



San Juan County Council

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District 1, Lovel Pratt
District 2, Rich Peterson
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District 4, Richard Fralick
District 5, Patty Miller
District 6, Jamie Stephens

11 January 2011

The Honorable Christine Gregoire
Office of the Governor
PO Box 40002
Olympia, WA 98504-0002

Dear Governor Gregoire,

We deeply appreciate the spotlight you have turned on the sacrifices the loss of tax funds has forced on many of the state's most vital services. However we must strongly oppose your proposal to have the state separate itself from the ferry system. For us in San Juan County, there is nothing more essential to our economic survival than dependable, affordable ferry service.

The state's responsibility for insuring that its residents, products and services can move freely and access markets throughout the state is one of its most basic responsibilities, and – we might add – it is the responsibility of all the state's residents to fund this essential system.

As a tourist destination, San Juan County is an economic engine for the state and its potential for growth is large. It consistently receives high rankings as a destination in national and international travel publications. Last Friday, the *New York Times*, listed it second among "The 41 Places to Go in 2011," along with locations in Europe, South America and Asia. Tourism drives the San Juan County economy (visitors spent \$116 million in San Juan County in 2009), is the number four economic driver for the State, and is a major source of State revenue that can be increased.

In your news conference, you identified the challenges the marine highway system faces, but we are deeply concerned that a regional authority will not have the wherewithal to overcome two challenges in particular:

1. The lack of an identified and sufficient capital funding source. Your proposal transfers a huge, unfunded liability to an as-yet unformed entity that would have no endowment to fall back on, and;
2. The challenge of getting eastside ferry district residents to support taxes of the magnitude necessary to support a ferry service they benefit from but are not dependent on.

The State Constitution (Art. II Section 40) provides that ferries are an appropriate recipient of all fees, taxes and other state revenue intended to be used for highway purposes. But while WSDOT received 66% more revenue in the 1999-2001 biennium without the Motor Vehicle Excise Tax (MVET) than it did in 1997-1999 with the MVET, since 1997 the percentage of WSDOT revenue allocated to ferries has decreased significantly and disproportionately. Now we face even deeper reductions in service and fare increases are proposed.

We applaud your efforts to design a system of governance that would be more economical and responsive to the needs of the communities served, and we will gladly work with you and WSDOT to help to create that level of governance. However, we believe that the state cannot walk away from its responsibility for maintaining an

integrated transportation system that ties the people of Washington, its farmers, markets, industries and entire economy together.

We respectfully request some time from your busy schedule for members of our Council to meet with you to discuss the future and the funding of the Washington Ferry System, and the role it plays as an integral part of the transportation system that defines our state.

For your reference, we have attached several brief bullet points which describe the serious impact currently proposed ferry service cutbacks would have on our economy. They should help you understand the depth of our concern about the uncertainties which would come with turning the system over to a regional system with fewer resources, less experience and a narrower revenue base.

Sincerely,

**COUNTY COUNCIL
SAN JUAN COUNTY, WASHINGTON**

Lovel Pratt, Chair
District No. 1

Richard Peterson, Member
District No. 2

Howard Rosenfeld, Member
District No. 3

Richard Fralick, Chair
District No. 4

Patty Miller, Vice-Chair
District No. 5

Jamie Stephens, Member
District No. 6

Projected Impact of Previously Proposed 2011 Cutbacks in Level of Ferry Service on San Juan County Washington Which Would Potentially Establish State Support for Core Services in the Proposed Regional Ferry District

- A longer winter schedule, from the current three months to as long as seven months, means no Sidney/Victoria service during this time. This will negatively affect tourism. Tourism drives the San Juan County economy (visitors spent \$116 million in San Juan County in 2009), is the number four economic driver for the State, and is a major source of State revenue that can be increased. LOS reductions reduce State revenues derived from the commercial activity that the current ferry LOS supports.
- The Sidney/Victoria route has never been properly marketed even though it is an important link in Pacific Northwest travel routes connecting Seattle, Vancouver, Victoria, the Olympic Peninsula and the San Juan Islands.
- The ferry routes through the San Juans were designated as the State's newest Scenic Byway in 2008 and the San Juans are one of the top tourist draws to the State.
- Reduced Sidney/Victoria service will affect the economies of at least two other counties since a popular triangle trip is Anacortes/Sidney/Victoria/Port Angeles.
- Extending the period of time that the Sidney/Victoria run does not operate will affect its economic viability for the rest of the year, and makes it more difficult to re-start and promote the run during the limited summer season.
- During the winter schedule the interisland boat doesn't operate on weekends. This means the mainland boats must also provide interisland service resulting in mixed destination sailings, with interisland vehicles often having to back onto the ferries at terminals. Backing vehicles onto ferries is difficult for many drivers, increases loading times, increases the liability exposure for WSF and is not an efficient use of resources.
- Mixed destination sailings during the weekend increases travel time between the islands and to the mainland. This is discouraging to tourism.
- Mixed destination sailings will negatively impact On Time Performance (OTP), LOS, and will result in an increase of crew overtime.
- If the Salish replaces the Evergreen State as the interisland boat, its design makes it difficult to turn vehicles around on the boat. More vehicles will need to back on, effecting OTP, liability and crew overtime.
- Holiday travel (Thanksgiving, Christmas, Valentines, Easter, Spring Break) will incur overloads on mainland boats. This is discouraging to tourism.
- The longer winter schedule will reduce flexibility of how vessels are used in concert with each other.
- These factors, and the resulting longer wait times and overloads, will discourage tourism and local travel. This will result in reduced traffic and revenue for WSF, possibly necessitating more proposed cuts.
- Reducing LOS has possible Growth Management Act (GMA) implications.