

Cedar River Group Reports – Tracking Spreadsheet

CRG Report Title	Date of Final	Summary Recommendations	Page Number	Concurrences	Dept(s) Responsible	Status of WSDOT Ferries Division Implementation
<p>#1. WSJTC Alignment of Benchmarks and Goals for WSDOT <i>Lund Consulting, Inc and Cedar River Group</i></p>	Dec 29, 2006	<p>Explanation of creating standards of measurement to review each year</p> <ol style="list-style-type: none"> 1. Develop a performance measurement system for external audiences. 2. Develop a coherent and simple to understand reporting system. 3. Develop measures for system performance. 4. Develop measures for quality of projects delivered. 5. Align the budgeting process to the benchmarks so that the Legislature is consciously “buying” given levels of accomplishment, with a predicted future component to assist in long-term policy and capital project development, and a cost effectiveness component. 	N/A	N/A	All	In process of assessing all recommended performance measures as they are being identified.
<p>#2. WSF Financing Study 11 - Auto-Passenger Vessel Preservation and Replacement <i>Cedar River Group, LLC and John Boylston</i></p>	Jan 10, 2008	<ol style="list-style-type: none"> 1. For the Steel Electrics and the <i>Rhododendron</i> <ol style="list-style-type: none"> a. Replace the active vessels expeditiously (including the Evergreen State) b. Expedite Steel Electric & <i>Rhododendron</i> replacement procurement process. 	30-31	<ol style="list-style-type: none"> 1. a. Concur 1. b. Concur 	Vessel Maintenance, Preservation and Engineering (VMPE)	<ol style="list-style-type: none"> 1. a. & b. WSF is currently in process of replacing the 4 Steel Electrics, the Evergreen State and the <i>Rhododendron</i> with 2 modified Island Home class ferries and up to three 144-car vessels. The Evergreen State was out of service when CRG reviewed but is an active vessel needing replacement.
		<ol style="list-style-type: none"> 2. Consider rebuild of the <i>Hyak</i>. 	31	<ol style="list-style-type: none"> 2. Concur 	VMPE	A full cost benefit analysis for renovation of the <i>Hyak</i> has been completed. The analysis has been sent to WSDOT Budget Office for review prior to sending it to OFM.
		<ol style="list-style-type: none"> 3. Reduce drydock and other planned out of service times. <ol style="list-style-type: none"> a. Review shipyard contracts b. Research how to conduct preservation work while vessels are underway. 	32	<ol style="list-style-type: none"> 3. a. Concur 3. b. Concur 	VMPE	<ol style="list-style-type: none"> 3. a. WSF is limited to Todd Shipyard for its 5 largest vessels. We have recently visited all Puget Sound shipyards available to WSF to pursue the possibility of procuring drydock priority.

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						<p>3. b. Research found that there are constraints to performing certain types of work while a vessel is underway. Very little preservation work can be completed while underway due to USCG requirements, operational needs, and customer and service disruptions. Also, it is cost prohibitive due to the nature of the union contracts. In addition, Todd Business Development Director, RADM Lockwood (USCG retired) reports Puget Sound Naval Shipyard (PSNS) is booked solid with aircraft carrier and submarine work with no excess capacity. Todd Shipyards has approached the Navy about the potential for a public/private venture on multiple occasions. The Navy has not engaged in same discussions. Furthermore, naval facilities, especially for ones with high value targets such as carriers and submarines present, remain under heightened security protocols which virtually eliminates the potential for a cost effective public/private venture at PSNS.</p>
		<p>4. Maintenance and preservation: a. Institute a bilge and void maintenance program. b. Institute a visual inspection/audio gauging steel preservation program for older vessels. c. Institute an integrated coating program. d. Consider standardized cabin maintenance materials. e. Provide preservation funding for inactive vessels or retire them out of the fleet</p>	32-36	<p>4. a. Concur 4. b. Concur 4. c. Concur 4. d. Concur 4. e. Concur</p>	VMPE	<p>4. a. & b. USCG has approved a comprehensive hull inspection, maintenance and repair program submitted by WSF. The inspection elements of the program commenced in Oct 2008 4. c. This is in the early stages of development. 4. d. Implemented 4. e. WSF retired the Steel Electric vessels and other vessels have preservation funding.</p>
		<p>5. Develop a consistent and legislatively reviewed vessel rebuild/replacement plan.</p>	42-43	5. Concur	Planning	<p>This is ongoing through the WSF Planning Dept and the JTC.</p>
		<p>6. Provide the legislature with a vessel deployment plan</p>	44	6. Concur	Planning	<p>This is ongoing through the WSF Planning Dept</p>

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		demonstrating maximum utilization of existing vessels.				and the JTC.
		7. Relate increases in vessel capacity to ridership forecast, level of service standard, operational changes, and terminal design	44	7. Concur	Planning	This is ongoing through the WSF Planning Dept and the JTC.
		8. Consider alternatives to new vessel construction to increase capacity.	44-45	8. Concur see detailed response	Planning	This is ongoing through the WSF Planning Dept and the JTC.
		9. Prioritize and commit vessel replacement funding.	45	9. Concur	Planning	This must be done through legislative processes.
		10. Use route-based planning.	46	10. Concur	Planning	This is ongoing through the WSF Planning Dept.
		11. Gauge community reaction to vessel capacity changes.	46	11. Concur	Planning	This will be done if long term changes are made to current service schedule.
		12. Present route-based capital budgets.	46	12. Concur	Budget	As of the OFM budget instructions received May 2008, efforts are underway for July 1, 2009 implementation
		13. Implement ESHB 2358: a. Use revised definition of capital b. Use revised definitions of improvement and preservation c. Allocate systemwide and administrative capital costs to vessel projects. d. LCCM and asset management program.	65-67	13. a. Concur 13. b. Concur 13. c. Concur 13. d. Concur	Budget	13. a. Implemented as of 09-11 budget submittal 13. b. Implemented as of 09-11 budget submittal 13. c. As of the OFM budget instructions received May 2008, efforts are underway for July 1, 2009 implementation 13. d. We are assessing application and have submitted a 09/11 Decision Package for implementation.
		14. Vessel preservation funding: a. Improve preservation program management. b. Tie vessel preservation funding to vessel replacement program c. Prioritize vessel preservation over vessel improvement funding. d. Consider increasing preservation funding. e. Do not reduce preservation funding to pay for new vessels.	67-69	14. a. Concur 14. b. Concur 14. c. Concur 14. d. Concur 14. e. Concur	VMPE, Budget	14. a. Implemented organization realignment July 2008 to improve preservation program management. 14. b. We will continue to fund vital systems. 14. c. 09/11 budget submittal 14. d. 09/11 budget submittal 14. e. This currently is in practice.
		15. The vessel emergency repair budget should not be used for	69	Concur	VMPE, Budget	Currently in practice.

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		planned maintenance and inspections of inactive vessels.				
		16. Increase vessel replacement funding.	69	Concur	VMPE, Budget	09/11 budget request
		17. Prioritize vessel funding over terminal improvement.	69-70	Concur	VMPE, Terminal Engineering (TE), Budget	Several large multi-modal terminal improvements have been eliminated (Seattle, Bainbridge, Port Townsend, Keystone) to focus on preservation and targeted improvements.
		18. Consider internal realignment to increase maintenance and preservation division management	80	Concur	VMPE	Implemented organization realignment prior to July 2008
		19. Reduce planned out of service credit dry-docking time.	80	Concur	VMPE	This is being done currently to the extent possible. Current research is being conducted with VMPE and JTC consultant. Status available in forthcoming CRG report.
		20. Consider implementation of State Auditor's recommendations on Eagle Harbor double shifts.	80-81	Concur	VMPE, Budget	This is under review with an expected November completion of the analysis. Report to DOT internal audit department.
		21. Review 2007-09 biennium repair budget.	81	Concur	Budget	This is currently in process. There are severe resource constraints that preclude any significant increases in maintenance funding. We have prioritized both capital and operating maintenance to address projects that need to be done in the near-term based on both risk and consequence of failure.
#3. Capital Program Staffing and Administrative Cost	April 10, 2008	1. SHORT-TERM - Current capital position vacancies should not be filled until the Draft Long-Range Plan is complete and decisions on staffing can be informed by the Plan.	20-22	N/A	Asst. Secretary	Suggest instead the report reference staffing proviso in the 2008 transportation budget bill (ESHB 2878), requiring WSF to maintain capital staffing levels at or below the level of staffing as of January 2008.
<i>Cedar River Group, LLC LL Collier, LLC John Boylston</i>		2. MEDIUM-TERM – Future vacancies in the capital staff positions should not be filled until the completion of the Long-Range Plan, unless absolutely critical to project delivery.	22-24	N/A	Asst. Secretary	Current hiring freeze prohibits hiring. Suggest instead the report reference staffing proviso in the 2008 transportation budget bill (ESHB 2878).
		3. SHORT-TERM - Ferries should distinguish administrative	24	Concur	Budget	As of the OFM FY2009/11 Budget Instructions

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		work order charges from direct staff charges to projects in order to facilitate legislative and management understanding of project costs.				received May 2008, efforts are underway for July 1, 2009 implementation
		4. SHORT-TERM - Ferries should review staff authorized to charge to the administrative work order and fully implement the established procedures for authorizing such charges.	24	Concur	Budget	As of the OFM FY2009/11 Budget Instructions received May 2008, efforts are underway for July 1, 2009 implementation.
		5. MEDIUM-TERM - Terminal Engineering should review its structure and anticipated ongoing charges to the administrative work order.	24-26	Concur	TE	As of the OFM FY2009/11 Budget Instructions received May 2008, efforts are underway for July 1, 2009 implementation. TE has reduced the number of staff projected to charge to administrative work order in 09-11; increased control of AD charges has already occurred in 07-09.
		6. MEDIUM-TERM - Ferries should review staffing in its engineering divisions to ensure core competency in, and a focus on, terminal and vessel preservation, with staffing sufficient to implement the preservation program proposed in the upcoming Long-Range Plan.	26	Concur	TE, VMPE	This is currently in process. TE has been and will continue to evaluate core competencies for baseline preservation work; staffing levels will be determined based on the outcome of the LRP and Legislative Session. This is currently the process for the Vessel Maintenance and Preservation organization. The department has been reorganized and key management positions have the core competencies necessary for success in preserving the existing fleet as well as building new vessels.
		7. MEDIUM-TERM - Ferries should clearly distinguish responsibility for terminal improvement projects and for vessel construction and systemwide vessel improvement projects from its preservation responsibility in order to ensure a focus on preservation.	27-28	Concur	TE, VMPE	As of the OFM FY2009/11 Budget Instructions received May 2008, efforts are underway for July 1, 2009 implementation To increase visibility, TE and VMPE have separated improvement PINs from preservation PINs.
		8. SHORT-TERM – Ferries should evaluate operating budget staff charges to the terminal operations construction support project to determine whether they are appropriate capital	30	Concur	Budget	A detailed review for the 05/07 biennium was completed and these charges were appropriate. The review continues during the 07/09 biennium..

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		program expenses.				
		9. SHORT-TERM - Ferries should review and determine whether charges to the capital program from information agents, vessel crews, and terminal staff are appropriate capital charges, and whether these charges should be separately identified in project budgets.	30	Concur	Budget	A detailed review for the 05/07 biennium was completed and these charges were appropriate. The review continues during the 07/09 biennium.
		10. LONG-TERM - Ferries should develop and implement a policy on charges by information desk, terminal, vessel deck, and vessel engineering crew to the capital program.	31	Concur	Budget	A detailed review for the 05/07 biennium was completed and these charges were appropriate. These departments ended their charges to Operations Construction and Support at the end of 05/07.
		11. SHORT-TERM - Terminal Engineering should continue to review and where appropriate, reduce expenditures on-site consultants.	32	Concur	TE	On-site consultant costs have been reduced by \$22.3M (\$30.7M 05-07 to an estimated \$8.4M for 07-09).
		12. SHORT-TERM - Ferries should review its use of long-term on-site consultants	32	Concur	ALL	Ferries reviewed positions and eliminated positions where possible. Current hiring freeze prohibits transfer of positions.
		13. MEDIUM-TERM – The use of on-site consultants should be based on Ferries’ decisions on the delivery method, form, and scheduling of, preservation and terminal improvement/new vessel construction, and vessel systemwide improvement projects.	32-33	Concur	TE, VMPE	This is currently in process. On-site consultant staffing levels will be determined based on the outcome of the LRP and Legislative Session.
		14. LONG-TERM – WSDOT should review the cost-benefits of continued use of the Primavera scheduling system for Ferries.	37	Concur	WSDOT HQ	WSDOT’s recommendation is to continue with the implementation of PMRS, including Primavera, for all capital programs including the Ferry Capital program. For justification see Primavera Discussion Paper for 2009 budget submittal.
		15. LONG-TERM – Ferries should separately identify the capital administration services and charges for review by the	38	Concur	Budget	Budget submitted for 09/11

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		legislature.				
		16. SHORT-TERM – Ferries should develop and present to the legislature and organization chart that shows only funded positions and denotes which legislatively adopted budget the chart represents.	39	Concur	Asst. Secretary	The August 2007 org chart submitted to legislature was updated August 2008 reflecting funded positions for submission to OFM with the 09/11 Budget.
		17. LONG-TERM – Ferries should develop baseline information and performance measures for the percentage of the capital program and individual capital project budgets that should be devoted to capital staffing and administrative expenses.	40	Concur	Budget	For the 2009-2011 biennium, the Department developed a zero-based budget for capital project administrative support. The budget proposal provides detailed information in three decision packages for vessel project support, terminal project support, and general administrative support sufficient to manage the proposed capital projects. In 2009-2011, proposed capital staffing and administrative expenses are about five percent of the total capital budget. A reasonable support percentage for each project varies depending on size, scope, cost, complexity, public involvement, and other factors. Because of this, we don't believe a set percentage should be adopted as the standard. We intend to look at support costs as a percentage of each project or group of projects on a case by case basis. If support for the program as a whole exceeds 10%, we will undertake a more detailed review of those costs. The performance measure is whether the project is delivered with no overruns on the support budget allocation.

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#4. Management and Support Operating Costs <i>Cedar River Group, LLC</i>	July 8, 2008	1. OFM and Ferries should review the marine insurance program to determine whether it is cost-effective versus being self-insured, including the Ferries terminal property, hull and machinery, war risk, and liability coverages.	20	Concur	WSDOT, OFM, Ferries Contracts and Legal	WSF reviewed this information with WSDOT HQ during summer 2008. WSDOT HQ made the decision to proceed with the existing marine insurance program. This Fall, the Department will be working with OFM and Willis of Seattle, the Department's insurance broker, to review the marine insurance program.
		2. If OFM and Ferries conclude that it is cost effective to continue to retain commercial insurance, the coverages and deductibles should be reviewed. Consideration should be given to increasing the deductible to the \$10 million level provided in the State's general and auto insurance program.	20	Concur	WSDOT, OFM, Ferries Contracts and Legal	See above. Certain existing agreements may require insurance coverage with lower deductibles than recommended herein.
		3. Ferries should ensure that it has a full understanding of the coverages provided if it continues to procure commercial insurance. Ferries should also ensure that as it implements the administrative cost allocation requirements of ESHB 2358 consideration is given to the insurer's requirements to distinguish direct labor from administrative overhead costs that are allocated to capital projects. This will facilitate Ferries' claims management.	21	Concur	WSDOT, OFM, Ferries Contracts and Legal	This is currently being implemented.
		4. Ferries, WSDOT, and OFM should review Ferries' temporary employment expenditures and determine which, if any, of the temporary positions should be created as permanent positions, with attention to those used to meet new workload requirements.	23	Concur	Human Resources	We will actively look for opportunities to implement recommendation once hiring freeze is over.
		5. Ferries should consider accepting only Visa and Mastercard, which have lower merchant discount fees.	25	Do Not Concur	Administration and Finance	An analysis performed by WSDOT Accounting of data from 2007 shows there is no (average) difference between cards, so there is no justification to discontinue Discover or American Express.
		6. Ferries should review its use of long-term on-site	26	Concur	ALL	The only operating program long-term on-site

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		consultants.				consultant is in process of being converted to a permanent position to continue to managing and liaison functions with Operations the non-farebox revenue vendors that have increased from one vendor to over 20 vendors.
		7. The legislature and WSDOT should develop a consistent policy on expenses to be charged from the Motor Vehicle Account to the Puget Sound Ferry Operations Account. The policy should specifically address whether administrative indirect charges, such as WSDOT Executive Management, are to be charged to the Ferry Operations Account.	29	Concur	WSDOT, OFM	WSDOT working with OFM and legislature during FY2009.
		8. If the policy is to include Motor Vehicle Account administrative indirect expenses in charges to the Puget Sound Ferry Operations Account, such charges should be distinguished from costs incurred in the direct delivery of ferry services.	29	Concur	WSDOT, OFM	If determined the administrative indirect expenses are to be included in the Motor Vehicle Account, they will be separately identified.
		9. The legislature and WSDOT should develop a consistent policy on expenses to be charged directly to the Ferries operating budget.	29	Concur	WSDOT, OFM	The Department intends to work with OFM and legislature during FY2009.
		10. WSDOT should not charge the Puget Sound Ferry Operations Account for S1 Executive Management if such charges are not made to the other transportation related accounts. If WSDOT does continue to charge S1 expenditures to the Ferry Operations Account, the charges should be periodically reviewed and updated.	30	Concur	WSDOT, OFM	If determined the S1 WSDOT Executive Management indirect expenses are to be included in the Motor Vehicle Account, they will be separately identified, reviewed and updated.
		11. WSDOT should review the consistency of its practice in charging for Office of Equal Opportunity (OEO) officers. The Ferries Executive Management budget should not be charged for the expense of an OEO Officer unless other WSDOT budgets are also charged for such expenses.	30	Concur	WSDOT, Asst. Secretary	Changing this practice will be under review; was not proposed in the 09-11 budget submittal.
		12. WSDOT should continue the practice adopted in the 2007-09 biennium of not charging sub-program C1 Information	31	Concur	Asst. Secretary, Budget	The practice of not charging sub-program C1 Information Technology Administration expenses

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		Technology Administration expenses to the Puget Sound Ferry Operations Account.				continues to be in place.
		13. WSDOT should make a determination of whether Information Technology (Program C) expenses should continue to be charged to the Puget Sound Ferry Operations Account, as part of its policy review of charges from the Motor Vehicle Account to the Puget Sound Ferry Operations Account.	32	Concur	WSDOT, Asst. Secretary	Current Program C charges expensed to the Puget Sound Ferry Operations Account appear to be in direct support of WSF business.
		14. Ferries should not include risk management administration fees in its calculation of farebox recovery because the charge is no longer allocated between WSDOT and Ferries.	33	Concur	WSDOT, OFM	The Department intends to work with OFM and legislature during FY2009.
		15. In addition to reviewing the Marine Insurance Program, WSDOT, OFM, and Ferries should review the range of costs incurred by the State in providing insurance, risk management services and claims defense to determine what, if any, costs could be reduced.	33	Concur	Asst. Secretary, WSDOT, Ferries Contracts and Legal	The Department intends to work with OFM in the fall of FY2009.
		16. Ferries and the legislature should develop a policy on what costs are to be included in farebox recovery. The consultants recommend that the policy be to include all costs charged to the Puget Sound Ferries Operations Account as this methodology would tie most directly to the level of fares needed to meet the legislatively adopted 16-year financial plan.	35	Concur	WSDOT, OFM, Legislature	The Department intends to work with OFM and legislature during FY2009.
		17. The legislature should clarify its intent in excluding security costs from the calculation of farebox recovery so that WSDOT expenses can be properly included or excluded based on that direction.	35	Concur	WSDOT, OFM, Legislature	The Department intends to work with OFM and legislature during FY2009.
		18. In order to provide consistent communication with the legislature, Ferries should use a uniform definition of Ferries management and support costs based on costs included in the calculation of farebox recovery.	36	Concur	WSDOT, OFM, Legislature	The Department intends to work with OFM and legislature during FY2009.
		19. Ferries should provide a biennium farebox recovery	36	Concur	Budget	This will be implemented for the current

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		calculation to align with the State’s budget.				biennium Route Statements.
#5 Non-Labor Non-Fuel Operating Costs <i>Cedar River Group, LLC</i>	July 8, 2008	1. Ferries should enter into a competitive process for terminal agent services as the contracts expire to ensure that it is receiving the best combination of service and value	17	Concur	Operations	Implemented with exception of Shaw and Sidney Terminals.
#6 Systemwide Capital Projects <i>Cedar River Group, LLC</i>	July 8, 2008	All recommendations were repeats of previous Cedar River Reports.				