

STATE REPRESENTATIVE
43rd DISTRICT
EDWARD B. MURRAY

State of
Washington
House of
Representatives

TRANSPORTATION
CHAIRMAN
CAPITAL BUDGET
LEGISLATIVE TRANSPORTATION
COMMITTEE



January 18, 2005

Marilyn Showalter, Chairwoman
Richard Hemstad, Commissioner
Patrick Oshie, Commissioner
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive, SW
Olympia, WA 98504-7250

Re: Docket # TS-042184

Dear Commissioners:

I am writing today to respectfully request that you delay consideration of the referenced application by Pacific Boat Enterprises d/b/a Mosquito Fleet to provide passenger-only ferry service between Southworth (Port of Bremerton's Harper Dock) and Seattle.

State-funded, passenger-only ferry (POF) service on the Southworth-Vashon-Seattle route will be a major issue before the 2005 Legislature. State law directs the Washington Utilities and Transportation Commission to consider the effect of any new private service on public agencies eligible to operate POF service. A new private service between Seattle and the Southworth area would close out the state's option to offer POF on this route.

Under direction by the 2004 legislature, the Washington State Ferry system recently studied options for a 10 year passenger strategy for the state's multimodal ferry transportation system. Their presentation to the Transportation Commission concluded the Southworth-Seattle route was the most economically viable for the State to offer passenger-only service due to demographic trends in South Kitsap County. That presentation is attached.

Whether privately or publicly funded, POF service enjoys strong support in the Legislature. In 1986, passenger-only ferry service was deemed necessary by the Legislature. Until the late 1990s and the passage of Initiative 695, the service was funded and operated by the Washington State Ferry division of the state Department of Transportation. In 2003, seeking to continue its commitment to the service, the Legislature approved statutory changes to encourage private POF service.

LEGISLATIVE OFFICE: 203 JOHN L. O'BRIEN BUILDING, PO BOX 40600, OLYMPIA, WA 98504-0600 • 360-786-7826
TOLL-FREE LEGISLATIVE HOTLINE: 1-800-562-6000 • TDD: 1-800-635-9993
DISTRICT OFFICE: 324 15th AVENUE E., SUITE 103, SEATTLE, WA 98112 • 206-720-3074
E-MAIL: murray_ed@leg.wa.gov

PRINTED ON RECYCLED PAPER

RECEIVED
RECORDS MANAGEMENT
05 JAN 21 AM 11:11
STATE OF WASHINGTON
LEGISLATIVE TRANSPORTATION
COMMISSION
JAN 20 2005
CHAIR, WOLF

This summer you acted very quickly on two applications by commercial ferry companies to provide POF service. In the present case, a quick process on your part would effectively preempt the Legislative policy discussion of state-funded POF service. In addition, until the state funding issue is decided, you cannot adequately consider the effects on a public agency of certifying a private company to serve the route.

For these reasons, I ask that you wait upon the Legislature's decision before making a determination in this case. As you know well, the legislative process is a deliberative one. We will not come to definitive decisions on the transportation budget, including funding for a public POF route, until the spring.

Thank you for your consideration of these matters.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward B. Murray", written over a horizontal line.

Representative Edward B. Murray
Chair, House Transportation Committee

10-Year Passenger Strategy

Presentation to the Transportation Commission

W. Michael Anderson
Acting Director
Washington State Ferries

Ray Deardorf
Planning Director
Washington State Ferries

Douglas B. MacDonald
Secretary of Transportation

December 2004



**Washington State
Department of Transportation**

Legislative Proviso

Develop a 10-year strategy for the most appropriate means of moving foot-passengers across Central Puget Sound, using Washington State Ferries, alternative operators or a combination of both. Elements shall include:

- Review of new or expanded services for Seattle-Vashon, Seattle-Southworth, Seattle-Kingston, and Seattle-Clinton.
- Impacts on development goals and opportunities at Colman Dock.
- Economics of operations, including evaluation of split-shifts to facilitate transit-like operations.
- Capital plan that most efficiently uses existing State ferry assets and provides for their repair and rehabilitation needs.

The strategy shall also consider the availability of partnering opportunities in operations, vessel deployment, or funding arrangements with other public transportation entities and with the private sector.

What Was Done

- Situation assessment and review of history of POF, current service levels and proposed new services.
- Assessment of ridership demand for travel across the Sound for 2010, 2015, 2020 and 2030.
- Implications of new or expanded passenger-only services on the overall effectiveness of the water-based multimodal system.
- Assessment of the economics of passenger-only service and comparison of WSF-operated service versus a public-private service delivery model.
- Review and assessment of current WSF terminal and vessel assets.
- Extensive stakeholder outreach including interviews with interested and affected parties and two stakeholder meetings where analysis and findings were presented and discussed.
- Comparative study of ferry and transit operations in U.S. and Canada.

Water-Based Connections in Multimodal System



- WSF is a significant contributor to the overall effectiveness of the region's multimodal system.
- In FY2004, WSF carried 5.3 million walk-on trips in the Central Puget Sound region.
- POF has played a small, but targeted role in WSF's multimodal strategy. In FY2004, POF carried 335,000 trips (6.3% of total walk-ons).
- In 2003 the Legislature unanimously passed ESHB 1853 to encourage private operators to service potential POF markets.
- Since then Kitsap Transit (KT) has taken a leadership role in development of expanded POF services.
- KT has entered into agreements with private operators to begin POF service in 2004 on Seattle-Bremerton and Seattle-Kingston.
- KT is in discussion with two operators for a possible Seattle-Harper (South Kitsap) service to begin in 18-24 months.

WSF Asset and Capital Considerations

- WSF has four POF vessels: two are close to the end of their 20-year useful life (Skagit and Kalama) and two are in reserve (Snohomish and Chinook purchased for \$23 million in 1998-99) after being tied up when Bremerton POF was discontinued in 2003.
- WSF has POF terminal facilities at Vashon and Seattle's Colman Dock.
- WSF has terminal capacity to support two POF routes at Colman Dock.
- WSF has maintenance capacity at Eagle Harbor to support two POF vessels.
- The following are the key capital considerations facing any WSF expansion of POF services:
 - There is currently no commitment to replace vessels on Seattle-Vashon.
 - Providing service on two routes will require more than 2 vessels and would require investment in new maintenance and tie up facilities.
 - Providing service on more than two routes would require investment in Colman Dock's POF capacity.
 - Providing POF service to Southworth, Kingston or Clinton would require terminal improvements to those facilities.
 - The Snohomish and Chinook would need preservation work to restore to service.

Demand for New Routes/Services

Introduction of new routes and POF services results in:

- POF ridership accounting for 13% of total westbound PM peak traffic (compared with 3% currently).
- More than 80% of expected ridership is expected to come from another WSF route.
- Kingston and Southworth are the largest potential POF markets.

- Providing direct Southworth service pulls 45% of trips off of the Vashon-Seattle POF route.

- Seattle-Clinton does not appear to have enough demand to warrant further study.

- Induced ridership factor is based on the experiences at Bremerton and Vashon when new POF services were introduced.

Estimated Westbound PM Peak (4-Hour) Ridership

	2003	2010	2015	2020
Seattle-Clinton POF	n/a	81	135	189
Clinton-Mukilteo transfers		83%	83%	83%
Induced ridership		17%	17%	17%
Seattle-Kingston	n/a	765	887	1,009
Edmonds - Kingston transfers		33%	29%	27%
Seattle - Bainbridge Island transfers		50%	55%	59%
Induced ridership		17%	16%	16%
Seattle-Vashon	413	268	294	320
Baseline Seattle-Vashon demand	54%	100%	100%	100%
Transfers from Southworth	46%	0%	0%	0%
Induced ridership		0%	0%	0%
Seattle-Southworth	n/a	1,588	1,753	1,919
Baseline (riding on Seattle-Vashon)		31%	30%	30%
Fauntleroy-Southworth transfers		18%	17%	16%
Seattle-Bremerton transfers		25%	32%	38%
Seattle-Bainbridge transfers		9%	4%	0%
Induced ridership		17%	17%	17%

Economics of POF Services

- The single most important variable in the economics of POF service is the ability to match service with demand to minimize non-productive sailings.
- Given the peaking characteristics of demand, having the ability to offer peak-only service is the key to achieving reasonable farebox recovery rates, regardless of the choice of operator.
- Assuming the ability to offer peak-only service using split-shifts and an increase in fares for passenger-only (50% to 100% above Central Sound fare), the following are the key findings for the POF markets evaluated:
 - **Seattle/Clinton (Whidbey Island)** – insufficient demand to warrant even peak-hour service with a small 149-passenger vessel.
 - **Seattle/Kingston** – demand would support peak hour service with a 250 or 350-passenger vessel with approximately 80% recovery of vessel operating costs (excluding any non-vessel costs and the fare revenue loss from existing WSF routes).
 - **Seattle/Southworth** – demand would support 350-passenger vessel operation with approximately 80% recovery of vessel operating costs (excluding any non-vessel costs and the fare revenue loss from existing WSF routes).
 - **Seattle/Vashon** – viability of this service is questionable once Southworth market is served directly and current transfers shift away from this route.

Service Options in Each Corridor

- **Seattle-Clinton:** passenger-only service to Seattle is not a viable option in this corridor. The best multimodal solution for Whidbey Island to Seattle is WSF service to Mukilteo and Sounder commuter rail to Seattle.
- **Seattle-Kingston:** POF service is potentially viable in this corridor, however there are alternative multimodal connections available that take advantage of existing ferry capacity.
 - Kingston to Edmonds ferry and Sounder commuter rail to Seattle.
 - Kitsap Transit to Bainbridge and Bainbridge to Seattle by ferry.
 - When Bainbridge to Seattle walk-on capacity becomes constrained (2015-2020), there may be a need for POF in this corridor to relieve pressure on this route.
 - If private operators have success in this route, the passenger capacity challenges on the Bainbridge route are deferred for at least 5 years.
 - Private operations on this route are estimated to result in approximately \$600,000 to \$1 million in fare revenue losses per year for WSF.

Service Options in Each Corridor (cont.)

- **Seattle-Southworth:** this corridor offers the greatest potential for new or expanded POF service.
 - Overall ferry service in the South Sound is constrained by terminal limitations at Fauntleroy.
 - Almost 50% of the ridership on the current Seattle-Vashon POF is from the South Kitsap market. The South Kitsap market accounts for most of the growth in demand in the South Sound over the next 10 years.
- There are two potential options for new service in this corridor:
 - WSF could operate the Snohomish or Chinook on a single triangular route directly serving both Vashon and Southworth from downtown Seattle.
 - Kitsap Transit has proposed starting a passenger-only service between Seattle and Harper (between Port Orchard and Southworth)
- There are important implications for a private operation in the corridor:
 - Service would have an impact on ridership on the Seattle-Vashon route.
 - Private operations on this route will attract WSF riders and reduce fare revenues by approximately \$1.3 million to \$1.5 million per year.

Service Options in Each Corridor (cont.)

- **Seattle-Vashon:** without the Southworth market, there is limited demand for passenger-only service on this route.
 - Continuing service to only the Vashon market would likely require smaller vessels operating peak-only service to maximize the cost recovery potential of the service.
 - Another long-term solution may be to transition the service to a King County/Metro operation. King County is planning to study this issue in 2005.

WSF Option for Enhanced POF in South Sound Market

- Expanded service could begin in March 2007.
- The proposal would require the following capital investments:
 - A minimum of \$1.8 million in improvements to the Vashon and Southworth terminals to support a 1-boat operation using vehicle slip at Southworth and expanding Vashon to accommodate the larger 350-passenger vessels.
 - A minimum of \$1.2 million to prepare the Chinook and Snohomish for service.
 - Additional terminal investments would be needed in the future to operate an expanded service.
- Assuming split-shifts and higher fare revenue, the expanded service option would reduce current POF subsidy needs by approximately \$1 million per year until a second boat is needed.



**Vessels in operation
Operating Pattern**

1	1	1	2
4 + 4 hours	5 + 5 hours	8 + 8 hours	4 + 4 hours
Split shift	Two Part-Time Shifts	Two Full-Time Shifts	5 + 5 hours
2	3	4	One Split Shift
			One Part-Time Shift

**Type of Shifts
4-Hour Peak Sailings**