



**Massachusetts Bay  
Transportation Authority**

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## **Water Transportation Service - Post RFP Review**

**May 6, 2019**



## Overview of Current Operations

### Boats in Operations:

- MBTA 4 (2 for back-up)
- Boston Harbor Cruises (BHC) 8

### Operating Three Year-Round Commuter Service Routes

- Hingham
  - Boat Capacity: Average 361
  - Weekday Utilization Rate: 56% Am / 44%PM
  - 18 round trips a day
  - Average weekday ridership 3,337
  - 5 Vessels BHC owned
- Hingham/Hull-Logan:
  - Boat Capacity: 150
  - Weekday Utilization Range: 37% AM / 63% PM
  - 19 round trips a day
  - Average weekday ridership 1,084
  - 2 Vessels & 2 Back-Up MBTA owned
- Charlestown Navy Yard
  - Boat Capacity: Average 142
  - Weekday Utilization Range: 43% AM / 58% PM
  - Every 15 minutes at Peak/30 minutes off-peak
  - Average weekday ridership 1,228
  - 3 Vessels BHC owned



## Market Survey Post-RFP

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### Background:

- To increase the competition for bidding on water transportation services the MBTA released a RFP formed in 3 separate RFPs (one per route)
  - Single bid for each route, from the incumbent at a 32% increase in annual costs

### Market Review:

- Surveyed thirteen (13) ferry operators. Focusing on those geographically closest and most likely to be interested
- Conducted phone interviews as to reasons why they didn't or wouldn't bid, and ways to improve, findings include:
  - **Procurement related matters** – regarding timelines and the RFP requirements
  - **Business related issues** – regarding capital costs and competition



## Survey Feedback: Procurement-related

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### Procurement-Related Findings

- Posted during the high season
  - RFP released in Aug. with the intent to award by Oct.
  - 3 RFPs launched together
    - Lengthy and detail RFP requirements for each route
- Short response time - vessels are in use and need time to be arranged for a commitment
  - MBTA's Short cancellation policy
  - Operators require 6 months to lease a boat, 3 years to buy a boat
- Outreach Issues
  - Some vendors missed the "*Operator Only*" option – differentiation was only clarified upon review of the RFP documents
  - NY firm was sent RFP, but executive team was unaware of RFP and expressed regret



## Survey Feedback: Business-related

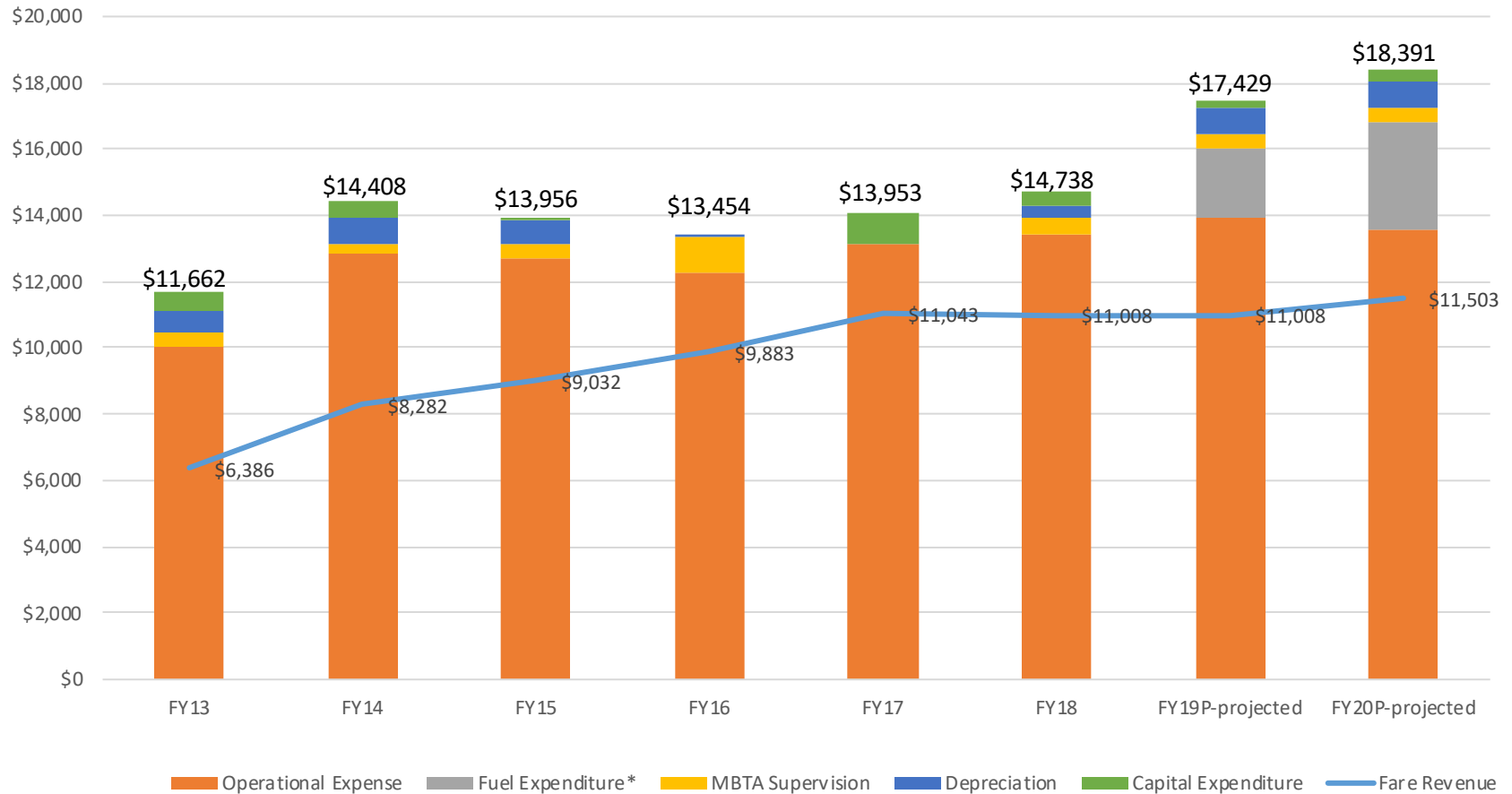
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### Business-Related Findings

- Capital costs and time to obtain the boats required
- Capital costs of setting up maintenance facility – including the leased facility for MBTA-owned vessels
- Incumbent was commonly referred to as “The presumed winner” by other operators
- MBTA has no relationship with other operators, MBTA’s brand is not familiar to them



## Fully loaded MBTA operating costs and capital expenditure



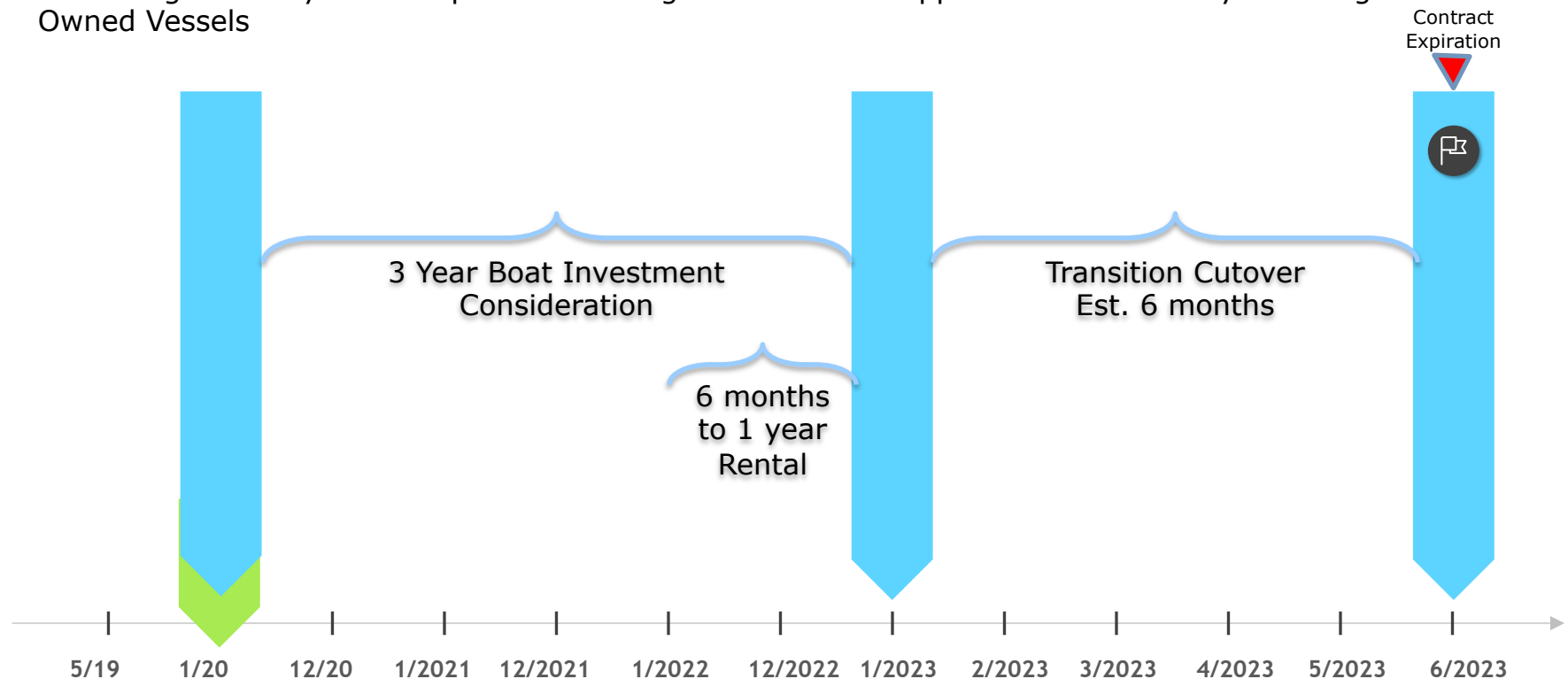
\* Fuel expenditure cost included in operating expense in FY 13 to FY 18

\*\*Fuel expenditure in FY 19 & FY 20 based on projections



## RFP Timeline considerations with contract expiration 6/2023

- Time to build Third Party relationships and identify true potential players willing to provide service
- Third party capital investment in purchasing vessels vs ability to rent (Ex: MBTA vessels cost \$5.8m per)
- Should have a lengthy RFP process to allowing potential vendors time (start in off season)
- MBTA Explore:
  - Creating flexibility and competition starting with a Phase I approach with RFP only for using MBTA Owned Vessels





## Devise future procurement strategy for ferry operations and RFP considerations

### Recommendation: Establish process to create a Water Transportation Strategy

- Work group comprised of relevant MBTA stake holders
  - Review of business issues associated with ferry operations:
    - Business models – PPP, Owned assets, wholly outsourced, etc.
    - Capital investments by T or vendor:
      - Boat ownership and maintenance
      - Required maintenance facilities
      - Investment timelines
    - Contract terms and timeline

### Procurement recommendations:

- Launch RFP in winter – operational low season, allowing operators time to consider new initiatives
- Increase RFPs length of time to 6-8 months from RFP launch to award
  - 4-6 months to transition new vendor – set up time for vessels and facilities
- Cultivate potential bidders – create relationship in ferry industry, prior to RFP launch
- Increase outreach before and during the procurement, routinely review contact information
- Launch operator-only route earlier\*
  - Creates differentiation from other routes
  - Allows for gradual transition
  - Shorter RFP process and transition period





## Appendix

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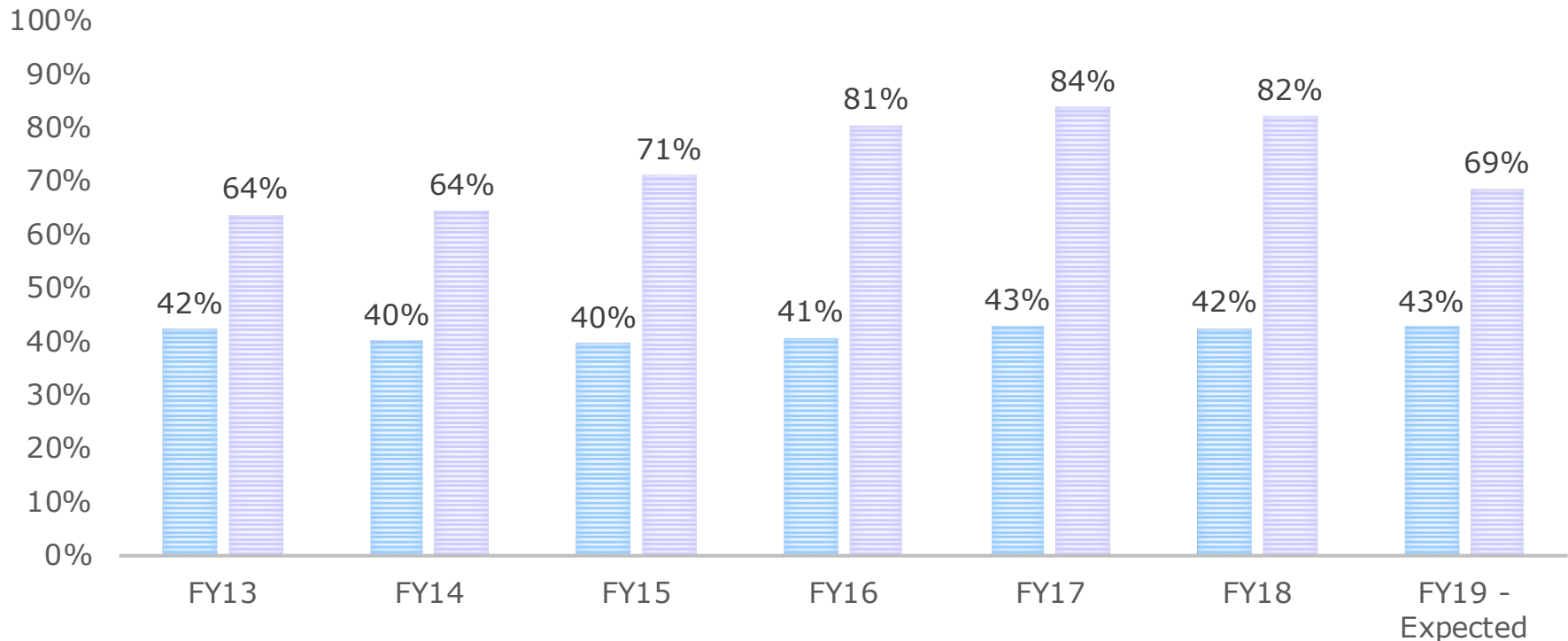


## Comparing fare recovery reveals that ferry captures a higher portion of costs, however, that portion is expected to decrease

Current MBTA fares by mode:

- Subway: \$2.25
- Bus: \$1.70
- Commuter Rail: \$2.25 - \$12.50
- Ferry: \$3.5 - \$18.50

None Ferry MBTA Ferry



\* Fare recovery consists of fare based revenue over operating expenses

\*\* Costs recovered do not include capital costs

\*\*\* Fare comparison refers to one-way fares, with a Charlie Card where relevant