



BOARD OF COMMISSIONERS WORK STUDY MEETING AGENDA

Date: March 17, 2026

Time: 8:30AM – 10:00AM

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1. CALL TO ORDER

2. AGENDA REVIEW

3. CHAIRPERSON'S COMMENTS

4. FULL DISCUSSION / ACTION ITEMS

- a. Introduce Federal Lobbyist – Jen Covino
- b. KPFF Presentation – Intra-County Ferry Services Study
- c. Discussion – 2026 Session Update Kitsap Transit State Lobbyist
- d. Discussion – Transit Representative on Puget Sound Regional Council (PSRC)
- e. Discussion – Safe Parking

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5. EXECUTIVE DIRECTOR ITEMS

6. PUBLIC COMMENTS

Please state your name for the record. You will have 3 minutes to address the Board.

7. FOR THE GOOD OF THE ORDER:

Transit Board members' comments

8. ADJOURN

Agendas and Board Packets are available online at www.kitsaptransit.com and available in large-print format upon request. If you will need accessibility accommodations for this public meeting, please contact the Clerk of the Board at (360) 478-6230 or via email at JacquelynB@kitsaptransit.com by noon on the Wednesday before the meeting.



To: Kitsap Transit
From: Doty & Associates, Inc. (prepared by J. Dylan Doty)
Date: March 12, 2026
Re: March 17, 2026, Board Meeting – Legislative Report

Session Update

The 2026 Legislature adjourned on time on Thursday, March 12, following a whirlwind of a 60-day session. The session will be memorable for the record-setting 24-hour debate by the full House on SB 6346 regarding the income tax on earnings over \$1 million. Occurring just days before the Legislature was scheduled to adjourn, the length of the debate called into question whether lawmakers can finish their work on time. Ultimately, they passed all bills necessary to implement the budget, and were able to finish their work without a special session.

Budget Overview

Supplemental budgets were released by the House and Senate on Wednesday, March 11. Below are high-level overviews, highlighting key areas of interest for Kitsap Transit.

Operating Budget

For the 2025-27 biennium, the supplemental operating budget appropriates \$80.2 billion Near General Fund-Outlook (NGF-O) and \$157.3 billion in total budgeted funds after 2026 supplemental changes. These amounts include a net increase of \$1.7 billion NGF-O and \$3.2 billion total budgeted funds at maintenance level to continue current programs and meet statutory obligations, with the largest NGF-O cost drivers being net increases compared to the enacted 2025-27 biennial budget in Medicaid medical assistance, Working Connections Child Care, and long-term care services. At policy-level, the focus of this document, NGF-O increases by a net of \$621.3 million NGF-O and \$3.7 billion in total budgeted funds.

The NGF-O balance sheet associated with the conference report includes, but is not limited to, the following assumptions for the 2025-27 biennium:

- An \$880.0 million transfer from the Budget Stabilization Account (aka Rainy Day Fund) to the General Fund-State;
- \$156.8 million in additional NGF-O resources from increased assumptions for prior period adjustments;
- \$766.5 million in General Fund-State expenditures savings from reversions for the 2025-27 biennium, including assumed reversions of 1.0 percent in FY 2026 (the same percentage assumed in the enacted 2025-27 biennial budget), 0.9 percent in FY 2027 (in lieu of the 0.75 percent assumed in the enacted 2025-27 biennial budget), and from anticipated K-3 class size reversions; and
- An additional \$394.6 million in NGF-O revenues for the operating budget due to an adjusted capital gains tax distribution.



The final budget leaves a projected ending balance for the 2025-27 biennium of \$231.0 million NGF-O and \$1.3 billion in total reserves, including \$1.0 billion in the BSA. In total, these amounts represent 3.2 percent of revenues and other resources. Under the four-year balanced budget statute, Chapter 8, Laws of 2012 (SSB 6636), the budget is projected to end the 2027-29 biennium with a \$563.0 million NGF-O ending balance and \$3.3 billion in total reserves including \$2.8 billion in the BSA (FY 2028 is projected to end with a NGF-O ending balance of - \$878.0 million and \$558.0 million in total reserves including \$1.4 billion in the BSA). A portion of the projected BSA ending balance for 2027-29 is attributable to the stated intent to transfer \$880.0 million from the Pension Surplus Holding Account pursuant to E2SHB 2034 (LEOFF 1 restatement) on June 30, 2029.

The budget assumes a net increase of \$36.0 million in NGF-O resources from revenue legislation in the 2025-27 biennium and \$2.2 billion in NGF-O resources from revenue legislation in the 2027-29 biennium, including from ESSB 6346 (income tax on millionaires).

Transportation Budget

The supplemental budget provides \$16.6 billion in appropriation authority to continue legislative transportation priorities and to implement several new priorities. \$10.2 billion is provided for capital projects and programs, and \$6.4 billion is provided for operating programs. This represents a combined increase of \$1.2 billion over the 2025 enacted budget. Capital increases can be attributed to \$300 million in new preservation spending, reappropriations from 2023-25, and other timing adjustments. Operating budget increases can be attributed to \$40 million in increased maintenance spending, rising IT-related costs, additional federal funds, increased central service charges, reappropriation of grant funds, debt service, and studies.

Preservation & Maintenance – Preservation program funding is \$405 million higher for 2025-27 than in the 2025 enacted plan, including \$300 million of new state funding for additional highway preservation, \$65 million in federal funding for state highway flood recovery, and \$40 million of reappropriations of unspent funding from 2023-25. A total of \$696 million in funding is provided for the WSDOT Highway Maintenance Program, an increase of \$40 million over 2025 enacted funding. In addition to the \$65 million for state highway flood recovery mentioned above, the budget also includes a total of \$45 million for local highway flood recovery (\$30 million for county and \$15 million for city) for a temporary loan program to provide financial assistance for transportation infrastructure damage and impacts from the December 2025 weather events, pending federal reimbursement for these costs.

Ferry System Preservation – The supplemental budget increases spending for ferry system preservation by \$28 million over the next six years. Additional personnel will address emergent, unplanned preservation needs and provide less disruption to planned vessel preservation actions. Investments in Eagle Harbor increase capacity for vessel preservation when vessels are pulled from service for planned preservation activities and will allow the time that vessels are pulled from service to be used more efficiently and effectively.



Washington State Ferries – Funding is accelerated for Washington State Ferries (WSF) to construct new hybrid electric vessels, with the first anticipated to be delivered in 2030. The budget advances \$29 million of the project's total budget into the next four years to provide WSF the resources it needs to deliver these ferries. To operate the hybrid diesel-electric ferries as efficiently as possible, the proposal provides an additional \$31 million to fully fund the electrification of three terminals. The plan assumes that these terminals will be able to serve up to four electrified vessels by 2032.

Capital Projects – Most capital project spending in transportation represents a continuation of priorities defined in prior years and is updated annually in each year's enacted budget. Projects underway include investments added in 2003 (Nickel Package), 2005 (TPA Package), 2015 (Connecting WA Package), and 2022 (Move Ahead WA Package), including multi-year investments planned for Climate Commitment Act (CCA)-related expenditures. Projects from the Nickel and TPA packages are mostly complete; projects from the Connecting WA and Move Ahead WA packages are well underway, with large amounts scheduled for construction in the 2025-27 biennium.

Transit & Active Transportation Spending – A total of \$107 million is added to the LEAP project list across the 2027-29 & 2029-31 biennia to restore funding for Regional Mobility Grants and Rideshare Grants, enabling new grant awards to proceed. A total of \$5.7 million is assumed in the 2027-29 biennium for Transit Demand Management Grants. \$300,000 is provided for a regional connections action plan for the statewide development of active transportation infrastructure that connects population centers, supports mode shifts, and improves safety performance.

Transit Pass Pilot Programs – The final budget directs King County Metro and Kitsap Transit to implement affordable transit pass pilot programs at local community and technical colleges:

(16)(a)(i) \$3,120,000 of the multimodal transportation account— state appropriation is provided solely for King county metro to implement affordable transit pass pilot programs at local community and technical colleges, as defined in RCW 28B.50.030, that do not currently operate affordable transit pass programs. At a minimum, the pilot programs must make affordable transit passes available to all students enrolled in a degree-seeking or certificate-seeking program or an inclusive postsecondary education program at participating institutions, including free or reduced-fare passes for students who qualify.

(ii) King county metro must include Highline Community College as one of the participating institutions.

(iii) No more than \$120,000 of this amount may be used for administrative and program implementation costs.



(b) \$200,000 of the multimodal transportation account—state appropriation is provided solely for Kitsap transit to implement affordable transit pass pilot programs consistent with (a)(i) of this subsection (16).

(c) By January 30, 2027, King County metro and Kitsap transit must jointly provide a report to the office of financial management and the transportation committees of the legislature that includes:

(i) An analysis of student participation levels that considers the usage rate of passes among the total population of eligible students; and

(ii) An analysis of fare subsidy structures including, but not limited to, free fares and reduced fares.

(d) The intent of the legislature is to provide one-time startup funding for this program during the 2025-2027 fiscal biennium.

Intra-County POF Study – \$124,000 is reappropriated to Kitsap Transit for completion of the intra-county passenger-only ferry study approved in 2024.

Capital Budget

The 2026 Supplemental Capital Budget appropriates \$889.7 million in total funds, of which \$435.1 million is from debt limit bonds and a net of \$454.6 million is from other state and federal accounts.

As a reminder, the 2025-27 Capital Budget appropriated \$4.5 billion in bonds pursuant to SB 5195. The total available bond capacity for the 2026 Supplemental Capital Budget is \$436.4 million, which is composed of \$355.6 million in remaining bond capacity from the 2025 session and \$80.8 million in bond authority adjustments. These adjustments result both from projects that were completed using less funding than the amounts budgeted and from newly appropriating projects from prior biennia to allow these projects to continue moving forward. The supplemental budget appropriates \$435.1 million in bonds, leaving a balance of \$1.3 million in remaining bond capacity.

Further, the bill appropriates \$839.9 million in funding from Climate Commitment Act (CCA) accounts. Of this total, \$300 million is used for a variety of new capital budget appropriations, including clean energy grants, building decarbonization, salmon recovery, and habitat restoration and conservation. The use of the remaining \$539.9 million in CCA spending is described in the section below.

Lastly, the bill appropriates a net of \$26.3 million from the Common School Construction Fund to support K-12 capital construction projects and authorizes \$18 million in alternative financing projects for Community and Technical College capital projects. Other miscellaneous amounts of funding are appropriated and reduced in the Proposed Compromise.



Bills of Interest

In addition to the budget proposals, a number of individual bills this session impact transit operations. A full bill tracking list is available for review, but below are several key bills of interest.

Bills Passing in 2026

HB 2711 – Transportation Resources (Fey). A “trailer bill” to last year’s transportation revenue legislation, SB 5801, this bill makes a number of technical changes and adjustments to programs impacted by last year’s legislation. Several provisions are of specific note to PTBAs:

- **Transit Grant Program – Safety Eligibility Expanded:** The bill amends RCW 47.66.130 to clarify that the state’s transit grant program may fund safety or security enhancements for transit rolling stock and facilities, in addition to vehicle replacement, expansion, and facility improvements. This expands the range of eligible projects for transit agencies, potentially allowing Kitsap Transit to pursue state funding for safety-related investments associated with buses, ferries, or supporting infrastructure.
- **Transit Annexation Authority:** Changes to RCW 36.57A.145 modify provisions governing annexation involving public transportation benefit areas and adjacent city transit systems. The update clarifies an additional method for annexing a city-operated transit system into a regional transit authority through an interlocal agreement, providing another pathway for consolidating transit service operations within a county.
- **Transit Bus Toll Exemption Authority:** The bill grants the Washington State Transportation Commission authority to exempt public transit buses from bridge tolls when setting toll policies for state toll facilities. This creates the option for tolling policies that reduce operating costs for transit agencies using tolled facilities. While Kitsap Transit buses currently have limited interaction with tolled bridges, the provision establishes a statewide policy tool that could benefit transit agencies if routes operate across tolled corridors in the future.

HB 2251 – Climate Commitment Act Accounts (Fitzgibbon). Repeals three of the Climate Commitment Act (CCA) accounts, creates the CCA Operating Account and a CCA Capital Account, and changes the name of the Carbon Emissions Reduction Account to the CCA Transportation Account. Changes the distribution of CCA auction revenue into CCA accounts. Makes changes to the use of CCA funding, CCA spending goals, and reporting.

HB 2588 – Concerning County Ferry District Authority (Timmons). The type of ferries that county ferry districts may construct, purchase, operate, and maintain is broadened by removing the limitation that such ferries be passenger-only, thereby allowing county ferry districts to provide additional types of ferry service, for example auto ferry service.

HB 2199 – Derelict Vessels (Richards). Modifies the definition of a derelict vessel under the Derelict Vessel Removal Program administered by the Department of Natural Resources. The definition is modified to: remove the requirement that the owner is known, able to be located,



and exerts control of the vessel; and include vessels that have been in violation of registration requirements for at least two annual registration periods and are prioritized for removal by DNR or another authorized public entity.

Bills Failing to Pass in 2026

HB 1923 – Mosquito Fleet Authority (Nance). Expands the types of entities that can form a passenger-only ferry service district, as well as the locations where they can be formed. In addition to PTBAs, the following entities, so long as they border Puget Sound or Grays Harbor, are authorized to establish one or more Districts within their boundaries:

- A county, under Title 36 RCW;
 - A port district, under Title 53 RCW;
 - A city transit system, under RCW 35.58.2721 RCW;
 - A county transportation authority, under chapter 36.57 RCW;
 - A metropolitan municipal corporation transit system, under chapter 36.56 RCW;
 - An unincorporated transportation benefit area, under RCW 36.57.100; and
 - A regional transit authority, under chapter 81.112 RCW.
- After passing the House, the bill was significantly amended in the Senate; the House refused to concur in the amendments, but the Senate refused to recede; the bill failed to pass the House following the Senate's insistence.

SB 6253 – Concerning PTBA Governing Bodies (Krishnadasan). The provision allowing the chair or cochair to exclude the nonvoting member from attending executive sessions is removed. The nonvoting labor-recommended board member may attend executive sessions during PTBA board meetings, with certain exceptions. The labor-recommended member is prohibited from attending executive sessions or voting on issues related to negotiations with labor organizations; issues between the employer and employees; arbitration; and chief executive officers.

HB 2550/SB 6252 – Transit for Certain Community and Technical College Students (Taylor/C. Wilson). Authorizes students enrolled in a degree-seeking or certificate-seeking program at a community or technical college as defined in RCW 28B.50.030 to ride public transit for free under the transit support grant program.

- The bill was turned into a pilot program in the final budget (see above).

HB 2095 – Vulnerable Users of Public Ways (Reed). Establishes a rebuttable presumption of negligence for certain tort claims arising from a vehicle collision that proximately causes the injury or death of a vulnerable user of a public way if the victim was injured or killed in a protected area. Requires the Criminal Justice Training Commission and Administrative Office of the Courts to develop educational materials for certain law enforcement officers, prosecutors, and judges regarding Negligent Driving with a Vulnerable User Victim. "Vulnerable user of a public way" is defined to include a pedestrian, a person riding an animal, or a person operating or riding any of the following on a public way: a farm tractor or implement of husbandry,



without an enclosed shell; a bicycle; an electric-assisted bicycle; an electric personal assistive mobility device; a moped; a motor-driven cycle; or a motorized foot scooter. The presumption of negligence does not apply to a driver of an emergency vehicle who operates the emergency vehicle within the course and scope of the driver's employment or official duties directly related to the emergency vehicle.

HB 2134 – Concerning regional transportation planning organizations (Duerr). Requires the regional transportation plans of certain regional transportation planning organizations to provide for reductions in greenhouse gas emissions and vehicle miles traveled. The requirement currently applies to Benton, Clark, King, Kitsap, Pierce, Snohomish, Spokane, Skagit, Thurston, Whatcom, and potentially Franklin counties.

HB 2307 – Commute Trip Reduction Program (Salahuddin). Removes the current 6:00 a.m. to 9:00 a.m. timeframe for determining major employers, commute trips, major employment installations, and major worksites.

SB 6352 – Transportation Resources (Lias). Revises various provisions enacted in ESSB 5801—transportation resources—during the 2025 session and makes a variety of other resource related changes and modifies a variety of transportation policies. Of specific interest to KT, SB 6352 would redirect a portion of existing sales tax revenues beginning in 2027 from the Multimodal Transportation Account to Puget Sound ferry accounts, which could modestly reduce funds otherwise available for competitive transit and multimodal programs that Kitsap Transit relies upon. The bill also clarifies that ferry projects are eligible for carbon emissions reduction appropriations and expands bus and bus facilities grants to include safety and security enhancements, creating potential funding opportunities for Kitsap Transit's fleet and ferry programs.

- Several provisions were incorporated into HB 2711.

Washington State Transit Association (WSTA)

WSTA was active throughout the legislative session, focusing on key policies and budget matters impacting all transit agencies. A primary focus was to ensure that transit grant programs were not negatively impacted in the final budget. WSTA held weekly legislative calls with lobbyists and key stakeholders each Friday morning.

Washington Highway Users Federation (WHUF)

WHUF convenes each Wednesday morning from 7:00-7:50 am throughout the legislative session. These weekly briefings serve as a forum for transportation leaders from all parts of state government to provide insight and stay in touch with the larger group of transportation-related stakeholders. Private industry, cities, counties, transit agencies, planners, engineers, and state government representatives are all in the room. While the briefings are held in person in Olympia, there is a virtual option for those who wish to listen and participate remotely. This year's schedule so far:



- Week 1 – Megan Cotton, Governor Ferguson's Transportation Policy Advisor; and Erik Hansen, Senior Budget Advisor on Transportation to Governor Ferguson
- Week 2 – Senator Curtis King, Ranking Republican Member, Senate Transportation Committee
- Week 3 – Rep. Andrew Barkis, Ranking Republican Member, House Transportation Committee
- Week 4 – Rep. Jake Fey, Chair, House Transportation Committee
- Week 5 – Senator Marko Lias, Chair, Senate Transportation Committee
- Week 6 – Secretary Julie Meredith, WSDOT Secretary
- Week 7 – Sen. Deb Krishnadasan, Vice Chair, Senate Transportation Committee & Sen. Keith Goehner, Assistant Ranking Republican, Senate Transportation Committee
- Week 8 – Rep. Adam Bernbaum, Vice Chair, House Transportation Committee & Rep. Sam Low, Assistant Ranking Republican, House Transportation Committee
- Week 9 – Noah An, Senator Patty Murray's Lead Transportation Policy Staffer & Helena Zyblikewycz, Representative Rick Larsen's Deputy Staff Director for Transportation and Infrastructure.