

Commuter Fast Ferry Service

High-Level Project Screening Report

This report and recommendation is part of the high-level screening process used by the Office of Transportation Public-Private Partnerships (OTP3) to assess the suitability of delivering a project under the Public-Private Transportation Act (PPTA) of 1995, as amended.

PROJECT BACKGROUND

Date: March 24, 2014

Project Name: Commuter Fast Ferry Service

Sponsoring Agency: VDOT

Project Concept Source: Solicited

OTP3 RECOMMENDATION

Proceed with detailed-level screening process? Yes No

Executive Summary recommendations from OTP3:

While a fast ferry service will add another commuter option to the Washington DC, Maryland, and Northern Virginia areas, it will not alleviate the gridlock and may not be a cost effective solution. Stakeholder support is limited at this time and significant stakeholder awareness and support will need to be undertaken before the Project moves forward. Additionally, the commuter fast ferry service is not listed in the State Transportation objectives and not listed in the State, Regional and/or Local Transportation Plans.

The Project will require significant capital improvements in docking facilities, vessel purchases and possible bus purchases for connections to other transportation operators as none are in place today. Several ferry operators have expressed interest in operating the ferry during the proposed 3-year demonstration project; however, there has been no commitment to invest any of their own funding. Additionally, the proposed 3-year demonstration project will not allow sufficient time for repayment of the capital costs nor a return on equity which will be required for private sector funding on the Project.

Therefore, it is OTP3's recommendation not to advance Commuter Fast Ferry Service Project to the detail-level screening phase of the PPTA process at this time.

Concur:



5/5/14

Signature

Date

Charlie A. Kilpatrick, Commissioner of Highways

Virginia Department of Transportation

Preliminary Schedule

Activity	Completion Date
High Level Screening Report	March 2014
Detail Level Screening Report (if advanced)	TBD
RFI Issued by OTP3	TBD
Response Due Date	TBD
Potential RFQ issued by OTP3	TBD
Potential RFP issued by OTP3	TBD
Expected Commercial/Financial Close	TBD

TRANSPORTATION NEED STATEMENT

Description:

The Metropolitan Washington, D.C. region currently has approximately 5.8 million residents. The region has experienced rapid growth over the last couple of decades despite a recession and sequestration. The DC-area job market grew quickly due to its proximity to the federal government and the emergence of Northern Virginia as a technology and Government contracting center. The government's inability to keep up with the transportation infrastructure needs of a growing population has resulted in significant traffic congestion problems that continue to worsen.

According to a 2013 report from the Texas A&M Transportation Institute, Washington D.C., Maryland, and Northern Virginia have the worst commute in the country. Commuters in the nation's capital needed almost three hours for a trip that should take 30 minutes without traffic, according to the report.

The Virginia Department of Transportation (VDOT) is addressing Northern Virginia's transportation needs by reviewing available modes of transportations and expanding capacity where possible. Some capacity improvements added have been expanding park and rides lots, expanding commuter bus

service with new busses, constructing 29 miles of new express lanes on I-95, and helping to widen US Route 1.

The I-95/395 corridor from US Route 1 near Woodbridge, Virginia, north to the 14th Street Bridge has the greatest estimated travel delay in the nation. Commuters along this route between 7:30 am and 8:30 am experience close to 45 minutes of delay every day, with a trip that would take 18 minutes in free-flow conditions now takes 63 minutes during the morning rush hour. Sitting in traffic wastes time and fuel, degrades our environment, and significantly hampers our economic competitiveness.

The proposed scope of the commuter ferry service would be over the Potomac River from Woodbridge, Virginia to Southeast/Southwest area of Washington, DC. and from Alexandria, Virginia to Joint Base Anacostia-Bolling (JBAB).

The benefits of a fast-ferry service in the region may bring opportunities to the military at Quantico Marine Corps Base, Fort Belvoir Army Base, Navy Yard, Joint Base Anacostia-Bolling (JBAB) and the Department of Homeland Security at the former Saint Elizabeth Hospital location – all facilities built on the river system. The wide range of benefits, established water taxi service, and the recent Nelson Nygaard study establishes market demand for commuter fast ferry service and contributes to giving this serious consideration.

Commuter fast ferry service may bring significant value to the National Capitol Region by alleviating traffic congestion and enhancing the brand and image of the region. The service may help alleviate gridlock by taking drivers off US Route 1 and Interstate 95 and shifting commuters onto the Occoquan, Potomac, and Anacostia Rivers, an underutilized transportation resource. It could support efforts to improve homeland security by giving high-ranking officials and the military an additional evacuation route and/or the movement of military equipment/personnel during a declared disaster. The service may also provide a boost to economic development and tourism by providing an alternative transportation mode for business and leisure travel in the region.

The goal of a commuter ferry would be to complement the region's overall transit network. The commuter fast ferry project may provide a new transit option needed for a growing population and economy.

A commuter fast ferry service may offer the following advantages:

- Creating a new waterborne commuter transit solution to better integrate existing highway, rail, bus, airport, Metrorail, pedestrian, and bicycle capabilities for a growing population;
- Alleviating traffic congestion along multiple major commuter arteries, much like the introduction of Virginia Railway Express (VRE) nearly 20 years ago;
- Strengthening economic development efforts, particularly around fast ferry terminals similar to the development that occurs around Metrorail Stations;
- Promoting continued growth of the tourism industry, e.g., to/from National Airport; National Harbor, Potomac Shores, and DC waterfront; and
- Improving emergency preparedness capabilities, particularly along the river system, e.g., "Miracle On The Hudson."

A letter dated November 24, 2013 to Secretary of Transportation, Sean T. Connaughton from Frank J. Principi, Woodbridge District Supervisor, Woodbridge Virginia, proposed a demonstration project spanning three years and operating three 49-passenger vessels. Additionally, the proposal requested an annual \$5 million grant to cover a portion of the overall operating budget.

HIGH-LEVEL SCREENING CRITERIA

Complexity of Effectively Leveraging Private Sector Innovation/Expertise

Yes No TBD

A PPTA delivery may offer limited innovation and efficiency savings in the design, construction, acquisition, financing and both routine and lifecycle operation and maintenance of the Project. There is limited to no opportunities for innovation and efficiency saving regarding the actual use of the waterways. Test commute times show the Fast Ferry is not competitive with VRE. Additionally, the use of the waterway creates challenges that are not easily mitigated. For example:

1. Boat traffic
2. Existing wake-free zones limit speeds
3. Debris in the water
4. Winter weather (snow and ice)
5. Docking facilities
6. Security requirements
7. Connectivity to other forms of transportation at drop-offs

These challenges related to the waterway will need to be addressed if the Project moves forward. Therefore, the initial review of the proposed scope for this Project appears to be limit innovations for this concept. This is subject to further review once the full scope is defined.

Consistent with Federal Requirements

Yes No TBD

Currently this Project does not have a NEPA document and would need a full assessment to determine the types of environmental documents required, lead or participating agencies and other reviews necessary and appropriate for projects in a tidal waterway.

Accelerated Project Development

Yes No TBD

The introduction of private finance would enable earlier completion of the Project due to budget constraints. However, at this time no market research has been under taken to determine the extent private investors would be willing to invest in a Project of this type. Additionally, no market research has been completed to reflect if operators are willing to operate the ferry service with private capital at risk.

Satisfies Public Transportation Need

Yes No TBD

While there is a critical need to reduce traffic congestion in Washington DC, Maryland, and Northern Virginia areas, just adding another commuter option may not alleviate the gridlock by taking traffic off US Route 1 and Interstate 95 but may reduce congestion. Additionally, this alternative may not be a cost effective when compared to other forms of transit. A traffic study would need to undertaken and a transformation in the way people commute would need to take place for this option to become viable.

However, the initial review of the fast ferry service shows it would be beneficial to support homeland security and the military for another evacuation route during an emergency or declared disaster. However, at this time, no written expression of interest has been received from homeland security or the military for this type of service. More investigate would need to take place before this benefit is realized.

Addresses Priorities in State, Regional and/or Local Transportation Plan

Yes No TBD

Fast ferry service has not been listed as a priority and not listed in the State, Regional and/or Local Transportation Plans. Additionally, stakeholder support is limited at this time for this type of transportation option. OTP3 is unaware of any written support from the cities and counties affected by the proposed commuter ferry. Significant stakeholder awareness, outreach and support will be required before this Project moves forward; or, along with inclusion in the State/Regional transportation plans.

Project Efficiencies through PPTA Delivery

Yes No TBD

Advancement of the Project via the PPTA procurement delivery method may offer limited project efficiencies through design, construction, operation, and maintenance for the facility. There will be limited to no opportunities for innovation and efficiency savings regarding the actual use of the waterway. The private sector may be able to provide additional financial resources to the Project (i.e. debt financing and private sector's equity) in addition to public funds. However, significant capital improvements will need to be undertaken including construction of docking facilities, purchase of vessels and coordination with other transit operators. As of this date, these discussions have not taken place.

Ability to Transfer Risk

Yes No TBD

The PPTA procurement should allow transfer of risks to the private sector of which could include, dependent upon the final scope and financing option (toll concession, availability payment, etc), design and construction, schedule risk, as well as long term risks associated with the financing, lifecycle, handback, operation and maintenance of the Project. Further evaluation of the risk transfer opportunities will need to take place prior to moving the Project forward. However, based on initial information, traffic demand/revenue risk may not be transferable to the private sector.

Funding Requirement

Yes No TBD

Funding and financial options could include a mix of public funding, federal financing (where available) and private financing including equity. However, equity participation by the private sector may be limited if the revenue generating risk is too great. Further evaluation will need to be developed to assess the financial feasibility of the Project as well as identify potential funding requirements.

Ability to Raise Capital

Yes No TBD

The Project has the ability, via the PPTA procurement method, to allow the private sector to invest private capital (e.g. equity debt) to fully or partially offset the costs of any public funds, thereby allowing

the Commonwealth to free up capital to deliver other transportation projects. However, the private sector may not commit equity financing into the Project without revenue guarantees from the public sector.

LIST OF REFERENCES

- Potomac River Commuter Ferry Study & Route Proving Exercise September 15, 2009 - <http://www.pwcgov.org/government/dept/dot/Documents/11773.pdf>
- Northern Virginia Regional Commission's Market Analysis for Commuter Ferry Service on the Occoquan, Potomac, & Anacostia Rivers October 24, 2013 - <http://www.vappta.org/resources/NVRC%20Ferry%20Market%20Assessment%20Draft%20Final%20Report%2010%2028%2013.pdf>
- Commuter Fast Ferry Service Demonstration Proposal November 2013 - <http://www.vappta.org/resources/NOVA%20Fast%20Ferry%20November%202013.pdf>
- Prince William County Potomac River Commuter Ferry Study & Route Proving Exercise September 23, 2010- <http://www.pwcgov.org/government/dept/planning/Documents/CommuterFerryFeasibilityStudyPresentation.PPT>