



Washington State Ferries Fact-Finding Tour

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INTRODUCTION

The Coastal Ferry Act under which B.C. Ferry Services Inc. was established in 2003 has failed the economy, communities and people of British Columbia. Over the past 10 years, our ferry system has seen skyrocketing fares, decreasing ridership, egregious executive compensation, growing debt at the corporation, and devastating service cuts. This disturbing spiral has had a serious impact – it has meant families have been forced to move away from ferry-dependent communities, and businesses that relied on ferries have struggled and failed.

Up and down the coast, communities have become increasingly isolated as the system that served as their highway has deteriorated. According to B.C. Ferries, 750,000 British Columbians are totally dependent on ferries. But for tens of thousands of others, and hundreds of B.C. businesses, the ferry system is integral to the economic health of their communities. This should be a concern not only for those who fear for the loss of their business, or the long-term prospects of their community, but for anyone with an interest in a strong B.C. economy.

We cannot accept the direction the government is driving B.C. Ferries. The future of coastal communities is too important. That's why, as the Official Opposition transportation critic who also represents ferry-dependent communities, I wanted to see first-hand how other jurisdictions are maintaining ferry systems.

While we can learn from the Maritimes, Alaska and Europe we also have as a neighbour, a state that has a well-regarded and relatively comparable system. So I embarked on a week-long tour of Washington state's ferries and met with crew members, ferry users, ferry executives and politicians. There are distinct differences between the two systems as well as a number of similarities. During the week, I hoped to see whether there were approaches from which we could learn, or methodologies we might want to adopt.

I travelled by ferry and road from Victoria around Puget Sound returning via Sidney. I crossed the Strait of Juan de Fuca on the M.V. Coho, drove to Olympia and then crisscrossed Puget Sound finishing with a trip through the San Juan Islands and on to Vancouver Island¹. I have not included the Coho in this comparative analysis because it is a solo, private vessel, not part of the Washington state fleet.

I would like to thank everyone² who gave so generously of their time and shared their knowledge of the operations, management and politics of the Washington state ferry system.

This report is intended to be a working document to help guide all in B.C. who care about our infrastructure, our coastal communities and our economy.

¹ See Appendix 1 for route

² See Appendix 2 for interviewees

HISTORY AND STRUCTURE OF THE WASHINGTON STATE FERRY SYSTEM

There are distinct similarities in the history of the Washington state ferry system and that of British Columbia. Both jurisdictions had private ferry fleets plying the coastal waters which were taken over by the state. In both instances that takeover occurred because it was realized that ferries were integral to the growth of their respective economies and that a privately run operation which had to make a profit was not going to work in the best interest of society. In Washington state, a Republican state governor was in office when the Puget Sound Navigation Company (Black Ball ferries) sold the fleet to the state in 1951. In B.C., W.A.C. Bennett's Social Credit government took over the Canadian Pacific and Black Ball ferries in 1959 in order to open up the coast and grow the economy.

The initial plan in Washington state was for ferries to be replaced by a network of bridges over Puget Sound; that was rejected in 1959 and has not been raised as an alternative since. There is, however, still a tendency to call ferries "mobile bridges."

The ferry fleet came under the jurisdiction of the Toll Bridge Authority, which set the fares and controlled the finances, and the State Highway Commission which looked after operations. In 1977, these combined and came under the jurisdiction of the Washington State Department of Transportation.

About 10 years ago there was a reorganization which has resulted in the present structure at Washington State Ferries within the Washington State Department of Transportation: the assistant secretary (a bureaucrat, equivalent of chief executive officer) reports to the secretary of transportation (political) who in turn reports to the state governor.

The fares are set by the seven commissioners who are a bi-partisan group representing different regions of the state. The commissioners also set tolls for bridges.

Washington State Ferries boasts that it is the largest ferry system in the U.S. and the fourth largest in the world (by comparison, B.C. ferries is the second largest). It carries 22 million passengers and 10 million vehicles a year; it operates 20 terminals on 10 routes and has approximately 1,800 employees.

| | Washington State Ferries | B.C. Ferries |
|--------------------------|--------------------------|--------------|
| Employees | 1,755 | 4,700 |
| Routes and Terminals | 10 and 20 | 25 and 47 |
| Fleet | 22 | 35 |
| Passengers annually | 22 million | 19.9 million |
| Vehicles | 10 million | 7.75 million |
| Nautical Miles Travelled | 914,716 | 1,599,236 |

FERRIES AS A PART OF THE HIGHWAY SYSTEM

“The ferries are no different from the state-run highway and we need to treat them in the same way,” said Republican Representative Dave Hayes.

This was echoed by everyone I spoke to about the ferry system and I was struck by the non-partisan commitment to that belief. People readily use the term “marine highway.” In fact, Washington state ferry routes are extensions of the paved state highway routes. The ferry from Port Townsend to Coupeville is part of Highway 20, the state highway which runs from Discovery Bay on the Olympic Peninsula across Whidbey Island, over the mainland and through the Cascades to the intersection with Highway 2 in Newport. Likewise, the ferry from Mukilteo to Clinton is part of Highway 525.

This is a fundamental premise and is essential when it comes to funding the ferry system. As the chair of the Transportation Committee, Rep. Judy Clibborn, said: “We can use the gas tax because it (the ferry system) is part of the highway.”

Article II, Section 40³ of the Constitution of the State of Washington (as amended in 1944) says that monies from gas tax and vehicle excise tax can be used to fund the ferry system.

The last dozen years have been problematic for the ferry system – a key source of revenue was lost (see Funding below); four 80-year-old vessels were taken out of operation and immediate replacements had to be found; and fares were going up and ridership was going down.

“Discussions on privatization were held in 2009, but ferries are a vital link so the talks went nowhere,” said Assistant Secretary David Moseley.

And Commission Chair Dan O’Neal said: “The reason it’s public in the first place is because private operators couldn’t make any money and a Republican governor had to take it over.”

“The privatization argument comes from people who are not knowledgeable. It is good to have it in public ownership for the public good,” said Deputy Commissioner Tom Cowan.

With this level of support for a public system it is little surprise that talks about breaking the system into self-managing routes and areas went nowhere.

But coastal representatives do not take the support for granted. They have formed a very strong bi-partisan Ferries Caucus, bringing together senators and representatives from both parties to fight for ongoing support of the system. At times, as one member said to me, “it means political hardball.”

The reason this group of legislators from both parties meet once a week when their legislature is in session is, as Democratic Representative Larry Seaquist said: “Simply put, a poor ferry service damages the economy.”

They are supported by another coastal organization, the Washington Ferry Coalition, which includes mayors, legislators, businesses and community groups. Their argument for a strong ferry service is

³ See Appendix 3 for text

economic: ferries are vital for the ongoing economic health of the region, and thereby the whole state, daily carrying tens of thousands of people and thousands of tons of goods.

While no analysis has been done on the impact of the ferries on the economy of Washington state (nor has there been one in B.C.), it is understood that in the same way that it was vital to the well-being of individuals, communities and businesses in the state in the '50s, it still is today.

The importance of the ferries for tourism is also regularly underlined. I was frequently told that Washington State Ferries are among the top five tourist attractions in themselves and the concept of privatizing such a resource was foolish. This in addition to their value in transporting tourists at a reasonable cost to regions that rely on tourist dollars.

It is interesting to note that there is such a strong argument to fund ferries adequately as part of the state's highway system even though nearly all those communities served by ferry also have road access. There are few totally ferry-dependent communities in Washington state, unlike here in B.C.

FUNDING

Until 1999, the Washington state ferry system benefitted from a motor vehicle excise tax, levied on the sale of cars. When Washington state voters decided by referendum to end the tax, the state's ferry system lost 75 per cent of its capital budget and 25 per cent of its operating revenue.

Operating costs for the Washington state ferry system are largely paid through fares. There is an average fare box recovery (the amount raised through fares) of 68 per cent. The very busy commuter run linking Bainbridge Island and Seattle has a 100 per cent recovery (i.e. it pays for all its operational costs simply through fares). The remaining 32 per cent for the overall fleet is covered through advertising, licences, permits and fees; in the present two-year budget cycle an additional \$83 million will be transferred to Washington State Ferries.

For comparison, B.C. Ferries' fare box recovery averages 85 per cent. In the last year, 96 per cent of revenue on the major routes came from the passengers and vehicles. The fare box recovery rate on minor routes is 41 per cent while the northern routes recoup 25 per cent of their costs through fares.

Washington State Ferries management and the commissioners are looking at ways of increasing revenue. They have started accepting advertising on board some vessels and have begun examining the viability of gift shops. There was some discussion about selling the naming rights of ferries to corporate interests but this provoked an outcry from the public.

Transportation Committee Chair Judy Clibborn said: "We will continue to cover the shortfall in operations for 12 years." That is projected to be \$325 to \$335 million.

As with B.C. Ferries, fuel and labour make up the bulk of the operating costs. In Washington state they account for about 80 per cent of the annual \$450 million operating costs.

The capital costs are paid through state subsidies and transfers of approximately \$1.2 billion a year. Because of the state's "Build in Washington" requirement for new ferries, the state does not receive a federal subsidy when constructing new vessels.

As mentioned earlier, because ferries are part of the state highway system they have been funded through the transportation budget. Vehicle licence fees, gas tax and tolls are committed to be used for transportation systems and transportation infrastructure. It should be noted that neither gas tax nor carbon tax revenues in B.C. are directed to transportation; the revenues from these sources go into general revenue.

The total biannual appropriation for Washington State Ferries is \$776,545,000, which represents 8.9 per cent of the total transportation budget of \$8,712,813,000.⁴

CAPITAL

Fleet

As noted above, 75 per cent of the capital budget disappeared when a referendum repealed the motor vehicle excise tax in 1999. Since then the capital budget has come from state subsidy.

Washington State Ferries was forced into a fleet replacement crisis when two of four 80-year-old ferries were condemned and taken out of service. It built three new 64-vehicle ferries, which were completed in 2011, and is now in the process of building two 144-vehicle ferries. Negotiations are underway for a third 144-vehicle ferry.

Much of the fleet is on a 60-year life cycle, which management would like to reduce. B.C. Ferries is also trying to reduce the lifespan of its ferries with the current vessel replacement program. Both fleets are working with vessels that are approximately 50 years old and both are looking at standardizing new vessels so they can work on multiple runs.

As already noted, Washington State Ferries is mandated, through legislation, to build its new ferries in Washington. Further, under the Apprenticeship Act, the contractors bidding on the projects must also have a state-approved apprenticeship program to help maintain and expand a skilled workforce.

There is some frustration with the replacement program with questions about the high cost of the first of the replacement ferries. Washington State Ferries has its own design department for ferry construction which, some say, pushed up the cost. A number of people I spoke with believe this department is unnecessary and Washington State Ferries should focus on the operation of the fleet and allow contractors to bid on a design-build process.

While some argue that the requirement to build in Washington inflates the cost because of the limited number of shipyards and the loss of the federal subsidy mentioned above, there is a generally accepted agreement that the requirement is beneficial for the state, because it provides employment, a skilled workforce and an economic boost.

When the first new replacement ferry was being built there was a sense of urgency to ensure communities could remain connected. This helped drive costs up. The first replacement ferry cost \$80 million which was estimated at anywhere between \$7 million and \$41 million more than it would have cost in another jurisdiction. Washington State Ferries says that the overall three vessel build came in \$7

⁴ Budget statistics provided by Rep. Judy Clibborn's office and Washington State Ferries

million below budget. The state auditor's report estimates that every \$150 million spent in ferry construction supports 322 jobs in the state.

Bremerton Mayor Patty Lent said: "Simply put, the infrastructure of the marine economy is important for our economy."

The ferry service's budget for the two new 144-vehicle ferries now under construction is \$264.3 million; funding for a third vessel is caught in political negotiations over the Department of Transportation budget. Washington State Ferries hopes to replace 10 of its 22 ferries in the next 20 years. Transportation Committee Chair Judy Clibborn said that the skills are improving and the costs decreasing as the replacement program continues.

The ferry system is stretched when it has to take a vessel out of service for a refit. Much of the maintenance work is done during daily operations or if a vessel is not being used overnight. But for some routes this is difficult: for instance the Bainbridge to Seattle and Vashon Island to Fauntleroy (West Seattle) runs are operating for approximately 21 hours a day.

Washington State Ferries has its own maintenance yard at Eagle Harbor where it does ongoing work. Underwater repairs are done twice every five years.

Terminals

The ferry system is also working on upgrading its terminals with a \$268 million upgrade planned for Seattle. This will bring together local, state and federal funding. It is in the preliminary design stage at the moment with construction due to begin in 2015.

The Mukilteo ferry terminal (near Everett) – at present a parking lot with a pay booth – is being relocated because of congestion. This ferry run to Clinton on South Whidbey Island is part of Highway 525 and usage is predicted to increase 73 per cent in the next 15 years. The project will cost approximately \$141 million; the legislature is allocating \$108 million state and federal funds and Washington State Ferries has obtained federal grants of more than \$21 million to date.

OPERATIONS

Labour

Without question the biggest costs for both the Washington state ferry system and B.C. Ferries are for labour and fuel. Both Washington State Ferries and B.C. Ferries estimate these at about 80 per cent of operating costs.

Both organizations have a unionized labour force. While ships' masters and chief engineers at B.C. Ferries have now been excluded from the union⁵, Washington State Ferries is fully unionized. There are approximately 1,755 employees at Washington State Ferries compared with approximately 4,700 employees at B.C. Ferries.

⁵ Ships' masters and chief engineers are part of the management team but are not included in the 330 managers based at B.C. Ferries headquarters in downtown Victoria.

B.C. Ferries has more routes than does Washington State Ferries, but the biggest driver for the difference in the number of on-board crew is determined by federal requirements. In B.C., crew sizes are set by Transport Canada and are based on passenger numbers. There are three Transport Canada licences (A, B and C) which relate to the expected number of passengers on the sailings. Crew sizes on Washington state ferries are determined by the U.S. Coast Guard. While it has recently had to increase the numbers of crew on vessels for safety reasons, the numbers are still less than Transport Canada requirements.

| | Washington State Ferries | B.C. Ferries |
|-----------------------|--------------------------|--------------|
| Vessel | Jumbo Mark 1 Class | Spirit Class |
| Maximum Passenger No. | 2,000 | 2,052 |
| Crew | 13 | 48 |
| Vehicles | 188 | 400 |

Food services on Washington state ferries are contracted out to two private operators. Their staff is not included in on-board crew numbers unlike B.C. Ferries⁶. Food services are basic but galleys operate on all ferries.

Labour costs for Washington State Ferries in 2013 are \$130 million (by comparison, in B.C. for fiscal 2013 they are \$263 million). In 2011, contracts with unions led to a reduction in overtime, accrued leave, travel and other cuts, leading to savings to the service of \$20 million.

At the same time a number of management positions were cut. Washington State Ferries has 43 managers.⁷ Management costs at Washington State Ferries for 2013 were \$5,394,767. Because Washington State Ferries is part of the Department of Transportation, management functions such as accounting, IT and legal services would be provided by the government and so would not be part of those overall numbers. As a self-contained entity, B.C. Ferries has a much more complex management structure.⁸

⁶ Because of the complement of crew demanded by Transport Canada, restaurants, cafeterias and gift shops on B.C. Ferries are staffed by B.C. Ferries crew who would have to be on board anyway.

⁷ Positions are defined as management if they meet the following criteria:

- Formulates statewide policy or directs the work of an agency or agency subdivision;
- Is responsible to administer one or more statewide policies or programs of an agency or agency subdivision;
- Manages, administers, and controls a local branch office of an agency or agency subdivision, including the physical, financial, or personnel resources;
- Has substantial responsibility in personnel administration, legislative relations, public information, or the preparation and administration of budgets; OR
- Functionally is above the first level of supervision and exercises authority that is not merely routine or clerical in nature and requires the consistent use of independent judgment.

⁸ B.C. Ferries employees are either “Bargaining Unit” (within the collective agreement) or exempt from the collective agreement; the exempt positions have been determined by the labour board, arbitrators or through agreement with the union. Exempt positions are usually involved in “oversight of programs or people, hiring, firing, discipline, performance assessment, input into labour relations or access to confidential information”. They encompass a range of personnel including but not limited to Superintendents, Masters, Chief Stewards, Chief

There has recently been a great deal of debate about the remuneration for senior executives at B.C. Ferries. While Assistant Secretary Moseley did not want to become involved in what was becoming a political debate in B.C. it can be noted that his salary is \$152,000; he does not receive bonuses. Until very recently the president and CEO of B.C. Ferries did receive bonuses in addition to an annual salary of \$364,000. This has now been changed and the bonuses to B.C. Ferries executives have effectively been rolled into base pay.

Most of the terminals are staffed by Department of Transportation employees; Anacortes, Lopez Island and Friday Harbor terminals are privately operated.

| | Washington State Ferries | B.C. Ferries |
|-------------------------|--------------------------|----------------|
| Employees | 1712 | 3847 |
| Wages | \$130 million | \$263 million |
| Management | 43 | 615 |
| Management Salary/Bonus | \$5.4 million | \$64.6 million |

Fuel

The increasing cost of diesel is an issue faced by both Washington State Ferries and B.C. Ferries, despite discounts received for being large consumers. The cost of fuel for Washington State Ferries for fiscal 2013⁹ was \$60,366,974, approximately 30 per cent of the operating budget. Since July 1 this year, Washington State Ferries has been exempt from sales tax on fuel purchases, which should reduce next year's fuel bill by 10 per cent.

The fleet burns 17 million gallons of diesel a year. Assistant Secretary Moseley says the organization is closely examining converting the new vessels to liquefied natural gas (LNG). The estimated cost for this is \$84 million. Engine manufacturers are working on conversion kits so existing diesel engines can use LNG. Mr. Moseley said that such a conversion would be an eight to 10 year return on investment and the ferries would have 30 more years of life. It is estimated that at current prices, LNG would cut the fuel bill by at least half.

Washington state is working with a European consultant on a waterways analysis. This would determine whether it is safe to operate an LNG ferry vessel. Such ships also would have to be approved by the U.S. Coast Guard.

"It is not a magic bullet," said Mr. Moseley. "It is a transitional fuel, moving us from diesel/petroleum to renewable. The cost of LNG will inevitably go up, but it will be less than diesel."

Fuel costs for B.C. Ferries for fiscal 2013 were \$121 million. While B.C. Ferries had been examining converting existing vessels to LNG, Chief Executive Officer Mike Corrigan recently told a conference that a decision will be delayed until the market for LNG has matured.

Engineers, Terminal managers, Schedulers and Employee relations, safety personnel, trainers, IT personnel, operations centre personnel, administrative assistants, project planners and project managers, terminal maintenance regional managers, analysts and auditors.

⁹ July 1, 2012 to June 30, 2013

However, both ferry service providers are looking at the possibility of LNG as a fuel for new builds. Mr. Corrigan suggested that if LNG costs remain at current levels, it could drive the cost of fuel down to 2004 levels again.

ROUTES AND FARES

Washington State Ferries has seen a 1.2 per cent increase in ridership over the last year. Approximately 22 million people use the ferries every year. As mentioned earlier, in most cases there are road alternatives, but the ferries are seen as large, mobile, bridges across Puget Sound. Vashon Island at the south end of the Sound and the San Juan Islands are completely ferry dependent.

The busiest routes are those which operate similarly to mass transit, linking communities to Seattle and to Everett (the location of one of the Boeing plants). Priority loading is given to bicycles, car or van pools and freight. The northern routes, from Anacortes to four of the San Juan Islands, are used by residents and businesses for access to the mainland as well as by tourists. The smallest community directly served by Washington State Ferries is Shaw Island (population 250) which has 11 sailings a day. There is no cost for passengers travelling between the San Juan Islands.

Because of budget pressures, Washington State Ferries is hoping to reduce service on some of the least used runs with an estimated \$6.1 million in savings. The success of this depends on local engagement. Users have been vociferous in their opposition in the past although there has been a reduction of service on some of the routes over the last several years.

In an effort to manage traffic volume, all the routes which run to or close to Seattle are priced equally, no matter the distance. For instance, the Kingston to Edmonds run is 8.35 kilometres while the Bremerton to Seattle run is 30 kilometres yet a driver and vehicle will pay \$13.55 on either of those ferries.

It is interesting to compare routes of similar distances. Point Defiance, near Tacoma, to Tahlequah, on Vashon Island is a 2.5 kilometre crossing which costs \$17.25 for a car and driver and \$5.10 for a passenger (\$6.27/km and \$1.85/km respectively); the Buckley Bay to Denman Island crossing in B.C. is 2.2 kilometres and costs \$31.60 for a car and driver and \$9.45 for a passenger (\$14.23/km and \$4.26/km respectively).¹⁰

The average per kilometre cost on Washington State Ferries is \$2.07 for a driver and vehicle and 70 cents for a foot passenger. On B.C. Ferries the average per kilometre cost is \$5.33 for a driver and vehicle and \$1.49 for a foot passenger.¹¹

In Washington state, fares for vehicles (not passengers) are adjusted seasonally with an increase from May to October. The winter also brings a slight reduction in service on some routes, most notably the loss of the Anacortes to Sidney, B.C. run.

¹⁰ These are full fare comparisons. Both systems operate discounted fares for regular users; comparing discounted rates shows a similar differential between Washington State Ferries and B.C. Ferries.

¹¹ See Appendix 4 for a comparison of fares on Washington State Ferries B.C. Ferries. All fare comparisons are full fare, low season rates.

Fares have gone up approximately 95 per cent since 2000, according to Assistant Secretary Moseley; an annual increase of approximately 2.5 per cent is predicted. This year, fares went up in October with a two per cent increase for passengers and three per cent for vehicles. However vehicles under 14 feet long are charged 70 per cent of the standard fare. A two-page list of eligible vehicles is provided by the Department of Transportation. A youth discount (for young people between six and 18 years old) was increased from 20 to 50 per cent.

Seniors and people with a disability pay half the passenger price and, as in B.C., they pay regular fare for vehicles. The discounts are available to all ferry users, not just residents of Washington state. Cyclists pay between 50 cents (Port Townsend to Coupeville) and \$2 (Anacortes routes).

Regular ferry users can also purchase a monthly pass, with 31 round trips or a “Wave2Go” card which provides a 20 per cent discount for a passenger or up to 45 per cent discount for car and driver. While fares for single tickets in the peak season, between May and October, are higher these discount cards are based on the low season cost and can still be used during the peak season.

Except for the Port Townsend to Coupeville and Sidney to Friday Harbor/Anacortes routes, passenger tickets are round trip. For a driver and car, the Seattle to Bainbridge Island and Bremerton route, the busy Edmonds to Kingston and Mukilteo to Clinton commuter runs, the Fauntleroy to Southworth runs and Anacortes, the fares are one way.

At present reservations can be made on few routes (the San Juan routes and Port Townsend to Coupeville). The cost of the reservation is deducted from the final cost of the fare. However Washington State Ferries has been examining the reservation system presently used at B.C. Ferries and will likely introduce the additional reservation charge on some of its routes.

CONCLUSION

There is no simple solution to fixing our ferry system here in B.C., nor was it ever the purpose of my tour to make a case for simply adopting Washington state’s model in its entirety. Yet, bluntly, our ferry system is not working, and we must look at all the information available to us when considering how to right its course.

We owe it to coastal communities to look closely at a system in which, compared to ours, management costs are far lower, the costs per kilometre are less than half, and fares are far more affordable. While we have seen a drop in ferry users, Washington State Ferries has seen a 1.2 per cent increase in ridership over the last year. Where Assistant Secretary Moseley’s salary is \$152,000, and he does not receive bonuses, the CEO of B.C. Ferries until recently received bonuses in addition to an annual salary of \$364,000, and these bonuses have now been effectively rolled into his base pay.

There are key differences between the systems that complicate comparisons. Our ferries travel much longer distances, which means much higher fuel costs, and are mandated by Transport Canada to have more crew on board.

But our systems also have a lot in common. Both are world-renowned ferry systems that transport millions of people and vehicles each year – Washington state’s system transports 22 million passengers

each year, while B.C.'s transports 19.9 million. Both began as private operations, but were taken over by government when their importance to economic health became apparent.

And today, both services also face huge challenges, specifically the dual cost pressures of labour and fuel and the need for capital investment in new vessels. Though fares are still far more affordable in the Washington state system, they have nearly doubled in the past 13 years.

The main difference between the two is the social licence under which they operate. B.C. Ferries, once part of the Ministry of Transportation and then a Crown Corporation is now a quasi-privatized company. While it provides a service on behalf of the province, it is also trying to make money.

Washington State Ferries is universally accepted as part of the highways system. Various described as mobile bridges or extensions of state highways, no one questions that ferries are anything but an integral part of the state's infrastructure. They are seen as essential for the economic vibrancy and well-being of the state and its people.

In B.C., the government is experimenting with tolls on bridges. We have seen people driving out of their way to avoid them. Those who work and live in ferry-dependent communities do not have that luxury. The toll is always there. And after a while, increasing it becomes counter-productive as people can no longer afford it and are forced from their community.

While ferry users in the interior of Washington state, like those in the interior of B.C., have free ferry services, people on the coast do expect to pay for the service. And, while ferries in Washington state are seen as roads, they are also seen as part of the public transit system: a vibrant public transit system again reflects social and economic priorities but relies on subsidies.

The strong, bipartisan ferries lobby of legislators in addition to the coalition of representatives of ferry-dependent communities has helped to keep the importance of a reasonably priced, regular public service high on the political agenda.

Once that acceptance, that social licence, has been granted, and people accept the importance of coastal and resource communities to the economy, the question of financing is inevitable. Washington state is struggling with that having lost, through referendum, a tax that raised much of the revenue for the ferry service. Without such a directed tax, the state has had to rely on subsidizing the service.

But there is no question that subsidies will be there, again because of the social acceptance that ferries are part of the highways and that a healthy, affordable, ferry service is going to help grow the economy.

Here in B.C. we need to regain that perspective. For 10 years, the Liberal government has allowed B.C. Ferries to deteriorate, becoming less and less like the public service it was intended to be. Today, as the government makes further cuts that will have devastating effects on communities, there is still no plan to turn around this failing system. The plan, it seems, is to continue on today's course of rising fares, shrinking services, and falling ridership numbers.

We need to remember how crucial our ferries are to our provincial infrastructure, and to the communities that depend on them. Everyone pays taxes and those taxes should fund our highway system, whether it is the marine highway or pavement in the north or the interior. Our communities and our economy depends on that.

Appendix 1

| Route | | |
|--------------------------|----------------------------|---|
| 14 th October | Victoria to Port Angeles | MV Coho Blackball Ferries, built 1959 |
| 15 th October | Port Defiance to Tahlequah | MV Chetzemoka Kwa-di Tabil, built 2010 |
| | Vashon to Southworth | MV Issaquah Issaquah 130, built 1979 |
| 16 th October | Bremerton to Seattle | MV Kaleetan Super Class, built 1967 |
| 17 th October | Mukilteo to Clinton | MV Chelan Issaquah 130, built 1981 |
| 17 th October | Anacortes to Friday Harbor | MV Hyak Super Class, built 1967 |
| 19 th October | Friday Harbor to Sidney | MV Elwha Super Class, built 1967 |

Appendix 2

Interviewees

Rep. Judy Clibborn, Chair, Washington State House Transportation Committee
Rep. Larry Seaquist
Rep. Dave Hayes
Senator Kevin Ranker

Commissioner Dan O’Neal, Washington State Transportation Commission
Deputy Commissioner Tom Cowan, Washington State Transportation Commission
Reema Griffith, Executive Director, Washington State Transportation Commission

Assistant Secretary David Moseley, Washington State Department of Transportation

Alan Cote, President, Inland Boatmen’s Union
Terri Maast, Secretary Treasurer, Inland Boatmen’s Union
Dave McKenzie, Inland Boatmen’s Union

Port Captain Bill Michaels, Washington State Ferries
Captain Bob Corbin, Washington State Ferries
Captain Kirk Mikkleborg, Washington State Ferries
Chief Engineer Brian Greenwood, Washington State Ferries

Gregory Beardsley, Ferry Advisory Committee, Vashon Island
John Whetton, Ferry Advisory Committee, Lopez Island

Patty Lent, Mayor, Bremerton
Carrie Lacher, Mayor, Friday Harbor
Rick Hughes, Vice Chair, San Juan County Council

Appendix 3

Constitution of the State of Washington

Article II

Section 40 Highway Funds

All fees collected by the State of Washington as license fees for motor vehicles and all excise taxes collected by the State of Washington on the sale, distribution or use of motor fuel and all other state revenue intended to be used for highway purposes, shall be paid into the state treasury and placed in a special fund to be used exclusively for highway purposes. Such highway purposes shall be construed to include the following:

- (a) The necessary operating, engineering and legal expenses connected with the administration of public highways, county roads and city streets;
- (b) The construction, reconstruction, maintenance, repair, and betterment of public highways, county roads, bridges and city streets; including the cost and expense of (1) acquisition of rights-of-way, (2) installing, maintaining and operating traffic signs and signal lights, (3) policing by the state of public highways, (4) operation of movable span bridges, (5) operation of ferries which are a part of any public highway, county road, or city street;
- (c) The payment or refunding of any obligation of the State of Washington, or any political subdivision thereof, for which any of the revenues described in section I may have been legally pledged prior to the effective date of this act;
- (d) Refunds authorized by law for taxes paid on motor vehicle fuels;
- (e) The cost of collection of any revenues describe in this section:

Provided, That this section shall not be construed to include revenue from general or special taxes or excises not levied primarily for highway purposes, or apply to vehicle operator's license fees or any excise tax imposed on motor vehicles or the use thereof in lieu of a property tax thereon, or fees for certificates of ownership of motor vehicles.

(AMENDMENT 18, 1943, House Joint Resolution No. 4, p938. Approved November, 1944)

Appendix 4

| BC FERRIES | | | | | | |
|--|-----------------|-------------------------|------------------|-------------------------|------------------|---------|
| ROUTE | DISTANCE | CO | ST - CDA | COST | PER KM | |
| | KM | Car & Driver | Passenger | Car & Driver | Passenger | |
| | | Up to 20 feet | | | | |
| Tsawwassen - Swartz Bay | 44.5 | \$66.75 | \$15.50 | \$1.50 | \$0.35 | One Way |
| Tsawwassen - Duke Point | 70.38 | \$66.75 | \$15.50 | \$0.95 | \$0.22 | One Way |
| Horseshoe Bay - Nanaimo | 55.56 | \$66.75 | \$15.50 | \$1.20 | \$0.28 | One Way |
| Comox - Powell River | 31.5 | \$59.15 | \$14.20 | \$1.88 | \$0.45 | One Way |
| Horseshoe Bay - Langdale | 17.96 | \$63.60 | \$14.55 | \$3.54 | \$0.81 | Return |
| Earl's Cove - Saltery Bay | 17.6 | \$62.05 | \$14.25 | \$3.53 | \$0.81 | Return |
| Horseshoe Bay - Bowen Is. | 5.6 | \$42.75 | \$11.10 | \$7.63 | \$1.98 | Return |
| Brentwood Bay - Mill Bay | 5.6 | \$24.00 | \$7.20 | \$4.29 | \$1.29 | One Way |
| Nanaimo - Gabriola Is. | 6.85 | \$34.80 | \$10.30 | \$5.08 | \$1.50 | Return |
| Salt Spring Is.(Vesuvius) - Crofton | 5.19 | \$44.90 | \$11.35 | \$8.65 | \$2.19 | Return |
| Salt Spring Is. (Fulford) - Swartz Bay | 9.26 | \$44.90 | \$11.35 | \$4.85 | \$1.23 | Return |
| Campbell River - Quadra Is. | 3.3 | \$31.60 | \$9.45 | \$9.58 | \$2.86 | Return |
| Quadra Is. - Cortes Is. | 11.48 | \$36.90 | \$11.10 | \$3.21 | \$0.97 | Return |
| Pt. McNeill - Sointula | 10.2 | \$36.90 | \$11.10 | \$3.62 | \$1.09 | Return |
| Pt. McNeill - Alert Bay | 13.9 | \$36.90 | \$11.10 | \$2.65 | \$0.80 | Return |
| Buckley Bay - Denman Is. | 2.22 | \$31.60 | \$9.45 | \$14.23 | \$4.26 | Return |
| Denman Is. - Hornby Is. | 2.22 | \$31.60 | \$9.45 | \$14.23 | \$4.26 | Return |
| AVERAGE OF SELECTED ROUTES | | | | \$5.33 | \$1.49 | |
| * Note: A number of Gulf Island routes have variable distances | | | | | | |
| ** Note: All these are full fares | | | | | | |

| WASHINGTON STATE FERRIES | | | | | | | | | | | |
|----------------------------|-------|---------------|------------|--------------|-----------|---------------|-----------|---------------|-----------|--------------|------------|
| ROUTE | DIST. | REGULAR | COST - USD | COST | PER KM | PEAK | SEASON** | COST | PER KM | | |
| | KM | Car* & Driver | Passenger | Car & Driver | Passenger | Car* & Driver | Passenger | Car* & Driver | Passenger | Car & Driver | Passenger |
| Seattle - Bainbridge Is. | 13.85 | \$13.55 | \$7.85 | \$0.98 | \$0.57 | \$17.30 | \$7.85 | \$1.25 | \$0.57 | One Way | Round Trip |
| Seattle - Bremerton | 30 | \$13.55 | \$7.85 | \$0.45 | \$0.26 | \$17.30 | \$7.85 | \$0.58 | \$0.26 | One Way | Round Trip |
| Edmonds - Kingston | 8.35 | \$13.55 | \$7.85 | \$1.62 | \$0.94 | \$17.30 | \$7.85 | \$2.07 | \$0.94 | One Way | Round Trip |
| Fauntleroy - Vashon | 5.15 | \$17.25 | \$5.10 | \$3.35 | \$0.99 | \$22.05 | \$5.10 | \$4.28 | \$0.99 | Round Trip | Round Trip |
| Point Defiance - Tahlequah | 2.75 | \$17.25 | \$5.10 | \$6.27 | \$1.85 | \$22.05 | \$5.10 | \$8.02 | \$1.85 | Round Trip | Round Trip |
| Southworth - Vashon | 2.9 | \$17.25 | \$5.10 | \$5.95 | \$1.76 | \$22.05 | \$5.10 | \$7.60 | \$1.76 | Round Trip | Round Trip |
| Mukilteo - Clinton | 4.18 | \$8.10 | \$4.75 | \$1.94 | \$1.14 | \$10.30 | \$4.75 | \$2.46 | \$1.14 | One Way | Round Trip |
| Port Townsend - Coupeville | 7.9 | \$10.50 | \$3.15 | \$1.33 | \$0.40 | \$13.40 | \$3.15 | \$1.70 | \$0.40 | One Way | One Way |
| Fauntleroy - Southworth | 8.2 | \$10.50 | \$6.05 | \$1.28 | \$0.74 | \$13.40 | \$6.05 | \$1.63 | \$0.74 | One Way | Round Trip |
| Anacortes - Lopez Is. | 19 | \$30.85 | \$12.70 | \$1.62 | \$0.67 | \$42.65 | \$12.70 | \$2.24 | \$0.67 | Round Trip | Round Trip |
| Anacortes - Shaw Is. | 23 | \$36.95 | \$12.70 | \$1.61 | \$0.55 | \$51.10 | \$12.70 | \$2.22 | \$0.55 | Round Trip | Round Trip |
| Anacortes - Orcas Is. | 24.46 | \$36.95 | \$12.70 | \$1.51 | \$0.52 | \$51.10 | \$12.70 | \$2.09 | \$0.52 | Round Trip | Round Trip |
| Anacortes - Friday Harbor | 31 | \$43.85 | \$12.70 | \$1.41 | \$0.41 | \$43.85 | \$12.70 | \$1.41 | \$0.41 | Round Trip | Round Trip |

| | | | | | | | | | | | |
|--|------|---------|---------|---------------|---------------|---------|---------|---------------|---------------|---------------|---------|
| Inter-San Juan Islands (average of distances) | 8 | \$20.75 | \$0.00 | \$2.59 | \$0.00 | \$26.50 | \$0.00 | \$3.31 | \$0.00 | Round Trip | Free |
| Anacortes - Sidney, B.C. | 67.4 | \$49.85 | \$18.70 | \$0.74 | \$0.28 | \$63.80 | \$18.70 | \$0.95 | \$0.28 | One Way | One Way |
| San Juan Islands - Sidney, B.C. | 36.2 | \$14.50 | \$6.90 | \$0.40 | \$0.19 | \$39.60 | \$6.90 | \$1.09 | \$0.19 | One Way | One Way |
| AVERAGE OF SELECTED ROUTES | | | | \$2.07 | \$0.70 | | | \$2.68 | \$0.70 | | |
| | | | | | | | | | | | |

*Note: Fares listed are for vehicles 14 to 22 feet

**Note: Peak season is from May 1st to September 30th.

Note: All fares listed above are full fares. Each system has various reduced fares for regular commuters, youth, seniors and people with disabilities.