

Ferry Outsourcing RFP Summary

The HMC Board has the responsibility to ensure that we continuously examine expenses within our budget as they directly drive member assessments. As demand for ferry service grows, costs have increased and service levels have maxed out, as seen in our recently released report on ferry traffic.

Over the past six years, HMC Management has received two unsolicited ferry management proposals, which gave us reason to believe that outsourcing ferry operations could possibly result in a budget savings. After issuing a Request for Information (RFI) to explore this possibility and receiving responses from two firms, the board issued a Request For Proposal (RFP). The goal of the RFP was to evaluate alternatives for providing safe and efficient ferry transportation, while addressing increasing the transportation needs and affordability concerns of our members. The working hypothesis of the board was that we could save money by outsourcing.

The board established RFP evaluation criteria in advance of reviewing RFP responses. The criteria included business standing, experience, price, references, contract, current crew considerations, and customer service. We received two responses, only one of which was deemed valid. However, this proposal from HMS does not indicate a budget savings. That said, the board believes that some members may find the HMS proposal compelling and have decided to bring it forward for a membership vote.

FAQ

Q: If we don't expect a cost savings, why would the membership consider outsourcing?

A: Risk Mitigation. HMS Ferries is an organization with depth of expertise in managing ferry operations and a breadth of scope that would reduce our risk of ferry service interruptions based on crew availability.

Q: Does outsourcing provide any long-term advantages?

A: Scalability. Outsourcing would give us increased medium- and long-term flexibility to operate an expanded ferry schedule based on member needs due to HMS talent pool and their ability to attract, train, and retain crew.

Q: How can members be confident that costs wouldn't skyrocket if we decide to outsource?

A: The proposal consists of a fixed monthly rate plus pass-through charges for maintenance and materials. HMC would negotiate a multi-year contract with cost escalation and exit provisions.

Q: What additional costs would HMC be responsible for?

A: HMC would need to provide crew housing – either permanent or temporary – for crewmembers that do not live on the island. We would need to explore all options, including provisioning an HMC owned bunkhouse to hold costs to a minimum. Considering comfortable housing requirements for two persons could be costly.

Q: Does outsourcing affect our ferry maintenance?

A: Yes. HMS would assign a maintenance engineer to our contract, providing an increased focus on the operational health of the vessel. Since our ferry is 30 years old and starting to show its age, this is a way to proactively ensure its continued service for many years to come.

Q: What role would HMS play in our annual dry dock?

A: HMS would help develop dry dock worksheet, oversee the work, and provide crew to transport the ferry to and from shipyard.

Q: What other benefits might members experience?

A: HMS currently uses an enhanced form of ticketing which could be developed for HMC.

Q: How would outsourced ferry operations impact the HMC Office?

A: There would be significantly reduced labor/overtime for HMC Office manager as there would be no requirement to handle and reconcile daily receipts and prepare deposits. This would also give us the opportunity to reconsider the need for a part time-receptionist.

Q: How would the Island Manager's role be impacted?

A: Outsourced ferry operations would enable the Island Manager to shift focus to other priorities ensuring that as an association we are meeting the current needs of the membership while protecting the island assets and acting in compliance with all Federal, State, and County regulations. The Island Manager is currently accountable for recruiting and scheduling crew and engaging with union. This has proven to be an increasing challenge over time.

Q: What happens with our current ferry crew?

A: Page 3 of our RFP reads "It is HMC Management's desire and preference to retain its current ferry crew, assuming they meet the contractor's employment standards." HMS has expressed that they hope to retain our current crew.

Q: HMC has a contract with the IBU. How would that be affected?

A: If we were to negotiate an agreement with HMS to outsource ferry operations, we would end our contract with IBU. HMS is under contract with a different maritime union to which any employees would be required to join.

Q: Crew costs are lower in the HMS RFP than current HMC costs. Why?

A: Crew compensation follows a different rate structure by role that is lower than our current crew rates. Additionally, HMS' approach would eliminate overtime pay that is prevalent in the current HMC model.

Q: What other impacts would there be to current crew if they joined HMS?

A: At HMS, employees share in their premiums for health care, as is the case with most organizations. Under the IBU contract, HMC pays 100% of crew healthcare premiums. (As of 2016, only 9% of Fortune's 100 Best Companies to Work For pay 100% of employee's healthcare premium, down from a peak of 34% in 2001.)

Q: What career benefits would HMS offer their crew?

A: Cross training paid for by HMS allowing crew members to be promoted to higher ranks while getting experience on other vessels. (Steilacoom)

Q: Would we sell the Charlie Wells to HMS?

A: We have no intention of selling the Charlie Wells. If we move to outsource ferry operations, HMC will retain ownership of the Charlie Wells.

Q: Is the Board endorsing outsourcing our ferry operations?

A: No. We have discussed the outsourcing option at length and believe there is no clear-cut answer. Given our evaluation of the pros and cons, the Board has made every attempt to provide the membership with the facts as we found them to be. As it has been clear from the outset of this process, the final decision rests with you the members.