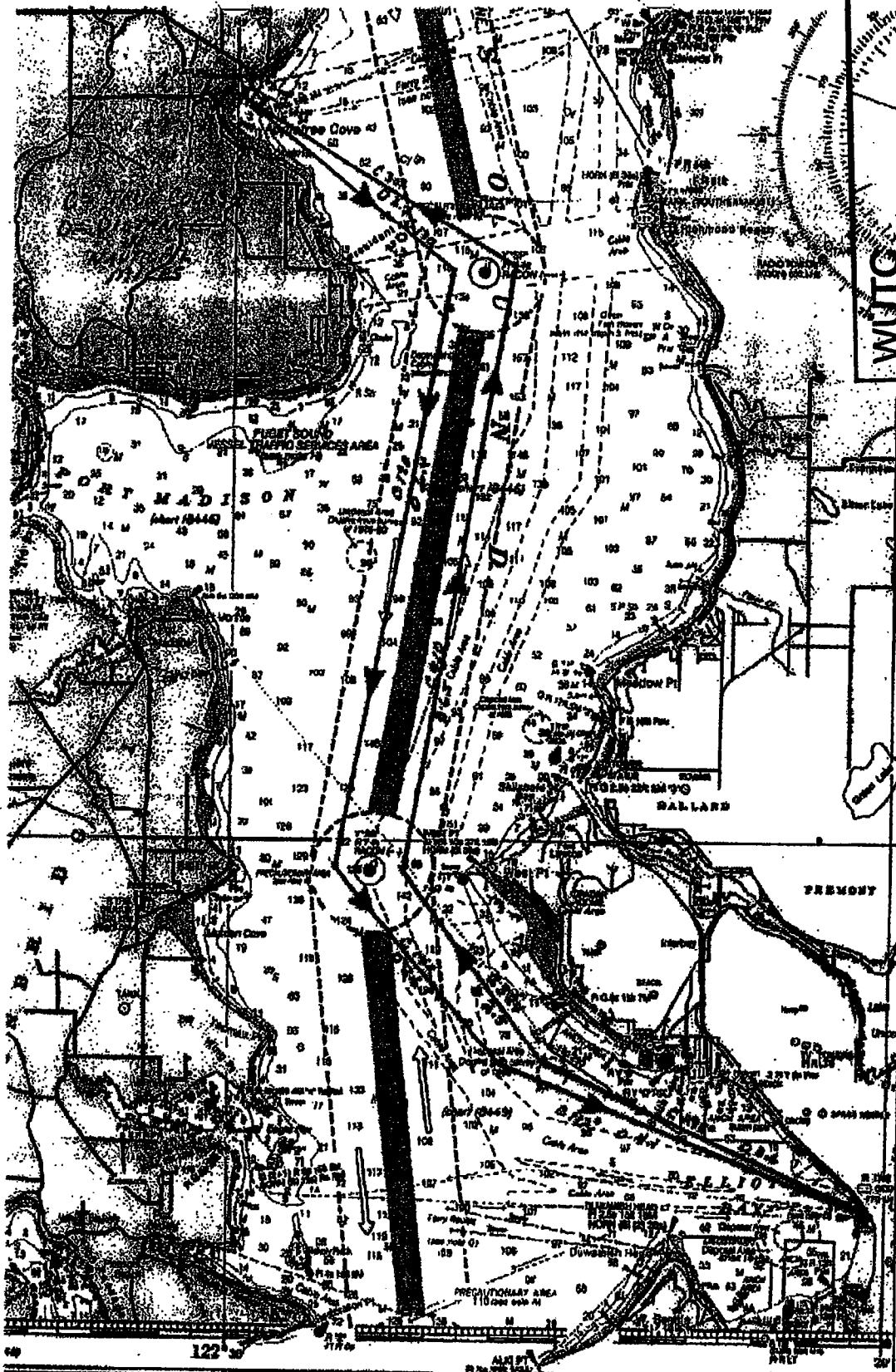
Four Seasons Marine Services is Alaska's largest private passenger ferry operator. Four Seasons Marine Services operates daily ferry service between Juneau and Admiralty Island 365 days each year. With 12 boats chartered to operators in Washington and Alaska, Four Seasons Marine Services is also Alaska's largest passenger vessel leasing company. The company also operates whale watching cruises in southeast Alaska for Royal Caribbean, Celebrity and Princess Cruise Lines during the summer season. Four Seasons Marine Services has offices in Seward and Juneau, Alaska, as well as Poulsbo, Wash.

### NICHOLS BROTHERS BOAT BUILDERS

Nichols Brothers Boat Builders, who has been in the commercial boat building business for 65 years, is the industry leader in high-speed catamaran building. The company has also built dinner vessels, excursion vessels, period boats, paddlewheel steamer replicas, car ferries, tugboats, fireboats and fishing boats. In addition to constructing vessels, Nichols Brothers Boat Builders performs conversions, maintenance and repairs on vessels at its Whidbey Island, Wash., yard.

WUTC  
DOCKET NO. TS-040650  
EXHIBIT # 3  
ADMIT  *Ad*    W/D     REJECT





**WJTC**

DOCKET NO. 75-040650

EXHIBIT # 4

ADMIT  ARZ  W/D  REJECT

D.C.  
EMERGE  
ADMINISTRATION  
'02

**CAPTAIN'S NAUTICAL SUPPLIES**  
2509 - 15th Ave. West  
Seattle, WA 98119  
(206) 283-7242 (800) 448-2278

FEET	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
METERS	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17



United States of America  
Department of Homeland Security  
United States Coast Guard

Certification Date: 22 Feb 2002  
Expiration Date: 22 Feb 2007  
IMO Number:

# Certificate of Inspection

Vessel Name: **AQUA EXPRESS** Official Number: **693273** Call Sign: **WTS7740** Service: **Passenger (More Than 6)**

Halling Port: **SEATTLE WA** Hull Material: **Aluminum** Horsepower: **2990** Propulsion: **Diesel Reduction**

Place Built: **FREELAND, WA UNITED STATES** Delivery Date: **14Feb1986** Date Keel Laid: **14Aug1986** Gross Tons: **R-87 I-243** Net Tons: **R-59 I-100** DWT: Length: **R-86.5 I-86.5**

Owner: **AQUA EXPRESS LLC PIER 55, SUITE 201 SEATTLE, WA 98101-1991 UNITED STATES** Operator: **AQUA EXPRESS LLC PIER 55, SUITE 201 SEATTLE WA 98101-1991 UNITED STATES**

**This vessel must be manned with the following licensed and unlicensed personnel. Included in which there must be 0 certified lifeboatmen, 0 certified tankermen, 0 HSC type rating, and 0 GMDSS Operators.**

1 Master	Master & 1st Class pilot	Radio Officer(s)	Chief Engineer	QMED/Rating
Chief Mate	Mate & 1st Class Pilot	Able Seamen/ROANW	1st Asst. Engr/2nd Engr.	Officers
2nd Mate/OICNW	1 Lic. Mate/OICNW	Ordinary Seamen	2nd Asst. Engr/3rd Engr.	
3rd Mate/OICNW	1st Class Pilot	3 Deckhands	3rd Asst. Engr.	
			Lic. Engr.	

In addition, this vessel may carry 292 passengers, 1 other persons in crew, 0 persons in addition to crew, and no others. Total persons allowed: 298

Route Permitted and Conditions of Operation:

**---Lakes, Bays, and Sounds---**

PUGET SOUND AND THE CONNECTING TRIBUTARY WATERS THERETO THAT ARE EAST OF THE BOUNDARY LINE AS DEFINED IN 46 CFR 7.145.

WHEN ONE OF THE DECKHANDS HAS BEEN DESIGNATED BY LETTER AS A SENIOR DECKHAND AS PROVIDED IN NVIC 1-91, THE MATE NEED NOT BE CARRIED. THE NUMBER OF PASSENGERS MAY BE INCREASED TO 293.

WHEN THE VESSEL IS AWAY FROM A SHORESIDE DOCK, OR HAS PASSENGERS ABOARD, OR BOTH, FOR MORE THAN 12 HOURS IN ANY 24 HOUR PERIOD, AN ALTERNATE CREW SHALL BE PROVIDED. THE TOTAL PERSONS ALLOWED SHALL REMAIN AS INDICATED ABOVE.

\*\*\*SEE NEXT PAGE FOR ADDITIONAL CERTIFICATE INFORMATION\*\*\*

With this inspection for Certification having been completed at Seattle, WA, the Officer in Charge, Marine Inspection, Marine Safety Office Puget Sound certified the vessel, in all respects, is in conformity with the applicable vessel inspection laws and the rules and regulations prescribed thereunder.

Annual/Periodic/Quarterly Reinspections			
Date	Zone	A/P/Q	Signature
28Feb2003	SEAMS	A	Peterson, Kevi
10/14	SEAMS	A	<i>[Signature]</i>
-	-	-	-
-	-	-	-

This Amended certificate issued by:  
*[Signature]*  
JOHN E. VEENTJER, By direction of the  
Officer in Charge, Marine Inspection  
Marine Safety Office Puget Sound  
Inspection Zone

THE TOTAL

WUTC

DOCKET NO. **15-010650**

EXHIBIT # **5**

ADMIT  REJECT

W/P

ADM

INS

CHG No. 2146517



# Certificate of Inspection

Certification Date:  
22Feb2002

AQUA EXPRESS

Page 2 of 3

### ---Hull Exams---

Exam Type	Next Exam	Last Exam	Prior Exam
Drydock	29Jan2006	29Jan2004	28Feb2003
Internal structure	29Jan2006	29Jan2004	28Feb2003

### ---Inspection Status---

#### \*Pressure Vessels\*

Type	Location	Previous	Last	Next
Air Receiver	Port E/R	-	22Feb2002	22Feb2005
Air Receiver	STBD E/R	-	22Feb2002	22Feb2005

### ---Lifesaving Equipment---

	Number	Persons		Required
Total Equipment for	298		Life Preservers (Adult)	298
Lifeboats (Total)	0	0	Life Preservers (Child)	30
Lifeboats (Port) *	0	0	Ring Buoys (Total)	3
Lifeboats (Starbd) *	0	0	With Lights*	1
Motor Lifeboats*	0	0	With Line Attached*	1
Lifeboats W/Radio*	0	0	Other*	1
Rescue Boats/Platforms	0	0	Immersion Suits	0
Inflatable Rafts	8	200	Portable Lifeboat Radios	0
Life Floats/Buoyant App	0	0	Equipped with EPIRB?	No

(\* included in totals)

### ---Fire Fighting Equipment---

Number of Fireman Outfits/ 0                      Number of Fire Pumps/ 3

#### \*Hose information\*

Qty	Diameter	Length
2	1.5	50

#### \*Fixed Extinguishing Systems\*

Capacity	Agent	Space Protected
100	Carbon Dioxide	PORT ENGINEER ROOM
100	Carbon Dioxide	STBD ENGINEER ROOM

#### \*Fire Extinguishers - Hand portable and semi-portable\*

Qty	Class	Type
1	B-I	
6	B-II	

### ---Certificate Amendments---

#### \*Current Amendment\*

Port Amending/ MSO PUGET SOUND                      Date Amended/ 29Jan2004



# Certificate of Inspection

AQUA EXPRESS

Page 3 of 3

Certification Date:  
22Feb2002

-Remarks-

Completed credit hull and internal structural exam.

1. Port Amending/ SEAMS

Date Amended/ 14Feb2003

-Remarks-

Completed Hull Examination:

\*\*\*END\*\*\*

**SCHEDULE BEGINNING SEPTEMBER 13, 2004**

**DAILY SERVICE: 5 days/week – Monday to Friday (No service on weekend or official State and National Holidays)**

<b>VESSEL #1</b>	<b><u>TIME</u></b>	<b><u>DISTANCE</u></b>
Depart Kingston	5:30 a.m.	0.0 miles
Arrive Seattle	6:10 a.m.	15.8 miles
Depart Seattle	6:20 a.m.	0.0 miles
Arrive Kingston	7:00 a.m.	15.8 miles
Depart Kingston	7:10 a.m.	0.0 miles
Arrive Seattle	7:50 a.m.	15.8 miles
Depart Seattle	8:00 a.m.	0.0 miles
Arrive Kingston	8:40 a.m.	15.8 miles
Depart Kingston	8:50 a.m.	0.0 miles
Arrive Seattle	9:30 a.m.	15.8 miles
Depart Seattle	4:00 p.m.	0.0 miles
Arrive Kingston	4:40 p.m.	15.8 miles
Depart Kingston	4:50 p.m.	0.0 miles
Arrive Seattle	5:30 p.m.	15.8 miles
Depart Seattle	5:40 p.m.	0.0 miles
Arrive Kingston	6:20 p.m.	15.8 miles
Depart Kingston	6:30 p.m.	0.0 miles
Arrive Seattle	7:10 p.m.	15.8 miles
Depart Seattle	7:20 p.m.	0.0 miles
Arrive Kingston	8:00 p.m.	15.8 miles

<b>WUTC</b>		
DOCKET NO.	<u>TS-040650</u>	
EXHIBIT #	<u>6</u>	
ADMIT	W/D	REJECT
<input checked="" type="checkbox"/> <i>not</i>	<input type="checkbox"/>	<input type="checkbox"/>



**FARES BEGINNING SEPTEMBER 13, 2004**

**A. PASSENGER FARES:**

Seattle to Kingston		
	One Way	Round Trip
All Passengers	\$5.25	\$10.50 A
Infant (under 1 year of age)	Free	Free A
Frequent traveler – month pass	5% discount off All Passengers Fare	

**B. FREIGHT TARIFF:**

Seattle to Kingston		
Each piece:	58 pounds or less	\$15.00
Each piece:	Greater than 58 pounds	\$.25 per pound

1. All freight will be carried on a space-available basis only. All charges are from terminal to terminal.
2. All freight must be properly packaged.

**C. BICYCLE TARIFF:**

Seattle to Kingston		
	One Way	Round Trip
Each bicycle	\$3.00	\$6.00

<b>WUTC</b>		
DOCKET NO. <u>TS-040650</u>		
EXHIBIT # <u>7</u>		
ADMIT	W/D	REJECT
<input checked="" type="checkbox"/> <i>AdR</i>	<input type="checkbox"/>	<input type="checkbox"/>



Share the water. Share the wonder.

1101 Alaskan Way • Pier 55, Suite 201 • Seattle, WA • 98101 • 206-623-1445 • FAX 206-623-5474  
www.argosycruises.com

Aqua Express  
Pier 55, Suite 201  
Seattle, WA 98101

WUTC	DOCKET NO. TS-040656	REJECT
	EXHIBIT # 8	<input type="checkbox"/>
	ADMIT <input checked="" type="checkbox"/> W/D <input type="checkbox"/>	<input type="checkbox"/>
		<input checked="" type="checkbox"/> AGP <input type="checkbox"/>

**To Whom It May Concern:**

Argosy will charge Aqua Express \$200 per day for use of its dock facility on the north side of Pier 56. Aqua Express will need to coordinate its dock times with Argosy to insure that Aqua Express will not conflict with the MV Royal Argosy schedule. The Aqua Express vessel cannot use dock facility during the day when it is not operating or in the evening. The term of this agreement is October 1, 2004 through September 30, 2005. In the event of labor disruption or picketing, Argosy reserves the right to cancel this agreement.

Sincerely,

  
John Blackman  
General Partner

TS-040650

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION  
1300 South Evergreen Park Drive SW  
P. O. Box 47250  
Olympia, WA 98504-7250  
(360) 664-1222

WUTS	DOCKET NO. TS-040650	EXHIBIT # 9	REJECT <input type="checkbox"/>
			W/D <input type="checkbox"/>
			ADMIT <input checked="" type="checkbox"/>

**COMMERCIAL FERRY APPLICATION**

Application is made in accordance with RCW 81.84 for a Certificate of Public Convenience and Necessity to operate vessels in furnishing Passenger - Freight - Excursion - Ferry Service

**\$200.00 APPLICATION FEE MUST ACCOMPANY THIS APPLICATION**

Complete this application in its entirety, adding additional sheets if necessary.

FOR OFFICIAL USE ONLY		
RECEPTION NO. <u>0006450</u>	MAP <u>UP</u>	DATE REC'D <u>4/8/04</u>
AMOUNT \$ <u>200.00</u>	INSURANCE _____	APPLIC'N NO. <u>B-19273</u>
(111-0268-0216-02)	SAFETY INSP. CERT. _____	MOT CAR NO. <u>42564</u>
	TARIFF <input checked="" type="checkbox"/>	
	TIME SCHEDULE <input checked="" type="checkbox"/>	
	SHIPPER SUPPORT _____	

INDICATE TYPE OF APPLICATION: (Only one type per application)	INDICATE TYPE OF SERVICE APPLYING FOR:
<input checked="" type="checkbox"/> Original Certificate	<input checked="" type="checkbox"/> Certificated commercial ferry – including excursion service and/or launch service
<input type="checkbox"/> Extension of Authority	<input type="checkbox"/> Excursion service only
<input type="checkbox"/> Transfer all Authority	<input type="checkbox"/> Launch service only
<input type="checkbox"/> Transfer a Portion of Authority	
<input type="checkbox"/> Temporary Certificate	
<input type="checkbox"/> Lease of Certificate	
<input type="checkbox"/> Mortgage of Certificate	
<input type="checkbox"/> Acquisition of Control	

1. Name of applicant AQUA EXPRESS, LLC ( ) Individual  
( ) Partnership  
(x) Corporation

2. d/b/a \_\_\_\_\_ Unified Business Identifier (UBI) No. 602342798

3. Physical Address 1101 Alaskan Way, Suite 201  
(City, State, Zip) Seattle, Washington 98101

Mailing Address \_\_\_\_\_  
(City, State, Zip) \_\_\_\_\_

Telephone Number (206) 623-1445 Fax Number (206) 623-5474

Posted

4. List names and addresses of all persons having an interest in the business. If a CORPORATION, give names and addresses of two principal officers, noting their titles, and indicate in which state incorporated. If a PARTNERSHIP, attach a certified copy of the partnership agreement, which sets forth the responsibility of the interested individuals.

Applicant is a Limited Liability Corporation whose members are;  
Clipper Navigation, Inc. (25%); Nichols Boat Builders, Inc. (25%);  
Argosy, L.P. (25%); TMT Corp., d/b/a Four Seasons Marine Services, Corp. (25%);  
Managing Member: John Blackman, 1101 Alaskan Way, Suite 201, Seattle, WA 98101

5. List the territory in which you wish to operate:

Between Kingston and Seattle

**Waiver of ten-mile restriction:** Are you applying for territory which would require a waiver to provide service otherwise forbidden by the ten-mile restriction in RCW 47.60.120?

Yes  No

If yes, state fully the circumstances that justify Commission grant of such a waiver:

6. Attach a map which shows in detail the proposed routes, clearly showing beginning, ending, and intermediate points to be served. Also show the routes of other carriers giving similar service into the same or neighboring territory (if known to applicant). (See EXHIBIT A) *AD*

7. Will an attorney be representing you at the hearing?  Yes  No

If yes, give specific attorney's name David W. Wiley

Telephone Number (206) 628-6600 Address 601 Union Street, Suite 4100  
Seattle, WA 98101-2380

8. Attach a copy of the tariff you propose using. The tariff must contain proposed fares and rates to be assessed for service and the rules and regulations governing same. The tariff must comply with WAC 480-51-080 and the rules in the Commission's Tariff Circular No. 6 (WAC 480-149). (See EXHIBIT B) *W*
9. Attach a copy of the time schedule you propose using. The schedule must show routes, trips, times, points served, distances and available facilities. The time schedule must comply with WAC 480-51-090 of the Commission's Laws and Rules Relating to Commercial Ferry Service. (See EXHIBIT C) *W*
10. List vessels which are owned (unless otherwise stated) and will be used in the proposed service:

Name	Passenger Freight or Ferry Type	Power	Passenger Capacity	Freight Capacity	Owned, Leased, other?
Aqua Express	Passenger	Diesel	292	N/A	Leased from ACNT, LLC

11. List the docks which will be used in the proposed service. (List all facilities giving names, location, description, value if owned, and any other information of value showing the proposed service)

Piers 54-57 - Seattle

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12. Complete the following financial statement:

**FINANCIAL STATEMENT**

Cash on hand and in bank	\$ _____	Notes payable	\$ _____
Notes receivable	_____	Accounts payable	9,500
Accounts receivable	_____	Other liabilities:	_____
Stocks in other companies	_____		_____
Vessels (listed above)	_____		_____
Bonds	_____		_____
Docks (listed above)	_____		_____
Machinery, tools, etc.	_____		_____
Real estate (listed below)	_____		_____
Other assets (listed below)	8,000	Owner's equity	(3,500)
<b>Total</b>	<b>\$ 6,000</b>	<b>Total</b>	<b>\$ 6,000</b>

Professional Fees (estimated capitalized start-up costs)

A. List all Real Estate as to location and value (List here only such property as cannot be listed under item 10)

_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____

B. List total "Other Assets" mentioned above:

_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____
_____	\$	_____

13. List conditions that exist which would justify the granting of a Certificate of Public Convenience and Necessity:

With the end and/or reduction of the Washington State Ferry systems passenger only ferries, there is a need to provide commuters the opportunity for fast and economical service between Seattle and Kitsap County in a resource-saving and environmentally friendly alternative. Potential riders, employers and governmental entities support this new private enterprise transportation alternative as a feasible link in the 21st Century transportation system in the Puget Sound Region.

14. List names and addresses of all persons, firms, or corporations now furnishing similar service between any of the points or along any portion of the route proposed to be served:

None \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

15. State applicant's prior experience, if any, in providing commercial ferry service:

Applicants principals/joint ventures partners have decades of experience in the maritime industry, either as passenger-only commercial ferry or other vessel operators, water tour providers, boat builders and/or waterborne vacation/tour companies.  
\_\_\_\_\_  
\_\_\_\_\_

16. All applicants must attach separate sheets containing the following information: (See EXHIBIT D)
- a. Pro forma financial statement of operations (projections of incomes and expenses for first year operations). *W*
  - b. Ridership and revenue forecasts. *W*
  - c. The cost of service for the proposed operation. *W*
  - d. An estimate of the cost of the assets to be used in providing service.

17. If certificate is granted, carrier will begin operations within 120 days of that grant.

**18. If this is a transfer application, you must:**

- Complete attachment A.
- If this application is for transfer of a portion of certificated authority, attach document clearly showing authority to be transferred and a document clearly showing the authority to be retained.

**If this is an application for a temporary certificate you must:**

- Attach proof of insurance
- Attach statements from potential customers showing immediate and urgent need for service.
- Attach proof that all vessels to be operated under the temporary are inspected and found to be safe and seaworthy.

**If this is a transfer through acquisition of control of the stock, you must:**

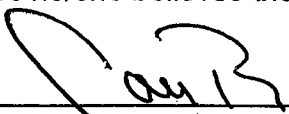
- Attach copy of the corporate minutes authorizing such transfer.

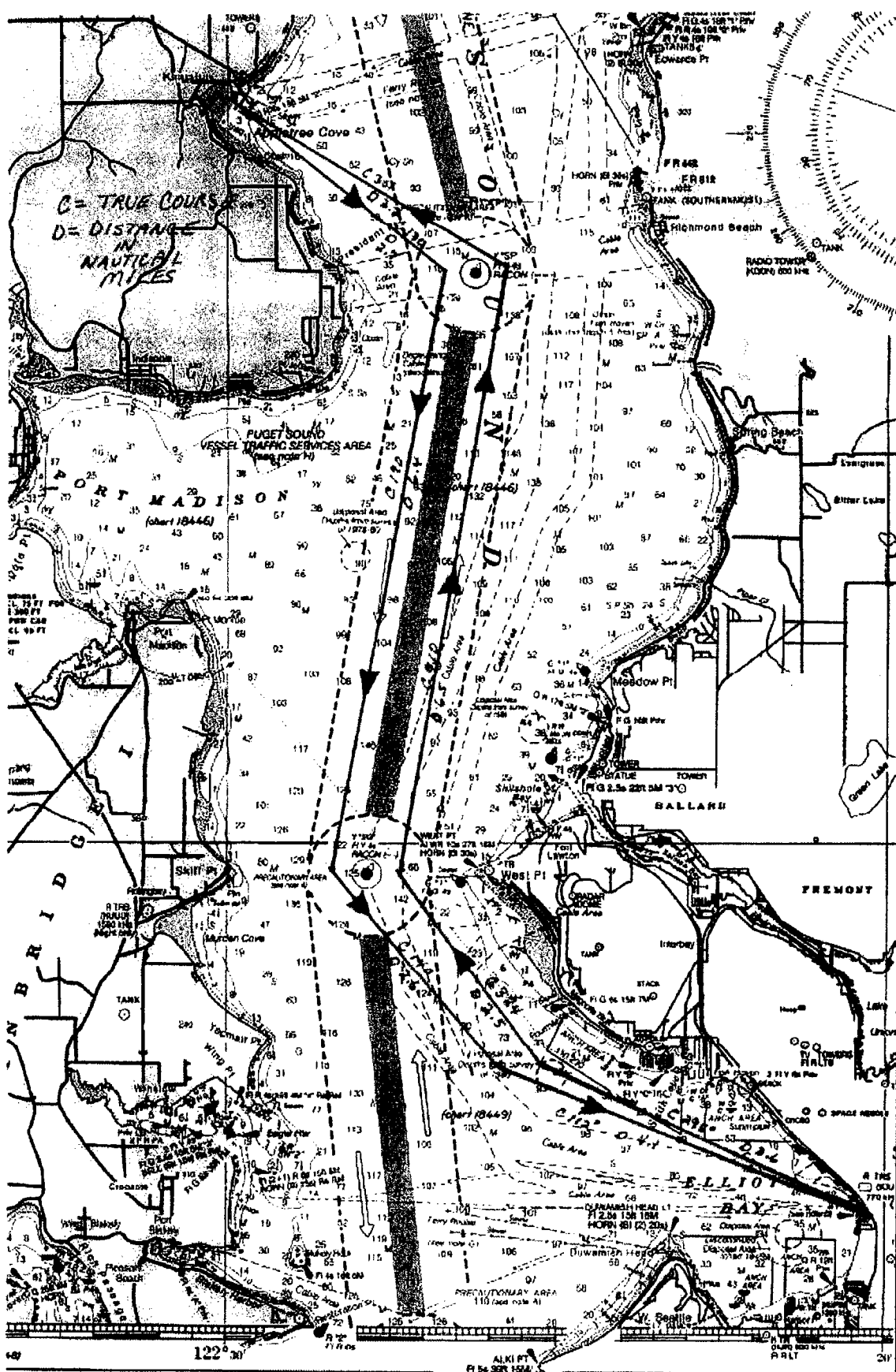


The applicant certifies he/she is familiar with the provisions of Chapter 81.84 RCW and Chapter 480-51 WAC, Laws and Rules of the Washington Utilities and Transportation Commission, governing the operation of vessels and ferries upon the waters of the state of Washington. Applicant further certifies that vessels operated under Certificates of Public Convenience and Necessity are in no way released from the necessity of observing all Federal and State laws providing for the registration of vessels, the observance of navigation and maritime rules and regulations, and other matters subject to Federal or State enactments.

Applicant affirms that its operations shall be at all times within the provisions of such acts, and requests the Washington Utilities and Transportation Commission to make its order granting a Certificate of Public Convenience and Necessity as provided in Chapter 81.84 RCW and Chapter 480-51 WAC.

The applicant swears or affirms that he/she has read the foregoing application and knows the contents, that the same is true of his/her own knowledge, except as to matters which are therein stated on information or belief, and as to those matters he/she believes them to be true.

  
 \_\_\_\_\_  
 John Blackman  
 \_\_\_\_\_  
 9-7-04  
 Date



O.C.  
IMERCE  
ADMINISTRATION  
CE

**CAPTAIN'S NAUTICAL SUPPLIES**  
2500 - 15th Ave. West  
Seattle WA 98119  
(206) 293-7242 (800) 448-2278

FATHOMS	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
FEET	6'	12'	18'	24'	30'	36'	42'	48'	54'	60'	66'	72'	78'	84'	90'	96'	102'
METERS	0.6	1.2	1.8	2.4	3.0	3.6	4.2	4.8	5.4	6.0	6.6	7.2	7.8	8.4	9.0	9.6	10.2

EXHIBIT A



TARIFF AND SCHEDULE  
Of  
Aqua Express, L.L.C.  
Furnishing  
Passenger-Only and Freight Ferry Service  
Between  
Seattle, WA and Kingston, WA

**FARES BEGINNING SEPTEMBER 13 , 2004**

**A. PASSENGER FARES:**

<b>Seattle to Kingston</b>		
	<b>One Way</b>	<b>Round Trip</b>
All Passengers	\$5.25	\$10.50 A
Infant (under 1 year of age)	Free	Free A
Frequent traveler – month pass	5% discount off All Passengers Fare	

**B. FREIGHT TARIFF:**

<b>Seattle to Kingston</b>		
Each piece:	58 pounds or less	\$15.00
Each piece:	Greater than 58 pounds	\$.25 per pound

1. All freight will be carried on a space-available basis only. All charges are from terminal to terminal.
2. All freight must be properly packaged.

**C. BICYCLE TARIFF:**

<b>Seattle to Kingston</b>		
	<b>One Way</b>	<b>Round Trip</b>
Each bicycle	\$3.00	\$6.00

**SCHEDULE BEGINNING SEPTEMBER 13, 2004**

DAILY SERVICE: 5 days/week – Monday to Friday (No service on weekend or official State and National Holidays)

<b>VESSEL #1</b>	<b><u>TIME</u></b>	<b><u>DISTANCE</u></b>
Depart Kingston	5:30 a.m.	0.0 miles
Arrive Seattle	6:10 a.m.	15.8 miles
Depart Seattle	6:20 a.m.	0.0 miles
Arrive Kingston	7:00 a.m.	15.8 miles
Depart Kingston	7:10 a.m.	0.0 miles
Arrive Seattle	7:50 a.m.	15.8 miles
Depart Seattle	8:00 a.m.	0.0 miles
Arrive Kingston	8:40 a.m.	15.8 miles
Depart Kingston	8:50 a.m.	0.0 miles
Arrive Seattle	9:30 a.m.	15.8 miles
Depart Seattle	4:00 p.m.	0.0 miles
Arrive Kingston	4:40 p.m.	15.8 miles
Depart Kingston	4:50 p.m.	0.0 miles
Arrive Seattle	5:30 p.m.	15.8 miles
Depart Seattle	5:40 p.m.	0.0 miles
Arrive Kingston	6:20 p.m.	15.8 miles
Depart Kingston	6:30 p.m.	0.0 miles
Arrive Seattle	7:10 p.m.	15.8 miles
Depart Seattle	7:20 p.m.	0.0 miles
Arrive Kingston	8:00 p.m.	15.8 miles

# AQUA EXPRESS L.L.C.

Pro forma Income Statement  
2004 dollars

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>REVENUE</b>					
Vessel Fare Revenue	1,403,082	1,447,010	1,589,442	1,674,582	1,964,082
Concessions Revenue (net of tax)	240,993	273,045	309,782	379,482	430,984
Other revenue	-	-	-	-	-
Gross revenue	1,644,075	1,720,055	1,899,224	2,054,065	2,395,066
Less: Commissions & refunds	44,178	45,752	58,123	61,649	81,836
Net revenue	1,599,896	1,674,303	1,841,100	1,992,415	2,313,229
<b>VESSEL EXPENSES</b>					
Crew payroll, taxes & benefits	267,120	270,480	273,840	277,200	280,560
Cost of concessions sold	144,596	163,827	185,869	227,689	258,590
Fuel	198,000	205,920	213,840	221,760	229,680
Insurance - Hull and machinery	18,720	20,520	21,600	22,680	23,400
Moorage	108,000	120,000	132,000	144,000	156,000
Repairs & maintenance	144,000	172,800	201,600	230,400	259,200
Other vessel costs (Drug test, training, etc.)	5,600	5,740	5,884	6,031	6,181
Total cost of goods sold	886,036	959,287	1,034,632	1,129,760	1,213,612
Gross profit	713,861	715,016	806,468	862,655	1,099,618
<b>SELLING, GENERAL &amp; ADMIN.</b>					
Payroll, taxes & benefits	195,000	199,000	203,000	207,000	211,000
Advertising, brochures & promotions	82,204	51,602	47,481	47,243	47,901
Insurance - Liability	56,880	56,520	57,600	60,120	66,600
Office supplies & expense	11,000	5,000	5,125	5,253	5,384
Professional fees	34,500	10,000	10,000	10,000	10,000
Taxes - property & other	34,814	36,247	39,460	42,374	48,553
Telephone	4,800	4,920	5,043	5,169	5,298
Office Rent	18,000	18,450	18,911	19,384	19,869
Travel	5,250	1,881	1,928	1,976	2,026
Utilities	4,800	4,920	5,043	5,169	5,298
Miscellaneous	6,000	6,150	6,304	6,461	6,623
Total SG & A Expenses	453,248	394,690	399,894	410,151	428,553
Operating Income	260,613	320,326	406,573	452,505	671,065
<b>OTHER EXPENSES (INCOME)</b>					
Charter & rents, net + tax	410,481	410,481	410,481	410,481	410,481
Depreciation	-	-	-	-	-
Net Income	(149,868)	(90,154)	(3,907)	42,024	260,585

**AQUA EXPRESS L.L.C.**  
Ridership and Revenue Forecast

**REVENUE**

	Year 1												Total
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1
<b>Vessel Fare Revenue</b>													
Per leg maximum passenger	250	250	250	250	250	250	250	250	250	250	250	250	250
Number of legs per day	12	12	12	12	12	12	12	12	12	12	12	12	12
Maximum passengers per day	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Load Percentage per day	44%	39%	37%	36%	35%	35%	35%	35%	35%	35%	35%	36%	36%
Riding passengers per day	1,320	1,170	1,110	1,080	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,080	1,093
Percentage infants riding free	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Riding infants per day	-	-	-	-	-	-	-	-	-	-	-	-	-
Paying passengers per day	1,320	1,170	1,110	1,080	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,080	1,093
Operating days per month	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Paying passengers per month	26,400	23,400	22,200	21,600	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,600	21,850
Fare per paying passenger per leg	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25
Months per year													12
<b>Total passenger fare revenue</b>	\$ 138,600	\$ 122,850	\$ 116,550	\$ 113,400	\$ 110,250	\$ 110,250	\$ 110,250	\$ 110,250	\$ 110,250	\$ 110,250	\$ 110,250	\$ 113,400	\$ 1,376,550
Bicycle Fare Revenue	\$ 1,584	\$ 1,404	\$ 1,332	\$ 1,296	\$ 1,260	\$ 1,260	\$ 1,260	\$ 1,260	\$ 1,260	\$ 1,260	\$ 1,260	\$ 1,296	\$ 15,732
Cargo Fare Revenue	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 10,800
<b>Total Fare Revenue</b>	\$ 141,084	\$ 125,154	\$ 118,782	\$ 115,596	\$ 112,410	\$ 112,410	\$ 112,410	\$ 112,410	\$ 112,410	\$ 112,410	\$ 112,410	\$ 115,596	\$ 1,403,082
<b>Concessions Revenue</b>													
Food and Beverages (net of tax)	\$ 24,265	\$ 21,507	\$ 20,404	\$ 19,853	\$ 19,301	\$ 19,301	\$ 19,301	\$ 19,301	\$ 19,301	\$ 19,301	\$ 19,301	\$ 19,853	\$ 240,993
Cost of Food and Beverages	\$ 14,559	\$ 12,904	\$ 12,243	\$ 11,912	\$ 11,581	\$ 11,581	\$ 11,581	\$ 11,581	\$ 11,581	\$ 11,581	\$ 11,581	\$ 11,912	\$ 144,596
Net Concession Revenue	\$ 9,706	\$ 8,603	\$ 8,162	\$ 7,941	\$ 7,721	\$ 7,721	\$ 7,721	\$ 7,721	\$ 7,721	\$ 7,721	\$ 7,721	\$ 7,941	\$ 96,397
<b>Commission and Refunds Expense</b>													
Commission Expense	\$ 2,804	\$ 2,485	\$ 2,358	\$ 2,294	\$ 2,230	\$ 2,230	\$ 2,230	\$ 2,230	\$ 2,230	\$ 2,230	\$ 2,230	\$ 2,294	\$ 27,846
Refunds	\$ 1,644	\$ 1,458	\$ 1,383	\$ 1,345	\$ 1,308	\$ 1,308	\$ 1,308	\$ 1,308	\$ 1,308	\$ 1,308	\$ 1,308	\$ 1,345	\$ 16,333
Total Commission and Refund expense	\$ 4,448	\$ 3,943	\$ 3,741	\$ 3,639	\$ 3,538	\$ 3,538	\$ 3,538	\$ 3,538	\$ 3,538	\$ 3,538	\$ 3,538	\$ 3,639	\$ 44,178
<b>Other Revenue</b>													
Rack cards	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total other revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUE</b>	\$ 160,001	\$ 141,819	\$ 134,546	\$ 130,910	\$ 127,273	\$ 127,273	\$ 127,273	\$ 127,273	\$ 127,273	\$ 127,273	\$ 127,273	\$ 130,910	\$ 1,589,096

RESOLUTION AGREEING TO THE SUBMISSION OF A WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION PASSENGER-ONLY FERRY SERVICE APPLICATION BY A PRIVATE OPERATOR FOR THE KINGSTON ROUTE

**RESOLUTION 04-22**

WHEREAS, the Kitsap Transit Board of Commissioners previously adopted Resolution 04-15 approving Kitsap Transit's Passenger-Only Ferry Plan B ("Plan B"), and;

WHEREAS, three private passenger-only ferry operators (the "Interested Operators") have expressed interest in initiating cross-sound passenger-only ferry service ("POF Service"), and;

WHEREAS, AQUA EXPRESS, LLC has expressed interest in establishing POF Service over the following route pursuant to Plan B: **between Kingston and Seattle**, and;

WHEREAS, the first step in the development and initiation of privately operated POF Service pursuant to Plan B is the procurement, by individual operators, of certificates of public convenience and necessity ("Certificates") from the Washington State Utilities and Transportation Commission (the "UTC"), and;

WHEREAS, RCW 81.84.020(5) precludes the UTC from considering a Certificate application prior to March 1, 2005 for POF Service serving Kitsap County unless, by resolution, Kitsap Transit "agrees to the application", and;

WHEREAS, Kitsap Transit's agreement to the application pursuant to RCW 81.84.020(5) (the "Application Agreement") is different than the agreement referred to in RCW 36.57A.100, and;

WHEREAS, RCW 36.57A.100 prohibits any person or private corporation from initiating POF Service serving Kitsap County in the absence of an agreement with Kitsap Transit as provided for in that section (hereafter referred to as a "POF Service Agreement"), and;

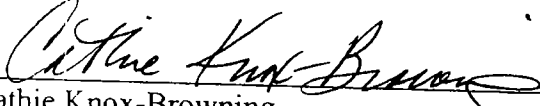
WHEREAS, pursuant to Plan B, Kitsap Transit has concluded the preparation of a POF Service Agreement that AQUA EXPRESS, LLC has agreed to execute should it procure a Certificate for POF Service;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Kitsap Transit as follows: Kitsap Transit agrees pursuant to RCW 81.84.020(5) to the application of AQUA EXPRESS, LLC to the UTC for the certificate authority listed above.

ADOPTED by the Board of Commissioners of Kitsap Transit at a regular meeting thereof, held on the 6<sup>th</sup> day of April, 2004.

  
\_\_\_\_\_  
Patty Lent, Chair

ATTEST:

  
\_\_\_\_\_  
Cathie Knox-Browning  
Clerk of the Board

## 2004 Kingston/Seattle Commuter Ferry Surveys

Question	# of Responses	
<b>1. How many days per week do you commute on the ferry?</b>		<b>165/178 Responses</b>
a.) 1	46	28%
b.) 2 to 3	30	18%
c.) 4 to 5	75	45%
d.) Over 5	14	8%
<b>2. Are you a foot passenger or driver on the ferry?</b>		<b>173/178 Responses</b>
a.) Drive On	45	26%
b.) Foot Passenger	84	49%
c.) Both	44	25%
<b>3. If foot passenger, how do you get to the ferry dock?</b>		<b>138/178 Responses</b>
a.) Bus	32	23%
b.) D & P Car Pool	15	11%
c.) D & P Single	59	43%
d.) Dropped Off	13	9%
e.) Walk	19	14%
<b>4. If foot passenger where do you park?</b>		<b>135/178 Responses</b>
<b>In Kingston</b>		
a.) Ferry Terminal	9	7%
b.) Take Bus	10	7%
c.) Paid Parking Lot	40	30%
d.) Park and Ride	16	12%
e.) Home	8	6%
<b>In Seattle</b>		
a.) Ferry Terminal	3	2%
b.) Take Bus	15	11%
c.) Paid Parking Lot	33	24%
d.) Park and Ride	2	1%
<b>5. How much do you pay at the paid parking lot</b>		<b>51/178 Responses</b>
<b>Kingston</b>		
\$4.00 to \$5.00 per day	15	29%
\$8.00 per day	2	4%
<b>Diamond</b>		
\$80.00 to \$95.00 per month	3	6%
<b>Edmonds</b>		
\$25.00 to \$35.00 per month	3	6%
<b>Seattle</b>		
\$10.00 per day	4	8%
<b>Bainbridge</b>		
\$7.00 to \$8.00 per day	20	39%
<b>Ferry Terminal</b>		
\$80.00 to \$90.00 per month	4	8%
<b>6. How many passengers in vehicle when driving to the ferry?</b>		<b>82/178 Responses</b>
a.) 2	70	85%
b.) 3	8	10%
c.) 4	0	0%
d.) 5	3	4%
e.) 5+	1	1%

**WUTC**

DOCKET NO. TS-040650

EXHIBIT # 10

ADMIT   
  W/D   
  REJECT

*Adm*



**Question****# of Responses****7. What is your final destination?****175/178 Responses**

a.) Downtown Seattle	135	77%
b.) Bellevue/Eastside	10	6%
c.) South Seattle	10	6%
d.) North Seattle	20	11%

**8. Do you need to connect to public transportation in Seattle?****171/178 Responses**

a.) Yes	63	37%
b.) No	108	63%

**9. How far do you drive to the ferry?****163/178 Responses**

a.) Less than 5 miles	65	40%
b.) 5 to 10 miles	40	25%
c.) 10 to 15 miles	25	15%
d.) More than 15 miles	33	20%

**10. How much will you pay for Kingston/Seattle passenger ferry service?****169/178 Responses**

a.) \$ 8.00 to \$ 9.00	78	46%
b.) \$10.00 to \$11.00	71	42%
c.) \$12.00 to \$15.00	20	12%

**11. Preferred departure times?  
from Kingston****(Many multiple responses)**

5:30 AM	13	7%
6:00 AM	38	21%
6:30 AM	50	28%
7:00 AM	49	28%
7:30 AM	35	20%
8:00 AM	64	36%
<b>from Seattle</b>		
3:30 PM	18	10%
4:00 PM	25	14%
4:30 PM	49	28%
5:00 PM	50	28%
5:30 PM	58	33%
6:00 PM	56	31%

**12. Acceptable transit time between Seattle and Kingston?****163/178 Responses**

30 minutes	30	18%
40 minutes	85	52%
50 minutes	13	8%
Anything < 60 minutes	35	21%

**13. Would you regularly use this service?****171/178 Responses**

a.) Yes	154	90%
b.) No	17	10%

**14. What changes to become walk on passenger?****110/178 Responses**

a.) Affordable Parking at Kingston Ferry	44	40%
b.) Available Parking at Kingston Ferry	27	25%
c.) Kingston Bus Schedule or Route Improvement	22	20%
d.) Seattle Bus Schedule or Route Improvement	17	15%

**15. Consider becoming foot passenger if fares and schedules were suitable?****107/178 Responses**

a.) Yes	98	92%
b.) No	9	8%

## 2000 Kingston/Seattle Commuter Ferry Surveys

Question	# of Responses	
<b>1. Are you a current ferry commuter?</b>		<b>366 Responses</b>
a.) Yes	323	88%
b.) No	43	12%
<b>2. If yes, how?</b>		<b>373 Responses</b>
a.) Foot Pasengern	234	63%
b.) Bus	51	14%
c.) Carpool	21	6%
d.) Other	67	18%
<b>3. Where do you park in Kingston?</b>		<b>303 Responses</b>
a.) Terminal	76	25%
b.) Take the Bus	80	26%
c.) Pay Lot	85	28%
d.) Other	62	20%
<b>4. Where to you park in Seattle?</b>		<b>123 Responses</b>
a.) Terminal	11	9%
b.) Take the Bus	55	45%
c.) Pay Lot	39	32%
d.) Other	18	15%
<b>5. Where is your final destination?</b>		<b>361 Responses</b>
a.) Downtown	293	81%
b.) Bellevue/Eastside	15	4%
c.) South Seattle	12	3%
d.) North Seattle	41	11%
<b>6. How far do you drive to the ferry?</b>		<b>343 Responses</b>
a.) Less than 5 miles	140	41%
b.) 5 to 10 miles	85	25%
c.) 10 to 15 miles	58	17%
d.) More than 15 miles	60	17%
<b>7. How much would you pay for passenger-only ferry service?</b>		<b>291 Responses</b>
a.) \$8.00 to \$10.00	196	67%
b.) \$10.00 to \$12.00	70	24%
c.) \$12.00 to \$15.00	18	6%
d.) Other		2%

**WUTC**

DOCKET NO. TS-040650

EXHIBIT # 11

ADMIT    
  W/D    
  REJECT

Ad2    
     

0604-17 / 6/21/2004

<b>Question</b>	<b># of Responses</b>	
<b>8. Preferred departure times - Kingston</b>		<b>521 Responses</b>
a.) 5:30 a.m.	36	7%
b.) 6:00 a.m.	83	16%
c.) 6:30 a.m.	100	19%
d.) 7:00 a.m.	163	31%
e.) 7:30 a.m.	82	16%
f.) 8:00 a.m.	57	11%
<b>9. Preferred departure times - Seattle</b>		<b>492 Responses</b>
a.) 3:30 p.m.	29	6%
b.) 4:00 p.m.	66	13%
c.) 4:30 p.m.	79	16%
d.) 5:00 p.m.	108	22%
e.) 5:30 p.m.	121	25%
f.) 6:00 p.m.	89	18%
<b>10. Acceptable transit time?</b>		<b>368 Responses</b>
a.) 30 minutes	139	38%
b.) 40 minutes	164	45%
c.) 50 minutes	39	11%
d.) 60 minutes or longer	26	7%
<b>11. Would you use the service regularly?</b>		<b>341 Responses</b>
a.) Yes	323	95%
b.) No	18	5%

**WUTC**

DOCKET NO. TS-640650

EXHIBIT # 15

ADMIT

*Ad*

W/D

REJECT

AQUA EXPRESS, LLC  
Interim Balance Sheet  
6/15/2004

**Assets**

Cash	181,900
Accounts Receivable	47,500
Inventory - Aqua Express Parts	93,600
Vessel - Aqua Express	922,000
Organizational Costs	50,000

Total Assets 1,295,000

**Liabilities**

Accounts Payable	35,000
Foundation Bank L-T	500,000

**Owners Equity**

Partners	760,000
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Total Liabilities & Owners Equity 1,295,000

**AQUA EXPRESS LLC**  
**Kingston / Seattle Ferry Division**  
 Pro forma Income Statement  
 2004 dollars

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>REVENUE</b>					
Full Fare Revenue	926,831	835,189	922,383	1,008,473	1,077,264
Discount Fare Revenue	446,699	699,845	768,239	841,722	883,809
Other revenue	-	-	-	-	-
Gross revenue	1,373,530	1,535,034	1,690,622	1,850,196	1,961,073
Less: Commissions & refunds	20,801	23,794	26,168	28,535	30,635
Net revenue	1,352,729	1,511,239	1,664,454	1,821,660	1,930,438

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>VESSEL EXPENSES</b>					
Crew payroll, taxes & benefits	283,147	286,709	290,270	293,832	297,394
Fuel	251,856	268,646	285,437	302,227	319,018
Insurance - Hull and machinery	18,720	20,520	21,600	22,680	23,400
Moorage	114,480	127,200	127,200	127,200	127,200
Repairs & maintenance	152,640	167,904	175,536	190,800	206,064
Other vessel costs (Drug test, training, etc.)	5,600	5,740	5,884	6,031	6,181
Total cost of goods sold	826,443	876,719	905,927	942,770	979,257
Gross profit	526,286	634,520	758,527	878,891	951,182

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>SELLING, GENERAL &amp; ADMIN.</b>					
Payroll, taxes & benefits	181,000	185,000	189,500	166,500	171,500
Advertising, brochures & promotions	68,676	46,051	42,266	42,554	39,221
Insurance - Liability	56,880	56,520	57,600	60,120	66,600
Office supplies & expense	11,000	5,000	5,125	5,253	5,384
Professional fees	34,500	10,000	10,000	10,000	10,000
Taxes - property & other	30,054	33,106	36,057	39,085	41,180
Telephone	4,800	4,920	5,043	5,169	5,298
Office Rent	12,000	12,300	12,608	12,923	13,246
Travel	5,250	1,881	1,928	1,976	2,026
Utilities	4,800	4,920	5,043	5,169	5,298
Miscellaneous	6,000	6,150	6,304	6,461	6,623
Total SG & A Expenses	414,960	365,849	371,473	355,211	366,377
Operating Income	111,326	268,671	387,054	523,679	584,804

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>OTHER EXPENSES (INCOME)</b>					
Charter & rents, net + tax	360,000	360,000	360,000	360,000	360,000
Depreciation	(248,674)	(91,329)	27,054	163,679	224,804
Net Income including concessions					

**WUTC**  
 DOCKET NO. TS-040650  
 EXHIBIT # 16  
 ADMIT  ACP      W/D       REJECT



**AQUA EXPRESS L.L.C.**  
**Kingston / Seattle Ferry Division**  
 Ridership and Revenue Forecast

	Year 1												Total
TOTAL REVENUE	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1
	\$ 135,645	\$ 117,598	\$ 109,866	\$ 104,212	\$ 98,759	\$ 93,305	\$ 87,851	\$ 82,398	\$ 76,944	\$ 76,944	\$ 76,944	\$ 76,944	\$ 1,133,655

**Received**

JUN 09 2004

**WILLIAMS KASTNER & GIBBS**  
**SEATTLE**

**AQUA EXPRESS L.L.C.**  
**Kingston / Seattle Ferry Division**  
 Ridership and Revenue Forecast

**REVENUE**

Year	Year	Year	Year
2	3	4	5

<b>Vessel Fare Revenue</b>	250	250	250	250
Per leg maximum passenger	10	10	10	10
Maximum passengers per day	2,500	2,500	2,500	2,500

Load Percentage per day	42%	44%	46%	49%
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Riding passengers per day	1,053	1,106	1,161	1,219
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Percentage infants riding free	0%	0%	0%	0%
Riding infants per day	-	-	-	-

Paying passengers per day	1,053	1,106	1,161	1,219
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Operating days per month	21.20	21.20	21.20	21.20
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Paying passengers per month	22,324	23,440	24,612	25,842
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Percentage of Pax with discount	50%	50%	50%	50%
Pax with discount	11,162	11,720	12,306	12,921
Pax - Full Fare	11,162	11,720	12,306	12,921

Discount Fare per paying passenger per leg	\$ 5.23	\$ 5.46	\$ 5.70	\$ 5.70
Full Fare per paying passenger per leg	\$ 5.50	\$ 5.75	\$ 6.00	\$ 6.00

Months per year	12	12	12	12
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Discount fare passenger fare revenue	\$ 699,845	\$ 788,239	\$ 841,722	\$ 883,809
Full fare passenger fare revenue	\$ 736,679	\$ 808,672	\$ 886,024	\$ 930,325

Bicycle Fare Revenue	\$ 87,062	\$ 98,447	\$ 103,369	\$ 124,043
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Cargo Fare Revenue	\$ 11,448	\$ 15,264	\$ 19,080	\$ 22,896
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<b>Total Fare Revenue</b>	<b>835,199</b>	<b>922,383</b>	<b>1,008,473</b>	<b>1,077,264</b>
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<b>Concessions Revenue</b>	\$ 320,081	\$ 349,011	\$ 380,035	\$ 427,539
Food and Beverages (net of tax)	\$ 192,049	\$ 209,407	\$ 228,021	\$ 256,523
Cost of Food and Beverages	128,032	139,805	152,014	171,016

<b>Commission and Refunds Expense</b>	\$ 12,366	\$ 13,607	\$ 14,841	\$ 15,816
Commission Expense	\$ 11,438	\$ 12,561	\$ 13,694	\$ 14,819
Refunds	\$ 23,794	\$ 26,168	\$ 28,535	\$ 30,635
<b>Total Commission and Refund expense</b>				

**Other Revenue**  
 Rack cards

<b>Total other revenue</b>	\$ -	\$ -	\$ -	\$ -
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<b>WUTC</b>		
DOCKET NO.	TS-040650	
EXHIBIT #	18	
ADMIT	W/D	REJECT
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



**AQUA EXPRESS L.L.C.**  
**Kingston / Seattle Ferry Division**  
**Ridership and Revenue Forecast**

TOTAL REVENUE	Year 2	Year 3	Year 4	Year 5
	\$ 1,120,028	\$ 1,229,863	\$ 1,340,883	\$ 1,451,273

WUTC

DOCKET NO. TS-040650

EXHIBIT # 19

ADMIT  W/D  REJECT

*AdR*

**AQUA EXPRESS LLC**

Pro forma Income Statement - Year 1  
2004 dollars

	Kingston/ Seattle	Conces- sions	Leasing	Elimin- ations	Total
<b><u>REVENUE</u></b>					
Full Fare Revenue	926,831				926,831
Discount Fare Revenue	446,699				446,699
Concessions Revenue (net of tax)		237,000			237,000
Other revenue			610,000	(360,000)	250,000
Gross revenue	1,373,530	237,000	610,000	(360,000)	1,860,530
Less: Commissions & refunds	20,801				20,801
Net revenue	1,352,729	237,000	610,000	(360,000)	1,839,729
<b><u>VESSEL EXPENSES</u></b>					
Crew payroll, taxes & benefits	283,147		15,700		298,847
Cost of concessions sold		142,000			142,000
Fuel	251,856		26,400		278,256
Insurance - Hull and machinery	18,720		4,200		22,920
Moorage	114,480				114,480
Repairs & maintenance	152,640		12,000		164,640
Other vessel costs (Drug test, training, etc.)	5,600				5,600
Total cost of goods sold	826,443	142,000	58,300	-	1,026,743
Gross profit	526,286	95,000	551,700	(360,000)	812,986
<b><u>SELLING, GENERAL &amp; ADMIN.</u></b>					
Payroll, taxes & benefits	181,000	10,000	10,000		201,000
Advertising, brochures & promotions	68,676		5,000		73,676
Insurance - Liability	56,880				56,880
Office supplies & expense	11,000		1,000		12,000
Professional fees	34,500				34,500
Taxes - property & other	30,054				30,054
Telephone	4,800				4,800
Office Rent	12,000				12,000
Travel	5,250				5,250
Utilities	4,800				4,800
Miscellaneous	6,000				6,000
Total SG & A Expenses	414,960	10,000	16,000	-	440,960
Operating Income	111,326	85,000	535,700	(360,000)	372,026
<b><u>OTHER EXPENSES (INCOME)</u></b>					
Charter & rents, net + tax	360,000			(360,000)	-
Interest Expense			25,000		25,000
Depreciation	-	500	95,500		96,000
Net Income	(248,674)	84,500	415,200	-	251,026

**AQUA EXPRESS L.L.C.**  
**KINGSTON / SEATTLE FERRY DIVISION**  
 Break-Even Cash Flow Analysis

**WUTC**

**DOCKET NO.** TS-040650

**EXHIBIT #** 20

**ADMIT**  *Ad2*    **W/D**     **REJECT**

	<u>Fares Only</u>	<u>Fares &amp; Cash on hand</u>	<u>Fares &amp; Cash to 9/1</u>	<u>Fares, Cash &amp; Leasing</u>	<u>Ridership Projection</u>
Total Cost of Goods Sold	\$ 826,443	826,443	826,443	826,443	
Total SG & A Expenses	414,960	414,960	414,960	414,960	
Total Year 1 Operating (Cash) Costs	<u>1,241,403</u>	<u>1,241,403</u>	<u>1,241,403</u>	<u>1,241,403</u>	
Less:					
Cash on hand as of 6/15/04		181,900	181,900	181,900	
Charter payments due thru 9/1/04			90,000	90,000	
20 days of leasing during 1st year				27,900	
<b>Net Cash From Fares Required in Year 1</b>	<u><b>\$ 1,241,403</b></u>	<u><b>1,059,503</b></u>	<u><b>969,503</b></u>	<u><b>941,603</b></u>	
<b>Average Fare Per Passenger</b>	<b>\$ 5.125</b>	<b>5.125</b>	<b>5.125</b>	<b>5.125</b>	
<b>Required Annual Passengers</b>	<u><b>242,225</b></u>	<u><b>206,732</b></u>	<u><b>189,171</b></u>	<u><b>183,727</b></u>	<u><b>257,580</b></u>
<b>Average passengers per leg</b>	<u><b>95</b></u>	<u><b>81</b></u>	<u><b>74</b></u>	<u><b>72</b></u>	<u><b>101</b></u>
<b>Load factor</b>	<u><b>38%</b></u>	<u><b>33%</b></u>	<u><b>30%</b></u>	<u><b>29%</b></u>	<u><b>41%</b></u>
<b>Load factor, commuter legs (assuming 0% load factor on return legs)</b>	<u><b>63%</b></u>	<u><b>54%</b></u>	<u><b>50%</b></u>	<u><b>48%</b></u>	<u><b>68%</b></u>

OPERATING AGREEMENT  
of  
AQUA EXPRESS, LLC

WUTC		
DOCKET NO.	TS-040650	
EXHIBIT #	21	
ADMIT	W/D	REJECT
<input checked="" type="checkbox"/> AOR	<input type="checkbox"/>	<input type="checkbox"/>

THIS OPERATING AGREEMENT ("Agreement") is dated as of June 1, 2004 and entered into by and among the undersigned.

ARTICLE I  
GENERAL PROVISIONS

1.1 **Name.** AQUA EXPRESS, LLC ("Company") was formed when the certificate of formation was filed with the Secretary of State in accordance with and pursuant to law.

1.2 **Principal Place of Business.** The principal place of business of the Company shall be located at 1101 Alaskan Way Ste 201, Seattle, Washington 98101, and at such other or additional places as the Members may from time to time determine.

1.3 **Purpose.** The purpose of the Company is to own and charter passenger vessels and engage in any other business allowed under the law.

1.4 **Property.** The property of the Company shall be owned by and in the name of the Company as an entity. Such property and the credit of the Company shall be used solely for the benefit of the Company and not for the benefit of any individual Member. Insofar as permitted by the law, no Member shall have any ownership interest in such property in the Member's individual capacity. Each Member's interest in the Company shall be personal property.

1.5 **Term.** The life of the Company shall be perpetual unless it is terminated pursuant to the terms hereof.

ARTICLE II  
CAPITAL CONTRIBUTIONS

2.1 **Original Contributions.** Upon the execution of this Agreement, the Members shall make original contributions as set forth in Exhibit A. A Members signature on this Agreement constitutes the Members written promise to contribute cash or property to the Company as required by this Article.

**2.2 Members' Interests.** The interests of the Members in the Company shall be:

Clipper Navigation, Inc.	25%
Nichols Bros. Boat Builders, Inc.	25%
Argosy, LP	25%
Four Seasons Marine Services, Corp.	25%

(individually and collectively "Members")

**2.3 Additional Contributions.** The Members shall make such additional contributions to the capital of the Company at such time and in such amounts as from time to time shall be determined is appropriate by the Members holding more than fifty percent (50%) on the interest in the Company. Any such additional capital contribution shall be payable by the Members in proportion to their interest in the Company on the date fixed for the making of the contribution.

**2.4 Failure to Contribute.** If any Member ("Defaulting Member") fails to make a capital contribution as required by Section 2.3 hereof at the time and in the amount specified, the right of the Defaulting Member to vote shall be suspended and the Defaulting Member's share in the profits of the Company shall be allocated to the Defaulting Member's capital account until the capital account is made current. The other Members may, but are not required to, make the contribution owed by such Defaulting Member in such ratio among them as they shall agree, and having made such contribution shall be entitled to a voting interest proportional to the contribution made. Any such contribution of the share of a Defaulting Member by any of the Members shall be considered a loan by the contributing Member(s) to the Defaulting Member and shall bear interest at the rate of twelve percent (12%) per annum, or if the highest rate permitted by law is lower than 12%, then at the highest rate permitted by law, such interest to be paid by the Company and charged to the Defaulting Member's share of profit or loss. If the amount owed is not paid within eighteen (18) months, then the Member(s) who made the contribution on behalf of the Defaulting Member may elect to take ownership of an amount of the Defaulting Member's interest in the Company equal in value to the amount outstanding. The Members shall use the fair market value of the Company to determine the amount of interest in the Company that is equivalent to the amount owed. If the Members cannot agree on the fair market value, they shall choose an independent arbitrator. If the Members cannot agree on an independent arbitrator, each Member shall choose one arbitrator and the arbitrators shall choose a third. Should a Member(s) take ownership of another Member's interest, the general allocation of profit and losses as well as the distribution of Proceeds under paragraph 5 shall be adjusted to reflect the ownership change.

### ARTICLE III OPERATIONS

**3.1 Books and Records.** The Company books and records required by statute shall be maintained at its principal place of business, and each Member shall at all times have access to and may inspect and copy any of them. Copies of these documents, as well as the accounting books and records of the Company shall be kept with and by a mutually acceptable bookkeeper and shall be kept on a calendar year basis and shall be closed and balanced at the end of each fiscal year. The Company will furnish monthly and annual financial statements to the Members and prepare tax returns in a timely manner, furnishing copies to all Members prior to filing. Records kept of the principal place of business shall include:

**3.1.2** A copy of the Company's Certificate of Formation and all amendments thereto; and

**3.1.3** A copy of this Agreement and any amendments hereto.

**3.2 Accounting.** The accounting period of the Company shall be the calendar year. The Company shall keep its accounting records and shall report its income for income tax purposes on the cash method of accounting in accordance with the laws, rules and regulations applicable to federal taxation of partnerships.

**3.2.1** The Members shall agree on and appoint an independent accountant to prepare annual tax returns for the Company.

**3.2.2** Any of the Members shall have the right to audit or review the Company's books of account and records and make copies thereof. All cost and expense for such audit or review shall be borne by the Member causing such audit or review to be conducted. Any audit or review required by a bank or other third party, for the Company's benefit, shall be borne by the Company.

**3.3 Tax Matters Member.** The Members hereby designate Four Seasons Marine Services, Corp., Tom Tougas, CEO as the Member who will be named on the Company tax return or on a statement filed with the Internal Revenue Service as the "Tax Matters Member" or its equivalent, as required by the Internal Revenue Code ("Code"). References to specific Code sections herein shall not limit the Company's right to make elections as appropriate under provisions of the Code. Notwithstanding reference to specific Code sections in other sections of this Agreement, the Tax Matters Member shall at all times handle tax matters in accordance with the provisions of the Code as amended from time to time.

**3.4 Overall Management.** The Company shall be managed by the Manager who shall be responsible for the day to day operations. The initial Manager shall be John Blackman until a permanent manager has been selected.

**3.4.1** The Manager shall serve for one (1) year terms and shall be elected at the Company's annual meeting. Should the Members fail to elect a new Manager, the existing

Manager shall continue to hold that office and perform the associated duties until a replacement is elected.

**3.4.2** The Manager's powers shall include:

- (a) Enter into contracts;
- (b) Purchase insurance to protect the Company's properties and business;
- (c) Enter into any kind of activity necessary to, in connection with, or incidental to the accomplishment of the purposes of the Company; and
- (d) Employ accountants, legal counsel, agents and other experts to perform services for the Company.

**3.4.3** Annually, the Manager shall generate a business plan.

(a) No later than thirty (30) days prior to the commencement of each calendar year, the Manager shall prepare and submit a business plan and budget for the upcoming year to the Members ("Proposed Plan"). The Proposed plan shall outline the Company's business objectives, capital expenditure budget, operating budge, and such other matters as the Manager deems relevant.

(b) If any Member wishes to modify the Proposed Plan, such proposals must be delivered in writing to all of the Members and the Manager no later than fifteen (15) days prior to the commencement of the calendar year.

(c) The Proposed Plan together with any suggested modifications shall be voted on at a meeting of the Members called and held in accordance with this Article III. The approved version of the Proposed Plan and modifications shall become the business plan for the following fiscal year ("Business Plan"). If a Business Plan is not approved within thirty (30) days after the commencement of the fiscal year to which it applies, then the Manager shall operate the Company pursuant to the Business Plan approved for the immediately preceding fiscal year.

**3.4.4** Quarterly, the Manager shall provide the Members with a report on the state of the Company. This report shall be in writing or at a Member meeting.

The rights and powers outlined in this section are subject to the limitations imposed in **Section 3.5**.

**3.5 Actions Requiring Majority Member Approval.** The following actions shall require the approval of the Members holding more than fifty percent (50%) on the interest in the Company through either a vote pursuant to this Agreement or by unanimous written consent without a meeting:

- (a) Approve the Business Plan;
- (b) Except as otherwise provided for in the Business Plan, borrow or lend on behalf of the Company in an amount greater than \$10,000;

- (c) Except as otherwise provided for in the Business Plan execute any mortgage, bond, pledge of assets, lease, sale or transfer of Company property in an amount greater than \$10,000;
- (d) Except as otherwise provided for in the Business Plan assign, transfer or pledge debts due the Company, or release such debts except on payment in full thereof;
- (e) Compromise any claim due to the Company in an amount greater than \$10,000;
- (f) Determine the reasonable reserves for the purpose of establishing Surplus Cash pursuant to Section 4.2;
- (g) Approve distributions of Surplus Cash pursuant to paragraph 4.2;
- (h) Admit new Members;
- (i) Amend this Agreement;
- (j) Amend the certificate of formation;
- (k) Except as otherwise provided for in the Business Plan, enter into any other transaction for greater than \$10,000;
- (l) Elect a Manager; and
- (m) Terminate a Manager.

**3.6 Meetings.** Company meetings shall be held at such places and times as are determined by Members holding a majority of the interest in the Company. Members may attend meetings in person or by telephone. A Member may give a proxy to any other Member to vote at a meeting or execute a consent to action in lieu of a meeting. The proxy must be in writing and must specify the matters or the meetings to which it applies, may be limited to a period of time and may be revoked at any time by communicating the fact of revocation to the other Members. Notice of any meeting must be given to the Members via U.S. mail, facsimile, electronic mail or telephone at least two days prior to the meeting taking place. Notice mailed shall be deemed received three days after mailing. Attendance at a meeting shall constitute waiver of the notice requirement. Notwithstanding the foregoing, the Company shall have a semi-annual meetings on or about April 1, and November 1, of each year in Seattle, Washington or at such other place as the Members shall designate.

**3.7 Voting.** Voting shall be according to percentage of ownership. Except as otherwise provided in this Agreement, the affirmative vote of Members holding greater than fifty percent (50%) of the interest then held by Members shall be required to approve any matter coming before the Members. Approval by the Members of any action or decision required by this Agreement shall be either by a vote taken at a duly convened meeting of the Members or by unanimous consent without a meeting.

**3.8 Compensation and Out-of-Pocket Expenses.** The Company shall reimburse the Manager for out-of-pocket expenses incurred with respect to any assignment or special project approved by the Company. The Manager shall submit documentation of such expenses to the Company within fifteen (15) days of completion of the assignment or special project. The Company may hire and pay the Members for services rendered on such terms as are approved by the Company and the Member, the Member who proposes to provide services not having the right to vote on the proposed arrangement for services.



**3.9 Actions Without a Meeting.** Any action required or permitted to be taken at a Company meeting may be taken without a meeting if all Members consent to such action in a writing signed by all Members. A copy of such writings shall be distributed to all Members in a timely fashion, and a copy shall be maintained by the Company.

**3.10 Accounts.** Company Funds shall be maintained in a bank account set up in the Company's name. Only the Manager shall have the authority to write checks on the Company's account.

#### ARTICLE IV MEMBERS' ACCOUNTS

**4.1 Capital Accounts.** An individual capital account shall be maintained for each Member which (a) shall be credited with such Member's (1) original contribution, (2) additional contributions, and (3) allocations to such Member of Company profits, and (4) the amount of any Company liability assumed by such Member or that is secured by any Company asset distributed to such Member; and (b) shall be charged with (1) any distributions to such Member in reduction of Company capital, (2) allocation to such Member of Company losses, and (3) the amount of any liabilities of such Member assumed by the Company or that are secured by any asset contributed to the Company by such Member. Each Member's separate capital account shall be maintained throughout the term of the Company in accordance with the requirements of the Code and any of the Treasury Regulations (the 'regulations') promulgated from time to time thereunder. No Member shall make any withdrawals from capital without prior approval of the Company.

**4.2 Distributions.** From time to time, the Members shall review the financial condition of the Company and may distribute any Surplus Cash to the Members, upon unanimous approval of Members. Any such distribution shall be made among the Members in accordance with the percentage of interest in the Company owned by each Member. For purposes hereof, Surplus Cash means the sum of cash on hand at the beginning of the year, plus cash proceeds from Company operations, sales and financing less the cash used to pay or establish reserves for all Company expenses, debt payments and prepayments, capital improvements, replacements and contingencies for the reasonable needs of the business of the Company. The appropriate amount of reserves shall be determined by unanimous vote of the Members.

#### ARTICLE V PROFITS AND LOSSES

Except as otherwise specifically provided in this Article V, the net profits or losses and each item of income, gain, loss, deduction, or credit of the Company shall be credited or charged to the Members in proportion to the amount of interest in the Company each particular Member possesses.

Such interests are subject to adjustment upon the admission of new members or the transfer of part or all of a Member's interest in the Company in accordance with the terms of this Agreement.

#### **ARTICLE VI ADMINISTRATIVE PROVISIONS**

Any Member may engage in or possess an interest in other business ventures of every nature and description, independently or with others, including, without limitation, the ownership, financing, management, employment by, lending or otherwise participating in businesses that are similar to the business of the Company, and neither the Company nor the other Members shall have any right by virtue of this Agreement in and to such independent ventures as to the income or profits therefrom and shall not be liable for a breach of duty of loyalty or any other duty.

#### **ARTICLE VII LIMITATION OF LIABILITY**

No Member of the Company shall be personally liable for the debts, obligations or liabilities of the Company, except as provided by law. No Member of the Company shall be personally liable to the Company or its Members for monetary damages for conduct as a Member performed in a manner reasonably believed by such Member to be within the scope of the authority granted to such Member and in the best interest of the Company; provided that such act or omission did not constitute fraud, intentional misconduct, bad faith, gross negligence, or a knowing violation of law, or from which such Member personally received a benefit in money, property, or services to which such Member is not legally entitled. Any amendment to or repeal of this Article VII shall not adversely affect any right or protection of a Member of the Company for or with respect to any acts or omissions of such Member occurring prior to such amendment or repeal.

## ARTICLE VIII INDEMNIFICATION

The Company shall indemnify and hold harmless any person or entity acting as a Member, Manager, employee or agent of the Company or other persons acting on behalf of the Company, to the fullest extent allowed by law including, without limitation, all expenses (including attorneys' fees), costs, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person, provided such act or omission did not constitute fraud, intentional misconduct, bad faith, gross negligence, or a knowing violation of law, or from which such Member personally received a benefit in money, property, or services to which such Member is not legally entitled. All expenses (including attorneys' fees), costs, judgments, fines and amounts paid in settlement of any action, suit or proceeding shall be paid by the Company as they are incurred by any Member in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of the Member to repay the amount if it is ultimately determined by a court of competent jurisdiction that such person is not entitled to be indemnified by the Company. The provisions of this **Article VIII** do not affect any rights to advancement of expenses to which personnel of the Company, other than Members, or any other person may be entitled under any contract or otherwise by law.

## ARTICLE IX TRANSFERS

**9.1 Sale of Company Interest and Right of First Refusal.** Even after Member consent has been given, no Member shall sell, transfer, or otherwise dispose of all or any part of its Interest in the Company without first giving written notice to the other Members which shall include the name of the person to whom, and the terms on which such disposition will be made. Within thirty (30) days after the receipt of such written notice, the Company may, at its option, exercisable in writing, liquidate and retire the interest of the selling Member ("Selling Member") on the same terms. If the Company does not exercise its option hereunder, the Selling Member shall then give each of the other Members the opportunity to purchase the Selling Member's Interest on the same terms. The other Members must exercise their option within thirty (30) days of the Company's failure or refusal to exercise its option. If more than one Member wishes to purchase, their right to purchase shall be pro rata among those wishing to purchase the interest.

**9.2. Status of Transferee.** Any and all transferees shall be admitted to the Company as a Member only on the consent of the Members holding a majority of the interest in the Company and only if the transferee becomes a party to this Agreement by signing a counterpart signature page to this Agreement and by executing such other documents as the Company reasonably determines are necessary. Consent to admit a new Member may be given or withheld in the sole and absolute discretion of each Member. A transferee who is not admitted as a Member shall be entitled only to receive allocations and distributions from the Company with respect to such interest as provided in this Agreement, be responsible for any contributions required commensurate to the amount of interest held, and shall have no right to participate in the management of the business and affairs of the Company.

**9.3 Internal Sale.** At any time any Member(s) ("Offeror") may offer to sell all but not part of its interest in the Company at some price per percent of interest held to all of the other Members ("Offerees"). This offer shall also constitute an offer to buy all of the Offeror's interest in the Company at the same price per percent of interest and under the same terms. The Offerees shall have thirty (30) days in which they must choose to either sell their interest or purchase the interest held by the Offeror at the designated price per percent of interest held, and under the terms given. Each Member who is an Offeree shall have the opportunity to purchase its pro-rata share of the Offeror's interest and must give notice of its intent within thirty (30) days. If one or more Member Offerees should choose to purchase their pro-rata share of the Offeror's interest ("Exercising Offeree") and the other Member Offeree(s) chooses not to purchase their pro-rata share of the Offeror's interest ("Non-Exercising Offerees") then the Exercising Offerees shall be deemed to have chosen to purchase all of the Offeror's interest. The Non-Exercising Offerees shall retain their interest in the Company. The transaction shall close pursuant to the terms contained in the original offer proposed by the Offeror.

## ARTICLE X DEATH OR WITHDRAWAL

**10.1 Voluntary Withdrawal.** No Member may withdraw from the Company without the consent of the remaining Members.

**10.2 Continuation of the Company.** The remaining Members shall have the right to continue the Company business under its present name following the dissolution or withdrawal of a Member. Should any Member dissolve as an entity or withdraw, the remaining Members shall have the option to purchase all but not part of the deceased Member's interest at fair market value. If the parties cannot reach a stipulated fair market value, any party may seek a determination of value through arbitration under the rules of the American Arbitration Association as they may be modified by the parties.

## ARTICLE XI DISSOLUTION AND WINDING UP

**11.1 Liquidating Events.** The Company shall dissolve and commence winding up and liquidating upon the first to occur of any of the following events ("Liquidating Event"):

- (a) The sale of all or of substantially all of the Property;
- (b) A vote by Members holding a majority of the Interest in the Company to dissolve, wind up, and liquidate the Company; or
- (c) The happening of an event that makes it impossible or unlawful for the Company to carry on its business.

**11.2 Winding Up.** Upon the happening of a Liquidating Event, the Company shall conduct no business nor engage in any activity that is not necessary or appropriate to winding up its business and liquidating, and shall proceed promptly to wind up its affairs in an orderly manner, to liquidate its assets, to satisfy the claims of its creditors and Members, and to distribute its remaining assets to its Members. The Members shall by majority vote choose a

liquidating Member. The liquidating Member shall be responsible for supervising the winding up and liquidation and shall dispose of the assets of the Company as promptly as is consistent with obtaining its fair market value. The proceeds of the disposition of the assets of the Company shall be applied in the following order of priority:

- (a) First, to the payment, in order of priority, of all Company debts to creditors other than the Members;
- (b) Next, to the payment, in the order of priority, and thereafter pro-rata, of the debts of the Company owed to Members; and
- (c) Any balance to the Members pro rata in accordance with the balances in their capital accounts.

**11.3 Special Provisions.** Any and all distributions to members upon the liquidation of the Company shall be made in accordance with Code Section 704(b) and the Regulations promulgated thereunder. Notwithstanding the foregoing, if a Member has a deficit balance in its capital account at any time, such Member shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other person or entity for any purpose whatsoever.

**11.4 Members' Rights.** Except as otherwise specifically provided in this Agreement, a Member has the right to look only to the assets of the Company for a return of its capital contribution, has no right to interest on any capital contribution, has no right to receive anything other than money in a distribution from the Company, and has no priority over any other member with respect to distributions, allocations, or the return of capital contributions.

**11.5 Notice of Dissolution.** Within thirty (30) days of the happening of a liquidating event, the liquidating Member shall give written notice thereof to each of the Members, to all creditors of the Company, to the banks and other financial institutions with which the Company normally does business, and to all other parties with whom the Company regularly conducts business.

## ARTICLE XII MISCELLANEOUS

**12.1 Notices.** Unless otherwise provided for in this Agreement, all notices or other communications required or permitted hereunder shall be in writing and shall be deemed received by the party to whom addressed when delivered to such party, or when posted if sent by registered or certified mail with postage prepaid, or three business days after posting in the regular United States mail, in each case directed to the party for whom intended at the address of such party then on file with the Company.

**12.2 Headings.** Headings of Articles and sections in this Agreement are only for convenience or reference and do not define, limit, extend, or describe the scope or intent of this Agreement.

IN WITNESS WHEREOF, the Members have signed this Agreement effective as of the day first above written.

Clipper Navigation, Inc.

By: \_\_\_\_\_

Nichols Bros. Boat Builders, Inc.

By: \_\_\_\_\_

Argosy, LP

By: \_\_\_\_\_

Four Seasons Marine Services, Corp.

*David E. Toulgas*  
By: DAVID E. TOULGAS  
VICE PRESIDENT & CFO

G:\4540\18894\docs\aqu express operating agreement.rtf

Num

**12.3 Number and Gender.** Whenever required by the context, the singular number shall include the plural, any gender shall include all genders, and the word "person" shall include individuals, corporations, companies, and other entities.

**12.4 Applicable Law, Jurisdiction, Fees and Costs.** This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. The Members submit to the jurisdiction and venue of the State and Federal Courts of Washington. The substantially prevailing party in any dispute arising out of this Agreement shall be entitled to reasonable attorney's fees and costs.

**12.5 Counterparts/Facsimiles.** This Agreement may be executed in multiple counterparts which, taken together, shall constitute one agreement. Further, a facsimile signature shall be as binding as an original. If a Member should provide a facsimile signature, that Member shall send the original signature to the principal place of business.

**IN WITNESS WHEREOF,** the Members have signed this Agreement effective as of the day first above written.

Clipper Navigation, Inc.

By: \_\_\_\_\_

Nichols Bros. Boat Builders, Inc.

By: \_\_\_\_\_

Argosy, LP

By:  \_\_\_\_\_  
JOHN C. BLACKMAN

Four Seasons Marine Services, Corp.

By: \_\_\_\_\_

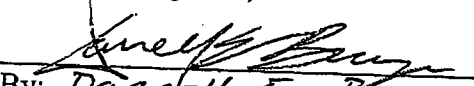
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**IN WITNESS WHEREOF,** the Members have signed this Agreement effective as of the day first above written.

Clipper Navigation, Inc.

  
By: DARRELL E. BRYAN  
EXEC. V. P. & GEN. MGR

Nichols Bros. Boat Builders, Inc.

By: \_\_\_\_\_

Argosy, LP

By: \_\_\_\_\_

Four Seasons Marine Services, Corp.

By: \_\_\_\_\_





**Washington State  
Department of Transportation**

Douglas B. MacDonald  
Secretary of Transportation

RECEIVED  
RECORD MANAGEMENT

04 MAY 24 AM 9:36

STATE OF WASH.  
UTIL. AND TRANSP.  
COMMISSION

Washington State Ferries  
2911 2nd Avenue  
Seattle, WA 98121-1081

206-515-3400  
TTY: 1-800-833-6388  
www.wsdot.wa.gov/ferries

Michael G. Thorne  
Director and CEO

May 17, 2004

Ms. Carol J. Washburn  
Secretary  
Washington State Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

<b>WUTC</b>		
DOCKET NO.	<u>TS-040650</u>	
EXHIBIT #	<u>30</u>	
ADMIT	W/D	REJECT
<input checked="" type="checkbox"/> <i>AR</i>	<input type="checkbox"/>	<input type="checkbox"/>

RE: Docket # TS040650

Dear Ms. Washburn,

Washington State Ferries' staff has reviewed Aqua Express' application to begin passenger and freight service between Seattle and Kingston. Although the 10-mile rule no longer applies to the movement of passengers across Puget Sound, Washington State Ferries does not object to this application for the movement of both passengers and freight.

Please contact us if you would like to discuss further; if requested staff would also be able to attend the hearing on the matter.

Sincerely,

*Sam Kuntz*

Sam Kuntz  
Chief Financial Officer

Cc: Bonny Allen  
Rusty Fallis



# 2003 Legislative Session Transportation Results

## 2003 Funding Package\*

### Projected Ten-Year Proceeds

#### **New Funding Restricted to Highway Use (18th Amendment)**

<i>Five Cent Gas Tax Increase</i>	\$1,747	
<i>15% Increase to Weight Fees</i>	118	
<i>Title Fee Transfer to Nickel Account</i>	58	
<b>Total Cash Revenue</b>		\$1,923
<b>Proceeds from Bond Issuance</b>		2,600
<b>Less Debt Service on New Bonds</b>		(950)
<b>Total 18th Amendment Restricted Funds</b>		<b>\$3,573 m</b>

#### **New Funding Available for Any Transportation Investment**

<i>Sales Tax on Motor Vehicles</i>	\$347	
<i>Plate Retention Fee</i>	35	
<b>Total Cash Revenue</b>		\$382
<b>Proceeds from Bond Issuance</b>		350
<b>Less Debt Service</b>		(132)
<b>Total Multimodal Funds</b>		<b>\$600 m</b>

**Total Ten-Year Funds Available** **\$4,173 m\*\***

Funding for aviation was also increased by the Legislature. SB 6056 adjusts fees, taxes and penalties for pilots and aircraft resulting in \$1.1 million additional funds each biennium.

### Projected Ten-Year Transportation Investments\*\*\*

Highway Improvement Projects (Including HOV)		\$3,252 m
Highway Preservation Projects		145
Ferry Projects		298
Local Roads Projects		12
Rail Projects		226
Public Transportation Programs and Grants		236

**Total Ten-Year Funds Available** **\$4,169 m**

\* Projected ten-year proceeds are based on March 2003 Transportation Revenue Forecast Council assumptions. The Legislature did not match proceeds to investments.

\*\* Funds available are shown in nominal dollars, i.e. they represent the tax collections and bond proceeds available each year through the ten-year period and have not been adjusted to a base year.

\*\*\* Over the ten-year period WSDOT total capital investments are projected to be \$10 billion.

<b>WUTC</b>	<b>DOCKET NO.</b> TS-010650	<b>EXHIBIT #</b> 31	<b>ADMIT</b> <input checked="" type="checkbox"/>	<b>W/D</b> <input type="checkbox"/>	<b>REJECT</b> <input type="checkbox"/>
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## What Does This Mean for WSDOT Funding in 2003-2005?

### WSDOT's 2003-05 Operating and Capital Budget

	Operating	Capital	Total
<b>Pre-existing Funding Sources</b>	<b>\$ 994 m</b>	<b>\$1,984 m</b>	<b>\$2,978 m</b>
<b>New Funding Package</b>	<b>37</b>	<b>621</b>	<b>658</b>
<b>Total Funding</b>	<b>\$1,031 m*</b>	<b>\$2,605 m**</b>	<b>\$3,636 m**</b>

\* In addition, \$4.5 million is authorized for Business and Occupation tax credits for the Commute Trip Reduction Program in the 2003-05 biennium.

\*\* Includes approximately \$613.3 million for the Tacoma Narrows Bridge.

The capital program will be partially financed by bond proceeds: R-49 bonds \$767.7 m, Special Category C Bonds \$44.0 m, Emergency Emergent Bond \$2.85 m, New Bond Authorization Nickel Account \$280.0 m, New Bond Authorization Multimodal Account \$47.77m. Of the \$767.7 m in R-49 bonds, \$567.0 m will be issued for the Tacoma Narrows Bridge.

## Over the Next Ten Years?

### Projected WSDOT Operating and Capital Budgets and Legislative Ten-Year Financial Plan (as currently projected) \*

	Operating	Capital	Total
<b>Pre-existing Funding Sources</b>	<b>\$ 5.1 b</b>	<b>\$ 6.2 b</b>	<b>\$11.3 b</b>
<b>New Funding Package</b>	<b>0.3</b>	<b>3.9</b>	<b>4.2</b>
<b>Total Funding</b>	<b>\$ 5.4 b**</b>	<b>\$10.1 b***</b>	<b>\$15.5 b</b>

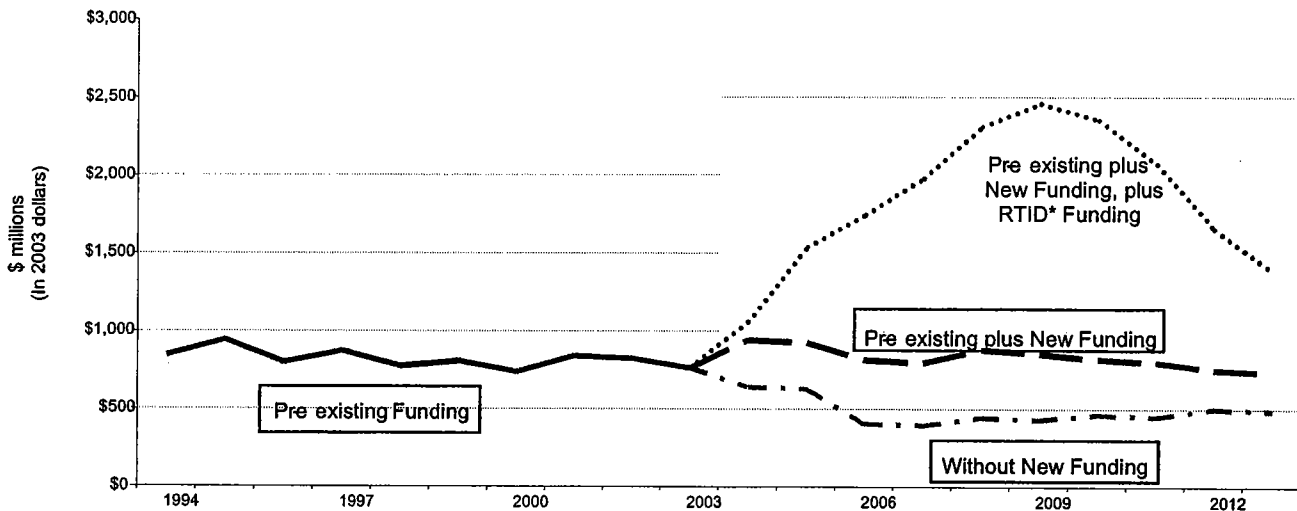
\* As displayed in TEIS Fund Balance 'STS0305' including adjustments enacted in SSB 5401. Discussions are still underway between department and legislative staff to finalize the out-biennia estimates.

\*\* In addition, \$22.5 million is authorized for Business and Occupation tax credits for the Commute Trip Reduction Program over the ten year period.

\*\*\* The capital program will be partially financed by bond proceeds: R-49 bonds \$805.7 m, Special Category C bonds \$44.0 m, Emergency Emergent bonds \$2.85 m, New Bond Authorization Nickel Account \$2.6 b, New Bond Authorization Multimodal Account \$349.5 m. Of the \$805.7 m in R-49 bonds, \$567.0 will be used for the Tacoma Narrows Bridge.

# Overall Level of Capital Investment Continues to Depend on the RTID

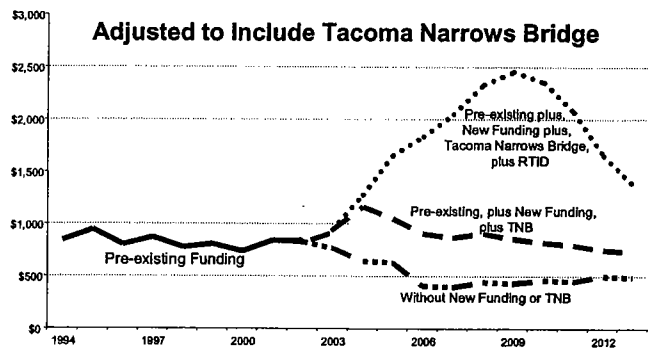
(in 2003 constant dollars)



\* RTID funding is based on "RTID Option 3": 0.5% Sales Tax, \$75 License Fee and 0.2% MVET

RTID amounts assume bonding authorization provided by the Legislature plus additional state bonding yet to be authorized by the Legislature.

The above investment levels exclude the Tacoma Narrows Bridge. The investments levels including the Tacoma Narrows Bridge are shown in the chart to the right.



## Significant Legislation Pertaining to RTID Enacted by the Legislature in 2003

- **County Equity • SHB 2033**  
Tax dollars raised in a county build projects within that county
- **Bonding • SB 5769**  
\$4.5 billion bonding authority for RTID
- **Local Option Gas Tax • ESSB 5247**  
Allow 10% of state rate (2.8¢) for RTID or county

## WSDOT's Pro Forma Capital Budget Overview

(Dollars in millions)

	2001-03 Budget*	2003-05 Proposed Budget**	2003-05 Enacted Budget	2003-2013 Plan***
Highway Construction	\$1,533.0	\$1,679.6	\$2,253.8	\$8,014.2
Ferry System Construction	177.4	165.7	182.6	1,339.6
Capital Facilities	12.3	22.7	17.3	49.0
Traffic Operations	24.2	28.6	29.2	135.7
Rail	21.4	22.6	45.3	437.0
Local Programs	111.3	56.2	77.2	84.1
Transportation Economic Partnerships	1.4	0.0	0.0	0.0
<b>Total</b>	<b>\$1,881.0</b>	<b>\$1,975.4</b>	<b>\$2,605.4</b>	<b>\$10,059.6</b>

\* Includes 2003-05 program structure changes, 2003 Supplemental Budget adjustments, and projected expenditures for the Tacoma Narrows Bridge.

\*\* Reflects the Commission's proposal and included the reappropriation request.

\*\*\* As displayed in TEIS Fund Balance 'STS0305' including adjustments enacted in SSB 5401.

## WSDOT's Pro Forma Operating Budget Overview

(Dollars in millions)

	2001-03 Budget*	2003-05 Proposed Budget**	2003-05 Enacted Budget	2003-2013 Plan***
Highway Maintenance and Traffic Operations	\$316.6	\$332.9	\$328.0	\$1,719.1
Ferry System Maintenance and Operations	318.2	327.8	314.7	1,649.2
Public Transportation and Rail	47.3	49.2	84.3	487.3
Aviation	5.1	4.9	16.0	32.7
Transportation Partnerships	11.1	10.9	10.6	55.7
Facilities Maintenance and Operations	30.3	31.8	31.6	162.7
Program Delivery Management and Support	33.5	31.8	49.4	272.8
Transportation Management and Support	27.0	27.1	27.6	144.4
Information Technology	68.3	72.1	70.8	324.2
Transportation Planning, Data, and Research	32.6	32.5	47.9	202.1
Charges from Other Agencies	48.4	62.2	61.1	345.6
<b>Total</b>	<b>\$938.4</b>	<b>\$983.2</b>	<b>\$1,031.4</b>	<b>\$5,395.8</b>

\* Includes 2003-05 program structure changes, 2003 Supplemental Budget adjustments, and projected expenditures for the Tacoma Narrows Bridge.

\*\* Reflects the Commission's proposal and included the reappropriation request.

\*\*\* As displayed in TEIS Fund Balance 'STS0305'.