



Washington State Legislature

January 21, 2013

Troy Kelley, State Auditor
Insurance Building
Capitol Campus
302 Sid Snyder Avenue S.W.
Olympia, WA 98504-0021

Dear Auditor Kelley,

We, the undersigned, respectfully request that your office conduct an audit to determine the true post-delivery cost of design and construction decisions made on the three 64-car, Kwa-di Tabil class by Washington State Ferries (WSF).

On August 1, 2012, Rep. Norma Smith sent a letter to the Washington State Department of Transportation (WSDOT) Secretary Paula Hammond and Assistant Secretary David Moseley. Its purpose was to bring to light problems and issues raised regarding the three 64-car ferries and design decisions made by WSF. These design decisions may significantly impact the life-cycle of the ferries, driving higher-than-expected costs for operations, modifications, maintenance, and fuel than should be anticipated with new construction. Our constituents and ferry customers are asked to bear the majority of our ferry system's operations cost, and it is reasonable to expect that those cost reflect best design practices at the time of construction.

The response received on August 17, 2012, from WSF was substantially inadequate and incomplete. Your office just completed an audit examining cost drivers to the point of delivery for ferry construction, but stopped at the point of vessel delivery. However, if decisions were made during design by WSF that created challenges or problems requiring modifications or mitigation post-delivery, then it becomes prudent to look at those post-delivery challenges and costs to determine true costs of construction, and to define best practices moving forward.

Your predecessor, Auditor Brian Sontag, was contacted by Rep. Smith, and agreed that decisions made in the design and construction of new vessels affect life-cycle cost, but the concerns raised were outside the scope of the audit on pre-delivery vessel construction costs, which was nearing completion and has since been delivered. While he could not obligate you, he did assure Rep. Smith the issues raised would be considered as the office planned for future audits. Therefore, we request that an audit be conducted to address the issues raised in the August 1, 2012, correspondence to WSF. A clear plan for corrective action will be needed to maximize safety, reliability and the life-cycle of these vessels.

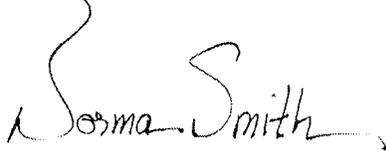
It is also important to note that in the 2010 Legislative session, bill language was adopted in ESHB 3209 section 6(j) clearly stating that any terminal improvement, vessel improvement, and vessel acquisition project funding requests must adhere to the capital plan, include route-based planning, and be submitted with a pre-design study that:

(j) Demonstrates the evaluation of long-term operating costs including fuel efficiency, staffing, and preservation. This language is found in RCW 47.60.385.

It is reasonable for ferry customers in the Puget Sound, and Washington state taxpayers to expect best practices will be deployed in design and construction of new vessels. Ongoing cost drivers from the design and construction phase should be accounted for as such, and not veiled in ongoing maintenance and operations budgets.

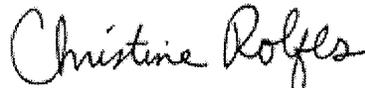
Thank you for your assistance, and we look forward to your reply.

Sincerely,



Representative Norma Smith

10th Legislative District



Senator Christine Rolfes

23rd Legislative District



Senator Barbara Bailey

10th Legislative District



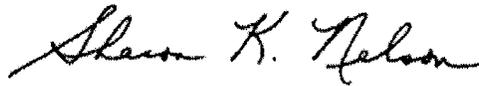
Representative Drew Hansen

23rd Legislative District



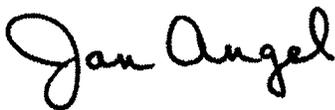
Representative Dave Hayes

10th Legislative District



Senator Sharon Nelson

34th Legislative District



Representative Jan Angel

26th Legislative District



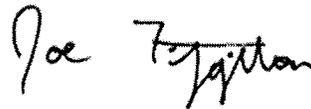
Representative Larry Seaquist

26th Legislative District



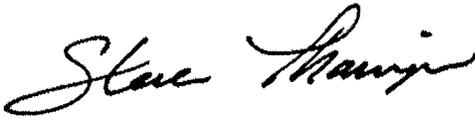
Representative Jeff Morris

40th Legislative District



Representative Joe Fitzgibbon

34th Legislative District



Representative Steve Tharinger
24th Legislative District



Representative Kevin Van De Wege
24th Legislative District



Representative Kristine Lytton
40th Legislative District



Representative Drew MacEwen
35th Legislative District



Representative Sherry Appleton
23rd Legislative District

CC: Governor Jay Inslee
Paula Hammond, Secretary of Transportation

Enclosures (4):

August 1, 2012 Letter from Representative Smith to WSDOT
August 17, 2012 Response Letter from WSDOT to Representative Smith
August 29, 2012 Letter to WA State Auditor Brian Sonntag
October 20, 2012 Response Letter from Washington State Auditor to Representative Smith