

# Capital Finance Study Draft Scope

## Legislative Direction

1. Joint Transportation Committee participation in, and review of, long range capital plan (section 205 (1)(a)(vi)).
  - a. Capital plan must adhere to:
    - i. Current ridership demand forecast - JTC review of forecast (section 205 (1)(b)(i)).
    - ii. Vehicle level of service standards - JTC participation in, and review of, the re-establishment of level of service standards (section 205 (1)(a)(ii)).
    - iii. Operational strategies - JTC participation in, and review of, the development of pricing policies (section 205 (1)(a)(iii)). JTC participation in, and review of, the initial development of operational strategies (section 205 (1)(a)(iv)).
    - iv. Terminal design standards - (section 13, RCW 47.60.375) - JTC participation in, and review of, terminal design standards (section 205 (1)(a)(v)).
  - b. Capital plan is reviewed by the Commission and reported to the transportation committees of the Legislature (section 1). Capital plan must include a current (section 3):
    - i. Vessel preservation plan.
    - ii. Systemwide vessel rebuild and replacement plan.
    - iii. Vessel deployment plan.
    - iv. Terminal preservation plan.
    - v. Vessel rebuild and replacement plan must include (section 2):
      1. Projected retirement dates for all vessels.
      2. Timelines for vessel replacement.
      3. Rebuild dates for all vessels.
      4. Summary of the condition of all vessels.
2. Joint Transportation Committee to make recommendations regarding capital financing strategies for consideration in the 2009 session, including confirming Washington State Department of Transportation (WSDOT) estimates of future capital requirements (section 205 (1)(c)(ii)).

## Proposed Scope

### 1. Capital Plan: Adherence to Legislative Requirements

The consultants will review the Ferries Division (Ferries) capital plan as it is being developed and will report to the JTC on its adherence to legislative requirements in the following areas:

- a. **Ridership:** The consultants will review how the capital plan conforms to the forecasted ridership, including consultant observations on the validity of the ridership forecast.
- b. **Vehicle Level of Service Standard:** The consultants will review how the capital plan conforms to the proposed vehicle level of service standard, including consultant observations on the proposed standard.
- c. **Operational and Pricing Strategies:** The consultants will review how the capital plan responds to the proposed operational and pricing strategies, including consultant observations on the strategies.
- d. **Terminal Design Standards:** The consultants will review how the capital plan responds to the terminal design standards, including consultant observations on the standards.

## 2. Capital Plan Review

The consultants will review Ferries proposed draft long-range plan, focusing on the capital plan. The review will include:

### a. Terminal Capital Plan

- 1. Terminal preservation plan
  - a. Compliance with the revised terminal life cycle cost model.
  - b. Cost estimates, including allowances for inflation, scour control and regulatory compliance.
  - c. Review of asset management plan.
- 2. Terminal improvement plan
  - a. Relationship to proposed operational and pricing strategies to determine which investments are needed to implement the proposed strategies.
  - b. Cost estimates.
  - c. Schedule of improvements, including the relationship to ridership projections and vessel plans.
  - d. Schedule of anticipated legislative actions including reviewing pre-design studies and subsequent design and construction appropriations.

### b. Vessel Capital Plan

- 1. Vessel preservation plan
  - a. Compliance with recommendations of the JTC vessel studies.
  - b. Steel maintenance allowance.
  - c. Condition assessment of vessels.
- 2. Vessel rebuild and replacement plan
  - a. Compliance with recommendations of the JTC vessel studies.
  - b. Assessment of projected retirement dates, timelines for vessel replacement, rebuild dates and condition summaries.
- 3. Vessel deployment plan
  - a. Compliance with recommendations of the JTC vessel studies.

**c. Capital Program Staffing and Administration**

1. Capital program staffing assumptions and percentage of capital costs.
2. Capital program administration assumptions and percentage of capital costs.
3. Allocation of systemwide and administrative work order charges.
4. Review of primavera scheduling system.

**3. Capital Finance Review**

The consultants will review the total requirements for capital finance over the period of Ferries' long-range plan, including any revisions to Ferries proposed capital plan. This information will be used to inform the Commission's long-term revenue alternative study.