Kitsap Transit

DECEMBER UPDATE ON FINAL DRAFT: See updates in the plan as well as updates to Exhibits 3, 4, 5 and 9 and Attachment 6.

KITSAP TRANSIT

PASSENGER-ONLY FERRY INVESTMENT PLAN

I. Introduction & Background

A. Washington State Ferries and the Legislature

Washington State Ferries (WSF) has been unsuccessful in implementing its long-range Passenger-Only Ferry (POF) program despite a documented need and a desire to proceed. Recent POF programs began in 1986 when WSF initiated service between Bremerton and Seattle and was expanded in 1989 when the Vashon to Seattle route was added. But several years ago, the Legislature decided the state should get out of POF, and in the spring of 2003, WSF abandoned the Bremerton-Seattle POF route. However, WSF currently still operates POF only between Vashon Island and Seattle, with funding now guaranteed only through 2007.

In 2006, the state resolved the problem of who should operate POF service on Puget Sound by directing the responsibility to local governments, specifically, counties and local transit agencies. It also established how local governments can approach and fund this responsibility, by preserving the ability of local transit agencies to access new sales tax funding specifically for Puget Sound POF.

B. Recent Legislative Action on POF

In recent years three major POF bills have become law. They establish that:

- Current state statutes imposed barriers to entities other than the state for operating POFs and then lifted those barriers.
- POF is a key element to the state's transportation system and that diminished state resources require regional and local authorities to develop, operate and fund such services.
- It is the Legislature's intention to encourage inter-local agreements to ensure POF service is re-instated on routes that WSF eliminates.

For more detail, see *Exhibit 1: Legislative History*

C. Kitsap Transit's role in POF

KT has been involved with POF since its formation as an agency in 1982, initially only to ensure that the historic foot-ferry between Bremerton and Port Orchard continued to run. After the success of I-695, when WSF announced its intentions to abandon POF, KT stepped up its involvement in cross-sound POF and began working to establish Kitsap-based cross-sound POF. Since then, the agency has worked to develop a stable

source of cross-sound POF funding, vigorously pursued research to develop the technology to allow high speed POF service through Rich Passage, partnered with private, franchise ferry-operators to resume the Bremerton service abandoned by the state, initiated POF service from Kingston and started planning for direct POF service from Southworth to downtown Seattle.

1. Local POF operating experience

For the past two decades, KT has provided successively higher levels of support for the last remaining piece of the Mosquito Fleet, the local POF service between Bremerton and two ports in Port Orchard. Several years ago, KT purchased this operation in its entirety and now operates it as the Kitsap Transit Foot Ferry (KTFF) via contract with Kitsap Harbor Tours.

In the two years since, ridership has increased nearly 45 percent to more than 400,000 riders per year. KTFF has three vessels, including the historic 1917 Carlisle II. However, ridership has increased so much that KT needs to replace the 28-passenger General Chesty with a 110-120 capacity vessel or we risk rush-hour overloads that would leave people on the dock. KT is working with its contractors to secure such a boat.

2. Support of Cross-Sound POF as a vital link for local communities

Kitsap Transit has supported development of a sustainable (POF) network for more than 20 years. KT recognizes that ferry service is a key element of Washington's transportation network and is a vital link between Kitsap communities and employment, commercial, medical, cultural and recreational centers on Puget Sound's eastside. Specifically in terms of commuting and commute alternatives, POF provides significant advantages not only in trip times, but in long-term costs, fuel use and emissions, as illustrated in *Exhibit 2: Comparisons of Commute Alternatives.*

KT has worked with WSF and local, state and federal elected leaders to coordinate with and acquire private ferry operations, to partner with private franchise ferry operators on new routes and actively pursue a reliable source of local tax revenue to support passenger ferry service.

3. Transit's mission supports the idea that locally provided POF responds to local transportation and land-use needs and requirements

Locally controlled POF service from three Kitsap ports would be instrumental in meeting many of Kitsap's land use and transportation goals. In Bremerton, it would continue to improve the city's position as the county's central municipality, in population and as an economic generator, as articulated in Kitsap County and City of Bremerton Growth Management Plans. Improved POF service, with 30-minute travel to/from Seattle, is a critical component for the redevelopment of Bremerton.

When WSF ran half-hour service between Bremerton and Seattle, it had a very positive impact on the city and its commerce.

Next, POF service in Kingston responds to the priority transportation and land-use need to reduce traffic on SR 305. It removes the need for four lanes as well as the need for an additional bridge on that route, and it reduces the negative impact of SR 305 on Bainbridge Island.

Finally, Kingston and Southworth POF services provide connections to downtown Seattle while substantially reducing in-county and regional vehicle miles traveled, a key goal in both local and regional land-use and transportation plans. In addition, Southworth POF service is valued more highly than combined passenger/vehicle service because Southworth remains an essentially rural community and is zoned as such. Local initiation and operation of POF service in Southworth can be tailored to accommodate a much lower impact on the area around the ferry terminal itself and the adjacent, limited road network.

4. Prior POF planning experience

This plan is the evolution of POF planning, research, analysis and activities that KT began in 2000. It includes re-evaluation of POF elements using empirical data from actual Bremerton-Seattle POF operations from August of 2004 through March of 2006.

5. Approaching POF as a transit service

KT is staying with the historic and more direct transit-authority approach; asking voters for sales taxes to fund POF operations, because it is simpler, more cost-effective and more sustainable than reliance on state funds. Compared to KT's 2003 POF plan, this proposes more incremental growth in service. This is how KT wishes to pursue local POF over the next six-year period, following a successful sales tax election.

KT wishes to express its appreciation to its state delegation, which labored mightily to retain the agency's ability to operate a cost-effective POF service plan under its own terms, while achieving two major victories; the clear assignment of POF service to local governments and access to state facilities.

II. Draft Passenger Only Ferry Investment and Development Plan

This draft KT Passenger Only Ferry Investment and Development Plan outlines a local approach to sustained and reliable cross-sound POF. It also responds to the state's request for business plans, will be provided to state officials and is of sufficient detail and quality to serve as the business plan for Kitsap. The Kitsap community believes we

should initially proceed with primarily local funding, supplemented by capital assistance only from outside sources.

The plan's focus is local funding and it emphasizes local transportation and land-use priorities, rather than state mandates discussed in the 2006 Legislature's POF dialogue. It therefore supports local priorities: sustaining the continued resurgence of Bremerton and alleviating local congestion problems, particularly on SR 305 and through the Gorst corridor, which conflict with WSF's institutional goals.

Accordingly, KT believes that a focus on local funding, in the form of a three-tenths of a cent of sales tax is appropriate, as it allows a focus on local goals. The KT Board is therefore considering a POF sales tax ballot measure in early 2007.

A. KT's Approach: Contracts with Private Operators and Subsidies

KT first entered into public-private partnerships called Joint Development Agreements or JDAs with private POF franchise-holders; Aqua Express (AE) in Kingston and Kitsap Ferry Company (KFC) in Bremerton. The original JDAs have not worked well. AE is in a holding pattern with the state on the extension of its franchise while KFC is down to one trip in the morning and one in the evening. KFC is now also receiving a low level of operating subsidy from KT to allow it to continue the Bremerton-Seattle POF service as part of the wake and fare research on this route. All parties agree that the original JDAs, under which KT provided capital assistance but not operating assistance, were unrealistic and that that some significant level of operating subsidy is necessary.

If POF service is to succeed, it requires not only a minimum 30 percent operating assistance (an ideal operating subsidy would be 40 percent) and the provision of all capital. Peak-hour or rush-hour service would earn 95-100% of its costs via fares from full boats, assuming 25% of seats are in business class, at the corresponding higher fare. Thus, most of the subsidy would be directed to off-peak hours of service.

To justify this level of local subsidy, KT believes the appropriate approach is local government management of the program, with operation by contractors rather than by franchisees.

KT has revised its JDAs with KFC and Aqua Express. The Transit Board has approved the new agreements, converting those POF franchises into contracts. With these actions, KT is pursuing the more prevalent and most successful model nationwide for operation of POF services: public agency ownership and control with private contractors operating the service. KT would provide all the capital, along with 30-40 percent of the operating budget, in accordance with this model. It would also control fares, schedule and levels of service.

B. Service from Bremerton, Southworth and Kingston to downtown

Seattle

1. A County-Wide, Multi-Modal Transit System

KT proposes POF service that would be fully integrated into the existing transit system. The POF service would connect the ports of Bremerton, Southworth, Port Orchard and Kingston with downtown Seattle. In addition, schedules, fares and services would be synchronized throughout the system with bus service and the local ferry service between Bremerton and Port Orchard.

The POF program would be a division of KT, would operate through KT and would be governed by the Kitsap Transit Board of Commissioners, producing a single public transportation agency providing a wide array of public transit services, including local and cross-sound POF for Kitsap County.

This structure would be the envy of the governing bodies on the east side of the Sound that express concern about their number of bus systems and the existence of Sound Transit as a separate agency. While all those agencies represent necessary developmental steps, a single Kitsap County transportation agency would reduce duplication and improve coordination of service.

Having a county-wide, multi-modal transit system is a key part of answering the question, "Why is Kitsap Transit taking on passenger-only ferries?" Using the single transportation agency approach is a significant advantage in its own right.

In addition, KT expects to assist other Puget Sound governments and transit agencies with collaborative arrangements whereby they can access the operating capabilities of KT and its sub-contractors and essentially test POF service without the inordinate difficulty of establishing entire systems of their own.

For example, Jefferson County and Jefferson Transit have a strong interest in weekend Port Townsend POF service. Under this model, Jefferson Transit would be able to buy regularly scheduled service from KT, provided by the same contractor that serves Kingston, but at a rate that fairly compensates both the private operator and KT for both capital and operating costs.

2. Service Attributes

a. Direct Service

KT's plan continues to rely on direct service from all four ports to downtown Seattle, with an initial level of service of six to nine trips per weekday:

- Three rush-hour round-trips in the a.m. and again in the p.m.
- One or two mid-day trips and one evening trip (within five years depending on demand and actual cost levels, especially fuel)

- As demand grows, KT would experiment with weekend round trips, initially keyed to specific Seattle events

b. Use of smaller, efficient boats and crews

The Governor's POF Task Force in early 2006 concluded that smaller boats with smaller-size crews of three to four individuals are the most cost-effective approach to POF. The much lower fuel consumption rate of smaller boats is also key. Staffing levels and wages on these vessels (149-passenger and later an 80-passenger) are based on an updated version of the wage and benefit schedule from the original KT POF plan, one element of the plan that received general community support in the previous election.

For more detail, see *Exhibit 3: KT Contract Approach to Employee/Labor Relations* and *Exhibit 4: Major Variables-Crew Costs and Fuel.*

3. **Fares:** KT has concluded, after reviewing the fare experiences of WSF, KT's current POF partners and contractors and its own fare history, that fares are the single most important ingredient in generating demand and revenue at a level to allow POF to be successful.

a. Fare Basis: a three-step process

1) Determine the cost of the best non-POF commute alternative and add $1-$2, depending on the time-savings and added convenience of POF.
2) Compare expected revenues to determine service costs and feasibility.
3) Develop an average fare for all three routes.

b. Fare Levels: We are projecting $7-$9 round trip fares, based on the following experiences/input:

- WSF's Bremerton experience: When WSF operated 30-minute trips to Seattle for fares that were $1-$2 higher than the auto ferry, it had all the rush-hour passengers it could handle and the beginnings of adequate off-peak ridership (40-50 passengers per off-peak trip).

- Kingston surveys: Surveys by Aqua Express (AE) and KT produced a ridership curve that supports the round-trip $7-$9 fare range as the best combination of ridership and fare revenues. Unfortunately, AE had to operate its service with much higher fares, because there was no operating subsidy.

- Further research: With federal funding from the Rich Passage Wake Research project, KT will test various fare levels on Bremerton ridership, with definitive answers by the end of the year. Fares that vary by direction,

for example, charging $1.00 eastbound and $7.50 westbound, will be tested to respond to WSF's one-way fare collection system. The value of a higher "business class" fare, with privileged boarding, better seating and service, has been established on the Bremerton route now run by Kitsap Ferry Company and would be continued on other POF runs.

- Discounts: There would be a 50% senior/disabled discount rate during non-peak hours only.

For more detail, see *Exhibit 5: Proposed Fares.*

c. Fare Management

Heavy promotion and use of the new regional Smart Card technology would provide most of the fare management and would minimize cash-handling by staff. KT's POF program, while new, has been grandfathered into the Smart Card system as a KT service.

4. Incremental Growth/Expansion over 10 years

This plan is much more incremental than KT's 2003 POF plan. It follows the gradual development model used by the agency over its 23 years of bus service; starting with 17 very old, tired buses on half a dozen routes and growing gradually into the full range of services, modern fleet and upgraded facilities KT now deploys for the community. Thus, POF expansion through the first six to 10 years would be both incremental and based on demand. Ten-year goals would be rush-hour sailings every 15 to 30 minutes and all-day service seven days a week. And KT will start service primarily with used boats leased during the development period.

For an outline of estimated sailings over the first seven years of the plan, please see *Exhibit 6: Proposed Sailings –First Seven Years.*

5. Environmental Issues, Mitigation and Future Alternatives

a. Main POF Environmental Issues: Fuel Consumption and Emissions

KT has historically concentrated on minimizing the volume of fuel it uses and on operating modern, clean-air engines as these most determine the level of emissions. Reducing fuel consumption is an environmental value in its own right for KT's bus and POF operations. It is a significant cost control measure as well.

b. Mitigation: Using the most modern, fuel-efficient engines in the smallest, lightest boats available.

Smaller boats provide long-term capital and operating cost-savings. They cost substantially less to purchase and substantially less per passenger-trip to

operate. In addition, using smaller boats off-peak also reduces wear and tear on larger boats thereby significantly extending the lifespan of the large boats. Thus, this plan envisions immediate development of an 80-passenger class of vessel to dramatically reduce fuel consumption on low passenger-count trips; the shoulders of peaks, mid-day, evenings and weekends.

This plan envisions running nearly half the POF program service hours in 80-passenger boats to double the lives of the larger, 149-passenger vessels. Finally, both the 80-passenger and the 149-passenger boats would be designed so that the newest- and cleanest-technology drive system can be installed at every engine replacement.

c. New and Future Alternatives

There are several cutting-edge engine technologies, like fuel cells, being introduced in the marine industry, but most cannot match the operating advantages and speed of the current generation of diesel engines. KT would follow all these developments carefully through a POF research institute, to be collaboratively developed with others in the Puget Sound-area marine industry. KT would also coordinate with marine equipment and service providers to help them incorporate the latest technology in both drive trains and physical structures, such as lightweight hulls, so that our local POF industry cluster could also benefit.

C. Funding: Strategy, Sources and Uses

A summary of KT's operating and capital budgets, outlining both the sources and uses of funds, is attached as *Exhibit 7: Kitsap Transit POF Operating Revenues and Expenditures.*

1. Funding Strategy: No initial reliance on state funding

KT does not intend to rely heavily, if at all, on the state funding identified in SB 6787, and in particular, the proceeds from the sale of the Chinook and Snohomish vessels. The requirements attached to that funding would cost far more in both the short- and the long-run than the state funds that would be provided. Based on the expected condition of the vessels and a probable purchaser requirement to re-power them with newer engines to meet emissions standards, we expect the sale of the boats to generate $3 million each, which is not enough to significantly assist both Kitsap and King counties.

2. Sources of Funding:

There would be three primary sources of funding; sales tax, ferry fares and federal funds. State and regional funds would comprise secondary or longer-term sources.

a. Sales taxes via a ballot measure for 3/10s of a cent: Primary

KT will not be able to continue cross-sound POF at any level, without the three tenths of a cent of sales tax funding proposed here.

The KT Board intends to request a February 2007 vote for an additional three-tenths of a cent specifically for POF service, as approved by the Legislature four years ago. KT's Board has also asked the Kitsap County Commissioners to call a Public Transportation Improvement Conference to review the size of the transit district. That PTIC is now set for Nov. 9, 2006. Reducing the size of the district would make a POF sales tax ballot a more feasible proposition. KT staff and supporters continue to review the obstacles and concerns from the unsuccessful 2003 POF tax measure.

The two Concept Charts below graphically represent the gradual, 10-year shift of sales tax proceeds and passenger fares from POF capital (boats, docks, park-and-ride lots, etc.) to ferry operations.

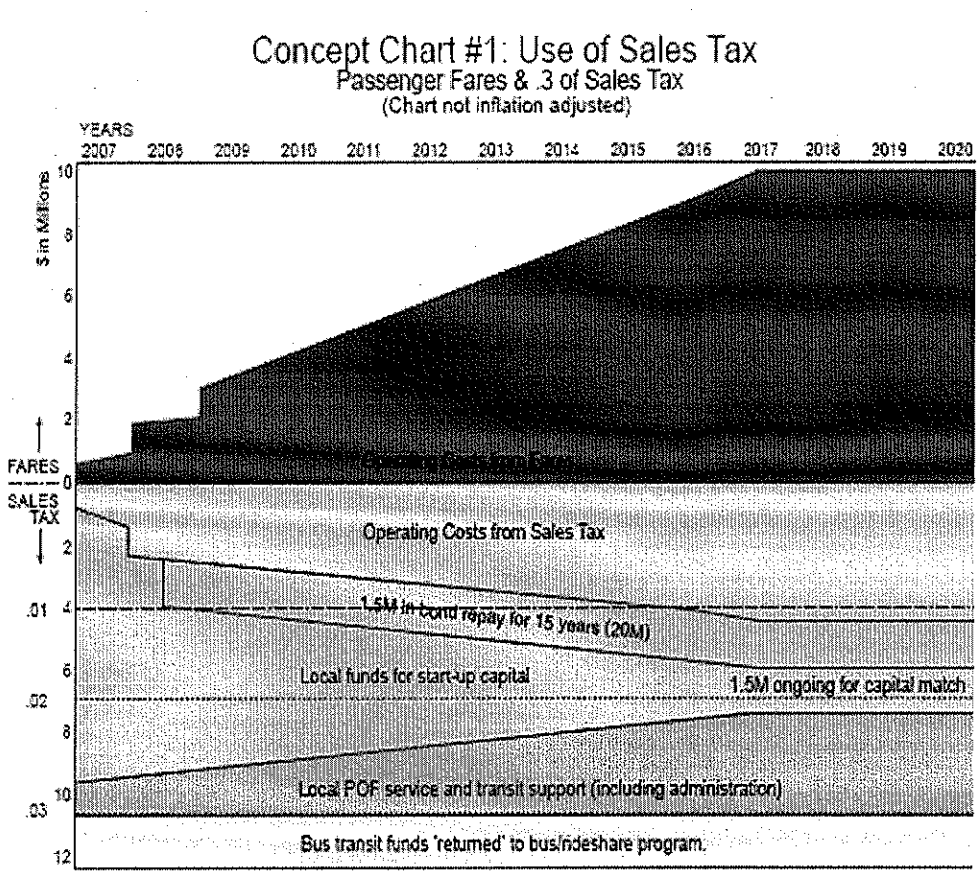
The charts also include $1.5 million in bus/transit funds that would become available when the POF budget assumes the Kitsap Transit Foot Ferry (Bremerton-Port Orchard) and an appropriate share of KT administrative costs. See *Exhibit 8: Administrative and Transfer Costs for more detail.*

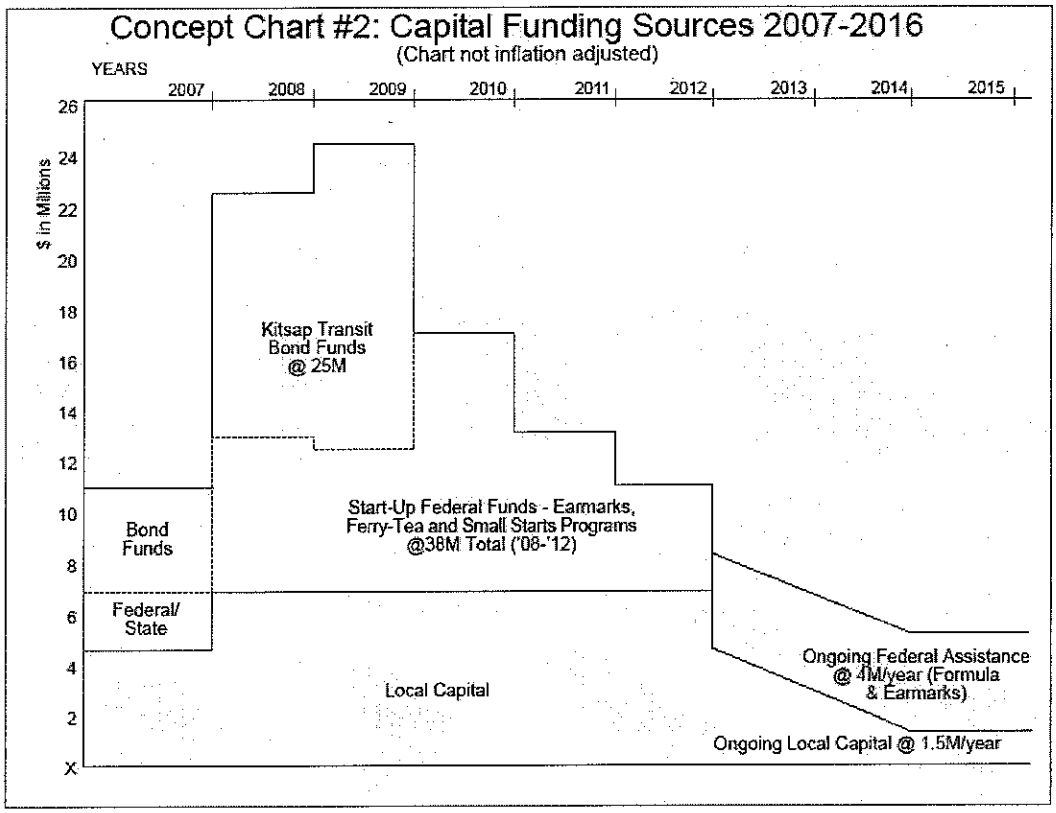
Initially:

- The first tenth of sales tax would fund operations.
- The second tenth would be earmarked for capital, with slightly more than half of it, approximately $2 million annually, reserved over the long term (20 years) for the repayment of a bond issue in the $20-$25 million range. Then, as only replacement and ongoing upgrades are needed (presuming the federal support continues at a substantial level), the second tenth of sales tax funding would shift gradually to operations.
- Of the third tenth, initially two-thirds would go to capital and one third to local POF service and local transit support.

b. Passenger Fares at $7-$9 round trip: Primary

Fares, over time, should cover 60% of operations funding across the entire schedule. It is our goal that fares cover 95-100% of operations costs on full, rush-hour boats, again assuming 25% of seats filled at the higher business-class fare.


Concept Chart #1: Use of Sales Tax
Passenger Fares & .3 of Sales Tax
(Chart not inflation adjusted)
YEARS
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
$ in Millions
10
8
6
4
2
0
FARES
SALES TAX
.01
.02
.03
Operating Costs from Sales Tax
1.5M in bond repay for 15 years (20M)
Local funds for start-up capital
1.5M ongoing for capital match
Local POF service and transit support (including administration)
Bus transit funds 'returned' to bus/rideshare program.



c. Federal funds: Primary

Federal funds would be used only for capital. KT has substantial federal funds now for capital projects: Bremerton boat leases, Rich Passage wake research and the development and purchase of a low-wake prototype vessel.

KT will continue to seek federal capital funding through the Federal Transit Administration's Small-Starts program with monies initially used for fleet purchases and selected terminal projects. Future federal funds would likely account for only 30-40% of the capital program needed for the service start-up, rather than the 100% to-date.

d. State funds: Secondary

KT would use state funding entirely for capital purposes and primarily for park-and-ride lots in collaboration with WSDOT. Such partnerships between KT and the state have had substantial success.

e. Regional funds: Secondary

Sometime in the next 10 years, there may be regional funds available for POF

service, if a four-county transportation-funding package is formed. However, we believe it is unlikely these funds would be available for POF unless KT, with a successful sales tax vote followed by a successful program, can establish that POF service is a worthwhile component of the regional transportation system.

If all these conditions are met, a sufficient amount of these funds may be available in the long run to assist with both capital and operation, but KT believes it would be best to rely on them primarily for capital, unless a specific portion is earmarked long-term solely for POF.

f. No Motor Vehicle Excise Tax (MVET)

KT has chosen not to include MVET in its funding request and ballot measure due to continuing uncertainly about its long-term availability and public hostility to its inclusion.

3. Operating Costs

Anticipated per-port operating costs are $1 million to $1.5 million and would increase as more sailings from each port are added. Projected combined operating costs for a four-port system in 2008 are approximately $4.2 million, growing to approximately $9.3 million in 2012. These figures are based on the experience of the current Bremerton-Seattle POF plus other future costs such as rising wages, benefits, fuel costs and terminal lease costs.

For more detail, see *Exhibit 9: Total Operations Costs*

4. POF Capital Program: An Overview

a. Existing public assets: boats and docks

- The POF dock in Bremerton, which would be improved with the addition of the existing Float A; a two-boat bow-loading float now in storage.
- The Kingston dock, which KT is purchasing from Aqua Express as part of the revised JDA.
- The almost-new POF dock in Port Orchard.
- Lease-purchase arrangements on three POF vessels; two with 150- to 200-passenger capacity and a high-speed, low-wake test boat with an 80-100-passenger capacity.

We expect that use of this boat and its successor, plus some continuing beach re-

nourishment and monitoring, a modest cost in the long-run at $100,000 a year, to allow successful POF operations in Rich Passage at speeds to make the Bremerton-Seattle journey in 30 minutes or less.

b. Assets to acquire

KT's federally funded lease-purchase arrangement on the current, small, high-speed, low-wake boat would be extended into a lease-purchase of a new, prototype, 149-passenger, ultra-low wake vessel, now in design and scheduled for tank-testing. This boat will be built in mid-2007 and available for use by early 2008.

For more detail, see *Exhibit 10: Total Capital Program: All Costs.*

c. Two-Phase Capital Plan

Phase One: 2007- 2013

For service to be provided on all four routes, the following investments are anticipated in the first six years:

- KT standard dock and float for Southworth at the site previously identified by WSF. This plan also would provide cross sound service from Port Orchard with smaller, 80-100 passenger boats.

- Two 149-passenger POFs for each of the three initial sites, plus an 80-100 passenger boat at each of these sites and two of the smaller boats for Port Orchard, for a total of eleven high-speed, low-wake vessels, (six 149-passenger and five 80-passenger), with the current 150-200 passenger boats relegated to duty as spares and capacity supplements.

- An interim (years 2 through 15 or 16) Seattle terminal of three berths at Pier 57, with use of current POF docks in the short-term of one to two years. The float and ramps would be 50-year facilities and would move to a location adjacent to and north of the new Colman Dock, when that facility is complete.

- Introduction of a smaller vessel (70-80 passengers) for light load conditions such as the shoulders of rush hours, evenings and weekends (and Port Orchard basic service).

Phase Two: 2013-2023

Gradual expansion would occur over a second, 10-year period and would include:

- More vessels, three to five per port, with full-day and weekend service.

- Larger floats at each port with overnight storage for additional boats, fueling and light maintenance.

- KT's share of a regional POF terminal on the central Seattle waterfront, integrated with the Alaskan Way Viaduct replacement and adjacent to WSF's Colman Dock replacement facility (years 12-20). Part of this, the primary float, would already be in use and available to be part of the long-term facility.

- A central maintenance facility.

For more detail, see *Exhibit 11: Capital Program: Docks, Exhibit 12: Capital Program: Vessels* and *Exhibit 13: Capital Program: Park and Ride Lots.*

d. Emphasis on Transit-Style Service

KT's facilities and equipment plans would continue to focus on the 149- and 80-passenger boats and the smaller, less expensive facilities that support these vessels. Smaller boats would:

- more readily support the low ridership of early morning, midday, evening and weekend service.

- provide the system with the lowest possible per-seat operating cost.

- feature the ultra low-wake aspects of the 2007-08 prototype: very low levels of both fuel consumption and emissions.

- provide the higher frequency of service (more sailings) needed to best respond to both high rush-hour ridership demands and lower, full-day demands.

5. POF Capital Program: Detailed Development & Descriptions of Capital Elements

a. Capital Program Development

1) Passenger Expectations

Passenger expectations have a high priority in system design. In addition to providing food and drink on board, passengers desire a passenger-only ferry (POF) system that is:

- Safe
- Reliable
- Convenient
- Reasonably priced
- Fast

- Efficient

2) Guiding Principals

Several KT system goals are guiding terminal planning:

- Creating and maintaining partnerships between KT and other agencies such as WSF and the ports of Bremerton (at Port Orchard and Bremerton), Kingston and Seattle.
- Responding to changes in demand by maintaining long-term flexibility to the greatest extent possible to allow facilities and different-sized vessels to be readily shifted between ports.
- Establishing service as expeditiously and cost-effectively as possible.
- Giving priority, for inclusion in the POF system, to terminal facilities in place, such as at Bremerton, Port Orchard and Kingston or partly so, as at Southworth.

3) General Vessel and Terminal Issues

The waterside portion of the terminal is affected by the vessels it serves. Vessel characteristics such as length, beam, draft, freeboard, freeboard variation, location of boarding doors and cleats, location of connections for shore utilities, strength of hull and displacement affect the waterside terminal design. The standard, prototype boarding float with two boarding slips and two overnight moorage slips is shown in Attachment 1.

The vessel draft determines the seafloor level required to float the ferry and keep debris out of the propulsion system. Vessel drafts are expected to be 4 to 5 feet and the required clearance below the vessel is expected to be 2 to 4 feet. Since the lowest tide is approximately -4 tide, the water depth needs to be at a tidal elevation of minus 10 to minus 13 feet or deeper where vessels are moored. The float for the dock would be located far enough from shore to achieve needed depth.

There should be sufficient room at each Kitsap terminal to accommodate the float and at least 4 moored vessels. In Seattle, moorage for at least three vessels will be needed for loading and unloading but no vessel storage is anticipated there.

The vessels that operate from and moor at the floats will determine the size and shape of the floats. Vessel length will generally determine the length of a moorage side of the float. Vessel freeboard will determine the height of the boarding platform adjacent to the boarding door. The freeboard height for existing ferries varies between 3 ½ and 5 ½ feet and expected freeboard for new vessels will be a defined height between 4 and 5 feet. The gangway from the

fixed pier will attach to the float on a platform with a freeboard of 12 feet. KT expects 149-passenger vessels to be approximately 95 feet long and 30-32 feet in beam. KT expects the 80-100-passenger vessels to be 65-70 feet long and 30-32 feet in beam.

Fendering and mooring requirements will depend on vessel displacement, the strength of the rub rails along the sides of the vessels and vessel cleat location. Fenders can be a major float cost, but if the vessel has strong rub rails and pilots generally ease into the slips, less expensive fenders may be appropriate. Large rubber fenders mounted vertically on wide-flange beams have been successfully used on many POF floats on the West Coast servicing vessels holding up to 300 passengers.

For loading and unloading, vessels will be guided into position for bow-loading and unloading by angled wing walls, similar to the method used for WSF vehicle ferries. A fraction of available thrust will be used continuously to keep the vessel in place and, if required, mooring lines or the transfer span can be used as a backup. If the transfer span will be used as a mooring device, its structural design and operation will require special attention. With a counterweighted transfer span and angled wing walls, it will be possible for the vessel to be quickly moored by a single deck hand.

For overnight moorage, a more traditional mooring line configuration would be used incorporating spring lines and breasting lines. Overnight mooring may require an additional deck hand. At terminals providing overnight moorage, slips will need to be equipped with utilities to provide for fuel supplies, sewage holding tanks, potable water tanks and for electrical power needs while auxiliary power units are off. Overnight moorage will likely occur at Kitsap terminals for an extended period.

Depending on vessel speed and schedule, terminal facilities will be designed for 5-minute turnaround times, including passenger unloading and loading. During peak hours, it may be necessary to have an additional staff member ashore to assist with ADA needs to achieve this.

SAFETY AND CONVENIENCE

Safety issues would be generally addressed by applying code requirements to the facility. Convenience for the passenger means providing the most seamless transfer between modes. The following design elements address safety and convenience issues:

- Walkways of 12 feet, allowing both the unloading and loading of 149 passengers, both disabled and non-disabled in less than two minutes.

- Short walking distances to buses, car drop-off/pick-up zones and parking (in that order) and preferably less than 400 ft. Due to water depth requirements

for terminals and floats, in spite of the shallower draft of 149-passenger vessel, this may not be possible at all terminals.

- Good lighting and as much cover or shelter as possible between the boat and the bus.
- Posted information about boat and bus schedules.
- Heated shelters to accommodate no less than 25 percent of the capacity of the 149-passenger vessel (37), at 15 square feet per person, with seating for about half that number (20).

ADA CONSIDERATIONS AND BICYCLISTS

The facilities need to be fully accessible to people with disabilities, including passengers who have difficulty walking. The slope to the float will not exceed 1:12 for tides between –2 and +12. The slope of the gangway between the shore and the float will never exceed 1:8, which is the maximum slope for walking. If the 1:12 requirement were waived due to the availability of powered mobility aids, the gangway length would be reduced by 4 feet, with a negligible impact on cost. The ramps on the float between the gangway landing and the deck also will not exceed 1:12.

Accommodations must also be provided for the 5%+ of passengers who may use bicycles. Where feasible, marked bikeways would be provided. A waiting area would be provided for bicycles along with a storage area for those who wish to leave their bicycles at the terminal. On the vessels, bicycle storage would be near exits to minimize turnaround times. Bicyclists would be allowed to ride their bicycles off of the float into the street network ahead of other passengers. For safety purposes, it would be desirable to separate bicycle and pedestrian traffic, by either time of boarding or separate pathways.

FARE COLLECTION

Fare collection will not involve terminal personnel, as fares will be collected on the vessels via automated Smart Card technology. Space will be provided at terminals for Smart Card vending machines but, generally, there will not be separate staging areas for passengers who have paid vs. passengers who have not paid, as that would require more terminal infrastructure and more employees than other methods of collecting fares.

TERMINAL AMENITIES AND PARKING

The land-side of the terminal would be very simple. Basic components would include a shelter and restrooms. Other passenger concessions, such as a newsstand, espresso stand, snack and flower vendors, dry cleaning pickup, ATM, etc. could also be accommodated. In designing the terminal area, drop-off for bus passengers should be closest to the pier. For passengers arriving via

car, vanpools should have the closest parking and general parking should be furthest away or remotely located. KT has developed remote parking (park and ride lot) plans for all ferry terminals, and these will be emphasized.

4) Environmental Issues

The most critical environmental issue is the effect of the terminals on the Puget Sound Chinook salmon, recently listed as threatened under the Endangered Species Act. The beach/seafloor between the ordinary high water elevation to the –10 elevation (based on tidal datum) is the most critical area. Shading of the inter-tidal zone is particularly undesirable.

Plant life, particularly eelgrass, is desirable, as is good water quality. Dredging in this zone will be absolutely avoided. It is expected that some form of mitigation will be required, particularly if eel grass beds are damaged or shaded. Because of shading issues, all vessel moorage should occur beyond the –10 seafloor contour. If either vessel drafts or float drafts are greater than 4 feet, moorage will have to be located further out than –10 to avoid dredging. Shading from the gangway may be considered negligible and may not require mitigation.

Certain types of work in the water, such as pile driving and construction activities that might affect water quality, are not generally permitted during certain times of the year to protect fish from harm.

Water quality, a concern during construction of POF facilities, can also be affected by terminal operations. Proper vessel fueling, which will be done at the KT terminals, would be critical. Trained personnel would oversee fueling and crews will have ready access to containment and clean up materials in the event of a spill. While pumping sewage-holding tanks also could cause spillage, use of proper procedures should render very remote the chance of a serious spill. Vessel servicing, involving activities within vessel hulls or the deckhouse, would likely not be a cause for concern.

<u>Terminals could impact other environmental areas:</u>

- The view from the shore will be changed. For low-bank waterfront properties, desirable views could be blocked. Terminal floats, piers and gangways without vessels will likely cause little blockage, but moored vessels could cause considerable blockage.

- Terminals will create air pollution as the vessels, buses and cars that bring people to and from the terminal will pollute the air, although this pollution will be less than that caused by other commuting options.

- All vehicles and vessels also use energy, initially, primarily from petroleum, and the terminal uses electricity. However, since KT will provide the fuel

(currently ultra-low-sulphur diesel), upgrades to such fuels as biodiesel, will occur at appropriate times.

- Some land-uses may be affected in order to provide shore access and loading zones, but parking areas at the terminals themselves will be minimized.

- Terminals will likely increase the light and noise in the terminal areas, the impacts of which will have to be identified and minimized.

All potential impacts would require evaluation and some would require in-depth study that identifies mitigations for negative impacts. Study costs for terminals located where environmental analyses have already been performed could be reduced by merely updating existing information.

b. POF Capital Program Item Descriptions: Vessels, Docks and Park-and-Ride Lots

1) Vessels

Cross-Sound Interim Fleet (2007-2010):

The mainstays of the interim fleet will be the Rachel Marie and the Melissa Ann, two 175-200 passenger vessels that KT would lease-purchase. The Melissa Ann was this year retrofitted with new engines that will make it usable for another 10 years, and she would continue the Bremerton-Seattle POF service until replaced by the new, low-wake 149 passenger model. Interior upgrades are also planned for this vessel by the end of 2006. Similar engine and interior improvements are proposed for the Rachel Marie when KT begins operating it under a similar lease-purchase plan.

The Spirit, a small catamaran now leased as a supplemental Bremerton-Seattle boat and as the summer 2006 wake research test boat, will be needed long-term in the proposed POF system, but as the prototype 80-100 passenger vessel. Other 149-passenger catamarans would be leased for three to four years while new boats are procured.

Cross-Sound Long-Term Fleets (2008-2023):

The 149-passenger fleet would start with the prototype Spirit of Bremerton, in design now as a successor to the low-wake, research vessel (the Spirit) and which KT would purchase with 90%+ federal funding once the research project is complete.

Then, based on what KT learns on the Spirit of Bremerton, KT would

commission a fleet of six 149-passenger, low-wake, fuel-efficient vessels, using an estimated 50% federal funds.

The second fleet would be smaller, 80 passenger vessels, developed competitively off the standard set by the Spirit, to operate with essentially no wake and very low fuel consumption. This plan calls for one 80-100-passenger vessel each at Kingston, Bremerton and Southworth, to supplement the larger vessels during rush hour and to provide service midday, evenings and weekends, when demand is lower. The plan for Port Orchard calls for two of the 80-100 passenger boats to serve as the primary vessels. Smaller boats serve two purposes; substantially reducing fuel consumption, the single largest program cost, and extending the life of the 149-passenger fleet by keeping the larger boats off most non-rush hour trips.

Local POFs

KT would lease-purchase two existing boats, largely with federal funds, to stabilize and lower ongoing operating costs of the Kitsap Transit Foot Ferry between Bremerton and Port Orchard. Within two years, engines on these boats would be replaced with 2010-standard models to improve fuel economy and reduce emissions.

Vessels for other, second-tier POF sites

Once primary POF services to downtown Seattle from Bremerton, Port Orchard, Kingston and Southworth are established, KT would begin planning for second-tier local POF service runs, such as Bremerton-Lynnwood Center, across Eagle Harbor on Bainbridge Island, Bremerton-Poulsbo and others. Vessels on these runs would be modern, low-wake, low fuel-consumption 80-passenger vessels, operating at moderate speeds of 15-20 knots.

Emergency Planning/Disaster Support

Emergency planning, in which KT has actively participated as a bus agency, would extend to the vessel fleet to develop a plan to support intra-county transportation needs in the event of disaster, most particularly catastrophic bridge failures as the result of a major earthquake.

2) Docks and Terminals

Dock and Terminal Concepts

To minimize capital costs, KT would use existing floats and infrastructure (docks, park and ride lots, etc.) as much as possible. Where new infrastructure is needed, standard designs would be used. See Attachment 1 for the standard boarding float. The shore to float gangway has a slope of

12:1 for tidal ranges of –2 feet to +12 feet. At extreme tides, the slope is 8:1 or flatter. During peak hours and extreme tides, a mobility aid cart, operated by KT or vessel personnel, could provide ADA access to the float. The ramp from the gangway landing to the float deck would have a slope of 12:1 and a width of 12 feet to allow two-way passage of wheelchairs or passengers with bicycles. The standard boarding float provides two boarding locations, which can also serve as overnight moorage, to augment the two or three side-tie overnight moorage spaces provided. Shore power, security monitoring and lighting would be provided.

Dock and Terminal Sites

a. Southworth

The proposed South Kitsap POF site is at Southworth, just south of WSF's terminal as shown in Attachment 3. This the same location as the Southworth POF site proposed by WSF in 1996.

The proposed passenger pier for a new POF float would be adjacent and to the south of the existing vehicle pier. Canopies over the walkway and pier should not block critical views from the high-bank waterfront to the south. The pier, float and moored vessels also have little potential for blocking views from low-bank residential properties. Property acquisition may be necessary to provide for a bus turnaround zone as POF service grows.

Primary vessel issues will be exposure to weather and conflicts with car ferries. The terminal site is exposed to winds and waves that come from the south up Colvos Passage and spill around Point Southworth. It is also exposed to winds and waves coming from the northeast past the east shore of Blake Island. Vessel traffic issues here involve the need for the both Vashon Island-bound car ferries and POF vessels to turn around.

Environmental issues at Southworth relate to the construction of a new pier, which would be built over shallow water and eel grass beds. The pier would be as narrow as possible to minimize shading. Construction mitigation, of coverage and/or damage to eel grass would be required. As at Bremerton and Kingston, this site already houses a ferry terminal, so extra traffic noise (primarily from buses) will not be as noticeable.

WSF completed considerable environmental study here, but much of that work would have to be verified or repeated, so it could take up to two years to ready the Southworth site for POF service. If it is fast-tracked, as Kingston was, a minimum of 24 months is possible, but 36 to 40 months is a more reasonable and likely time frame for Southworth to come on-line.

Port Orchard

Port Orchard was initially envisioned as a follow up Cross-Sound site to Bremerton service. We anticipated that after a sufficient volume of riders at key times had developed, traveling from Port Orchard to Bremerton on the local Kitsap Transit Foot Ferry and then transferring to the Cross Sound ferry, we would be able to start direct service between Port Orchard and Seattle on the 80 passenger boats. We now expect to start procuring the 80-100 passenger vessels in 2008, rather than 2010, and so the use of Port Orchard as a main Cross Sound port moves into the first half of the six-year time frame. Additionally, KT expects more difficulty than originally anticipated in the building of a POF facility at Southworth, due in part to complexities of construction coordination with WSF. Finally, growth in the general Gig Harbor/South Kitsap area suggests Cross-Sound service directly from Port Orchard should start sooner to provide some reasonable outlet for this higher demand.

Bremerton

The Bremerton terminal would be comprised of the existing-but-not-yet-installed Float A, and the existing Port of Bremerton-owned B pontoon, as shown in Attachment 4. This configuration would build on existing environmental work by KT and the Port of Bremerton. The attachment of Float A to Float B via a flexible connection would allow relative movement between the two floats. Some modifications to Float A would be needed to allow for the simplified mooring and bow-loading required to minimize turnaround times.

Most Bremerton terminal passenger amenities are either built or planned. A large sheltered waiting area is already located on Float B and a transit deck now offers a heated waiting area for both transit and car ferry users. There is also a parking garage for vanpool vehicles, a bus transfer center and an elevator to take passengers to the upper deck of Float B.

The Port of Bremerton's B pontoon would also serve as a breakwater for the Port of Bremerton marina and a traffic separator to divert small boat traffic well offshore, away from WSF's facility.

The sea floor elevation of these additional terminal floats is –40 or deeper, and environmental issues here have already been addressed. New work would be in deep water and vegetation does not appear to be present in the sea floor. The terminal is in an urban area with a marina, so visual, light and noise impacts will be minimal.

Kingston

Kingston would be the principal location for a POF terminal serving North Kitsap County. KT is acquiring the current POF terminal here, constructed by

Aqua Express. Kingston has a workable dock, ramp and float system, as shown in Attachment 5. KT would provide this site with the standard, four-vessel, bow-loading float with fueling and utilities, when the new boats come on-line in about 2010, to take advantage of their bow-loading capabilities to further reduce travel times.

Seattle

The destination of Kitsap County POF trips is downtown Seattle. For the start-up period, the current WSF POF site and/or the current arrangement with Argosy at Pier 56 would be workable but the preferred site for Kitsap's POF Seattle landing is the space between Piers 57 and 59, north of Colman Dock. Pier 57, just south of the aquarium, should be considered very seriously because it has near-shore, open areas between it and the aquarium. Attachment 6 shows one possible arrangement of floats to serve the KT POF routes. The most probably arrangement is KT's standard double-bow-loading float with a side loading attachment on the north side. The latest drawing is attached. Discussion with the Seattle Parks Dept. and the Aquarium Board has begun.

Docks/floats for Seattle are modified versions of the boarding float shown in Attachment 1. They do not have the same stair/ramp superstructure or overnight moorage on the sides. Separate ADA-compliant ramps and stairs would provide access to these boarding floats. As there would likely be several POF services sharing this location over a 10-year period, any of these facilities could be designed for more-frequent service, but the Pier 57/aquarium site may be the only one with any capability for facility expansion.

Environmental issues in Seattle involve dealing with contaminated bottom sediments, providing view corridors to Puget Sound and the Olympic Mountains and providing public access to the waterfront. The pier ends above the floats could provide public access opportunities in park-like settings.

Other Local Services:

KT would identify which other local POF services might provide the best opportunities and then begin design and construction of small, basic facilities.

Emergency Planning/Disaster Support:

This would involve physical capabilities of responding to emergency management needs in a catastrophe such as loss of bridges. This may only amount to stockpiling the existing Kingston barge that after it is replaced with a standard float in 2010, but that could be extraordinarily valuable in the case of a major emergency that severs existing primary highway or arterial connections.

3) Park and Ride Lots:

The lots listed here would be required to support the draft POF plan.

Harper Church on Sedgwick Road: Expansion of current P&R near Southworth ferry dock

This would unfold in two stages, adding 400 spaces in 2008 and 200 more by 2010. The lot now, without Southworth POF, is at overflow capacity. Thus, we assume expansion here would be essential from a demand and capacity standpoint, prior to the start of POF service, and that the county would require expansion of the lot for growth management reasons.

Other Port Orchard and Southworth-oriented Cooperative (co-op) lots

Planned for 2007-2010 would be the creation of a number of co-op park-and-ride lots further away from ferry terminals, to collect passengers far away from the terminals and bring them in via bus service. This could make the Harper Church lot into a pay lot but with very regular transit service, thus making it the lot of choice for people with irregular work schedules or those wishing to make trips for education, medical, recreation and other reasons.

In Port Orchard itself, KT will, in the two years before this service can start, develop more co-op lots to serve the downtown Port Orchard dock. It will also look into joint development, with the City of Port Orchard and private developers, of some structural parking downtown close to the terminal.

Gateway (Bremerton)

Purchasing and developing this site in Bremerton at 6th and Montgomery as a major lot and a Transit Oriented Development site is one of the agency's primary long-term goals. It is slated for purchase in 2010 and completion in 2013.

West Bremerton and East Bremerton

KT would need to develop co-op lots in both east and west Bremerton.

Silverdale-Newberry Hill

This Silverdale lot would initially be developed with the $1.1 million in federal funds through the Kitsap Regional Coordinating Council and would be essential in removing some Silverdale traffic from SR 305 and re-directing it

to the Bremerton POF via better bus connections to the Bremerton Ferry Terminal.

Other Silverdale/Central Kitsap Co-op Lots

Co-op lots in this area would have the same purpose: removing Silverdale traffic from SR 305 and re-directing it to the Bremerton POF.

Kingston

KT's park and ride system in Kingston now has 250 empty spaces, but as early as 2008, KT would need to develop more co-op spaces at lots where the Kingston POF is generating the greatest demand.

George's Corner Expansion

In 2009, KT hopes to expand this lot into an area now reserved for a replacement septic tank system for the adjacent Albertson's grocery store. In 2010 and beyond, KT expects to need a steady stream of co-op and separately developed small P&R lots to support the Kingston POF program, with these lots developed near the origin of riders' trips to the terminal.

EXHIBIT 1

KITSAP TRANSIT
PASSENGER-ONLY FERRY INVESTMENT PLAN

Legislative History

In recent years, three major POF bills have become law. Below are salient excerpts.

Excerpt from 2003 HB – 1388 **(Emphasis added)**

Sec. 1. The legislature finds that the Washington state department of transportation should focus on its core ferry mission of moving automobiles on Washington state's marine highways. ***The legislature finds that current statutes impose barriers to entities other than the state operating passenger-only ferries. The legislature intends to lift those barriers to allow entities other than the state to provide passenger-only ferry service.*** *The legislature finds that the provision of this service and the improvement in the mobility of the citizens of Washington state is legally adequate consideration for the use of state facilities in conjunction with the provision of the service, and the legislature finds that allowing the operators of passenger-only ferries to use state facilities on the basis of legally adequate consideration does not evince donative intent on the part of the legislature.*

Excerpt from 2003 HB - 1853

Sec. 101. INTENT. The legislature finds that passenger-only ferry service is a key element to the state's transportation system and that it is in the interest of the state to ensure provision of such services. ***The legislature further finds that diminished state transportation resources require that regional and local authorities be authorized to develop, operate, and fund needed services.*** *The legislature recognizes that if the state eliminates passenger-only ferry service on one or more routes, it should provide an opportunity for locally sponsored service and the Department of Transportation should assist in this effort.* ***It is the intent of the legislature to encourage interlocal agreements to ensure passenger-only ferry service is reinstated on routes that the Washington state ferry system eliminates.***

Excerpt from 2006 SB – 6787

Sec. 2. *By October 31, 2006, the Department of Transportation shall have an independent appraisal of the market value of the Washington state ferries Snohomish and Chinook and present it to the transportation committees of the legislature and the governor by November 1, 2006. The department of transportation shall sell or otherwise dispose of the Washington state ferries Snohomish and Chinook for market value and deposit the proceeds of the sales*

into the passenger ferry account created in RCW 47.60.645 as soon as practicable upon approval by the governor of the business plan described in RCW 7 36.54.110(5).

Sec. 3. *A new section is added to chapter 47.60 RCW to read as follows: The department shall maintain the level of service existing on January 1, 2006, for the Vashon to Seattle passenger-only ferry route until such time as the legislature approves a county ferry district's assumption of the route, as authorized under RCW 36.54.110(5), providing a level of service at or exceeding the state level.*

Sec. 5. *A new section is added to chapter 47.60 RCW 30 to read as follows: The Washington state ferry system shall collaborate with new and potential passenger-only ferry service providers, as described in RCW 36.54.110(5), for terminal operations at its existing terminal facilities.*

Sec. 6. *A new section is added to chapter 47.01 RCW to read as follows: The office of financial management shall contract to develop a back-up plan for operating the Vashon to Seattle passenger-only ferry route existing on January 1, 2006, that does not include operations by state government.*

EXHIBIT 2

KITSAP TRANSIT
PASSENGER-ONLY FERRY INVESTMENT PLAN

Comparisons of Commute Alternatives

Cross-Sound POF vs. Other Bremerton-Seattle Alternatives

ALTERNATIVES	Trip Time in minutes and (miles)	Fuel used in gallons	Fuel Cost ($3 a gallon)	Emissions 1=Good 4=Bad		Equipment cost for vehicle over 20 years	System Cost	Time to implement
Passenger-Only Ferry Seattle-Bremerton	30 mins. (16 miles)	60	$180	2007 standard on 60 gallons	**1**	$4M	Two terminals at $3M each =$6M	2008
150 Single occupant vehicles	90 mins. (65 miles) x 150 = 9,750 miles	488	$1,464	2003 standard on 150 vehicles	**4**	$12M (at 20K with five-year use for each	Highway system at $6.5 billion	Now
Four 40-foot commuter buses	90 mins. (65 miles) x 4 = 260 miles	65	$195		**1**	$1.125M (300K each)		2008
Light Rail Bremerton-Seattle	90 mins. (65 miles)		Unknown		**1**	$4M (two cars at 30K x 3=five-year life	30 miles at $150M per mile=$4.5 billion	2030
20 Vanpools (driving around)	90 mins. (65 miles)	87	$261		**2**			2008
Car boat (150 cars)	60 mins. (16 miles)	400	$1,200	Old-tech diesel	**3**	$100M	$60M (estimated terminal costs)	Now
Car boat (150 walk-ons)	60 mins. (16 miles)	40	$120	Old-tech diesel	**3**			Now

EXHIBIT 3

KITSAP TRANSIT:
PASSENGER-ONLY FERRY INVESTMENT PLAN

PROPOSED FARES[1]

Proposal	Round Trip	One Way	Monthly $
1. Base cash fare, peak and off-peak[2]	$8.50	$1.00 Eastbound $7.50 Westbound	-
2. Smart Card rate	$8.00	$1.00 Eastbound $7.00 Westbound	
3. Monthly Pass rate (via Smart Card)	-	-	$150.00
4. Business Class (A minimum of 20% of seats): guaranteed and premium seating, a newspaper and a non-alcoholic beverage	-	$3.00 Eastbound $8.00 Westbound or $10.00 Round Trip	$200.00
5. Discounts		*Rush Hour Trips (80% full)*	*Off Peak Trips (per ADA)*
	Elderly & Disabled	10%	50%
	Students	10%	25%
6. Provision for semiautomatic fuel-surcharge fare increased constructed similarly to KT's current bus-fare fuel surcharge.			

[1] This set of fares, plus alternatives slightly higher and lower, will be tested on the Bremerton-Seattle run as part of the 2006-2007 federally funded Rich Passage wake research project.

[2] The fares suggested here are based on current WSF fares, and if they rise, then the KT proposed fares would also rise, with the goal of staying $1.00 higher than WSF fares each direction.

EXHIBIT 4

KITSAP TRANSIT
PASSENGER-ONLY FERRY INVESTMENT PLAN

ESTIMATED SAILINGS-FIRST SEVEN YEARS

YEAR		2007-2008	2009-2010	2011-2012
TRIPS	AM Peak	3	4	5
	Mid-day	1	3	3
	PM Peak	3	4	5
	Evening	1	2	3
TOTAL		**8**	**13**	**16**
AM Departures*		6:00	6:00	4:45
		7:00	6:45	6:00
		8:00	7:30	7:00
			8:15	8:00
Mid-day Departures*			10:00a	10:00a
		12:00	12:00	2:30
			2:00	
PM Returns*		3:45	3:45	3:45
		5:15	4:30	4:30
		6:30	5:00	5:00
			6:00	6:00
				7:00
Evening Departures*		7:30	7:30	8:00
			9:00	9:00

\+ Smaller boat

* Departure and return times are approximate. Exact sailing times will be determined in consultation with passengers.

EXHIBIT 5

KITSAP TRANSIT
PASSENGER-ONLY FERRY INVESTMENT PLAN

Kitsap Transit Contract Approach to Employee/Labor Relations

Policy	KT Foot Ferry (Bremerton-Port Orchard) Kitsap Ferry Co. (Bremerton-Seattle)	Cross-Sound POF
Wages	Bremerton-Seattle service by Kitsap Ferry Co. Current Rates: $ per hour	Positioned between local wages and WSF Five year* range: $ per hour
	Captain $23.50 Mate $20.00 Senior Deckhand $16.00 Deckhand/GSR $13.50	$23.50 to $28.50 $20.00 $24.50 $16.00 to $19.50 $13.50 to $16.00
Benefits Package	Goal of 34% of wages (Current contract with Kitsap Harbor Tours)	Goal of 40% of wages (Current KT level)
Labor Harmony	Contractor Responsibility with KT oversight	Contractor Responsibility with KT oversight

* Salary growth over inflation, implemented over a six-year period

EXHIBIT 6

KITSAP TRANSIT
PASSENGER-ONLY FERRY INVESTMENT PLAN
MAJOR VARIABLES
Crew Costs and Fuel

1. Crew Costs[1]

Dollars per Hour	Year 1 (Start Up)		Year 5 (Mature)	
	Bremerton/ Kingston	Southworth[2]	Bremerton/ Kingston	Southworth[2] & [3]
Master	23.50	23.50	28	28
Mate/Engineer	20	20	23	19
Senior Deckhand	16	16	17	17
Deckhand	13.5	--	15	--
Sub-Total	*73*	*59.5*	*83*	*64*
Plus Benefits @ 40%	29.2	23.80	33.2	25.6
TOTAL	**102.20**	**83.30**	**116.2**	**89.60**

[1] KT contracts, per its experience with *ACCESS* and the Kitsap Transit Foot Ferry, would spell out average wage levels and general equity in the benefits package at key contract points to help insure retention of qualified employees and level bidding "table". **All wages were increased by $1 an hour for 2007.**

[2] Because Southworth service can be operated at speeds of less than 30 knots, the current requirement for two licensed personnel in the help station at speeds of more than 30 knots would not apply. However, we recommend that the budget planning be done with the four-person crew to provide the higher-safety level in our relatively crowded waterways. Providing for speeds of more than 30 knots also gives us more scheduling flexibility, i.e., you can carry 50 more passengers at peak rush hour at 37 knots instead of 27-28 knots with two boats, or the same number of passengers over a three-hour peak with two boats instead of three, assuming a very efficient bow-loading scheme and crew to assist the disabled.

[3] This is also the crew complement proposed for the 80-passenger Gnat class vessel and is key to its cost-effectiveness.

2. Fuel Use/Costs Variability

	Year 1 (2008)		Year 5 (2012)	
Costs Per Gallon	$3.00		$3.00	$4.50
Usage per hour for new boats				
• 149-passenger	100	@ 35 knots	300	450
• 80-passenger	60	@ 35 knots	180	270

Notes:

1 KT would continue to provide the fuel and budget for it separately from the operating contracts to 1) ensure compliance with our environmental goals, 2) remove the largest uncontrollable variable from the KT contractor's budget and 3) take advantage of KT's bulk purchase power. This does, however, make necessary the development of fuel facilities at each port. KT trucks would deliver fuel to the dock sites, as they do now to Port Orchard.

2 Contractors will be allowed, under the terms of the contracts, to run charters if such trips do not interfere with POF operations or maintenance needs. However, a "rental" rate will be developed for these charters that includes reimbursement for fuel consumed at the rate at the time of the charter.

3 The current and projected extraordinary variability of fuel costs suggests that KT should develop a standing "semi-automatic" fuel surcharge program, along the lines of what is now in the bus fare structure. Again, the purpose of such a surcharge program would be to allow KT to react positively to the higher ridership demands expected at the $4 and $5 a gallon level.

4 In the six-year capital budget, KT proposes developing and deploying an 80 passenger vessel fleet to be used on the shoulders of the peaks midday, evenings and weekends. This is in direct response to modeling $5 a gallon fuel and a direct knockoff of KT small bus use whenever possible in Routed service, which has proven to be a tremendous fuel-saver.

EXHIBIT 7
KITSAP TRANSIT POF
OPERATING REVENUES AND EXPENDITURES
(Dollars in Thousands)

		2007	2008	2009	2010	2011	2012	2013
REVENUES								
	FARES CROSS SOUND POF (1)	$ 1,100	$ 2,000	$ 3,100	$ 4,300	$ 5,800	$ 7,000	$ 8,000
	FARES - LOCAL POF	266	272	277	283	338	359	385
	SALES TAX (2)	5,600	11,800	12,400	13,000	13,700	14,400	15,100
	INVESTMENT INCOME (3)	-	590	500	320	200	250	330
	RENTAL INCOME	20	20	20	20	20	20	20
	TOTAL REVENUES	$ 6,986	$ 14,682	$ 16,297	$ 17,923	$ 20,058	$ 22,029	$ 23,835
	Cross Sound Fare Box Recovery Ratio	**73.33%**	**41.67%**	**48.55%**	**53.95%**	**60.70%**	**62.84%**	**65.31%**
OPERATING EXPENSES								
	GENERAL AND ADMINISTRATIVE	$ 560	$ 588	$ 617	$ 648	$ 681	$ 715	$ 750
	CROSS SOUND POF (4)	1,500	4,800	6,385	7,970	9,555	11,140	12,250
	LOCAL POF (5)	1,442	1,507	1,575	1,646	2,520	2,947	3,378
	TOTAL EXPENSES	$ 3,502	$ 6,895	$ 8,577	$ 10,264	$ 12,756	$ 14,802	$ 16,378
	NET INCOME	$ 3,484	$ 7,787	$ 7,720	$ 7,659	$ 7,302	$ 7,227	$ 7,457
	BEGINNING CASH & INVESTMENT BALANCE	$ -	$ (1,916)	$ 16,146	$ 12,540	$ 5,474	$ 6,151	$ 7,954
	NET INCOME	3,484	7,787	7,720	7,659	7,302	7,227	7,457
	BOND FUNDS (6)	-	20,000	-	-	-	-	-
	DEBT SERVICE (6)	-	(2,025)	(2,025)	(2,025)	(2,025)	(2,025)	(2,025)
	CAPITAL PURCHASES	(11,400)	(14,700)	(16,300)	(19,700)	(16,600)	(7,400)	(500)
	FEDERAL CAPITAL GRANTS - SMALL STARTS (7)	-	5,000	5,000	5,000	10,000	-	-
	OTHER FEDERAL GRANTS	6,000	2,000	2,000	2,000	2,000	4,000	4,000
	TRANSFER TO CAPITAL RESERVE (8)	-	-	-	-	-	-	(6,000)
	ENDING CASH & INVESTMENT BALANCE (9)	$ (1,916)	$ 16,146	$ 12,540	$ 5,474	$ 6,151	$ 7,954	$ 10,885

(1) Growth in Cross Sound fares reflects projected ridership growth coupled with an approximate annual fare increase of 2.5%.

(2) Sales tax revenues in 2007 assume three tenths sales tax will become effective July 1, 2007. Sales tax each year thereafter assumes a 5% annual growth factor reflecting inflation and economic growth.

(3) Investment income assumes average interest earnings of 3.5%.

(4) Cross Sound POF operating expenses in 2007 assume continued services on the Bremerton-Seattle route and resumed services on the Kingston-Seattle route. Services from Southworth to Seattle are anticipated in 2008 or 2009.

(5) Local POF initially reflects operations from Bremerton to Port Orchard. Additional service may be added to other local ports in subsequent years based on demand and funding.

(6) Assumes $20 million bond issuance in 2008. Debt service amounts are based on estimated terms of 15 years at 6%.

(7) Assumes Federal grant funding available from Federal Transit Administration Small Starts Capital Program.

(8) Capital reserve requirements of approximately $6.0 million for final Seattle POF terminal.

(9) Short term bridge funding will be required in 2007 to fund start up costs preceding the anticipated bond issuance in 2008.

EXHIBIT 8

KITSAP TRANSIT
PASSENGER-ONLY FERRY INVESTMENT PLAN

Administrative and Transfer Costs

Direct administrative costs and services purchased from KT core budgets	$ *(all figures in 000s)*
1. Ongoing Program Management (Dept. director plus clerical support, supplies, etc.)	200
2. Fueling system support from KT Vehicle Maintenance ('07 est.) but does not include the costs of fuel itself	60
3. POF share of KT administrative costs/services (Human Resources, Finance, etc.)	200
4. Rent: 3,000 square feet at $30.00 a square foot per year at Harborside. Cost includes $7.00 common area management (CAM) charges and minimal tenant improvements. a) 2,000 square feet for staff, including large conference room b) 1,000 square feet for POF Research Center (staffed by the non-profit created to operate the center)	100
Total Administrative Costs	**560**

Capital Management Costs Included in POF Capital Budget	
1. Temporary (5-8 years) capital program team: project manager for vessels and docks programs a) Will work for KT Capital Dept. director for the duration of the major capital emphasis (2007-2011) b) These costs will be charged to each capital project	
Total Capital Management Costs	**250**

Transfer Cost to POF Budget from current KT Total of Cost of local POF assumed by new POF program: Bremerton-Port Orchard Ferry Service ('07 est.)	**1,442**

EXHIBIT 9

KITSAP TRANSIT
PASSENGER-ONLY FERRY INVESTMENT PLAN

Total Operating Costs*

System Totals by Year	2009	2012
Kingston	$1,536,611	$3,421,300
Bremerton	$1,459,780	$3,000,235
Port Orchard	$1,198,557	$1,350,000
Southworth	0	$1,568,614
Totals	**$4,194,948**	**$9,340,149**

Example: Kingston*

	2009 Eight round trips per day and two on weekends	***With Fuel***	**2012** 12 round trips per day and six on the weekend	***With Fuel***
Baseline	$1,511,611		$3,306,300	
Plus fringes @10%	$25,000		$55,000	
Plus yr. five wages & benefits (@15%)	0		$80,000	
Approx. $4.50/ gallon for fuel		*+$300,000*		*+$600,000*
Insurance	0**		$100,000	
Subtotals/Year	*$1,536,611*		*$3,541,300*	
Subtotals with Fuel Costs		***$1,836,611***		***$4,141,300***

* Adjustments, to plan levels, to the baseline developed by the consultant.
**Covered in boat leases in the capital budget for the first two years.

EXHIBIT 10

KITSAP TRANSIT
PASSENGER-ONLY FERRY INVESTMENT PLAN

CAPITAL PROGRAM -- ALL COSTS

All #s in 000s	2007	2008	2009	2010	2011	2012
Vessels	5,950	10,000	14,300	9,800	7,300	7,300
Docks	3,600	10,250	6,750	6,000	4,000	1,500
Park and Ride Lots	1,000	1,900	3,000	500	1,500	1,500
Equipment/Miscellaneous *	500	500	500	800	800	800
TOTALS	**11,050**	**22,650**	**24,550**	**17,100**	**13,600**	**11,100**

* After about 2009, this line item is primarily funding for engine replacements, a major but fairly predictable cost with fast catamarans.

EXHIBIT 11

KITSAP TRANSIT
PASSENGER-ONLY FERRY INVESTMENT PLAN

CAPITAL PROGRAM -- DOCKS

Southworth (all dollars in 000s)

	2007	2008	2009	2010	2011	2012
Environmental/Design		250 (includes minimal impact plan for shoreside services)	250			
Construction			5,000 standard bow-loading float with fueling and utilities			
Southworth Subtotal		***250***	***5,250***			

Bremerton (all dollars in 000s)

	2007	2008	2009	2010	2011	2012
Design/Environmental	400			500		
Mooring: A float	2,000					
Completion: A float		1,000				
Maintenance float					3,000 new maintenance float with fueling, utilities and light maintenance capabilities	
Bremerton Subtotal	***2,400***	***1,000***	***0***	***500***	***3,000***	

Kingston (all dollars in 000s)

	2007	2008	2009	2010	2011	2012
Environmental	100					
Purchase	655					
New float				5,000 standard bow-loading float with fueling and utilities		
Kingston Subtotal	***755***		***0***	***5,000***		

Seattle (all dollars in 000s)

	2007	2008	2009	2010	2011	2012
Plan/Environmental	500					
Pre-paid Moorage **		2,000				
New floats between Pier 57 & 59		6,000***				
Seattle Subtotal	***500***	***8,000***	***0***			

Other Local (all dollars in 000s)

	2007	2008	2009	2010	2011	2012
Local Services Expansion Plan		250				
Design/Environmental (2-3 sites)			500			
Construction (2-3 sites)					500	1,000
Disaster Plans/Docks/Floats		250	500			
Misc. Upgrades/Contingency/ Maintenance		500	500	500	500	500
Other Local Subtotal		***1,000***	***1,500***	***500***	***1,000***	***1,500***

SUBTOTAL: ALL DOCKS	***3,600***	***8,250***	***6,750***	***6,000***	***4,000***	***1,500***

* Bond Issue for 2008-2010

**Replaces moorage lease payment previously in operating budgets. Payment would be in the form of substantial improvements to Seattle Parks property, consistent with the recently developed plans for Seattle's Waterfront Park. This arrangement is akin to those KT routinely makes for park and ride lots.

***Standard double, bow-loading float

EXHIBIT 12
KITSAP TRANSIT
PASSENGER-ONLY FERRY INVESTMENT PLAN
CAPITAL PROGRAM -- VESSELS

All #s in 000s	2007	2008	2009	2010	2011	2012
Cross Sound: Interim Fleet (lease-purchase and lease only)						
1 Lease Purchase of the Melissa Ann	1,500	In use	In use	Spare	Spare	Spare
2 Lease Purchase of the Rachel Marie	250	1,500 [1]	In use	In use	In use	In use
3 Spirit: for Port Orchard	2,500[1]	In use	In use	In use	In use	In use
4 Leased: 149-pax catamaran	250	500	500	500		
5 Leased: 149-pax catamaran	250	500	500			
SUBTOTAL	*4,750*	*2,500*	*1,000*	*5,00*		
Cross Sound: Long-Term Fleet (purchase new)						
1 Spirit of Bremerton		5,000				
2 Mosquito Class: 149 pax, low-wake and fuel-efficient 95x30+ feet, 37 knots			9,000 (1)	4,500 (1)	4,500 (1)	4,500 (1)
3 Gnat Class: 80-100 pax, no-wake and very fuel efficient		2,500 (1) (prototype)	4,000 (2)	4,000 (2)	2,000 (1)	2,000 (1)
SUBTOTAL: New Cross-Sound Vessels (lease and buy)		*7,500*	*13,000*	*8,500*	*6,500*	*6,500*
SUBTOTAL: Cross-Sound Interim & Long Term Fleet	***4,750***	***10,000***	***14,000***	***9,000***	***6,500***	***6,500***

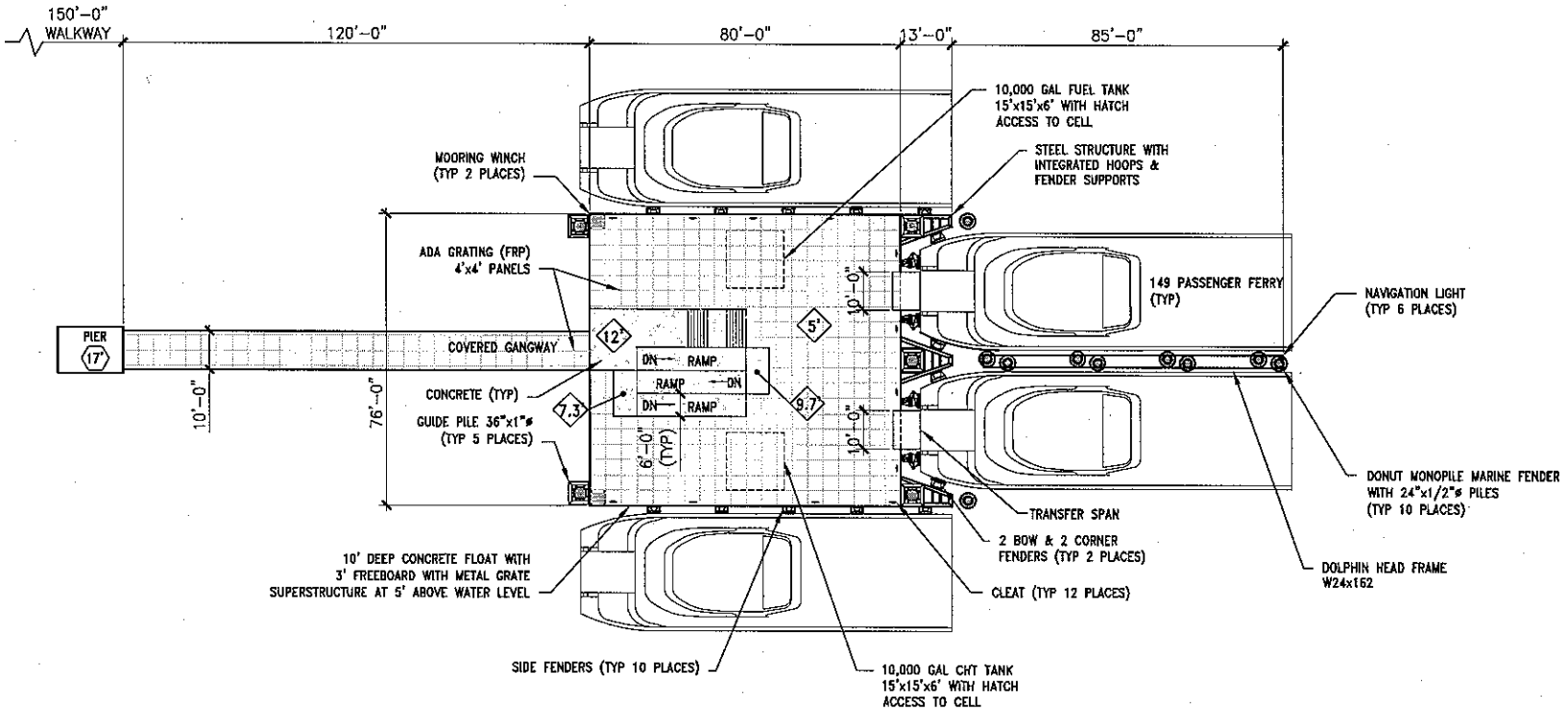
All #s in 000s	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Local						
Bremerton-Port Orchard	1 at 100+ passengers (550) and 1 at 80+ passengers (450)		Two clean air upgrades at 150K each = (300)			
Other Sites				1 at 80 passengers (800)	1 at 80 passengers (800)	1 at 80 passengers (800)
Disaster Support[1]	Develop contingency fleet plan 200		Update			
SUBTOTAL: Local Vessels	*1,000*		*300*	*800*	*800*	*800*
SUBTOTAL: Interim & Long Term Fleet	***4,750***	***10,000***	***14,000***	***9,000***	***6,500***	***6,500***
Total Vessels (Cross-Sound and Local)	**5,950**	**10,000**	**14,300**	**9,800**	**7,300**	**7,300**

EXHIBIT 13

KITSAP TRANSIT
PASSENGER-ONLY FERRY INVESTMENT PLAN
CAPITAL PROGRAM -- PARK AND RIDE LOTS

All dollars in 000s	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Southworth-Harper Expansion			2,500 (400 spaces)			
Other Southworth/Port Orchard-oriented lots (some co-operative and some built)	250 (200 spaces)	250 (200 spaces)			1,000 (150 spaces in the Mullinex Road expansion)	
Bremerton						
Gateway						1,000 (property)
West Bremerton	250 (200 spaces)					
East Bremerton	250 (200 spaces)				250 (200 spaces)	
Silverdale-Newberry Hill		1,400 (150 spaces)				
Other/Co-op (Silverdale/Central Kitsap)	250 (200 spaces)				250 (200 spaces)	
Kingston				250 (150 spaces)		
Expand George's Corner/Lindvog Lot in 2013			500 (100 spaces)			
Other/Co-op		250 (200 spaces)		250 (200 spaces)		
SUBTOTAL: Park and Ride Lots	***1,000***	***1,900***	***3,000***	***500***	***1,500***	***1,500***

Attachment 1-PROTOTYPE BOARDING FLOAT



BOARDING FLOAT PLAN

0 10' 20' 30' 45' 60' 90'

SCALE: 1" = 30'

⬡ : HEIGHT ABOVE MEAN LOWER LOW WATER

◇ : HEIGHT ABOVE WATER LINE

KITSAP TRANSIT

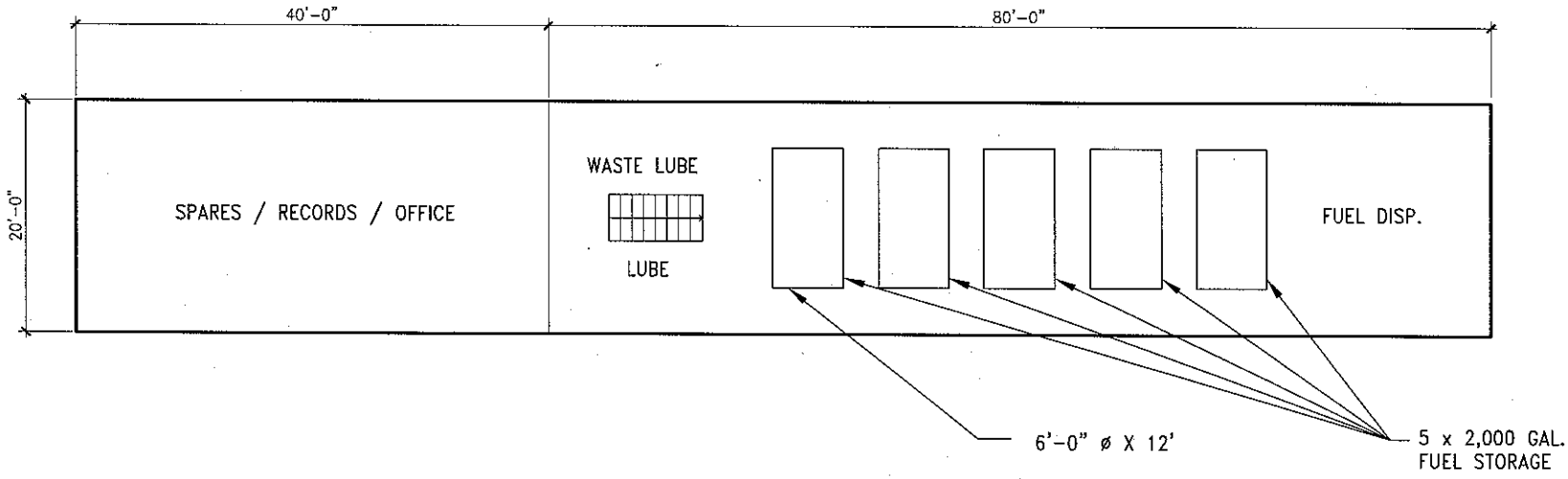
ART ANDERSON ASSOCIATES
203 PACIFIC AVE
BREMERTON, WA 98337
(360) 479-5600

KITSAP TRANSIT
PASSENGER FERRY
BOARDING FLOAT PLAN

DRAWN:	MEM
DESIGNED:	AAA
CHECKED:	STM
DATE	11/3/06
REVISIONS	
JOB NO	FTKIT051
SHT TITLE	BOARDING FLOAT PLAN
SHT NO	1 OF 1

A1

Attachment 2-MAINTENANCE FLOAT



MAINTENANCE FLOAT PLAN – INTERIOR

0 5' 10' 15' 20' 30'

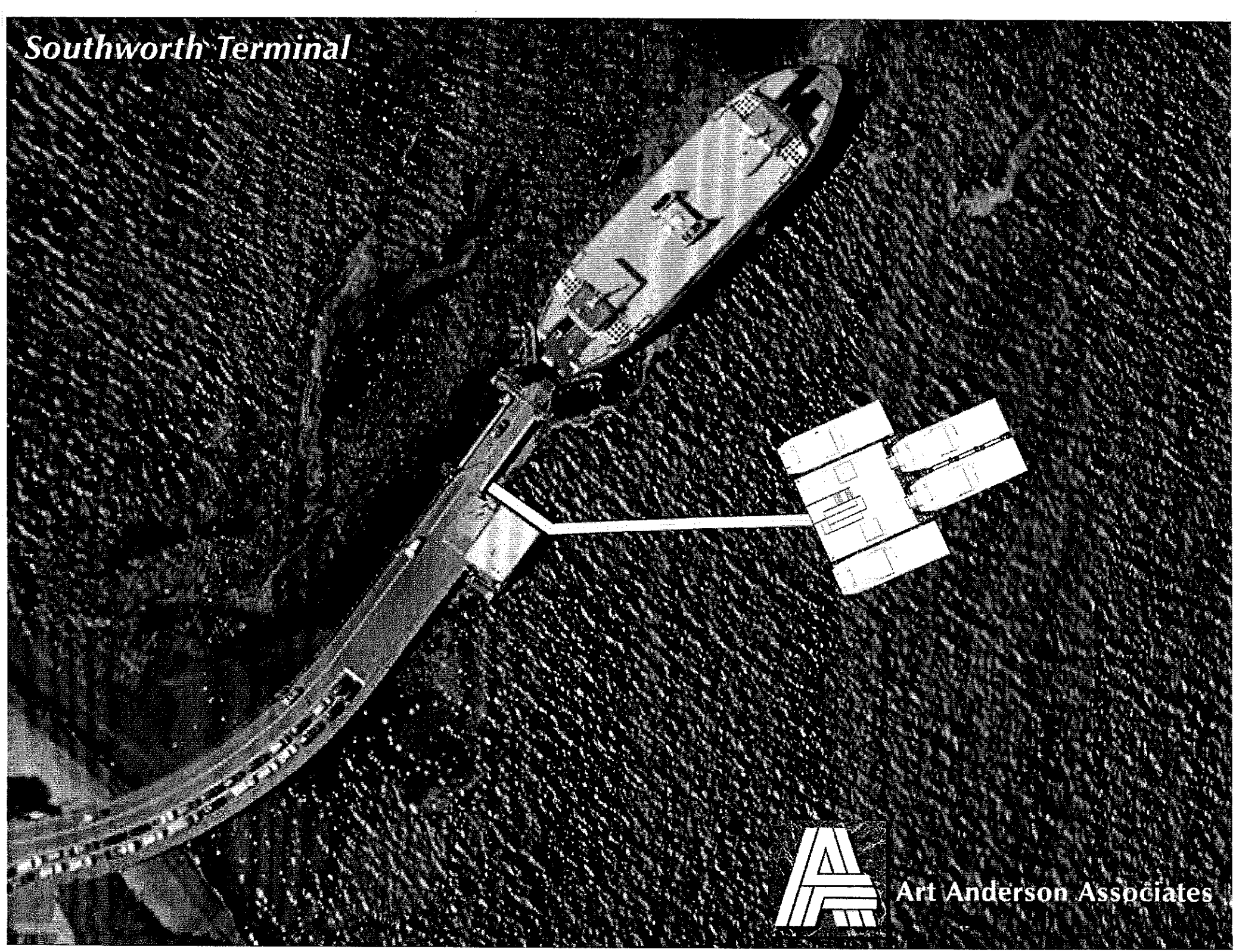
SCALE: 1" = 10'

◇ : HEIGHT ABOVE WATER LINE

ART ANDERSON ASSOCIATES
202 PACIFIC AVE
BREMERTON, WA 98337
(360) 479-5500
FAX (360) 479-5605
810 THIRD AVE SUITE 700
SEATTLE, WA 98104
(206) 622-6221

KITSAP TRANSIT
PASSENGER FERRY
MAINTENANCE FLOAT PLAN

DRAWN:	JLK
DESIGNED:	AAA
CHECKED:	AKB
DATE	2/27/03
REVISIONS	
JOB NO	FTKIT205
SHT TITLE	MAINTENANCE FLOAT PLAN
SHT NO	A2

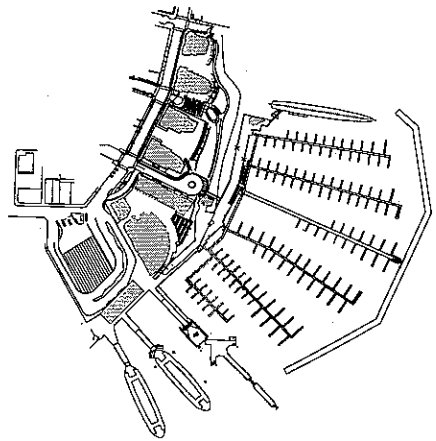

Southworth Terminal
Art Anderson Associates

Attachment 4-BREMERTON

WASHINGTON STATE
FERRY TERMINAL

ELEMENTS TO BE ADDED

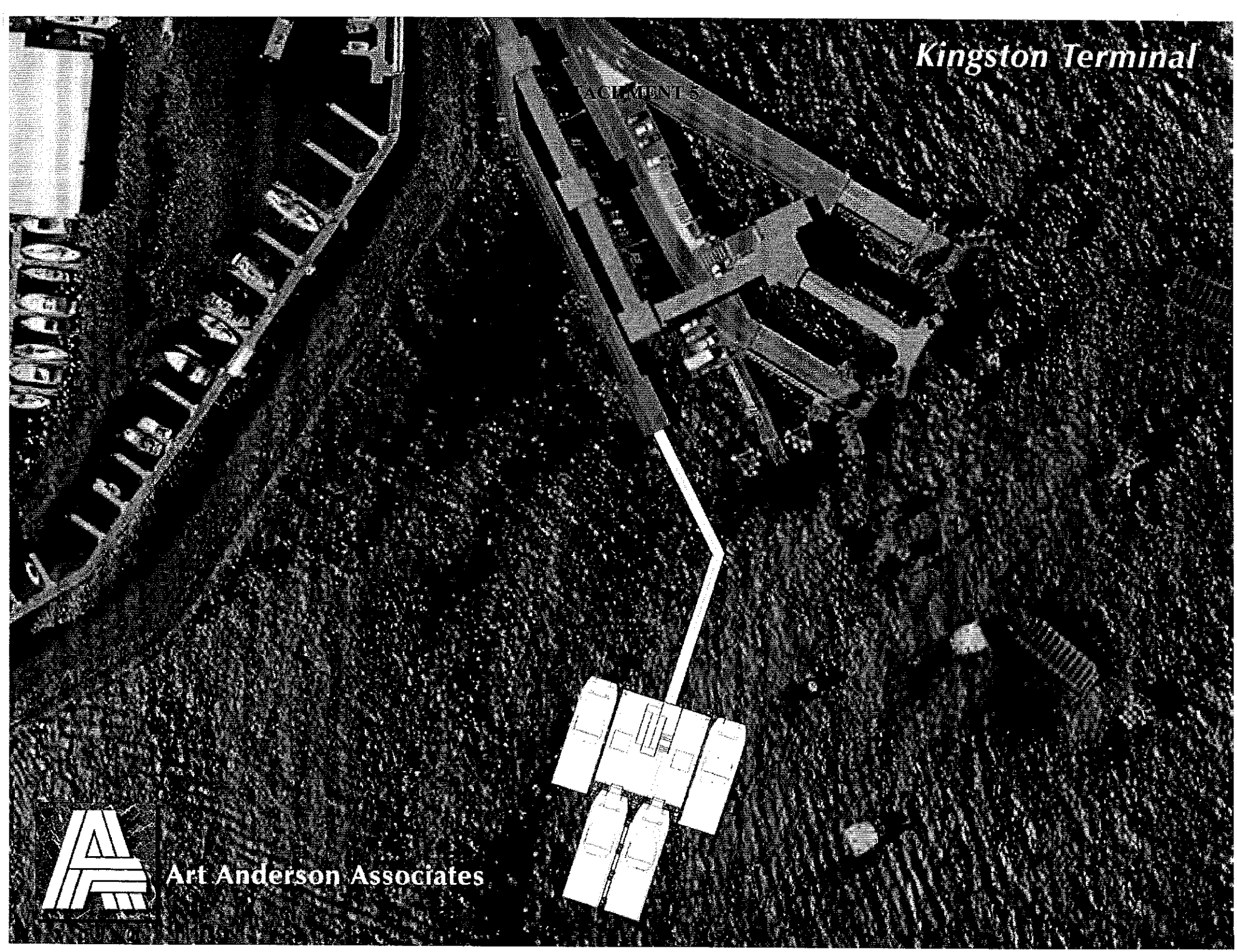
DOWNTOWN BREMERTON KEY PLAN



ART
ANDERSON
ASSOCIATES
202 PACIFIC AVE
BREMERTON, WA 98337
(360) 479-5600

ATTACHMENT 5

Kingston Terminal



Art Anderson Associates

Seattle Terminal

EXHIBIT 6

Art Anderson Associates