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1 BEFORE THE WASHINGTON UTILITIES AND
2 TRANSPORTATION COMMISSION

3 In the Matter of the) Docket No. TS-001774
4 Applications of))
5 Dutchman Marine LLC d/b/a Lake) Volume III
6 Washington Ferry Service,) Pages 80 - 331
7 for Authority to Provide))
8 Commercial Ferry Service;))
9 Seattle Ferry Service, LLC,) (CONFIDENTIAL PORTIONS
10 for Authority to Provide) BOUND SEPARATELY)
11 Commercial Ferry Service; and) Pages 119, 214, 215,
) 246, and 247
12)
13 Seattle Harbor Tours Limited)
14 Partnership, for Authority to)
15 Provide Commercial Ferry)
16 Service;)
17 _____))

12
13 A hearing in the above matter was held on
14 June 12, 2001, at 9:45 a.m., at 900 Fourth Avenue, Suite
15 2400, Seattle, Washington, before Administrative Law
16 Judges DENNIS J. MOSS and WILLIAM E. HENDRICKS.

17 The parties were present as follows:

18 DUTCHMAN MARINE LLC, by Matthew C. Crane,
19 Attorney at Law, Bauer Moynihan & Johnson, 2101 Fourth
20 Avenue, Suite 2400, Seattle, Washington 98121.

21 SEATTLE HARBOR TOURS, by Gregory J. Kopta,
22 Attorney at Law, Davis Wright Tremaine, LLP, 1501 Fourth
23 Avenue, Suite 2600, Seattle, Washington 98101.

24 SEATTLE FERRY SERVICE, by David W. Wiley,
25 Attorney at Law, Williams, Kastner, & Gibbs, 601 Union
Street, Suite 4100, Seattle, Washington 98101-2380.

24 Joan E. Kinn, CCR, RPR
25 Court Reporter

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1 THE COMMISSION, by Jonathan Thompson,
Assistant Attorney General, 1400 South Evergreen Park
2 Drive Southwest, Olympia, Washington 98504-0128.

3 CITY OF SEATTLE, by Gordon Davidson,
Assistant City Attorney, 600 Fourth Avenue, 10th Floor,
4 Seattle, Washington 98104.

5 CITY OF BELLEVUE, by Lori M. Riordan,
Attorney at Law, 11511 Main Street, Bellevue, Washington
6 98004.

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1 (The following exhibits were identified as
2 BENCH EXHIBITS.)
3 Exhibit 1 is the Settlement Agreement.
4 Exhibit 2 is the Public Comments.

5
6 (The following exhibits were identified in
7 conjunction with DUTCHMAN MARINE LLC.)
8 Exhibit 101 is Commercial Ferry Applications
9 of Dutchman Marine LLC (11/15/00). Exhibit 102 is
10 Tariffs submitted with the Application. Exhibit 103 is
11 Time Schedules submitted with the Application. Exhibit
12 104 is Application of Seattle Harbor Tours (12/15/00).
13 Exhibit 105 is Application of Seattle Ferry Service
14 (12/18/00). Exhibit 106 is Letter from Vulcan Ventures
15 to Seattle Ferry Service. Exhibit 107 is Protest of
16 Seattle Harbor Tours to the Application of Dutchman
17 Marine LLC. Exhibit 108 is John J. McMullen Associates
18 passenger ferry study in response to Trans-Lake
19 Washington Ferry Study. Exhibit 109 is Washington
20 Public Ports Association-Mosquito Fleet Feasibility
21 Study. Exhibit 110 is City of Seattle's Strategic
22 Transportation Plan. Exhibit 111 is Metropolitan
23 Transportation Plan for the Central Puget Sound Region
24 by the Puget Sound Regional Council. Exhibit 112 is
25 Blue Ribbon Commission on Transportation: Final

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1 Recommendation to the Governor and Legislature. Exhibit
2 113 is Washington Department of Transportation
3 Trans-Lake Washington Study. Exhibit 114 is Ferry
4 ridership survey for ferry service to and from Carillon
5 Point. Exhibit 115 is Fare Survey. Exhibit 116 is
6 Bareboat Charter between Dutchman Marine LLC and Pacific
7 Boat Enterprises LLC. Exhibit 117 is Insuring package
8 from Sullivan & Curtis. Exhibit 118 is Dutchman Marine
9 LLC operations manual. Exhibit 119 is Revised financial
10 statement. Exhibit 120 is Letter from Tom Waith of the
11 Woodmark Hotel at Carillon Point. Exhibit 121 is Letter
12 from Barbara Leland from Carillon Properties. Exhibit
13 122 is Letter from Rex Allen of SECO Development.
14 Exhibit 123 is Letter from John Hamilton of the Presidio
15 Partners on behalf of LakePointe Development LLC.
16 Exhibit 124 is Letter from Susan Murphy of Wright
17 Runstad & Company. Exhibit 125 is Letter from Anthony
18 Underwood of the Boeing Company. Exhibit 126 is Shipper
19 Support Letters. Exhibit 127 is Letter from the
20 Attorney General's regarding non-opposition to waiver of
21 the 10-mile restriction. Exhibit 128 is Resume of Barry
22 O. Fuller. Exhibit 129 is Resume of John N. (Jack)
23 Case. Exhibit 130 is Resume of Gary Hibma. Exhibit 131
24 is UW Employee Residential Population Distribution, King
25 & Southern Snohomish County. Exhibit 132 is Enlarged

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1 illustration of Lake Washington. Exhibit 133 is Ferry
2 Transit Systems for the Twenty First Century (1/10/00).
3 Exhibit 134 is Letter from Patriot Holdings, LLC to Dan
4 Dolson (6/05/01).

5

6 (The following exhibits were identified in
7 conjunction with SEATTLE HARBOR TOURS LIMITED
8 PARTNERSHIP.)

9 Exhibit 201 is Commercial Ferry Application
10 of Seattle Harbor Tours (12/15/00). Exhibit 202 is
11 Supplemental Answers to Application Questions (1/25/01).
12 Exhibit 203 is Letter from Lyn Stokesbary, Assistant
13 City Manager, City of Kirkland (6/07/01).

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P R O C E E D I N G S

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JUDGE MOSS: Good morning, everybody. My
name is Dennis Moss. I am an Administrative Law Judge
with the Washington Utilities and Transportation
Commission. Sitting to my left is Tre Hendricks, who is
also an Administrative Law Judge with the Commission.
We're sitting together today as co-presiding officers.
It is my intention to have Judge Hendricks conduct the
bulk of our hearing, although I may jump in from time to
time as I have questions. We may deliberate together
with respect to any objections that are heard and that

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1 sort of thing, so we will just all be relaxed and go
2 with the flow and take things as they come.

3 We will be ultimately responsible for this
4 case, and we will want to take up the question of
5 whether you all will wish us to write an initial
6 decision in the case or whether we will waive that and
7 go directly to a final one. In fact, why don't we take
8 that question up first, and then I'm going to turn the
9 floor over to Judge Hendricks. Have the parties
10 considered whether they wish to waive the initial
11 decision, or would they like me to explain the
12 implications of that further? I did mention it at the
13 prehearing conference.

14 MR. KOPTA: Did you want to take appearances
15 before we address the merits?

16 JUDGE MOSS: Well, we can do that, but I'm
17 interested in this question of waiver, and I don't know
18 that we need to take appearances prior to that. I was
19 thinking we could take up the waiver question first. So
20 have you thought about it?

21 MR. KOPTA: Yes, I have given it some
22 thought. Because this is a somewhat unique proceeding
23 before the Commission and there are some issues with
24 respect to how the Commission decides between two
25 competing applicants for the same ferry route, we think

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1 it would be beneficial to have an initial order prior to
2 having a Commission determination to flesh out the
3 issues a little bit more and to allow for party input on
4 what you would propose as a means of determining which,
5 if either, applicant will be awarded which routes.

6 JUDGE MOSS: All right, well, that steals the
7 thunder, waiver must be unanimous. So Mr. Kopta and his
8 client would prefer to have an initial order, then
9 that's what we will do with respect to that question.
10 So let me turn the floor over to Judge Hendricks.

11 JUDGE HENDRICKS: Good morning. This is a
12 hearing in the consolidated matters of the applications
13 of Dutchman Marine LLC, for Authority to Provide
14 Commercial Ferry Service, Docket Number TS-001774,
15 Application Number B-78937; Seattle Harbor Tours Limited
16 Partnership for Authority to Provide Commercial Ferry
17 Service in Docket Number TS-002055, Application Number
18 B-78946. Those two dockets have been consolidated. And
19 also Seattle Ferry Service, LLC, for Extension Authority
20 to Provide Commercial Ferry Service in Docket Number TS-
21 002054, Application Number 78945. That docket number
22 has been severed, but the issues pertaining to it will
23 be heard jointly.

24 My name is Tre Hendricks, and sitting next to
25 me is Dennis Moss. We have been designated as

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1 co-presiding Administrative Law Judges. The hearing is
2 being held upon due and proper notice to all parties in
3 Seattle, Washington, at the Bank of California Building,
4 900 Fourth Avenue South, on June 12th, 2001. I will
5 begin by asking each of today's participants to identify
6 themselves on the record, state the name of the client
7 they represent, beginning with Mr. Crane, if you would.

8 MR. CRANE: Thank you, Your Honor. I'm
9 Matthew Crane. With me is John Hugg. We're
10 representing Dutchman Marine. To our right is Dan
11 Dolson, President of Dutchman Marine.

12 JUDGE HENDRICKS: Mr. Kopta.

13 MR. KOPTA: Gregory J. Kopta of the law firm
14 Davis Wright Tremaine, LLP, on behalf of applicant
15 Seattle Harbor Tours Limited Partnership.

16 JUDGE HENDRICKS: Thank you.

17 And Mr. Davidson.

18 MR. DAVIDSON: Gordon Davidson, Assistant
19 City Attorney, representing the City of Seattle.

20 JUDGE HENDRICKS: And Ms. Riordan.

21 MS. RIORDAN: Lori Riordan, Assistant
22 Attorney, City of Bellevue, representing intervenor
23 Bellevue.

24 JUDGE HENDRICKS: Thank you very much.

25 JUDGE MOSS: Ms. Riordan, I wonder if you

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1 could align yourself just slightly differently. With
2 this all being on the same level, I can't see you, and I
3 would like to be able to see you.

4 MS. RIORDAN: (Complies.)

5 JUDGE MOSS: Thank you, appreciate it. I can
6 see everybody else.

7 MR. THOMPSON: Judge Hendricks.

8 JUDGE HENDRICKS: Yes, I'm sorry,
9 Mr. Thompson, I can't see you either.

10 MR. THOMPSON: I'm Jonathan Thompson,
11 Assistant Attorney General, representing the Staff of
12 the Washington Utilities and Transportation Commission,
13 and I have Bonnie Allen with me, who is from the Staff.

14 JUDGE HENDRICKS: Thank you.

15 Before we begin with the parties' cases and
16 with exhibits, are there any preliminary matters?

17 MR. CRANE: Yes, Your Honor. The parties
18 wish to put on the record that they are stipulating to
19 admissibility of all exhibits that are being proposed to
20 the Commission for purposes of this hearing. Mr. Kopta
21 and I discussed that this morning. He had no objections
22 to my proposal. So for purposes of all exhibits
23 including recently added exhibits from yesterday as well
24 as today, parties stipulate as to admissibility.
25 Naturally, parties reserve the right to argue waiver, or

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1 excuse me not waiver, strength of the weight of the
2 exhibits that are being admitted.

3 JUDGE HENDRICKS: Thank you, those exhibits
4 will be admitted then.

5 JUDGE MOSS: Let me jump in on this point and
6 note for the record that we have previously distributed
7 to everyone, including the court reporter, a copy of the
8 preliminary exhibit list, and that shows Bench Exhibits
9 1 and 2. Does the stipulation extend to those, or
10 should we consider whether there are objections to the
11 Bench exhibits, which consist of the settlement
12 agreement achieved with the Seattle Ferry Service, and
13 we have received a number of public comments via E-mail
14 at the Commission, and it would be our usual practice
15 and propose in this case also to admit those for what
16 value they may have, and of course we will later have
17 perhaps some additional comments. Any objection to
18 those?

19 MR. CRANE: No objection.

20 MR. KOPTA: No objection.

21 JUDGE MOSS: All right, so Bench Exhibits 1
22 and 2 are admitted as marked. And then just again for
23 the record, I want to note that for Dutchman Marine, we
24 have marked Exhibit Numbers 101 through 137.

25 JUDGE HENDRICKS: Oh, 7, that's correct.

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1 JUDGE MOSS: And we will identify 35, 36, and
2 37 later. They're not on the exhibit list currently, so
3 those are the exhibits that have been stipulated to.
4 And then for Seattle Harbor Tours Limited, we have
5 marked 201, let's see, you sent us additional exhibits,
6 didn't you, Mr. Kopta?

7 MR. KOPTA: Yes, Your Honor.

8 JUDGE MOSS: Just following the serial
9 numbers here, we've got the first three, and how many
10 more were there?

11 MR. KOPTA: There were seven additional
12 exhibits.

13 JUDGE MOSS: So we go through 210?

14 MR. KOPTA: Yes, Your Honor.

15 JUDGE MOSS: Following this numbering
16 convention, so we will identify those later and add them
17 to the exhibit list. And again, it's my understanding
18 those are the ones that are being stipulated into the
19 record without objection.

20 MR. KOPTA: Yes, Your Honor.

21 JUDGE MOSS: All right.

22 MR. CRANE: Your Honor, there's one other
23 exhibit that I have not submitted thus far. There's
24 about a four or five minute tape of a broadcast from the
25 King 5 television that I have here. Unfortunately, this

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1 is Mr. Dolson's only copy, and I would like to play this
2 in the hearing. It could be either Mr. Dolson's
3 testimony or another time. I have spoken to Mr. Kopta.
4 He has not seen it, but my understanding is he didn't
5 have any objections. I don't want to speak for you.

6 MR. KOPTA: I don't have any objection if
7 they want to play that tape, obviously subject to what's
8 in the tape having not seen it.

9 MR. CRANE: And that would be subject to
10 obviously you as judges to decide whether or not that's
11 something you want to have. I think it provides a
12 useful overview of the proposed service, and I would
13 like to be able to play it. Unfortunately, we haven't
14 seen it yet, so I want to take that up with you to see
15 what you would like to do.

16 JUDGE MOSS: Well, it would appear we have
17 the facilities.

18 MR. CRANE: Unfortunately, they're turned in
19 the wrong direction.

20 JUDGE MOSS: We can take care of that. You
21 want to reserve objection, is that the idea, Mr. Kopta?

22 MR. KOPTA: Yes, Your Honor. I don't
23 anticipate that I will have any objection, but not being
24 able to preview the tape, I don't want to waive any
25 objections I might have.

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1 JUDGE MOSS: All right, then we'll just mark
2 that one for identification as 138.

3 JUDGE HENDRICKS: When did you want to play
4 the video, Mr. Crane?

5 MR. CRANE: Excuse me, Your Honor, I want to
6 do that during Mr. Dolson's testimony in the beginning
7 of it.

8 JUDGE HENDRICKS: Okay. And also, that's
9 right, I had a request to make an opening statement from
10 Mr. Crane.

11 MR. CRANE: Yes.

12 JUDGE HENDRICKS: And I thought both parties
13 should have an opportunity to do so if they wish to and
14 also intervenors and Staff if they would like to make an
15 opening statement, a brief opening statement. Would you
16 still prefer to do that?

17 MR. CRANE: Yes, I would like to do that.

18 JUDGE HENDRICKS: Let's go ahead and begin
19 then.

20 JUDGE MOSS: And, Mr. Kopta, if you want to
21 reserve your opportunity until the beginning of your
22 case, you may do so, or you may take the opportunity
23 now.

24 MR. CRANE: Thank you, Your Honor. Your
25 Honors, the proceeding in front of the Commission today

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1 is for an application by Dutchman Marine LLC for a
2 certificate of authority to operate passenger ferry
3 service in Lake Washington between four points, Seattle
4 to Kenmore, Seattle to Kirkland, Seattle to Bellevue,
5 and Seattle to Kenmore, excuse me, Renton. And one of
6 the exhibits, and I didn't memorize it, so I have to beg
7 your indulgence for a moment, one of the exhibits, Your
8 Honor, actually has a -- it's 32, Your Honor, is
9 actually a descriptive map of Lake Washington showing
10 the points in which their service is proposed. It's a
11 little bit awkward, and we've actually got a larger
12 board that I'm going to be showing with this exhibit,
13 but it shows the generalized locations of the cities to
14 be served on the east side of Lake Washington and
15 Seattle on the west side. And during the testimony of
16 Mr. Dolson, I'm going to ask him to show actually where
17 the routes are proposed to go. But for an idea of the
18 cities' locations, Exhibit 32 is submitted for
19 reference.

20 For purposes of the statutory requirements
21 for establishing qualification to receive a certificate
22 of operating authority, there's five, financial
23 resources for at least 12 months, ridership revenue
24 forecasts, cost of service for operation, statement of
25 total assets, and statement of prior experience. And

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1 Your Honors, in this hearing today, there will be
2 testimony and evidence submitted that will establish
3 that all five are met for purposes of Dutchman Marine,
4 that it meets all qualifications for a certificate of
5 necessity and convenience.

6 There are two applications in front of the
7 Commission today, one from Dutchman Marine, and one from
8 Argosy, Seattle Harbor Tours. I don't know if they
9 interchange or not, but I will refer to them generally
10 as Argosy. And there's also the separate proceeding,
11 which has been severed as Your Honors know, with respect
12 to the Seattle Ferry Service. But the two that are
13 overlapping or seek to be issued certificates that are
14 overlapping are from the Argosy application and Dutchman
15 Marine.

16 Currently there's no overlapping service.
17 There is a certificate of authority that was granted to
18 Argosy five years ago. That five year period lapsed,
19 Your Honors, in approximately November or early December
20 of 2000. Service was not initiated over the Kirkland to
21 Seattle run, and therefore at this time there is no
22 overlapping service.

23 The evidence will also show that public
24 convenience and necessity is served by the Dutchman
25 Marine proposed ferry service. There will be a number

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1 of public studies that will be referred to that have
2 been actually already admitted into evidence that
3 establish the need for a Trans-Lake Washington passenger
4 ferry service. There will be testimony that there will
5 be support from businesses affected in each of the five
6 jurisdictions, Seattle, Kenmore, Kirkland, Bellevue, and
7 Renton. There will also be evidence from individuals
8 who support this ferry service. Direct testimony as
9 well through the shipper support letters. And there
10 will be some evidence, not unanimous by any means, that
11 the municipalities affected, particularly Seattle and
12 Bellevue, that support generally, I think the evidence
13 will show, generally support the ferry service between
14 the routes proposed with provisions for complying with
15 their regulations and code requirements.

16 With respect to the competing applications, I
17 think it's very important for the Commission to
18 understand that we have two competing applications here.
19 We have Dutchman Marine, and we have the Argosy. And I
20 think it's very important when the Commission weighs the
21 two competing applications that the qualifications
22 should be reviewed in the light of the prior route that
23 was granted but never implemented by Argosy. And also I
24 would like the Commission to carefully review the terms
25 and conditions in which Argosy apparently, and this will

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1 be subject to testimony by Argosy, I don't want to speak
2 for them, but apparently are focusing on what would be
3 called a subsidized service, in other words, a public
4 subsidy supporting the Argosy service, whereas Dutchman
5 Marine is purely private and seeks no subsidies.

6 And in closing, the Dutchman Marine evidence
7 will show that they have the experience through their
8 executives that will be testifying during this hearing
9 setting up a ferry service that has every prospect of
10 succeeding, given that it's a brand new service that's
11 never been tried on Lake Washington, or at least in the
12 last 50 years. They have the financial stability and
13 support, they have done their homework in showing that
14 this is a service whose time has come, and they're ready
15 and willing to start service.

16 Thank you, Your Honor.

17 JUDGE HENDRICKS: Mr. Kopta, do you wish to
18 make a brief statement now or reserve your statement for
19 your case?

20 MR. KOPTA: I believe my preference would be
21 to reserve until the beginning of my direct case, thank
22 you.

23 JUDGE HENDRICKS: Mr. Davidson.

24 MR. DAVIDSON: I don't need to make a
25 statement at this point.

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1 JUDGE HENDRICKS: Ms. Riordan.
2 MS. RIORDAN: I have no need at this point.
3 JUDGE HENDRICKS: Mr. Thompson.
4 MR. THOMPSON: Nor I.
5 JUDGE HENDRICKS: All right, thank you.
6 Are the parties still in agreement that
7 Dutchman Marine will begin today?
8 MR. CRANE: Yes.
9 JUDGE HENDRICKS: Then are you ready to make
10 your presentation, Mr. Crane?
11 MR. CRANE: Yes, Your Honor.
12 JUDGE HENDRICKS: Please call your first
13 witness.
14 MR. CRANE: Thank you, Your Honor. I would
15 like to call Mr. Daniel Dolson to the witness stand,
16 please. And, Your Honor, Mr. Dolson has requested a
17 copy of his own exhibits to take with him; is that
18 acceptable?
19 JUDGE HENDRICKS: Yes, that's perfectly fine.
20 MR. CRANE: Thank you.
21
22 Whereupon,
23 DANIEL E. DOLSON,
24 having been first duly sworn, was called as a witness
25 herein and was examined and testified as follows:

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D I R E C T E X A M I N A T I O N

3

BY MR. CRANE:

4

Q. Good morning, Mr. Dolson.

5

A. Good morning.

6

Q. Mr. Dolson, what I'm going to do just so you know how I'm going to proceed, I'm going to ask you some basic questions on your background, and then I'm going to ask you to give an overview of the proposed service, how you developed your service, your proposed service, and then specific questions about the locations in which you are proposing to serve. And what I would also like to do is to show the videotape which has been marked as Exhibit, proposed Exhibit Number 138. And I hope you don't get embarrassed, Mr. Dolson, but it's an interview of you in front of King 5 Television, which I would like to have an opportunity to have the Commission members, the judges to hear. So what I would like to do is just do a brief start, and then I would like to show on this exhibit, I would like you to demonstrate specific routes that are shown here on Exhibit Number 32.

22

Could you please state your full name and your address for the record, please.

23

24

A. Daniel E. Dolson, 10822 Rainier Avenue South, Seattle, Washington 98178.

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1 Q. And what company are you with, Mr. Dolson?

2 A. I'm with Dutchman Marine.

3 Q. And what is Dutchman Marine?

4 A. Dutchman Marine is a private company formed
5 to address water born transportation issues in the Puget
6 Sound region.

7 Q. What is your title with that company?

8 A. I am the president.

9 Q. Okay. And as I understand it, Dutchman
10 Marine is a limited liability company?

11 A. It is.

12 Q. Are there more than one member?

13 A. I'm the only member currently.

14 Q. All right. Could you give me a brief summary
15 of your education beyond high school.

16 A. I attended New York State Maritime College,
17 Bronx, New York, otherwise known as State University of
18 New York Maritime College, and I completed the schooling
19 there in 1995 with a Bachelor's Degree in Marine
20 Transportation.

21 Q. Okay. And in marine transportation, could
22 you briefly summarize the sort of issues that you
23 received education in, what sort of transportation
24 issues?

25 A. Primarily marine transportation or the study

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1 of it is, at the college, is the business of shipping,
2 and since the shipping industry, as you know, is quite,
3 well, quite traditionally quite large, has many aspects
4 to it, they train us mostly for the shoreside aspects as
5 well as seagoing operations. I have a third mate
6 unlimited license issued by the U.S. Coast Guard to
7 operate any vessel any size anywhere in the world, and I
8 have exercised that license several times.

9 Q. Is that license still current?

10 A. It is, it's currently being renewed.

11 Q. Could you describe for me your post
12 Bachelor's Degree work experience; where did you work
13 and kind of briefly for how long?

14 A. In 1995 I went to work for Crawley Marine
15 Services, a Seattle based company. However, I was
16 working in the Puerto Rico operation, their tug and
17 barge units. In late 1996, the operation in Puerto Rico
18 was being shut down, and I transferred up to the Seattle
19 office, and I was working aboard the tugs for about
20 three and a half years. And then I went to work for
21 Massachusetts Maritime Academy as an instructor for one
22 semester. Then I came back to Seattle and went to the
23 office in Crawley Marine Services.

24 Q. What did you do at the academy, Massachusetts
25 Maritime Academy?

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1 A. I was an instructor aboard the training ship
2 teaching advanced navigation, celestial navigation, ship
3 handling, fire fighting.

4 Q. Does that include safety when you talk about
5 fire fighting?

6 A. It does. There is no 911 out on ships, so
7 the officers and the crews have to be prepared to deal
8 with any situation.

9 Q. And what qualifications did you have to be
10 able to instruct fire fighting safety?

11 A. By virtue of my license as being a licensed
12 officer in the U.S. Merchant Marine certifies that I
13 have been through the advanced and basic fire fighting
14 courses offered by various academies around the country.

15 Q. So after the Maritime Academy instruction
16 experience, you went back to Crawley; is that correct?

17 A. I came back to Seattle and went to the office
18 at Crawley.

19 Q. And what did you do when you got to the
20 office?

21 A. I was an interim port captain for the harbor
22 where a port captain had just resigned, and I came in in
23 his place, and I was responsible for the new tractor tug
24 fleet.

25 Q. What's a tractor tug?

00106

1 A. A tractor tug is an omni directional mostly
2 ship assist harbor tug. It's not meant to go out to
3 deep sea. And I was responsible for getting the crews
4 trained for these new tugs as they are different
5 technology. They don't use traditional propellers.

6 Q. What does crew training entail when you say
7 crew training?

8 A. Developing the requirements within the
9 company to satisfactorily stand your own watch. Also
10 understanding the technology, understanding the
11 capabilities of the vessels, and understanding their
12 limitations.

13 Q. Okay. And how long were you the interim port
14 captain?

15 A. About a year and a half or so.

16 Q. What did you do after that?

17 A. I was assigned as a field accountant for the
18 Crawley salvage unit. I was sent overseas for four
19 months to be the accountant for a large salvage
20 operation in the South Pacific.

21 Q. What did you do as a field accountant?

22 A. Besides the day-to-day bookkeeping, I also
23 did purchasing and regulating the spending of the
24 vessel.

25 Q. Okay. And why was regulating the spending of

00107

1 the vessel important?

2 A. It was a Navy contract and basically a cost
3 plus contract, and we had to monitor our spending. It
4 wasn't -- we didn't want to just let it run free. It
5 was an important part of the final evaluation process,
6 maintaining your costs.

7 Q. Okay. And what did you do after that?

8 A. After that, I came back to Seattle, and I
9 left Crawley Marine Services and started Dutchman
10 Marine.

11 Q. Okay. Now just for record purposes, are you
12 married?

13 A. I am.

14 Q. Okay. Now when you say you started Dutchman
15 Marine, what do you mean by that, starting Dutchman
16 Marine?

17 A. I moved from Kirkland to Seattle because I
18 hated the commute coming across the 520 bridge, and it
19 just seemed so obvious there was a business opportunity
20 on Lake Washington to provide passenger ferry service.
21 Something had to be addressed. The issue had to be
22 addressed, and I had to investigate how feasible the
23 service would be. And the only way to do that would be
24 to spend basically full time on investigating passenger
25 ferry service and not doing it as a part-time effort.

00108

1 Q. Do you have any experience running a ferry
2 service yourself?

3 A. My limited ferry experience would be with
4 Royal Caribbean Cruise Lines in running passengers from
5 Miami to Nassau, but other than that, no high speed
6 passenger ferry experience.

7 Q. And did that cause you any pause to start up
8 a service having no direct experience?

9 A. I learned something at Crawley, I learned you
10 hire people who are excellent at their jobs, and you
11 employ their skills, and you coordinate their skills.

12 Q. Have you done that?

13 A. Yes, especially at Crawley with the harbor
14 fleet. I realized I don't know how to drive a tractor
15 tug, so you go to the captains of the tractor tugs, the
16 people who know what they're doing, you ask them to help
17 you develop programs to evaluate other potential
18 captains and potential mates. That's something I got
19 out of Crawley I'm very appreciative of.

20 Q. And did you bring any of that experience or
21 training with you to Dutchman Marine to set up in terms
22 of hiring?

23 A. I did.

24 Q. In what way?

25 A. I looked at potential employees in terms of

00109

1 why they were excellent at what they did. I wasn't
2 looking for necessarily shipping experience. For
3 example, the CFO, I looked for why people regard him
4 highly, why he is good, and what qualities he has to
5 bring to the organization, what experience.

6 Q. Do you feel you have those people now in your
7 organization, those experienced people as you referred
8 to?

9 A. I do.

10 MR. CRANE: All right. What I would like to
11 do at this point is to, Your Honor, with permission, may
12 I --

13 JUDGE HENDRICKS: Please go ahead.

14 MR. CRANE: This is a small exhibit. I asked
15 for a blowup, and I didn't realize what I was going to
16 get. This is actually a blowup of Exhibit Number 32
17 that's in the notebooks, and I apologize to everyone in
18 the back of the room who can't see it, but if you want
19 to take a look at it here, I'm going to turn it around.

20 BY MR. CRANE:

21 Q. Mr. Dolson, can you see this exhibit?

22 A. Yes.

23 Q. Okay, I guess it's kind of hard to miss. I
24 was going to have you mark on that, but I'm not sure
25 you're tall enough, or maybe I made it too big. What I

00110

1 would like you to do is mark generally speaking on this
2 exhibit where you're proposing the service.

3 MR. CRANE: And, John, maybe you can come up
4 and help in case we have to lower it down for Mr. Dolson
5 to be able to mark it.

6 JUDGE MOSS: Mr. Crane, let me interrupt and
7 ask, is this, in its present form at least, a blown up
8 version of Exhibit 32?

9 MR. CRANE: That's correct.

10 JUDGE MOSS: Is it your intention to just use
11 it for illustrative purposes?

12 MR. CRANE: Yes, Your Honor.

13 JUDGE MOSS: Or are you intending to
14 introduce this into the record?

15 MR. CRANE: Not intending to. It would
16 probably be a lot more convenient if we didn't introduce
17 it.

18 JUDGE MOSS: I have had glasses of water. A
19 big map would be no problem. Go ahead.

20 MR. CRANE: Thank you, Your Honor.

21 BY MR. CRANE:

22 Q. Are you able to reach up to Kenmore?

23 A. Yeah.

24 MR. CRANE: Okay, John, maybe you could help
25 there. Is it all right if I stand here?

00111

1 JUDGE MOSS: Yes.

2 BY MR. CRANE:

3 Q. Mr. Dolson, could you sketch out where you
4 are planning to operate your ferry service. And when
5 you do a sketch, what I would like you to do is start
6 with the routes that you're going to initiate during
7 your proposal, and then go one by one through those
8 services. Just approximate routes, it doesn't have to
9 be too specific.

10 A. As you mentioned, it is a phased
11 implementation. The first route we would like to start
12 would be Kirkland in Rainier Park down to the Leschi
13 Park dock over by the City of Seattle.

14 Q. And Leschi Park is it looks like it's just
15 north of I-90; is that the location?

16 A. Yeah, it's just north of I-90.

17 Q. Okay.

18 A. The second route we would like to initiate
19 would be from the Southport development in Renton to the
20 Leschi Park dock also. Third route --

21 Q. What is Southport?

22 A. Southport is a mixed use private development
23 being developed as we speak by SECO Development and
24 Wright Runstad.

25 Q. Okay.

00112

1 A. Southport, to give you an idea, the square
2 footage of the office space is approximately equal to
3 this building, and 400 residential units. In addition
4 to that, right next door is the Boeing Renton plant with
5 13,000 employees.

6 Q. So that's the second route that you're
7 intending?

8 A. That's the second route, yes.

9 Q. Okay.

10 A. And the development is directly on the water.
11 The buildings are 40 feet from the ferry dock.

12 Q. Okay. What's your next route?

13 A. The next route would be from the Lake Pointe
14 Development, which is very similar in size to the
15 Southport development, except they're going to have
16 1,200 residential units.

17 Q. So that's a private development?

18 A. It's all private, Southport and Lake Pointe
19 are both private.

20 Q. Okay.

21 A. And this route would come down and be sent
22 into the University of Washington docking facility.

23 Q. Okay. All right, and what about Bellevue?

24 A. Fourth route we want to bring from the
25 University of Washington to Bellevue. However, we're

00113

1 still dealing with the City of Bellevue in terms of what
2 would be the most appropriate docking facility, whether
3 it be park land, city owned, or private. Some
4 alternatives are from Meydenbauer Bay or from Newport
5 Shores.

6 Q. Okay.

7 A. The advantage of Meydenbauer Bay is the
8 proximity to the Seattle central business district, and
9 Newport Shores is primarily medium density residential
10 and parking facilities near the dock.

11 Q. I see also on that diagram is Carillon Point;
12 what is the reference to Carillon Point?

13 A. Carillon Point is going to be brought into
14 the picture once ridership has been developed on the
15 Marina Park on the Kirkland to University of Washington,
16 I'm sorry, Kirkland to Leschi route. Currently planning
17 to triangulate the route to offer extended service to
18 both the 2,000 employees who work at Carillon Point in
19 addition to the residences, businesses, commercial
20 development from the City of Kirkland. The advantage
21 here, it's just a very short hop for some additional
22 revenue and some additional service -- additional
23 convenience.

24 Q. Okay. I see on your diagram at the top it
25 says Dutchman Marine, and at the bottom it says Lake

00114

1 Sprite; what is Lake Sprite?

2 A. Dutchman Marine is the company. Lake Sprite
3 is the name of the service.

4 Q. Thank you. Mr. Dolson, why don't you go
5 ahead and have a seat then, if you would.

6 A. (Complies.)

7 Q. And what I would like to do then is to
8 briefly go through your application and ask you a few
9 questions on that. That's Exhibit 1, excuse me, I beg
10 your pardon, it's our Exhibit 1, but it is the Exhibit
11 101 for this hearing. And, Mr. Dolson, on page 1, it
12 gives the basic information. Page 2 on number 5-A, it
13 asks for a waiver of the 10-mile restriction. It says,

14 Are you planning for a territory which
15 would require a waiver to provide
16 service otherwise forbidden by the
17 10-mile restriction RCW 47.60.120?

18 You marked, yes.

19 And then it says:

20 Fully state the circumstances that
21 justify a Commission grant of such
22 waiver. Please see attached.

23 Have you received an objection from the

24 Washington State Ferries?

25 A. No objection from the Washington State

00115

1 Ferries.

2 Q. Okay. Could I have you look at Exhibit
3 Number 27, excuse me, it's 127 but your Exhibit 27, and
4 ask you to flip over to actually the back side of the
5 exhibit and ask you to identify that; do you recognize
6 that document?

7 A. I do.

8 Q. And what is that document?

9 A. That document is a letter from the Attorney
10 General Washington to the UTC, to the Washington
11 Utilities and Transportation Commission, citing that
12 they have no -- they have no objection to our
13 application.

14 Q. Okay, all right. It also asks to attach a
15 map, which you have done, and we have a more current
16 diagram which you have just shown as an exhibit. It
17 also says, attach a tariff and a time schedule. You
18 have proposed tariffs and time schedules; is that
19 correct?

20 A. We have.

21 Q. Okay. Are those tariffs final tariffs?

22 A. No.

23 Q. Okay. And so what you have done is made a
24 proposed tariff in terms of terms and conditions of your
25 service?

00116

1 A. Yes.
2 Q. Does it also include the fare proposed for
3 the transit cost?
4 A. I don't understand.
5 Q. Does it include how much you're going to
6 charge?
7 A. Oh, yes, yes, it does.
8 Q. Sorry, I wasn't being very clear there. And
9 then you have also, it says attach a time schedule, is
10 that time schedule a permanent time schedule?
11 A. No, it is not.
12 Q. And why do you say that?
13 A. Because depending on the arrangements set up
14 with the cities of Bellevue and Seattle and Kirkland,
15 they might require different time schedules.
16 Q. All right. Then in the Exhibit page 3
17 application, says list vessels, and you list TBD, that's
18 to be determined?
19 A. Yes.
20 Q. Do you have a ferry or vessel now?
21 A. We have chartered a vessel.
22 Q. Okay. I will get -- let me -- I will get to
23 that a little later, we can ask you some more detailed
24 questions, but I just want to make sure, and if you
25 could just briefly summarize what vessel it is that you

00117

1 obtained or acquired?

2 A. The vessel is the ferry Saint Nicholas.

3 Q. What is it?

4 A. Saint Nicholas is a catamaran built in Sitka,
5 Alaska by Allen Marine, so it's a 150 passenger ferry
6 capable of 26 knots service speed, very low wash
7 characteristics at indicated speeds.

8 Q. Okay. And is that a vessel that you
9 purchased?

10 A. No, it's a charter. We basically leased it
11 for a designated amount of time with options for
12 extension.

13 Q. All right.

14 JUDGE MOSS: Let me just interject, I didn't
15 understand. You said a very low wash, I'm not sure what
16 that means.

17 THE WITNESS: Low wake wash.

18 JUDGE MOSS: All right.

19 BY MR. CRANE:

20 Q. Item 11 says, list the docks. It says,
21 please see attached. I know you have proposed docks.
22 Some of them you have listed on the diagram. Are those
23 docks, have they been finally selected at this point?

24 A. No, they have not. Again, it's pending City
25 of Seattle and final arrangements for landing sites.

00118

1 Q. In your financial statement, this is a
2 preliminary one, it says cash on hand in bank \$50,000;
3 is that still accurate?

4 A. No.

5 Q. Okay. Is that what you're going to use to
6 pay certain expenses?

7 A. Yes, it was the money put into the company to
8 conduct the research needed to determine if this is a
9 feasible business or not.

10 Q. Does that include professional services,
11 Mr. Dolson?

12 A. Yes, it does.

13 Q. Thank you. I presume that that would include
14 our professional services?

15 A. Somewhat, half of it.

16 Q. That's not a ringing endorsement, Mr. Dolson.
17 JUDGE MOSS: Short hearing.

18 Q. It says other assets listed below, and it has
19 a blank. Now since the time of this application, have
20 you revised your financial statement?

21 A. We have.

22 Q. Okay. All right, and can you just off the
23 top of your head describe to me what your current
24 funding level is to start this operation?

25 A. Dutchman Marine currently has cash on hand to

00119

1 get to the point before operations, if you want to put
2 it like that, the administrative and minor legal costs
3 which we will have before the operations actually begin.
4 However, we have also obtained commitments, loan
5 commitments, from various private parties to implement
6 the service. If you want to consider that an asset, I
7 believe that's what you're asking.

8 Q. Yes, I certainly would. Now could you
9 describe those loan commitments, what terms and
10 conditions those commitments have?

11 A. We have received loan commitments from three
12 private parties, including [CONFIDENTIAL] and some
13 outside I guess loan --

14 Q. Lenders?

15 A. -- lenders for a total of \$1.2 Million.

16 Q. Okay. And is that cash in the bank
17 currently?

18 A. It's pending approval of the UTC permit, of
19 receipt of a certificate for convenience and necessity
20 by the Utilities and Transportation Commission, and
21 that's the only --

22 Q. Condition?

23 A. That's the only condition --

24 Q. So --

25 A. -- which the loans have.

00120

1 Q. All right. So assuming you receive the
2 certificate of operating authority from the Utilities
3 and Transportation Commission, how would you actually go
4 about receiving those funds?

5 A. The terms of the loans indicate that upon 30
6 days -- within 30 days notice from Dutchman Marine, the
7 funds are due in the amounts up to the loan amount
8 committed.

9 Q. Okay. All right, is there any discretion in
10 the -- by the lenders in loaning money should Dutchman
11 Marine exercise its option? Can they choose not to give
12 you the money?

13 A. No, it's signed contracts.

14 Q. All right. And then on item 14, which is the
15 next page, sorry, 13, says, conditions that exist that
16 justify the granting of the certificate of public
17 convenience. You have outlined that, I think, in your
18 application, and let's see, it's item 13. Mr. Dolson,
19 could I ask you to turn to that. It's about 6 pages
20 beyond the one you were just looking at. It's
21 unfortunately not marked, but it has a number 13 at the
22 top left. Do you see that?

23 A. I do.

24 Q. Number 13, okay. Could I ask you to
25 summarize at the time you made this application the

00121

1 conditions that in your view justified the granting of a
2 certificate of public convenience and necessity?

3 A. What justified the need for passenger ferries
4 on Lake Washington was the growing development along the
5 lake front and the increased congestion crossing or
6 going around the lake, not simply 520 or I-90. We're
7 also looking at going around the north side and the
8 south side of the lake. That's what makes the market a
9 little stronger. In addition, we looked at the private
10 developments on the lake with such massive numbers of
11 people visiting these individual developments.

12 Q. That would be, for example, which ones are
13 you talking about now?

14 A. For example, Lake Pointe or Southport. Port
15 Quendall, which is in Renton about two miles north of
16 the Southport development, is still in the planning
17 stages, and we believe that that can be addressed at a
18 later date. However, for now, permits and construction
19 are being done on the other two developments.

20 Q. Okay. All right, and so what I will ask you,
21 rather than going through this in a lot of detail in the
22 hearing, I'm going to ask you to go through city by city
23 in terms of your current information and what you have
24 developed for purposes of showing necessity and
25 convenience. Number 14 on your application, going back,

00122

1 it says:

2 List the names and addresses of all
3 persons, firms, or corporations now
4 furnishing similar service between any
5 of the points or along any portion of
6 the route proposed to be served.
7 And you state, there is no similar service
8 being provided on Lake Washington. Is that a correct
9 statement at the time you made the application?

10 A. I believe that's a correct statement.

11 Q. Okay. Why is that true in your view?

12 A. After my initial investigation as to who is
13 providing service or who is planning to provide service,
14 I discovered that it was Argosy Cruises who was planning
15 to offer the service or that had the certificate from
16 you, from the Commission. So I contacted Argosy asking,
17 through their main phone line, asking is ferry service
18 running on the lake. And they said, no, they had not
19 run ferry service. And they said that they are not
20 currently running ferry service. And that was my --
21 that's the only -- that's the only determining factor
22 there.

23 Q. Okay.

24 A. Just calling Argosy themselves.

25 Q. Okay. And as far as you know, has Argosy

00123

1 commenced ferry service between Kirkland and Seattle?

2 A. As far as I know, no.

3 Q. Okay. The next page, item 16, it says,
4 applicants must attach separate sheets with the
5 following information, and it lists four things there,
6 four items, pro forma financial statement, ridership and
7 revenue forecast, cost of service for the proposed
8 operation, and an estimate of cost of the assets to be
9 used. Did you do a preliminary information satisfying
10 item 16?

11 A. We did.

12 Q. Okay. And rather than having you go through
13 that, has that information changed at all since your
14 application?

15 A. Some of the details of the information has
16 changed.

17 Q. Okay. Well, then what I will ask you to do
18 is later in some further questions ask you to give what
19 those details are.

20 A. Okay.

21 Q. I would like you to tell me, what did you do,
22 Mr. Dolson, to go about trying to figure out whether or
23 not a proposed passenger ferry service on Lake
24 Washington would work?

25 A. First of all, I went to the East Coast. They

00124

1 have several numerous private ferry operations, not
2 simply a short distance 8 knot vessels, I'm talking
3 about high speed operations used primarily by commuters
4 and some by tourists. And I called up Mr. Barry Fuller,
5 who I met when I was teaching at Massachusetts Maritime
6 Academy. Barry Fuller has been in passenger ferry
7 management, and he was able to give me a list of many
8 operators, the owners, or the managers, and I went from
9 New York to Boston back and forth visiting these
10 operators, describing what I had out in Seattle as in
11 Lake Washington, and saying, how did you make your
12 system work, do you receive a public subsidy, some did,
13 many did not. And since I was concentrating on the
14 unsubsidized services, I said, what's your formula, how
15 do you make it work. And so I -- I just went out East
16 to find people who did it, did it recently, and are
17 succeeding.

18 Q. Okay. So you visited Boston and New York;
19 did you go anywhere else in terms of viewing other ferry
20 systems?

21 A. We did. I went down to New Zealand, but that
22 was simply to see the technology, not necessarily to
23 evaluate the operation based on cost and profit, because
24 they have different rules. They do not have Jones Act
25 requirements such as American built vessels, which labor

00125

1 is very expensive, different subsidy programs, labor for
2 operating the vessels also much less expensive in many
3 foreign countries. That's why I could not compare them
4 financially, but their technology is outstanding.

5 Q. Did you see any other ferry systems in the
6 U.S., any other cities in the U.S.?

7 A. Down in San Francisco, I did.

8 Q. Okay.

9 A. But I did not spend as much time in the San
10 Francisco arena as I did out East.

11 Q. And when you did your investigations in those
12 cities, what did you learn about the ferry services
13 being provided there that might have application to your
14 proposed service in Lake Washington?

15 A. I took into account demographics, similar
16 demographics of the customers. And by everybody's
17 account, the absolutely top priority to make a system
18 work is to know your customer.

19 Q. What do you mean by that?

20 A. You have to understand who you're going to
21 serve. You have to price the service for the people
22 you're going to serve. You have to adjust the schedule,
23 such as the commuting hours, for the people you want to
24 serve. And if there's a tourist element, you have to
25 take that into account also, because boats running

00126

1 around burning up fuel with nobody on board is a waste
2 of money. It will drain a system. It will make it
3 fail.

4 Q. Okay. What else did you learn about those
5 ferry systems that you felt had application to this
6 area?

7 A. I learned about the technology, everything
8 from boarding and ticketing systems to the vessel
9 selection, the size of the vessels, the management,
10 whether it's government, a government operation or not,
11 that can make a big difference. I have no problems with
12 government operated passenger ferry systems. I think
13 they do a fine job considering what they have to deal
14 with. Unfortunately, they don't have the flexibility to
15 adjust or to maintain a system. Like the Washington
16 State Ferries, for example, they have requirements
17 passed down from legislators dictating some of their
18 maintenance or performance standards. And in a private
19 ferry system, that can be devastating.

20 Q. Did you look at or examine the fare structure
21 in the other ferry systems, in other words the cost for
22 tickets?

23 A. I did, I did a lot of ones -- it's quite
24 simple. On the Internet, you can find a lot of
25 information. But visiting the systems and seeing the

00127

1 type of people who ride, the customers you're going to
2 have, you can determine or not if people, the similar
3 demographics out here in the West Coast would be paying
4 similar fares.

5 Q. And what do you mean by demographics when you
6 say demographics?

7 A. Demographics are everything from income to
8 job to their lifestyle standard, spending habits.

9 Q. Does it make a difference where they live in
10 relation to the ferry service?

11 A. It depends on connections, transit
12 connections, shuttle connections. For some people, it
13 does not. For example, let's take Manhattan, the most
14 obvious example. You will have lawyers and accountants
15 coming in by ferry, but also jumping on a bus to go 8 or
16 10 or 12 blocks. Whereas in the city of Seattle, it
17 would be a little different. You would have to provide
18 a cleaner shuttle, something provided by the company to
19 get people to the various destinations.

20 Q. Did you also have an opportunity to talk to
21 any riders of those ferry systems while you were there?

22 A. I did. It occurred to me about after two or
23 three days just to ask the riders why they selected to
24 take a \$5 one way passenger ferry ride rather than take
25 an 85 cent public transit or subway ride, and they all

00128

1 had the same answer.

2 Q. Which was what?

3 A. They were on the upper deck, they went like
4 this, looked around, they said, it's wonderful out here,
5 I'm not down in the subway, and I'm safe, this is safe,
6 I feel comfortable, I can buy food here, I can get a
7 snack, I can get a soda or a beer on the way home. They
8 liked that the seating was more spacious. In general,
9 they just preferred the convenience and the natural
10 relaxation of riding on a passenger ferry versus public
11 transit.

12 Q. And did you talk to any of the owners of
13 those services that you visited?

14 A. We did.

15 Q. Did you, in terms of your investigation, did
16 you learn whether those services were what I would call
17 financially viable? In other words, did they make it
18 financially as far as you know?

19 A. As far as I know. Private ferry systems
20 don't necessarily give out their financial information.
21 They will give you some information, but it's
22 proprietary. It's a business, private business.
23 They're there to make money, and it's a trade secret in
24 terms of how much they pay for various services,
25 everything from fuel to insurance. But the fact that

00129

1 some of the services have been running for 5, 6, 10, 15
2 years indicates that it is profitable even without
3 public operating subsidy.

4 Q. Okay. All right, so you investigated other
5 ferry services in other areas such as Boston and New
6 York, and you had that information. What did you do
7 with that information when you came back to investigate
8 the feasibility of a ferry service on Lake Washington?

9 A. There's two elements to determining if a
10 private ferry system will work. Two elements, and it's
11 as simple as you can imagine, your cost, your revenue,
12 equals profit. If the profit is positive, it has some
13 potential. I looked at the cost of operating, used
14 local insurance rates, local fuel costs. Of course,
15 fuel is up and down all the time, so we had to use an
16 average. Local labor costs, vessel costs, and I applied
17 it to the potential revenue. And by that, I went to the
18 various municipalities, talked with them, generated the
19 ridership projections, multiplied the ridership
20 projections by the fare, gives you your revenue. And
21 that's how I evaluated whether or not this would be a
22 feasible service or not.

23 Q. Well, but aren't you just making an
24 assumption at that point that your numbers are accurate?
25 Did you go about testing your assumptions?

00130

1 A. The sounding board for the costs and the
2 ridership projections was with a team of people we
3 assembled.

4 Q. Okay.

5 A. I contacted Captain Fuller. In fact, we
6 speak once or twice a week. And I --

7 Q. And who is Captain Fuller?

8 A. Captain Fuller is our private industry
9 employee. He's our East Coast representative. We
10 brought him out here to help me determine whether or not
11 an operation would work on Lake Washington.

12 Q. Why did you bring him in your organization?

13 A. Because he is excellent, and he's
14 experienced. He is experienced in starting up passenger
15 ferry services. He's experienced in starting up
16 multiple marine oriented businesses, and he knows what
17 it takes to get something started, what's realistic in
18 terms of getting the operation going.

19 Q. Okay. So you used him as a sounding board in
20 terms of the assumptions you made in terms of revenue,
21 cost, et cetera?

22 A. Exactly. And I also used for the cost
23 analysis some public studies which were published by
24 either JJMA or --

25 Q. What's that, what's JJMA?

00131

1 A. It's John J. McMullen Associates.

2 Q. Oh, okay, right. I think we've got one of
3 the exhibits that's got that name on it. Let's see, if
4 you could, Exhibit 8, if you could take a look at that,
5 it's 108 for this hearing. Down at the bottom there's a
6 reference of John J. McMullen, is that who you're
7 referring to?

8 A. Yes.

9 Q. Did that organization do a study?

10 A. It was a White Paper sponsored by the
11 Passenger Vessel Association in response to the Sound
12 Transit Trans-Lake Washington Ferry Feasibility Study.

13 Q. Okay. And did that study provide you with
14 information that you used?

15 A. It provided me with a template as to what
16 some other companies or some other industry experts
17 might see for Lake Washington.

18 Q. Okay.

19 A. It doesn't mean I necessarily agree with
20 everything. It just means that it was a starting point
21 just to make sure that we were on the right track.

22 Q. All right. And did that study provide
23 information on both revenue and cost?

24 A. I used it primarily for -- I used the JJMA
25 study primarily for costs to, like I said, for

00132

1 comparison. And for ridership and revenue, I actually
2 -- I did not -- I did not use the JJMA study, because it
3 was inconclusive as to the effect, I'm sorry, it's
4 inconclusive as to the corrections to the Sound Transit
5 Feasibility Study.

6 Q. Okay, all right. What I would like you to do
7 is kind of relate to me sort of the history of where we
8 got to where we are today in the last say year or so. I
9 know you have done a lot of work, and rather than me --
10 well, I would like you to tell me and the Commission
11 really what you went through in the last year in terms
12 of investigating. I know you have some notes. Would
13 you like to refer to those?

14 A. Yes, these notes are a brief summary of the
15 -- of the -- of my personal notes. As I had various
16 meetings or phone calls, I made notes into a standard
17 yellow pad, and I summarized them on these few pages.

18 MR. CRANE: Your Honor, we're not intending
19 to offer this as an exhibit. Mr. Dolson would simply
20 like to refer to them for purposes of impression,
21 recollection I guess is the best way of saying it. Is
22 that okay?

23 JUDGE HENDRICKS: That's fine.

24 MR. CRANE: Thank you.

25 BY MR. CRANE:

00133

1 Q. Go ahead.

2 A. In June of 2000, I started doing the
3 research, looking through newspaper articles or
4 contacting public agencies as to attempts for passenger
5 ferry service on Lake Washington. It was that point at
6 which I learned about the Washington State Utilities and
7 Transportation Commission. It was at that point that I
8 realized that Argosy was involved with studies. I also
9 learned about Sound Transit's involvement, the
10 Washington State Department of Transportation's
11 Trans-Lake Washington study.

12 Q. How did you learn about those studies?

13 A. Simply going through every newspaper article
14 I could find regarding transportation across Lake
15 Washington or around Lake Washington.

16 Q. And why did you want that information?

17 A. I had to verify whether or not somebody was
18 working on it, whether or not somebody has tried it,
19 whether there was progress towards implementing service
20 that was not obvious to me. You just have to do your
21 background check. You have to do your homework to find
22 out what has happened so far, and that was my homework.
23 It was a public record, and it's extremely easy to
24 research.

25 Q. Okay. All right, so you found some of those

00134

1 public -- how would you call those public records; what
2 would you refer to them as?

3 A. Newspaper clippings.

4 Q. Okay. Anything else?

5 A. On line contents of Sound Transit board
6 meetings, Washington State Department of Transportation
7 web site information.

8 Q. All right. What else did you do? Go ahead,
9 I interrupted you in terms of what you were saying. Why
10 don't you go ahead?

11 A. That was June of 2000, just doing a lot of
12 reading and figuring out the lake basically, figuring
13 out the potential on the lake.

14 July, I was contacting private developments,
15 local businesses, and residential management offices,
16 condo associations, or rental agencies. I also, in
17 July, I went to Boston and New York, met with the
18 private ferry system operators.

19 And I also while in Seattle started my
20 primary market research by physically getting in my car,
21 stop watch, reset the odometer, during rush hour
22 traffic, trying these various routes to see how long it
23 actually took on commuter hours to go to different
24 points. Everybody complains about traffic, but you have
25 to see for yourself what exactly they're actually

00135

1 complaining about.

2 Q. Were their complaints justified, Mr. Dolson,
3 from your personal experience?

4 A. I think they were, because I could only get
5 one or two studies done a day.

6 August 2000 --

7 Q. Before you go to August 2000.

8 A. Oh.

9 Q. Who did you meet with on the East Coast; you
10 said you went to the East Coast?

11 A. I went to Harbor Express.

12 Q. What's that; what's Harbor Express?

13 A. Private ferry operation between Hingham,
14 Massachusetts and Boston, Massachusetts. It's about a
15 28 or 30 minute run using 29 knot passenger vessels, low
16 wash, 150 passenger. In fact, a lot of Dutchman Marine
17 was modeled after Harbor Express. It's a top notch
18 operation.

19 Q. And, Mr. Dolson, when you testified earlier
20 that you went to visit a private ferry service in
21 Boston, was this the same one you were referring to,
22 Harbor Express?

23 A. This is one of them, one of the services.

24 Q. Is there more than one service?

25 A. There is also Massachusetts Bay Lines owned

00136

1 by Jay Spence and his father. They run an unsubsidized
2 commuter run on the same route, similar, not the same,
3 similar, not the same, and they're unsubsidized, and
4 they have had the run for I believe 15 or 20 years.

5 Q. And that's a passenger service?

6 A. Passenger service only. I have never
7 investigated automobile ferry.

8 Q. All right.

9 A. In addition to that, there is Boston Harbor
10 Cruises. They run subsidized service, but their
11 equipment is leaps and bounds bigger, 400 passenger
12 vessels, 36, 37 knot, fuel burning, and they charge the
13 same fares that the other services do also. The speed
14 helps a little bit in the commute time, but not that
15 much, and it's just a massive, massive operation.

16 Q. When you say the vessel is a little larger
17 being 400 passenger, I assume that's capacity 400?

18 A. Exactly.

19 Q. How does that compare with the vessel that
20 you have acquired through is it the Saint Nicholas?

21 A. The Saint Nicholas.

22 Q. How does the Saint Nicholas compare to the
23 one in Boston?

24 A. Saint Nicholas is 150 passenger boat,
25 operates at a service speed of about 26 knots.

00137

1 Q. And what did your investigation reveal in
2 terms of the range of the size of passenger ferries in
3 say the Boston area?

4 A. It was very good for comparative reasons.
5 You could look at the different services, whether it be
6 the size and the speed of the boats, the capacity, the
7 cost, or the newness of the boats. Some of the vessels
8 like the Boston Harbor Cruise vessels were a year or two
9 old, brand new practically, very high tech, very
10 expensive, but they required an operating subsidy.

11 Q. What are their capacities I guess was the
12 question?

13 A. 400 passenger all the way down to the 150
14 passenger Harbor Express unsubsidized route.

15 Q. Okay, all right. Why don't you go ahead and
16 continue, I interrupted you again, in terms of what your
17 investigation is. I was getting you back to July of
18 2000. Did you finish with July of 2000?

19 A. That was pretty much it with July.

20 Q. Okay.

21 A. It was also the start of trying to figure out
22 the financials in terms of how can we transfer those
23 numbers over to the Seattle area.

24 Q. Okay.

25 A. In August 2000, we began communications with

00138

1 the City of Renton and the Southport development. We
2 spent a lot of time at that point learning about
3 ridership projections also. The City of Renton and the
4 people at SECO Development provided me with their
5 professional traffic analysis, and I incorporated that
6 information into what we were doing in terms of applying
7 a take rate or an assumed ridership percentage of the
8 total trips.

9 Q. Now let me slow you down right there. You
10 just said you used ridership information provided by the
11 City of Renton and a private developer, SECO?

12 A. SECO Development.

13 Q. And then you applied what you would refer to
14 as a take rate; now could you describe what that is?

15 A. The take rate is the percentage of the total
16 number of trips that we would assume would be riding the
17 ferry instead of coming by another form of
18 transportation such as automobile, bicycle, or walking.

19 Q. Okay.

20 A. We also in August of 2000 began examining
21 vessel options, contacting individual shipyards, and
22 starting to get a budget priced for either new builds or
23 looking for charters.

24 Q. What's a new build?

25 A. A new build, building a vessel to your own

00139

1 specifications, a custom built boat basically. We also
2 began our financial calculations in terms of would this
3 be a feasible service.

4 Q. Why were you looking at custom built vessels?

5 A. Nowadays you order a boat unless you're
6 really pressed for -- really pressed for money, your
7 boat will be custom made. It's -- there's not the
8 production capabilities to mass produce any one vessel.
9 So whatever vessel you pick, chances are there will be
10 builders, I'm sorry, an owner's representative at the
11 shipyard during the entire construction or during the
12 critical phases, and the shipyard workers can discuss
13 with the owner's representative adjustments to the
14 vessel as it's being built.

15 Q. Are you looking into acquiring new vessels,
16 new builds as you call them?

17 A. We are, but for a later phase of the
18 operation.

19 Q. What do you mean by later phase of the
20 operation?

21 A. We need to start the routes, initiate the
22 service, and develop the ridership in order to justify
23 spending \$1.5 Million to \$2 Million per vessel to
24 provide the vessels. So it just makes financial sense
25 to charter and prove the service, get everything set,

00140

1 make your final decisions about what exactly you want on
2 your vessel.

3 For example, while using a charter vessel, it
4 can be determined that instead of a 150 passenger
5 vessel, maybe a 125 or a 100 might be more suitable. If
6 you can save money by building smaller boats to fit your
7 service, that's perfectly acceptable. In fact, it's
8 good financial --

9 Q. And, Mr. Dolson, when you say charter, are
10 you referring to that in what sense? Could you just
11 describe charter briefly?

12 A. A charter is a contract to rent a vessel,
13 either with a crew or without a crew. And it defines
14 the areas of responsibility for maintaining and
15 operating the vessel.

16 Q. Would you call that similar to a lease in
17 essence?

18 A. Lease.

19 Q. All right. So you were looking at vessel
20 alternatives in August of last year. You talked about
21 new builds. What else did you do?

22 A. The financial calculations, which took up
23 most of the month.

24 Q. Did you do those on your own?

25 A. No, I had an outside financial analyst who

00141

1 came in to help me.

2 Q. Who was that?

3 A. Started off with a fellow named Bryan Rubin.

4 Q. Okay.

5 A. Bryan works for a local company, he's a
6 friend of mine, and his job at his company is to model
7 takeovers and acquisitions, so it's very -- it's
8 relatively easy for him to model a single company versus
9 integrating two much larger companies and determining
10 the financial implications.

11 Q. And where did that individual get his
12 information in terms of the financial data that he was
13 using?

14 A. The two basic aspects of ridership
15 projections, which in turn is revenue, and the operating
16 costs he got from me.

17 Q. Okay. How did you get them?

18 A. From what we developed with Captain Fuller.
19 And at the time, we had another industry consultant
20 working with us to develop the individual costs.

21 Q. Okay. So you started financial calculations.
22 How far did you get along? Did you make any initial
23 determinations of --

24 A. We made an initial determination, however, we
25 knew there was more work.

00142

1 Q. Okay.

2 A. So those were absolutely the first generation
3 financials.

4 Q. All right. What did you do next?

5 A. September 2000, meeting with the Port of
6 Seattle, City of Kirkland, and continued on the
7 financial model. The ridership projection and financial
8 model is starting to become very complex at this point,
9 and it took up most of our time.

10 Q. Why did you meet with the Port of Seattle?

11 A. The Port of Seattle financed the construction
12 of the Marina Park dock in the City of Kirkland.

13 Q. Port of Seattle?

14 A. The Port of Seattle.

15 Q. Okay.

16 A. Was basically the lender. The City of
17 Kirkland pays based on fees that they collect from users
18 back to the Port of Seattle.

19 Q. So you're investigating the docking
20 facilities?

21 A. Investigating docking facilities,
22 arrangements, limitations, and current uses.

23 Q. Okay.

24 A. October of 2000, we concentrated on the
25 second generation of financials and ridership

00143

1 projections. We basically started over, because we had
2 learned a lot regarding the flow of the financial model.
3 We also spent a lot of time in the City of Kirkland
4 talking to business owners and to some community leaders
5 as to what we are developing and listening to their
6 concerns, what do we need to address as a private
7 company to satisfy the City in order to bring in
8 passenger ferries.

9 Q. Okay. How did you go about that, you say
10 talked with, how did you do that?

11 A. Calling on the phone, visiting the City Hall,
12 finding out if there was anybody designated for such a
13 situation or proposals such as ferry service, discussing
14 this with the city manager, the assistant city manager,
15 Parks Department, community planning directors. We
16 wanted to go right to the people who had direct input as
17 to whether this service would be accepted by the City of
18 Kirkland or not.

19 Q. Okay.

20 A. November 2000, our application to the UTC.
21 That was when we began putting together the application
22 package and subsequently submitted it to the Utilities
23 and Transportation Commission. We also met with City of
24 Bellevue transportation planners and the Parks, excuse
25 me, Parks Department. We also met with the City of

00144

1 Kenmore community development director.

2 Q. Why did you meet with the Parks Department in
3 Bellevue, for example?

4 A. The City of Bellevue asked, where do I plan
5 to take the ferries. And I said, we still have to
6 evaluate which would be the most feasible location.
7 Possibly in looking at a nautical chart identified
8 Meydenbauer Bay. They indicated that there's newly
9 acquired park land down in Meydenbauer Bay, so that's
10 why I was talking to the Parks Department.

11 Q. Okay. So you're looking at that as a
12 terminal, is that what you would call it, dock?

13 A. I hate to use the word terminal, because
14 people think of the Coleman Dock, massive construction
15 with a McDonald's on the first floor. That's not what
16 we want to envision here. We want a relatively low
17 impact facility for passenger transfer.

18 Q. Why?

19 A. Permits and building costs are going to be
20 astronomical along the water front. And for a private
21 company, that's one of the reasons that we're -- that's
22 one of the main reasons we're able to succeed
23 financially, because we're not going to build massive
24 terminals at each of the sites. We're going to rely on
25 existing facilities or slightly upgraded facilities to

00145

1 accommodate the ferries.

2 Q. Okay.

3 A. In November I also went to New Zealand and
4 came back. Visited again with the Bellevue public
5 policy managers who helped guide me towards the planned
6 use issues that I would have to address.

7 Q. Sounds like an ongoing discussion then with
8 some of the city officials?

9 A. Yes.

10 Q. Why does that process take so long, for
11 example?

12 A. It's not simple. We assumed that changing
13 land use designation, for example, Meydenbauer Bay, will
14 take about two years of legal and environmental review
15 work in order to get the city to adopt changes.

16 Q. Okay. And so even if you want to start
17 service in one month or two months from now, you
18 wouldn't be able to do it?

19 A. In certain areas. For example, Meydenbauer
20 Bay is the prime area that we need to deal with the
21 environmental issues, the local communities maybe having
22 concerns regarding wake wash or noise.

23 In December --

24 Q. Dan, let me interrupt you just a moment.

25 MR. CRANE: Your Honors, I'm going to keep

00146

1 going probably until the lunch break. If you want to
2 take a break at any time, feel free to interrupt me, I'm
3 sure you would, but I'm just going to continue with
4 Mr. Dolson unless you would like a break.

5 JUDGE MOSS: Do you anticipate that you will
6 also need to have Mr. Dolson on direct after lunch?

7 MR. CRANE: Yes, Your Honor.

8 JUDGE MOSS: How much do you have?

9 MR. CRANE: It will take the afternoon.

10 JUDGE MOSS: Better take a break.

11 JUDGE HENDRICKS: Yeah, why don't we take a
12 short five minute break right now.

13 (Recess taken.)

14 JUDGE HENDRICKS: Mr. Crane, you may proceed
15 with your examination of Mr. Dolson.

16 MR. CRANE: Thank you, Your Honors. Your
17 Honors, I mentioned earlier that I was going to start
18 off Mr. Dolson with a videotape, which I promptly
19 forgot, and I realized it was staring at me. And I
20 wanted to have an opportunity to do that early on to put
21 a lot of context to what he's been talking about. So at
22 this point, I would like to run the videotape. It's a,
23 what do you call it, a copy from the air time broadcast
24 of the King 5 News, a very brief news segment regarding
25 passenger ferries, and it deals with Mr. Dolson's

00147

1 interview. So at this time, I would like to play that.
2 It should be only about three or four minutes, and I'm
3 going to try to adjust the volume so hopefully it
4 doesn't blast our ears.

5 (Video Exhibit 138 played.)

6 MR. CRANE: Okay, that's it, let's hope I
7 kept to my time limit.

8 BY MR. CRANE:

9 Q. Mr. Dolson, from that broadcast, it talked
10 about certain docks. Are your docks -- have you chosen
11 which docks yet you're going to dock at in Seattle?

12 A. We have a good idea what docks are available
13 for passenger ferry service; however, there's still much
14 more work to do in terms of local permitting.

15 Q. We were talking before the break about
16 investigations you had done with respect to the
17 feasibility of passenger ferry service on Lake
18 Washington, and you were around November. Could I have
19 you summarize what you have done up to the current time,
20 maybe in a little more summary fashion than I was asking
21 you earlier.

22 A. Of course. December of 2000, we began direct
23 communications with Seattle City Council members in
24 terms of access to Seattle owned facilities for landing.
25 We also continued to contact Kirkland business owners.

00148

1 And we, of course, were refining ongoing ridership
2 models and financial statements.

3 Q. Okay.

4 A. For January, we developed vessel financing
5 packages for new construction with various potential
6 lenders. We also began a search for a suitable charter
7 vessel, contacting various brokers or shipyards,
8 requesting access to passenger ferries for use on Lake
9 Washington.

10 The City of Seattle identified in January the
11 Leschi -- the old ferry dock at the Leschi Park area,
12 and so we began investigating what it would take to
13 allow the ferry to land there. In addition, we also did
14 jurisdictional analysis as to land use issues for the
15 various points around the lake, what would it take once
16 we received a permit from the Commission.

17 Q. Have you talked to any other organizations,
18 private organizations, about who would use your service?

19 A. We did. We contacted many public advocacy
20 groups of transportation alternatives. For example, the
21 Cascade Bicycle Club, the Redmond Bicycle Club,
22 Transportation Choices Coalition, and the Bicycle
23 Alliance of Washington. We see these as important. We
24 see their input as being very important, because it can
25 help us determine what market we are going to target,

00149

1 and which market would help us. For example, we learned
2 that we should put a lot more bicycle racks on the boat
3 to accommodate increased bicycle usage crossing the
4 lake. Currently the only way to cross the lake on a
5 bicycle is with a Metro bus and taking your chance of
6 putting your bike on one of the two available slots on
7 the front or bicycling across the I-90 bridge.

8 In February we refined our vessel
9 specifications based on environmental concerns and
10 needs. We also developed a vessel new build comparison
11 chart starting to compare the vessels that we have been
12 made aware of from various builders and designers. We
13 also began contract talks with vendors for concession
14 services.

15 Q. Why did you do that?

16 A. Concessions are a major part of the passenger
17 ferry system. They can add significantly to the revenue
18 of a company operating a passenger ferry. Concession
19 sales can make up about 25% to 30% of the revenue of the
20 company.

21 Q. Okay.

22 A. We also were in discussions in February with
23 King County Metro in terms of their ferrying systems and
24 how we could integrate our ferrying systems with theirs
25 to provide seamless connections to make this service the

00150

1 most convenient that it can be for the riders.

2 Q. When you mean ferrying systems, you mean how
3 one person would take a bus, a ferry and a bus, or how
4 exactly would that work?

5 A. Exactly. Seamless transfer, boil it down to
6 smart car technology. We would use the same technology
7 as King County Metro would use to allow a rider, for
8 example, who crossed the lake on our ferry to get off of
9 the vessel, go over to any Metro bus, any King County
10 Metro bus, swipe their card, and basically Dutchman
11 Marine would pick up the tab for that bus ride.

12 Q. Now why did you -- why are you looking into
13 that as a possibility?

14 A. In order to make a passenger ferry system
15 successful, there has to be seamless connections at one
16 or both ends, hopefully both ends of the ferry routes.
17 You need to allow people to reach additional
18 destinations rather than destinations within walking
19 distance of the dock.

20 Q. And if the seamless connection as you
21 described isn't provided, how would that affect usage?

22 A. It would decrease ridership significantly.

23 Q. Why is that?

24 A. It limits our market. People are unwilling
25 to walk a mile or two or three to get to their

00151

1 destination. In addition, for example, the Leschi dock,
2 there's only a few, relatively few businesses right
3 there near the Leschi dock and some residential
4 concentration. That's not enough of a market to justify
5 operating into Leschi. If we can connect seamlessly to
6 transit systems, which is the plan to get people to the
7 Seattle central business district, it would be -- it
8 would boost ridership significantly.

9 Q. Okay.

10 A. Also in February, we had meetings with King
11 County Executive Ron Sims, Mr. Rick Walsh, the general
12 manager of King County Metro, and Mayor Paul Shell as to
13 developing new passenger ferry service and receiving
14 input from them as to what we would need to do to make
15 the organization integrate with existing transit
16 systems.

17 Q. Did you, in fact, get information or feedback
18 from Mr. Sims and Mr. Walsh and Mr. Shell?

19 A. We did in a limited way. It was more of an
20 introduction, and I ended up dealing mostly with their
21 staff members as to the details of the proposed ferry
22 service.

23 Continuing on to March, starting to get a
24 little closer here, we analyzed ridership projections
25 and ridership histories of existing ferry systems in

00152

1 terms of looking at a more detailed analysis of the
2 commute riders versus the discretionary riders,
3 discretionary tourists, leisure riders going to
4 restaurants, shopping, whatever. We needed to make sure
5 that there was, in fact, a discretionary segment which
6 would help us continue the service throughout the day.

7 Q. Why is that?

8 A. Discretionary riders make a big difference in
9 terms of developing a passenger ferry system, in that
10 with discretionary riders who typically ride during off
11 peak commuter hours, they allow the service to continue
12 operating throughout the day, and that in turn develops
13 reliability and trust in terms of the customers for use
14 of the ferry service, therefore it increases the
15 dependency on the service by not just commuters, but
16 also business I guess you can say discretionary
17 travelers between the various points in the city. So
18 it's a -- it feeds itself around and around. Serving
19 just the commuter market will not sustain the service.

20 Q. Okay.

21 A. And also in March, Mr. Jack Case, who is our
22 engineer, began extensive wake wash investigations of
23 the vessels to determine what vessel would be most
24 environmentally proper to be used on Lake Washington, as
25 Lake Washington is extremely sensitive to environmental

00153

1 concerns, meaning air pollution, noise pollution, water
2 pollution, if you want to call it that.

3 Q. Okay.

4 A. We also met with Sound Transit, the project
5 manager for the Trans-Lake Washington Ferry Feasibility
6 Study, Mr. Tony Fuentes, and we described our project to
7 him. We also met with the Seattle Parks Department. We
8 met with a staff member of the superintendent of parks,
9 saying we want to use your facilities at Leschi, what do
10 we need to do to get access.

11 Q. Because that's not guaranteed; is that why?

12 A. It's not guaranteed, it's not guaranteed. We
13 have -- until you get the final okay and you have gone
14 through all the environmental concerns, nothing on the
15 lake is guaranteed.

16 April, continued discussions with the Seattle
17 City Council members. In addition, we arranged for lay
18 berth and fueling.

19 Q. What's lay berth?

20 A. Lay berth is where the vessel is kept
21 overnight usually for minor repairs or it's basically
22 storage when not in use.

23 Q. Okay.

24 A. We also arranged for fueling, insurance,
25 everything like all the details of actual vessel

00154

1 operations. And that was April.

2 May, just last month, preparing for this
3 hearing and finishing up the final details.

4 Q. Now did, as part of your investigation, did
5 you do any inquiry into whether people would actually
6 use your service?

7 A. Yes, we conducted extensive primary market
8 research and secondary market research to determine who
9 would be our target market, who would be our customers.

10 Q. Okay. I'm going to ask you to look at
11 Exhibit 114, which is Number 14 in your book there,
12 Mr. Dolson.

13 A. (Complies.)

14 Q. And there is a pile of documents. Can you
15 identify those for me?

16 A. This is the survey distributed by Carillon
17 Properties to the employees at Carillon Point. About
18 2000 surveys were distributed, and this is a -- this is
19 a commute and ferry use survey of the employees.

20 Q. Did you have any involvement in preparing the
21 survey form?

22 A. I did, I co-wrote the survey with the manager
23 of Carillon Properties.

24 Q. And why was Carillon Properties involved in
25 the survey?

00155

1 A. As the first line indicates, they have been
2 approached by several groups considering offering ferry
3 service. Not only do they want to evaluate the company
4 offering the service, but they also want to determine if
5 it's justifiable for them to be involved, if there would
6 be ridership, is it something that the people who work
7 at Carillon Point would use. So it was for both of our
8 purposes to do the survey.

9 Q. So you had a survey distributed, and who did
10 it go to again, the surveys?

11 A. Just about every employee at Carillon Point.

12 Q. And that was what number?

13 A. About 2000 people.

14 Q. Do you remember how many responses you got?

15 A. I think it's about 160 responses.

16 Q. Okay.

17 A. Maybe more.

18 Q. Have you summarized in general the sort of
19 responses you got?

20 A. We have. Actually --

21 Q. I'm not sure it's in there, Mr. Dolson.

22 A. I don't see the results in here.

23 Q. What are the results when you say the

24 results?

25 A. The results are, if I remember right, 42% of

00156

1 the people said they would not take the passenger ferry.
2 45% said if it was convenient, they would take the
3 ferry. But also in looking at the forms, we realized
4 that most of the people who said they would not take a
5 ferry lived on the East side, therefore ferry service is
6 not something that would serve them.

7 Q. Okay. And what was your reaction of those
8 results?

9 A. Very -- actually, I was excited, because this
10 indicates that there is a true desire for service,
11 although we're not basing the results of this survey --
12 we're not basing our ridership projections on the
13 results of this survey.

14 Q. And what was the value of the survey to you
15 then?

16 A. The value of the survey was to indicate that
17 a service as necessary as this and as convenient as this
18 would be used by a very good portion of the employees at
19 Carillon Point if the service were from a convenient
20 location to their homes, such as Leschi or UW.

21 Q. Okay.

22 A. It also indicated why people would switch
23 modes of transportation, such as lower bus fares or
24 safer public transportation. We had to know why people
25 wouldn't ride the bus and why they would ride the ferry.

00157

1 Q. Okay. All right, did you do any other
2 surveys as part of your investigation?

3 A. We did, we did a pricing survey.

4 Q. Could you take a look at Exhibit 15 in your
5 book, which is Exhibit 115 in this proceeding.

6 A. (Complies.)

7 Q. Do you recognize that document?

8 A. I do.

9 Q. Or the series of documents I should say; what
10 are they?

11 A. Those are the fare surveys that we conducted
12 around different areas around Lake Washington to
13 determine if the fares that we were proposing were
14 acceptable by the public.

15 Q. So, let's see, there's a summary of results.
16 It looks like one of the first, well, it's under the
17 first tab. What are -- would you summarize the summary
18 results?

19 A. Sure. The question one, do you consider our
20 east/west fares to be inexpensive, reasonable,
21 expensive.

22 Q. How much was that east/west fare proposed?

23 A. \$5.

24 Q. Okay.

25 A. East and westbound.

00158

1 Q. And you say --

2 A. That includes Kirkland and Bellevue.

3 Q. Thank you.

4 A. 38% said inexpensive, 57% said it was
5 reasonable.

6 Q. Okay. So you got a response on the fares?

7 A. A very positive, very encouraging response.

8 JUDGE MOSS: We have the exhibit in mind.

9 You don't need to go through the whole thing.

10 MR. CRANE: Thank you, Your Honor.

11 THE WITNESS: Okay.

12 BY MR. CRANE:

13 Q. Are you -- how sure are you or confident are
14 you in the survey results that you obtained?

15 A. I have high confidence in the survey, because
16 we received a very good number of -- we distributed --
17 it was done via personal interview, which has
18 traditionally shown very accurate results in the
19 marketing field.

20 Q. Okay.

21 A. And we got a good number of responses to
22 this. I don't have the count with me, but that's -- it
23 gives me a lot of confidence that this fare is generally
24 accepted by the public as reasonable for use of
25 passenger ferry service.

00159

1 JUDGE HENDRICKS: I have a quick question
2 just to clarify the exhibit. Columns 7 through 9 in the
3 tabulation, those answers are in response to question 3,
4 I mean it's pretty obvious, but I just want to clarify,
5 as opposed to question 1, which is what it says on my
6 copy?

7 MR. CRANE: Okay, Your Honor, I guess I'm not
8 quite sure, are you asking me to clarify something?

9 JUDGE HENDRICKS: Yes, under the tabulation
10 section for this exhibit.

11 MR. CRANE: Yes.

12 JUDGE HENDRICKS: If you look at columns,
13 well, the columns after the responses to question 2.

14 MR. CRANE: Okay.

15 JUDGE HENDRICKS: They're listed as 1 in my
16 exhibit.

17 THE WITNESS: It might be a mislabel.

18 JUDGE HENDRICKS: I assume it's just a
19 clerical problem, I just wanted to clarify that for the
20 record.

21 MR. CRANE: I think so, Your Honor. I don't
22 know the answer to that question.

23 THE WITNESS: Yeah, there is a mislabeling.

24 MR. CRANE: Thanks, I didn't notice that.

25 JUDGE HENDRICKS: Thank you.

00160

1 BY MR. CRANE:

2 Q. Okay, so the results were that your fare,
3 those fares were received?

4 A. Received well, received well by the public.

5 Q. All right. And was that information -- are
6 you relying on that information at all in any way?

7 A. I'm relying, well, I am relying on this to
8 confirm what we had assumed earlier on in our market
9 evaluation process. We needed confirmation that we
10 weren't simply throwing the wrong fare up on the board.

11 Q. Okay.

12 A. We needed to make sure that this would work
13 and that it is acceptable.

14 Q. What I would like to do is to have you talk a
15 little bit about your locations. I don't want to use
16 the word terminal.

17 A. They're terminals.

18 Q. The non-terminal terminals. Let's start --
19 and I would like to in terms of discussing as though you
20 were going to implement service, which I understand
21 first is Seattle to Kirkland?

22 A. Seattle to Kirkland.

23 Q. Let's start with Kirkland, and then what I
24 would like you to do is to go to the other locations,
25 cities in which you intend to provide service. If you

00161

1 could just provide for me, how did you originally choose
2 Kirkland, and how did you go about finding that that was
3 a place that you wanted to provide service to?

4 A. I didn't want to reinvent the wheel. I
5 looked at other studies, other potential ferry services
6 which were possible, and I looked at the routes that the
7 other studies had indicated would be most needed, and
8 that's where Kirkland originally came up.

9 Q. Okay. And you worked with one of the private
10 developers there?

11 A. Carillon Point, yes.

12 Q. Who did you deal with at Carillon Point?

13 A. At Carillon Point, we dealt with Tom Waith,
14 the hotel manager, we dealt with Deb Wendzel, who is an
15 administrative assistant, also with Barb Leland, the
16 general manager.

17 Q. Okay.

18 A. And Sue Gemmil, who is the Carillon
19 Properties manager.

20 Q. Could you take a look at Exhibit Number 20,
21 please, Mr. Dolson, which is Exhibit 120 for our
22 proceeding.

23 A. Yes.

24 Q. And identify that.

25 A. That is a letter from Tom Waith, the general

00162

1 manager of the Woodmark Hotel, to Dutchman Marine in
2 support of the service.

3 Q. Is Woodmark Hotel in Carillon Point?

4 A. It is.

5 Q. Okay.

6 A. It's part of the private development.

7 Q. Okay. And what is Mr. Waith's -- what are --
8 what is his job?

9 A. General manager of the hotel.

10 Q. Okay. And what did he -- how -- what was his
11 reaction or overall impression of your proposed project?

12 A. Very excited, very supportive. He has been
13 anticipating service for years, and he has been waiting
14 for a service provider to initiate the service.

15 Q. Okay. If you could look at the next exhibit,
16 Number 21, Exhibit 121 for the proceeding, and identify
17 that for the record.

18 A. That's a letter from the general manager, I'm
19 sorry, yes, the vice president and general manager of
20 Carillon Properties to Dutchman Marine in support of
21 this service in establishing or beginning the talks to
22 establish a landing contract.

23 Q. Okay.

24 A. Landing agreement.

25 Q. All right. As a result of your investigation

00163

1 of providing passenger service from Seattle to Kirkland,
2 what did you conclude in terms of the viability of your
3 service?

4 A. I concluded that it was extremely viable,
5 particularly with the high tourist, leisure, and
6 discretionary aspects to Kirkland and Carillon Point.

7 Q. Okay. And what sort of passengers are you
8 anticipating will use the ferry between Seattle and
9 Kirkland?

10 A. Are you asking about the demographics?

11 Q. Yeah, in general terms, are we talking about
12 commuters, tourists, somebody else?

13 A. In terms of the percentage of ridership,
14 commuters make up, I don't have the numbers in front of
15 me, but they don't make up a majority of the ridership.

16 Q. Okay.

17 A. They make up probably about half of it. The
18 other half would be discretionary or tourists to
19 Kirkland or to downtown Seattle from Kirkland.

20 Q. Okay. And are the commuters, are they
21 commuting one way or the other or both ways?

22 A. Mostly, unfortunately, will be commuting from
23 Kirkland to Seattle. In terms of a reverse commute,
24 it's not as big as I would like it to be.

25 Q. Okay. And then in terms of are you, as you

00164

1 call it discretionary, what sort of individuals did you
2 conclude would be likely to use your ferry service?

3 A. Discretionary means tourists, maybe locals
4 who are visiting a restaurant or taking a day trip
5 across the lake, people who opt to not use their car for
6 non-work trips, those are discretionary.

7 Q. Okay. Now are -- how is the parking going to
8 work in Kirkland for using your service?

9 A. There is very limited, very limited parking
10 in Kirkland as is. Ferry service was meant to address
11 the pedestrian aspect of Kirkland, not to address the
12 park and ride commuters.

13 Q. Okay. How are they going to get to your
14 ferry then; how are the commuters, or excuse me,
15 passengers going to get to your ferry?

16 A. We are using as a reasonable walking distance
17 a half mile, which is about a ten minute walk or about
18 2,500 feet. There is a significant concentration of
19 condominiums and homes within a half mile of the marine
20 terminal.

21 Q. Okay.

22 A. In addition to that, transit connections such
23 as King County Metro can provide service to within a
24 reasonable walking distance of the ferry dock to a lot
25 of people who would like to come from further away to

00165

1 come into the service.

2 Q. Has the City of Kirkland expressed any
3 interest in you providing that passenger service?

4 A. They have.

5 Q. Could you just summarize that for me.
6 Actually, let me have you take a look at Exhibit 37.
7 Maybe that would help. It's Exhibit 137 for the
8 proceeding.

9 MR. CRANE: These are the -- include some of
10 the more recent exhibits, Your Honors, that were added
11 today.

12 JUDGE MOSS: We have them.

13 BY MR. CRANE:

14 Q. Okay.

15 A. Exhibit 37 in the second line --

16 Q. What is Exhibit 37?

17 A. This is a letter from the city manager of
18 Kirkland to Dutchman Marine regarding the proposal for
19 passenger ferry service to Kirkland by Dutchman Marine.

20 Q. Okay. And what were you saying before I
21 interrupted you?

22 A. In the second line, it says:
23 We are very interested in the prospect
24 of having this type of service, the type
25 of service you propose to promote our

00166

1 lake front community.

2 Q. Okay. Are there things that remain to be
3 done with the City of Kirkland and the private
4 developers such as a Carillon Point before the service
5 can be started?

6 A. There are. Landing arrangements have to be
7 secured, and any other necessary permits would have to
8 be complete. However, we have not done that, because we
9 -- it's not necessary at this time. There's more work
10 to do, but.

11 Q. You have to wait until you get the operating
12 authority first?

13 A. We have to get the operating authority, and
14 we have to determine the final arrangements for
15 transportation on the surface.

16 Q. Okay. Renton, that's your second?

17 A. That's the second, yes.

18 Q. Place that you're proposing to initiate
19 service to?

20 A. Mm-hm.

21 Q. Why Renton?

22 A. Because it will be available, and the
23 construction of the private development will be
24 completed by, if I remember right, late 2004. There
25 will be existing facilities there in late 2003, which

00167

1 are able to sustain the service. In addition to that,
2 the Boeing commute and transportation manager has asked
3 that we start service to Renton relatively soon.

4 Q. Okay. So that would be perhaps a year after
5 you initiate service to Kirkland?

6 A. A year, maybe about a year and a half
7 actually.

8 Q. Okay.

9 A. We would prefer to start once we have the
10 Kirkland route settled and set in motion.

11 Q. Will that require additional vessels?

12 A. It will.

13 Q. And what are you going to -- how are you --
14 how are you going to go about acquiring additional
15 vessels?

16 A. We plan to lease vessels for the first year
17 of service and for the second year of service. The
18 second year of service, we are going to begin
19 construction of new vessels to replace the leased
20 vessels. That way we can have a boat that fits our
21 needs more specifically.

22 Q. All right. So Renton you're going to start
23 perhaps a year and a half after you start in Kirkland,
24 and I understand that you are focusing on the Southport
25 development?

00168

1 A. Yes, sir.

2 Q. And that is for what, why are you focusing on
3 Southport?

4 A. Southport development, like I said in my
5 earlier testimony, is a mixed use development with
6 significant traffic, pedestrian traffic, right on
7 location. Access to downtown Seattle is fairly limited
8 in terms of highways or road congestion for people who
9 want to go from Southport to downtown Seattle. Access
10 to the central business district would greatly improve
11 the marketability and usefulness of the Southport
12 development.

13 Q. Okay. And do you have an estimate on the
14 number of people that are in the Southport area that you
15 could draw from?

16 A. We do. They are expecting about 4,000 to
17 4,500 people a day to come in and out of Southport.

18 Q. All right.

19 A. And that does not include the 13,000 people
20 in the Boeing plant right next door.

21 Q. All right. So who have you dealt with at
22 Southport?

23 A. Project manager, Rex Allen.

24 Q. Okay. And could you take a look at Exhibit
25 22, which is Exhibit 122 for the proceeding.

00169

1 A. (Complies.)

2 Q. And ask you if you recognize that document?

3 A. Yes, that's the letter from Rex Allen, the
4 development manager of SECO Development, to Dutchman
5 Marine in support of passenger ferry service.

6 Q. Okay. All right, and why is Southport,
7 Mr. Allen at Southport, interested in your ferry
8 service?

9 A. Because it will increase the value of the --
10 it's a -- it will increase the value of the property and
11 increase the value of the office space and rental
12 apartments, because it allows excellent access to
13 downtown Seattle directly from their property.

14 Q. Okay. All right. Could you take a look at
15 Exhibit 24, which is Exhibit 124 for the proceeding.

16 A. (Complies.)

17 Q. And there is a letter there from somebody at
18 Wright Runstad. What is Wright Runstad's involvement?

19 A. Wright Runstad is a private developer like
20 SECO Development who has the option on purchasing the
21 office aspect, office space aspect of the Southport
22 development. Wright Runstad is likely that they will
23 exercise that option and put up a 750,000 square foot
24 office complex.

25 Q. Okay. And what is Wright Runstad's position

00170

1 on your ferry service?

2 A. Wright Runstad is in support of the passenger
3 ferry service for the same reasons that SECO Development
4 is in support of it.

5 Q. Okay. I'm looking at the letter, it says:
6 Supports the possibility of a passenger
7 ferry service as a convenient
8 alternative form of transportation for
9 Southport tenants, visitors, and
10 residents.

11 A. Over and over again, private developers tell
12 me that something like this could add significantly to
13 the value of the property, the private development they
14 would have on the water, because the only access that's
15 available right now besides, well, helicopters that
16 exist is by surface. And by offering such amenities
17 such as convenient and frequent service to downtown
18 Seattle, it makes their marketability much better.

19 Q. Now you mentioned Boeing, there's a Boeing
20 facility nearby, is that --

21 A. Right next door to the Southport development.

22 Q. All right. And you have spoken with an
23 individual at Boeing?

24 A. Yes, I have spoken to Mr. Tony Underwood.

25 Q. If you could take a look at Exhibit 25,

00171

1 Mr. Dolson, which is Exhibit 125 for the proceeding, and
2 ask you to identify that document.

3 A. That is a letter from Anthony Underwood, the
4 manager of parking and commute programs, to Dutchman
5 Marine in support of the passenger ferry service to
6 Southport.

7 Q. And why is Boeing supporting your service to
8 Renton?

9 A. It would provide excellent access for the
10 employees who commute to and from that Renton plant to
11 either Seattle or to other destinations through transit
12 links.

13 Q. And what about the City of Renton, have you
14 worked with the City of Renton --

15 A. We have.

16 Q. -- with respect to your service?

17 A. We have. We have dealt with all the cities,
18 and we have addressed or we have begun addressing the
19 issues that they have, such as permitting or
20 environmental impact or dock use.

21 Q. Okay. And has the City of Renton taken any
22 position with respect to --

23 A. The City of Renton has taken a neutral
24 position. They are not opposed to and they are not, I
25 don't want to say not in support of, but they can not

00172

1 take an official position on something which is -- which
2 the service is not started.

3 Q. Okay. And you're proposing to dock where in
4 Renton?

5 A. In Renton at the Southport development at
6 their commercial grade dock, which is in existence and
7 needs slight modifications such as additional lighting,
8 it will be ready for service.

9 Q. And who are you going to deal with in terms
10 of the use of that dock?

11 A. That would be Southport Developers, SECO
12 Development.

13 Q. All right. Next Kenmore, how did you pick --
14 why Kenmore I guess is the question?

15 A. Looking through the metropolitan, I don't
16 want to fly through all the exhibits, but the
17 metropolitan -- Puget Sound Regional Council Destination
18 2020 and 2030 documents indicates increased,
19 significantly increased, congestion coming from Kenmore
20 to Seattle on the roads. We looked at the city of
21 Kenmore, and it seemed like an obvious point for a
22 terminal to assist people who live in Bothell or in
23 Kenmore through the park and ride facilities to get to
24 the University of Washington and the City of Seattle.

25 Q. Okay. And who have you worked with in

00173

1 Kenmore?

2 A. Mr. Bob Solo.

3 Q. Who is Bob Solo?

4 A. He is the director of community planning for
5 the City of Kenmore.

6 Q. And has the City of Kenmore taken any
7 position with respect to your proposed service to
8 Kenmore?

9 A. They have. They have not issued an official
10 letter of support; however, what they have done is
11 adjusted their comprehensive plan. They have added
12 language to their comprehensive plan to allow passenger
13 ferry service into Kenmore. That was after a
14 presentation I made to their planning committee.

15 Q. After you made a presentation, then they
16 changed their comprehensive plan?

17 A. Yes.

18 Q. All right. What about any private
19 developers, have you dealt with anybody there in
20 Kenmore?

21 A. The private development will be the Lake
22 Pointe Development at the northern tip of Lake
23 Washington in the city of Kenmore.

24 Q. Okay. Now I see that that's on your map
25 there. Is Lake Pointe, is there a dock at Lake Pointe?

00174

1 A. There is no -- well, there is an existing
2 dock. It's in very poor shape. However, the private
3 development which is planned to be constructed there
4 plans to address that and significantly improve the
5 water side facilities.

6 Q. Okay. So the dock would be at the private
7 development at Lake Pointe?

8 A. Yes, it would.

9 Q. Okay. Who have you dealt with at the Lake
10 Pointe Development?

11 A. That would be Mr. John Hamilton.

12 Q. Okay. Could you turn to Exhibit 23, please,
13 Mr. Dolson, which is Exhibit 123 for this proceeding.

14 A. (Complies.)

15 Q. And ask if you could identify that document.

16 A. That's a letter from John Hamilton, the
17 president of Presidio Partners, on behalf of Lake Pointe
18 Development to Dutchman Marine in support of passenger
19 ferry service.

20 Q. Okay. Why is Lake Pointe Development in
21 support of your -- supporting your proposed ferry
22 service?

23 A. Because it would be a very necessary and
24 very, very convenient form of transportation to connect
25 to the University of Washington or to Seattle central

00175

1 business district from their development. Just like
2 Southport, the development will be right on the water,
3 and with the incredible numbers of people and
4 pedestrians in that concentrated area, it makes
5 perfectly common sense that access to Seattle would
6 greatly increase their marketability.

7 Q. Okay.

8 JUDGE HENDRICKS: Mr. Crane, real quickly, I
9 thought I would ask if you could keep in mind that we're
10 getting close to lunch, so if a natural breaking point
11 comes up pretty soon, maybe you could bring that to our
12 attention.

13 MR. CRANE: Yeah, what I would like to do,
14 Your Honor, is finish with Kenmore, work on Bellevue a
15 little bit, work on Bellevue, that doesn't sound very
16 good, does it, have Mr. Dolson testify about Bellevue,
17 and end it.

18 JUDGE HENDRICKS: Do you anticipate that to
19 be about how long?

20 MR. CRANE: About 12:00, I will finish about
21 12:00.

22 JUDGE HENDRICKS: That's perfect, thanks.

23 BY MR. CRANE:

24 Q. Mr. Dolson, following your study of the
25 suitability of providing passenger service to Kenmore,

00176

1 did you come to any conclusions regarding the viability
2 of passenger ferry service?

3 A. I did. The results of informal surveys in
4 talking to the business owners, business managers, is
5 that this would be convenient and a necessary form of
6 alternative transportation for the business employees,
7 for residents, and for customers.

8 Q. Okay. And I assume like with Renton and
9 Kirkland, more -- a little bit more work needs to be
10 done before you can actually implement service. Does
11 more work need to be done before you can begin service,
12 assuming you get your certificate?

13 A. For Renton and for --

14 Q. Kirkland and Kenmore.

15 A. Oh, yes, of course there's more work needed
16 to be done, but it doesn't make sense to work on these
17 until we have operating authority.

18 Q. Okay. Lastly, your, as I understand it, your
19 fourth destination, service destination that you're
20 intending to provide is to Bellevue. That appears to be
21 fairly obvious, large metropolitan area, but could you
22 describe for me why you chose Bellevue and what you went
23 through to choose Bellevue?

24 A. We looked at traffic patterns and traffic
25 analysis for everything from individual cars to King

00177

1 County Metro service and the connections between
2 Bellevue and Seattle and the sheer volumes of people who
3 go back and forth and said we have to serve this market.
4 We would be missing out on a great opportunity to not
5 serve the city of Bellevue and the city of Seattle with
6 a very short shuttle.

7 Q. Did you -- how did you go about your
8 investigation of whether it would be -- service would be
9 useful or necessary for Bellevue?

10 A. We asked people on the streets. We took
11 surveys.

12 Q. Personally, when you say that?

13 A. Personally, personal interviews. We also
14 talked to transportation managers in the City of
15 Bellevue and transportation planners and got their input
16 as to would this service serve the community.

17 Q. Okay. And have you received any support from
18 the City of Bellevue as far as you're aware, and subject
19 to Ms. Riordan's objections, of course?

20 A. The City of Bellevue has not taken a stance
21 in support of or against passenger ferry service between
22 Bellevue and Seattle.

23 Q. All right. But did your investigation
24 whether service would be viable between Seattle and
25 Bellevue, did you come to any conclusions from your

00178

1 investigation?

2 A. I did. I came to the conclusion of it's a
3 high commute route, it's a high commute aspect between
4 the two, and there is somewhat a good leisure and
5 tourist element between Bellevue and Seattle. For
6 example, Bellevue Square, a huge tourist attraction, and
7 providing convenient and easy access for people from
8 Seattle, for example, tourists along the water front to
9 Bellevue would greatly help the City of Bellevue in
10 terms of revenues from tourist dollars.

11 MR. CRANE: All right, I think that's
12 probably where I should end, Your Honors, for now for
13 lunch. Are we going to take an hour break; is that how
14 you normally do it?

15 JUDGE MOSS: What do the parties want, an
16 hour seems sufficient. Can we do it in less?

17 MR. CRANE: Could do it in less, Your Honor,
18 yes, 45 minutes.

19 MR. KOPTA: An hour, I think, would be the
20 best.

21 JUDGE MOSS: That's usually good to allow for
22 lunch, so we can be back around 1:00.

23 MR. CRANE: Thank you.

24 JUDGE HENDRICKS: We will recess for lunch
25 then, thank you.

00179

1 (Luncheon recess taken at 12:00 p.m.)

2

3 A F T E R N O O N S E S S I O N

4 (1:00 p.m.)

5

6 JUDGE HENDRICKS: Mr. Crane, are you prepared
7 to continue with your examination of Mr. Dolson?

8 MR. CRANE: Thank you, Your Honor.

9 BY MR. CRANE:

10 Q. Mr. Dolson, before the break, we talked about
11 service to Bellevue. What we haven't done thus far is
12 talk about your other primary terminus for your service,
13 and that would be in Seattle. Can you describe for me,
14 for example, who you talked with in the city of Seattle
15 with respect to your proposed ferry service?

16 A. Very locally we have spoken to the business
17 owners or business managers along Leschi Park. And in
18 terms of the University of Washington proposed site, we
19 have spoken to the regional policy office, and there is
20 a representative there by the name of Aaron Hord, who
21 has been designated as the ferry representative. He was
22 the representative of the University of Washington in
23 the Sound Transit Trans-Lake Washington Feasibility
24 Study for Passenger Ferry Service.

25 Q. Okay. All right. Who else have you spoken

00180

1 with in the City of Seattle?

2 A. On a City wide basis, we have spoken to the
3 mayor's office, the strategic planning office,
4 department of transportation, and the mayor, and the
5 assistant mayor, or I'm sorry, deputy mayor, Chuck
6 Clark. We have given them an outline of our proposal.
7 We have given them an outline of our intended routes,
8 our ridership projections. We have even sent them an
9 E-mail with requests for use of the Leschi dock and land
10 use designation changes if needed for the different
11 zones.

12 Q. Okay. Early on, did you look to provide
13 service to another location other than Leschi within the
14 city of Seattle?

15 A. Initially the arrow pointed towards Madison
16 Park, Madison Park dock, which is a small rebuilt
17 fishing pier. It originally was a ferry pier, but it
18 has been, well, through the years changed into a small
19 fishing pier. It's located just south of the 520 bridge
20 on the Seattle side. That was the original terminal for
21 the Seattle or for the west side of Lake Washington.

22 Q. Okay. And at this point, have you shifted
23 your focus a little bit?

24 A. We have by the recommendation of the City of
25 Seattle's Strategic Planning Office and their

00181

1 Transportation Department, we have shifted down to
2 concentrate on Leschi.

3 Q. All right. Has the City of Seattle expressed
4 interest or support for your proposed ferry service?

5 A. The City of Seattle has not issued a formal
6 letter in support of or opposing passenger ferry
7 service. The mayor has told me that he's in support of
8 alternative forms of transportation, and I believe this
9 fits in that category. In addition, I believe the City
10 supports this as a matter of their policy as indicated
11 in the City of Seattle's Strategic -- City of Seattle's
12 Transportation Strategic Plan.

13 Q. All right. What about others within Seattle,
14 have you talked with anybody outside of the city, that
15 is in other jurisdictions, other organizations?

16 A. King County.

17 Q. Okay.

18 A. We sent E-mails and had meetings with several
19 King County Council members; however, their support is
20 was more towards the incorporation of the Dutchman
21 Marine proposed ferry service with King County Metro.

22 Q. Okay. Have you spoken with anybody at the
23 University of Washington other than was it Mr. Hord?

24 A. Mr. Hord.

25 Q. Okay. And has the University of Washington

00182

1 provided any support or has --

2 A. University of Washington sent a letter to
3 Dutchman Marine, carbon copied the Commission and
4 Argosy, stating that they can neither support -- they
5 can not support any individual proposal until further
6 issues have been resolved.

7 Q. Okay. All right. If you could take a look
8 at Exhibit 36 from your notebook, which is Exhibit 136
9 for this proceeding, there is a letter there from Carole
10 Washburn.

11 A. Yes, the letter is from the University of
12 Washington to the --

13 Q. Oh, excuse me, I misspoke.

14 A. From the University of -- I'm sorry?

15 Q. From Theresa Doherty.

16 A. Yes, Theresa Doherty, the assistant vice
17 president for regional affairs, to the executive
18 secretary of the Washington Utilities and Transportation
19 Commission.

20 Q. Okay.

21 A. Stating that they can not take a position on
22 one ferry service provider versus another. Rather in
23 the second paragraph, it identifies that:

24 The University will work with any
25 service provider to determine the

00183

1 viability of service in the context of
2 land use, environmental, and financial
3 issues.

4 Q. Okay. Now the University of Washington is
5 the proposed terminus of one of your services, that
6 would be from Carillon Point; is that correct?

7 A. Actually, it's for Kenmore.

8 Q. Kenmore, excuse me.

9 A. And for Bellevue.

10 Q. Okay. For Kenmore then and Bellevue, why did
11 you choose University of Washington as a location?

12 A. It was from the advice of many, many traffic
13 engineers and planners.

14 Q. Okay.

15 A. Particularly the Bellevue transportation
16 planners indicated the high volume of traffic between
17 downtown Bellevue and the University of Washington.
18 King County Metro alone runs several express shuttles
19 between the two points.

20 Q. Okay. Could I ask you to look at Exhibit 31,
21 please, which is Exhibit 131 to this proceeding.

22 A. (Complies.)

23 Q. And ask you if you have seen this document
24 before.

25 A. I have.

00184

1 Q. Can you identify what it is, please?

2 A. This is a graphical plot representing the
3 population density of employees of the University of
4 Washington throughout between Southern Snohomish and
5 King Counties.

6 Q. Okay. And what does this map indicate to
7 you?

8 A. This indicates the location of basically the
9 most feasible routes to connect employees to the
10 University of Washington in terms of passenger ferry
11 service.

12 Q. Okay. In what way?

13 A. In what way, for example, we look for higher
14 concentrations or higher densities of employees. We
15 look for grouped clusters and assess which possible
16 ferry terminal would meet their needs the best.

17 Q. Okay. All right. And have you used that map
18 for purposes of your proposed routes to Kenmore and
19 Bellevue?

20 A. We have. It mostly came along after the fact
21 to confirm what we already had made assumptions about.

22 Q. Okay.

23 A. It also -- it demonstrates the possible
24 ridership in a very vague way, but it gives us a better
25 idea of what the actual ridership could be.

00185

1 Q. Okay. Mr. Dolson, earlier before the break,
2 we talked about how you're planning to phase in some of
3 your routes on your ferry service. Could you summarize
4 again just so I'm clear when you're planning to initiate
5 service to which locations on your map there against the
6 easel?

7 A. Starting with Kirkland to Seattle, we plan to
8 initiate service in 2002.

9 Q. Okay.

10 A. In the second year of service, more of the
11 summer, meaning May or June, we would initiate service
12 between Southport and Renton to the Leschi terminal.

13 Q. All right.

14 A. Third year of service would be service
15 between Kenmore and the University of Washington.

16 Q. So that would be the year 2004 approximately?

17 A. Approximately.

18 Q. Okay.

19 A. And 2005 or 2006, depending on some land use
20 issues and construction issues, we would like to serve
21 the City of Bellevue to the University of Washington.

22 Q. Okay. All right, thank you. Earlier today
23 you testified about the studies that had been prepared
24 that you had reviewed for purposes of educating yourself
25 on the viability of passenger service, passenger ferry

00186

1 service in Lake Washington. And you referenced a couple
2 of documents, a Trans-Lake Washington Study and
3 Destination 2020, 2030. I would like to have you take a
4 look at those now. Could you look at Exhibit Number 10,
5 please, Mr. Dolson, which is Exhibit 110 for this
6 proceeding.

7 A. (Complies.)

8 Q. And ask if you have seen that document
9 before.

10 A. I have.

11 Q. This looks like a computer printout; where is
12 this from?

13 A. This is off the Internet. This is the
14 Seattle Transportation Strategic Plan.

15 Q. Okay. And in that study, could you turn to
16 page 46 of that exhibit, please, Mr. Dolson. And have
17 you heard of the term transportation demand management?

18 A. I have.

19 Q. Okay. There's a reference in the top
20 paragraph to that. Could you explain really what the
21 purpose of transportation demand management is and how
22 that would work or integrate with your proposed ferry
23 service?

24 A. Transportation demand management attempts to
25 control not necessarily trip generation, but choice of

00187

1 mode generation by penalizing undesirable modes of use,
2 such as a toll on a bridge. If you really want to
3 discourage 520 commuters, you would charge \$5 or \$10 per
4 car, and believe me, congestion would go down. But
5 other forms of transportation demand management would be
6 switching modes such as consolidating commuters into car
7 pools or employers providing bus passes on King County
8 Metro. If you give me a second, please.

9 Q. Sure.

10 A. Identified in the third paragraph, the first
11 sentence says:

12 The most important traffic demand
13 management strategy of all is good land
14 use.

15 Attempts by the City to designate various
16 areas around the lake or within their municipal
17 boundaries to allow land use or zoning which would
18 encourage pedestrian friendly areas. For example, the
19 Lake Pointe Development up in Kenmore, they want to
20 encourage pedestrian friendly atmosphere by offering
21 alternative forms of transportation to and from the
22 development and, believe it or not, within the
23 development by making extensive walking paths, bicycle
24 paths, et cetera.

25 Q. All right. In the top paragraph there, it

00188

1 says:

2 The transportation demand management
3 programs provide incentives to encourage
4 the use of transportation alternatives
5 and disincentives to discourage driving
6 alone. They are designed to reduce
7 single occupancy.

8 And it goes on from there. How would your
9 ferry service fit into that?

10 A. It would -- for the passengers that we
11 provide service for, it would significantly change,
12 well, it would completely change the mode of travel that
13 they take. If they select to not use single occupancy
14 vehicle, they can opt to use the ferry. Of course,
15 that's a mode switch. That right there is direct
16 traffic demand management.

17 Q. Okay. And then in the third sentence, it
18 says:

19 TDM programs make the transportation
20 system more efficient and reducing
21 pollution.

22 Maybe it means reduce pollution. How would
23 that fit into your ferry system?

24 A. Several studies which are ongoing and which
25 have been done recently in the past five years have

00189

1 indicated that passenger ferries, particularly modern
2 passenger ferries, are able to reduce on a passenger by
3 passenger basis the amount of air pollutants emitted
4 into the atmosphere. Basically that's saying if you put
5 100 people in cars, it puts off a certain number of
6 pounds of sulfur.

7 Q. Nitrous oxide?

8 A. Nitrous oxide, sulfur oxide, things like
9 that. SOX and NOX is a slang term. But with a
10 passenger ferry, the amount would be reduced
11 significantly because of the economies of scale and of
12 the economy of operation for modern machinery such as
13 modern marine diesels.

14 Q. All right. And with respect to your ferry
15 system, how are you expecting to fit in with those
16 concepts of emissions and reduction of trips and
17 congestion?

18 A. We plan to promote our service as one way of
19 helping the environment by reducing the amount of
20 pollution emitted into the atmosphere and in turn
21 carrying the same number of people or allowing the same
22 number of people to have trips to where they want to go
23 between work or leisure activities.

24 Q. Okay. Now could I have you take a look at
25 Exhibit Number 11, please, which is Exhibit 111 for this

00190

1 proceeding, and ask you if you recognize that document.

2 A. I do.

3 Q. What is it?

4 A. The Puget Sound Regional Council Destination
5 2030 plan.

6 Q. Okay. And it says draft, were there earlier
7 -- are there later versions or is this -- what happened
8 with this?

9 A. There are earlier versions of this. The
10 destination 2020 document was generated appropriately
11 about 8 or 10 years ago, and it looked 30 years into the
12 future, from the year 1990 into the year 2020. This is
13 a more updated document and more applicable, because in
14 the past 10 years, there have been significant changes
15 in the Puget Sound demographics and the region as a
16 whole.

17 Q. Okay. And on page 17 of this report, it
18 states:

19 In the central Puget Sound region, as in
20 other urbanized regions of the country,
21 congestion causes delay and frustration
22 for drivers and wastes millions of
23 dollars worth of economic resources each
24 year.

25 How is your ferry service going to try to

00191

1 alleviate, or will it?

2 A. Our ferry service will be absolutely not the
3 total solution. It will be a piece of the overall
4 solution offering alternatives, relatively
5 environmentally friendly alternative transportation to
6 the commuters who decide to, or passengers I should say,
7 who decide to use the service. It is generally the
8 amount of traffic congestion that we will reduce is
9 relatively small. This is not a mass transit solution.
10 This is simply offering a pedestrian connection for the
11 people, the 1,000, 2,000, 3,000, whatever number of
12 people a day in all of Puget Sound who decide to use
13 this service rather than using automobiles.

14 Q. Okay. Can I have you take a look at page 54
15 of the same exhibit, Mr. Dolson.

16 A. (Complies.)

17 Q. There is a section there on expanding auto
18 and passenger ferry service. Do you see that on the
19 left-hand side there?

20 A. Yes, I do.

21 Q. Okay. Could I have you read the first half
22 of that top paragraph out loud, and then I want to ask
23 you if you agree with this.

24 A. Washington State ferries, that part right
25 there that begins with Washington State ferries?

00192

1 Q. I'm sorry, the next sentence, you're quite
2 right.

3 A. (Reading.)
4 Passenger and auto ferry service are
5 high quality personal mobility services.
6 Is that what you're talking about?

7 Q. Okay.

8 A. (Reading.)
9 Linking communities to the east and west
10 of Puget Sound. Passenger and auto
11 ferry services support the region's land
12 use and transportation objectives by
13 providing effective transportation
14 services that reduce travelers'
15 dependence on personal vehicle use,
16 reduce vehicle delay due to congestion
17 on the region's roadways.

18 Q. All right, stop right there. Do you agree
19 with that?

20 A. I do very much.

21 Q. Why?

22 A. The available -- the -- I agree with this
23 because it -- it summarizes the fact that the waterways
24 are a completely underused, underutilized form of
25 transportation, and basically the waterways on Lake

00193

1 Washington have not been used in 50 years as a
2 transportation alternative. They have been used for,
3 yes, for commercial ventures, tour boat activities, but
4 that's completely different.

5 Q. Okay. Now in the two pages over, 56, it
6 says, investing in non-motorized transportation. Do you
7 see that quote across the top there?

8 A. I do.

9 Q. It says:
10 As a result of the more compact urban
11 development by 2030, as much as 20% of
12 all trips could be biking and walking
13 trips. To satisfy the demand for
14 non-motorized mobility, the region
15 should respond to recent federal highway
16 administration direction that identifies
17 bicycle and pedestrian facilities as
18 crucial components of all future
19 transportation improvements.

20 Now can you tell me how your ferry service
21 will fit into that?

22 A. I want to base this on not necessarily
23 today's congestion, but on the future congestion two
24 years, four years, six years out. The service needs to
25 be established, and the routes need to be established,

00194

1 and the riders need to be educated as to the service we
2 provide when traffic congestion across the lake or
3 around the lake really gets bad. It's not going to
4 improve. This is the service that should be in place to
5 address the needs of the people who need to cross the
6 lake.

7 And for this very reason they identify in
8 here, increased use of biking and walking trips, that's
9 exactly who we're trying to target. I didn't write
10 this. I didn't make this up. But it makes perfect
11 sense. I just want to take advantage of the fact that
12 people will be walking a lot more, people will be using
13 their bikes, that's why we're designing the ferries the
14 way we are.

15 Q. Now, Mr. Dolson, have you heard of the Blue
16 Ribbon Commission on Transportation?

17 A. I have.

18 Q. Could I have you take a look at Exhibit 12,
19 please, and that's Exhibit 112 for this proceeding.

20 A. (Complies.)

21 Q. Mr. Dolson, have you seen this document
22 before?

23 A. I have.

24 Q. It's titled the Final Recommendations to the
25 Governor and Legislature adopted November 29, 2000. If

00195

1 you could look at the second page of this document,
2 Mr. Dolson, on the left-hand side, there is items 1
3 through 13.

4 A. Mm-hm.

5 Q. Do you see item 9 there?

6 A. I do.

7 Q. It says one -- and I'm getting a little ahead
8 of myself. At the top of the page, it says, what this
9 is is a list of final recommendations adopted November
10 29. Number 9, could you identify what that is.

11 A. It says, use the private sector to deliver
12 projects and transportation services.

13 Q. Okay. Now I would like you to skip a few
14 pages to page 8, and look at recommendation number 9 in
15 more detail.

16 A. Use of private sector to deliver projects and
17 transportation services.

18 Q. All right. Look at Number B, if you would.

19 A. I'm sorry?

20 Q. Could you look at Number B there, Part B.

21 A. Okay.

22 Q. And read that out loud, and let me know if
23 you agree with this.

24 A. (Reading.)

25 One of the recommendations by the Blue

00196

1 Ribbon Commission is to examine removing
2 barriers preventing the private sector
3 from providing transportation services
4 in light of some public expressed
5 interest in alternative services, which
6 could include ferry, bus, or monorail.

7 Q. Okay.

8 A. I do agree with it.

9 Q. Okay.

10 A. The public sector does do an excellent job of
11 providing transportation services; however, the private
12 sector has something very good to offer, and I believe
13 also that it should be a -- private industry should be
14 allowed to have the opportunity to provide
15 transportation services to the public.

16 Q. Okay. And then on page 10, on recommendation
17 16, Part B, could you read that also and let me know if
18 you agree with that.

19 A. (Reading.)

20 The Blue Ribbon Commission on
21 transportation recognizes ferries are an
22 important part of the highway system and
23 recommends the legislature give serious
24 consideration to the ferry task force's
25 findings on the needs of the ferry

00197

1 system.

2 Q. Okay. All right, I want to ask you about at
3 this point who you have involved in Dutchman Marine. I
4 guess you could call them executives, people you said
5 you have hired. Could you give me a summary of the key
6 personnel in your company that you have hired to start
7 Dutchman Marine, and describe for me what they are doing
8 and what they bring to Dutchman Marine.

9 A. Start off with Mr., sorry, Captain Fuller,
10 Captain Barry Fuller. As I said earlier, I met Captain
11 Fuller in teaching at Massachusetts Maritime Academy two
12 years ago. I knew of his experience somewhat in
13 passenger ferry operations when I worked with him.
14 However, once I started investigating passenger ferry
15 services for Lake Washington, I contacted Mr. Fuller
16 asking him to help me evaluate this market. Currently
17 he is our operations guru. He has the experience, the
18 knowledge to determine whether or not this is a feasible
19 service. He also has the experience to tell whether or
20 not the ridership projections and the cost analysis are
21 accurate. And he has the ability to -- he has the, I
22 guess you can say, the inside scoop as to passenger
23 ferry operations and what pitfalls and unexpected boosts
24 they receive from different government agencies in terms
25 of starting service.

00198

1 Q. Okay. All right, what about some of the
2 other individuals that you have hired?

3 A. We have Mr. Jack Case. Mr. Case was hired to
4 fulfill the engineering component primarily of Dutchman
5 Marine and to also assist in evaluating the ferry routes
6 and the feasibility of passenger ferries on Lake
7 Washington.

8 Q. Okay.

9 A. Mr. Case has extensive experience, I mean
10 more than the rest of us in this room with passenger
11 ferries.

12 Q. How so?

13 A. He has worked on or helped initiate a total
14 of ten ferry systems, including the Seabus up in
15 Vancouver, which as he tells me started on a napkin, 33
16 months later ended up a full-fledged operation handed
17 over to the Canadian government for mass transit
18 purposes.

19 Q. We often hear stories of people putting
20 things on napkins, but you don't often hear that those
21 things actually turn into fruition.

22 What position is Mr. Case going to fulfill
23 with respect to the actual operations of your ferry
24 system?

25 A. Mr. Case was hired to develop the engineering

00199

1 program and to help find and train a suitable
2 replacement. The replacement will be titled the
3 director of engineering, and he will oversee the
4 day-to-day engineering aspects of the operation.

5 Q. Okay. And did he have any involvement in
6 anything, any written materials with respect to your
7 engineering or operations?

8 A. Yes, he provided the template for our
9 engineering manual.

10 Q. Could I ask you to turn to Exhibit Number 18,
11 please, which is Exhibit 118 in this proceeding.

12 A. (Complies.)

13 Q. And if you could identify for us what that
14 document is.

15 A. This is a draft of the operations and
16 engineering manual for Dutchman Marine's passenger ferry
17 service.

18 Q. Okay. And could you just very briefly
19 summarize what's contained in this engineering and
20 operations engineering manual?

21 A. This is simply the shell for the multiple
22 aspects of the operations of passenger ferries in terms
23 of actual engineering and day-to-day operations,
24 everything from fire fighting to oil transfers, fueling,
25 watch standing, evaluations, parking, cell phone use,

00200

1 everything you can imagine which is -- which we could
2 put down in a manual in terms of giving the operations
3 staff a directive. What we didn't want to do is write
4 down every detail, which would bind them to something
5 impractical.

6 The idea is to hire a captain based on his
7 experience and his knowledge, hand him some general
8 directives such as these, and allow him to make
9 decisions as to the operation of the vessel. We respect
10 the captains. If they say the ferry -- if they say the
11 weather is too dangerous to go and it's too dangerous
12 for passenger transfers, they call the shots. Of
13 course, they have to tell the operations staff. But
14 this is just a guidance for them.

15 Q. Okay. And did you assist in preparing this
16 manual as well?

17 A. I did, I received the -- I received the shell
18 from Mr. Case, and I went through and made modifications
19 to it. And I also spoke to Captain Fuller regarding
20 these modifications to make it fit our service.

21 Q. Okay. All right. What about there's two
22 other individuals that I wanted to have you discuss.
23 One is your chief financial officer. Could you describe
24 him?

25 A. Mr. Gary Hibma, spelled H-I-B-M-A, is our

00201

1 hired chief financial officer. As one person put it,
2 this potential, this -- the ferry system has the
3 potential to have cash flows of a very small airline,
4 very dynamic, and it's very important that we have a
5 correct financial structure and organization in order to
6 have the service succeed as a business.

7 Q. Okay.

8 A. We provide Mr. Hibma with basically raw data,
9 raw costs, ridership projections, revenues. And he in
10 turn asks me questions, more detailed questions, and
11 he's able to formulate a financial strategy and
12 financial plan which will -- which is very reasonable to
13 execute and very feasible to execute. He has extensive
14 experience in financial management, and that's what I
15 hired him for. He's good.

16 Q. Okay.

17 A. He's the best.

18 Q. Okay. And there is an individual with a
19 familiar last name named David Dolson; now any relation?

20 A. Yes, he is my father.

21 Q. And what involvement has your father,
22 Mr. David Dolson, had in your Dutchman Marine company?

23 A. Mr. Dolson has a marketing and public
24 relations background. He retired recently from some
25 software work out here in Seattle about two or three

00202

1 years ago, and I brought him in to assist me with the
2 marketing analysis, public relations, and advertising
3 aspects of Dutchman Marine.

4 Q. Okay. All right. When you initiate your
5 actual operations to start service, are you expecting to
6 have any of these personnel, will they stay on board
7 with you, or are you doing any -- are you expecting any
8 changes in terms of your personnel?

9 A. Yes, well, during the initial phases, Captain
10 Fuller will be very much a part of the setup of the
11 operation. But since he does live on the East Coast and
12 we fly him out here only so often, he doesn't come out
13 weekly by any means, but we plan to hire a marine
14 operations manager, an experienced passenger ferry
15 marine operator. They seem to be readily available. I
16 have had several requests for jobs already from
17 experienced marine operations personnel.

18 Q. Okay.

19 A. And Mr. Case has elected to simply help set
20 up the system, get the service going, and get an
21 appropriate replacement to direct the day-to-day
22 engineering of the company. And Mr. Dolson, David
23 Dolson, in terms of marketing, his plan is to stay with
24 the company probably for a relatively short amount of
25 period, short amount of time, such as two more years to

00203

1 get the marketing program implemented for Dutchman
2 Marine. And like everybody else, I mean he likes his
3 retirement, so he wants to go back to it, so we're going
4 to hire a more permanent replacement.

5 Q. You hauled him out of retirement to help you?

6 A. Yes.

7 Q. Now with respect to your vessels, we talked
8 earlier today about the vessel that you're planning to
9 initiate service with, the Saint Nicholas, and we talked
10 very briefly about that, but has that ferry vessel been
11 involved in ferry operations?

12 A. It has.

13 Q. Okay. Can you describe for me anything in
14 particular in which it has been used to provide service
15 or demonstrate --

16 A. It was used as a contracted vessel by the
17 Washington State Ferries to provide service, passenger
18 only service, between Mukilteo and Clinton while repairs
19 were being made to that dock last summer, I'm sorry,
20 last fall. In addition today, in fact, they are running
21 a demonstration run between Poulsbo and Seattle
22 passenger ferry service. That test is going on as we
23 speak.

24 Q. The Saint Nicholas is?

25 A. The Saint Nicholas is.

00204

1 Q. What's the purpose of that demonstration?

2 A. It's a demonstration run simply to show the
3 viability of the service and to demonstrate it to
4 potential riders.

5 Q. Okay. In terms of the characteristics of
6 that vessel, is this purely a passenger vessel?

7 A. Purely passenger.

8 Q. And does the Coast Guard have any involvement
9 in reviewing the suitability of this vessel for
10 passenger service?

11 A. Yes, the Coast Guard is involved intimately
12 with this vessel.

13 Q. In what way?

14 A. It is an inspected vessel, meaning that it
15 meets certain -- certain minimum characteristics such as
16 tonnage per passenger count, which makes the Saint
17 Nicholas an inspected vessel, inspected passenger
18 vessel.

19 Q. And how often does the Coast Guard involve
20 itself in inspecting the vessel?

21 A. Yearly.

22 Q. What is the purpose of the Coast Guard's
23 inspection; what's the primary purpose as you understand
24 it?

25 A. Primary purpose is to verify the safety of

00205

1 the vessel for the passengers and for the crew.
2 Absolutely, that's the Coast Guard's number one
3 objective.

4 Q. Okay.

5 A. Secondly, they monitor environmental
6 impacts such as discharge of pollutants into the, not as
7 much the air, but more into the sea. In addition, they
8 look at safety and preparedness of the crew, the people
9 who operate the vessel, is it safe enough for the
10 passengers to use this vessel for hire.

11 Q. Okay. And for this vessel, how many crew
12 members, including the captain, captain is called a
13 master?

14 A. Captain, yes.

15 Q. Okay.

16 A. Captain, master, either one.

17 Q. How many crew members including the captain
18 or master are you intending to have for this vessel?

19 A. According to the certificate of inspection,
20 three crew members are required, one captain and two
21 deck hands.

22 Q. All right. And can you give me a description
23 of how the vessel will be laid out, so in other words
24 how a passenger when they come aboard, what will it
25 look like to them, just if you could briefly verbally

00206

1 paint a picture.

2 A. According to the specifications, the main
3 deck holds about 105 people, the upper deck holds about
4 45 people. Of course, it's certified for 150 total.
5 When they come aboard, they can either come aboard back
6 aft on the quarter, they can come in, walk past the
7 heads or the bathrooms, some closet space, and past a
8 concession stand, and there will be table and bench
9 seating throughout the vessel on the main deck. Bench
10 seating is a padded, comfortable, with nice tables. You
11 go up the ladder, and you have access to the upper deck.
12 The forward part of the upper deck is enclosed, also has
13 bench and table seating, whereas aft is completely open.

14 Q. Now, Mr. Dolson, what will it be like as a
15 passenger to ride your ferry, let's say using the Saint
16 Nicholas as an example, what will it be like for a
17 passenger to ride from Kirkland to Seattle? What will
18 the passenger experience? Where will he or she go, and
19 what will it look like?

20 A. Okay, let's assume a commuter getting on in
21 Kirkland will walk from downtown Kirkland along the dock
22 at Marina Park out to the vessel which is waiting out
23 there. They board, go through the ferry system.

24 Q. Pay?

25 A. They pay at the concession stand most likely,

00207

1 and they can either buy a newspaper which will be
2 sitting there, or they can buy some kind of refreshments
3 such as juice, biscuit, muffin, whatever they would
4 like, or if they're really hard core they can get
5 alcohol, but we're not going to go into that. But they
6 can have a comfortable ride, and then assuming going
7 down to Leschi, it's about a 25 minute, 26 minute ride
8 down there where they don't have to worry about traffic.
9 They don't have to worry about anything. It's
10 comfortable.

11 Q. Can you walk around, or are you required to
12 be in your seat?

13 A. Oh, no, you can -- you don't have to remain
14 seated. It's very open and spacious. You can walk
15 around, walk outside if you want.

16 Q. All right. And what is the, I guess what is
17 the effect on a passenger's -- what makes your service,
18 your ferry service, desirable in terms of what
19 passengers like to do on ferries? What is it about
20 ferries that people like?

21 A. They like to relax. They like the space.
22 They like the fact that they're not driving. They like
23 the fact that they're not congested. They like the fact
24 that there is a regularly dependable time schedule. Of
25 course, inclement weather could force the captain to

00208

1 slow down the vessel for the safety of the passengers
2 just like an airliner. However, there is no regular
3 congestion to deal with.

4 Q. Now is there going to be access for disabled
5 persons?

6 A. Yes, the vessel will be Americans With
7 Disabilities Act compliant. In addition to that, there
8 will be crew members available to assist anybody who
9 needs to get aboard or off the vessel, say for example
10 somebody in a wheelchair, the crew members will be able
11 to help that person an and off.

12 Q. Okay. And earlier today you talked about
13 bicycles and making room; where will the bicycles go?

14 A. Bicycles will likely go forward on that
15 vessel.

16 Q. What's the expected operating speed of your
17 vessel?

18 A. 26 knots.

19 Q. Okay. And assuming you used a vessel like
20 the Saint Nicholas for each of your four runs, and I'm
21 not pinning you to that, but I'm just saying assume you
22 did, what would be your expected operating time between
23 Kenmore and Seattle, Kirkland and Seattle, Bellevue and
24 Seattle, Renton and Seattle?

25 A. If I remember right, 25 minutes Kirkland to

00209

1 Leschi, 21 minutes Bellevue to University of Washington,
2 I want to say 29 minutes from Kenmore to University of
3 Washington.

4 Q. Okay.

5 A. And Southport to Leschi is I believe it was
6 also 25.

7 Q. Okay.

8 A. Approximately.

9 Q. All right.

10 A. They were all under a half hour.

11 Q. Sure, all right. Now you have indicated
12 earlier that you are planning to or you hope to expand
13 your service to add additional vessels, and will the
14 vessels that, say you acquire new vessels, will they
15 have similar or different characteristics than you just
16 described with the Saint Nicholas?

17 A. Similar.

18 Q. Okay. In terms of your operations and the
19 financial ability for your proposed business to we hope
20 succeed, what are you expecting in terms of ability to
21 make money in the first year and thereafter as you
22 expand your service; can you describe that for me?

23 A. As a whole, the business is going to lose
24 money the first year of service, completely realistic.
25 I would be unrealistic to expect a profitable year in

00210

1 the first season. You need to educate your riders. The
2 loss, the financials are in here, I'm not going to try
3 to squint and read the exact loss, but.

4 Q. I apologize, we made the copies rather small,
5 and I didn't mean to give you an eyesight test or the
6 judges by having the print so small.

7 MR. CRANE: We can certainly provide another
8 copy, Your Honors.

9 BY MR. CRANE:

10 Q. But without going through in detail and
11 giving the specifics, I will ask Mr. Hibma to do that,
12 can you describe me the progression which you hope for
13 future years as your service expands?

14 A. The idea is to use a realistic market based
15 ramping mechanism. You have your early adapters, then
16 you have your awareness segment, and you have your rapid
17 penetration, and then you have your market maturity. It
18 plots out in a smooth curve like this. Using that kind
19 of ramping mechanism over an eight or nine month period,
20 we are able to develop the ridership to help pay for
21 additional services, subsequent services such as
22 additional runs.

23 For example, we start with our first route
24 run between Kirkland and Seattle, you don't make -- you
25 don't have a positive cash flow for many months. Eight,

00211

1 nine, ten months down the road when we start hitting our
2 projected ridership, adjusted of course for the seasons,
3 be it either winter or summer, we will be able to use
4 cash revenues from the first route to develop subsequent
5 routes.

6 Q. Okay. And you say being realistic you expect
7 to lose money in the first year. How can a business
8 lose money the first year and still survive?

9 A. By having available cash reserves, which we
10 do have.

11 Q. Okay. And would you describe those for me,
12 and give you me some detail, if you would.

13 A. The amount of money needed to start the
14 service, again, I'm not going to try to read into Gary's
15 financials.

16 Q. Okay.

17 A. But he has told me that we need a certain
18 amount of money to develop the first route to get to a
19 positive cash flow. In addition to that amount of
20 money, we probably have I believe its around \$400,000 or
21 so reserved to keep the operation going should ridership
22 drop, for example, or we have a problem with a boat.

23 Q. Okay.

24 A. That's -- you really have to talk to Gary,
25 because he will be able to -- he will be able to hit the

00212

1 numbers right on and give you very definitive answers.

2 Q. All right. But your expectation, I think as
3 you said reasonable or not a too overly optimistic
4 assumption, is that your revenues will not match your
5 expenses in the first year, and you alluded to a reason
6 of educating a customer; what do you mean by that?

7 A. You have to allow the customer to realize
8 what the service is, where we provide it to and from,
9 and the price, because there are very few ferry services
10 around here, at least for daily use, that are \$5 or \$7.
11 That's just not a -- it hasn't happened in Washington
12 state yet. It has happened everywhere else in the
13 country. So you have to get the customers used to the
14 service and get them to understand the convenient aspect
15 of it. It takes a while. We expect publicity and press
16 to help bring the customers down to the vessels, but you
17 have to make this a part of their daily routine,
18 offering dependable service daily at convenient times
19 that meet the customers' needs.

20 Q. Now in your investigation of ferry systems in
21 other parts of the country, Boston particularly and New
22 York, did you gain an understanding of whether some of
23 those ferry services started off as a loss?

24 A. They did, the running joke in the industry is
25 that you're lonely on the boats for the first several

00213

1 months. I mean there is just nobody there.

2 Q. And are you prepared to --

3 A. To be lonely?

4 Q. For that, yes.

5 A. Yes.

6 Q. I will be there occasionally, but I won't
7 quite satisfy you. But in terms of being lonely, now
8 what do you really mean by that?

9 A. It takes a while for -- it just -- it's like
10 if Metro were to put a new bus line into service, it
11 takes a while for people in the area who could use the
12 service to realize what the service is going to, where
13 the bus goes.

14 Q. Okay.

15 A. You may see a bus come by with a number on it
16 and a name or destination like downtown, say, oh, it
17 goes downtown, but until you really realize where
18 exactly that bus goes and you're comfortable leaving
19 your car, it's going to be a while until you jump on it.

20 Q. Okay. And are there established marketing
21 projections or tools in order to evaluate how long it
22 will take to educate a customer, as you say?

23 A. Except for the standard market penetration
24 curve, for passenger ferries it's very sporadic, because
25 it depends on the market completely. It really does.

00214

1 Q. Okay. Well, what if the market responds a
2 lot better than you expected; what would be the result?
3 It would be a nice problem to have.

4 A. Leasing, chartering another vessel to
5 supplement the first.

6 Q. Okay. All right, if the operation, in fact,
7 if you expend a lot more money than you bring in revenue
8 say in the first six months, where is the money going to
9 come from to pay for those operations?

10 A. From the cash -- from the loan commitments
11 which Dutchman Marine has secured.

12 Q. Okay. And who has made those loan
13 commitments?

14 A. Private, not investors, private individuals.

15 Q. And what are their names?

16 A. It's [CONFIDENTIAL].

17 Q. Okay.

18 A. [CONFIDENTIAL].

19 Q. How much have you committed?

20 A. \$300,000.

21 Q. Okay. Who else?

22 A. [CONFIDENTIAL] has committed \$400,000.

23 Q. Of [CONFIDENTIAL] own money?

24 A. Of [CONFIDENTIAL] own money, yes.

25 Q. Okay.

00215

1 A. And the third one is [CONFIDENTIAL] has
2 committed half a million dollars.

3 Q. And those are the loan commitments that you
4 testified earlier that are based on your option to draw
5 on, right?

6 A. Yes.

7 Q. Okay.

8 A. It's our option to draw on.

9 Q. Okay.

10 A. Of course pending receipt of authority.

11 Q. Specific authority to operate?

12 A. Exactly.

13 Q. Okay. All right, so in other words, you've
14 got \$1.2 Million, the sum of those three figures,
15 \$300,000, \$400,000, \$500,000, \$1.2 Million as capital
16 for purposes of your operation?

17 A. I do.

18 Q. Okay. And you're not expecting obviously to
19 use all of that in the first year?

20 A. No, we're leaving a very large reserve for
21 inevitable casualties such as engine failure.

22 Q. Let's hope not, but.

23 A. Yeah, we hope not, but.

24 Q. Okay.

25 A. They happen.

00216

1 Q. Okay. Now what are the source of your
2 revenues, if you will just briefly describe them? We
3 have talked about the fares, and we have talked about --
4 what are your other sources?

5 A. Concession, concession sales.

6 Q. What are concession sales?

7 A. Food and beverage sold aboard the vessel to
8 supplement the income of the passenger ferry system.

9 Q. And in your investigation and review of ferry
10 systems, is there a certain portion that you see
11 typically, a portion of the revenue, typically being
12 provided by the concessions?

13 A. I'm sorry?

14 Q. Is there like a -- that was a poorly phrased
15 question. In your investigation or experience
16 investigating ferry systems around the country, does a
17 certain portion of the total revenues, does that come
18 from concessions?

19 A. Yes, we have received reports from several
20 private operators who indicate either by a percentage of
21 their revenue or by a dollar figure per passenger per
22 trip that they have average revenues of say \$1.20,
23 \$1.60, or \$2 per person per trip in revenue from
24 concession stands. Some people find that hard to
25 believe, but when you look at the fact that say, for

00217

1 example, a beer might be \$4, so every other person buys
2 a single beer, that's where you get your average sale
3 price of \$2, for example.

4 Q. Okay. And how important is that going to be
5 for your operations in terms of concession sales?

6 A. It's very important, absolutely. It's what
7 -- it's what makes this system viable.

8 Q. Now --

9 A. If it were purely a transit system without
10 concession sales, the system wouldn't work as I have
11 formulated it.

12 (Recess taken.)

13 JUDGE HENDRICKS: It's my understanding that
14 the parties have discussed this and agreed to interrupt
15 Mr. Dolson's testimony for the witness, Mr. Hamilton.
16 Is that correct?

17 MR. CRANE: Yes, Your Honor.

18 JUDGE HENDRICKS: And you will conduct both
19 direct and cross-examination during this time?

20 MR. CRANE: That's correct, Your Honor.

21 JUDGE HENDRICKS: Okay. And then afterwards,
22 we will resume with Mr. Dolson.

23 MR. CRANE: Yes good.

24 JUDGE HENDRICKS: Thank you, go ahead and
25 proceed.

00218

1 MR. CRANE: Thank you, at this time, I would
2 like to call John Hamilton to testify.

3

4 Whereupon,

5 JOHN ROSS HAMILTON,
6 having been first duly sworn, was called as a witness
7 herein and was examined and testified as follows:

8

9 D I R E C T E X A M I N A T I O N

10 BY MR. CRANE:

11 Q. Thank you, Mr. Hamilton. Could you provide
12 your full name and for whom you work for the record,
13 please.

14 A. My name is John Ross Hamilton, and I am
15 employed by Presidio Partners LLC.

16 Q. What is Presidio Partners; could you describe
17 what the company does?

18 A. It's a privately owned company by myself and
19 my wife. I am a counselor of real estate and provide
20 real estate consulting and counseling services.

21 Q. Okay. And what is the relationship between
22 Presidio Partners and Lake Pointe Development?

23 A. Presidio Partners is under contract to Lake
24 Pointe Development LLC and provides project management
25 services to them for their Lake Pointe project.

00219

1 Q. And could you give a brief description of
2 what the Lake Pointe project is?

3 A. It's a project to be built that is a mixed
4 use project. It's approved for approximately 2.1
5 million square feet of development on a 45 acre site.
6 The site is actually located southwest of the corner of
7 68th Avenue sometimes known as Juanita Drive and Bothell
8 Way. And the mixed use is -- the approval for the
9 project is that it be a minimum of 25% commercial, a
10 maximum of 50% commercial, the balance residential. And
11 it's anticipated that there will be somewhere between
12 800 and 1,000 residential living units as well as office
13 and retail within the project.

14 Q. Could you give me a brief summary of your
15 experience in real estate development?

16 A. Yes. I have been a -- prior to being a
17 counselor, I was a real estate developer for 30 years,
18 and so in my later years, I have been doing some
19 development for my own account and counseling to others.
20 And it embraces everything from residential development
21 to specialty retail projects, office developments, some
22 medical office, really pretty much the whole gamut of
23 the development industry.

24 Q. Has that been in the Puget Sound area, or
25 where has your experience been gained?

00220

1 A. My earliest years were in Edmonton and
2 Calvary, Canada, and then 20 years in Phoenix, Arizona,
3 and out of Phoenix did projects in Southern California
4 and Texas.

5 Q. And why have you selected the Kenmore area
6 for Lake Pointe Development; why was it selected is a
7 better question?

8 A. Difficult question for me to answer. I moved
9 here four years ago. Obviously the parcel of land
10 existed and was the -- it was owned by, at that time, by
11 a company named Pioneer Towing, and they spent many,
12 many years gaining the approvals for this project. Then
13 they became partners with a company, a Washington
14 company known as First Wellington Crown Corporation,
15 which when you tracked it back is a subsidiary of Triple
16 Five Corporation, which is based out of Edmonton, and
17 it's the Gramazion family. They're the developers of
18 West Edmonton Mall and one of the developers of Mall of
19 America. And I had mentioned a minute ago that I had
20 done a lot of work in Edmonton, and I have known the
21 Gramazions forever, and when they became involved in the
22 project, they asked if I would assist them, so that's
23 how I got involved in it.

24 Q. Okay. So there's going to be residential
25 units, commercial space, what other services are going

00221

1 to be provided, or what else is going to be available at
2 Lake Pointe Development?

3 A. Well, there's -- first of all, we are on the
4 lake and also on the Sammamish Slough or River depending
5 on how you describe it.

6 Q. River sounds a lot nicer.

7 A. I have been spending too much time with the
8 Department of Ecology, and they call it something
9 different, but.

10 Q. I see.

11 A. But in any event, then there's on the north
12 side of it, there's what we call the inner harbor, and
13 so it's really surrounded by water on three sides. And
14 part of the approval and part of the plan is that there
15 will be a shoreline park that will be available to the
16 public really all around all those, all three sides.
17 And so it's going to be quite an amenity for the City,
18 for the project, for the community, and I would say
19 that's the most striking thing about the project. In
20 addition to which, of course, there's going to be all
21 this mixed use that's going to be a maximum of nine
22 stories high at its highest point. But it's basically
23 -- I don't know how else or I don't know what you're
24 looking for with your question, but.

25 Q. No, that answers it actually quite well.

00222

1 Now are you familiar with Dan Dolson; do you
2 know who he is?

3 A. Yes.

4 Q. And could you describe for me when you first
5 met him or approximately, if you recall?

6 A. Probably somewhere 9 to 12 months ago, and I
7 may be off a little bit on that.

8 Q. Okay.

9 A. He called me and did his homework to find out
10 about the project and who was responsible for it. He
11 called me, and we have had a few different meetings.

12 Q. And what was the purpose of his calling you?

13 A. To inform me of this ferry service that he
14 was aspiring to and to learn a little bit about our
15 project, which I was happy to share with him, and to
16 find out if we might have an interest in accommodating
17 the ferry service. And he was particularly interested
18 in did we have in our plans I suppose a dock for a ferry
19 service, et cetera. So it was very much an exploratory
20 visit the first time.

21 Q. Okay. And as you met with Mr. Dolson over
22 time until present, did you -- have you come to a
23 position of whether you support the Dutchman Marine
24 ferry passenger proposal?

25 A. I can't speak to the Dutchman Marine ferry

00223

1 proposal versus any other ferry proposal. I certainly
2 think that the concept of a passenger ferry service to
3 and from Kenmore is a great plus and have expressed to
4 him that we would have an interest in trying to find a
5 way to make that work. But I don't have a lot of
6 particulars about what that means.

7 Q. Okay. And why would it be, a passenger ferry
8 service, why would that be a big plus to your
9 development?

10 A. Well, we're going to have literally hundreds
11 of thousands of square feet of retail and office, a lot
12 of employees, a lot of customers we hope, we're going to
13 have several restaurants in the complex, and the more
14 people that we can deliver and take from that project, I
15 think the better off we are.

16 Q. And how will providing a passenger ferry
17 service fit in with other transportation needs of people
18 that live or work at your development?

19 A. Well, I think that we would hope that we have
20 people living in our project, buying homes in our
21 project that work downtown or university or wherever
22 else this service may end, may go. And we would hope
23 that those people would want to have access to this
24 project. It's definitely going to be a destination
25 project.

00224

1 Q. And how will the passenger ferry service in
2 particular fit in with that versus people getting to and
3 from by car or bus or other methods?

4 A. I think it's just a great complement.

5 Q. In what way is it a good complement?

6 A. Having lived here only four years, I can tell
7 you it's still a great -- let's say it's a great
8 pleasure for me and my wife to be able to get out on the
9 lake and move around on the lake, and I think that
10 others must feel the same way, so.

11 Q. Okay.

12 A. I think it's good -- a great weekend
13 experience, for example.

14 Q. All right. And would you be expecting any of
15 the people employed at the Lake Pointe Development
16 through their retail businesses to, for example, use a
17 ferry service to get to and from Lake Pointe?

18 A. I would expect they would, but I really can't
19 say much more than that.

20 Q. What about visitors, tourists or --

21 A. Same thing, I mean it's going to be a
22 destination project, and I think if -- it would -- it
23 would have to be a service to visitors to the area and
24 residents of the area, but I can't quantify it for you.

25 MR. CRANE: No, of course. Well, that's all

00225

1 the questions I have. Thank you, Mr. Hamilton, and
2 Mr. Kopta may have some questions for you.
3 MR. KOPTA: As a matter of fact, I don't,
4 Mr. Hamilton. Thank you very much.
5 MR. CRANE: Thank you for coming today.
6 THE WITNESS: Thank you.
7 JUDGE MOSS: Let's be sure other counsel
8 don't have questions.
9 MR. THOMPSON: None from Staff.
10 MR. DAVIDSON: None from the City.
11 MS. RIORDAN: None from Bellevue.
12 MR. CRANE: Thank you, Your Honor.
13 JUDGE MOSS: You're excused, Mr. Hamilton,
14 thank you.
15 MR. CRANE: Thank you very much for coming.
16 THE WITNESS: My pleasure.
17 JUDGE HENDRICKS: And would you like to
18 resume now with Mr. Dolson's testimony?
19 MR. CRANE: Yes, please.
20 JUDGE HENDRICKS: Mr. Dolson, you can take
21 the stand, and, Mr. Dolson, of course you remain under
22 oath.
23 THE WITNESS: Yes, sir.
24 JUDGE HENDRICKS: Thank you.
25

00226

1 Whereupon,
2 DANIEL DOLSON,
3 having been previously duly sworn, was called as a
4 witness herein and was examined and testified as
5 follows:

6 DIRECT EXAMINATION
7 BY MR. CRANE:

8 Q. Let's see, where were we, we were talking
9 about your financial status and your ability to accept
10 or deal with a loss should it happen during your first
11 year. And I was asking you questions, Mr. Dolson, about
12 how you were expecting your ridership to increase in the
13 future. You mentioned specifically educating the
14 customer. Now what are the other forms that you expect
15 to use or other methods you expect to use to increase
16 your -- the ridership on your ferry service?

17 A. We expect to through growth of the system
18 offer additional services such as additional routes or
19 more frequent service by employing additional vessels on
20 existing routes. That all lends to increasing
21 ridership.

22 Q. Are you looking for financial help from any
23 government, public body?

24 A. We are not seeking local, city, or state
25 funding for passenger ferry service.

00227

1 Q. Okay. Now before you applied to start a
2 passenger ferry service, you looked into the other
3 company that had received a certificate, Argosy; is that
4 right?

5 A. Yes.

6 Q. Okay. And what was your understanding of how
7 Argosy was planning to run its ferry service?

8 A. I did not know what Argosy was planning to do
9 from a company perspective. The only -- mind you, this
10 -- the only perspective I can get is from what is
11 printed basically in the newspapers or is published by
12 government agencies.

13 Q. Okay.

14 A. My interpretation was that Argosy intended to
15 operate passenger ferries between Kirkland and Seattle.
16 I don't know which terminals, but it became more clear
17 that Marina Park in Kirkland to the University of
18 Washington was their final choice. And my
19 interpretation of the news clippings was that Argosy
20 intended to run a subsidized service under contract
21 through Sound Transit between Kirkland and Seattle.

22 Q. Okay. And has anything led you to believe
23 differently than that? Have you learned anything that's
24 led you to believe that that was not true, that Argosy
25 wasn't planning to do that?

00228

1 A. No, I have not learned of anything new.

2 Q. Okay. Now we talked earlier today,
3 Mr. Dolson, about lay berths, for example, and you
4 explained to me that's where you keep the vessel
5 overnight. Have you selected any moorage facilities for
6 your vessel?

7 A. Meaning the lay berth facility?

8 Q. Yes.

9 A. Yes, we have.

10 Q. And where, to your understanding, where would
11 that be?

12 A. A private docking facility in the northwest
13 corner of Lake Union.

14 Q. Okay. Have you investigated whether that
15 would be an adequate size of a facility for a vessel
16 such as the Saint Nicholas?

17 A. It is.

18 Q. What about providing say, for example,
19 maintenance or repairs or what if you have a breakdown,
20 what are you going to do?

21 A. The vessel will be kept at a private boat
22 yard, not a ship yard. It does not have dry docking
23 facilities. But what it does have is cranes and repair
24 shops on site to repair the Saint Nicholas or any other
25 vessel that we choose to bring in there. If it were a

00229

1 major overhaul, for example, or dry docking, we would
2 just simply contract with one of the local shipyards,
3 and there is numerous shipyards on Lake Union, Portage
4 Bay, and even up Puget Sound to handle dealing with the
5 Saint Nicholas.

6 Q. And in your experience in operations of
7 Crawley Marine Services and otherwise, how often do
8 vessels occasionally need repair or maintenance?

9 A. It depends on what kind of service they're
10 in. Of course, we're going to do nightly maintenance,
11 particularly nightly maintenance on the passenger
12 vessels. But the dry dockings are scheduled either for
13 two year periods or for five year periods depending on
14 the type of service that they're put into.

15 Q. And what would be the nightly maintenance
16 when you talk about that?

17 A. Routine -- I have to admit I'm not an
18 engineer; there's why we hired Jack Case.

19 Q. Okay.

20 A. He is going to outline the maintenance
21 required. Of course, and this is also very vessel
22 specific.

23 Q. All right. But what's the purpose of nightly
24 maintenance?

25 A. Keep the vessel in top shape and keep it

00230

1 continually monitored for any potential problems which
2 could cause us to not have regular service.

3 Q. Okay. And in the event that there is a
4 breakdown, say you talked about an engine problem, where
5 would you go, or how would you get repaired?

6 A. Either through an on the spot contract with a
7 shipyard, which is quite routine, or at the small vessel
8 repair facility, the laborer that we have scheduled. It
9 completely depends on what kind of maintenance you're
10 talking about, what kind of repairs you're talking
11 about.

12 Q. Well, let's just say one of your -- the Saint
13 Nicholas has how many engines?

14 A. Four engines.

15 Q. Okay. Those are main engines, drive engines?

16 A. Yes, four drive engines.

17 Q. And what if one of them, for example, suffers
18 a catastrophic failure?

19 A. Blows up?

20 Q. Yeah, you blow a piston.

21 A. Shut it down and you keep operating. The
22 idea of having four engines is that you have redundancy.
23 You're able to continue operations even if you have one
24 engine failure. Of course, that does affect the
25 performance of the vessel somewhat, but it won't totally

00231

1 stop the vessel.

2 Q. Okay. And so then what would you do to
3 correct that problem?

4 A. Contact a shipyard right away, begin talking
5 to several shipyards, find out who has space available,
6 take the vessel in at night after it's done with
7 service, and start repairs overnight.

8 Q. And that can be done?

9 A. It's routine.

10 Q. Okay. All right. Now what I was really
11 relaying, my question, the purpose of my question was,
12 you know, what could go wrong, how are you prepared to
13 address that situation. So we talked about equipment
14 failure. What other contingencies are you planning for
15 in terms of your operation?

16 A. Earthquake.

17 Q. Might increase your business a lot when the
18 bridges are shut down. That will be a good contingency.

19 A. Possible --

20 Q. Weather, does weather play into it?

21 A. Weather is a possibility. If there is
22 increment weather enough to prevent safe operation of
23 the vessel, of course taking into consideration
24 passenger and crew safety the entire time, if the
25 captains don't want to run, if they decide not to run,

00232

1 the vessels will stay at the berth, and we will charter.
2 Of course, we watch the weather as a part of marine
3 operations. In any predictions for heavy weather, we
4 will contact bus charter, or charter buses, I'm sorry,
5 get buses lined up in case we need to continue to
6 shuttle the people through the traditional roadways
7 instead of using the vessel. So we don't plan to leave
8 our passengers stranded.

9 Q. Now is that contingency, in other words, if
10 in fact the vessel breaks down and you can not operate
11 it and you need to use the shuttle, is that something
12 that you have seen or understand has been used for other
13 ferry operations?

14 A. Yes, New York Waterways says buses are their
15 saving grace. I have to add, this is -- the bus
16 contingency is for -- particularly for mechanical
17 breakdown, not for weather. Weather you can't do -- you
18 can't just count on any vessel no matter how many
19 standby vessels you have. But in our third phase of
20 operations, we're planning to have a standby or swap out
21 vessel to allow vessels to be changed out regularly for
22 maintenance and for overhauls and also as a backup boat
23 should a vessel fail during operations.

24 Q. Okay. Now earlier today you also testified
25 about what you have done to get set up, and I believe

00233

1 you talked about what you have done for purposes of
2 insurance. Could you relate to me what you have done in
3 terms of arranging insurance or prospective insurance?

4 A. We have set up -- we have got a letter, I
5 don't know, I'm not sure what you would call it, a
6 letter of commitment or what, for insurance coverage
7 from --

8 Q. Is that from your broker?

9 A. From our insurance broker, yes.

10 Q. Okay. Could I have you take a look at
11 Exhibit 17, please, Mr. Dolson, that's Exhibit 117 for
12 this proceeding.

13 A. (Complies.)

14 Q. And it looks like there's a cover letter, and
15 then there's a follow-up packet.

16 A. Yes. The cover letter is the -- applies
17 directly to the Saint Nicholas, and that confirms
18 insurance coverage, policy availability for Dutchman
19 Marine for the Saint Nicholas.

20 Q. Okay. So when the charter starts, you will
21 have insurance?

22 A. Yes, we will be covered.

23 Q. Okay. All right. Now what about other
24 vessels other than the Saint Nicholas?

25 A. Should we decide to build new vessels or

00234

1 charter additional vessel, we have -- we will have
2 adequate coverage for those vessels.

3 Q. Where is that shown?

4 A. That's shown in the packet following the
5 insurance letter.

6 Q. Okay.

7 A. It gives me a more detailed breakdown of the
8 policies, the premiums and the coverages.

9 Q. Okay. So for example, it says hull and
10 machinery, that's your property damage, in other words
11 when the hull gets damaged, right?

12 A. Exactly.

13 Q. Or machinery breaks down. Next page is
14 protection indemnity; is that your liability coverage?

15 A. Pretty much, yes, it is.

16 Q. Okay. So if someone gets hurt, for example,
17 one of your passengers gets injured?

18 A. Yes.

19 Q. Okay. And then there's mortgage interest it
20 looks like it says for the bank or the lender.

21 A. This is a list of options. This is a list of
22 insurance policies we can have, not necessarily that we
23 will take every single insurance policy.

24 Q. All right. On the next page beyond that, it
25 says pollution liability.

00235

1 A. Required by law.

2 Q. Okay. And then there's loss of hire and/or
3 earnings, and that's one of the alternative insurances
4 that you could get in place, right?

5 A. Yes, it is.

6 Q. Okay. Now what I would like to do in the
7 last --

8 MR. CRANE: I will try to finish by 2:30,
9 Your Honor and Mr. Kopta. I hope I can do that. I'm
10 going to try to -- I'm not trying to rush through here,
11 but I'm going to try to finish by 2:30.

12 BY MR. CRANE:

13 Q. Mr. Dolson, what I would like you to do is
14 take a look at all the documents in Exhibit 26, which is
15 Exhibit 126 for this proceeding, and if you could
16 identify what those are.

17 A. These are shipper support letters completed
18 by individuals or representatives of business in support
19 of Dutchman Marine's application to the Utilities and
20 Transportation Commission for authority to run ferries
21 on Lake Washington.

22 Q. All right. Now how did you obtain these?

23 A. By hand, went business to business,
24 individual to individual, discussing the service,
25 discussing the time lines, how it can benefit the

00236

1 community. And in response, the individuals who wrote
2 letters here are indicating that this service would be a
3 benefit to them or their business and how it would
4 affect them.

5 Q. Okay.

6 A. In a positive way.

7 Q. Now is this -- who wrote -- who actually
8 filled these out?

9 A. The individuals.

10 Q. All right, so you didn't prepare these?

11 A. No.

12 Q. All right. And then how were they -- how did
13 you receive them?

14 A. Either by mail, some of them by fax, some of
15 them just right on the spot they filled them out and
16 handed them back to me.

17 Q. Okay. And I would like you to look at, for
18 example, the first one, which is a two -- there is a
19 cover letter from a Richard Martens, and then there is
20 on the back side it says support statement.

21 A. Yes.

22 Q. And then the middle one there, there's a
23 question, are your transportation needs being met now,
24 yes or no, and he says what?

25 A. Traffic is horrible. That's his response.

00237

1 Q. So his needs are not being met because
2 traffic is horrible?

3 A. Yes.

4 JUDGE HENDRICKS: Mr. Crane.

5 MR. CRANE: Yes.

6 JUDGE HENDRICKS: These are clear on their
7 face.

8 MR. CRANE: Yeah, I wasn't planning on going
9 through all of them.

10 JUDGE HENDRICKS: Okay.

11 MR. CRANE: Just half of them. No, I'm just
12 kidding. Actually, there's very useful information in
13 here, and it would be nice if we had many more days of
14 hearing to actually go through, because they actually do
15 provide quite useful information. I was reviewing these
16 last night.

17 JUDGE MOSS: We'll take a look at them,
18 Mr. Crane.

19 MR. CRANE: That's fine.

20 JUDGE MOSS: And try to help you reach your
21 goal.

22 MR. CRANE: Okay. I let the cat out of the
23 bag, I shouldn't have said anything.

24 JUDGE HENDRICKS: We'll scrutinize them very
25 closely.

00238

1 MR. CRANE: Okay. Well, rather than having
2 Mr. Dolson go through those, I would like to draw to the
3 Commission's attention and the Judges' attention to
4 request if you have time to actually review these,
5 because it does -- they specifically do talk about
6 whether transportation needs are being met, and if not,
7 why, which relates directly to Mr. Dolson's service.

8 BY MR. CRANE:

9 Q. Mr. Dolson, I would like to wrap up with a
10 final question is, have you -- have you contacted a
11 potential or been in touch with a potential company who
12 may be interested in joining your business or
13 associating with your business?

14 A. Yes, I have.

15 Q. And what's the name of that company?

16 A. It's Patriot Holdings.

17 Q. Could you take a look at Exhibit 34, please,
18 which is Exhibit 134 for this proceeding, and if you
19 could tell me what that is; do you recognize that
20 document?

21 A. That's a letter from Jordon Truzhan, the
22 president and CEO of Patriot Holdings, to Dutchman
23 Marine confirming that they are interested in working
24 with Dutchman Marine on developing this company.

25 Q. Okay. Now what is Patriot Holdings; can you

00239

1 describe that company?

2 A. Patriot Holdings is a ship management, ship
3 and vessel operations, and government contract company.

4 Q. Okay.

5 A. They do not own vessels, they are contracted
6 by vessel owners to operate in crew and maintain the
7 vessels.

8 Q. Okay. Now there's a -- in the middle of the
9 top on the page there, it says Patriot Holding LLC,
10 American Ship Management LLC; what is American Ship
11 Management LLC; do you know?

12 A. That is the arm of Patriot Holdings which
13 operates the American President Lines shipping company,
14 well, a significant portion of the company.

15 Q. Of American President Lines, the large cargo
16 container shipping service?

17 A. The large cargo company that calls on Port of
18 Tacoma and Seattle.

19 Q. Seattle, okay, all right. Now why is Patriot
20 Holdings interested in potentially joining your
21 business?

22 A. They have interest in diversifying their
23 investments in the shipping industry. This is about --
24 this is right up their alley in terms of shipping
25 investment, and they see the potential for passenger

00240

1 ferry services. It's difficult to identify new routes
2 around America. Most of the routes have either been
3 exploited or are in service. This is a potentially new
4 route with a high ridership potential and as a
5 profitable venture, and Patriot Holdings is interested
6 in penetrating the passenger ferry market to involvement
7 with Dutchman Marine.

8 MR. CRANE: Thank you, Mr. Dolson, I don't
9 have any further questions at this time.

10 JUDGE HENDRICKS: Thank you, you're excused.
11 I'm sorry, Mr. Kopta, would you like to
12 cross-examine the witness?

13 MR. KOPTA: Well, I might have a few
14 questions.

15 JUDGE HENDRICKS: Okay. I apologize for that
16 interjection.

17 MR. KOPTA: Almost a clean get away.

18

19 C R O S S - E X A M I N A T I O N

20 BY MR. KOPTA:

21 Q. Mr. Dolson, I wanted to start with a couple
22 of questions about your background. You mentioned this
23 morning that you have a third mate unlimited license; is
24 that correct?

25 A. Yes, sir.

00241

1 Q. And what does that authorize you to do on a
2 vessel?

3 A. It authorizes me to be a watch standing
4 officer, particularly a third mate, aboard any size
5 ship, particularly American flag, anywhere in the world.

6 Q. And what is a watch standing officer?

7 A. Traditionally there are four deck officers
8 aboard a vessel. There's the captain, who is of course
9 overall responsible, and he has three mates. The three
10 mates are in essence the captain's representatives and
11 alternate standing watches to navigate the vessel and to
12 be responsible for the vessel during their watch. Of
13 course, if there's a problem, the first person they call
14 is the captain.

15 Q. So you are authorized to be in charge of the
16 vessel at times when the captain is not available or is
17 on break or --

18 A. Yes. The captain has no set schedule. He
19 floats however he or she, he or she wants throughout the
20 vessel. They are not required to be on the bridge
21 unless it's company policy during maneuvering or
22 something complicated.

23 Q. And is third third in line of priority or
24 third just because there happen to be three?

25 A. It's the junior most licensed officer in the

00242

1 deck department, and a progression increases
2 responsibility. The chief mate or first mate is usually
3 responsible for cargo operations, second mate
4 navigation, third mate safety.

5 Q. You outlined your experience with Crawley
6 Marine Services, and then you testified that you left
7 Crawley and started Dutchman Marine. Is that an
8 accurate summary of --

9 A. Yes, it is.

10 Q. When was that?

11 A. About a year ago I started Dutchman Marine,
12 and I had made commitments to Crawley Marine to finish
13 up June and July in terms of some scheduled work shifts.
14 I continued those work shifts on local harbor tugs while
15 also doing my research for Dutchman Marine.

16 Q. Have you started any other businesses?

17 A. Yes, I started a radio station in New York
18 City in 1991.

19 Q. And was that -- what does that entail or what
20 did that entail you doing?

21 A. It was a straight up lesson in management. I
22 learned that -- I had very personally very little to do
23 with the actual radio station operation. It was
24 relatively simple, about four CD players, a mixing
25 board, a transmitter, not very complicated. We had to

00243

1 rely on the DJs to bring in their own music. It was a
2 small radio station. And we sold advertising on the
3 air. Actually, it wasn't advertising, it was
4 sponsorship. And it was on the air for two and a half
5 years until I left the school.

6 Q. Sponsorship, so this was a public radio?

7 A. No, it was private, it was private, and we
8 had an educational, FCC educational license.

9 Q. So this was while you were in school that
10 you --

11 A. While I was in college.

12 Q. I'm going to ask you a few questions about
13 Dutchman Marine itself. As I recall, you testified that
14 it is a limited liability company, and you are its only
15 member; is that correct?

16 A. Yes, it is.

17 Q. Do you anticipate bringing on any additional
18 members?

19 A. I do. I allowed -- I kept it like this to
20 allow flexibility for company development.

21 Q. And you had a discussion with your counsel
22 about employees, and I just want to make sure I
23 understood which of the people you referenced are
24 employees and which are consultants. So could you tell
25 me which of the people that you discussed are actually

00244

1 employees of Dutchman Marine?

2 A. Captain Barry Fuller is under a consulting
3 agreement. Mr. Jack Case is under an employment
4 agreement. David Dolson, my father, is an employee of
5 the company as I am. And Gary Hibma, our CFO, is a
6 contract CFO through an organization which basically
7 contracts temporary services as needed.

8 Q. So am I correct that the company has three
9 employees, yourself, your father, and Mr. Case?

10 A. Yes, sir.

11 Q. And you said Mr. Case has an employment
12 contract. Would you explain what you mean by that?

13 A. We signed a contract for employment in the
14 company. I don't know how much detail --

15 Q. I didn't, I'm sorry, I didn't mean to cut you
16 off. I was just wondering whether it was for a
17 specified period or under certain terms and conditions
18 that were different than other employees or why you
19 happened to reference it like that.

20 A. He is primarily responsible to basically get
21 the engineering set up for Dutchman Marine for the Lake
22 Sprite service on like Washington. Once a vessel is
23 selected, and we plan to keep the fleet relatively
24 homogenous, somebody with less expertise can maintain
25 the system, and Mr. Case can go about doing other

00245

1 projects. He likes doing projects around the country,
2 probably around the world if he could.

3 Q. So am I correct that he is an employee to
4 accomplish a particular objective, and once that
5 objective has been accomplished, then his employment is
6 at an end?

7 A. Yes, and part of the objective is to find and
8 train a suitable replacement for himself.

9 Q. You also discussed with your counsel the
10 application form that Dutchman Marine submitted to the
11 Commission. You might reference that, it's Exhibit 101.

12 A. Yes, sir.

13 Q. And specifically I'm looking at the response
14 to question 12, which is the financial statement.

15 A. Okay. Are you referring to the projected
16 income and expense?

17 Q. Well, at this point I'm focusing on the
18 \$50,000 that you referenced as having cash on hand in
19 the bank on the form itself, on the application.

20 A. Mm-hm.

21 Q. And I believe Mr. Crane asked you whether
22 that was still accurate, and you said no with an
23 explanation. And I believe the explanation was that you
24 had some cash available for administrative, legal costs,
25 and other preoperation expenses; is that accurate?

00246

1 A. We do.
2 Q. And how much is that?
3 A. How much do we have available?
4 Q. Yes.
5 A. We have made loan commitments of \$300,000
6 from [CONFIDENTIAL] to the company, so I guess
7 if you want to interpret that as being money available.
8 In addition to that, besides the \$50,000, we have
9 probably about \$30,000 or \$35,000 ready cash available
10 immediately for contribution to the company to sustain
11 the application process.
12 Q. Okay. And you kind of lost me there, because
13 in the bank as we sit here today, do you have, does
14 Dutchman Marine have \$50,000?
15 A. No, it's less.
16 Q. How much less?
17 A. It's down to about \$20,000.
18 Q. And have you done any analysis of the amount
19 of the expenses that you will incur before you are
20 operational?
21 A. Yes, sir, we have.
22 Q. And how much do you anticipate having to
23 spend between now and that point in time?
24 A. Probably about another \$50,000.
25 Q. And am I correct that to obtain the

00247

1 additional financing from a company, you would need to
2 tap these loans?

3 A. Reserves?

4 Q. Sources that you have.

5 A. Yes.

6 Q. And since we're talking about that, you
7 identified three different loans, loan commitments,
8 excuse me, that you have. One is from [CONFIDENTIAL]
9 to the company?

10 A. Yes.

11 Q. And another is from [CONFIDENTIAL]?

12 A. Yes, sir.

13 Q. And the third is from an individual named
14 [CONFIDENTIAL]?

15 A. Yes.

16 Q. Could you identify [CONFIDENTIAL] for me?

17 A. [CONFIDENTIAL] is a friend of the family. He
18 has known about the project since day one. I don't know
19 what other information to give you about him.

20 Q. My only interest was in why in particular an
21 individual would want to lend you half a million
22 dollars, and I think being a friend of the family, that
23 might be the connection.

24 A. There's a, you know, it's a contract. I'm
25 not just receiving the money for free. We have to pay

00248

1 back the loan. There's terms, everything. It's a
2 business contract.

3 Q. And I appreciate that, and that sort of
4 segues into what I'm trying to get at, which is you
5 didn't provide copies of those contracts as an exhibit
6 in this case, did you?

7 A. That's private information.

8 Q. I see. So at this point, we don't know what
9 the terms of those particular instruments are?

10 A. It's proprietary information. We haven't
11 disclosed it to the Commission, so.

12 MR. CRANE: And, Your Honor, if I could just
13 interrupt, we do have the originals, and they are
14 available. Mr. Dolson is correct, there is proprietary
15 information, we prefer not to distribute them, but they
16 are available if the Commission would like to see them
17 in camera or otherwise, they are available, yes, and
18 they are here today.

19 Mr. Kopta, I don't mean to interrupt, but we
20 do have them. We just haven't submitted them as an
21 exhibit.

22 MR. KOPTA: And I appreciate that, and I
23 guess the concern that I have is the terms and
24 conditions of those loan commitments go to the financial
25 viability of the company, and without the ability to

00249

1 have those as part of the record and to be able to
2 examine a witness on them, I feel a little hamstrung. I
3 believe that that's something that we should have as
4 part of the record. But I mean that's really Dutchman
5 Marine's call, whether they want to introduce it as part
6 of the record.

7 I'm just asking this information at this
8 point in time because I believe it is relevant
9 information and don't want to proceed any farther if
10 there is illicit what they consider to be confidential
11 information, particularly given that in this proceeding
12 there has been no protective order issued by the
13 Commission, and therefore as we sit here today, it
14 wouldn't be proper for me to ask those types of
15 questions.

16 So at this point, I guess I would ask
17 Mr. Crane whether it is Dutchman Marine's intention to
18 submit those documents as part of the record in this
19 case or whether they will continue to believe that they
20 are proprietary and they will not be submitted.

21 MR. CRANE: Well, Mr. Kopta, I hadn't
22 intended to submit the documents. Again, you know, how
23 much someone has to repay back over time in the event
24 that the loan was actually issued I didn't think
25 particularly relevant, because it was contingent on

00250

1 receiving authority from the Commission to operate
2 service. And it is personal with Mr. Dolson. The
3 originals are available, and, you know, if I was in
4 Mr. Dolson's position, I would not want to allow my
5 competitor to see the terms and conditions of the
6 obtained loans I got from the bank or otherwise.

7 So I don't -- I don't think it's something we
8 would like to give out, and I don't think it's
9 particularly relevant from my standpoint if Mr. Dolson
10 has testified the terms and conditions generally that
11 the money is available, \$1.2 Million has been committed,
12 is available upon receipt of a certificate of operating
13 authority simply at Mr. Dolson's request for the funds,
14 which has been his testimony.

15 JUDGE HENDRICKS: Thank you.

16 MR. CRANE: And I thought that was enough.

17 JUDGE HENDRICKS: I see some activity in the
18 back of the room, and I was wondering if anybody else
19 has any comment on the relevance of the contract papers.
20 Commission Staff?

21 MR. THOMPSON: I guess I have to agree that I
22 think that certainly that the terms of those agreements
23 would be germane to the question of financial viability.
24 As far as the argument that they're proprietary and
25 shouldn't be available to a competitor, there certainly

00251

1 is the possibility of having a, I'm not sure we would
2 call it a proprietary, or excuse me, a protective order
3 that provides that only counsel be permitted to see the
4 documents or something of that nature if that would help
5 alleviate that concern. But I think from Staff's
6 standpoint that we would certainly like to have the
7 opportunity to review those as well.

8 JUDGE HENDRICKS: Is there any other comment?

9 MR. DAVIDSON: Yes.

10 JUDGE HENDRICKS: Mr. Davidson.

11 MR. DAVIDSON: This relates to I think sort
12 of the fairness element of the issue that Mr. Kopta is
13 raising is that I think he better be prepared to address
14 the fact that his client's own statement indicates it
15 has only \$6,000 cash in hand and \$1,900,000 as an asset
16 of a vessel, vessels that are leased to another company,
17 which suggests to me that at least the same information
18 provided the Commission in the Argosy application
19 suggests there's lesser financial capability to offer
20 their service than Mr. Dolson for a service that at
21 least to date purportedly has been needing governmental
22 subsidy.

23 JUDGE HENDRICKS: That may go to fitness, but
24 I don't know if that's necessarily relevant to the
25 discussion on how to deal with the contracts, but thank

00252

1 you.

2 Does the City of Bellevue have any comments?

3 MS. RIORDAN: I don't have anything to add.

4 JUDGE HENDRICKS: Can we just take a brief
5 break. Let's take a five minute recess right now.

6 (Recess taken.)

7 JUDGE HENDRICKS: Judge Moss and I have
8 discussed the relevancy of the contracts that Dutchman
9 Marine has secured for loans, and we have concluded that
10 the documents definitely are pertinent to the issue of
11 whether the applicant is financially fit to provide the
12 service proposed in its application consistent with the
13 statute, and we're going to ask that Dutchman Marine
14 produce those documents to the Commission.

15 We also are sensitive to, and as the
16 Commission is, to the fact that the information
17 contained in the documents may be proprietary and would
18 offer or ask whether Dutchman Marine would prefer to
19 have those documents entered under a protective order
20 limiting access to the contracts to counsel with the
21 exception of Commission Staff.

22 MR. CRANE: Would counsel be able to share
23 the information with his client?

24 JUDGE HENDRICKS: No.

25 MR. CRANE: Is that okay with you?

00253

1 THE WITNESS: Does this mean that it's copied
2 and put into public record or just viewed?

3 JUDGE MOSS: The way the protective order
4 works requires that the material be furnished in two
5 forms. One would be a redacted version that would allow
6 you to mask the information that you consider to be
7 sensitive, and then the unredacted version would be
8 provided for purposes of the record and reviewed by
9 counsel.

10 And, of course, counsel would have the
11 opportunity to inquire, and we do have means to have
12 confidential inquiry and confidential transcript as well
13 to protect the proprietary information.

14 And the Commission's particular concern in
15 this type of information, Mr. Kopta is familiar with
16 prior proceedings, is with respect to competitors. And
17 so we make an exception for Commission Staff and allow
18 the Commission Staff to have freer access, but the
19 competitors are limited to their counsel.

20 And again, we can exclude competitors from
21 the hearing to the extent questions need to delve into
22 that, and it may be that on examination you find that
23 there's nothing in particular in terms of the
24 confidential information that needs to be inquired into
25 on the record. The documents speak for themselves, and

00254

1 in terms of the issue of financial fitness, the Bench
2 will be able to evaluate them in terms of supporting
3 that point that is critical to this topic of analysis.

4 MR. CRANE: And at the end of the proceeding,
5 would opposing counsel be required to return all copies?

6 JUDGE MOSS: The standard form of protective
7 order for all confidential documents requires that they
8 be either returned or destroyed. We can, of course,
9 modify the order, as we sometimes do, or counsel can
10 simply commit to returning them instead of destroying
11 them or whatever satisfies your needs in that concern,
12 in that regard I should say.

13 JUDGE HENDRICKS: Did you want to confer with
14 your client briefly?

15 MR. CRANE: Would you mind, about a minute.

16 JUDGE HENDRICKS: No, let's go off the record
17 for a few minutes for that purpose.

18 MR. CRANE: Thank you, Your Honor.

19 (Discussion off the record.)

20 JUDGE HENDRICKS: Mr. Crane, you have
21 conferred with your client?

22 MR. CRANE: Yes, thank you, Your Honor. We
23 would be agreeable to the direction of the Commission,
24 actually your order, we probably should be agreeable
25 since it's your order. I didn't really mean it that

00255

1 way, let me rephrase it. Apparently your order, as I
2 understand it, is to have an original under a protective
3 order that only the Commission sees, correct, and then a
4 redacted copy that goes to counsel under protective
5 order separately?

6 JUDGE MOSS: No, counsel is entitled to see
7 the confidential document. Counsel's client is not
8 entitled to see the confidential document. Counsel's
9 client would only be able to see the redacted version.
10 The redacted version would be available to anyone to
11 see. So the idea is you would exclude, you would mask
12 out anything that you consider to be confidential.
13 Typically documents such as these will have a lot of
14 boiler plate and very little in terms of essential
15 terms --

16 MR. CRANE: That's correct.

17 JUDGE MOSS: -- containing confidential
18 information. And so you're concerned about the one but
19 not the other. And so the redacted copy, that's the
20 whole idea, it's not in need of protection.

21 MR. CRANE: And that would remain in public
22 record, the redacted copy?

23 JUDGE MOSS: The redacted copy would be
24 public record, yeah, the redacted copy. The unredacted
25 copy, however, would remain under confidentiality in the

00256

1 Commission's records as well.

2 MR. CRANE: Okay, stay with Commission's
3 records perpetually until the proceedings is closed
4 perhaps?

5 JUDGE MOSS: The confidentiality designation
6 can be challenged in court, but frankly it doesn't seem
7 a very likely outcome in this situation.

8 MR. CRANE: Okay.

9 JUDGE MOSS: And I will comment that it seems
10 to me given the nature and description of the documents
11 that they fairly clearly contain commercially sensitive
12 information and under the law I think would be entitled
13 to protection. And, of course, that final determination
14 could not be made absent an in camera review, but I
15 don't really see a problem there as a practical matter.

16 MR. CRANE: All right. So in terms of
17 producing copies, redacting them, et cetera, we would
18 have to do that this evening and then provide it
19 tomorrow for examination? Because we can't do it within
20 the next 25 minutes presumably. And then Mr. Kopta, of
21 course, has a right to examine Mr. Dolson tomorrow on
22 those documents.

23 JUDGE MOSS: Right, and I don't think we're
24 going to finish today, but in any event, we can simply
25 have the witness available for recall at a later stage

00257

1 of the proceeding if it's necessary to do that.

2 MR. CRANE: In terms of the language of the
3 protective order, does the Commission have a proposed
4 language that's available to me that I could look at to
5 work on tonight?

6 JUDGE MOSS: Can you access the Internet on
7 that thing?

8 JUDGE HENDRICKS: Not right now.

9 MR. CRANE: I have some at the office, but I
10 would rather use --

11 JUDGE MOSS: We have a standard form of
12 protective order that has been developed over a period
13 of time that works very well. I don't know that I can
14 get that for you today. If we had access to the
15 Internet, we probably could. We will get it up here.
16 Probably what we will have to do is just defer on this
17 until tomorrow, and we will make arrangements over the
18 course of the evening to get a copy of that. And then
19 if we need to make amendments to it, we can.

20 MR. CRANE: Okay.

21 JUDGE MOSS: Is that agreeable?

22 MR. CRANE: Yes.

23 JUDGE MOSS: So, Mr. Kopta, maybe we can just
24 skip over this area for now and then come back to it.

25 MR. KOPTA: That would be fine. Thank you,

00258

1 Your Honor.

2 BY MR. KOPTA:

3 Q. Mr. Dolson, you also indicated that you did
4 some research on publicly available documents with
5 respect to ferry service in and around Seattle; is that
6 an accurate summary?

7 A. Yes, sir.

8 Q. And as part of that examination, you used a
9 public or a study that was JJM?

10 A. JJMA.

11 Q. Right, and I believe that is Exhibit 108. Do
12 you have that in front of you?

13 A. I do.

14 Q. I notice that it starts with page 2 of 17 in
15 the lower right-hand corner, and we have it designated
16 as Exhibit 210, what we purport to be the cover page and
17 the table of contents of this study. Do you have a copy
18 of that document --

19 A. Yes, yes I do.

20 Q. -- in front of you?

21 A. Yes, I do, not with me.

22 Q. Okay.

23 JUDGE HENDRICKS: Mr. Kopta, what is this
24 piece of information you're referring to?

25 MR. KOPTA: It's Exhibit 210.

00259

1 JUDGE MOSS: Could you hold it up so I can
2 find it.

3 MR. KOPTA: (Complies.)

4 JUDGE MOSS: Thank you very much.

5 BY MR. KOPTA:

6 Q. Do you recognize this as the first two pages
7 of that study?

8 A. I do.

9 Q. Okay. Drawing your attention to the first
10 page of Exhibit 210, which is the cover page to this
11 study, would you look in about the middle over to the
12 left and who was this study commissioned by?

13 A. It was commissioned by the Passenger Vessel
14 Association.

15 Q. Are you a member of the Passenger Vessel
16 Association, you being Dutchman Marine?

17 A. Dutchman Marine is not, I am not.

18 Q. And the ferry route that is shown basically
19 diagonally is from the City of Kirkland to the
20 University of Washington and then to south Lake Union.
21 Is that your understanding of the scope of this
22 particular White Paper?

23 A. It is.

24 Q. And are you aware that Seattle Harbor Tours
25 has the certificate from the Commission for a ferry

00260

1 route from south Lake Union to the University of
2 Washington?

3 A. I do.

4 Q. And I believe you testified that Argosy has
5 the certificate between Kirkland and University of
6 Washington?

7 A. Are we going to use Argosy to mean Argosy and
8 Seattle Harbor Tours?

9 Q. In this particular instance, I'm using Argosy
10 as Argosy, since I believe it's Argosy that does have
11 the certificate.

12 A. All right.

13 Q. Now is it your understanding that this
14 particular White Paper is a criticism of the Trans-Lake
15 Washington ferry study?

16 A. It is, I view it also as a criticism.

17 Q. Do you have what I believe has been
18 identified as Exhibit 208, which is the Trans-Lake
19 Washington Ferry Project Advisory Committee Pilot
20 Project Recommendation to Sound Transit Report of
21 Findings for Discussion and Position Development?

22 A. Is this an exhibit Seattle Harbor Tours
23 submitted?

24 Q. Yes, sir.

25 A. I have it in a white binder down there on the

00261

1 far right.

2 Q. Well, if your counsel consents, I will be
3 glad to give you a copy.

4 MR. CRANE: Of course.

5 Q. Have you seen this document, Mr. Dolson?

6 A. I reviewed it after we received it yesterday.

7 Q. So you had not reviewed it prior to that
8 time?

9 A. Well, this includes E-mails which are -- this
10 entire document includes E-mails. I didn't see the
11 E-mails before.

12 Q. But you did see the first --

13 A. The recommendations?

14 Q. Yes.

15 A. Yes, I did.

16 Q. And is it your understanding that the
17 recommendations in this Exhibit 208 were those to which
18 the White Paper were addressed?

19 A. Yes.

20 Q. Would you turn to the second page of Exhibit
21 208. About halfway down, there is a paragraph labeled
22 fares. And in that paragraph, a value that they give
23 for fares, or maybe value is the wrong term, because it
24 may mean something that I don't, but the amount of the
25 fares that is assumed or used for this particular study

00262

1 is \$2 for an adult, \$1 for a senior disabled, and the
2 resulting average fare being \$1.40?

3 A. Yes.

4 Q. And then the following paragraph is ridership
5 forecasts in which this particular study states that the
6 findings showed up to 675 boardings per weekday?

7 A. Yes.

8 Q. Is that correct?

9 A. Yes.

10 Q. Okay. And is it your understanding that the
11 revenues generated from this report were essentially a
12 multiplication of ridership by fare?

13 A. Yes.

14 Q. And turning back to Exhibit 108, specifically
15 on page seven at the top, this particular White Paper
16 states that ridership projections are outside the area
17 of the author's expertise; is that your understanding of
18 this?

19 A. Yes.

20 Q. Although he does make some comments on some
21 possible problems with the analysis. Is that also a
22 fair statement?

23 A. Yes, it is.

24 Q. And if you would turn to page 10 of Exhibit
25 108, again about halfway down, maybe more like two

00263

1 thirds, there's an underlined in bold category called
2 fare box recovery.

3 A. I see it.

4 Q. And a conclusion of the author is that it is
5 conceivable that the annual revenue for the base line
6 scenario in the report that this White Paper is
7 criticizing could be at least 10% higher than what the
8 consultant has shown. Do you see that?

9 A. I do.

10 Q. And if you look on the next page in the
11 bottom series of columns, total annual operating costs
12 and revenues to the left, top of page 11.

13 A. Okay.

14 Q. It's a carryover table, which is a little
15 confusing, but the first column is the number of days,
16 365, and then the next column is annual revenue, and
17 this White Paper projects an annual revenue of \$235,000
18 approximately.

19 A. Yes.

20 Q. Do you see that?

21 A. Mm-hm.

22 Q. Did you use that figure at all in your
23 examination of the feasibility of a Trans-Lake
24 Washington ferry operation?

25 A. No, we didn't, for two reasons. One, I agree

00264

1 with this consultant in that the Sound Transit
2 recommendations or the findings are incorrect. They're
3 not realistic. I agree with that completely. I looked
4 at this as a basis to see where other people are viewing
5 this study.

6 Now also Dutchman Marine is aiming to serve a
7 completely different market. We were looking to provide
8 a premium service. In order to serve -- to provide a
9 premium service, you have to charge a premium fare.
10 It's different markets. We're not serving the \$1 or
11 \$1.50 paying passengers who probably choose public
12 transit because they can't afford a car. What we're
13 targeting are people who can afford to drive but choose
14 to pay a higher fare for a comfortable vessel.

15 I'm -- it was inconclusive as to the vessels
16 and the amenities and the comfort levels available for
17 the Sound Transit operation. But what we plan to offer
18 is a premium package, comfortable, tables, maybe lap top
19 plug ins, make it nice for the people, the people who
20 will have a lap top punching away at work.

21 These figures, these numbers, except for
22 cost, I mean whether you're running a subsidized service
23 or unsubsidized service, fuel still costs the same,
24 relatively speaking. And I did not use this ridership
25 information or the fare box recovery or the ridership

00265

1 projections for our own analysis. We did it completely
2 independent. But what we can do is look at this and get
3 an idea if you're even in the ball park. So this is
4 simply used to determine that we're on the right track.

5 And to be honest with you, after looking at
6 this document for about a week, it became useless. We
7 didn't base it for anything. We just -- we realized
8 that there was some expert input into the criticism of
9 the Sound Transit -- this recommendation. So, of
10 course, I'm not going to ignore it, I'm going to pay
11 attention. Does that answer your question? I mean I
12 did not base my numbers on these numbers because we are
13 aiming at a different market. We don't have the same
14 objectives, this is not necessarily mass transit,
15 different market.

16 Q. So if I may summarize what I understand you
17 were saying is that not only did the Sound Transit study
18 in this White Paper have problems with it as far as how
19 it was -- how they were put together, but also it's
20 inapplicable to the service that you're proposing to
21 provide; is that a fair summary?

22 A. I disagree with your first thing saying that
23 this was incorrect and this was incorrect. This is very
24 appropriate, this White Paper is very appropriate to
25 respond to the Sound Transit Pilot Project

00266

1 Recommendation. I'm not criticizing this. Simply
2 different service, applies to a different group.

3 Q. Drawing your attention on page 11 to Table 9,
4 which is the historical fare box recovery ratios for
5 Washington State Ferry passenger only ferry routes, and
6 this is on Exhibit 108, have you traveled on any
7 Washington State Ferry passenger only ferries?

8 A. I have, I was working on my pilotage for
9 Puget Sound, so I have the trips on the passenger
10 ferries required from the wheel house.

11 Q. And would you say that they are not up to the
12 standard that you are setting for yourself, you being
13 Dutchman Marine, is setting for itself in terms of a
14 vessel and an experience for a passenger only ferry?

15 MR. CRANE: Objection, lack of foundation.

16 MR. KOPTA: I'm sorry, I don't know what more
17 foundation you're looking for.

18 MR. CRANE: I don't think there's a
19 foundation for the question.

20 MR. KOPTA: I asked whether he had been on
21 the ferry and then asking him for a comparison between
22 the ferry and what Dutchman Marine is proposing. What
23 addition foundation is lacking?

24 MR. CRANE: The foundation of whether the
25 ferries are at all similar, whether or not the revenues

00267

1 are similar, whether expenses are similar.

2 MR. KOPTA: I'm not looking for that
3 information at this point. I'm asking for the
4 experience. I believe Mr. Dolson testified that this is
5 not comparable, that the service that Dutchman Marine is
6 proposing is not comparable to the information that was
7 in this study, which is a commuter ferry, and rather
8 Dutchman Marine is offering a premium service. And so
9 I'm simply asking whether the Washington State Ferries
10 are in his view providing a premium service comparable
11 to what Dutchman Marine is proposing to provide.

12 JUDGE HENDRICKS: If the witness can, I think
13 the witness can answer the question. The objection is
14 overruled.

15 A. I lost track, say it again.

16 BY MR. KOPTA:

17 Q. I will be glad to ask it again.

18 A. I know about the part of riding, yes.

19 Q. And I will tell you what I'm looking for is
20 your evaluation of whether the Washington State Ferry
21 passenger only ferries provide the type of commuting or
22 vessel or other experience that Dutchman Marine is
23 looking to provide to its customers, assuming that it is
24 given the authority to provide that service.

25 A. Some similarities, some differences. Some

00268

1 differences are there's a much greater distance here.
2 You need a higher speed boat, you need higher capacity
3 definitely, 350 passengers for the Chinook versus 150
4 for the Saint Nicholas, mass transit. Washington State
5 Ferries does an excellent job of serving mass transit,
6 which is what they're intended to do, that's their
7 objective. They have to keep the fares within reason so
8 that everybody can take the service. For example,
9 there's no Metro service across the Sound. There are no
10 options except to drive or take a helicopter or fly. I
11 mean I can't imagine those happening, but those are the
12 options.

13 So what we're providing is an alternative.
14 There is -- you can drive across the bridge, you can
15 take a Metro bus, you can almost take a kayak across
16 Lake Washington, and you can also take Dutchman Marine
17 passenger ferry. It's an alternative, a premium
18 alternative.

19 On Puget Sound going across the Sound, the
20 boats are very nice. I don't think they're -- it's nice
21 equipment. I mean granted there's a lot of government
22 input into the operation, that's a nice service. But
23 the commuters and the tourists don't have an option of
24 taking a Metro bus or driving unless they, of course,
25 want to go around. That's -- they're similar in that --

00269

1 that is also a high quality operation, yet they do have
2 to keep their prices down to serve everybody. We don't
3 have to keep our prices that low to serve the market we
4 want to serve.

5 Does that answer your question?

6 Q. I believe you gave me an answer to my
7 question. And the follow up to that is, do you have any
8 reason to doubt the figures in Table 9, the accuracy of
9 the figures in Table 9?

10 A. I have no reason to doubt them.

11 Q. And so we're looking at a range of between
12 14% to roughly 25% I guess of the costs of the
13 Washington State Ferry passenger only ferries are
14 recovered from the fare box, and the rest is a
15 government subsidy. Is that your understanding of
16 what's in table 9?

17 A. That's my understanding.

18 Q. So in order for the Washington State Ferries
19 to recover their costs totally from fares without any
20 government subsidy, assuming that the costs remain the
21 same, they would roughly have to quadruple the fares
22 that they incur in the charge?

23 A. They would, I would agree with that.

24 Q. And yet you believe that you will be able to
25 recover the entire costs of your operation and make a

00270

1 profit on it wholly from fares and I gather from
2 concessions?

3 A. Concessions, yes.

4 Q. Does the Washington State Ferry also offer
5 concessions?

6 A. They do.

7 Q. Do you know the percentage of their revenues
8 that concessions represent?

9 A. I do not.

10 Q. So you didn't study that?

11 A. I remember asking about it, and somebody told
12 me, and it was relatively low. So again, it's a
13 different service all together. It totally is a
14 different service. There are similarities between the
15 routes, but there's a lot of difference between the
16 Washington State Ferry's objective and Dutchman Marine's
17 objective.

18 Q. So it's your -- the basis of your analysis,
19 your opinion based on your final analysis, that you will
20 generate sufficient ridership that will not only pay
21 significantly more for the ferry service itself, but
22 will also generate significantly more revenues in
23 concession sales than the Washington State Ferry
24 passenger only ferries?

25 A. I didn't say anything about generating more

00271

1 revenue than Washington State Ferries. I was looking at
2 it in terms of --

3 Q. Well, and excuse me, I meant on a percentage
4 basis. I didn't mean on a gross basis.

5 A. Oh, okay.

6 Q. On a percentage basis. I don't mean to
7 mislead you. I'm just asking for a comparison between
8 the two.

9 A. The concession sales on board the vessels on
10 Puget Sound or Washington State Ferries, I don't know
11 for sure, but I doubt very highly that the objective
12 with putting on concessions was to make the system
13 profitable. If that was the objective, they're failing
14 miserably.

15 Q. Well, I won't ask you to speculate about the
16 objectives of the State Ferries. Unfortunately no one
17 is here representing them. But you are aware of
18 Initiative 695?

19 A. I am.

20 Q. And you are also aware that the legislature
21 just authorized a fare increase for the Washington State
22 Ferries?

23 A. I am.

24 Q. And I won't ask you to speculate.

25 JUDGE MOSS: Mr. Kopta, are you finished with

00272

1 this line?

2 MR. KOPTA: I'm finished with this line if
3 you want to break at this point.

4 MR. MOSS: It is 3:30, and I believe we
5 committed to Mr. Wiley and his client that they could
6 have the next half an hour to put on their case.

7 JUDGE HENDRICKS: We will continue later with
8 Mr. Dolson's testimony. You may step down from the
9 stand.

10 THE WITNESS: Thank you, Your Honor.

11 MR. CRANE: And just for clarification,
12 you're planning --

13 JUDGE HENDRICKS: Let's go off the record.

14 (Discussion off the record.)

15 JUDGE MOSS: Mr. Wiley, welcome to our
16 proceedings.

17 MR. WILEY: Thank you.

18 JUDGE MOSS: We had arranged previously that
19 we would reserve this half an hour for you to put on
20 some evidence with respect to the application by Seattle
21 Ferry Service that has been severed but we're hearing
22 jointly, and you have provided us here with a list of 12
23 exhibits, which I guess technically there are no
24 intervenors in your proceeding anymore, but we would ask
25 if there are any objections. Staff is still a

00273

1 participant at least.

2 Hearing none, those will be numbered for
3 identification 301 through 312 to correspond with the
4 numbers on your exhibit list, and we will furnish the
5 identifying material to the reporter for purposes of the
6 record at the conclusion of the day, and so those
7 exhibits will be admitted as marked.

8
9 (The following exhibits were identified in
10 conjunction with SEATTLE FERRY SERVICE LLC.)

11 Exhibit 301 is Revised Financial Statement.
12 Exhibit 302 is Projected Ridership and Revenues Per
13 Month. Exhibit 303 is Applicant ProForma Financial.
14 Exhibit 304 is Original Route Map. Exhibit 305 is
15 Proposed Tariff. Exhibit 306 is Proposed Schedule.
16 Exhibit 307 is Vessel Sketches. Exhibit 308 is Eastside
17 Journal Article. Exhibit 309 is Applicant Support
18 Statement - Vulcan Properties with accompanying letter
19 to Commission. Exhibit 310 is Applicant Support
20 Statement - Lamontaigne, Marriott Courtyard. Exhibit
21 311 is Applicant Support Statement - Books, Marriott
22 Residence Inn. Exhibit 312 is Applicant Support
23 Statement - Piltz, 511 Properties.

24

25 JUDGE MOSS: Now in addition, Mr. Wiley, as I

00274

1 understand it, you wish us to establish a place holder
2 for your ridership submission.

3 MR. WILEY: Yes, Your Honor. Apparently
4 there won't need to be too many place holders, because
5 we are already submitting four with our current, so if
6 you keep a couple, I think we should be fine.

7 JUDGE MOSS: Well, we will just reserve the
8 next number, whatever you need. And when were you
9 thinking, maybe by the end of next week, by a week from
10 Friday?

11 MR. WILEY: Yes.

12 JUDGE MOSS: We will require a couple of
13 weeks to get the transcript of our hearing anyway, so if
14 you could get those in by a week from Friday, then that
15 should be sufficient.

16 Before we begin with the witness, or maybe we
17 should do this with the witness and you can tell me, we
18 have various maps in the proceeding, and indeed I drew
19 my own when these applications came in, although this,
20 of course, will not be an exhibit. But as we have
21 listened to the testimony today and as I have observed
22 this large map displayed back here on the side of the
23 room, I find myself with some question in my mind with
24 respect to the shall I say non-overlapping nature of the
25 three applications, and I wonder if you or if it's more

00275

1 convenient to swear your witness and have your witness
2 show us on that map where your application would have
3 its terminal points.

4 MR. WILEY: Right, why don't we have the
5 witness describe that, Your Honor, and we do have an
6 exhibit that appears. It doesn't show it as well as it
7 could, so I'm going to have him do that.

8 And also, before we start his examination, I
9 did want you to know that I handed out at the start of
10 our presentation another exhibit that I should have
11 thought of yesterday, which is the existing certificate
12 of the applicant. I would like that to be marked,
13 please, and would offer it, Your Honor, I think it
14 completes the record.

15 JUDGE MOSS: So that will be 313.

16 MR. WILEY: Yes.

17 JUDGE MOSS: And without objection, it will
18 be admitted as marked.

19 All right, well, why don't you call your
20 witness, and he's already sitting in the witness box,
21 and I will swear him in.

22 MR. WILEY: Mr. Kezner.

23

24 Whereupon,

25

LARRY KEZNER,

00276

1 having been first duly sworn, was called as a witness
2 herein and was examined and testified as follows:

3

4 JUDGE MOSS: Mr. Wiley, you have in mind my
5 line of questions. Why don't you walk your witness
6 through that for me.

7

8 D I R E C T E X A M I N A T I O N

9 BY MR. WILEY:

10 Q. Good afternoon, Mr. Kezner. hopefully we can
11 keep this very brief because we have folks who want to
12 get through with their hearing. Would you please state
13 and spell your last name and provide your business
14 address for the record.

15 A. Yes, Larry Kezner, K-E-Z-N-E-R, and the
16 address is 12425 Northeast 95th Street, Kirkland, 98033.

17 Q. And if a certificate should issue in this
18 proceeding, would you like that address to be reflected
19 on the certificate?

20 A. Yes.

21 Q. Could you please tell us what company you're
22 affiliated with?

23 A. Seattle Ferry Service.

24 Q. How long has Seattle Ferry Service existed?

25 A. A bit over two years now.

00277

1 Q. And what is your position with that company?

2 A. Owner, operator.

3 Q. And how many employees does Seattle Ferry
4 Service typically have?

5 A. Well, we have basically one main crewman, and
6 we have two backups and myself operating the vessel.

7 Q. And when you say the vessel, would you please
8 describe what that is for the record.

9 A. We have one vessel presently. It's a 50
10 foot, 30 ton, 49 passenger vessel suitable for the Lake
11 Union route that we have the authority with here. It's
12 a 7 knot vessel basically that runs efficiently at the
13 lower speeds.

14 Q. And in the packet of exhibits that you have
15 offered today or that's been admitted today, is the
16 sketch of the current vessel shown on Exhibit 307?

17 A. There's two vessels shown there. There's the
18 existing vessel, Fremont Avenue, in the upper three
19 drawings. The lower vessel is a proposed vessel called
20 the Lake Washington Boulevard.

21 Q. And the proposed vessel is the one that would
22 be used on this route if this application is granted; is
23 that correct?

24 A. That's correct.

25 Q. And can you tell us in answer to Judge Moss's

00278

1 question a little bit about the proposed route referring
2 to Exhibit 304, which is the original route map in the
3 process, please.

4 A. Would you like me to point there on the large
5 scale?

6 Q. Well, we're making a record here.

7 A. Okay.

8 Q. So you're going to have to try to describe it
9 as best you can.

10 JUDGE MOSS: And then I want you to point.
11 Actually, Lake Union is not on there, but I guess the
12 route into it is on there.

13 A. The thing that we're going to have applied
14 for here is south, the south end of Lake Washington at a
15 site known as Port Quendall. It's almost even with the
16 southern tip of Mercer Island.

17 Q. Have you, if I can interrupt you, have you
18 put a circle on Exhibit 304 on the east side of that
19 exhibit where Port Quendall is located?

20 A. Yes, I did.

21 Q. I need you to refer to Exhibit 304 as we're
22 talking. Do you need another one?

23 A. I'm sure it's here. Yes, there's two circles
24 on this map. One of them is the Port Quendall location
25 just north of where it says Renton on the map. It's

00279

1 within the city limits of Renton. And the other
2 terminal with a circle is south Lake Union.

3 Q. So in answer to Judge Moss's question, there
4 is an attempt to designate where Lake Union is in the
5 center of the map circled; is that correct?

6 A. That's correct.

7 Q. Okay. Do you hold -- oh, and let's go to the
8 map if we can borrow Applicant Dutchman's map over here.

9 JUDGE MOSS: I have it in mind. This map is
10 adequate. Thank you very much.

11 Q. Do you hold a United States Coast Guard
12 license?

13 A. Yes.

14 Q. And are you the primary captain for the
15 current vessel, Fremont Avenue?

16 A. That's correct.

17 Q. And what kind of license do you hold?

18 A. I have a 50 ton inland Master's.

19 Q. When was that issued?

20 A. '98.

21 Q. So have you held that for about three years?

22 A. That's correct.

23 Q. Let's go back to Exhibit 307 just briefly to
24 describe what type of vessel the proposed vessel for the
25 proposed route is, please.

00280

1 A. Okay. It's a catamaran type vessel. The
2 minimum design speed would be 20 knots to cover the
3 route and time that I need to cover Lake Washington up
4 until the University area where it needs to slow down.
5 The particular hull design is set up to be efficient at
6 high speeds and leave a wake at 7 knots when it's on the
7 inside wires.

8 Q. And where, for instance, where would 7 knots
9 be required along the route, please?

10 A. That would be just at the entrance of Webster
11 Point, as it's called, where the line is where -- the
12 entry to the Union Bay area there.

13 Q. In the area just opposite the University of
14 Washington point; is that correct?

15 A. Right about there, left.

16 Q. And that continues to where?

17 A. All the way through Lake Union in the ship
18 canals.

19 Q. You previously identified Exhibit 313. Could
20 you tell us what that is just briefly. Mr. Kezner, I'm
21 holding it up.

22 A. Okay. This is the certificate for ferry
23 service between north Lake Union, the Fremont community,
24 and south Lake Union, and there's a defined area on the
25 documents, south Lake Union Terminal.

00281

1 Q. Have you previously operated that route
2 pursuant to WUTC authority?

3 A. Only on temporary authority just prior to
4 this being granted.

5 Q. So that would have been last year; is that
6 correct?

7 A. Last summer, yes.

8 Q. Would you please describe for the record the
9 docking arrangements in south Lake Union and planned for
10 Port Quendall.

11 MR. WILEY: And I should state on the record,
12 Your Honor, I have misspelled Port Quendall I discovered
13 yesterday, it is Q-U-E-N-D-A-L-L. And while we're on
14 the topic of correcting my misspelling, I did want to
15 identify for the record, Your Honor, on page three of
16 the settlement agreement, which I note is already an
17 exhibit in this proceeding, it's Bench Exhibit Number 1,
18 on page three, there is a reference to the run, it's
19 2054 not 2055 in line one of page three. I would like
20 that correction to be made. Thank you.

21 JUDGE MOSS: All right, we have corrected the
22 exhibit accordingly.

23 BY MR. WILEY:

24 Q. Mr. Kezner, before I interrupted you, we were
25 talking about your docking arrangements at south Lake

00282

1 Union and those planned for Port Quendall. Could you
2 just describe those for the record, please.

3 A. The docking arrangements really are a
4 business plan with the Maritime Heritage where they have
5 set aside a spot for a water taxi, as they called it in
6 their business plan, to allow public water transit into
7 that area. We haven't formalized any arrangements. The
8 whole project is still in process with the City of
9 Seattle.

10 Q. And as many items in the marine passenger
11 transportation field, is that something that is
12 formative right now?

13 A. I beg pardon?

14 Q. As many developments are in the marina, is
15 that something that's formative right now?

16 A. It's something that is, you know, we are
17 working on it, yes.

18 Q. Could you describe for the record the Port
19 Quendall location, and you have identified and has been
20 admitted a reference to the Port Quendall property in
21 Exhibit 308; is that correct, that's a newspaper article
22 from the Eastside Journal?

23 A. Yes, this was an interesting recap of what's
24 going on beginning with the Vulcan Development Group for
25 a couple of years now working with the idea of linking

00283

1 their two business communities, developments which are
2 this Port Quendall property and south Lake Union, which
3 has Vulcan support now of some 20 or 25 acres. Port
4 Quendall has 20 presently and about ready to acquire
5 another 40 acres in a large multiuse, business, retail,
6 hotel type complex.

7 Q. And have you offered into the record a letter
8 and support statement from Vulcan Properties, who will
9 operate the Port Quendall area?

10 A. Yes, the developer of Vulcan Group, Larry
11 Martin, the president, has gone through what would be a
12 good starting schedule and the type of service that
13 would be appropriate for the business transit activity
14 that would go on there.

15 Q. And is that Exhibit 309 that you're referring
16 to?

17 A. Yes.

18 Q. Thank you. In conjunction with this
19 application, have you prepared exhibits that were
20 admitted into the record?

21 A. Yes.

22 Q. Okay. And could you please, let's just
23 briefly go through them so that we can identify them in
24 the record. The first exhibit, 301, is your revised
25 financial statement.

00284

1 A. Yes, that's correct.

2 Q. And that was revised as of this month; is
3 that correct?

4 A. That is correct.

5 Q. And it includes the current vessel, the
6 Fremont Avenue, on the asset side of the ledger, does
7 it?

8 A. That is correct.

9 Q. Have you also prepared a ridership and
10 revenue pro forma?

11 A. Yes, a fairly conservative one, yeah, and
12 appropriate for this application here.

13 Q. And this isolates the Port Quendall to south
14 Lake Union run; is that correct?

15 A. That's correct.

16 Q. And is that Exhibit 302?

17 A. Yes.

18 Q. Have you also prepared a pro forma financial
19 that will break down the estimated cost, recognizing
20 that it is somewhat in the future?

21 A. Yes, we have looked at it by seasons, summer
22 and winter seasons, and showing where our break even
23 point is.

24 Q. And where is that shown in the exhibit,
25 please?

00285

1 A. Where is the break even shown?

2 Q. Well, where is the estimate of the costs
3 shown; is that Exhibit 303?

4 A. Yes, that's 303.

5 Q. Okay. We have talked about Exhibit 304,
6 which is the map of your route. Exhibit 305, please,
7 could you tell us what that is?

8 A. This is the proposed fares and tariffs for
9 operation of one way and round trip.

10 Q. Do you anticipate prior to any certificate
11 being issued that you will work with the Staff of the
12 Commission to "fine tune" this tariff?

13 A. Yes, these are just estimates.

14 Q. But are they based on the economics of the
15 run as you understand them as of today?

16 A. As of today, this would put the operation
17 slightly profitable.

18 Q. So the answer is yes?

19 A. Yes.

20 Q. And the exhibit next in line, which I believe
21 is 306, proposed schedule, could you give us a little
22 background on that, please?

23 A. Okay. Well, this -- the schedule is
24 partially based on how long it takes one vessel to get
25 from one side of the run to the other, but with

00286

1 sufficient time to load and reload, 15 minutes, and get
2 back.

3 Q. And is that true, when you say 15 minutes, is
4 that true both ways, or is that just true one way?

5 A. Both ways, yes.

6 Q. Okay. And we talked about Exhibit 308, which
7 is the description of the Vulcan property. 307 is the
8 boat, and 308 is the Vulcan Property article. Regarding
9 the shipper support statements, you talked about the
10 Vulcan Properties one. The exhibit next in line, which
11 I believe would be 310, can you tell us just where is
12 that property located? We have an address, but where is
13 that located, please, the Marriott Courtyard?

14 A. The Marriott Courtyard, yes, that would be
15 the south end of Lake Union, and they would be the
16 benefactor of the service, an expansion of the market
17 territory.

18 Q. Then Exhibit 311 would be the other Marriott
19 property, where is that located?

20 A. Also south end of Lake Union.

21 Q. And finally, Exhibit 312 is a statement from
22 511 Properties, North Lake, is that somebody who would
23 use the Lake Union service as you understand it?

24 A. It is someone who would use it, and again,
25 it's in the maritime trades in property value.

00287

1 Q. And do these statements in general address
2 traffic congestion, pollution mitigation, et cetera?

3 A. Yeah, all of them seem to understand the
4 large question here that I-90, 405, 520, north, south,
5 east, and west all could benefit by having an
6 alternative transportation source.

7 Q. Now identified previously was Bench Exhibit
8 Number 1 that we made a correction to. Is this the
9 settlement agreement that you signed in this matter?

10 A. Yes, it is.

11 Q. And finally, can you please tell us,
12 Mr. Kezner, why you have applied for this authority?

13 A. Well, it's part of an overall business plan
14 that's an adjunct to the existing operation between
15 north and south Lake Union. It would be south Lake
16 Union further on out into south Lake Washington. And I
17 think the connections would be beneficial and help
18 support each other, and there is a need for
19 transportation alternatives. These are two very tightly
20 compacted development areas that a business transit will
21 require going back and forth.

22 Q. In addition to that, do you see south Lake
23 Union and Port Quendall as a different area than say
24 Kenmore and the University of Washington?

25 A. Oh, yes.

00288

1 Q. Why is that, please?

2 A. Well, Kenmore and the University of
3 Washington, the physical separation. There would be
4 service to the University, of course, but the market
5 that I'm intending to cater to is the markets that are
6 going to have a high tech development at south Lake
7 Union and the high tech development, residential,
8 restaurant, which is also at south Lake Union, but Port
9 Quendall. So these are going to be tight business
10 communities where the transit would be desirable.

11 Q. And do you anticipate then that those would
12 be foot ferry commuters going to and from meetings, to
13 and from business locations, et cetera?

14 A. Yes, I can see that from the hotels at the
15 south end of Lake Union to meetings or events at the
16 south end of Lake Washington.

17 Q. If this application is granted, do you
18 believe it will allow Seattle Ferry Service to offer a
19 more complete service to its customers?

20 A. Definitely. The proposed water front or
21 certificate for north Lake Union to south Lake Union was
22 just a small part of the original business plan.

23 Q. Do you also personally have any view as to
24 whether it offers alternatives to the use of I-405,
25 I-90, I-520, and I-5?

00289

1 A. Oh, definitely, and the support statements
2 all indicate in favor of that.

3 MR. WILEY: Thank you, no further questions
4 at this time, Your Honor. I guess we have admitted all
5 the exhibits, so I don't need to move for their
6 admission.

7 JUDGE MOSS: That's right, they have all been
8 admitted.

9 Any cross-examination?

10 MR. THOMPSON: Yeah, I just have a few
11 questions on Staff's behalf.

12

13 C R O S S - E X A M I N A T I O N

14 BY MR. THOMPSON:

15 Q. Mr. Kezner, I'm Jonathan Thompson appearing
16 for Commission Staff. I may have missed this, but when
17 does Seattle Ferry Service intend to initiate this
18 service if the certificate is granted?

19 A. Okay. Both developments are developments and
20 in process. The latest I heard from the Vulcan people
21 would be in the two to three year range. It may seem a
22 bit premature, but it was important to start at this
23 point, start the process, because of the other
24 applications and need to basically pin down a couple of
25 years' work I have been doing on this.

00290

1 Q. Does Seattle Ferry Service have a safety
2 program in place for this proposed route?

3 A. A safety as in?

4 Q. Passenger safety for the vessel.

5 A. Well, I mean there are Coast Guard
6 regulations that require annual inspections, drug tests,
7 you know, all the things that go along with operating a
8 system, yes. We have a -- we have an existing system
9 now that answers the crew training, drug check,
10 operation of the vessel, safety, and that kind of thing,
11 yes.

12 Q. You know, another, I'm jumping around a bit
13 on issues here, but does -- I heard you say that you
14 plan to use the same boat for this route that you would
15 propose to use for the authority that your company
16 recently obtained to run on Lake --

17 A. No, actually there are two boats. One
18 exhibit shows two vessels sketched there. One of them,
19 the upper one, is the Fremont Avenue, which is the
20 current vessel, and that's what we have in use now.
21 There is a proposed vessel, a catamaran vessel, that
22 will be serving the south Lake Washington, south Lake
23 Union route.

24 Q. So the catamaran would go on this route
25 without stopping at the University of Washington?

00291

1 A. That's correct.

2 Q. Okay. Mr. Kezner, are you aware of the
3 requirement, given that you don't intend to initiate
4 service within the next six months, to file progress
5 reports with the Commission?

6 A. Yes, I am.

7 Q. Okay. And I take it you're also aware of the
8 need to file an updated schedule in the tariff that you
9 have in your application prior to initiating service?

10 A. I'm aware of that.

11 Q. Also along those lines, I take it that you're
12 aware that you need to file with the Commission a vessel
13 inspection and insurance certificates?

14 A. This I have gone through with the temporary.

15 Q. Also prior to initiating service?

16 A. Yes.

17 MR. THOMPSON: I think that's all I have for
18 you, Mr. Kezner, thank you.

19 THE WITNESS: Okay.

20 JUDGE HENDRICKS: I just have a few
21 questions, and I don't know if these are directed to
22 Mr. Kezner. They're actually in regard to the
23 settlement agreement. And since we have all the
24 parties' representatives here, I thought it might be a
25 good time to just ask. I know it's almost 4:00, and I

00292

1 think we will ask whether or not folks wish to
2 participate in public comment after these questions, so
3 if you can just bear with me for a minute or two.

4 My question is, we have been hearing some
5 testimony this morning about Dutchman's proposal to
6 offer service from Southport in Renton, and the
7 settlement agreement refers to an end point for Seattle
8 Ferry Services which is Renton/Port Quendall. And what
9 I'm wondering is, if the Commission approves the
10 settlement as is requested here in the document, is it
11 still Dutchman's intent to eventually offer the service
12 to Southport?

13 MR. CRANE: Yes.

14 JUDGE HENDRICKS: So in essence,
15 hypothetically speaking, were all the authority to be
16 approved, we would have Southport and Port Quendall
17 being served?

18 MR. CRANE: That's correct.

19 JUDGE HENDRICKS: The Southport, other end of
20 Southport would be, at this point it sounds like it will
21 be the proposal is for Leschi Park to be the other end
22 point, and the proposal by Seattle Ferry Service is the
23 other end point to be south Lake Union.

24 MR. WILEY: And we're also going a step
25 further by identifying a place in Renton, Port Quendall,

00293

1 and so the trend in both certificates now is to get as
2 specific about origin points as we can, and that's what
3 we thought we were doing.

4

5 E X A M I N A T I O N

6 BY JUDGE HENDRICKS:

7 Q. So I guess I can ask the witness then, how do
8 the -- does the ridership or the markets, how do they
9 differ between essentially from Southport, Renton, and
10 Leschi, south Lake Union, and it sounds as though the
11 parties seem to think based upon the fact that they're
12 agreeing to settle this that there's room enough for
13 both services. So if you could just speak to that.

14 A. I can't speak to all of what the Dutchman
15 application is. From what I understand of it is that --
16 service from Southport to Leschi through the transit
17 connections into Seattle. And the market that they're
18 intending to serve there appears to be the evolving one
19 of the community, shopping developments, things of that
20 sort going on there.

21 The Port Quendall differs slightly. It is
22 sort of a planned business community, fairly, as they
23 described it in the article, Carillon Point style
24 facility, office develop, small clean development type
25 of businesses, hotels, things of that sort. 60 acres is

00294

1 a big area to be developing.

2 And then the south Lake Union development,
3 which is a little more trailed out as things like UW
4 microbiology and there's a variety of scientific
5 industries and other things that -- as well as the
6 hotels. So you have the opportunity here to have, well,
7 you have events ideally with the business traffic that
8 can be spread between both areas. This is where I'm
9 looking to serve.

10 And I'm sure it will attract other
11 commodities, people, other types of things, people, as
12 it evolves, but I have looked at a very limited plan,
13 what would be the limited impact vessel both in size and
14 carrying capacity, and how many of -- the minimum you
15 would need to break even and make a bit with it. And so
16 this is the design. I think it will evolve into
17 something bigger later. If it does, we will add more
18 equipment.

19 JUDGE HENDRICKS: Okay, thank you,
20 Mr. Kezner.

21 JUDGE MOSS: I think we had completed our
22 cross-examination. Was there any redirect?

23 MR. WILEY: None, Your Honor.

24 JUDGE MOSS: Does that complete your
25 presentation?

00295

1 MR. WILEY: Yes, it does, Your Honor.

2 JUDGE MOSS: Mr. Kezner, we appreciate your
3 testimony, and you are excused.

4 And we will take it up in due course. I
5 suspect we will probably keep all of these on a fairly
6 similar track for administrative convenience, so we will
7 await the transcript and so forth, and if you will have
8 those other exhibits to us and share those with your
9 fellows for the sake of information, if nothing more, I
10 appreciate it.

11 JUDGE HENDRICKS: Let's go off the record for
12 a minute.

13 (Discussion off the record.)

14 JUDGE MOSS: For those who may have joined us
15 in the last little bit here in our hearing on three
16 applications to provide passenger only ferry service on
17 Lake Washington and parts of is it Lake Union?

18 MR. WILEY: Yes.

19 JUDGE MOSS: We have reached the stage of our
20 proceeding that was noticed for public comment. If you
21 got here a little earlier, you saw that we had some
22 witnesses from the various applicants on the stand, and
23 they have presented testimony, so we have a portion of
24 our record developed with respect to the applications.
25 But one opportunity that the Commission gives in these

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1 types of proceedings is for members of the public who
2 are not parties to the proceeding to come forward and
3 make a statement if they choose to do so with respect to
4 the applications, against them, in support of them,
5 requesting some conditions be imposed, what have you.
6 So we have set aside this hour of today's hearing for
7 that, and we have set aside a portion of the hearing
8 tomorrow at 1:00 for that purpose as well.

9 So let me just ask at this juncture whether
10 there are any members of the public present who wish to
11 make a statement today.

12 Yes, sir, please come forward.

13

14 Whereupon,

15

TODD SANCHEZ,

16 having been first duly sworn, was called as a witness
17 herein and was examined and testified as follows:

18

19 JUDGE MOSS: Mr. Thompson, if you would,
20 please.

21

22

D I R E C T E X A M I N A T I O N

23

BY MR. THOMPSON:

24

25

Q. Good afternoon. As the Judge already
indicated, my name is Jonathan Thompson. I'm an

00297

1 Assistant Attorney General, and I guess I'm assuming the
2 role of Public Counsel at this moment to take testimony
3 from the public, members of the public who want to
4 comment on the applications of these three providers of
5 ferry service or proposed providers of ferries service.
6 So I will first of all ask you to state your name for
7 the record, and please also provide your address.

8 A. My name is Todd Sanchez, and I live at 3224
9 Northwest 61st Street in Ballard.

10 Q. And I gather you have a statement that you
11 would like to make about one or the other of these
12 applications for ferry service.

13 A. I do.

14 Q. Please go ahead and make that statement.

15 A. I would like to start by saying that I am a
16 friend of Dan Dolson's, and I have been watching the
17 evolution of this program of his. Born and raised in
18 Bremerton, now a resident of Seattle for the past 25
19 years. Original rider of the Kalakala, Enetai, and
20 Willapa.

21 JUDGE MOSS: We will get those spellings for
22 the reporter.

23 A. I just want to -- I just -- there are three
24 ferry systems that I want to just point out and their
25 effect on the community. I have attended the hearing

00298

1 with the West Seattle Community Club on the West Seattle
2 Ferry and overwhelming acceptance, but they wanted
3 regularity and reliability, which they haven't been
4 having because of the monolithic government inputs.
5 Private company such as Dan's is going to be able to
6 react faster, and they're going to be more attentive to
7 their clients' needs.

8 With that in mind, look at the -- what has
9 happened to the future -- the hopes of Bremerton with
10 the ups and downs of that passenger ferry. I understand
11 that the ex-mayor of Bellevue is going to go over there
12 and fix that up, but maybe Bremerton will blossom as
13 Bellevue has, but I think that a lot of that will depend
14 on the efficiency of the passenger ferry service that
15 will ultimately be developed between here and there.

16 With that in mind, I think that the -- one of
17 the key elements of Dan's program was the bringing
18 aboard Steve Case from Seatrans. If any of you people
19 have been up in Vancouver and have ridden the ferry from
20 Vancouver north, it is a seamless, transparent,
21 enjoyable experience, and it has been for many years.
22 So we have a reliability, regularity experience. And we
23 have heard and seen the due diligence that he has
24 provided and the effort that he has provided just in
25 this last year as opposed to an atrophied application

00299

1 that's what, been sitting on a shelf for five years.

2 That's all I have to say.

3 JUDGE MOSS: Thank you, sir. Let me ask you
4 to keep your seat for just a second.

5 THE WITNESS: Sure.

6 JUDGE MOSS: We do give counsel an
7 opportunity to ask questions if they have any or,
8 Mr. Thompson, did you have any follow up?

9 MR. THOMPSON: I don't believe I do.

10 JUDGE MOSS: Okay. Do other counsel have
11 questions?

12 I don't think the Bench has any questions
13 either, so we thank you very much.

14 THE WITNESS: I have one further thought.

15 JUDGE MOSS: All right.

16 THE WITNESS: You're talking about the
17 loneliness of the market penetration, that lonely rider,
18 how many of you people have put bird feeders out in the
19 yard? You know, there's that anxiety waiting for that
20 first bird. But then once they discover it, you're
21 filling that feeder every day.

22 JUDGE MOSS: Thank you, very much,
23 Mr. Sanchez, we appreciate you coming forward to
24 testify. And I wonder if you could stop by and help the
25 court reporter with the spelling of some of those names.

00300

1 THE WITNESS: I'm sure that she's of an age
2 that she's familiar with the Enetai and the Willipa and
3 the Kalakala.

4 I'll write them down for you.

5 JUDGE MOSS: Okay, thank you.

6 Are there other members of the public present
7 who wish to testify?

8 I see a hand in the back; please come
9 forward.

10

11 Whereupon,

12

13 GWEN RENCH,
14 having been first duly sworn, was called as a witness
15 herein and was examined and testified as follows:

16

17 JUDGE BERG: And you have been here, so you
18 understand our routine. I will turn the floor over to
19 Mr. Thompson.

20

21 D I R E C T E X A M I N A T I O N

22 BY MR. THOMPSON:

23 Q. Good afternoon, I appreciate you being here
24 this afternoon. Could you please state your name and
25 address for the record.

A. My name is Gwen Rench, and I live at 3420

00301

1 East Huron, Seattle 98122.

2 Q. And do you have a statement to make?

3 A. Yes, I'm here on behalf of the Leschi
4 Community Council. I know there has been some contact
5 already with the chair of the community council, but we
6 are concerned, there are community concerns. We like
7 the idea of reducing traffic, but there are concerns
8 that this might cause more traffic problems, especially
9 parking problems for Leschi community.

10 And we feel like there hasn't been adequate
11 opportunity to have discussion of this proposal, and we
12 would like to see a proposal presented to the full
13 community council so there could be adequate discussion.

14 We are also, of course, concerned about
15 restricting the use of the dock. Many of us have worked
16 to improve one of the dock areas so that non-motorized
17 boats could have use of it, and we understand that
18 there's a proposal to restrict and confine the usage of
19 the public dock as well. So it's not really a public
20 dock. I guess it's owned by the public, but it's used
21 by private and public all the time. So there's concern
22 in that area.

23 Parking, the traffic, and the use of the
24 dock. But what we would like to see is more community
25 input with a presentation made to our community council

00302

1 so that there would be discussion involved, information
2 we need before we make a decision.

3 JUDGE MOSS: Mr. Thompson, anything further?

4 MR. THOMPSON: Nothing from me.

5 JUDGE MOSS: Any questions from other
6 counsel?

7 I don't believe the Bench has any questions
8 either, Ms. Rench, but I do wish to express the
9 Commission's appreciation for you coming forward to
10 testify and expressing your concerns, and I imagine that
11 if you wanted to speak with the applicants, we will be
12 going off the record here very shortly, and perhaps they
13 can satisfy some of your concerns with regard to having
14 some further contact with them, or perhaps not. I don't
15 want to suggest that they have to do that. That's not
16 an order from the Bench, merely a suggestion.

17 Okay, thank you very much.

18 THE WITNESS: Thank you.

19 JUDGE MOSS: Are there any other members of
20 the public who wish to come forward and testify at this
21 time?

22 I don't see any indication that there are, so
23 I think the best thing to do, it's 4:15, I think we can
24 get some more useful work done this afternoon, but I
25 also think that we should take the opportunity for a

00303

1 brief recess, say ten minutes, and then we will be back
2 on the record at 4:25 and see if we can get a little bit
3 more of our cross-examination.

4 Mr. Wiley.

5 MR. WILEY: Yes, can we be excused?

6 JUDGE MOSS: Yes, Mr. Wiley, you are excused,
7 thank you.

8 (Brief recess.)

9 JUDGE HENDRICKS: Having concluded the public
10 comment portion of our hearing today, we will resume
11 with I believe the cross-examination of Mr. Dolson by
12 Mr. Kopta, so if you could please approach the Bench,
13 Mr. Dolson.

14 And I will just remind you that you remain
15 under oath.

16 THE WITNESS: Yes, Your Honor.

17

18 Whereupon,

19 DANIEL DOLSON,

20 having been previously duly sworn, was called as a
21 witness herein and was examined and testified as
22 follows:

23 C R O S S - E X A M I N A T I O N

24 MR. KOPTA:

25 Q. You seem much further away, Mr. Dolson. I

00304

1 would like to go back to the application, Dutchman
2 Marine's application, which is Exhibit 101, and
3 specifically the portion of the application I would like
4 you to refer to is pro forma financial statement.
5 Unfortunately, it doesn't have a page number at the
6 bottom except 101, which I'm not certain how helpful
7 that is. But if you could let me know when you have
8 that.

9 A. I have it.

10 Q. You discussed this some with Mr. Crane, but
11 I'm not clear on the continuing vitality of this
12 particular document. Would you explain to me whether
13 Dutchman Marine is relying in any way, shape, or form on
14 this statement to support its application?

15 A. This statement was drafted for the
16 application solely. At the time, it was accurate within
17 reason. We have, of course, developed the entire model
18 further since the application, and we have included the
19 revised financials.

20 Q. So do I understand correctly that now what
21 has been admitted as Exhibit I believe --

22 A. 101.

23 Q. -- 119 --

24 A. Oh.

25 Q. -- the revised --

00305

1 A. 119, yes.

2 Q. Yes, the revised financial statement, is the
3 financial statement that you are relying on to support
4 your application at this time?

5 A. Yes.

6 Q. Okay. On to the following page. You have
7 ridership and revenue forecast.

8 A. I do not follow you, you mean the second page
9 of the financials?

10 Q. I'm sorry, I confused you. Of Exhibit 101,
11 the following page after the initial pro forma financial
12 statement.

13 A. Okay, yes, I have it.

14 Q. Have you updated this document?

15 A. We have.

16 Q. Okay. And is that also contained with your
17 financial statement, your revised financial statement,
18 or is that somewhere else?

19 A. No, the revised financial statements -- the
20 revised ridership forecasts are not included in our
21 exhibit, but they are expressed directly into the
22 financials of the revised financials, so.

23 Q. So rather than having a separate ridership
24 and revenue forecast as you have with the application,
25 you have simply incorporated that information into the

00306

1 revised pro forma, and you have a single document; is
2 that correct?

3 A. Yes.

4 Q. Next page, again of Exhibit 101, the two
5 vessels that you identified, based on your testimony, it
6 is my understanding that this also has been updated and
7 incorporated to the extent that you rely on any assets
8 or costs in the revised financial statement.

9 A. In the financials, in the revised financials,
10 there is no -- it's based on a charter operation, not on
11 purchasing new builds. So this information, the cost of
12 assets, I mean literally the -- this does not apply, if
13 that answers your question.

14 Q. I'm just trying to understand what
15 information from your original application you're
16 continuing to rely on for your application.

17 A. Thank you.

18 Q. So I understand from your response that
19 Dutchman Marine is not relying on this cost of assets
20 page.

21 A. Correct.

22 Q. Exhibit 102 is a tariff for the Seattle
23 Kirkland run. Is Dutchman Marine relying on this as its
24 tariff?

25 A. In general, yes.

00307

1 Q. And also as part of this tariff and part of
2 this document or this exhibit is a time schedule, and
3 again the route is between Seattle and Kirkland. And I
4 notice on the cover page terminals at Leschi Park and
5 Carillon Point. I gather that at least with respect to
6 the latter terminus, that's not what you're proposing to
7 do at least initially; is that correct?

8 A. Correct, Carillon Point will be added
9 subsequently to initiating the route.

10 Q. And I also notice that you have listed in the
11 time schedule two vessels. Also am I correct that that
12 is also not what you're planning to do at least
13 initially?

14 A. Not for the -- not for the initial
15 operations, no.

16 Q. So do you have a time schedule for the single
17 charter vessel between Seattle and Kirkland with
18 terminals at Leschi Park and the Marina --

19 A. Marina Park.

20 Q. -- Marina Park in Kirkland?

21 A. We do have a time schedule. We have not
22 submitted it, because we are waiting input from the
23 community of Leschi and from the City of Kirkland.

24 Q. I could walk through the others, other time
25 schedules that you have here, but in the interest of

00308

1 saving time, may I assume that where the information in
2 the time schedule conflicts with what you have described
3 today that it's not going to be -- that these schedules
4 are not what you intend to rely on?

5 A. These schedules were designed as a general
6 outline to give the Commission and parties such as
7 yourself an idea of the service. It's not necessarily
8 designed to be the final schedule.

9 Q. Were these schedules used in determining your
10 ridership and revenue numbers?

11 A. They don't apply to the current generation of
12 ridership projections.

13 Q. So you have based your ridership revenue
14 numbers on the number of routes and presumably the
15 timing of routes that are not contained in your
16 application?

17 A. Correct.

18 Q. Are they contained in any other document?

19 A. Nothing published to the Commission as of
20 yet.

21 Q. I would like to follow up a little bit on a
22 discussion that you had with your counsel about the
23 development of the ridership and revenue numbers. First
24 of all, am I correct that you are the person that
25 developed those numbers and then provided them to your

00309

1 chief financial officer?

2 A. I did not devise the entire ridership
3 projections. I only coordinated them and integrated
4 them with government provided or private industry
5 provided data, and then I turned around and did -- and
6 provided that information to our CFO.

7 Q. Are any of the documents that you submitted
8 in this case the basis for your ridership numbers?

9 A. I don't think so, no, no, they're not.

10 Q. What about revenue numbers?

11 A. Revenues are directly driven from ridership.

12 Q. Well, that may be true with fares, but it's
13 not true with concessions, is it?

14 A. Concessions, we use an industry average for
15 concession revenue.

16 Q. And by industry, you mean what industry?

17 A. The passenger ferry industry, mostly East
18 Coast and more mature systems and systems with similar
19 characteristics to what we want to serve, and then we
20 applied a cost of living differential to make it apply
21 to the city of Seattle.

22 Q. So these are all East Coast operations?

23 A. For the most part, and we also looked at some
24 San Francisco, but the -- some San Francisco operations,
25 but I depended more on the East Coast operations because

00310

1 of Captain Fuller being out there and being able to talk
2 directly to the owners or the managing operators of the
3 various systems to get very reliable information.

4 Q. And on what basis do you believe that the
5 same numbers would be applicable in the Lake Washington
6 ferry as they are in Massachusetts or New York?

7 A. Mr. Kopta, these are projections, and this is
8 also private business. It behooves us to accurately
9 project the financials to make it as accurate as we can,
10 to have the most realistic picture as we can.

11 Q. Well, you didn't answer my question, which
12 was, on what basis did you determine that those figures
13 would be accurate in this area?

14 A. Based on consulting with Captain Fuller and
15 with some operations managers at New York Waterways. If
16 you want their names, I can get them for you.

17 Q. And they have experience with ferry
18 operations in Seattle and the Northwest?

19 A. Not in Seattle, no.

20 Q. If you would turn to Exhibit 119, which is
21 your revised financial statement.

22 A. (Complies.)

23 Q. I'm looking at the first page.

24 A. Okay.

25 Q. Page one of four as I understand the

00311

1 numbering on this exhibit, in the upper left-hand part
2 of this exhibit there's a category for assets with cash
3 and the figure \$450,000.

4 A. Mm-hm.

5 Q. And a date, December 31st, 2001. What's the
6 source of that?

7 A. Mr. Hibma used that number to complete the
8 first year financial model. I gave him the financial
9 envelope, the money that would be available, and said
10 what can you do with this, and he in turn developed
11 these financials without going outside of our financial
12 resources.

13 Q. So it's your anticipation that Dutchman
14 Marine will have \$450,000 in cash as of December 31st,
15 2001; is that correct?

16 A. That's correct.

17 Q. And currently you have, I believe you
18 testified earlier, somewhere in the neighborhood of
19 \$20,000 in cash?

20 A. \$20,000 in the Dutchman Marine account.

21 Q. And how will you make up the, at this point,
22 difference of \$430,000?

23 A. Call in the loans.

24 Q. So it's your intention that you will as of
25 the end of this year call on at least one, if not more

00312

1 than one, of the three loans that you have to have the
2 operating cash that's listed in this sheet?

3 A. Exactly.

4 Q. Now if you would go down to the summary
5 income statements, which is the second half of the
6 bottom half of this page, am I correct that the total
7 revenue line, which is the first line of numbers
8 associated with it, reflects both ridership and revenues
9 for the proposed service?

10 A. That's my belief, yes.

11 Q. And does that include both fares and
12 concession revenues?

13 A. Those are the only two sources of revenue
14 we're projecting right now.

15 Q. Do you know what your anticipated ridership
16 is in January 2002 that would lead to the figure listed
17 in this sheet?

18 A. The spreadsheets are rather large. I could
19 break it down many ways, but if you want a general
20 answer, you can take that number, divide it by the fare
21 that's anticipated, for example \$5 it's for the Kirkland
22 route, and it will give you an approximate ridership for
23 that month.

24 Q. I would suggest that except that if this
25 includes concession revenues --

00313

1 A. I'm sorry, we used \$1.65 as an average for
2 concessions, so \$6.65 into this \$32,387 will give you
3 approximately the ridership for the month.

4 Q. Okay. And I notice as I go across here for
5 the various months that it's the -- a slight increase
6 for each of the first four months, and then there's a
7 significant, and this is my characterization, difference
8 between April and May.

9 A. You're correct in that.

10 Q. And I guess I was wondering how you
11 developed, whether it was you or whether it was
12 Mr. Hibma who developed the assumption that revenues
13 would increase by, well, almost two and a half times in
14 the space of a month?

15 A. Seasonal adjustments. Summer ridership is
16 traditionally higher on passenger ferries than it is in
17 climates such as ours or basically where you get snow or
18 rain.

19 Q. Are you from Seattle, Mr. Dolson?

20 A. No, I'm not.

21 Q. Do you think there's less rain in Seattle in
22 May than there is in April? That's a facetious
23 question, I'm not asking you for an answer.

24 I also note that from that point on, there
25 are some -- a fairly significant trend upward to the

00314

1 point where a monthly revenue figure in December is
2 almost \$287,000.

3 A. That's correct.

4 Q. And I don't see a seasonal adjustment to
5 that; is there another explanation for why?

6 A. I see a seasonal adjustment between September
7 and October. If you notice, let's start off with August
8 of 02 at about \$199,000. September you have \$237,000
9 about. October, it only goes from \$237,000 to \$249,000,
10 not a very significant jump. If you want to continue
11 the trend, look at October through November, \$249,000 to
12 \$277,000. You see the -- do you see the drop right
13 there, sir?

14 Q. I see a drop in the increase, certainly.

15 A. And remember, this is not a linear
16 interpolation. This is the market penetration curve,
17 which is a statistical curve, which includes maturity
18 and rapid growth.

19 Q. And your basis for this again is your
20 discussions with ferry operations, private ferry
21 operations in New England?

22 A. Private and public, including spending time
23 with the operators up in Vancouver with the Seabus. It
24 may be a government operation, but they also have
25 ridership fluctuations because of summer season, winter

00315

1 season. They also -- they don't have concessions on
2 board. That's a difference.

3 Q. And did you look at ridership figures for the
4 Washington State Ferries?

5 A. Somewhat, but like I said, that's a different
6 market. You have regular commuters who absolutely have
7 to get to work via the vessels. That's a different
8 situation.

9 Q. That's a different situation than the ferries
10 in Vancouver?

11 A. Yes, because there is a bridge. It may be
12 clogged up with traffic, but it still exists.

13 Q. I notice that, as I look across, and this is
14 the gross profit line which is several entries down on
15 the left-hand side of the revenue.

16 A. Pretax income?

17 Q. No, it says gross profit.

18 A. Oh, gross profit, okay, I follow you.

19 Q. And you may have to help me, because when
20 lawyers start talking about numbers it gets dangerous.
21 But am I correct that after six months, you are
22 anticipating to have generated sufficient revenues to
23 have a profit?

24 A. No.

25 Q. Okay.

00316

1 A. That's gross profit.

2 Q. And so you would also deduct then from gross
3 profit interest, taxes, depreciation?

4 A. Exactly.

5 Q. So if I look at -- what line would I look at
6 to see --

7 A. Net down at the bottom.

8 Q. -- net income?

9 A. Bottom.

10 Q. At the very bottom of the page?

11 A. Yes.

12 Q. Back up under revenue, we have operating
13 expenses.

14 A. Okay, I see it.

15 Q. And are those the same operating expenses
16 that are listed in more detail in the pro forma
17 financial statement in the application?

18 A. The categories are the same. The numbers
19 have probably been fine tuned adjusting for whatever
20 developed when we developed the system.

21 Q. I noticed, and I'm switching documents on you
22 here, so I'm giving you a warning, going back to that
23 financial statement which is part of Exhibit 101, and
24 you may want to keep a finger on the other document, but
25 under the expense column in Exhibit 101 on the financial

00317

1 statement, there are vessel expenses, and there are also
2 non-vessel expenses. And if I'm correct, that category
3 that I was asking you about just now on the revised
4 financial statement concerned only the vessel expenses.
5 Is that an accurate characterization?

6 A. The operating expenses are simply, like it
7 says there, vessel operating costs of labor, vessel
8 charter expense, and concession expense. You're right,
9 two lines down is selling, general, and administrative.
10 That's a separate.

11 Q. So vessel operating costs and labor would
12 roughly correspond to the vessel expenses in the Exhibit
13 101 financial statement?

14 A. I don't know. Give me a calculator, and I
15 will figure it out.

16 Q. No, I'm talking about --

17 A. If you figured it out and if they are the
18 same, they are the same.

19 Q. I'm not talking about dollar amounts now, I'm
20 getting back to safer subjects, which is just the
21 description of the --

22 A. The general categories?

23 Q. Yes.

24 A. In general, yes.

25 Q. And then the non-vessel expenses would be

00318

1 reflected --

2 A. Selling, general, and administrative.

3 Q. Now I notice on the Exhibit 101 financial
4 statement that you have a line item for payments on
5 loans.

6 A. Yes.

7 Q. And on the revised financial statements,
8 could you point me to the category that would include
9 any payments on loans?

10 A. Mind you, this was set up, like you pointed
11 out, some of the information does not apply. For
12 example, this 101 exhibit, Exhibit 101 shows purchasing,
13 building vessels, whereas the financial model given here
14 is for charter.

15 Q. And I understand that, although earlier we
16 discussed the source of your \$450,000 in cash to be
17 pursuant to a loan, and tell me if I'm encroaching on
18 confidential information and we can address this later,
19 but let me ask it this way. Does the revised financial
20 statement take into consideration the fact that the
21 \$450,000 will come from a loan?

22 A. It does.

23 Q. I also notice on the Exhibit 101 income,
24 financial, pro forma financial statement, that there's a
25 line item for shuttle bus, two in fact. Is that

00319

1 reflected in the revised consolidated financial model?

2 A. I have to look. Believe me, it's in there,
3 it is. That's a major factor in the operation of the
4 ferry.

5 Q. And so are you the appropriate witness to ask
6 where that would be in this model?

7 A. I'm not, I'm not. Please understand this
8 page is a summary driven by many, many other
9 spreadsheets and financial forms, so I mean to keep
10 things concise, you don't list everything, but it's in
11 there.

12 Q. I understand, I'm just walking through what
13 the statute requires everyone to provide and making sure
14 I understand what you're proposing.

15 So based on our last discussion, and I
16 believe this was mentioned in the videotape, you are
17 planning to have a coordinated shuttle from the ferry
18 terminus in Leschi to downtown?

19 A. Route 27 is a perfect shuttle to get people
20 downtown.

21 Q. Now that's Metro?

22 A. Metro, King County Metro.

23 Q. As I recall your testimony earlier, you are
24 looking to provide a premium service for customers.

25 A. Mm-hm.

00320

1 Q. At least with respect to the ferry portion.
2 Do you think that Metro buses are consistent with a
3 premium service that you're looking at?

4 A. No. Are you asking me about the first year
5 of service or ongoing service?

6 Q. I will ask you about both.

7 A. Well, I believe the statute requires
8 information regarding the first year of service, of
9 which this does provide. And for the first year of
10 service with, well, admittedly low ridership
11 projections, I mean we're going to lose money, it might
12 not be financially feasible to provide high end Grayline
13 type shuttles between Leschi and Seattle, very expensive
14 option, I believe \$800,000 a year per bus.

15 Q. So at least initially, you're planning to
16 rely on Metro to get customers from the dock at Leschi
17 to downtown Seattle?

18 A. Yes.

19 Q. And have you discussed that option with Metro
20 in terms of --

21 A. I have.

22 Q. -- the impacts of your proposed service on --

23 A. I have numerous E-mails documenting the time
24 line and the discussions we have had with Metro, with
25 Roy Francis, with Jim Jacobson, the manager of service

00321

1 development, and they say this is not a problem, this is
2 something we can do. I am adding to their revenue, so
3 they're -- it's like them getting more business in a
4 guaranteed sort of way. I'm bringing them passengers.

5 Q. So the existing buses and routes for this
6 particular run of Metro are sufficient to accommodate
7 the additional ridership that you are anticipating in
8 the first year of operations?

9 A. It's -- the service will have to be beefed
10 up. Some equipment has to be changed, and Metro
11 indicated that -- Metro said they're willing to increase
12 the service whether it be different sized buses or add
13 more frequency in order to accommodate Dutchman Marine
14 passengers.

15 Q. I didn't see anything in the documentation
16 here. Did they -- do you have an agreement with Metro,
17 or did they provide a letter saying that they would --

18 A. No, no, the agreement is fairly common,
19 fairly standard. In fact, they go out to businesses,
20 well, businesses come to Metro and sign a deal, very
21 standard deal that says we the company will pay for our
22 employees' commutes. The company issues the employee a
23 little card. Every time they get on a bus and swipe the
24 card, Metro counts it and bills the company at the end
25 of the month. That's just an example. It's routine,

00322

1 it's standard, there's nothing strange about this
2 contract at all. And, in fact, signing something for,
3 you know, 2002 is a little premature right now.

4 Q. Well, but we're talking about two different
5 concepts, and I want to make sure that we're clear on
6 this. One is what Metro will have to do to be able to
7 accommodate the additional ridership, and that's the
8 first issue. The second issue then is the seamless
9 transfer, which is what I think you were just
10 discussing. And if I read the newspapers correctly,
11 Metro is scrambling to find the money to be able to
12 continue to operate as is, and I know that they make
13 adjustments.

14 So the question that I have here is where you
15 are in the process of getting them to actually be
16 willing to invest some extra money or shift some
17 resources from somewhere else to provide additional
18 scheduled routes or larger buses or whatever it will
19 take to accommodate the additional ridership?

20 A. Metro told me after I had a discussion with
21 King County Executive Ron Sims about this, it was
22 actually his idea and his referral to get this going,
23 was King County Metro will adjust the equipment or the
24 frequency of the service to accommodate Dutchman Marine
25 on a relatively limited basis. They're not going to

00323

1 have eight or ten buses lining up waiting to pick up
2 passengers. But the low ridership figures, particularly
3 for the first year, are within the capabilities of King
4 County Metro to provide reasonably, well, the marginal
5 support, the additional support to Dutchman Marine.

6 I don't have a letter of commitment from King
7 County Metro. That will come in the form of a contract,
8 and like I said, a contract is a little premature right
9 now. They indicated that -- I mean this is what they
10 told me. If it were up to me, I would have designated
11 buses alone for ourselves, but they can't do that. They
12 say we will enhance existing service to accommodate you.

13 Q. And did you provide them with the same kind
14 of information you provided here showing that between
15 January of 2002 and December of 2002 that ridership will
16 increase almost ten fold?

17 A. Yes, they have the same projection, not the
18 original projections.

19 Q. And I'm referring to your Exhibit 119.

20 With respect to the seamless transfer, it is
21 my understanding that Dutchman Marine will pay Metro and
22 will collect the fare from Dutchman Marine's customers.

23 A. Yes, using smart card technology.

24 Q. And I guess maybe that's where I'm curious
25 about how that's incorporated into the financial

00324

1 statement, and perhaps I should ask Mr. Hibma about
2 that.

3 A. Mr. Hibma will be able to clear up a lot of
4 things.

5 Q. So am I correct then that the revenue figures
6 would include then not only the \$5 fare and concessions,
7 but also \$1.60 or \$1.10 or however much it is for the
8 Metro ride?

9 A. Yes.

10 Q. You also discussed with Mr. Crane this
11 morning the actions that you have taken since roughly a
12 year ago, the time line. And from the November time
13 frame of 2000, you were discussing changing the
14 destination from Meydenbauer Bay in Bellevue.

15 A. Mm-hm.

16 Q. And that it's your understanding that that
17 process will take approximately two years; is that an
18 accurate summary?

19 A. According to professional planners, land use
20 experts, they told me two years at least.

21 Q. Well, having dealt with the City of Bellevue,
22 no offense to my co-counsel, I wouldn't be surprised.
23 Which leads me to my question of you didn't reference
24 any kind of similar government regulation change
25 required for any of the other termini for your proposed

00325

1 service, and so I was curious whether you had any
2 discussions with, for example, the City of Kirkland with
3 respect for the need to change any zoning or other
4 government regulations to be able to use the dock.

5 A. The City of Kirkland's letter, which we have
6 included in our exhibits I believe toward the end, the
7 recent ones, indicate addressing that issue, if you
8 would like me to look at it.

9 Q. Sure, if you would.

10 A. It's one of the last few exhibits.

11 Q. I believe it may be Exhibit 137, if I'm not
12 mistaken. It's a letter from the City of Kirkland?

13 A. Yes, that's it.

14 Q. And I'm looking at the second paragraph on
15 the first page of that letter about halfway through.

16 A. Mm-hm.

17 Q. It states toward the end of the line and
18 about the middle of the page:

19 Prior to approving the use of a pier for
20 your operation, we would need to review
21 the specifics of your operation to
22 ensure that it falls within the
23 parameters of these permits, referring
24 to boating permits, and environmental
25 review.

00326

1 So I guess the question is, have you gotten
2 any advice in terms of how long that process will take?

3 A. We're not addressing that now, because we
4 don't have the authority to operate, and we're not going
5 to spend the time or the money to get those permits
6 unless we have the authority to operate to Kirkland.

7 Q. Well, but you spent the time and the money to
8 find out how long it would take in Bellevue; why --

9 A. Oh, it didn't cost me anything to find out.
10 They told me for free. They said that's a tough one.

11 Q. And the City of Kirkland was not willing to
12 provide you that information for free?

13 A. Oh, they were, I just didn't -- actually, I
14 stopped dealing with the City of Kirkland at a time that
15 I thought was appropriate to come and deal with the
16 Utilities and Transportation Commission, and then I will
17 go back to Kirkland to address the rest of the issues.

18 Q. So you don't know whether that process can be
19 completed by January 2002?

20 A. They told me six weeks, six weeks after I
21 submit complete details about the operation. And again,
22 I can't give them details about the operation until I
23 have the input from other communities such as Leschi or
24 the City of Seattle.

25 Q. Which is my next question. Have you done any

00327

1 research in terms of what it will take from a government
2 regulation and change or amendment of whatever is
3 required from the City of Seattle to use the dock at
4 Leschi for --

5 A. Yes, we spent a lot of time evaluating
6 Leschi, as it's going to be one of the first terminals.
7 But we determined that Marina Park facility will be
8 substantially less expensive and easier to obtain the
9 permits. That's why we have begun with the City of
10 Seattle already on the land use issues.

11 Q. And again, any idea of the time required to
12 go through that process and receive final approval from
13 the City of Seattle?

14 A. It depends on -- it depends on an evaluation,
15 physical evaluation of the Kirkland, I'm sorry, of the
16 Leschi Park dock, the physical dock itself. Somebody
17 had expressed concern that there might be some physical
18 problems with the dock in terms of the wood on the
19 surface, and that would have to be replaced. It's being
20 used for commercial operations now, and it has been for
21 years, so we have to address all of those issues when
22 they come.

23 Q. So there's no comparable permit processes
24 other than for the City of Kirkland --

25 A. No.

00328

1 Q. -- or no zoning changes?

2 A. No, the City of Kirkland is, besides some
3 obvious issues we have to deal with with the City, is
4 relatively the easiest place to bring in a landing spot,
5 because they have designated commercial vessel
6 facilities. That's what it's for. That's what it's
7 been permitted for. It's ready to accept vessels.

8 Q. So from the City of Seattle's perspective,
9 once that facility is physically capable of
10 accommodating the traffic or whatever.

11 A. Whatever.

12 Q. If the structure is sound, that's the only
13 thing that you have to do with that dock?

14 A. Oh, no, no, that's just -- that will just be
15 an indicator as to the time line.

16 Q. And then what happens after that; what
17 happens after --

18 A. You will have to talk to our land use
19 attorney really. I don't have the notes with me. I do
20 have the time line. We have time lines set for
21 everything in terms of, for example, use Lake Pointe for
22 example, they still are going through their own
23 permitting process for construction, leave them alone,
24 let them take care of it, let's see how things work out,
25 and then we'll go in and deal with it. I mean we have

00329

1 had our input, but it's years and years away, so we're
2 not dealing with it immediately.

3 Q. So based on your current time line, you
4 believe that the City of Seattle will give its blessing
5 assuming that you have authority from the Commission?

6 A. I didn't say that. I didn't say that. I
7 said it will dictate the time line for getting the
8 proper permitting, land use, zoning, special permits,
9 whatever, for the Leschi dock.

10 Q. Well, let me tell you where I'm going with
11 this obviously. You are anticipating that you will be
12 providing a service beginning in January of 2002, and
13 I'm just wondering how certain you are based on what
14 else needs to happen once you've got authority from the
15 Commission that you will be able to initiate service as
16 of January 1, 2002?

17 A. You know, that dock right now is being used
18 as a passenger vessel terminal. I've got copies of the
19 permits. Granted they are temporary authority. Argosy
20 runs the Christmas boat, Christmas boats from there.
21 That's terrific, it's a passenger vessel terminal by the
22 definition. Right in the permit itself it says it. So
23 we are going through the process of making it more of a
24 full-time terminal rather than just temporary,
25 intermittent, sporadic use, which it is being permitted

00330

1 left and right, up and down, not monthly, but it's
2 definitely a seasonal fluctuation in that dock. We just
3 have to get the more permanent authority versus
4 sporadic.

5 Q. And I'm certainly not disputing that
6 particular issue with you, but, of course, it's not me,
7 it's the City of Seattle sitting across from you, and I
8 don't know what your experience has been in dealing with
9 the various city governments, but it's often the case
10 that it is not a simple procedure.

11 A. Yes.

12 JUDGE HENDRICKS: Can I interrupt you for
13 just a minute, Mr. Kopta.

14 MR. KOPTA: Yes.

15 JUDGE HENDRICKS: I just thought I would ask
16 how much longer you would anticipate your examination to
17 continue.

18 MR. KOPTA: Longer than we want to be here
19 tonight.

20 JUDGE HENDRICKS: All right.

21 Judge Moss.

22 JUDGE MOSS: Are you at a convenient stopping
23 point?

24 MR. KOPTA: Yes, I can stop here.

25 JUDGE MOSS: Then I think we should do that.

00331

1 JUDGE HENDRICKS: Okay.

2 JUDGE MOSS: Does anybody have any other
3 business they want to take care of before we go off the
4 record?

5 MR. CRANE: Your Honor, the only thing I
6 would like to raise at this point -- we can go off the
7 record.

8 JUDGE MOSS: All right, let's go off the
9 record.

10 (Discussion off the record.)

11 JUDGE HENDRICKS: We have concluded the
12 proceedings for the day, and so the hearing is adjourned
13 until tomorrow morning at 9:30.

14 (Hearing adjourned at 5:20 p.m.)

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