



**FERRIES IN THE NEW YORK REGION:
SUMMARY OF WORKING FORUM AND
RECOMMENDATIONS**

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This document is an interpretive summary of the discussions at the Working Forum on Ferries that took place on November 6, 2006. A list of attendees is attached.

Prior to the Forum, the participants had received prior a paper written by Regional Plan Association, *Ferries in the Region: Challenges and Opportunities*, to serve as background for the discussions. At the Forum the 70-plus participants were divided into three “roundtables,” each with a facilitator and reporter. The groups were pre-assigned in an attempt to have each roundtable reflect a range of perspectives. The identical set of questions (attached) was given to each group so that the key issues were covered. The three groups then reported back to the full group.

This summary is intended to generally reflect what was said in these discussions and to capture the main themes heard; it does not pretend to be a detailed description of what was said in all the groups. This document is also interpretative; it is meant to take what were the main themes and to transform them into suggested actions. It is hoped that the paper and this summary and recommendations will be helpful to the upcoming study of regional passenger ferry service to be hosted by the Port Authority and guided by an interagency advisory group.

1. Mission for Ferries. Ferries have become a legitimate part of the transportation network in the tri-state New York-New Jersey-Connecticut metropolitan region over the last twenty years. They function in many ways to complement the existing ground transportation system. They can provide a superior option in markets where the ground options are poor. Good examples include the Weehawken to midtown ferry service where the alternative transit options are slow and the Monmouth County services to Lower Manhattan where the ground options are circuitous. They can also be “load shedders” where the ground options are overcrowded and the alternatives to remedying that problem by means other than ferries are very expensive, as was the case in the mid-1980s when the Hoboken to Battery Park City ferry was initiated. They can also relieve overcrowding on highways, as with the Haverstraw to Ossining

ferry, that diverts drivers from the Tappan Zee Bridge. That service and the Newburgh- Beacon service to the north also provide remote parking for rail stations where parking is scarce. As was evident on 9/11 and during the August 2003 black-out, ferries can provide redundancy and emergency capacity. Ferries should not be treated as a high amenity frill. But ferries should pay for themselves where the market can bear it, and be supported where they serve the public interest.

Recommendation: *A mission for ferries along the lines of what is described here should be agreed to by whatever interagency group is established and should become the “regional position” regarding ferries.*

2. Role of Public Sector. With many current ferry services in financial difficulty today, there was much discussion in the Forum about the role of the public sector in assisting the private ferry operator. The general consensus was that there is a role for the public sector. A private ferry operator could receive assistance in many forms including operating assistance where it determined to be in the public interest. The public sector could ease the burden for ferry operators in the capitalization of vessels, including spares, and to assist in the start-up phase of new services. Other forms of assistance can be investments in docking facilities, planning ferry services, acquisition of land, assistance in the regulatory process, provision of ground connections to ferries, permitting the piggybacking of fuel purchases by major transit agencies to reduce the cost of fuel for ferries,¹ the handling of ticketing purchases by the major transit agencies and by arranging for joint ticketing, and marketing.

Recommendation: *All these forms of support should be encouraged. However, whatever forms the support take, they should be contingent on the determination that there is a public interest and that the private operator is prepared to provide the financial information regarding costs and revenues, as discussed below. In particular, an important role for the public sector could be to assist in underwriting the cost of retrofitting or replacement of fuel-inefficient, air polluting, and high wake causing vessels, using their “patient” capital, since the public sector has less urgency*

¹ New York City is prohibited by its charter from purchasing fuel for the ferry operator. Legal action would be required to alter this.

of making an early return on investment. Also, docking facilities built with public capital should be open to all ferry operators. For instances where the public sector wishes to initiate a ferry service, operating assistance should not be ruled out, provided it passes the same public interest test.

3. Define the Public Interest. There is agreement that it is important to determine if a ferry service is in the public interest as a way of evaluating if public sector support is warranted. The prospects for new ferry services in the Region are limited given the current public support model. Most of those being considered are similar to or variations of services that failed earlier. The issue for many of these services is simple. To break even or be profitable, the fares must be high. If the fares are high then there may or may not be enough riders to breakeven. If they are profitable, fine. If there are not enough riders then it may be desirable to subsidize fares to attract a larger market, but only if the ferry service can be shown to be in the public interest, as discussed earlier. This is no different than the standards applied now, albeit without much public input. It comes down to determining if the public interest is sufficient to warrant the cost to the public.

The paper written for the Forum posits a way to determine if a ferry service is in the public interest. The paper suggests that all the benefits to the public sector should be added up and from that the disbenefits subtracted, considering the following:

- The operating cost reductions of existing ground modes if ferries begun or continued;
- The reduction in fare revenues on ground transit modes from ferry diversions;
- Relief of overcrowding on ground transit modes as a result of diversion to ferries;
- Relief of highway congestion as a result of diversion to ferries;
- The increase of fare revenues on existing transit systems as a result of ferries when they act as feeders;
- The amount of peak period capacity added in a corridor;

- The potential for waterfront development and ferry service to act synergistically, ferries adding value to the waterfront development and the waterfront development adding to the viability of ferry service;
- The environmental impact of ferries, both positive in reducing auto use and negative with respect to ferry vessel emissions and noise;
- The extent to which the service is an integral part of the transportation network;
- The ability for the rider constituency to pay higher fares in the absence of subsidies without resulting in the loss of significant ridership;
- The amount of travel time saved by ferry riders; and
- The ferry service offers redundancy to existing transit service in the event of short- or long-term discontinuance.

There seemed to be general agreement at the roundtables that the proposed approach made sense, provided it was rigorous and subject to close scrutiny, although there was some concern that some of the elements were either difficult to quantify or were qualitative and therefore subjective. It is also likely that there are not one-size fits all ferry services. Some may be more relevant as redundant facilities than others, for example. This is another area where the upcoming interagency study could be helpful. Recommendation: *The interagency advisory group should further develop the concept of the public interest, and use the existing services where data exists or can be obtained to validate the process developed. This exercise will help to refine the criteria and to uncover areas of missing information, which could be aided by the survey process suggested herein. The task of reaching agreement on the public interest definition could be an early task of whatever coordinating group is established, as discussed later in this document. There should also be research to help establish what is an appropriate, but acceptable fare might be.*

4. Support for Start-up Ferry Service. The uncertainty of financial success of new ferry routes is one area where public sector support for operations may be important. In the last twenty years there have been numerous routes that have been started and discontinued when ridership could not cover their operating costs. If they

had been able to hold out longer, some of these routes might ultimately have been successful. Recommendation: *As discussed above, a determination should be made if a route is in the public interest. If it is and the ferry operator is prepared to provide financial information to verify the costs and revenues of the operation, then assistance should be considered. To increase the likelihood of success of any new ferry services, they should be strongly marketed and not presented as experimental, which can deter ridership.*

The difficulty of continued funding occurs when the route is performing poorly with little prospects for change in sight. A judgment will have to be made when the subsidy provided by the public does not outweigh the public purpose. In these circumstances, the existing riders who would lose their ferry service may rise up politically, forcing continued public support. Recommendation: *This dilemma can be addressed with early and open dialogue so that the public understands that there may be a time when fares may have to increase or the service may be discontinued. This could be reinforced by a Memorandum of Understanding as to the conditions of termination, forcing all parties to acknowledge the risk up front.*

5. Financial Disclosure. Because most ferry operations are privately held businesses, private operators have been reluctant to share financial information with the public sector. Yet, the public sector is often being asked to support the ferry operator financially, either through financial mechanisms that would lessen the burden of financing vessels, or directly through operating subsidies. Recommendation: *The ferry operator must be prepared to provide audited financial information if they are to receive public support. To overcome the concern that this information be made public, binding agreements between the public entity receiving such information and the operator should be established to ensure the information is not disclosed beyond the two parties.*

6. Modal Equality. There was sentiment at the Forum for treating ferries like other transit modes and when making decisions about ferries they should neither be favored

nor discriminated against. Recommendation: *This makes sense; just because it floats is no reason to treat ferries differently. For example, ferries should receive equal treatment in decisions about funding and consideration of alternatives in corridor studies and should not be discriminated against when competing for state and federal funds.*

7. Public Ownership. It is possible that like other transit modes it is inevitable that that ferries will wind up owned and operated by the public sector. A major exception in the Region is the New Jersey private bus operators, whose operations are not subsidized, but are provided with capital for their fleet and other capital expenses by the State of New Jersey. The private operator has often complained of unfair competition from the public sector transit systems, while the public sector has often complained that the private bus operator “skims the cream” and is unwilling to provide the weaker services that still serve the public good. Based on the discussion about where the public’s role might be for ferries – not dissimilar from the private bus operators in New Jersey – it may be inevitable that there will be similar back and forth complaining between the public and private sectors when it comes to ferries. It may be a small price to pay for maintaining the public service that ferries can often provide. No recommendation.

8. Passenger Data. Today, information about the passenger ferries beyond a raw count is unavailable. This information is critical to understanding the ferry markets, both those now served and potential new ones. The participants suggested that the information can be used in marketing and in the creation of demand models that can be constructed to estimate passenger volumes for new services. The ferry operator should allow the public sector to fund and carry out surveys of existing passengers. There are many examples where this could be helpful.

- Understanding the sensitivity of ridership to fares and a function of income levels.
- Understanding the potential for park and rides, i.e. how far will people drive to reach a ferry.

- Understanding whether potential riders are willing to use a shuttle to reach a ferry. This is the case in Edgewater, where the new service to start soon requires a shuttle bus to reach the ferry.
- Will potential riders be lost if the ferry ride is not non-stop as is possible for the new Edgewater service? It also may be an issue if Monmouth County services stop in south Staten Island.
- Yonkers is a prototype for other ferry services that parallel rail lines; gaining an understanding of rider motivations for choosing the ferry over the rail service would be valuable in assessing other similar proposals, such as from Stamford and Bridgeport.
- Surveys of ferry operations that serve residential developments, such as at Port Liberte, Haverstraw, Yonkers, and Schaeffer Landing would help to understand markets dependent on residents adjacent to the ferries.

Recommendation: *The upcoming study guided by the interagency advisory group should be tasked to develop surveys for many, if not all of the existing and anticipated ferry services and to conduct the surveys, and use the resulting data for developing demand models.*

9. Public Planning Responsibilities. There is agreement that ferries are “jurisdictional orphans” with responsibility for public planning divided within the public sector. When coupled with the natural competitiveness among the ferry operators, it makes it difficult to plan for ferry services on a regional and comprehensive basis. Yet, there is also agreement that given the current governmental structure, there is no one agency that could or should assume that role. Rather, the planning for the regional ferry network can only be done as a multi-agency effort. The Port Authority has taken a step in that direction by creating a Technical Advisory Committee to assist them in their upcoming study of regional ferry services.² This committee could evolve into a more formal group that plans

² In addition to the Port Authority this group includes the New York State, New Jersey, Connecticut and New York City Departments of Transportation, The New York State Empire State Development

together where warranted and become a clearinghouse for information. It could continue to be hosted by the Port Authority, which is already organized to deal with such cross-Hudson / bi-state transportation issues. Alternatively, it could be hosted by New Jersey Transit and the MTA, or even possibly the MPOs in the Region, including the two in Connecticut on Long Island Sound, as suggested at one roundtable at the Forum. Another variation would add the private sector, including both the ferry operators and relevant private developers, and possibly the most relevant business groups such as in Lower Manhattan, where ferries are especially critical. These options could be consistent with having the three relatively new governors of the three states to elevate its stature by blessing the three-state effort, giving it both visibility and credibility. Whatever group is established it could be assigned the task to develop a planning process that works to create a regional ferry system that not only becomes part of the transit system, but uses ferries to encourage waterfront development in the three states. Recommendation: *The current advisory group should be converted into a more formal Interagency Task Force to address ferry transportation issues more comprehensively and regional, including connections and “reverse commuting opportunities. The group should meet regularly, and that other non-agency stakeholders should be invited to participate when the agenda is pertinent to them.*

10. Waterfront Developers. Ferries often exist in markets where their major purpose is to add value to waterfront properties by making the areas more accessible and therefore more marketable. In these cases, support for ferry service are often the role of the land developer, as is the case at Schaeffer Landing in Williamsburg where New York Water Taxi and the developer have negotiating an agreement that assure ferry service for five years. Still, this may leave passengers living in the area “high and dry” or paying the full cost of the ferry operations after that time.

Recommendation: *There should be full disclosure about the length of time any agreement about subsidy is in force, so that those living near the ferry are informed.*

Corporation, the New York City Department of City Planning, the New York Economic Development Corporation, the Metropolitan Transportation Authority, NJ TRANSIT, the New York Metropolitan Transportation Council, the North Jersey Transportation Planning Authority, and the National Park Service.

The public entity involved, in this case NYCEDC should be the agency enforcing this requirement. In this way tenants and owners can be in a position to phase in other means of support for continuing ferry service should they wish to. Consideration of value increment financing of ferry services should be explored.

11. Longer Distance Ferries. Most of the ferry services in the Region are short distance in nature. There is concern that longer distance ferries, requiring high speeds to be competitive, burn fuel at prohibitively high rates, making the fares necessarily high to cover costs, which in turn drives passengers away. Yet, there are higher speed ferries in operation elsewhere. Recommendation: *Research should be done, possibly as part of the upcoming interagency study, to understand the characteristics of high speed ferries elsewhere with respect to speed, payload and fuel consumption to understand how they may fit in the Region.*

12. Solving the Peaking Problem. The peaking nature of ferry services used mostly for commuting creates the same difficulty as it does for all other public transit modes. The ferry operators are able to manage this problem somewhat during warmer weather when off-peak fleet and labor can be used for tourist activities, but the problem persists during the winter months. Recommendation: *The public sector role should be to do what it can to encourage tourist and excursion markets, including the provision of docking facilities that can be shared by both commuter and tourist markets. The provision of commuter services that pass a public interest test could be a criterion for evaluating proposals for tourist and excursion operations. In this way there can be a cross-subsidization of commuter ferries that are in the public interest.*

13. Future Ferry Routes. There was little discussion at the Forum about specific new ferry routes. One additional idea that surfaced after the Forum is the use of underused parking areas in various federal and state parklands. The paper prepared for the Forum discussed other possibilities at some length and this discussion will not be repeated here. It can serve as a starting point for the prospective interagency study. It is important to try to use what we know about the feasibility of new ferry

services by building upon what we have learned from previous routes, both successful and unsuccessful. Moreover, passenger surveys, suggested here can be useful tools to help make judgments about new services. Recommendation: *The interagency advisory group for the upcoming study should create a series of travel demand models for various types of ferry services, i.e. park and ride, residence-based, feeder, Lower Manhattan or Midtown, etc. based on existing and new data of passenger characteristics to assist in determining potential ferry ridership. The model should be sensitive to alternative modes' travel time and costs and to fares.*