



New York City Council Public Hearing

Strengthening and Improving New York City's Water Mass Transit Service

December 14, 2005

Good afternoon, my name is Tom Fox and I am the President and CEO of New York Water Taxi. Thank you for the opportunity to appear before this hearing. I am appearing at this hearing to encourage the creation of a more comprehensive public policy and the development of a public/private partnership to the support and expansion of waterborne transportation.

My partner Douglas Durst and I began New York Water Taxi in 2002 to provide small-scale waterborne transportation connecting New York City's neighborhoods, parks and cultural attractions. In our first three years of operation, New York Water Taxi has become one of the fastest-growing waterborne transportation services in the United States. Our yellow catamarans with their black-and-white checks are becoming an icon in the New York Harbor and this year we will carry over 750,000 passengers on sightseeing, tour, charter, and commuter services.

New York Water Taxi operates from 15 different locations in Brooklyn, Queens, Manhattan; Jersey City and South Amboy, New Jersey. Our company is based in Red Hook, Brooklyn and has a staff of approximately 50 full-time equivalent employees. The company has a policy of hiring residents from the local neighborhoods we serve and provides both on the job and formal skills training to help employees advance within the Company. NYWT operates eight vessels which have low-wake hulls, fuel efficient engines and are accessible to the disabled.

Waterborne transportation benefits – economic development, environmental quality and emergency preparedness and is critically important to the future growth of New York City and the metropolitan region.

Waterborne transit is essential to future economic development because it can provide mass transit options to support new residential, commercial, retail and recreational developments located along the water's edge. Formally industrial waterfront neighborhoods are poorly served by mass transit. The waterway provides a federally protected right-of-way and the infrastructure cost for providing waterborne transportation is negligible compared to that required for other mass transit options.

The development of New Jersey's Hudson County waterfront, over the past 20 years, was made possible by waterborne transportation. The successful redevelopment of the Brooklyn and Queens' waterfront also depends on the availability of adequate waterborne transportation. So too will commercial developments such as the new passenger ship terminals and IKEA in Red Hook; and a host of public projects ranging from the redevelopment of Governor's Island, to new waterfront parks including the Hudson River and Brooklyn Bridge Parks, and National Parks of the New York Harbor.

From an environmental perspective, waterborne transportation removes tens of thousands of cars from the road each day enhancing regional air-quality; reducing congestion and commuter travel times; reducing wear and tear on bridge, tunnel and roadway infrastructure and enhancing the mental well-being and productivity of ferry passengers.

Perhaps most importantly, the City's emergency preparedness depends on waterborne transportation. Recent events such as 9/11, the 2003 blackout and the threatened transit strike show the need for a robust waterborne transportation system to support the region's response to emergencies.

The emergency evacuation plans of government agencies and private corporations all assume the availability of waterborne transportation as a primary means of egress from Manhattan in the event of a natural or man-made catastrophe. In addition to emergency egress, waterborne transportation enables first responders' immediate access to the effected areas, ensures the maintenance of commerce during an emergency and assists in recovery.

Yet private ferry operators are having a difficult time providing waterborne transportation service in the New York Harbor. If New York Water Taxi focused its energies solely on providing sightseeing and charter services to the tour and travel industry, the company would be profitable in its third year of operation. However, we understand that waterborne transportation will play an important role in the city's growth and believe that to create a system that supports redevelopment of our waterfront the public and private sectors must work together in partnership.

This partnership should involve private operators, local elected officials and advocacy groups working with the primary public stakeholders including the City of New York, the Port Authority of New York and New Jersey, the Metropolitan Transportation Authority, New Jersey Transit, the New York and New Jersey Department of Transportation, as well as the appropriate Federal agencies ranging from the Federal Transportation Administration to the Department of Homeland Security. The City's financial institutions and waterfront real estate developers should also support this partnership.

To date, public support for waterborne transportation has focused primarily on the construction of approximately \$300 million in new ferry terminals on both sides of Hudson River. While this is an important first step, much more must be done to develop a robust waterborne transportation system in the region. Some of the obstacles the industry is facing, and remedies New York Water Taxi suggests be considered to address the situation follow:

Limited capital for vessel construction - most vessels are purpose built for the service they operate. However, federal low-cost, long-term loan programs such as Title 11 MARAD funding are very limited and companies like New York Water Taxi have been unable to participate in these programs.

A low-interest, long-term loan program should be established for vessel construction. Operators could increase the availability of equipment, reduce costs and maximize operating efficiency. Public vessel financing would also ensure that the vessels will not leave the New York Harbor and will be available to serve the emergency preparedness needs of the region. Since having additional boats available for emergency preparedness is important to the City's business community, the loan program could involve both public and private capital from banks and other financial institutions. Both New York and New Jersey have discretionary programs funded by the federal government to support the construction of new vessels. The application of these funds should be coordinated with other funding programs.

Operating subsidies for rail and bus but none for waterborne mass transit. The region's mass transit policy has focused on capital and operating subsidies for light and heavy rail and the construction and maintenance of HOV and dedicated commuter bus lanes. There are no operating subsidies available for waterborne transportation and it cannot compete against subsidized subways and express buses. The city should decide which runs serve a public purpose and subsidize those runs against the fare box to support the growth of waterborne transportation on these routes.

For example, New York Water Taxi continued operating the Brooklyn Army Terminal and the East River services after they were abandoned by other operators when public subsidies expired. The Company has been operating these routes at a loss for the past two years waiting for new dock construction and public operating subsidies that have been committed by elected officials. However, we have had to suspend service on the East River this winter and cannot operate there until May 2006 because we can no longer afford to subsidize public mass transit.

As new developments on the East River come online, and new docks are made available, the increased ridership will make mass transit on the East River more economically viable. However, until then, there should be a public subsidy for waterborne transportation on the East River to support the city's economic redevelopment plans for Brooklyn and Queens. The government subsidy would be applied against the fare box so as the ridership grew the public subsidy would diminish until the service is economically viable. This should be done on all routes where it is determined that it's in the public's interest to have waterborne transportation available.

Unrealistic expectations about the abilities of private operators of waterborne transportation to provide public benefit. Recent requests for proposals from various government entities require private operators to take an inordinate amount of risk compared to the benefits that could be realized from the service. In recent RFP's, private operators have been required to build, operate and maintain new ferry terminals, maintain in-water access at the appropriate depth and free of ice, as well as make all surface transit capital improvements required for operations.

The existing government policy of building ferry terminals to support the expansion of waterborne transportation in the harbor should be continued. However, the government should also assume the responsibility for maintenance and operations of these public facilities to ensure that they are well maintained and open to all operators.

A stand-alone fare system for waterborne transportation. While all other modes of public transit in the region are part of the MetroCard system, waterborne transportation is again excluded. Installing the appropriate MetroCard reading machines in private waterborne transportation and including them is an integral part of the mass transit system. This would allow seamless transfer between surface and waterborne transportation, adding flexibility to the system and encouraging the use of waterborne transportation.

Public funds currently appropriated to support waterborne transportation are not being spent. Although the City Council provided \$500,000 for the construction of a dock at 69th Street in Bay Ridge last year there has been no progress in the design or construction of the dock. The City has approved an operating subsidy to support the continuation of the Brooklyn Army Terminal service but the Department of Transportation has failed to spend it.

In addition, an operating subsidy of \$150,000 that was included in the city budget to help support the continuation of the Brooklyn Army Terminal service has not been made available to the operators. Current funding available to support waterborne transportation should be spent in a timely fashion to ensure that the money is spent most efficiently and that the public purpose of appropriating these monies is met.

The new federal transportation funding legislation (TEA-LU) includes \$4.4 million provided by Congressman Nadler in Congresswoman Maloney for the construction of new water taxi docks at various locations in New York Harbor. This money requires a local match and Council members Gentile and Yassky who have but \$1 million in the city budget for the construction of new docks have agreed that their monies can be used as the local match. These funds should be spent in a coordinated and expeditious manner.

The lack of available maritime industrial waterfront property to allow the industry to grow. Residential, retail and commercial development are displacing maritime industrial uses along major portions of the city's waterfront. The city must preserve maritime industrial property along the waterfront or there will be no place to maintain and operate waterborne transportation facilities. For example, New York Water Taxi owns eight vessels and will soon be running out of room to house and maintain these vessels in our current homeport in Erie Basin. A public program that preserves maritime industrial property at specific locations and provides these facilities to waterborne transportation operators at a reasonable rent would go a long way to supporting the growth of the waterborne transportation industry.

The lack of appropriate repair facilities to support the waterborne transportation industry. To maintain its vessels, New York Water Taxi must travel to Tottenville, Staten Island; Mamaroneck, New York; or Bridgeport, Connecticut. More must be done to increase marine repair and maintenance facilities that will allow waterborne transportation companies to maintain and repair their vessels in New York Harbor. This will reduce maintenance costs, increase the availability of vessels and create additional jobs and services which support other sectors of the marine industry such as recreational boating.

Insufficient funding for the planning, management, and maintenance of existing marine terminals. The government agencies responsible for the planning, management and maintenance of waterborne transportation facilities in the New York Harbor did not receive adequate funding to implement their required responsibilities. Facilities on the waterfront deteriorate quickly due to the rigorous conditions in the New York Harbor. There needs to be a reasonable program of public investment to maintain, repair and replace waterborne mass transportation facilities in the New York Harbor. In addition, the government agencies responsible for the oversight of waterborne transportation in the New York Harbor should have adequate funding and staff to allow them to implement their public responsibilities

The high cost of fuel. High fuel costs have impacted the entire waterborne transportation industry. Public programs to guarantee a set price for fuel would add stability to the industry. In addition, public support for the construction of fuel barges operated by existing waterborne transportation operators would allow for bulk purchases that would reduce the cost of fuel and provide strategic fuel reserves that could be used in the case of an emergency.

New York Water Taxi looks forward to working with the City, State and Federal government to develop a comprehensive waterborne transportation system in the New York Harbor. We believe that working together in a public/private partnership, the city can support and expand its waterborne transportation system to meet the needs of New York City in the future.

Thank you very much for the opportunity to present testimony at this hearing.