

# A Ferry Tale: History threatens to repeat itself in threat to Sidney run

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Vacationers line up to board a waiting ferry for the trip to Sidney, B.C., in the mid-1950s, while vehicles just off the boat from Canada go through customs. Before the Ship Harbor Terminal was built nearly 50 years ago, Washington State Ferries used this landing at Sixth Street and I Avenue. In earlier years, the ferry stopped downtown.

- Submitted Photo



Sharp Canadian tourism officials who foresaw the economic possibilities of an auto ferry between Vancouver Island and Washington arranged for the first boats to run daily between Anacortes and Sidney, B.C., for the 1922 summer tourist season.

Since then millions of passengers have heeded the slogan “Follow the birds to Victoria,” turning Anacortes into an internationally renowned tourist portal and pumping millions of dollars into the region.

Success brings challenges, and Anacortes had to defend its iconic route from Bellingham as early as 1927. The state took over ferry operations in 1951, intending the move to be temporary until bridges could be built. Ferries got older and the bridges never came, and problems have intensified since the 1970s, with a series of financial crises perpetually knocking ferry upgrades off funding lists. In 1977 the Sidney run was slated for termination because the cash-strapped state had no money for infrastructure. Similar efforts, for similar reasons, followed in 1997, 2002 — and 2009.

No one seems to be able to explain state officials’ repeatedly attempts to eliminate such a vital international link and economic engine.

"I'll be damned if I know. I've been trying to get a satisfactory answer," said former Anacortes Mayor Knute Figenshow.

Mayor Dean Maxwell said a key reason is most passengers aren't locals.

"It doesn't have a base of support that lives right here. It just doesn't have an advocacy group," he said.

Figenshow said the Sidney run needs to be secured, because too many resources are wasted fighting to retain it.

"It's terrible. It needs to be put to bed and done with," Figenshow said. "It's been time spent over and over."

George I. Warren of the Victoria and Island Publicity Bureau and Sound Freight Lines signed a contract on March 25, 1922, arranging for the Gleaner to make a daily trip between Anacortes and Sidney. Warren's granddaughter, Michele Pope of Anacortes, still has the contract.

The fare for a small automobile was \$4 one way or \$6 for a round trip, plus \$1 per person each way. Children under 12 were half price.

Warren's son, the Rev. Robert I. Warren of Birmingham, England, described the ferry's establishment, via e-mail.

"It started because the Canadian Pacific Railway's steamers were not designed for motor cars and they had to flatten the tires of the cars to get them through the side doors into the ship," he said. "Dad got a hold of a sternwheeler from the Skagit River to run a ferry."

An inaugural excursion to Sidney on April 26, 1922, carried 175 dignitaries. During the 1922 season, 9,845 passengers and 2,353 vehicles sailed between the two towns. Total receipts were \$18,808, operating costs were \$17,447 and the net profit was \$1,361, according to Warren's records.

When Puget Sound Navigation Co. cut the Sidney run from three daily trips to two in 1927, the American grumbled about the late arrival in Sidney and the loss of a midday run that was moved to Bellingham. On April 16, the Mount Vernon Herald blamed Whatcom boosters and argued Anacortes offered a paved road and a shorter route.

“This is a matter which should not be allowed to drift and Anacortes should get out the first oar,” the Herald said.

In 1928, Black Ball Lines’ flags were raised on Puget Sound Navigation’s ferries. Black Ball became the region’s primary ferry provider after a 1935 strike eliminated a Kitsap competitor, according to the Washington State Department of Transportation.

During World War II Black Ball and its employees patriotically tightened their belts. In 1947 workers won hefty raises and the Marine Engineers union went on strike for a 40-hour work week. In 1948, Black Ball president Capt. Alexander Peabody asked the state for a 30 percent fare hike to cover the higher costs. The state refused, so he shut down his ferries for nine days.

The instability of the regional transportation system led the state to purchase Black Ball in 1951. The state intended to operate ferries until a network of cross-sound bridges was built.

In 1951, Anacortes sent a large delegation to fend off another effort by Bellingham to take over San Juan and Sidney routes, according to the American. Lloyd Foster of the Anacortes Chamber of Commerce said it reminded him of prohibition “when a larger gang would try to nose smaller interests out.”

In 1959 the Legislature rejected cross-sound bridges, and the state was committed to the ferries. Revenues met debt service requirements until 1960, when the ferries received \$672,000 from a 0.25-cent per gallon gas tax. Since the 1970s, gas taxes and vehicle registration fees provided capital funds, with federal and local funds for specific projects, according to WSDOT. Bolstered by Hood Canal Bridge tolls, the system generated net revenue until 1974. Soon after that, the first serious threat to the Sidney run surfaced.

Knute Figenshow was Anacortes’ mayor in 1977 when the State Toll Bridge Authority recommended eliminating the route. He credits Ian Munce, John Carraba and others for saving it.

Although Assistant Highway Director Tony Andreas admitted the Sidney run’s loss would cost Anacortes at least \$1 million and the state \$2.5 million in retail sales, Gov. Dixy Lee Ray, toll bridge authority chair, said the state lacked funds for new vessels for other routes. And, she added, the system’s priority was in-state traffic.

Anacortes businessmen tried to rent a vessel. In August, Ray said the route might be retained if the city raised 10 or 20 percent of the cost of a ferry, triggering federal funds. The Port of Anacortes sought a grant.

In September the international run was reprieved through the next June, if efforts continued. In January 1978, the chamber hired a marine surveyor to evaluate ferries for sale in Europe.

“Our committee was very active. We found a boat,” Figenshow said.

In March, the group learned the city was ineligible for matching funds. Still, they asked the state to buy the ferry Polar Express from Finland for \$3.5 million. The state again extended the Sidney run, through the end of 1978.

In April, a city delegation testified before the Transportation Commission in Olympia. After all their work, Figenshow said it was an unprepared state engineer asking for more time to study the issue that saved the day.

“Ian said, ‘Knut, answer that.’ I also worked for Shell Oil Company,” Figenshow said. “I said if my boss asked me to study something and I said I needed six more months, I’d be fired.”

The commission gave the Sidney run five more years.

“It was just that interchange between him and me, and that worked out perfectly,” Figenshow said.

Munce, then a Skagit Regional Planning Council representative, said this should settle the issue.

“Hopefully, this will be the end of it,” he said at the time.

It was the end — for nearly 20 years.

In January 1997, the state Transportation Commission recommended eliminating the Sidney run Oct. 1 of that year.

Munce, Maxwell remembered, “turned white” at the news.

Last month, Munce said the reasoning behind the efforts to cancel the vital route is pretty simple.

“The straightforward explanation is it just stands out because it’s an international route, rather than domestic, and it doesn’t have a constituency of commuters that the other runs have. Without that ridership it’s pretty easy to go after it,” he said. “Tourism has always been under appreciated. It’s one of the largest industries in the state, but tourism doesn’t get the support it deserves.”

Early in 1997, ferry officials cited declining ridership, pending \$3.3 million Coast Guard upgrades for international vessels and the route’s inability to cover 100 percent of its operating costs as reasons to end it. Because it serves primarily tourists, the run must cover all operating costs, according to a 1990 transportation rule. State Ferries estimated the run’s revenue covered about 75 percent of costs.

At that time, Maxwell questioned the numbers, noting WSF changed its criteria. Using the 1990 model, the actual loss between 1991 and 1995 was about \$150,000, and he promised the city would not give up the Sidney run to make the Seattle morning commute a little quicker.

“We’re going to have a fist fight over that ferry boat,” he said.

The ferry system cited a drop in riders and fares between 1995 and 1996, but supporters cited reduced sailings. Maxwell said reasons for declining ridership included lack of promotion by the state, use of smaller boats, schedule changes and no reservation system.

“It used to be one of two top revenue producers. It’s been whittled at and neglected,” he said recently.

In February 1997, Anacortes Chamber of Commerce Executive Director Andy Mayer told the House Trade and Economic Development Committee the route brought \$9.4 million a year to Anacortes and created 158 jobs, making it the city’s eighth largest employer.

That month, more than 200 Anacortes and Sidney residents spent nearly two hours testifying for the Transportation Commission in Olympia. Some tried to persuade with economic logic, others used history and aesthetics.

“This is about a love boat,” said Jack Papritz. “For \$25 you can travel to a little bit of Europe through a magnificent archipelago.”

As ferry supporters left, Rep. Mike Cooper of Edmonds said it made no sense to balance a budget by devastating local economies.

When the House Trade & Economic Development Committee required WSDOT to factor tourism into its decision, WSF recommended continuing the route three years until a private operator could be found.

In 1997 Anacortes first kicked in \$12,000 to publicize the ferry. A year later, the City Council contracted with the chamber for ferry promotion, using proceeds of a new 2 percent hotel/motel tax. These funds have provided \$70,000 to \$100,000 yearly for that purpose ever since.

Things stayed relatively quiet through 1998. That summer the smaller Evergreen State sailed to Sidney alone. The route won an additional year to build ridership. The chamber created a reservation system. A ferry system audit recommended ending the Sidney run in winter.

And, more ominously, Sidney, B.C., began public hearings on eight potential uses for the city’s ferry terminal — only two of which included continued ferry operation.

The next great threat to the ferry system, and the Sidney run, was passage of Initiative 695 in November 1999.

Mark Funk, spokesman for the No on I-695 campaign, warned of the impact of a \$1.2 billion annual cut in motor-vehicle excise taxes.

“It takes a meat ax to the ferries, clobbers transit and is especially hard on rural areas like Skagit County,” he said.

The state has not purchased a new ferry since I-695 passed, and the vessel shortage has grown more acute.

“That was the only source of capital funding for the ferry system,” Maxwell said.

In January 2000, deterioration of Sidney's dock forced Canadian officials to prohibit large buses and motor homes. Gray Line of Seattle re-routed its Vancouver Island tours through Port Angeles.

In September 2001, East Coast terrorist attacks triggered stringent border-crossing regulations.

"With the Coast Guard, this relates to security, screening, armed guards. We could be looking at \$20 million system-wide," said new WSF Director Michael Thorne.

In February 2002, Thorne was reluctant to work with Sidney on dock plans.

Then, in December, Thorne recommended ending the Sidney run and turning it over to a private operator by 2009, to scale back the ferry system and ensure its viability.

WSF spokeswoman Pat Patterson said the run performed fine, but the issue was an aging fleet and no money for new vessels.

"We are in pretty desperate need of some more capital funding," she said.

"We need \$66 million to provide a vessel in 2009 for that run, and we don't have the revenue," WSF Finance Director Sam Kuntz said in February 2003. He planned to move North Sound boats to "priority" areas in Central Puget Sound, and not replace them.

"Washington State Ferries is in emergency mode now, you can even say it's in a 'death spiral,'" said state Rep. Jeff Morris, D-Anacortes at that time. "Even before the \$30 car tabs ravaged our fleet, we were facing a crisis in the San Juans. We've been keeping it alive with duct tape and I think we've just run out."

Facing a budget deficit of \$2 billion, the Legislature had limited options. But in May 2003, legislation gave the ferry system a boost.

"I think the intent of the Legislature is pretty clear to us — that we will remain in business beyond 2009," Patterson said.

The new transportation plan included \$67 million to upgrade the Anacortes ferry terminal — but cut the international run in the winter.

In 2006 another threat gained strength, as the town of Sidney negotiated with BC Ferries to manage its terminal and dock. After State Ferries failed to bid, Sidney finalized a 40-year BC Ferries lease. WSF officials announced the future of the Sidney route was uncertain.

Officials disagreed. Sen. Harriet Spanel said the Legislature would make the decision, not State Ferries.

“I do know that the legislators down here do feel strongly that the run will continue,” she said.

As negotiations continued, a report by the Economic Development Association of Skagit County showed the Sidney ferry run supports 1,470 jobs with more than \$30 million in annual payroll and generates nearly \$126 million in annual spending in the region. The July 2007, study by E.D. Hovee & Company, LLC, estimated the state receives \$4.6 million a year in taxes related to the run.

In March 2008, WSF agreed to a three-year lease for the Sidney landing at \$370,000 a year, plus \$125,000 a year for other charges. Because the state pays the Port of Anacortes \$223,000 a year to lease the Anacortes terminal site, grumbles arise that the port should collect more.

Still, things seemed to settle down — until a few days before Christmas, 2008, when Gov. Christine Gregoire proposed a budget that eliminates the Sidney ferry run.