

# ADDITIONAL CONSIDERATIONS REGARDING ANACORTES-SIDNEY FERRY PRIVATIZATION FEASIBILITY



Photo © Matt Pranger  
all rights reserved

BLANK PAGE

## KEY FINDINGS<sup>1</sup>

- Anacortes-Sidney ferry provides critical rural transportation for residents of the region, moving goods, services and people
- Anacortes-Sidney ferry has farebox recovery rate similar to many other routes in the system
- The route is an economic engine: at least \$19.6M in economic benefit derives from the run in the five-county region and at least \$5.2M in labor income derives from the run in the region.
  - A minimum of \$16.47 is returned to the region's businesses for every dollar not recovered in fares by WSF
- Privatizing the ferry could:
  - Reduce rigorous safety protocols mandated by WSF, but not likely to be implemented by a private operator
  - Remove safety standards provided through use of local pilots and crews
  - Reduce family-wage jobs
- High potential of economic losses to Washington state shipbuilding & marine repair/service industries
- Potential of:
  - Negative impacts to Tribal treaty rights & transportation
  - Negative impacts to regional industries like tourism, real estate, construction
  - Loss of equitable prices for working poor, seniors, students
  - Negative impacts on environment
  - Loss of Friday Harbor, Anacortes stops on route

<sup>1</sup> References for this section are contained in proceeding chapters



## SUMMARY

A quick glance at farebox recovery suggests that the Anacortes-Sidney ferry is not profitable for Washington State Ferries and, with significant changes to service, could potentially be for private operators. But a deeper dive into the data shows that the route is economically equivalent or better than others in the ferry system and offers considerable economic benefit to the region, acting as critical rural transportation for residents of the region, moving goods, services and people.

Additionally, crucial issues such as potential reduction in safety, loss of living wage jobs, loss of the beneficial impacts on other industries like real estate and shipbuilding, and Tribal and environmental impacts *must* be taken into consideration when weighing the possibility of privatizing or terminating the run. For purposes of this study, privatization would automatically terminate Friday Harbor traffic; moving the Anacortes departure point to a port in another region would constitute full termination of this route.

## INTRODUCTION



*Figure 1 Riders on annual inaugural Sidney ferry run.*  
© Stephanie Hamilton, Anacortes Chamber of Commerce

The Sidney ferry has provided essential rural community transportation service to the area for nearly 100 years. Over this century, the route has continued to provide important jobs to area Washingtonians, play a critical role in local tourism, and support businesses, Tribal members and other residents throughout the region.

Other chapters of the Anacortes-Sidney ferry privatization feasibility assessment document cover aspects of economic and other impacts of privatizing the Sidney ferry run, however, there are additional and necessary issues to examine for full consideration of the ramifications. Notably, workforce and a deep assessment of economic impacts to the region, safety, implications for the environment, and Tribal considerations deserve good faith assessment before any consideration of the privatization of public services or the monetization of public property.

To that end, this chapter covers only an outline of potential impacts germane to privatizing or terminating the Anacortes-Sidney ferry run - any prudent private company would consider these and many other issues that could be impactful to a business venture, and Washington State Ferries and state legislators must also weigh them into any calculations.

As WSF's Anacortes-Sidney ferry is the only vehicle marine link between the region surrounding Anacortes and Vancouver Island, WSF provides a crucial transportation connection for area residents, as well as for nonresidents visiting our state. Given that the Sidney ferry offers both travel to BC and domestic travel, the ferry is part of this rural region's lifeline system.

The state has an essential responsibility to consider these other issues, including those germane to the state's environmental assets, society, Tribal considerations and the workforce, whose health and welfare are the state's responsibility.

**"Reduction in service would be devastating to this community."**<sup>1</sup>

Mayor Laurie Gere, Anacortes

Some of these issues are outlined within this chapter, but this listing is not exclusive and further study is required to focus on areas such as the environment (including the endangered Southern Resident Killer Whales), workforce impacts or Tribal treaty rights impacted by privatization of ferries or vessels that may be used by a private operator. Additionally, not every nuance and economic impact is captured within this document, nor in data from the Hovee and JTC studies – they reflect only the best estimate that they could make at the time, within the parameters of the inquiry.

Given that Anacortes and San Juan County's tourism economy - and other industries such as construction and real estate – are almost entirely dependent upon ferry travel, and therefore sensitive to reductions in service or other disruptions such as the current pandemic-related downturn, it is critical to study and outline potential economic consequences caused by privatizing the ferry route, including elimination of Friday Harbor service on the route.

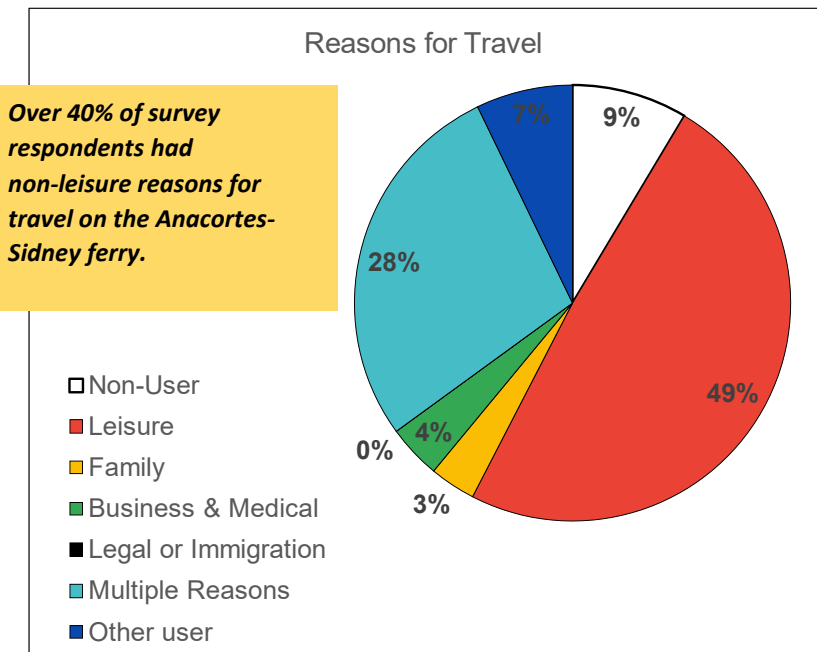
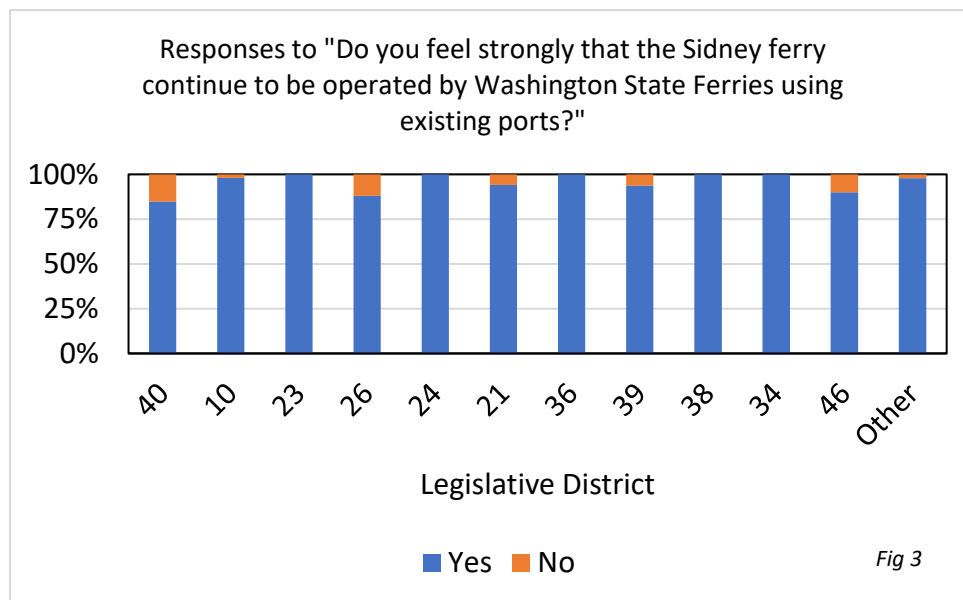


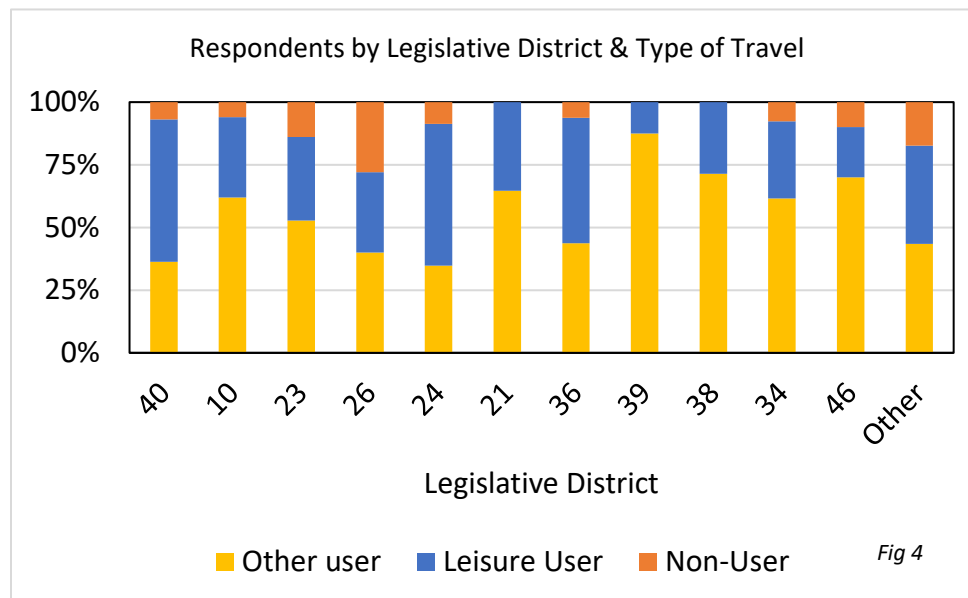
Figure 2, Reasons for travel in San Juan County EDC Anacortes-Sidney privatization public survey, all 851 respondents. "Other user" includes those who listed reasons not listed above

The importance of this ferry run to the residents of Anacortes, San Juan County and the region is borne out by the remarkably high response rate to the San Juan County EDC's opinion survey (525 responses from SJC and Anacortes and 326 from elsewhere), the overwhelming preference for preserving the Sidney Ferry run in its current form, and sentiments expressed in respondents' written comments.<sup>1</sup> 93% of survey respondents from San Juan Island and Anacortes reported using the ferry, and 37% reported reasons for travel other than, or in addition to, leisure. Some respondents favored



privatization but many of those wanted it under restrictive conditions, some of which may not be possible within current law.

Survey respondents in all legislative districts with 10 or more responses in the region made it clear that they felt the Anacortes-Sidney ferry should continue to be operated by WSF using existing ports.



When analyzed by district, the responses ranged from over 80% up to nearly 100% *against* privatization, and that passengers used the Anacortes-Sidney ferry for a wide variety of reasons (see Figs 3 and 4<sup>2</sup> at left).

<sup>1</sup> [www.sanjuansedc.org/sidneyferry](http://www.sanjuansedc.org/sidneyferry)

<sup>2</sup> Figure 3 & 4, San Juan County EDC Anacortes-Sidney privatization public survey, all 851 respondents, responses sorted by legislative district. Over 40% of survey respondents had non-leisure reasons for travel on the Anacortes-Sidney ferry.

SELECTION FROM OVER 700 SURVEY RESPONDENTS' COMMENTS		
"I live on San Juan Island and have family in Victoria and the Sidney ferry allows me to see them over the summer very easily." "Please keep the Sidney ferry running so I can see my family more and be able to visit BC easier."	"I'm part of the Tribal Canoe Journeys and also have family and friends in BC." And "Please contact the tribes in Washington state. They have lots of tribal members who depend on this ferry and route."	"With many friends and family in Canada this ferry service is a needed connection to loved ones. In a larger scope it is the connection and a bond of nations."
"It would be a disaster for everyone but the private operator and those officials that would like to see it."	"We have family in Victoria and it is essential that the ferry continue to stop in Friday Harbor"	"This is a lifeline to San Juan Island and Vancouver Island for work, family and friends."
"The international boat operates at less than full capacity and could be better used serving the islands. Let a private operator take over."	"Washington State Ferries takes security, affordability, and access seriously. Keep transit public and affordable!"	"It is important to privatize the Sidney ferry because WSF needs to understand that the service they provide to the citizens of Washington is awful!"
"The Sidney sailing is unique to our community because it connects residents and businesses of San Juan County to a culturally significant destination. Furthermore, the inclusion of Friday Harbor provides tourism opportunities, for travelers bound for Canada, to spend time and tourism dollars that support our local economy."	"The Sidney ferry is a publicly owned international portal, just like Peace Arch and part of the state highway system. It's important to preserve such an important state asset, just like we do highways that serve farms in Eastern Washington."	"Washington State Ferries is the I-5 equivalent to residents of San Juan County. It provides the critical infrastructure necessary for families and businesses to thrive in this state. The Sidney Sailing is no less important than sailings bound to Shaw Island. There is no substitute for the experience and reliability provided by the men and women who work for WSF. I am strongly opposed to privatization."
"I suggest that the entire San Juan Islands ferry system---including the Sidney, BC, run---be re-privatized. The Black Ball company still exists: Apply to them for help."	"The run is very popular and many people stop in Friday Harbor and Anacortes as well as Sidney. We enjoy taking the ferry from Friday Harbor to Sydney and bussing to Victoria every summer."	"BC ferries are a mess after they tried to have a private company run them. My Canadian family will drive down from Vancouver and take the Anacortes ferry to Sidney rather than deal with BC ferries."
"The ferry to Vancouver Island through is a vital leg in a popular tourist circuit from Seattle north then over to Victoria, then taking in the Olympic Peninsula before returning to Sea Tac. In our 20 years living on Orcas, we have hosted many friends and family doing this circuit. The negative impact on the San Juan Islands should not be ignored, especially as we attempt to recover economically from the Covid19 pandemic."	"Victoria, BC is the closest large city to the San Juan Islands and provides access to important commercial and cultural resources, in addition to tourism. When I lived in Seattle, I combined family trips to Sidney/Victoria with a stay on San Juan Island and loved the opportunity. Keeping the route operated by WSF ensures continued, reliable service."	"I have many times counted on the Anacortes-Sidney ferry for transportation to and from Vancouver Island for an important legal case I have been a party to over the past several years, and before that, for visiting family. It's a valuable service and it would be a loss to many people if the route was discontinued by WSF. "

More comments: [www.sanjuansedc.org/sidneyferry](http://www.sanjuansedc.org/sidneyferry).

As the run could be preserved as a public asset at relatively low cost (retrofitting an existing vessel to SOLAS standards), the bottom line is one of “don’t mess with something that’s not broken.”

Additionally, WSF policy based on the WSF 2040 Long-Range Plan specifically includes expansion of service for the Anacortes-Sidney ferry run, including the addition of hybrid SOLAS vessel for the run.<sup>3</sup>

## WORKFORCE & ECONOMIC IMPACTS

### Overview

The Anacortes to Sidney ferry delivers a significant economic boost to the region – for every \$1 spent by WSF not recaptured by ticket sales (shown through ferry route statements for 2017, the last year with full vessel coverage), somewhere between \$16.47 and a sizeable \$44.95 is returned to the regions’ businesses – and between \$1.13 and \$3.05 is returned to local and state taxing authorities as tax income.<sup>4</sup>

This results in a significant benefit to regional businesses and state and local taxing authorities. This mirrors studies in other ferry communities, such as a recent study by the McDowell Group on the Alaska Marine Highway System (AMHS).<sup>5</sup>

***Between \$16.47 and \$44.95 is returned to the region’s businesses for every dollar not recovered in fares by WSF,, and between \$1.13 and \$3.05 in state and local tax revenue, clearly offsetting any “losses” derived from operating the ferry.***

Additionally, a low estimate of 143 jobs are supported *directly* by the run in the five-county region<sup>6</sup> – including family-wage union jobs.

Many more jobs are supported when taking into consideration jobs created by industries capitalizing on the allure of a region supported by an international marine route to a culturally significant and environmentally pristine destination, including jobs in real estate, whale watching and construction.

Considerations for union labor impacts include many factors – incorporating higher wages,

likelihood of greater safety training and familiarity with local waters – factors outlined in sections below.

### Workforce & Economy Impacts

Using economic impact data for the five counties as provided by Tourism Economics and Dean Runyan Associates, direct and economic multiplier effects may be estimated for spending, jobs, labor income, and state and local tax revenue.

<sup>3</sup> <https://wsdot.wa.gov/sites/default/files/2020/09/16/WSF-LongRangePlan-2040Plan.pdf>

<sup>4</sup> Calculation made by comparing traveler spending on the ferry in FY 2019 *Route Statements*, WSF publication, page 19; with the economic and tax impacts from *Anacortes-Sidney Ferry Economic & Fiscal Impact Analysis*, September 19, 2020, E.D. Hovee and Associates.

<sup>5</sup> <https://www.mcdowellgroup.net/wp-content/uploads/2016/02/Economic-Impacts-of-AMHS.pdf>

<sup>6</sup> *Anacortes-Sidney Ferry Economic & Fiscal Impact Analysis*, September 19, 2020, E.D. Hovee and Associates



The Anacortes-San Juan-Sidney ferry route supports crucial business income, jobs and tax revenue in the five-county region<sup>7</sup>. Estimates in the Hovee study for economic impacts range from a low of \$19.6 million per year and 143 jobs supported for the region while conservatively assuming round-trip travel, up to \$54 million per year and 393 jobs supported<sup>8</sup> in a high impact scenario (with one-way or loop tour travel employing additional means) resulting in local benefit from visitors headed farther south.

Other analysts could reasonably include additional industries (e.g., real estate), which could increase spending, but could also make different assumptions for the estimation of local ferry rider activities, which could reduce leisure spending. The Hovee study is a best estimate of the data captured at this time, by one analyst.

As a check on these estimates we consider the following: the Dean Runyan Associates Visitor Study<sup>9</sup> estimated direct visitor spending in San Juan County (2017, the last year of uninterrupted Anacortes-Sidney ferry) totaled \$224M. Estimating travelers on the Sidney route and the domestic San Juan Islands routes as half of riders<sup>10</sup>, and using estimates of travelers entering by air, private boat, and other methods from the San Juan Count Visitors Study, gives a total traveler numbers of 1,200,000 in San Juan County, and SJ-Sidney travelers of about 11,000 travelers.

The average spending per traveler would be \$199, ignoring distinctions between visitors and residents. Assuming the Sidney route has an average level of spending per traveler gives an estimate of \$2.2M in direct spending accounted for by the Sidney-San Juan Island component of transportation.

*"The Sidney ferry has been an integral part of the Town of Friday Harbor's economy for years. Historic and cultural ties between our islands and countries are of great value and must be preserved."*

*Mayor Farhad Ghatan, Friday Harbor*

If one makes the same calculations but using the total taxable retail sales for San Juan County (\$524M in 2017<sup>11</sup>) as the estimate of all economic activity (assuming that economic activity would cease if the county were isolated), one gets an



Figure 5 Mayor of Friday Harbor, Farhad Ghatan.  
Photo © Friday Harbor Grand B&B

<sup>7</sup> Five county region includes Island, San Juan, Skagit, Snohomish and Whatcom counties

<sup>8</sup> *Anacortes-Sidney Ferry Economic & Fiscal Impact Analysis*, September 19, 2020, E.D. Hovee and Associates

<sup>9</sup> Washington State Travel Impacts & Visitor Volume, 2000-2017p Report, dated May 2018 and prepared by Dean Runyan Associates for Washington Tourism Alliance

<sup>10</sup> WSF Traffic Statistics, 2017 data: [https://www.wsdot.wa.gov/ferries/traffic\\_stats/](https://www.wsdot.wa.gov/ferries/traffic_stats/)

<sup>11</sup> San Juan County Data Tables, from WA Employment Security Dept: <https://esd.wa.gov/labormarketinfo/county-profiles/san-juan>

upper estimate of the maximum economic impact one could reasonably expect per traveler. This would give an upper bound of \$5.0M in economic impact in San Juan County from the Sidney route. These two estimates are similar to Hovee's estimates for San Juan County alone<sup>12</sup>, suggesting that the true economic impact is not far from Hovee's estimates.

#### Low Impact Direct & Economic Multiplier Effects – Five County Totals <sup>13</sup>

Impact Factor	Spending (\$ Million)	Employment	Labor Income (\$ Million)	S/L Tax Revenue (\$ Millions)
<b>Direct Economic Impact</b>				
Direct Annual Benefit	\$11.7	101	\$3.0	\$1.3
Relationship to	100%	8.63	25.6%	10.75%
Direct Spending	% of Spending	Jobs/Million \$	% of Spending	% of Spending
<b>Total Impact</b>				
Economic Multiplier	1.68	1.42	1.72	1.32
Total Annualized Benefit	\$19.6	143	\$5.2	\$1.7

Figure 6, Anacortes-Sidney Ferry Economic & Fiscal Impact Analysis, September 19, 2020, E.D. Hovee and Associates

#### High Impact Direct & Economic Multiplier Effects – Five County Totals

Impact Factor	Spending (\$ Million)	Employment	Labor Income (\$ Million)	S/L Tax Revenue (\$ Millions)
<b>Direct Economic Impact</b>				
Direct Annual Benefit	\$32.1	277	\$8.2	\$3.4
Relationship to	100%	8.63	25.6%	10.75%
Direct Spending	% of Spending	Jobs/Million \$	% of Spending	% of Spending
<b>Total Impact</b>				
Economic Multiplier	1.68	1.42	1.72	1.32
Total Annualized Benefit	\$53.7	393	\$14.1	\$4.6

Figure 7, Anacortes-Sidney Ferry Economic & Fiscal Impact Analysis, September 19, 2020, E.D. Hovee and Associates

<sup>12</sup> Hovee's estimates for direct spending in SJC, before adjusting to 2019 tourism spending levels, were \$1.8M and \$4.4M for the low and high estimates respectively. *Anacortes-Sidney Ferry Economic & Fiscal Impact Analysis*,

<sup>13</sup> "S/L" represents state & local tax revenues.

The five-county region – particularly San Juan County – is already struggling with catastrophic job losses resulting from the Covid-19 pandemic. Given that local recovery from the Great Recession significantly lagged that of the state and many other counties (small counties took the longest), Sidney-ferry-related jobs could likely be lost forever.<sup>14</sup>

As noted in the Northwest Washington Labor Report produced by the Washington State Employment Security Department (Dr. Anneliese Vance-Sherman), jobs in the leisure and hospitality sector lost year-over-year, and unemployment claims as a percentage of total workforce for the five-county region were as follows in September of 2020. Unemployment insurance claims information is one of the only data resources that were available early in the pandemic, but provides insight into job losses in the region over the spring and summer. The figures for initial unemployment claims represent the point of first contact.<sup>15</sup>

#### Skagit<sup>16</sup>

1,800 leisure/hospitality jobs lost YOY

29,613 initial unemployment claims against total workforce = 47.5% of workforce.

#### Island

640 leisure/hospitality jobs lost YOY

14,513 initial unemployment claims against total workforce = 41.3% of workforce.

#### SJC

1,210 leisure/hospitality jobs lost YOY<sup>17</sup> [-67.2% of sector]

3,925 initial unemployment claims against total workforce = 53.3% of workforce.

#### Snohomish County

6,000 leisure/hospitality jobs lost YOY<sup>18</sup>

216,279 of initial unemployment claims against total workforce = 50.2% of workforce.

#### Whatcom

2,300 leisure/hospitality jobs lost YOY

55,086 initial unemployment claims against total workforce = 47.4% of workforce.<sup>19</sup>

*Pandemic-related job losses by county for leisure and hospitality are as high as -67% of the workforce.<sup>9</sup>*

<sup>14</sup> <https://esd.wa.gov/labormarketinfo/labor-force>

<sup>15</sup> The figures for initial unemployment claims represent the point of first contact, which includes some fraudulent claims and ineligible claims). They also represent re-opened claims, which means the same person could be counted multiple times if their work is not stable.

<sup>16</sup> All figures are rounded to the nearest significant figure by Dr. Vance-Sherman, per standard practice.

<sup>17</sup> This represents -67.2% lost of San Juan County's hospitality workforce, Dr. Vance-Sherman email, 11/19/20

<sup>18</sup> Snohomish Labor Market Review, Sept 2020, Dr. Anneliese Vance-Sherman

<sup>19</sup> NW Labor Market Review, Sept. 2020, Dr. Anneliese Vance-Sherman; esd.wa.gov

### *Union Jobs Impacts & Pilotage Considerations*

In terms of union job impacts, privatizing the ferry would very likely immediately reduce the number of union jobs in the region, as a private operator would likely not hire union workers.

One particularly negative aspect of this would involve the elimination of local pilotage and trained union crews on Sidney-bound vessels. WSF's reliance on trained, experienced and local pilots and crew ensures that state vessels are operated by those workers most knowledgeable about the intricate navigation, local wind and current patterns, environment and vessel traffic – including the very complicated vessel traffic system – of Puget Sound and the Salish Sea.

Captain Eric vonBrandenfels, President of the Puget Sound Pilots, notes that WSF relies on the “critical role that American flag vessels and mariners serve in support of our national safety and security interests”<sup>20</sup>

Indeed, local pilots’ purpose and mission in the region is specifically to “protect the state’s life, property and the environment of Puget Sound.”<sup>21</sup>



Figure 8, Pilot in the wheelhouse,  
<https://www.pspilots.org/community/for-women-mariners/>

In legislation proposed to privatize the Sidney-Anacortes run, pilots were considered no longer mandatory under a private owner, instead the proposed legislation opened up the no-pilot exemption to larger vessels.

Captain VonBrandenfels notes that, "relaxation of the small passenger ferry exemption to accommodate a proposed large ferry advances a for-profit interest at the expense of the public interest and mandate to protect human lives, property and the marine environment as intended by the Washington State Pilotage Act."<sup>22</sup>

Washington State law (RCW 88.16.005), declares that... *it is the policy of the state of Washington to prevent the loss of human lives, loss of property and vessels, and to protect the marine environment of the state of Washington through the sound application of compulsory pilotage provisions in certain of the state waters...it is a policy of the state of Washington to have pilots experienced in the handling of vessels aboard vessels in certain of the state waters with prescribed qualifications and licenses issued by the state.* <sup>[2]</sup> Exemption from this law poses risk to life, property and the marine environment.

<sup>20</sup> Eric vonBrandenfels, President, Puget Sound Pilots, letter dated August 3, 2020

<sup>21</sup> Masters, Mates & Pilots website, [www.bridgedeck.org](http://www.bridgedeck.org), accessed 11/3/20.

<sup>22</sup> Eric vonBrandenfels, President, Puget Sound Pilots, letter dated August 3, 2020



Reducing or eliminating reliance on the most trained, experienced, and licensed local pilots and crew would dilute the safety and reliability of any private passenger vessel service.

These reductions in union jobs and not requiring pilotage could negatively impact the entire maritime transportation system. Crews on foreign flagged vessels are far more vulnerable to cumulative fatigue in situations like the present pandemic where they may not be allowed to debark vessels because of outbreaks. Foreign flagged vessels and crews operating in our sensitive marine environment are also less likely to be trained specifically to respond to emergent situations like maritime rescues and oil spills in the Puget Sound region.

Additionally, non-WSF crews may not have the expertise necessary to respond to maritime terrorism threats; WSF crews are trained specifically in this and other safety arenas (see section on safety below).

Captain VonBrandenfels summed up the impacts from union job losses:

“Losing these stable, quality American jobs to a foreign ferry operation in the region is not in the best interests of maintaining safe, secure and reliable service, or growing the economic vitality of maritime jobs and businesses in our state.

Finally, in the words of Terri Mast, National Secretary-Treasurer, Inland Boatmen’s Union, “it would be especially ill-advised for our country, at a time when efforts should be directed to preserving and creating American jobs, to weaken or reduce American jobs by giving them to foreign seafarers working in our waters.”<sup>23</sup>

#### *Real Estate, Construction & Other Industry Impacts*

Part of the driving force of region’s real estate market is the fact that residents can travel easily to a culturally significant destination, via the Sidney ferry.<sup>24</sup>

As shown in comments left by participants in the San Juan County EDC’s Anacortes-Sidney privatization survey, some travelers depend on it for family visits (“I live on San Juan Island and have family in Victoria...please keep the Sidney ferry running so I can see my family more and be able to visit BC easier.”). Others see it as a major amenity to living in the San Juans (“We love going over to nearby Vancouver Island. We can see it from our house and enjoy popping over there when we can.”).<sup>25</sup>

*Real estate sales are influenced by the region’s proximity to a culturally significant destination.<sup>11</sup>*

*Real estate sales for Skagit and San Juan Counties alone exceeded \$1BN in 2019. These sales also drive regional construction trades and service industry jobs and business income.*

---

<sup>23</sup> Letter dated August 3, 2020

<sup>24</sup> [www.sanjuansedc.org/sidneyferry](http://www.sanjuansedc.org/sidneyferry)

<sup>25</sup> San Juan County EDC public survey regarding Anacortes-Sidney ferry privatization, August 2020

The real estate industry in the region drives significant portions of the local economy – affecting construction, building trades, and other real estate-related industries and services.

Real estate jobs for San Juan County alone stood at nearly 1,000<sup>26</sup> in 2018, and real estate sales for Skagit and San Juan counties exceeded \$1BN in 2019<sup>27</sup>. This represents a sizeable tax and economy base for the region, partly driven by access to the cultural attractions on Vancouver Island, accessed through the Anacortes-Sidney ferry.

Construction jobs represent a further 1,262 jobs (2018) 11% of the total jobs in San Juan County<sup>28</sup>. These jobs are dependent on the county's status as a destination for visitors and retirees.

These are just two of the industries that the Sidney ferry benefits directly or indirectly. EDC survey data and WSF Origin/Destination data both show that some riders use the ferry for purposes other than or additional to leisure. A single person who travels to make a business deal worth \$10,000 would have over 40 times the economic impact of a leisure traveler (based on Hovee's estimates of visitor spending and length of stay). A group that travels to Sidney to meet with BC officials to create trade incentives for the region would have even larger impacts.

Even a small percentage of business travelers can make a substantial economic impact. While it is harder to monetize the benefits of having access to friends, family, or schools, those economic impacts are likely to be long-term.

*The University of Washington's Friday Harbor Laboratories uses this ferry annually at least once to take class field trips to a site on western Vancouver Island... If the Sidney ferry is cut, we will not be able to get to this site because of the extra time and expense of going north to get the Schwartz Bay ferry. This would be a large loss to our educational programs.*

*From the Sidney ferry privatization survey*

## **OTHER ECONOMIC IMPACTS & CONSIDERATIONS**

### *Loss of Friday Harbor run*

One major consideration and potential negative impact for the region from private operation by a foreign-owned operator would be the fact that the Passenger Vessel Service Act (PVSA, 46 USC 55103), states that "a vessel may not transport passengers between ports or places in the United States to which the coastwise laws apply, either directly or via a foreign port, unless the vessel is Coastwise Qualified (U.S.-built, owned and documented), or, if exempt from U.S. Coast Guard documentation (state registered or undocumented) still meets the requirements of being U.S. built & U.S. owned."<sup>29</sup>

<sup>26</sup> Bureau of Economic Analysis website ([www.bea.gov](http://www.bea.gov)), accessed 11/3/20, table CAEMP25N. Includes all jobs, including part-timers, proprietors, and contractors.

<sup>27</sup> Northwest MLS Annual Review 2019, page 27

<sup>28</sup> Bureau of Economic Analysis website ([www.bea.gov](http://www.bea.gov)), table CAEMP25N, accessed 11/18/20

<sup>29</sup> Passenger Vessel Services Act, Customs & Border Patrol publication, Sept, 2019, in an email from Michael J. Hebert Jones Act Division of Enforcement, U.S. Customs & Border Patrol, sent 11/17/20.

Under the restrictions of the PVSA, any private, foreign-owned operator would be unable to continue offering a stop at San Juan Island between Anacortes and Sidney, which would eliminate a critical run and negatively impact the local economy. While this run represents only a component of the full range ferry service between the mainland and the islands, it provides much-needed service to a county that is accessible only by water and air.

Given that the ferries are, for the islands, entirely akin to a highway system and funded partly by federal highway monies, it's vital that this federally-recognized marine highway affords the same type of access to area residents as over-the-road highways, including those rules related to accessibility and equitability (e.g., the federal law that over-the-road buses that serve the public be held to the same rates, terms and conditions as public transportation buses.)<sup>30</sup>

#### *Potential for discrimination*

Increasing costs or limiting the ferry through privatization can create a discriminatory situation for specific groups of people including those with reduced incomes, seniors and, potentially, those with special needs (e.g., transportation of service animals).<sup>31</sup>

The expected reduction of route (loss of Friday Harbor stop) and schedule (elimination of a route that's mostly used by visitors) would also create a discriminatory situation for a specific type of traveler (visitors), which represents discrimination of one particular type of industry.

As it is against federal regulations to discriminate against legitimate types of transportation on the state highway system, a private operator could potentially face litigation. As former 40th District Rep. Jeff Morris commented during numerous Committee hearings over his two decades of service, "It is illegal to discriminate against particular types of legal transportation on State or Federal Highways and WSF has always been considered an extension of our State Highway system."

To sum up, eliminating a ferry because it is perceived as a "tourist boat," discriminates against one particular type of economic activity: any decision to eliminate a route that is primarily used by visitors discriminates against that industry sector. The equivalent would be considering elimination of little-used highways in Eastern Washington that serve as farm-to-market

*Under the restrictions of the PVSA, any private, foreign-owned operator would be unable to continue offering a stop at San Juan Island... negatively impacting the local economy.*

*From the public survey –*

*"I am an American studying in Victoria, BC.*

*The Sidney ferry is the fastest and easiest way for me to travel to visit my family in Friday Harbor."*

<sup>30</sup> [https://www.ibtta.org/sites/default/files/documents/2017/CRS%20Interstate%20tolls\\_2017-08-04.pdf](https://www.ibtta.org/sites/default/files/documents/2017/CRS%20Interstate%20tolls_2017-08-04.pdf),

<sup>31</sup> <https://www.federalregister.gov/documents/2010/07/06/2010-15101/transportation-for-individuals-with-disabilities-passenger-vessels>

*The Sidney ferry route could be made one of the most profitable runs with an improved focus on marketing – benefiting the system as a whole.*

routes for just a few farms. As the Sidney ferry is popular with residents from all over the state, losing the ferry would eliminate the method that many Eastern Washington residents use to travel to Canada. As former Representative Norm Johnson (Yakima) commented during a hearing, “the only time his constituents used WSF was as tourists. Eliminating ferry service like Anacortes to Sidney was eliminating the only reason for Eastern Washington Legislators to support ferry service anywhere.”

In addition, many residents depend on this ferry route for visiting family as discussed above, and for business or other activities – in addition to leisure activities, as discussed above. The impact is greater for those Tribes whose traditional Tribal jurisdiction preceded their

statehood and familial relations, which is outlined more fully below.

Finally, It should not be forgotten that the state’s gain in B&O taxes from private operation of this route will constitute a burden on a regional economy encumbered by either the loss of the route, or by externalizations imposed by its operator.

#### *Title VI Considerations*

Title VI of the Civil Rights Act of 1964 protects people from discrimination based on race, color, and national origin in programs and activities receiving federal financial assistance.<sup>32</sup>

This part of the Civil Rights Act ensures that public transportation – including private transportation subsidized by governments – is regulated to make it illegal to discriminate against passengers. For example, over-the-road buses that serve the public must be held to the same rates, terms, and conditions as public transportation buses<sup>33</sup> This includes discrimination against certain attributes (race, age, poverty) or against situations (e.g., transportation of service animals).

While private operators potentially can be exempt from some aspects of this legislation, it is possible that the operator would be required to hold their business to the standards of Title 6 – including equitability of fares that affect seniors and the working poor – if that operator planned to use state-owned facilities (e.g., docks), to receive subsidies or special considerations by legislative bodies, or, conceivably, to replace a public vessel on a marine highway route.<sup>34</sup>

#### *Comparison to other ferry routes*

While some may question the continued existence of a ferry run with less passenger activity than some others in WSF’s system, the Sidney ferry is equivalent to many other runs within the system in terms of farebox recovery – the Bremerton, Fauntleroy/Vashon, Pt Defiance, Coupeville runs have lower farebox

<sup>32</sup> <https://www.transit.dot.gov/title6>

<sup>33</sup> <https://www.transit.dot.gov/regulations-and-guidance/civil-rights-ada/part-37-transportation-services-individuals-disabilities#sec.37.169>

<sup>34</sup> <https://www.transportation.gov/civil-rights/civil-rights-awareness-enforcement/faqs>



recovery. Indeed, the Anacortes-Sidney run is nearly 58% more profitable than the Point Defiance-Talehquah run.

Given that WSF has done little to no marketing of the run, and the forecast that Vancouver Island's population will double in the next 21 years,<sup>35</sup> the Sidney run could easily be made to be one of the most profitable runs with an improved focus on marketing, thus benefiting the system as a whole. Additionally, having a gateway to international travel makes the entire ferry system more attractive to visitors and thus more successful. In the words of Howard Schonberger, head of the Ferry Lovers of Washington (F.L.O.W.), the "international ferry is one of the highlights of this area's charm...the importance of ferries transcends provincial penny pinching"<sup>36</sup>

#### *Economic Losses to Shipbuilding & Marine Repair/Service Industries*

In addition to the loss of passenger spending in the region, the maritime industry that supports Washington State Ferries would lose economically, as a private operator would not be required, nor have any incentive to use Washington state products and labor.

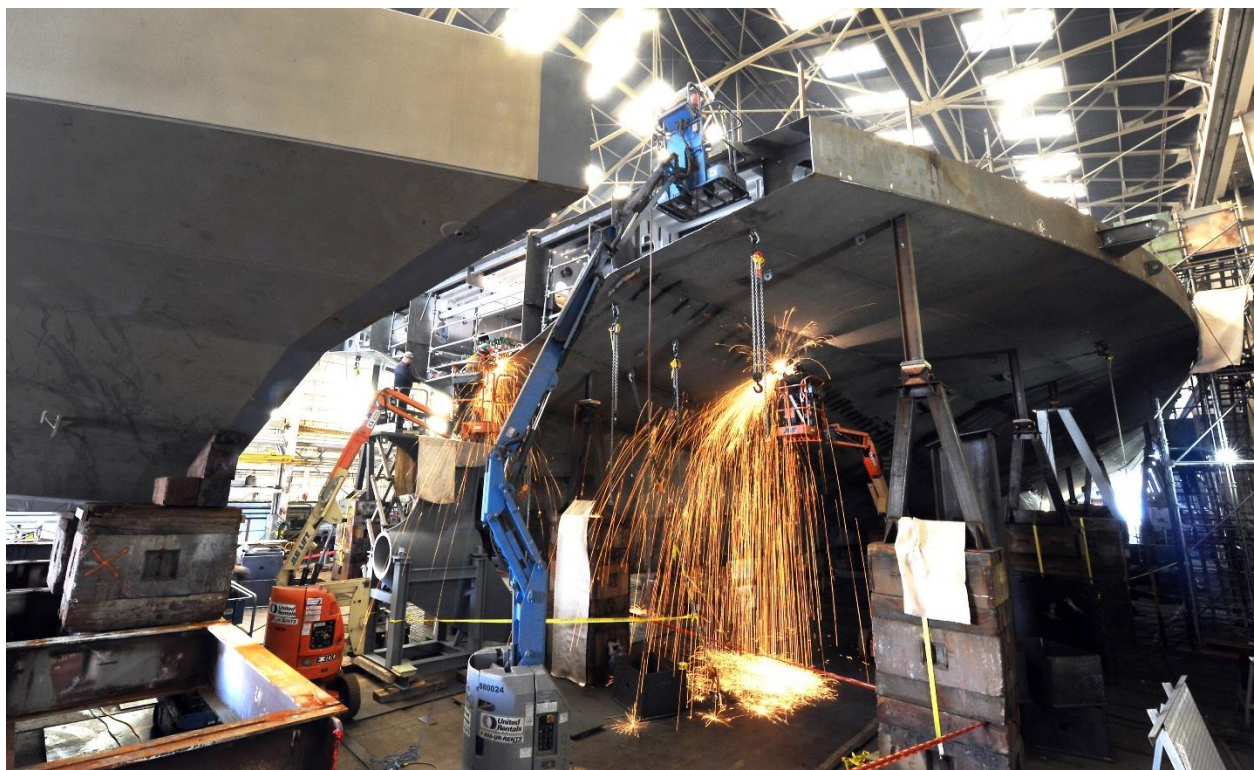


Figure 9, Vigor shipyard workers building a WSF vessel. Photo courtesy of Vigor.

<sup>35</sup> [https://www2.gov.bc.ca/assets/gov/data/statistics/people-population-community/population/people\\_population\\_projections\\_highlights.pdf](https://www2.gov.bc.ca/assets/gov/data/statistics/people-population-community/population/people_population_projections_highlights.pdf)

<sup>36</sup> <https://www.sanjuanjournal.com/opinion/sidney-ferry-is-part-of-san-juans-charm-ferry-home-companion/>

With some exceptions, WSF is required to have ferries built within the state of Washington.<sup>37</sup> Additionally, the Apprenticeship Act of 2006 requires that shipyards building new ferries have state-approved apprenticeship programs, benefiting our new and reskilled workers. WSF, too, trains local workers, in local programs.

These requirements help build Washington state maritime businesses and have contributed to making the Washington state maritime sector one of the most robust in the world.

Additionally, the Jones Act and the PVSA require that American ferry hulls be built in the United States; foreign-flag vessels have no such requirements. Finally, shipbuilding and repair in Washington state are regulated by environmental, labor, health, and safety authorities, the Coast Guard and the Americans with Disabilities Act.<sup>38</sup>

Finally, if federal money is made available to ferry service operations as is has in the past, Washington state would lose that resource for international transportation as well.

To summarize, it seems unreasonable to give a state-sanctioned monopoly to a private operator – potentially a foreign company – competing with local businesses, without the same “build, train and repair local” requirements held to by WSF.

#### Market growth

The graph below from the Hovee study<sup>39</sup> shows comparative ferry ridership trends for the Anacortes-Sidney and domestic Anacortes-San Juan Island routes, through the years 2007-19.

#### Comparative Ferry Ridership Trends (2007-19)

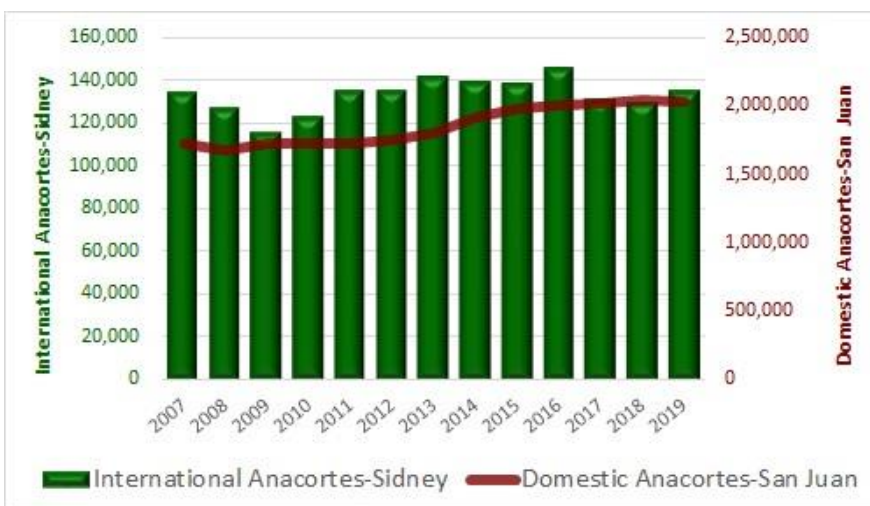


Figure 10, Source: E.D. Hovee, *Anacortes-Sidney Economic Impact Analysis*, from WSF, *Travel Statistics Rider Segment Report(s)*, multiple years. Note that some travelers to or from Sidney may use a domestic Anacortes-San Juan ferry for one or two legs of their travel, using Friday Harbor as a short or long stopover.

As seen in the chart on the next page, ridership dropped for both the domestic and international routes for 1-2 years before recovery from the Great Recession of 2007-09, but then recovered more quickly for the Sidney route than for domestic service. The drop after 2017 shows a decline from a ferry temporarily diverted to a route elsewhere in the system. If service were continued through 2019, growth would very likely have continued to climb.

<sup>37</sup> <https://app.leg.wa.gov/rcw/default.aspx?cite=47.60.814>

<sup>38</sup> [https://www.wsipp.wa.gov/ReportFile/1649/Wsipp\\_Washington-State-Ferry-Vessel-Procurement\\_Report.pdf](https://www.wsipp.wa.gov/ReportFile/1649/Wsipp_Washington-State-Ferry-Vessel-Procurement_Report.pdf)

<sup>39</sup> E.D. Hovee, *Anacortes-Sidney Economic Impact Analysis*, from WSF

While passenger counts across the full WSF system declined over a 5-year period including and extending beyond the Great Recession of 2007-09 – and other routes declined less sharply – the other routes took over twice as long to recover as the Sidney-Anacortes route after the 2007-2009 recession.

### Comparative Ferry Ridership (As Compared to 2007)

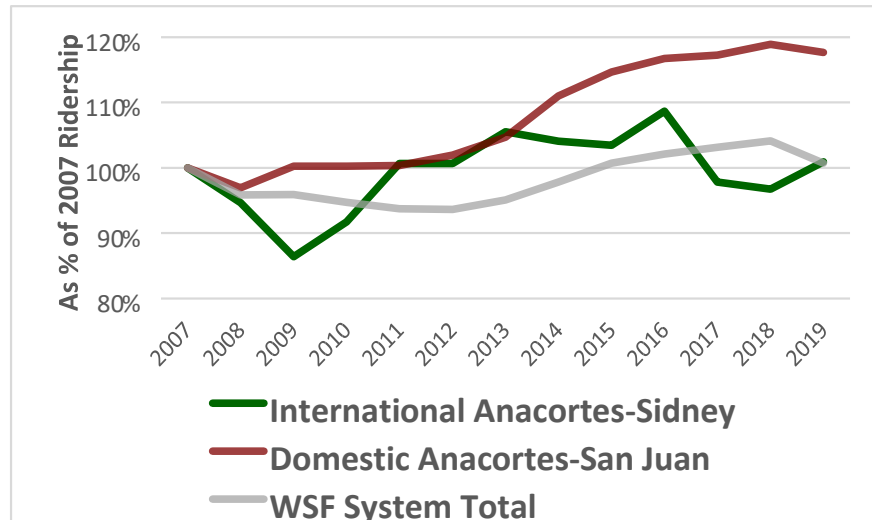


Figure 11, Source: E.D. Hovee, *Anacortes-Sidney Economic Impact Analysis*, from WSF, *Travel Statistics Rider Segment Report(s)*, multiple years.

#### *Potential erosion of the value proposition of ferries*

Private businesses must typically work to do business at the lowest cost possible to increase profits: this can impact safety, reliability and quality of service. While a private operator's cost-cutting decisions can affect its businesses' value proposition to customers, potential loss of reliability and safety could also erode consumer confidence in marine transportation as a whole, which would affect the entire WSF system.

Additionally, expanding the waiver for a private vessel to operate within 10 miles of another Washington State Ferry could erode the ferry system's market share of maritime tourism.

#### *Economic Considerations Regarding Regional Tribes*

For regional Tribes, tourism is a crucially important sector. For the Samish Indian Nation, for example, the only economic development businesses operated by the Tribe is the Fidalgo Bay RV Resort in Anacortes, which relies heavily on visitor travel.

*"The Washington State Ferry system is part of the highway system. Privatizing the Sidney ferry is equivalent to the state closing a road. Giving the road to a private business.*

*Then allowing that business to profit off of what people have come to expect as a public service."*

Comment from public survey

Chairman of the Samish, Thomas Wooten notes that any reduction in ferry service correlates to a reduction in economic activity locally: “Fidalgo Bay Resort had a decline of reservations from 2018 to 2019, correlating with unexpected seasonal ferry shortages in the San Juan Island system, including cancellations of the Anacortes/Sidney sailings on several instances last year.”

*Over \$216M of economic activity in the region derives directly or indirectly from Southern Resident Killer Whale tourism every year.<sup>40</sup>*

#### *Potential Impacts on*

#### *the Regional Whale Watch Economy*

An independent study<sup>40</sup> by Earth Economics estimated that, with over \$216M of economic activity in the region derives directly or indirectly from Southern Resident Killer Whale (SRKW) tourism every year, the industry is a powerful economic driver for the region and generates more than \$12 million in state and local tax revenue annually and supporting over 1,800 jobs.

As the vessel specified by the private operator participating in the JTC’s policy workgroup<sup>41</sup> for the Sidney ferry privatization study is a “High Speed Craft” (HSC) under 200’ (to come in under with the

requirement that vessels under 200’ be piloted by a local pilot), serious consideration needs to be devoted to potential noise and strike implications. While one vessel is expected to be on the route, the speed and noise of the craft require serious consideration in terms of environmental impacts – vessels such as these are among “the fastest passenger vessels in the Western Hemisphere.”<sup>42</sup>



Figure 12, High Speed Craft shown at dock in Tangier. Photo © Neill Rush, <http://www.shipspotting.com/gallery/photo.php?lid=529723>

Similar vessels in the “High Speed Craft” (HSC) category such as the *Tangier Jet* (IMO number 9127758, see fig. 10) are water-jet drives, not conventional low-speed propellers, and they have a different noise signature than WSF vessels. An HSC such as this is typically 16,000 hp, with three times greater propulsion (power) than a typical WSF vessel, running much faster than WSF ferries at speeds up to 33 kts (38 mph) – over twice as fast.<sup>43</sup>

For comparison, the WSF Chelan is 5,000 hp (one third of the power of an HSC) with lower noise – noise generally increases with speed and horsepower. The Chelan

<sup>40</sup> *The Whales in our Waters*, Earth Economics, <https://www.eartheconomics.org/srkw>

<sup>41</sup> Vessel cited by David Gudgel, CEO of Victoria Clipper in a meeting on June 19, 2020.

<sup>42</sup> <https://www.clippervacations.com/vessel-information/>

<sup>43</sup> <https://www.frs.world/frs-fleet/ships/hsc-tarifa-jet>



generally operates at 16 kts (18 mph), slowing to 12-13 kts (14 mph) crossing Haro Strait, and even slower when whales are reported in the area.

Higher speeds typically increase underwater noise, which negatively impacts marine wildlife. As Dr. R. Williams, Sea Mammal Research Unit, Scottish Oceans Institute, noted, “recent studies have shown a broad range of negative effects in a variety of taxa. Underwater noise from shipping is increasingly recognized as a significant and pervasive pollutant.”<sup>44</sup>

Noise can also hamper marine mammal foraging,<sup>45</sup> making it harder for the already struggling SRKW populations to forage for food.

Additionally, higher speeds can increase marine wildlife strikes and create disruptions to marine life such as fish, mammals and birds, including nesting, foraging and spawning activities.

Finally, WSF vessels are far more sustainable, using less fuel, than high-speed crafts used by many private operators around the world, including Förde Reederei Seetouristik (FRS), the German parent company of Clipper Navigation in Seattle.

Surprisingly, legislation has been proposed to *increase* the allowable vessel size to 300 feet,<sup>46</sup> which would enable private operators to run vessels such as the Tarifa Jet (IMO number 9150999, see fig 11) without local pilotage. These vessels can travel at speeds up to *48.3 miles per hour* (42 knots), increasing the chance of wildlife strikes and noise disruption.

WSF has a mandate to be vigilant<sup>47</sup> about the Southern Resident and

*“Underwater noise from shipping is increasingly recognized as a significant and pervasive pollutant.”*

Dr. R. Williams, Sea Mammal Research Unit, Scottish Oceans Institute



Figure 13, Tarifa Jet © This work has been released into the public domain by its author, Isiwal at Wikipedia Commons.

[https://commons.wikimedia.org/wiki/File:Tarifa\\_ferry\\_to\\_Tanger.jpg](https://commons.wikimedia.org/wiki/File:Tarifa_ferry_to_Tanger.jpg)

<sup>44</sup> Impacts of anthropogenic noise on marine life; R. Williams et al, Ocean & Coastal Management 115 (2015) 17e24

<sup>45</sup> *Noise levels received by endangered killer whales Orcinus orca before and after implementation of vessel regulations*, Marla M. Holt et al, <https://doi.org/10.3354/esr00841>, accessed 8/10/20.

<sup>46</sup> <http://lawfilesext.leg.wa.gov/biennium/2019-20/Pdf/Bills/Senate%20Bills/6667.pdf?q=20201117144946>

<sup>47</sup> <https://wsdot.wa.gov/news/2019/10/02/washington-state-ferries-implements-whale-report-alert-system>

other orca whales, with policies to slow or cease vessels' speed when orcas are sighted and to report whales to the Whale Report Alert System (WRAS), granted only to commercial maritime operators such as ferries and tugs.

As noted by Amy Scarton, WSF Director, "because we operate our 22 ferries on Puget Sound...we have an obligation to ensure WSF is doing everything we can to protect our environment, including marine life." <sup>48</sup>



Figure 14, Southern Resident Killer Whale, © Joseph Gaydos, UC Davis

Given that 33% of non-local, boat-based whale watching participants surveyed by Earth Economics<sup>49</sup> said they would no longer choose to visit the Puget Sound Region if Southern Resident Killer Whales (SRKW's) became extinct, the potential for negative impacts from a high-speed craft navigating Puget Sound waters without a local pilot and operating with a profit motive rather than as a public transport system is sobering.

That loss of 33% of whale watching participants would

equate to an annual loss of \$34 million in direct economic activity from whale watching activities, \$2.2 million in state and local tax revenue, and 330 jobs. As noted in the Earth Economics study, "these results are likely an underestimate of Washington's whale watching economy and the economic losses that would occur in the face of SRKW extinction, because our analysis focused explicitly on whale watching occurring in San Juan County, and we know that the industry extends far beyond that border."<sup>50</sup>

The economics of private auto ferry operation of the Anacortes-Sidney route and the economics of the far larger regional Southern Resident Killer Whale (SRKW) whale watch industry (substantially congruent with the five county region treated by the Hovee Study) are categorically different.

Although we expect that the impact of any one boat on the SRKW population is likely to be small, even for a loud and fast boat, that impact should be included in the total economic impact considerations, because the combined direct and indirect economic benefits of the SRKW are so large.

---

<sup>48</sup> *ibid*

<sup>49</sup> *The Whales in our Waters*, Earth Economics, <https://www.eartheconomics.org/srkw>

<sup>50</sup> [https://static1.squarespace.com/static/561dcdc6e4b039470e9afc00/t/5c48a1e442bfc14525263268/1548264128844/SRKW\\_EarthEconomics\\_Jan2019-Digital.pdf](https://static1.squarespace.com/static/561dcdc6e4b039470e9afc00/t/5c48a1e442bfc14525263268/1548264128844/SRKW_EarthEconomics_Jan2019-Digital.pdf)

Finally, the Salish Sea's wildlife is important for regional Tribes. Thomas Wooten, Chairman of the Samish Indian Nation states: "Of utmost concern is ensuring no more disruption to the marine life in our sovereign waters within the Salish Sea. I am voicing concerns that private business solutions would not be subject to vessel slowdown requirements regarding marine life protection that are in place for Washington State Ferries. Additionally, higher speed, louder vessels would also further stress our endangered Southern Resident Orcas and the transient Orca populations."<sup>51</sup>

## POTENTIAL REGIONAL ECONOMIC LOSS

*for whale watching if SRKW's were to go extinct*

- Loss of \$34M in direct economic activity
- Loss over \$11M in labor income
- Loss of \$2.2M in state & local tax revenue
- Loss of 330 jobs

Figure 15, Data from graphic, Potential Economic Loss for Whale Watching if SRKWs were to go extinct, Earth Economics, 2019

The private operation proposal under discussion by the JTC jeopardizes the whale watch economy to reduction or loss by the lack of direct and timely state operational control over auto ferry operation through the Salish Sea – Southern Resident Killer Whale territory. The SRKW whale watch industry relies entirely upon the health and welfare of these endangered whales whose governmentally recognized vulnerability to motor vessel operation is the subject of ongoing state and federal rulemaking.

### TRIBAL CONSIDERATIONS

Ferries are vital transportation assets for Washington and British Columbian Tribes<sup>52</sup>, and the Salish Sea Tribes are close both geographically and socially. The Sidney ferry enables closely-knit Tribal members to visit family and go to Tribal events on Vancouver Island and in Washington state.

**"Without the Anacortes-Sidney ferry connection, our ability as a Tribe to come together for important religious, cultural, social, and family event will be greatly diminished."**

*Thomas Wooten, Chairman of the Samish Indian Nation*

<sup>51</sup> Thomas Wooten, Chairman, Samish Indian Nation, letter to regional legislators, August 26, 2020

<sup>52</sup> *Where the Water Meets the Road*, DeSimone & Sullivan, <https://www.fhwa.dot.gov/publications/publicroads/14marapr/03.cfm>, accessed 11/10/20

In the words of Thomas Wooten, Chairman of the Samish Indian Nation<sup>53</sup>:

“The Samish Indian Nation has many tribal members on both sides of the border. Our enrolled members who are residents of Vancouver Island include the few remaining fluent speakers of our traditional Samish language.

“The Samish Indian Nation members who are residents of Vancouver Island include the few remaining fluent speakers of our traditional Samish language.”

*Thomas Wooten, Chairman of the Samish Indian Nation*

“Also, our dugout canoes travel [for] a month in the San Juan Islands to and from Vancouver Island each summer on the Inter-Tribal Canoe Journeys...our support crews need ferry access to avoid costly, time consuming detours via either Port Angeles or the lower mainland of BC.

“Likewise, our sacred Winter Ceremonies require frequent travel back and forth to spiritual events on the mainland and on Vancouver Island.

“Without the Anacortes-Sidney ferry connection, our ability as a Tribe to come together for important religious, cultural, social and family event will be greatly diminished for the members who live here and on Vancouver Island.

“The Samish Indian Nation has many citizens on both sides of the United States /Canada border, and a large majority of our Canadian citizens reside on Vancouver Island. Access

between our scattered citizenry is important for cultural, spiritual, social, and family events throughout the year, so reliable ferry transportation between Anacortes & Sidney matters to Samish.”

An in-depth study of Tribal treaty rights for all Tribes in the surrounding region must be made – including fishing rights – before the consideration of privatizing any ferry route in Washington state.

With the Boldt decision of 1974, Tribal fishing rights were reaffirmed by the U.S. Supreme Court. These rights establish Tribes as managers of natural marine resources in Washington state.

Recent federal court rulings, show “that that Tribal participation is today necessary in nearly all aspects of natural resource management in the region...for the benefit of our own people but for all of the people of the Pacific Northwest.”<sup>54</sup>

Regional Indian Nations must be included in the deliberation of any increased negative impacts on salmon, the Southern Resident Killer Whales or other marine wildlife and environments.

Chairman Wooten notes that: “any decision by Washington legislature to reduce or eliminate the Anacortes/Sidney ferry run threatens our livelihood, and an alternative choice to privatize the sailings threatens the Salish Sea, and our sacred relationships with the Southern Resident Orcas.”<sup>55</sup>

---

<sup>53</sup> Thomas Wooten, Chairman of the Samish Indian Nation, letter to regional legislators dated January 21, 2009.

<sup>54</sup> <https://nwtreatytribes.org/about-us/>

<sup>55</sup> *Ibid*



## SAFETY CONSIDERATIONS

Captain Dan Twohig, regional representative of Masters, Mates & Pilots notes that while private operators may have fewer requirements for specialized training, WSF crews are trained in "Active Shooter" scenarios, including working with the USCG, the State Patrol and local law enforcement. A private operator would have no fiscal incentive to allow USCG vessels to practice armed boardings of ferries moving at full speed.

WSF also allows the State Patrol to conduct helicopter "fast rope" drops of the SWAT teams who then conduct a mock assault on the ship. Explosive Ordnance Disposal (EOD) teams also conduct training on WSF vessels to use dogs and robots to sniff out bombs. Some of this training (e.g., armed boardings on moving vessels and fast rope assaults), is inherently dangerous and very unlikely to be sponsored by a private operator. However, this type of training is critically necessary for crews operating in the post 9/11 world of increased terrorist threat.

While foreign vessels also operate under the Standards of Training, Certification and Watchkeeping (STCW) which is found in International Maritime Organization (IMO) regulations for vessels sailing to foreign ports, there is currently a memo of understanding between the USCG and Transport Canada that waives some of these requirements on vessels in frequent commerce between Puget Sound and British Columbia.

This STCW exemption was originally designed for tugboats moving cargo back and forth but has been interpreted since to include ferries, as the STCW is designed for ships that sail across oceans to foreign ports. Thus, the WSF Sidney run is currently exempt from meeting some STCW standards on that run mostly involving sea time requirements that are difficult to obtain on inland vessels.



Figure 16, Pacific Maritime Institute training, photo © Sharon Kivisto, San Juan Islander, <https://sanjuanislander.com/news-articles/ferries/20792/wsf-training>

Currently, while USCG now requires full lifeboats on every WSF vessel, WSF also continues to hold themselves to a higher standard of training that is required of the Subchapter W Alternative Compliance Plan, which includes coordinated drills between ships and additional training both on and off the ships.

As part of this Subchapter W program, WSF deck officers are all certified as Vessel Security Officers under the STCW and trained in anti-terrorism (anti-piracy) procedures. This training is then passed down to the crews through the weekly onboard training conducted by the deck officers on each

watch. By adhering to this stringent training program, WSF crews are some of the best-trained inland ferry crews in the world.

Additionally, WSF operates under a Safety Management System (SMS) that is the gold standard for ferry operations around the globe. These SMS protocols contain policies and procedures for almost every aspect of operations, especially emergency operations. WSF has an Emergency Operation Center manned by MM&P members, that coordinates operations across the entire fleet 24 hours per day.

As Captain Twohig notes, “these MM&P Watch Center Supervisors are the best around, are the heart of the operation, and coordinate across multiple agencies, all manner of emergency response.”

When the Staten Island Ferry (New York) crashed into a dock in 2003, killing 11 passengers, and

*Particularly troubling is the fact that foreign-flagged vessels are not subject to the same stringent regulations that US flagged vessels are, and would most likely not have the advanced training requirements like WSF currently has.*

seriously injuring or permanently maiming 70 others, they did not have an SMS system in place. The National Transportation Safety Board (NTSB) made a strong recommendation in their report to put into place this type of system. Ultimately, the New York Transit Authority brought in consultants from WSF to assist them in setting up a similar system.

While a private operator would be required to have full life-rafting per the international (SOLAS) regulations, a private operator would likely not be required to meet some STCW regulations as they pertain to a Puget Sound/BC operation, based on the USCG/Transport Canada exemption letter.

Particularly troubling would be if a foreign-flagged vessel took over the run, as they are not subject to the same stringent level of vessel inspection regulations that US flagged vessels are, and would most likely not be required to have an advanced training program (such as the WSF Subchapter-W plan) pressed upon them by the USCG due to jurisdictional (flag-state) issues.

## **SOCIAL, CULTURAL & POLICY IMPACTS**

### *Fare increases, scheduling issues, equitability*

Those with more means move to air travel when ferries are discontinued, and would be little affected by any ferry shutdown. Those with fewer means – working poor, seniors and students – use the Sidney ferry as a means to travel to a major metropolitan cultural area in very little time. An equivalent trip would be to Seattle or Bellingham, which is a long haul on ferries and buses, and far more costly on arrival.

Fare increases are expected – indeed, have been outlaid by the primary interested foreign-owned operator – while now we have a guaranteed level of cost, subject to legislative review. This would eliminate affordability and impact those least able to afford it. As costs of living, real estate and building

in San Juan County and Anacortes are some of the highest in Washington state, affordable transportation options are vitally necessary, particularly for the working poor and seniors.<sup>56</sup>

WSF's fare affordability enables working poor, seniors, and students to travel, allowing them to attend schools and events on Vancouver Island. Indeed, students from San Juan County and around the region attend schools and colleges in Victoria and use the ferry to travel to sporting, academic, and other events.

Locals who travel to Vancouver Island for healthcare visits may experience a decline in quality of health due to limited access. With no access to lower-cost medical providers on Vancouver Island, residents – particularly seniors – could be forced to use much higher-cost medical care on the mainland or to fly to access the health care they need. They may choose to postpone care, or simply decide they cannot afford the travel costs.

*Fare increases are expected – indeed, have been outlined in a JTC workgroup – and will impact our most vulnerable populations including seniors, students and the working poor.*

Historically, private operators have little incentive to offer transportation services in lower-travel seasons. Although WSF has done just this, dropping the Sidney runs during winter, and cutting them to support other runs, a private operator could cut the run entirely without local review if an economic downturn made it unprofitable for a few years.

This would sever an important connection and has happened with private operators in Puget Sound before, as has happened on the Seattle-Friday Harbor-Victoria run. Private operators have also canceled schedule ferry runs to accept more lucrative contracts.

#### *Cultural considerations*

Showing the warm relationship between their cities, Anacortes and Sidney residents call themselves “Ferry Friends”<sup>57</sup> and call their municipalities Sister Cities.

With such a deep connection, it is no surprise that many travelers enjoy spending time in their sister cities, attending conferences and festivals on San Juan Island, in Skagit County and the surrounding region, and on Vancouver Island. Loss or diminution of the route would mean that regional residents would lose out on unique, cross-border opportunities to interact and do business together.

*“The Sidney ferry is the best way for me to visit my family while I’m studying.*

*A new private ferry with potentially more expensive tickets will make it harder for me to visit them.”*

*Student from survey*

The Sidney ferry is an historic and iconic run – one of the first ferries brought into the state’s system – and represents a maritime “Peace Arch” between US and Canada.

<sup>56</sup> Council for Community & Economic Research, COLI study, county-level index, 2018.

<sup>57</sup> [https://www.goskagit.com/anacortes/news/return-to-sidney-ferry-between-friends-celebrates-reopening-of-anacortes-sidney-route/article\\_a226e726-5593-11e9-ad6e-53c50967ce51.html](https://www.goskagit.com/anacortes/news/return-to-sidney-ferry-between-friends-celebrates-reopening-of-anacortes-sidney-route/article_a226e726-5593-11e9-ad6e-53c50967ce51.html)



Figure 17, American & Canadian business leaders celebrate the start of the ferry run with a town crier, © Stephanie Hamilton, Anacortes Chamber of Commerce

### *Considerations for Sidney, BC*

The businesses in the small town of Sidney, BC – sister city to Anacortes – rely heavily on ferry transport from the United States.

**“The sustainability of the ferry route is an enormous concern to both of our communities from a tourism and economic standpoint.”**

*Sidney Mayor  
Cliff McNeil-Smith*

Sidney mayor Cliff McNeil-Smith noted that ferry-based visitation is “really important to the vibrancy of the local area. And the region quite frankly. It’s an international port of entry so the benefit to tourism is quite significant.”<sup>58</sup>

McNeil-Smith stresses that, while the ferry is sometimes considered for elimination or change, that it’s a crucial route for their region: “There are families, friends, tourism connections. It’s been multi-generational, and it’s really important to our community.”<sup>59</sup>

McNeil-Smith warns that the economic consequences for both sides of the Salish Sea could be severe, saying that

“The sustainability of the ferry route is an enormous concern to both of our communities from a tourism and economic standpoint.”<sup>60</sup>

<sup>58</sup> <https://www.cheknews.ca/cut-in-sidney-and-anacortes-ferry-service-could-have-economic-consequences-648582/>

<sup>59</sup> *Ibid*

<sup>60</sup> <https://www.vicnews.com/news/sidney-concerned-proposed-funding-cuts-to-sidney-anacortes-ferry-could-hit-tourism/>



## SUMMARY

While it perhaps easy to contemplate privatization or elimination of the Anacortes-Sidney ferry route, particularly during the current downturn, many issues arise in just a preliminary overview.

Clearly more consideration must be made before an out-of-hand decision regarding privatization or elimination is made, as the existing data show plainly that the Anacortes-Sidney route provides critical rural transportation for the region, acts as an economic engine in the region and the state as a whole, and helps to maintain robust social internetworking in the region, in BC, and beyond.



*Figure 18, Anacortes-Sidney ferry Rosario, © Brady, courtesy Anacortes Historical Museum*

## AUTHORS

Victoria Compton and the board and staff of the San Juan County Economic Development Council, [www.sanjuansedc.org](http://www.sanjuansedc.org). ©2020

*We acknowledge and thank the following for their assistance with this chapter –*

Rick Hughes, Council member, San Juan County

Jamie Stephens, Council member, San Juan County

Hon. Jeff Morris, past 40<sup>th</sup> District Representative

Mayor Farhad Ghatan, Council member, Town of Friday Harbor

Duncan Wilson, Town Administrator, Town of Friday Harbor

Mayor Laurie Gere, City of Anacortes

Thomas Wooten, Chairman, Samish Indian Nation

Deborah Hopkins, Executive Director, San Juan Islands Visitors' Bureau

Stephanie Hamilton, past Director, Anacortes Chamber of Commerce

Dan Worra, Director, Port of Anacortes

Captain Eric Von Brandenfels, President, Puget Sound Pilots

Terri Mast, Treasurer, Inland Boatmen's Union, national office

Captain Dan Twohig, Regional Representative, Masters Mates & Pilots

Dennis Duff, President, FASPAA

Dr. Joseph Gaydos (UC Davis, Director/SeaDoc Society)

Richard Berkowitz, Vice-President, Pacific Coast Operations, Transportation Institute

Captain Travis McGrath, Puget Sound Pilots

Mark Lioni, CEO, Cap Sante Inn

Jill Mackie, Vigor Industrial

Jim Corenman, Chair, WSF Ferry Advisory Committee Chair

Michael Hebert, Jones Act Division of Enforcement, US Customs & Border Protection

Percy Frisby, Director, Friends of the Alaska Marine Highway System