



BOARD OF COMMISSIONERS MEETING AGENDA

Date: September 19, 2017

Time: 9:00AM – 10:30AM

Place: Kitsap Transit Offices

60 Washington Avenue (3rd Floor), Bremerton, Washington 98337

Page

1. CALL TO ORDER

2. AGENDA REVIEW

3. CHAIRPERSON'S COMMENTS

4. PUBLIC COMMENTS

Please state your name for the record. You will have 3 minutes to address the Board.

5. FULL DISCUSSION / ACTION ITEMS

- a. [Minutes of September 5, 2017](#)
- b. Comprehensive Route Analysis Update – Nelson/Nygaard
- c. Ferry Update

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6. FOR THE GOOD OF THE ORDER: Transit Board members' comments

7. ADJOURN

The Transit Board meeting agendas are available prior to the meeting date at local libraries and at Kitsap Transit's main office in downtown Bremerton. The agenda packets are also online at www.kitsaptransit.com and available in large-print format upon request. If you will need accessibility accommodations for this public meeting, please contact the Clerk of the Board at (360) 478-6230 or via email at jillb@kitsaptransit.com by noon on the Wednesday before the meeting.

KITSAP TRANSIT BOARD OF COMMISSIONERS MEETING

MINUTES OF SEPTEMBER 5, 2017

Board of Commissioners Present:

Erickson, Becky, Mayor, City of Poulsbo
Fuller, Mark, Teamsters Local No. 589, *non-voting member*
Garrido, Charlotte, Kitsap County Commissioner
Gelder, Robert, Kitsap County Commissioner, **Vice Chair**
Huddy, Richard, City of Bremerton Council Member
Lent, Patty, Mayor, City of Bremerton
Putansuu, Rob, Mayor, City of Port Orchard, **Chair**
Stern, Ed, City of Poulsbo Council Member
Wolfe, Edward, Kitsap County Commissioner
Tollefson, Val, Mayor, City of Bainbridge Island

Staff Present:

Jill Boltz, Clerk of the Board, Jeff Cartwright, Human Resources Director; John Clauson, Executive Director; Ellen Gustafson, Operations Director; Casey Harrington, Marine Services Director; Steffani Lillie, Service & Capital Development Director; Charlotte Sampson, Executive Assistant/Deputy Clerk of the Board; Paul Shinnars, Finance Director.

Also Present: Ron Templeton, Legal Counsel

1. CALL TO ORDER: Chairperson Putansuu called the regular meeting of the Kitsap Transit Board of Commissioners to order at 8:30AM.

2. AGENDA REVIEW

3. CHAIRPERSON'S COMMENTS

Chairperson Putansuu reported on the American Public Transit Association (APTA) Board and Board Support Conference break out session regarding trends in ridership. Nationally, ridership is down 3.5%, with increases only in light rail and commuter demand services. Bus service is down 6% nationally with an 8.8% decline within Kitsap Transit's peer group. Factors affecting the decline nationally are sustained low gas prices, inconvenient transit trips, the success of transit oriented developments, and better bicycle and pedestrian options. Members within KT's peer group are at a loss on what to do about the decline in ridership; however, KT is ahead of the others with our consultant studying ridership and trends. The closing session discussed innovations in transportation such as the use of autonomous vehicles.

4. CITIZENS' ADVISORY COMMITTEE REPORT

Operations Director Gustafson reported on the Committee's agenda and discussion on the

Carlisle II's 100th birthday celebration scheduled for September 30th, the Wheaton Way Transit Center, Silverdale Transit Center, Parker Lumber site and SK Ride. In addition, one of the CAC members rode on the fast ferry and provided some observations.

5. PUBLIC COMMENT

Roy Runyon, Bremerton commented on the Fast Ferry Program, Proposition 1. In the text of Proposition 1 the proponents and Kitsap Transit staff failed to mention to the voters that there might be a need to sell bonds for the construction of fast ferries, that the entire revenue stream would be obligated to guarantee the construction bonds and have subordinated the entire agency to the fast ferries. Runyon spoke to the reliability of Rich Passage class vessels and asked if an analysis has been done on the reliability problems of the Rich Passage 1.

Daniel Hodun, Bremerton, commented on the purchase of the Spirit of Kingston and read from the Phase 1 report. Hodun questioned why the Spirit of Kingston is now considered and emphasized looking at the design of the vessel before making a decision.

Michael Williams, spoke to the use of transfer slips at all stops and his fast ferry experience, including passengers count and noise.

Robert Parker spoke to the vessel issues and promises made to the tax payers. Parker spoke to the plan's estimate of \$21 million in bonds in the event grants were not available but now there is a need for 45 million. There was a promise to have marine services from Seattle and now we have a bus house trying to operate a floating operation.

Commissioner Huddy arrived at 8:41AM.

CONSENT/ACTION ITEMS:

- a. Warrants for June 2017
 - Warrant numbers transit fund 141415 to 141837 in the amount of \$1,794,524
 - Warrant numbers ferry fund 600063 to 600095 in the amount of \$183,439
 - Payroll transfers in the amount of \$1,587,487
 - Automatic Clearing House (ACH) Account Payments in the amount of \$19,612
 - Advance travel payments of \$2,205
- b. Warrants for July 2017
 - Warrant numbers transit fund 141838 to 142143 in the amount of \$2,114,504
 - Warrant numbers ferry fund 600096 to 600150 in the amount of \$425,995
 - Payroll transfers in the amount of \$1,587,694
 - Automatic Clearing House (ACH) Account Payments in the amount of \$39,845
 - Advance travel payments of \$3,921
- c. Minutes of July 11, 2017 Board Meeting
- d. Resolution No. 17-52, Passenger Ferry Vessel & Facilities Property and Liability Policy Renewal

Commissioner Garrido moved and Commissioner Lent seconded the motion to approve the consent agenda. Discussion: None. Motion passed unanimously.

6. FULL DISCUSSION/ACTION ITEMS:

- a. Resolution No. 17-53, North Base Change Order No. 17, Improvements to the Stormwater System*

Service & Capital Development Director Lillie explained that the stormwater system at North Base is not performing as designed. The engineer has made the design changes at no cost; however, the repair expenses will be paid through the available grants.

Commissioner Erickson thanked Kitsap Transit for the responsiveness to the necessity of these changes for Poulsbo to remain compliant with National Pollution Discharge and Elimination System (NPDES) and ensure the system is performing properly.

Commissioner Gelder asked how this came to light. Lillie explained that with the high rain last winter it was noticed some of the ponds were not draining at the percentage initially calculated and determined the soils were not as absorbent as anticipated, causing the back-up.

Commissioner Erickson moved and Stern the motion to adopt Resolution No. 17-53, authorizing staff to sign Change Order No. 17 with Ceccanti, Inc. for stormwater improvements at the North Base facility in an amount not to exceed one hundred thirty thousand dollars (\$130,000). Discussion: None. Motion passed unanimously.

- b. Discussion: Bond Funding Update*

Finance Director Shinnors explained the delegating resolution was approved at the June 20, 2017 meeting to issue bonds not to exceed \$50 million dollars. It was estimated that \$45 million dollars is required to implement service in accordance with the passenger-only ferry plan. Four offers were received from commercial banks. JP Morgan was most competitive, with a tax-exempt rate of 2.93% with a par value of \$45.19 million, 15-year term with optional redemption between years 11-15 without penalty or premium, and allows for the issue of future parity bonds. There is a provision included, were if corporate tax rate were to change, the interest rate could change 20 basis points down or 32 basis points up. The closing date is September 21, 2017.

Commissioner Gelder asked how common is the provision for an adjustable rate with the uncertainty of the market and tax reform. Shinnors explained it is fairly new but, because of the current administration's discussions on tax reform; some banks are adding these provisions into their bond purchasing agreements.

Commissioner Erickson asked that Agenda Item d be addressed next prior to the remainder of

the agenda.

c. Resolution No. 17-54, Authorizing a Request for Bids to Purchase Spare Engines for the RP1

Commissioner Tollefson moved and Commissioner Wolfe seconded the motion adopting Resolution No. 17-54, authorizing staff to advertise a request for bids for spare engines for the Rich Passage 1 in an amount not to exceed three hundred ten thousand dollars (\$310,000) plus applicable taxes and fees. Motion passed unanimously. Huddy was not at the dais.

d. Discussion: Fast Ferry Moving Forward

Executive Director Clauson provided an update on the Fast Ferry program:

Mechanical: Issues include the electronic control system for the jet drive, a head gasket with one of the engines and currently the vessel is out of service looking into a crack in the hull. Part of the challenge was corrosion in the cylinder walls of the head gasket from the vessel sitting so long without the engines running to coat the cylinder walls. Replacement of the engines or other spare parts will allow them to be quickly replaced in the event of failure.

Spare Engines: Updates to the Clean Air Act standards for vessels have contributed to an increase in the weight of newer engines. With the weight sensitivity for the wake performance of the Rich Passage 1, it was determined that finding engines similar to what is currently on the RP1 is to KT's advantage.

Rich Passage Class Vessels: Working with All American Marine for the sole source purchase of the additional vessels. Buy America requirements from the Federal Transit Administration (FTA) have been completed. The price will be negotiated, and it is anticipated to have an initial pricing from All American Marine by the end of the month. There are some minor modifications to the additional vessels including noise reduction in the cabin. Production will begin in December with a 12-14 month build cycle.

Southworth & Kingston Vessels: These vessels will be design/build construction. Five shipyards have submitted proposals and in the review process and staff are hopeful all will move on to the next stage of submitting designs for selection. The vessels require the ability to fit into the car slip for bow loading as well as side loading. The process should be complete and to the board for review and approval in December. The construction time frame is approximately 14 months with anticipated delivery in spring or summer 2019.

Kingston Used Vessel: The bond funding included \$4.7 million for a used vessel for back-up. A used vessel high speed, low wake vessel was located in New York. Clauson clarified that while the vessel is high speed and low wake, it does not meet the wake requirements for the Bremerton service. Chairperson Putaansuu, Commissioner Gelder, Marine Services Director Harrington and Executive Director Clauson went to New York to look at the vessel. A marine

surveyor was hired to evaluate the vessel and determined it to be in good shape structurally with some needed updates and improvements. The vessel is a catamaran, with both bow loading and side loading capabilities and has a capacity of 350 passengers. The refurbishment of the interior will include replacement of the bulkhead, windows, seats, carpet, heads, overhead and paint. The vessel will require shipping at a cost of \$150,000, engine overhaul or replacement once it arrives estimated between \$1 – \$1.5 million and electronics and navigation replacement estimated at \$300,000. The calculated costs including shipping are \$4.25 million. The vessel could be shipped in November depending on availability.

Spare vessel for Bremerton: There is a new 150 passenger vessel under construction and will be available for lease; however it is not high speed or low wake for lease. There have been preliminary discussions with King County Marine Division about trading the leased vessel for the Spirit of Kingston as a back-up vessel for the Bremerton service.

Grant Funding: staff was notified by FTA of the availability of \$30 million in federal funds. Staff will be submitting an application for additional fendering at A-float at Bremerton to accommodate parking additional vessels. Clauson reminded the Board that while federal funding could be used to repay KT for bond payments, the funds cannot be used from competitive grants.

Port of Kingston: Preliminary discussions have occurred for the use of the dock, including improvements and extending fuel to the float.

Commissioner Putaansuu asked about the reservation system, next steps and lessons learned. Clauson explained the reservation survey has just closed and the results will be presented at the next meeting.

Commissioner Stern spoke in support of connectivity and expressed concern for reliability and redundancy to serve the business model. Stern noted that cynicism will be hard to overcome and the need to assure the redundancy and second vessels for Kingston and Bremerton.

Clauson agreed this is an issue, but it was made clear to the community that when the Bremerton operations began, it would be with one vessel. The saving grace for the Bremerton route is that it runs parallel to Washington State Ferries (WSF), albeit they are not as fast. A system has been created for those who buy a Kitsap Transit monthly pass in the event there is a need for them to take WSF. Kingston will be a challenge. The only option is to bus people from Kingston to Bainbridge Island. Internal discussions have occurred on the ability to respond quickly with buses in the event it is necessary.

Commissioner Erickson spoke to her meeting with Steve Segó, Friends of the Fast Ferry, and shared concerns with a system and a boat that is not performing. Segó suggested convening an independent group of people to look at what is occurring with the fast ferry program to determine if there is anything to inhibit us from moving forward. If the RP1 is not working effectively, we do not want to purchase, order or contractually obligate ourselves to another

vessel. Erickson suggested Art Anderson as a local independent expert for the panel.

Commissioner Garrido concurred with the idea of an independent group, but added that KT does have expertise and there is a need for post evaluation and routine evaluations to microscopically look at how the Bremerton run is working, the problems and the solutions.

Chairperson Putaansuu stated that while there have been challenges, there are issues with WSF and even our buses; the difference is there are spares and back-ups. A decision was made to begin service without a spare vessel. Putaansuu commented on the purchase of the Kingston vessel as a super structure, the improvements to make it a reliable vessel to begin the Kingston service and eventually as a back-up vessel. Putaansuu expressed concern for naming a specific consultant without going through the proper process.

Commissioner Wolfe stated the challenges are an understatement and that a cracked hull is concerning. Wolfe expressed concern about having continued discussions without taking action resulting in loss of confidence from the public.

Chairperson Putaansuu asked how many Board Members have ridden the Rich Passage 1 and spoken to the riders. Putaansuu stated that he has ridden the RP1 twice and the general comments are that people are frustrated when the boat is not running but are very pleased with what we are doing and how we are doing it.

Tollefson asked about ridership numbers.

Executive Director Clauson explained that the July ridership was averaging 89 passenger per sailing. Some of the sailings were full and having to turn away customers. In August, fares were collected and saw a slight drop to approximately 67 passengers per sailing but has continually gone up since that time. Initially, there were issues with communicating with the riders and they were finding out too late to catch the next WSF sailing. That communication has improved to a 5-10 minute notification through Rider Alerts and text messaging.

Commissioner Huddy spoke in support of Commissioner Erickson's comments. The keys to rider satisfaction are frequency and reliability. Some breakdowns can be accepted but the public's tolerance for frequent unreliability is very limited and we are damaging our reputation and the ability to build the service moving forward. Huddy stated it is not just the reliability of the boat; it is the reservations, connectivity and communication. There is a need to focus on Bremerton first and to get it fixed as fast as possible.

Commissioner Gelder spoke to creating an advisory group such as a Citizen Advisory Committee for the ferries and the need to be really clear on what the mission, purpose and authority to manage the volunteer's expectations. Gelder stated that reliability requires redundancy. The question was [for the Bremerton service] to start service within the timeline or push out the timeline until there is reliability and full level of service. The question now is whether to move forward with a used vessel and begin service for Kingston or put the brakes on, acquire the

vessel and wait until there is a back-up vessel. Either way we are not meeting someone's expectations. Gelder spoke to the sea trials of the "Finest" and that it will make a good addition to the fleet.

Commissioner Lent concurred with Commissioner Garrido and Gelder's comments regarding the need to take action to get results, and creation of the committee. The committee needs a timeline, scope, and ability to provide recommendations.

Commissioner Erickson clarified that her intent was not a citizens' committee but rather an expert panel with industry experts to support staff with a level of expertise that we were going to get from King County Marine Division.

Lent reminded the Board that when discussion occurred with King County Marine Division they wanted to start the service in King County and hire King County residents. The intent was for the ferry operations to bring jobs to Kitsap County. Lent stated she has heard that the staff of the Kitsap Transit Marine Services Department is doing an excellent job with the operations of the boat.

Commissioner Stern stated he is willing to move forward with the caveat of creating the professional panel as suggested by Commissioner Erickson.

It was agreed that staff would come back to the next meeting with suggestions on a process for moving forward.

e. Resolution No. 17-55, Authorizing the Purchase of a Vessel for Kingston Fast Ferry Service

Executive Director Clauson explained this resolution is requesting permission to purchase the vessel the "Finest." The vessel is a used 21 year old vessel from New York. The purchase will include refurbishment of the passenger compartments with replacement of the windows, seats, bulkheads, overheads, carpets, heads and painting for an amount of two million three hundred thousand dollars (\$2,300,000).

Commissioner Gelder moved and Commissioner Lent seconded the motion to adopt Resolution No. 17-55, authorizing the purchase of a used vessel for the Kingston Fast Ferry Service in an amount not to exceed two million three hundred thousand dollars (\$2,300,000). Discussion: Commissioner Erickson questioned where the vessel was run. Clauson explained it is owned by New York Waterways and run to and from Manhattan. Erickson questioned the type of engines. Clauson stated they are MTU engines manufactured in Germany. The manufacturer's representative will do an assessment to determine if the engines can be rebuilt. Commissioner Stern questioned the anticipated crossing time between Kingston and Seattle. Clauson stated the crossing time is the longest of the three at approximately 33 minutes. Commissioner Huddy questioned how the operating cost compare to what was originally intended. Marine Services Director Harrington stated it is anticipated it will burn approximately 30% more fuel, crewing costs

should be the same at 150 passengers and maintenance should be similar. Huddy expressed concern for running a 350-passenger vessel with only 150-passengers. Chairperson Putaansuu clarified that the plan is to build a 250-passenger vessel and while it is bigger, it is what is available in the marketplace. Huddy questioned whether these capital expenditures fit into the capital plan submitted to the voters. Clauson explained that the used vessel was included in the bond financing plan. Huddy asked if there was a professional review and recommendation for the vessel. Clauson explained there was a survey conducted verifying that the vessel is sound. Motion passed unanimously.

f. Resolution No. 17-56, Authorizing Additional Positions in the Marine Services Department

Executive Director explained this would create a clerical staff position, in addition to hiring a third mechanic to assist with making sure the "Finest" is refurbished to Kitsap Transit's expectations and will have knowledge of the vessel once it is put into service.

Commissioner Gelder asked about the budget impacts. Clauson explained the budget impacts will be minimal for the current year once the hiring process is complete.

Commissioner Garrido moved and Commissioner Lent seconded the motion adopting Resolution No. 17-56, authorizing the addition of staff to the Marine Services Department and amending Kitsap Transit's organizational chart. Motion passed unanimously.

7. PROGRESS REPORTS:

- a. Draft Financial Reports through July 2017
- b. Capital Work in Progress
- c. Fuel Costs Report through the end of August 2017

8. STAFF INFORMATION/EMPLOYEE RECOGNITION:

- a. Employee Recognition

Operations Manager Freer introduced Elaine Clifford as the June ACCESS Driver of the Month. Elaine has been with Kitsap Transit for 14 years and this is her third time as Driver of the Month. Freer shared some fun facts about Elaine including that she was born in France and had her first motorcycle ride when she was 18 months old.

Freer introduced Lisa Bradshaw as the July ACCESS Driver of the Month. Lisa has been with ACCESS for approximately five years and this is her second time as Driver of the Month. Lisa stated that is a joy to be a driver for ACCESS and to help people be mobile and socialize.

Freer introduced Jeff Cushnyr as the 3rd Place winner at the State Rodeo for 30-Foot Coach Division. Jeff stated it is a pleasure to represent Kitsap County and Kitsap Transit at the State Competition and possibly at the National Competition next year. Washington sends the top

competitors to Nationals and he is very happy to be in the top three.

Freer announced Robert Floyd as the 2nd Place winner in the Body on Chassis and Best in Pre-trip Inspection/Body on Chassis Category

b. August 2017 report from KT's state lobbyist

9. OTHER PUBLIC COMMENTS

10. FOR THE GOOD OF THE ORDER:

11. ADJOURN: Chairperson Putaansuu adjourned the meeting at 10:08AM.

ADOPTED by the Kitsap Transit Board of Commissioners at a regular meeting thereof, held on the 19th day of September 2017.

Robert Putaansuu, Chairperson

ATTEST:

Jill A. Boltz, CMC
Clerk of the Board