



## NVRC FAST FERRY PASSENGER SERVICE

**Date:** June 13, 2022

**Subject:** **Steering Committee Meeting #3 (virtual meeting)**

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### 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:

- Woodbridge to JBAB & SE/SW Waterfront
- Alexandria to JBAB
- Alexandria to SW/SE Waterfront

### Woodbridge to JBAB

Relatively long distance and crossing. To make it competitive to other modes of transportation a 38 knot speed is needed (that's fast and may not be realistic). Vessels can do that, but there may be some navigational issues and considerations of any wake that the vessel may create. And also fuel usage increases for speeds that high.

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

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.

Headways = the time between departures

Mark added insight into the time of driving from Woodbridge to JBAB (50 minutes and worst case 1 hr. 5 minutes), however Tim noted that wait time at gates to enter JBAB itself can be up to 30 minutes

Mike Anderson added that don't necessarily need a faster ferry time than driving, as part of the draw to ferry is that the time and length is consistent.

### **Two New Route Profiles**

In the meeting two new route profiles were introduced: Alexandria to DC and Alexandria to JBAB. Following this steering committee meeting, the City of Alexandria contacted NVRC expressing a desire that the Alexandria to JBAB route be removed from the study. To protect the integrity of the study, NVRC reached a decision to set aside any consideration of Alexandria as a terminal site and is encouraging the City to fund and manage a project on behalf of the City that would consider possible options for commuter ferry service.

NVRC has noted project risk in terms of scope, schedule, and budget, due to this change in terminal site locations at this stage in the study.

## **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.

### **Evaluating the Market Size for the Two New Routes**

This time around, the consultant team is looking at travel sheds slightly differently. Two travel sheds we are analyzing is 1) non-auto access for 15 minutes access and then 2) auto access for 15 minutes access. Part of the reason for the change in approach is because the market areas are likely more constrained than for Woodbridge terminal sites.

Since the Nelson\Nygaard team (in the previous study) analyzed the market size for the Woodbridge to JBAB route, the MWCOG travel demand model (4 step travel demand model, software called Cube) has been updated and revalidated for 2019, and the data is much more robust than the previously available version of the model. Furthermore, the team now has the ability to run the model independently.

Our team will also utilize other data sources like Replica or Streetlight data which provides current location-based origin destination information.

In the meeting, initial analysis of the market size for the two proposed route profiles (Alexandria to DC and Alexandria to JBAB) was discussed. However, due to the City of Alexandria's request following the steering committee meeting, the consultant team will be looking at different routes to analysis for the remainder of the study.

## FINANCIAL PLAN – INITIAL RESULTS

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)

Model is called an initial results model, in excel.

George asked if there are any standards that are going to be used to recommend a debt to equity structure? Or is it specialized base on this type of project?

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 at the project outset. 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.

Regarding vessel costs, Mike Anderson offered there are not a lot of people that 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 and not looking at if one of these existing agencies is the correct agency to take on the lead role for development of water transportation on the Potomac. The case study agencies

selected based on the last stakeholder meeting are: 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 transport 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 or selected), 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 municipal services agreement between DC, Fairfax, PG County and Mo Co for building the Blue Plains sewage treatment facility that's actually regional that has capacity beyond DC. The board is appointed by local jurisdictions.
- 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.

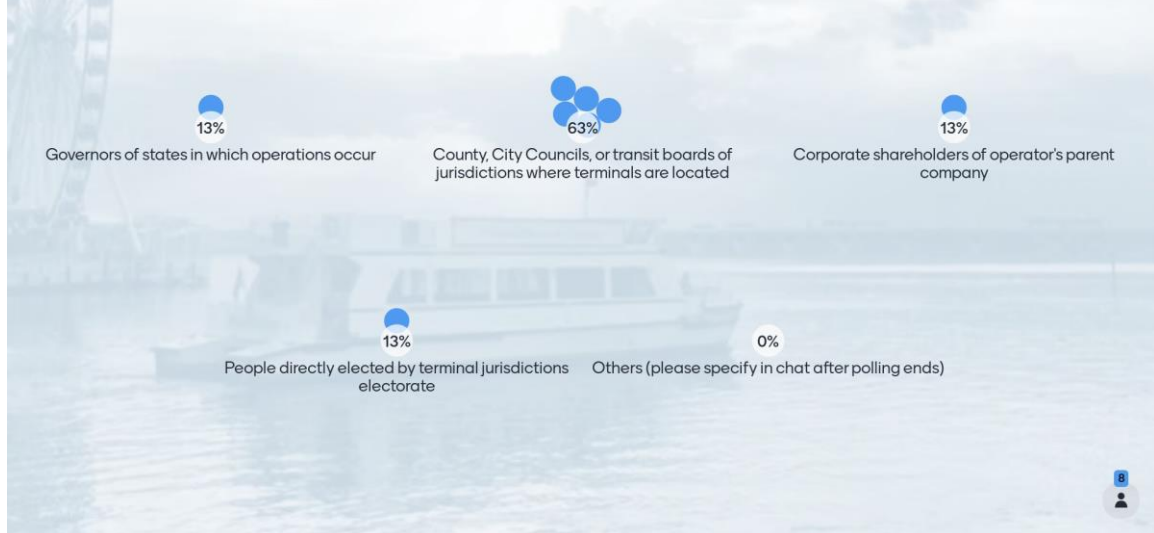
Jeremy added: In the case of public-private partnerships, the specific entity that is running the system will have their own board and structure as well. So even if there was a public governance structure over the ferry governance, the operator (if private) would have its own board.

Mark Berger commented: when it gets far enough along will there be an invitation to the private sector to look at what the study determined and have them weigh in before NVRC makes any specific decision on governance structure? // Tim responded that the team is looking to scope out shopping the business plan to the private sector to find out what the interest level is. That's the next step.

Jeffrey King noted that interestingly, the ferry would be traversing Maryland Water (then DC too north of the bridge) but it will not be serving terminals in Maryland at all. // Tim added clarity to that in the list of routes we are analyzing right now just don't include Maryland, however if we were to expand the scope of the project and analysis, it would likely include terminal sites in Maryland.

## VOTING EXERCISE

Should a regional ferry operation have a board of directors that is selected by:

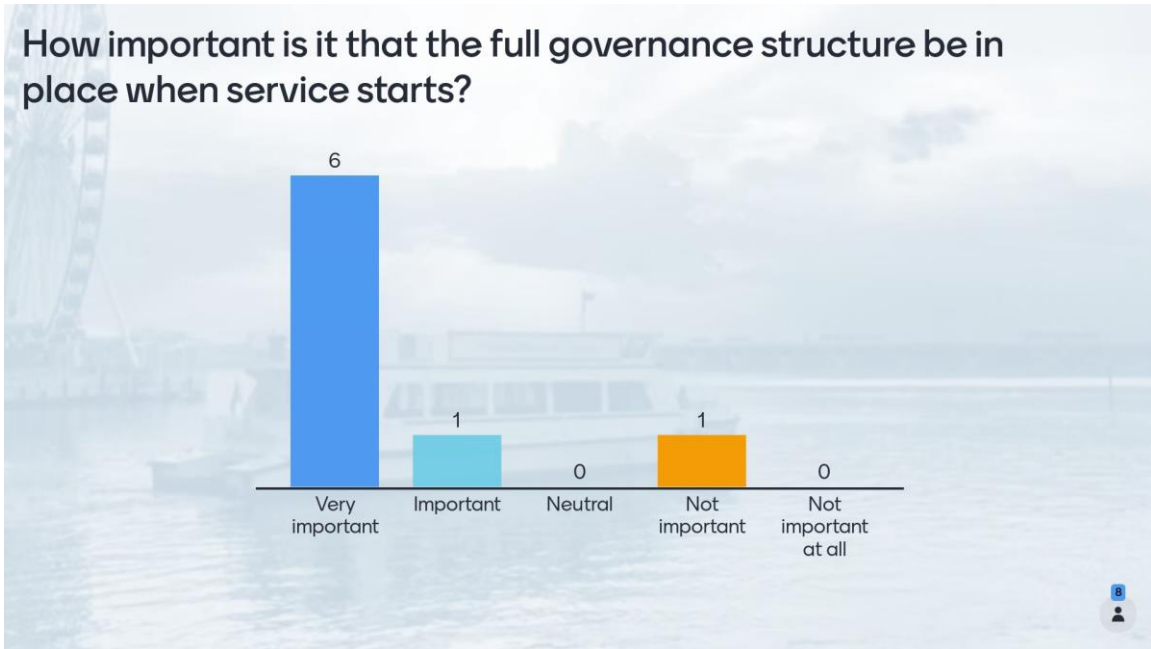


Where should the governing body's funds come from? Mark all that apply.



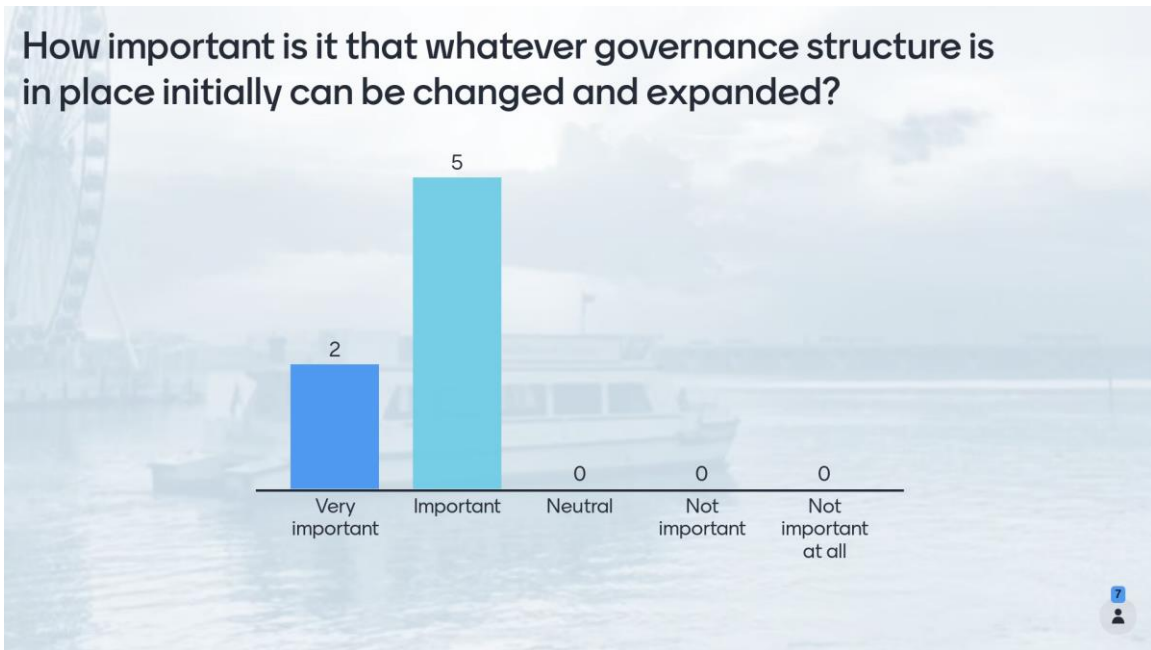
- Mark Berger added that he likes all except maybe not local dedicated funding.

### How important is it that the full governance structure be in place when service starts?



- Mark Berger added that he thinks that the structure should not be important, as potentially should start with a pilot system and then built the governance around it.
- Bob Schneider added an example of an agency that had a huge board of directors but still very small operational span, so don't think it's worth trying to bring everybody in if that doesn't end up reflecting the output.

### How important is it that whatever governance structure is in place initially can be changed and expanded?



## MARAD DESIGNATION

- Mark asked if they have asked if UPS or FedEx or Amazon wants to pay to keep the designation. Also wondered if they should just try to ask for a one year extension, if it matters. Tim added that they already have reached out to private freight operators to participate but haven't heard interest.

## MEETING DETAILS

### Meeting Attendees

Fatemeh Allahdoust, VDOT NOVA multimodal planning  
Mark Berger, Planning Section Chief 11 CES at JBAB  
Michelina Coates, Commissioner Specialist to Commissioner Thomasina Coates (D2), Charles County Government  
Clinton Edwards  
Thomas Hamed, City of Alexandria  
Seth Hendler Voss, Prince William County Department of Parks & Rec  
George Kandathil  
Jeffrey King, MWCOG Director, Climate, Energy, and Air Program, Department of Environmental Programs  
Meagan Landis, Prince William County Dept of Transportation  
Carla Longshore, DDOT  
Willem Polak, former owner/operator of Potomac Riverboat Company  
Mark Rinaldi, VP Bush Companies  
Jon Schermann,  
Bob Schneider, PRTC/Omni Ride

### CONSULTANT TEAM

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

### NVRC

Peggy Tadej, NVRC  
Chris Landgraf, NVRC

### Chat record

[10:02 AM] Landis, Meagan Meagan Landis, Prince William County Department of Transportation  
[10:02 AM] Mark Rinaldi Mark Rinaldi, Bush Construction Corporation  
[10:04 AM] Mark Berger (Guest) Mark Berger - Planning Section Chief - 11 CES at JBAB  
[10:05 AM] Allahdoust, Fatemeh (VDOT) Fatemeh Allahdoust, VDOT NOVA Multimodal Planning

**Steering Committee Meeting #1 Notes**  
NVRC Passenger Ferry Business Case

- [10:05 AM] Jeffrey King Jeff King, Director, Climate, Energy, and Air Program, Department of Environmental Programs, Metropolitan Washington Council of Governments (COG), I report up the chain at COG to the regional Transportation Planning Director, Kanti Srikanth, who manages the National Capital Region Transportation Planning Board (TPB).
- [10:05 AM] Longshore, Carla (DDOT) Carla Longshore, DDOT, Associate Director Transit Delivery Division.
- [10:07 AM] Michelina Coates Michelina Coates, Commissioner Specialist to Commissioner Thomasina Coates (D2), Charles County Government. She is unable to attend due to
- [10:07 AM] Bob Schneider OmniRide
- [10:12 AM] Mark Rinaldi Please define headway.
- [10:13 AM] Mark Rinaldi Did not earlier studies indicate 38 knots and 45 minutes trip, roughly half the time by car or bus?
- [10:17 AM] Emily Oaksford Good morning! For attendees that have not already done so, please add your name, title, and organization to the chat. Thank you!
- [10:17 AM] Mark Rinaldi thank you
- [10:18 AM] Mark Berger (Guest) FYI: Google indicating 50 min inbound and 1 hr. 5 min. outbound worse case driving scenario between Woodbridge and JBAB.
- [10:20 AM] Mark Rinaldi google the trip during rush hour may yield a different timeline
- [10:23 AM] Jeffrey King How would the Alexandria-Wharf ferry operation differ from the existing Water Taxi service between those locations? What is the travel time of the water taxi?
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What is the travel time of the water taxi?
- [10:24 AM] Mark Rinaldi what is the travel time by car or bus?
- [10:29 AM] Bob Schneider Stepping away for a short but important call. Be back shortly.
- [10:50 AM] Mark Rinaldi I'm going to have to unplug laptop and transition to phone...i'll be back on the call in a few minutes.
- [11:26 AM] Jeffrey King Interestingly, the ferry would be traversing Maryland Water (then DC too north of the bridge), but will not be serving terminals in Maryland at all.
- [11:41 AM] Chris Landgraf Chris Landgraf, NVRC, [clandgraf@novaregion.org](mailto:clandgraf@novaregion.org)
- [11:44 AM] Bob Schneider FYI: Have to go for 1145a mtg. I do support the approach of a sunset w/ future application opportunity.
- [11:51 AM] Jeffrey King FYI, the lead COG staff for our Freight Subcommittee is retiring. I'll poke around to see about plans for that committee moving forward to see if it could be helpful.....
- [11:53 AM] Peggy Tadej Is that Jon Schermann?