

Cross-Bay Ferry Ridership and Financial Information

Fare and Schedule Recommendation for March and April

The Cross-Bay Ferry maintained strong weekend ridership during the month of January while weekday sales remained low. 45% of weekend tickets have been sold during the first half of the project, while only 18% of weekday tickets have sold since service started on November 28, 2016. Overall ticket sales in January declined from 5063 in December to 3857 in January. This was predictable in our opinion given the blackout dates, colder weather conditions, and small market for commuting coupled with limited service available under this pilot project.

The pilot project is demonstrating the strong reliability of ferry service, a key element for any premium transit option. Ferries departed on average within one minute of published departure times. Average travel time was 54 minutes. It is noteworthy that the CBF operated during January's severe weather when the Sunshine Skyway was closed.

After reviewing the first two months of revenue, HMS and the City established a low ticket fare for weekday trips effective February 2017. Weekdays fares have been reduced by 50%, to \$5.00 per trip. Further, the Commuter Value Pass was reduced an additional 50%, so that frequent riders could now travel during the week for a cost of \$2.50 per one-way trip. This fare schedule will help measure price elasticity for weekday trips during this month.

HMS is pleased to report that the Hillsborough County Commission voted unanimously on February 1, 2017 to proceed with the MacDill Passenger Ferry project, allocating \$750,000 this fiscal year for its design and engineering. This decision was facilitated, at least in part, by the strong ridership revenue results and strong community support of the CBF pilot project. Hillsborough County is evaluating whether it may forego federal funding in order to accelerate the project development and implementation. HMS is part of a public-private partnership to implement this project. Under the terms and conditions of the interim public private partnership agreement, HMS is committed to providing evening and weekend service between St. Petersburg and Tampa on a market basis. As a consequence, the development of the MAFB commuter passenger ferry project creates the opportunity for implementing sustained and affordable permanent evening and weekend service on the route currently being run by the CBF.

Given that the purpose of the pilot project has been to evaluate different types of service, and the market's response to them, and given the positive decision by the Hillsborough County Commission to accelerate the MAFB service, HMS recommends the following service schedule adjustments in March and April as follows:

March

Effective March 6, 2017, we recommend adjusting the weekday service to operate between St. Petersburg and Tampa from 11:00 a.m. to 8:00 p.m. consistent with the attached schedule. Previous fare rates would be re-instated at \$10 per one-way trip, but HMS would honor any discount fares purchased with a Commuter Value Pass. Further, HMS recommends adding an

additional roundtrip between Tampa and St. Petersburg on Sundays, at no additional charge except for recovery by HMS of its incremental cost of fuel for operating this additional trip. This does not require any additional allocation of funding by the City, but does require an authorization by the City to add this trip and to allow HMS to adjust net revenue to cover these incremental fuel costs. HMS reasonably believes with would generate additional net revenue for the City and its funding partners.

April

Effective April 1, 2017, we recommend adjusting weekend service to facilitate use of the CBF for scheduled Rays home games, of which fourteen are scheduled in April. We also recommend adjusting April weekday service evening operations. HMS is currently in discussions with the Tampa Bay Rays on developing combination game and ticket packet. It would be the responsibility of the City, PSTA and the Rays to ensure a seamless transportation mechanism to and from the ferry terminal to Tropicana Field on game days. Whether we can accomplish schedule changes to work with Rays games, we recommend adjusting the weekday schedule during April to fully test weeknight travel demand.

Additional Marketing Initiatives

HMS has secured the agreement of HART and the Tampa Streetcar Board to reduce streetcar fares by 50%. We also are approaching local Ybor merchants to underwrite the remaining cost of a streetcar ticket so that HMS can offer, and market with the City and other stakeholders, seamless and free transportation from the ferry to Ybor City. Should we be able to secure such sponsorship, HMS can market and provide free streetcar vouchers to Tampa bound ferry passengers.

HMS is also requesting support from the City to develop marketing and discount packages with local taxi cab companies and shared ride providers such as Uber and Lyft that will marry a ferry ticket with a return via ground transportation. Our experience is that such combinations are already being used, and that the City and its funding partners could facilitate and improve ferry ridership by putting such arrangements in place. It is beyond the scope of HMS' contract to develop this type of program, but we can integrate this into the current marketing platform and vehicles should it be developed.

Financial Performance Remains Strong

HMS also generated \$80,938 in net revenue in December and January, for a total of \$145,151 net revenue for the first half of the project. HMS also estimates that the operating cost for the Cross-Bay Ferry was \$431,142 during this time frame.. This means that the CBF Pilot project has recovered 34% of its operating costs, which stands as the **highest operating cost recovery percentage of representative transit operation in Florida**. “Fare box” recovery of operating costs is one of the key metrics used in evaluating transit systems. The metrics for such systems are reflected in the chart below.

System	Operating Expenses	Operating Revenues	Percentage Fare Box Recovery
CBF (Nov-Dec update needed)	\$431,142	\$145,151	33.6%
HART	\$72.7M	\$18M	24.8%
PSTA	\$65.2M	\$14.8M	22.7%
Sarasota County*	\$23.3M	\$2.3M	9.8%
Manatee County	\$ 8.9 M	\$1.2M	13.4%
Jacksonville*	\$62.8M	\$11.4M	18.1%
*Stats derived from 2013 NTD submittal			

For purpose of this calculation, operating costs included the cost of labor, fuel, insurance, on-going project management, marketing, and administrative costs. These are ordinary operating costs incurred for a typical transit systems, and serve as the baseline for this metric. Amortized vessel costs associated with the charter, project development, other one-time project development and mobilization costs were treated and classified as capital costs, as they would be for Florida transit systems. These capital costs are typically subsidized entirely by federal, state and local funds.

These financial statistics are preliminary and are subject to revision and reconciliation upon the conclusion of the project. They are provided here as a snapshot of project financial performance.