

Cross Bay Ferry Inter-City Service - Hillsborough/Tampa/Pinellas/St. Petersburg

Interlocal Agreement – Scheduled for Board of County Commissioners Meeting on August 24, 2021
 Staff Analysis August 11, 2021

Background – City of St. Petersburg contracted with HMS Ferries, Inc. (HMS) for a seasonal service with Hillsborough and Pinellas Counties, City of Tampa and FDOT participating financially:

- Pilot Season 2016-17 – 40,854 total riders – average of 6,809/month (6 months)
- No service 2017-18.
- 3-Year Agreement Seasons 2018-19, 2019-20 and 2020-21:

Season (October – April)		Cost Per Local Government	Total Local Government Subsidy Per Year	Total Riders Per Year *
Year	Term			
Pilot	2016 – 17	\$350,000	\$1,400,000	40,854
1	2018 – 19	\$150,000	\$ 600,000	52,528
2	2019 – 20	\$150,000	\$ 600,000	51,658
3	2020 – 21	\$150,000	\$ 600,000	38,718

Estimated – Subsidized Cost Per Rider: \$11.42 - \$15.62, in addition to riders’ paid fares.
 2019-2021 One-Way Rider Paid Fares: \$10/adult, \$8/senior, military, \$5/youth

Discussion – Hillsborough County entered into an agreement with HMS on June 16, 2021 to operate a seasonal ferry (Ferry) service between St. Petersburg and Tampa. Operating terms are essentially the same as the City of St. Petersburg’s previous agreement with HMS, i.e. minimum trips/week. However, the *fare range* in the HMS Business and Operations Plan *will be increased to \$8 - \$12*.

The *Operating Agreement Between Hillsborough County and HMS Ferries, Inc.* and the *Business and Operations Plan for the Cross Bay Ferry Inter-City Service* are attached to the 8/24/2021 Agenda Item.

- Approvals of the new 4-Year Interlocal Agreement:
 - City of St. Petersburg – July 21, 2021
 - City of Tampa – August 5, 2021; and
 - Hillsborough County – August 11, 2021 (pending)
- Seasonal ferry beginning October 1, 2021 and extending by 1 month in Years 2 and 3 until 12 full months in Year 4.

Year	Term Per Year	Per Local Government	Total Subsidy Per Year
1	Oct. 1, 2021 – April 30, 2022	\$175,000	\$ 700,000
2	Oct. 1, 2022 – May 31, 2023	\$190,000	\$ 760,000
3	Oct. 1, 2023 – June 30, 2024	\$202,500	\$ 810,000
4	Oct. 1, 2024 – Sept 30, 2025	\$255,000	\$1,020,000

- Ridership Projections *have not been provided* for the new 4-Year Interlocal.

The *Business and Operations Plan* stipulates the following service provisions:

- St. Petersburg to City of Tampa **Weekend** Scheduled Service - Scheduled weekend transit is *intended* to run Friday, Saturday and Sunday.
- St. Petersburg-Tampa Scheduled **Weekday** Service – In learning from the passenger demand from previous years, HMS plans to continue to provide ***flexible and adaptive scheduling throughout the performance period.***
- Ferry Schedule shows 20 trips per week with 149-person capacity per trip – max passengers per week is $20 \times 149 = 2,980$. A maximum number of passengers per year (Year 4) is $2,980 \times 52 = 154,960$.

The Ferry would have to operate at 92% capacity to recover costs over each year and full cost recovery is not possible until year 4.

Hillsborough County will receive 50% of all HMS revenues from the Ferry Service above \$400,000, to be shared equally among the local governments. Revenues generated from HMS's Charter and Specialty Cruises (if any) count toward the \$400,000 threshold.

There is an ILA termination provision that not later than June 1 of any year, any participating government may terminate the ILA by written notice to Hillsborough County and all other participating governments.

- **Funding** – Pinellas County does not have sufficient revenues to cover the proposed Ferry subsidy from the Transportation Trust Fund in FY 2022. Ferry funding was not built into our recent Level of Service analysis that we hope to improve in the coming years. The FY 2022 funding will have to be covered using General Fund revenue. Funding for the remaining three years will have to be determined annually as there is no dedicated funding source.
- **Conclusions** – The Cross Bay Inter-City Ferry Service is presented as an alternative transportation service. However, historical ridership data reflects usage is leisure trips on weekends; not local, weekday commuting trips.

While Hillsborough County/HMS's agreement requires reporting, operational standards are flexible. The stated future plan for the Ferry to become self-sustaining is to operate without subsidies, but with vessels purchased by the local governments. There are no details on form or approach for those future terms.

There are currently significant funding shortfalls for existing transportation services and transit alternatives, including ferries. The Inter-City Ferry is only one transportation service creating a funding challenge for Pinellas. The Clearwater Ferry is proposed for a restart in FY 22 with an estimated operational subsidy just under \$500,000. The proforma we've seen reflects that Pinellas will fund a significant portion (75%) of the proposed Dunedin Line.

Approval of the Interlocal Agreement for Ferry Services is not supported by a return on subsidy investment but based more upon aspirational transportation goals and intergovernmental relationships.