



NVRC FAST FERRY PASSENGER SERVICE

Date: June 16, 2022

Subject: Stakeholder Committee Meeting #3 (virtual meeting)

AGENDA

- Introductions
- Route Profiles and Market Size
- Financial Plan – Initial Results
- Governance Model Selection
- MARAD M-495 Designation

INTRODUCTION

MEETING FORMAT

The meeting was held entirely virtual. The meeting was kicked off with introductions and updates on how the current and future meeting would be conducted.

ROUTE PROFILES & MARKET SIZE

Routes currently selected for detailed analysis is the Woodbridge to JBAB & SE/SW Waterfront route. In the previous meeting, two other routes (Alexandria to JBAB and Alexandria to DC [SE/SW Waterfronts]) was selected for potential exploration. Following meetings earlier this week with the City of Alexandria, however, it has been advised that routes coming in and out of Alexandria be removed from the study.

Therefore, this stakeholder meeting for June will only discuss one route since the consultant team is in the process of determining additional routes for study.

- Tim mentioned that the team is currently considering SE/SW Waterfront to JBAB as a standalone route as well as another route to be determined.

Woodbridge to JBAB

Relatively long distance and crossing. To make it competitive to other modes of concentration a 38-knot speed is needed (that's fast and may not be realistic).

- Moderate speed is around 28 knots. 5 knot speed zones for 0.15 nautical miles from the dock.

- There is a no wake zone between Wilson bridge to North Alexandria (Hoping to get a waiver for this). Vessels can do that, but there may be some navigational issues and considerations of any wake that the vessel may create.
- Fuel usage increases for speeds that high.

Amanda Rutherford asked if the travel calculation accounts for debris in the river after a rain event. Kristen Kissinger and Tim Payne added that there is no accurate data to rely on but delays including ice dam have been accounted for.

Commuter type service needs at a minimum 2-3 departures within the commute time periods. Because of distance of route and time it takes, will need to operate 3 vessels

- The route is very long (longer the less competitive it is) so need to understand demand. Travel time plays a huge role in this decision.

Terminals would also require new or upgraded facilities to facilitate commuter operations day in and out and all kinds of weather.

Earlier study did not establish the specific terminal of departure in Woodbridge. The selected terminal (bc it is the one that exists) is farther within the bay than other two from the previous study. The previous study estimated that ferry would need to go 35 knots to get a trip estimated 50-55 minutes.

Tim mentioned that there can be unexpected delays regarding boat maintenance.

Headways = the time between departures

MARKET SIZE

Woodbridge to JBAB

The previous study looked at multiple terminal locations. Now that we've homed in on the one terminal in the bay, it has added 10 minutes and now travel time competitiveness will change.

The previous study looked at two types of travel sheds: 15 minutes auto shed and 20-minute auto shed. Travel time deficit for people going to DC (especially SW DC) adds 15 – 20 min with unloading / turnaround etc. Need to figure out the economics of this along with the market demand.

Hillary asked if the study considers other factors beyond travel (cost of parking, pleasant travel experience, etc.). Tim said that we are using multiple factors. Two major drivers are the overall cost. So not just the cost of gas and driving or the mileage cost, but also parking, parking time, access times.

FINANCIAL PLAN – INITIAL RESULTS

There are many variables that the team is pulling in together. The focus at this stage is on the vessels and running that system itself. Had not included terminal and fixed facilities. In those cases, the only things playing a role are current economics and cost of construction materials. (Staffing a crew is fairly fixed costs). The goal is to kind of have

this really quickly adaptable model that's going to estimate and compare the total costs between those different variables, particularly when it comes to the different vessel types.

Model is called an initial results model, in excel.

Jeremy: this isn't a greenfield type concept because the route is in water, and doesn't require "laying down tracks". Team will likely look at 50-60% equity. In this case, we're looking at a little less risky of an opportunity. When it comes to the terminals, looking at 50/50 debt. But when looking at vessels themselves, they can be a little more leveraged since they have an enterprise value that does remain. They wouldn't go higher than 50/50 debt to equity. But they still need to refine.

But: if there was a level of government commitment and they had guaranteed some level of payment and confirmation, then equity could go down to 20 or 30.

Additionally: if an investor takes on risk and gets to a steady state of revenue, then they may look to take out additional equity and then leverage the whole thing if they knew they were going to get a specific level of return.

Tim added that would also depend on who's debt and who's equity was needed for the upstart. Difference of public finance, as they wouldn't necessarily take equity back out. And it depends on how this is financed to begin with and on where state and local equity is.

Not a lot of people are operating 99-passenger sized ferry. But 150 and 250 and larger some more examples out there but a little bit dated. Marine industry market costs has gone up tremendously.

Current market dynamics can be properly analyzed within a long-term financial agreement but first we need to determine what we choose for initial costs and what is being selected.

GOVERNANCE MODEL SELECTION

Only looking at agency in regards to the structure and the model that they bring: 1) WMATA, 2) Port Authority of NY and NJ, 3) DC Water.

- Of the 3 we looked at, only the Port Authority is currently involved in operating ferry service.
- WMATA provides public transit but no waterborne and DC Water is a water and sewer purveyor in the region

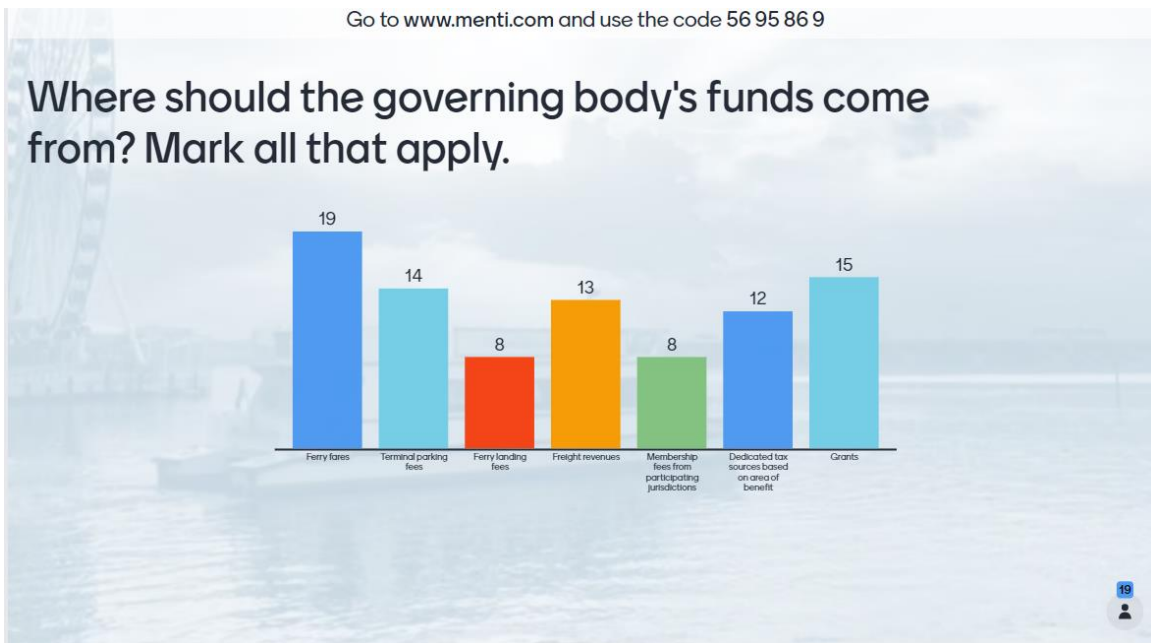
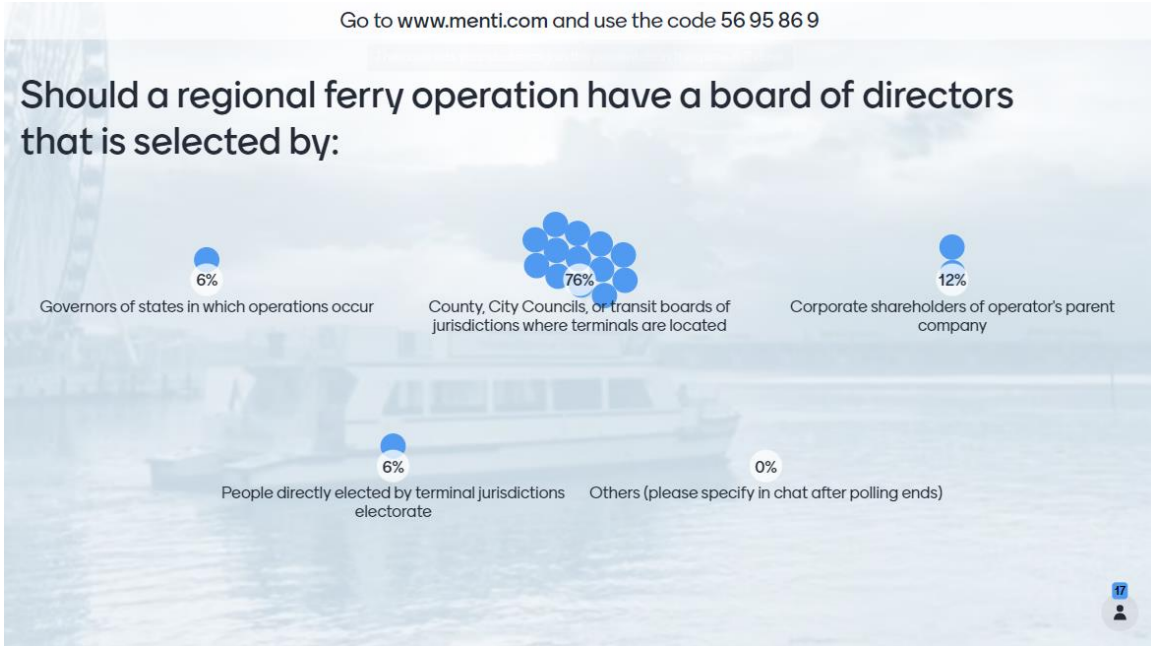
Things our team looked at primarily were four criteria: 1) structure (how easy is it to scale), 2) board of directors (how are they appointed), 3) jurisdictional reach (less of an issue, though, but want to keep in mind purpose), and 4) transit funding (how is the agency funded and structured).

- DC Water: separate and stand-alone agency from District of Columbia but has own board of directors and beyond that a services agreement between DC, Fairfax, PG County and Mo Co for building the blue plains sewage treatment

Steering Committee Meeting #1 Notes
NVRC Passenger Ferry Business Case

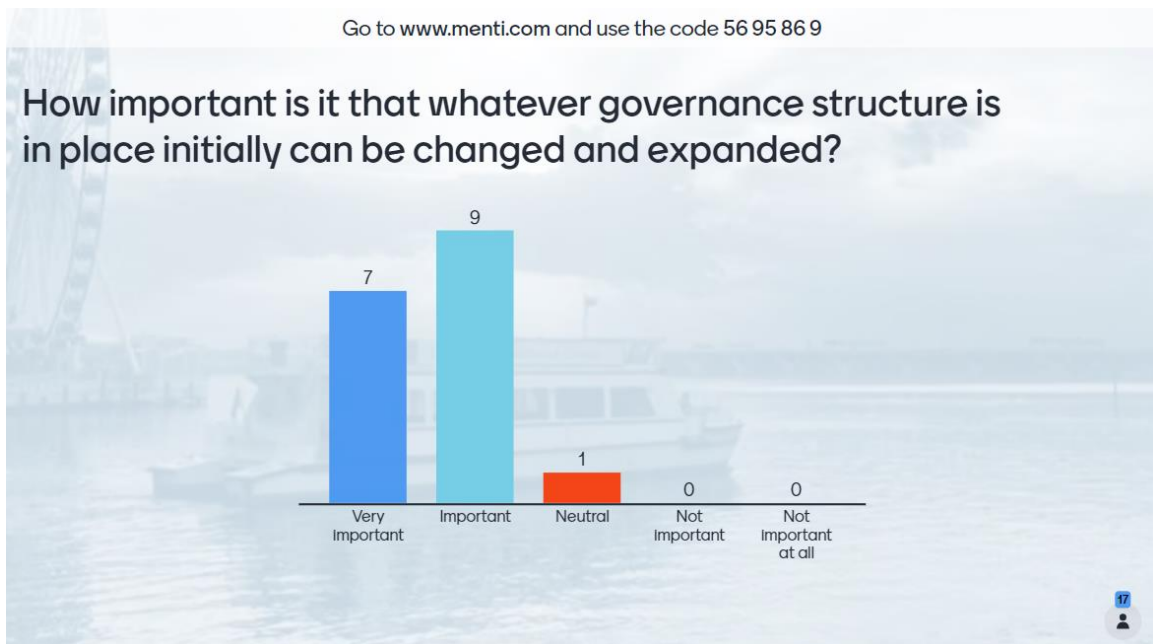
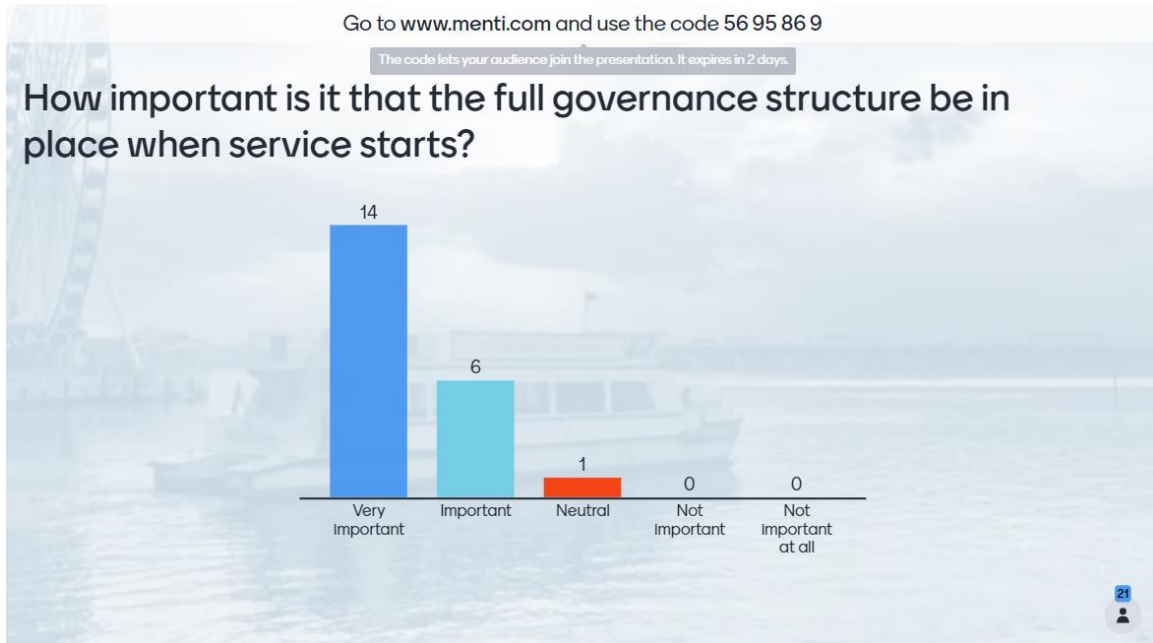
- facility that's actually regional that has capacity beyond DC. Appointed by local jurisdiction
- Port authority does have ability to broaden service - 40 years ago added Hudson River service.
 - DC Water - ability to add direction like add indirect sales of services.

VOTING EXERCISE



Steering Committee Meeting #1 Notes
NVRC Passenger Ferry Business Case

Amanda Rutherford mentioned that federal employees are not allowed to vote on funding measures



MARAD DESIGNATION

- Amanda Rutherford from MARAD/USDOT said that they can give money to NVRPC but it needs a government body and freight plan. There is a 3-step process for marine highway program- 1. Identify route 2. Project designation

(Can be business case study and cost-benefit analysis). Also increased tempo of accepting project designation requests to every quarter now. A lot of companies reach step 2 but fail to produce a freight/commodity case for the investment. Tim said that we will let the designation sunset since we don't have a freight case yet.

- Amanda Rutherford recommended contacting all MPO's regarding their freight plans and state DOT's. Steven Bieber suggested touching base with John Schermann from COG/TPB regarding NCR Freight Plan
- Tim said that the consultants looked at the freight plans for DC, Maryland and Virginia but none of them have a freight plan on the Potomac. Amanda said the states are updating their freight plan and they may include the Potomac on their updates.

MEETING DETAILS

Meeting Attendees

- Mark Rinaldi, Bush Corporation
- Willem Polak, Maritime Consultant
- Meagan Landis, Prince William County
- Hillary Orr, City of Alexandria – Dep Dir of Transportation
- Will Rowe, Volunteer
- Thomas Hamed, City of Alexandria
- Yi Shao, Capitol Riverfront Bid
- Pam Frank - MAC
- George Thomas, Connected DMV
- Jeffry P. Barnett, Charles County
- King, Emil, DDOEE
- Brian Philiben, MWAA
- Adam Baron, DC Water
- Phillips, George, PWC DOT
- Daniel S. Flores, Greater Washington Board of Trade
- McGettigan, David, PWC Planning Office
- Steven Bieber, MWCOG
- Schwarz, Tim, WASHGAS
- Rutherford, Amanda Mid-Atlantic Gateway Director for MARAD/USDOT
- Dan Schwanik, JBAB
- Gail Kenson, Naval District Washington
- Lisa Webb, MDOT
- Capt Layton Graves, JBAB
- Symone Howard, Community Planner for MCBQ
- Hii, Caleb, Prince George's County, DPW&T
- Richard Moore, Connect DMV/National Capital
- Katie, USACE Baltimore District - Planning Division
- Ed Welch, Passenger Ferry Assoc

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NVRC Passenger Ferry Business Case

- Karla Justice, Harbour Master, Occoquan Harbour Marina
- Zachary Baldwin, SWBID
- Alyssa Tullar
- Katherine Welton, USACE Baltimore District - Planning Division
- Steve Tkacik
- Peter Timashenka
- Susanna Finn, MCBQ
- James D. Baker, Ferry Operator
- Zoe Calderazzi – on behalf of AP from Senator Mark Warner’s office
- Thomas Hastings
- Noel Commeaux
- Thomasina Coates, Charles County Commissioner

CONSULTANT TEAM

Tim Payne, Nelson\Nygaard
Ashankh Jaishankar, Nelson\Nygaard
Kristen Kissinger, KPFF
Barnabas Hong, KPFF
Jeremy Ebie, Phoenix Infrastructure

NVRC

Peggy Tadej, NVRC

Chat record

[6/16 7:09 AM] Gail Kenson (Naval District Washington) (Guest)
Gail Kenson, Navy District Washington

[6/16 7:11 AM] Rutherford, Amanda (MARAD) (Guest)

does your travel time also include the no-wake zone between the Wilson Bridge to North Alexandria?

[6/16 7:14 AM] Rutherford, Amanda (MARAD) (Guest)

Also wondering if you tested it at 38 knots from Woodbridge to JBAB after any rain event, in which huge logs in the channel could limit the speed.

[6/16 7:14 AM] Hillary Orr (Guest)

Tim Payne & Peggy Tadej - To be clear, the City of Alexandria supports the inclusion of the Alexandria to DC route in the study. Our concern was with the Alexandria to JBAB route only.

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[6/16 7:26 AM] Thomasina Coates

Good morning - Thomasina Coates, Charles County Commissioner.

[6/16 7:31 AM] Hillary Orr (Guest)

Does the study take into account other factors, beyond travel time, that might influence behavior and ridership - such as cost of parking, more pleasant travel experience, ability to use travel time to work n the ferry, etc. People might be willing to have a longer commute if they can use their time in a more valuable way that driving.

[6/16 7:34 AM] Steven Bieber

Are you considering options that would include a water taxi (or similar service) between JBAB and Yards Park that operates frequently?

[6/16 7:59 AM] Schwarz, Tim (Guest)

I unfortunately have to head out early, please reach out to me if you need anything from Washington Gas! TSchwarz@washgas.com

[6/16 8:10 AM] Rutherford, Amanda (MARAD) (Guest)

Maybe you should mention that it's critical if you want federal funding to have a governance structure....

[6/16 8:12 AM] Rutherford, Amanda (MARAD) (Guest)

some people like me may not be voting because it wouldn't be appropriate for a federal employee to weigh in on certain questions.

[6/16 8:20 AM] Rutherford, Amanda (MARAD) (Guest)

Please note that MARAD asked/is asking all approved Designated Projects to submit a renewal application or allow us to sunset the project. This is not unique to M495. It's an opportunity for this project to identify freight and resubmit--not intended to be a penalty.

[6/16 8:23 AM] Rutherford, Amanda (MARAD) (Guest)

DC, Maryland and Virginia have state freight plans. (smile)

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[6/16 8:26 AM] Rutherford, Amanda (MARAD) (Guest)

I have a point of correction--not sure if you can see my raised hand in the software

[6/16 8:29 AM] Steven Bieber

I suggest touching base with Jon Schermann with the COG/TPB staff. Email:
jschermann@mwkog.org

[6/16 8:31 AM] Steven Bieber

He is starting an update to the NCR Freight Plan now.

[6/16 8:31 AM] Steven Bieber

The current plan was adopted in 2016