H-2621.1			

HOUSE BILL 2079

State of Washington 62nd Legislature 2011 Regular Session

By Representative Morris

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18 19 Read first time 04/13/11. Referred to Committee on Transportation.

AN ACT Relating to Washington state ferry system management and ferry construction; amending RCW 47.64.280, 47.64.011, 47.64.150, and 47.60.315; reenacting and amending RCW 43.84.092; adding new sections to chapter 47.60 RCW; adding new sections to chapter 47.64 RCW; adding a new section to chapter 41.58 RCW; creating new sections; recodifying RCW 47.64.280; and declaring an emergency.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Sec. 1. The legislature finds that the ferry system is an important driver of the Washington state economy, supporting jobs and businesses in communities around Puget Sound. The ferry system is also an integral part of the state highway system and, as such, benefits all citizens by connecting communities and markets around the state.

The legislature further finds that funding for the ferry system remains insufficient to provide adequate service in support of this economic engine. Further, new funding sources will only be acceptable when the state can show that the ferry system manages its costs prudently, while delivering reliable, safe, and quality cross-sound transportation services.

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The legislature finds that the ferry system is subject to the statewide transportation system policy goals established in RCW 47.04.280 and yet performance criteria are not fully used by management to improve operations or demonstrate to the public that ferry service is being provided in the most cost-effective manner.

Therefore, the legislature intends to: Strengthen performance incentives for Washington state ferries managers; increase the accountability and transparency of ferry management and operations; improve service to ferry riders; and realize cost savings in the ferry system.

NEW SECTION. Sec. 2. A new section is added to chapter 47.60 RCW to read as follows:

- (1) For the purposes of this section and section 3 of this act:
- (a) "Management" means a Washington management services employee or exempt employee at the Washington state ferries, except captains.
- (b) "Captain" means a ferry employee classified as a master or staff master of a vessel. The captain is the commanding officer who is the sole individual responsible for all activities aboard a vessel, including meeting or exceeding performance criteria and measurements established in this section.
- (c) "Performance criteria" means measurable standards to be used by the department to evaluate the sufficiency of the services being provided to ferry riders.
- (d) "Performance report" means a report that summarizes ferry system performance using the performance criteria under subsection (2) of this section, identifies whether performance targets were achieved, and includes a management discussion of the results.
 - (2) Performance criteria must include, but not be limited to:
- (a) Safety performance as measured by passenger injuries per one million passenger miles and by injuries per ten thousand revenue service hours that are recordable by standards of the federal occupational safety and health administration and related to standard operating procedures;
- (b) Service effectiveness measures including, but not limited to, passenger satisfaction of interactions with ferry employees, cleanliness and comfort of vessels and terminals, and satisfactory response to requests for assistance. Passenger satisfaction must be

measured by an evaluation that is created by a contracted market research company and conducted by the Washington state transportation commission as part of the ferry riders' opinion group survey. The Washington state transportation commission shall, to the extent possible, integrate the passenger satisfaction evaluation into the ferry user data survey described in RCW 47.60.286;

- (c) On-time performance by route within ten minutes of published sailing time. This measurement must exclude delays that are authorized or are outside of the control of the department including, but not limited to, medical issues, weather or tidal conditions, and security or other safety issues;
- (d) Cost containment measures including, but not limited to, operating cost per passenger mile, operating cost per revenue service mile, discretionary overtime as a percentage of straight time, and gallons of fuel consumed per revenue service mile;
- (e) Maintenance and capital program effectiveness measures including, but not limited to: Project delivery rate as measured by the number of projects completed on time and within the omnibus transportation appropriations act; vessel and terminal design and engineering costs as measured by a percentage of the total capital program, including measurement of the ongoing operating and maintenance costs; and total vessel out-of-service time.
- NEW SECTION. Sec. 3. A new section is added to chapter 47.60 RCW to read as follows:
 - (1) Performance targets must be established by an ad hoc committee with members from and designated by the office of the governor. By July 1, 2011, the ad hoc committee shall present the performance targets to the representatives of the legislative transportation committees and the joint transportation committee for review and approval.
 - (2) By October 1, 2011, the department shall complete a performance report that provides a baseline assessment of current performance using final 2009-2011 data. This report must be reviewed by the office of financial management and be provided to the legislative transportation committees by November 1, 2011.
- 36 (3) By October 1, 2012, and each year thereafter, the department 37 shall complete a performance report for the prior fiscal year. This

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report must be reviewed by the office of financial management, and the findings of the report must be incorporated into the governor's proposed biennial transportation budget. The office of financial management shall transmit a copy of the reviewed performance report to the legislature with the governor's proposed biennial transportation budget.

- (4)(a) By June 30, 2013, the Washington state ferries must meet or exceed the target performance level for seventy-five percent of the performance criteria under section 2(2) of this act. If the Washington state ferries does not meet or exceed the target performance level for seventy-five percent of the performance criteria, the department must:
- (i) Develop and implement a request for information or a request for qualifications process to identify qualifications necessary and costs associated with privatizing the management functions of the Washington state ferries; and
- (ii) Present the results of the request for information or request for qualifications to the transportation committees of the legislature and the governor.
- (b) In consultation with the governor's office, the transportation committees of the legislature shall utilize the information provided in (a) of this subsection to determine whether or not to competitively contract out the management functions of the Washington state ferry system the following biennium.
- (c) If the governor and the transportation committees of the legislature opt to competitively contract out the management functions of the Washington state ferry system in the following biennium, the contract must be a fixed cost contract that requires the private management services firm to meet or exceed the target performance level for seventy-five percent of the performance criteria under section 2(2) of this act. Based on this performance criteria, the contract must provide for incentive or retained payment arrangements as a means of ensuring satisfactory performance of the contract and improved performance of the ferry system over time.
- (d) The contract must include a requirement that the firm retain existing and future collective bargaining agreements as negotiated between the state and the employees' labor representatives. The private management services firm may rehire Washington management services employees or exempt employees at the Washington state ferries.

(e) The contract must be for a two-year period. If the private management services firm meets or exceeds the performance criteria under section 2(2) of this act, the contract is renewable for an additional two years for a maximum of ten years. After ten years, the department shall implement an invitation for bid process.

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- (f) Consistent with RCW 41.06.142(3), the contract is not subject to requirements for agencies purchasing services that have been customarily and historically provided by state employees.
- 9 <u>NEW SECTION.</u> **Sec. 4.** A new section is added to chapter 47.64 RCW to read as follows:
- (1) Effective July 1, 2013, the marine employees' commission shall 11 sever from the masters, mates, and pilots bargaining unit all captains 12 as defined in section 2 of this act. In anticipation of the captains' 13 14 severance from the masters, mates, and pilots bargaining unit, the marine employees' commission shall conduct an election by August 31, 15 16 2011, to determine representation of the captains. 17 employees' commission shall certify a captains-only bargaining unit, to 18 be effective July 1, 2013, if a majority of the captains in the masters, mates, and pilots bargaining unit indicate by vote that they 19 20 desire to be included in а captains-only bargaining 21 Notwithstanding the results of the election, captains shall remain a 22 part of the masters, mates, and pilots bargaining unit through June 30, 23 2013.
 - (2) The employer and the exclusive bargaining representative for a captains-only bargaining unit must negotiate a collective bargaining agreement exclusive to the captains-only bargaining unit.
 - (3) For negotiations covering the 2013-2015 biennium, the employer and the exclusive bargaining representative of the captains-only bargaining unit must negotiate agreements that are consistent with subsection (1) of this section.
- NEW SECTION. Sec. 5. A new section is added to chapter 47.64 RCW to read as follows:
- The report required in RCW 47.01.071(5) and 47.04.280 must include the performance criteria in section 2(2) of this act.

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NEW SECTION. Sec. 6. By January 1, 2012, the joint transportation committee shall examine and report to the legislature on the following issues:

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- (1) The practice of members of a collective bargaining unit who are characterized as being inactive or on a leave of absence while serving in a management position; and
- 7 (2) The roles and responsibilities of terminal supervisors and 8 chief engineers.
- 9 <u>NEW SECTION.</u> **Sec. 7.** By December 31, 2011, the marine employees' 10 commission is merged with the public employment relations commission 11 and becomes an independent division within the public employment 12 relations commission.
- 13 **Sec. 8.** RCW 47.64.280 and 2010 c 283 s 14 are each amended to read 14 as follows:
 - (1) There is created the marine employees' commission within the public employment relations commission. The governor shall appoint the marine employees' commission with the consent of the senate. The marine employees' commission shall consist of three members: One member to be appointed from labor, one member from industry, and one member from the public who has significant knowledge of maritime The public member shall be chair of the marine employees' commission. One of the original members shall be appointed for a term of three years, one for a term of four years, and one for a term of Their successors shall be appointed for terms of five five years. years each, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he or she Marine employees' commission members are eligible for succeeds. Any member of the marine employees' commission may be reappointment. removed by the governor, upon notice and hearing, for neglect of duty or malfeasance in office, but for no other cause. Marine employees' commission members are not eligible for state retirement under chapter 41.40 RCW by virtue of their service on the marine employees' commission. Members of the <u>marine employees'</u> commission shall be compensated in accordance with RCW 43.03.250 and shall receive reimbursement for official travel and other expenses at the same rate

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and on the same terms as provided for the transportation commission by RCW 47.01.061. The payments shall be made from the Puget Sound ferry operations account.

- (2) The <u>marine employees'</u> commission shall: (a) Adjust all complaints, grievances, and disputes between labor and management arising out of the operation of the ferry system as provided in RCW 47.64.150; (b) provide for impasse mediation as required in RCW 47.64.210; and (c) perform those duties required in RCW 47.64.300.
- (3)(a) In adjudicating all complaints, grievances, and disputes, the party claiming labor disputes shall, in writing, notify the <u>marine employees'</u> commission, which shall make careful inquiry into the cause thereof and issue an order advising the ferry employee, or the ferry employee organization representing him or her, and the department of transportation, as to the decision of the <u>marine employees'</u> commission.
- (b) The parties are entitled to offer evidence relating to disputes at all hearings conducted by the <u>marine employees'</u> commission. The orders and awards of the <u>marine employees'</u> commission are final and binding upon any ferry employee or employees or their representative affected thereby and upon the department.
- (c) The <u>marine employees'</u> commission shall adopt rules of procedure under chapter 34.05 RCW.
- (d) The <u>marine employees'</u> commission has the authority to subpoena any ferry employee or employees, or their representatives, and any member or representative of the department, and any witnesses. The <u>marine employees'</u> commission may require attendance of witnesses and the production of all pertinent records at any hearings held by the <u>marine employees'</u> commission. The subpoenas of the <u>marine employees'</u> commission are enforceable by order of any superior court in the state of Washington for the county within which the proceeding may be pending.
- The <u>marine employees'</u> commission may hire staff as necessary, appoint consultants, enter into contracts, and conduct studies as reasonably necessary to carry out this chapter.
- NEW SECTION. Sec. 9. The public employment relations commission shall evaluate the merger described in section 7 of this act and provide recommendations on alternative organizational structures. A

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- report is due to the joint transportation committee by November 15, 2012.
- 3 **Sec. 10.** RCW 47.64.011 and 2006 c 164 s 1 are each amended to read 4 as follows:

As used in this chapter, unless the context otherwise requires, the definitions in this section shall apply.

- (1) "Collective bargaining representative" means the persons designated by the governor and employee organizations to be the exclusive representatives during collective bargaining negotiations.
- (2) "Commission" means the marine employees' commission created within the public employment relations commission in RCW 47.64.280 (as recodified by this act).
- 13 (3) "Department of transportation" means the department as defined 14 in RCW 47.01.021.
 - (4) "Employer" means the state of Washington.

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- (5) "Ferry employee" means any employee of the marine transportation division of the department of transportation who is a member of a collective bargaining unit represented by a ferry employee organization and does not include an exempt employee pursuant to RCW 41.06.079.
- 21 (6) "Ferry employee organization" means any labor organization 22 recognized to represent a collective bargaining unit of ferry 23 employees.
 - (7) "Lockout" means the refusal of the employer to furnish work to ferry employees in an effort to get ferry employee organizations to make concessions during collective bargaining, grievance, or other labor relation negotiations. Curtailment of employment of ferry employees due to lack of work resulting from a strike or work stoppage shall not be considered a lockout.
- 30 (8) "Office of financial management" means the office as created in RCW 43.41.050.
- (9) "Strike or work stoppage" means a ferry employee's refusal, in concerted action with others, to report to duty, or his or her willful absence from his or her position, or his or her stoppage or slowdown of work, or his or her abstinence in whole or in part from the full, faithful, and proper performance of the duties of employment, for the purpose of inducing, influencing, or coercing a change in conditions,

- compensation, rights, privileges, or obligations of his, her, or any other ferry employee's employment. A refusal, in good faith, to work under conditions which pose an endangerment to the health and safety of ferry employees or the public, as determined by the master of the vessel, shall not be considered a strike for the purposes of this chapter.
- 9 An agreement with a ferry employee organization that is the 10 exclusive representative of ferry employees in an appropriate unit may 11 provide procedures for the consideration of ferry employee grievances 12 and of disputes over the interpretation and application of agreements. Negotiated procedures may provide for binding arbitration of ferry 13 14 employee grievances and of disputes over the interpretation and application of existing agreements. An arbitrator's decision on a 15 16 grievance shall not change or amend the terms, conditions, or 17 applications of the collective bargaining agreement. The procedures 18 shall provide for the invoking of arbitration only with the approval of the employee organization. The costs of arbitrators shall be shared 19 20 equally by the parties.
- Ferry system employees shall follow either the grievance procedures provided in a collective bargaining agreement, or if no such procedures are so provided, shall submit the grievances to the ((marine employees')) commission as provided in RCW 47.64.280 (as recodified by this act).
- 26 <u>NEW SECTION.</u> **Sec. 12.** RCW 47.64.280 is recodified as a section in
- NEW SECTION. Sec. 13. A new section is added to chapter 47.60 RCW to read as follows:
- 30 (1) The capital vessel replacement account is created in the motor vehicle fund. All revenues generated from the vessel replacement surcharge under RCW 47.60.315(7) must be deposited into the account.
- 33 Moneys in the account may be spent only after appropriation.
- 34 Expenditures from the account may be used only for the construction or

35 purchase of ferry vessels.

chapter 41.58 RCW.

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- 1 (2) The state treasurer shall not transfer any moneys from the capital vessel replacement account.
 - Sec. 14. RCW 47.60.315 and 2007 c 512 s 6 are each amended to read as follows:

- (1) The commission shall adopt fares and pricing policies by rule, under chapter 34.05 RCW, according to the following schedule:
- (a) Each year the department shall provide the commission a report of its review of fares and pricing policies, with recommendations for the revision of fares and pricing policies for the ensuing year;
- (b) By September 1st of each year, beginning in 2008, the commission shall adopt by rule fares and pricing policies for the ensuing year.
- (2) The commission may adopt by rule fares that are effective for more or less than one year for the purposes of transitioning to the fare schedule in subsection (1) of this section.
- (3) The commission may increase ferry fares included in the schedule of charges adopted under this section by a percentage that exceeds the fiscal growth factor.
- (4) The chief executive officer of the ferry system may authorize the use of promotional, discounted, and special event fares to the general public and commercial enterprises for the purpose of maximizing capacity use and the revenues collected by the ferry system. The department shall report to the commission a summary of the promotional, discounted, and special event fares offered during each fiscal year and the financial results from these activities.
- (5) Fare revenues and other revenues deposited in the Puget Sound ferry operations account created in RCW 47.60.530 may not be used to support the Puget Sound capital construction account created in RCW 47.60.505, unless the support for capital is separately identified in the fare.
- (6) The commission may not raise fares until the fare rules contain pricing policies developed under RCW 47.60.290, or September 1, 2009, whichever is later.
- 34 (7) The commission shall impose a vessel replacement surcharge of 35 twenty-five cents on every ferry fare sold, including multiride and 36 monthly pass fares. In the event that fares are collected in one

- 1 <u>direction only, the surcharge is fifty cents on every ferry fare sold.</u>
- 2 This surcharge must be clearly indicated to ferry passengers and
- drivers and, if possible, on the fare media itself.

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- Sec. 15. RCW 43.84.092 and 2010 1st sp.s. c 30 s 20, 2010 1st sp.s. c 9 s 7, 2010 c 248 s 6, 2010 c 222 s 5, 2010 c 162 s 6, and 2010 c 145 s 11 are each reenacted and amended to read as follows:
 - (1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.
 - (2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall not require appropriation. The office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement The office of financial management may direct transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.
 - (3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.
 - (4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:

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The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The aeronautics account, the aircraft search and rescue account, the budget stabilization account, the capital vessel replacement account, the capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects the charitable, educational, penal and reformatory institutions account, the cleanup settlement account, the Columbia river basin water supply development account, the common school construction fund, the county arterial preservation account, the county criminal justice assistance account, the county sales and use tax equalization account, the deferred compensation administrative account, deferred compensation principal account, the department licensing services account, the department of retirement systems expense account, the developmental disabilities community trust account, the drinking water assistance account, the drinking water assistance administrative account, the drinking water assistance repayment account, the Eastern Washington University capital projects account, the education construction fund, the education legacy trust account, the election account, the energy freedom account, the energy recovery act account, the essential rail assistance account, The Evergreen State College capital projects account, the federal forest revolving account, the ferry bond retirement fund, the freight congestion relief account, the freight mobility investment account, the freight mobility multimodal account, the grade crossing protective fund, the public health services account, the health system capacity account, the high capacity transportation account, the state higher education construction account, the higher education construction account, the highway bond retirement fund, the highway infrastructure account, the highway safety account, the high occupancy toll lanes operations account, the hospital safety net assessment fund, the industrial insurance premium refund account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and use tax account, the marine resources stewardship trust account, the medical aid account, the mobile home park relocation fund, the motor vehicle

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fund, the motorcycle safety education account, the multiagency 1 2 permitting team account, the multimodal transportation account, the 3 municipal criminal justice assistance account, the municipal sales and 4 use tax equalization account, the natural resources deposit account, 5 the oyster reserve land account, the pension funding stabilization 6 account, the perpetual surveillance and maintenance account, the public 7 employees' retirement system plan 1 account, the public employees' 8 retirement system combined plan 2 and plan 3 account, the public 9 facilities construction loan revolving account beginning July 1, 2004, the public health supplemental account, the public transportation 10 systems account, the public works assistance account, the Puget Sound 11 12 capital construction account, the Puget Sound ferry operations account, 13 the Puyallup tribal settlement account, the real estate appraiser commission account, the recreational vehicle account, the regional 14 15 mobility grant program account, the resource management cost account, the rural arterial trust account, the rural Washington loan fund, the 16 17 site closure account, the small city pavement and sidewalk account, the special category C account, the special wildlife account, the state 18 19 employees' insurance account, the state employees' insurance reserve 20 account, the state investment board expense account, the state 21 investment board commingled trust fund accounts, the state patrol highway account, the state route number 520 civil penalties account, 22 23 the state route number 520 corridor account, the supplemental pension 24 account, the Tacoma Narrows toll bridge account, the teachers' retirement system plan 1 account, the teachers' retirement system 25 26 combined plan 2 and plan 3 account, the tobacco prevention and control 27 account, the tobacco settlement account, the transportation 2003 account (nickel account), the transportation equipment fund, the 28 29 transportation fund, the transportation improvement account, the 30 transportation improvement board bond retirement account, the transportation infrastructure account, the transportation partnership 31 32 account, the traumatic brain injury account, the tuition recovery trust 33 fund, the University of Washington bond retirement fund, the University of Washington building account, the urban arterial trust account, the 34 35 volunteer firefighters' and reserve officers' relief and pension 36 principal fund, the volunteer firefighters' and reserve officers' 37 administrative fund, the Washington judicial retirement system account, 38 the Washington law enforcement officers' and firefighters' system plan

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- 1 retirement account, the Washington law enforcement officers' and 1 2 firefighters' system plan 2 retirement account, the Washington public safety employees' plan 2 retirement account, the Washington school 3 4 employees' retirement system combined plan 2 and 3 account, the Washington state health insurance pool account, the Washington state 5 patrol retirement account, the Washington State University building 6 account, the Washington State University bond retirement fund, the 7 water pollution control revolving fund, and the Western Washington 8 9 University capital projects account. Earnings derived from investing 10 balances of the agricultural permanent fund, the normal 11 permanent fund, the permanent common school fund, the scientific 12 permanent fund, and the state university permanent fund shall be 13 allocated to their respective beneficiary accounts.
 - (b) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the state treasury that deposits funds into a fund or account in the state treasury pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.
 - (5) In conformance with Article II, section 37 of the state Constitution, no treasury accounts or funds shall be allocated earnings without the specific affirmative directive of this section.
- NEW SECTION. Sec. 16. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

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