

Whatcom County Council Water Works  
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# Ferry System: Capital Planning

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Whatcom County Public Works

# Agenda: Ferry System

- Project History
- Review current capital project alternatives
- Update on current project status
- Review project factors
- Jones Act video recording (9 minutes)
- Options and Next Steps
- Public Works Commitments



# Project History

**2007** – New 35 car ferry project deferred

Estimated cost \$16M

CRAB award for \$8M declined

Lummi Island terminal work deferred pending vessel replacement

## Inaction

**2018** – County Council adopts LOS Recommendation

**2021** – Financial plan adopted, and work began on grant applications

**2024** – Project budget cost estimate \$89M

Cost Escalation Rates	2018	2019	2020	2021	2022	2023	2024
Vessels (BLS PPI Shipbuilding)	2.37%	2.03%	0.90%	10.23%	21.19%	13.34%	4.76%
Terminals (Seattle Area CPI)	3.15%	2.50%	1.64%	5.00%	8.95%	5.68%	3.32%



# Ferry System- Capital Project Alternatives

## A. Single Phase with Electrification

- » \$86M project value

## B. Deferred Electrification

- » \$92M project value

## C. In-Kind Replacement

- » \$43M project value



# Current Project Status

- Since award in 2022, the county has spend \$1.12M on the *Lummi Island Ferry Replacement and System Modernization Project*
- Efforts Include: design, analysis, technical reports & studies for the 34-car electric vessel, in water structures, docks and terminal upgrades
- To sign RAISE grant agreement actions needed:
  1. Finalize design (60%)
  2. Start NEPA process (Step 2 level analysis required) 1 year long process
  3. Develop funding plan (Due July 2025)



# Project Factors for Consideration

1. RAISE grant triggers federal regulations
2. Electrification Infrastructure Issue
3. Gooseberry terminal location
4. Jones Act Compliance



# 1. Federal Requirements

- **RAISE is administered by USDOT**, it was adopted in US code(Federal law): 2022 awarded the county \$25M for the Lummi Island Ferry Replacement and System Modernization Project
- **USDOT expects** all RAISE funding be obligated by September 30, 2026 and funds to be completely expended by September 30, 2031.
- **Accepting federal funds requires NEPA process:**
  - Proposed project triggered the Step 2 level analysis:
    - Requires an Environmental Assessment AND a Finding of No Significant Impact ([EA/FONSI](#))
  - No FONSI→ A Step 3 level analysis is triggered- Environmental Impact Statement (EIS)
  - NEPA process typically takes one year minimum, planned start date no later than January 2025 in order to meet 9/2026



## 2. Electrification Issues

- Lack of existing PSE infrastructure- project requires shore power (substation) and marine cable connections (~8M)
- PSE is a private, for-profit company, typically does not absorb new infrastructure costs
- No indication PSE will install needed power connections, burden is on developer
- PSE will not provide assurances for future capital investments





# 3. Gooseberry Point Terminal

- GP Terminal is located within the Lummi Nation, not on county-owned land
- Ferry route and current dock locations impact usual and accustomed fishing grounds
- Relocation of docks is required to renew lease
- Lummi Nation controls the land and sets the lease price and terms
- GP Terminal lease expires in 2046



# 4. Merchant Marine Act of 1920 aka the Jones Act

- Requires new vessels to be built in the US
- Requires used vessels to be purchased in the US
- Video highlight the impacts of the Jones Act on the Washington State Ferry System

<https://www.cato.org/blog/jones-act-exacerbates-us-ferry-system-struggles>

## Jones Act Exacerbates US Ferry System Struggles

Protectionist maritime laws are impeding the ability of U.S. ferry systems to obtain the vessels and mariners they need to operate.

[www.cato.org](https://www.cato.org)



# What are our options?

- Continue on current plan
- Pivot to a new project alternative
- Lobby the state legislature for significant funding



# Next Steps

- **By October 31<sup>st</sup> → Executive's Recommendation** on best course of action including scope, schedule, budget, funding, and revenue.



# Public Works Department's Commitments

- Help solve a 20 year problem
- Complete necessary dock repairs on Lummi Island side regardless (~12M)
- Provide leadership until the project is executed to remedy past inactions
- Prioritize the Ferry system - Public Works relies on it to transport crews and equipment in order to service Lummi Island road system
- Consider a dedicated Ferry district fund to ensure a sustainable system, affording both capital and operating costs
- Recognize that a bridge could be a long term solution (100 year lifespan) but we're still reliant on a new vessel in the shorter term



# Discussion

Comments? Questions?

