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HOUSE BILL 2656

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State of Washington                      62nd Legislature                      2012 Regular Session

By Representative Seaquist

Read first time 01/20/12. Referred to Committee on Transportation.

1            AN ACT Relating to public accountability of ferry fares and  
2 operating costs; amending RCW 47.60.315; adding new sections to chapter  
3 47.60 RCW; and creating new sections.

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

5            NEW SECTION.    **Sec. 1.** Recognizing that ferry fares comprise a high  
6 proportion of the operating revenue of the Washington state ferry  
7 system and that high ferry fares impose a special burden on ferry users  
8 and impact the economic health of ferry communities, the legislature  
9 intends that a ferry communities advisory committee will take a key  
10 role in the annual process of setting ferry fares by advising the  
11 Washington transportation commission. In addition to providing the  
12 committee full access to ferry system budget data, the legislature also  
13 intends that current, detailed operating and capital budget data be  
14 constantly available to the general public via the Washington state  
15 ferries web site. The legislature further intends to follow this  
16 effort with a review of the ferry advisory committee system to ensure  
17 its viability and relevance.

1           NEW SECTION.   **Sec. 2.** This act may be known and cited as the ferry  
2 accountability reform act.

3           NEW SECTION.   **Sec. 3.** A new section is added to chapter 47.60 RCW  
4 to read as follows:

5           (1) The Washington state ferry communities advisory committee is  
6 created to advise the commission in the annual process of setting ferry  
7 fares.

8           (2) The executive committee of the Washington state ferry users  
9 established under RCW 47.60.310 shall provide the governor with at  
10 least one nominee from each of the ferry advisory committees  
11 established under RCW 47.60.315 to serve on the Washington state ferry  
12 communities advisory committee. By August 1, 2012, the governor shall  
13 select and appoint ten individuals from the nominations to serve on the  
14 advisory committee. Members of the advisory committee shall serve  
15 without compensation.

16           (3)(a) The advisory committee members must include:

17           (i) Seven members representing each of the main ferry route  
18 systems;

19           (ii) One marine or maritime industry representative;

20           (iii) One ferry service-dependent business representative; and

21           (iv) One ferry community-related tourism representative.

22           (b) The advisory committee must also include members who have  
23 knowledge of the Washington state ferry system, budgeting, and  
24 strategic planning.

25           (c) If the nominees provided by the executive committee of the  
26 Washington state ferry users do not include individuals with the  
27 qualifications outlined in (b) of this subsection, the governor may  
28 appoint individuals who meet these qualifications.

29           (4) The term of the advisory committee members is three years.  
30 Members may not serve more than two consecutive terms. Three of the  
31 initial advisory committee members must be appointed to serve an  
32 initial term of three years, two must be appointed to serve an initial  
33 term of two years, and the two remaining members must be appointed to  
34 serve an initial term of one year. All subsequent terms are three  
35 years. To ensure that the advisory committee can continue to act, a  
36 member whose term expires shall continue to serve until his or her  
37 replacement is appointed. In the case of any vacancy on the advisory

1 committee for any reason, the governor shall appoint a new member to  
2 serve out the term of the person whose position has become vacant. An  
3 advisory committee member may be removed for cause by the governor.

4 (5) Annually, the advisory committee shall choose its chair from  
5 among its membership with the goal of having the chair serve through a  
6 full fare-setting cycle. The chair of the advisory committee is  
7 responsible for scheduling meetings and setting meeting agendas.

8 NEW SECTION. **Sec. 4.** A new section is added to chapter 47.60 RCW  
9 to read as follows:

10 (1) The Washington state ferry communities advisory committee  
11 created in section 3 of this act shall:

12 (a) Develop a detailed understating of the Washington state ferries  
13 operating and capital budgets;

14 (b) Review proposals to change the fare schedule provided by the  
15 department;

16 (c) Request and review operating budget cost savings and efficiency  
17 strategies provided by the department;

18 (d) Recommend changes in overall fare strategies and polices; and

19 (e) Recommend fare changes and operating budget cost savings and  
20 efficiency strategies to the commission.

21 (2)(a) The advisory committee shall serve in an advisory capacity  
22 to the commission on all matters related to changes to the ferry fare  
23 schedule, as well as operating budget cost savings and efficiency  
24 strategies. By August 1, 2013, the commission and the department shall  
25 assist the advisory committee in gaining an understanding and  
26 familiarity with the Washington state ferries operating budget and fare  
27 schedule structure.

28 (b) By August 1, 2013, and every August 1st thereafter, the  
29 advisory committee shall adopt recommendations regarding the ferry fare  
30 schedule and submit them to the commission.

31 (c) By November 1, 2013, and every November 1st thereafter, the  
32 advisory committee shall adopt recommendations regarding the Washington  
33 state ferries operating and capital budgets as related to ferry  
34 service, ferry fares, and the life-cycle cost of ownership.

35 (d) The advisory committee shall solicit perspectives on service  
36 from ferry advisory committees created in RCW 47.60.310. The advisory  
37 committee shall also consider information gathered by the ferry

1 advisory committees' user surveys and customer feedback. In  
2 consultation with the ferry advisory committees, the advisory committee  
3 may suggest specific customer survey data requirements to the  
4 department and the commission.

5 (e) The advisory committee, in consultation with the commission,  
6 shall develop a public outreach process that includes public hearings.

7 (3) A fare change may not be imposed or modified unless the  
8 advisory committee has been given at least twenty days to review and  
9 comment on any proposed fare schedule changes. In setting ferry fares,  
10 the commission shall consider any recommendations of the advisory  
11 committee.

12 NEW SECTION. **Sec. 5.** A new section is added to chapter 47.60 RCW  
13 to read as follows:

14 The department must:

15 (1) Provide staff assistance to the Washington state ferry  
16 communities advisory committee created in section 3 of this act; and

17 (2) Provide the advisory committee with Washington state ferries  
18 operating cost and fare revenue scenario details to meet existing  
19 statutory requirements and the farebox recovery rate as directed in  
20 section 6 of this act.

21 NEW SECTION. **Sec. 6.** A new section is added to chapter 47.60 RCW  
22 to read as follows:

23 Beginning with the 2013-2015 biennial transportation budget, and  
24 for every biennial transportation budget thereafter, the legislature  
25 shall set a farebox recovery rate in the biennial transportation budget  
26 at a ceiling of no more than seventy-three percent of the total  
27 Washington state ferries operating costs with the long-term goal of  
28 reducing that ceiling by one percent per year for the following ten  
29 years.

30 NEW SECTION. **Sec. 7.** A new section is added to chapter 47.60 RCW  
31 to read as follows:

32 Working with the legislative evaluation and accountability program  
33 committee and other relevant offices, the Washington state ferries  
34 shall develop an improved online ferry system operating budget display,  
35 as well as an organizational chart of Washington state ferries

1 personnel assignments. The Washington state ferries shall keep current  
2 the information on the web site. Annually, the Washington state ferry  
3 communities advisory committee shall review the online data  
4 presentations and recommend improvements to the Washington state  
5 ferries and the legislative evaluation and accountability program  
6 committee.

7 **Sec. 8.** RCW 47.60.315 and 2011 1st sp.s. c 16 s 3 are each amended  
8 to read as follows:

9 (1) The commission shall adopt fares and pricing policies by rule,  
10 under chapter 34.05 RCW, according to the following schedule:

11 (a) Each year, as described under section 4 of this act, the  
12 ((department)) Washington state ferry communities advisory committee  
13 created in section 3 of this act shall provide the commission a report  
14 of its review of fares ((and)), pricing policies, and operating budget  
15 cost savings and efficiency strategies, with recommendations for the  
16 revision of fares ((and)), pricing policies, and operating budget cost  
17 savings and efficiency strategies for the ensuing year;

18 (b) By September 1st of each year, beginning in ((2008)) 2013, the  
19 commission shall adopt by rule fares ((and)), pricing policies, and  
20 operating budget cost savings and efficiency strategies for the ensuing  
21 year. The commission shall notify the legislative transportation  
22 committees, the governor's office, and the department of these fares,  
23 policies, and strategies. The department shall review, analyze, and  
24 submit the operating budget cost savings and efficiency strategies as  
25 part of the department's biennial and supplemental operating budget  
26 requests to the governor.

27 (2) The department shall submit quarterly cost reports to the  
28 commission on activities that are paid for by fares.

29 (3) The commission may adopt by rule fares that are effective for  
30 more or less than one year for the purposes of transitioning to the  
31 fare schedule in subsection (1) of this section.

32 ((+3)) (4) The commission may increase ferry fares included in the  
33 schedule of charges adopted under this section by a percentage that  
34 exceeds the fiscal growth factor.

35 ((+4)) (5) The chief executive officer of the ferry system may  
36 authorize the use of promotional, discounted, and special event fares  
37 to the general public and commercial enterprises for the purpose of

1 maximizing capacity use and the revenues collected by the ferry system.  
2 The department shall report to the commission a summary of the  
3 promotional, discounted, and special event fares offered during each  
4 fiscal year and the financial results from these activities.

5 ~~((+5))~~ (6) Fare revenues and other revenues deposited in the Puget  
6 Sound ferry operations account created in RCW 47.60.530 may not be used  
7 to support the Puget Sound capital construction account created in RCW  
8 47.60.505, unless the support for capital is separately identified in  
9 the fare.

10 ~~((+6))~~ (7) The commission may not raise fares until the fare rules  
11 contain pricing policies developed under RCW 47.60.290, or September 1,  
12 ~~((2009))~~ 2012, whichever is later.

13 ~~((+7))~~ (8) The commission shall impose a vessel replacement  
14 surcharge of twenty-five cents on every one-way and round-trip ferry  
15 fare sold, including multiride and monthly pass fares. This surcharge  
16 must be clearly indicated to ferry passengers and drivers and, if  
17 possible, on the fare media itself.

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