



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

A Proposed Service Model

for a

Freight Ferry Service between New Bedford and Martha's Vineyard

January 22, 2018

Since 2015, the staff of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (SSA) has been investigating the feasibility of a freight ferry service between New Bedford and Martha's Vineyard. On April 12, 2016, the staff proposed a potential model for the service that the SSA believes has the greatest chance of success over the long term, and the staff has since updated their proposed model based on a second report issued by Craig Johnson of Flagship Management on August 10, 2017. *

In his report, Mr. Johnson concluded that a private ferry operator could successfully provide a freight ferry service between New Bedford and Martha's Vineyard consistent with the SSA's proposed service model. Specifically, Mr. Johnson believes that the service provided by a private operator would be safe and economical, and that the fares charged by a private operator could be expected to cover the cost of the service (and allow a reasonable profit margin for the operator) while still being competitive enough to attract freight shippers to use the service voluntarily. Mr. Johnson also reported that he thinks it would cost between \$2,000,000 and \$5,000,000 to make the New Bedford State Pier suitable for use as a freight ferry terminal, although in an engineer's report commissioned by the Department of Conservation and Recreation, the estimated cost of the necessary repairs to the pier was significantly higher.

As currently updated, the parameters of the staff's proposed service model include having a private ferry operator provide the service, and not having the SSA subsidize the service, although the SSA would contribute towards it in several other ways, such as allowing the private operator

- The staff's April 12, 2016 report, as well as its responses to public comments that were submitted to the SSA regarding the report and Mr. Johnson's August 10, 2017 report, can be viewed and downloaded by going to the Policies, Forms and Information webpage of the SSA's website, <https://www.steamshipauthority.com/about/forms>, under "New Bedford Freight Study Reports."

to use the SSA's reservations system and the SSA's Vineyard Haven terminal (to the extent the private operator's vessel does not interfere with the SSA's own operations), and coordinating its sailing schedules with the private operator's schedules to the extent possible so that freight shippers can (if they want) use one service to travel to the island and the other service to travel back to the mainland (or vice versa).

The SSA is attempting to move forward with this updated proposed potential service model for a freight ferry service between New Bedford and Martha's Vineyard and has asked to meet with the New Bedford Harbor Development Commission and MassDevelopment (which is now managing the New Bedford State Pier) to discuss how best to proceed. The key elements of the proposed service model, as they have been updated to incorporate the results of Mr. Johnson's report, are described below.

- A. The New Bedford State Pier would be used as New Bedford's freight ferry terminal for a freight ferry service between New Bedford and Martha's Vineyard provided by a private ferry operator on terms satisfactory to the New Bedford Harbor Development Commission and MassDevelopment. The SSA would work with those government agencies, as well as other government agencies and municipalities that have an interest in a New Bedford freight service, for the purpose of obtaining funding for the repair of the New Bedford State Pier so that it can be used as a freight ferry terminal.
- B. The SSA would work with Mr. Johnson for the purpose of selecting a private ferry operator with whom the SSA would enter into a license agreement allowing the private operator to provide freight service between New Bedford and Martha's Vineyard at its own financial risk.
- C. The freight ferry service would initially be provided in accordance with the following parameters:
 - 1. The SSA would allow the private ferry operator to use the SSA's Vineyard Haven terminal to provide its freight service between New Bedford and Martha's Vineyard.¹
 - 2. The freight vessel would make two round trips a day on weekdays (excluding holidays) during approximately a 22-week summer season, with the potential to also operate the service on weekends and holidays.²
 - 3. The SSA would provide reservation and ticketing services for the freight service, and would integrate reservations for travel on the New Bedford route into its existing reservations system so that customers traveling to and from Martha's Vineyard can make reservations in one direction by way of New Bedford and in the other direction by way of Woods Hole.³

4. Shippers of non-hazardous freight would be allowed to ship their trucks between New Bedford and Martha's Vineyard without their drivers if the SSA is assured that each "driverless" truck on the vessel is physically met at the ferry terminal by its driver when the vessel arrives there so that the truck can be immediately driven off the vessel.⁴
5. The first daily one-way trip from New Bedford to Martha's Vineyard tentatively would be designated as a "hazardous cargo" trip.⁵
6. Customers traveling between New Bedford and Martha's Vineyard with their vehicles (both trucks and automobiles) would be able to make reservations on that route the same way they are able to make reservations on the SSA's other freight trips, and customers traveling with their automobiles would also be allowed to travel standby on the freight trips between New Bedford and Martha's Vineyard in the same manner that they are able to travel standby on the SSA's other freight trips.⁶
7. The New Bedford freight service would be provided on a summer-seasonal basis for an initial period of several years as agreed upon by all of the participants in this endeavor, with the potential to extend the operating season if the parties agree.⁷

¹ **The SSA's Vineyard Haven terminal should be used for the freight ferry service.** As best as the staff can determine, there are only two locations on Martha's Vineyard that could possibly be made available to accommodate the New Bedford freight service without huge investment, namely, the SSA's Vineyard Haven terminal; and Packer Marine's facility on Beach Road in Vineyard Haven. The SSA's Oak Bluffs terminal is not suitable for the New Bedford freight service because the terminal's wooden dock effectively limits the weight of vehicles that can be transported to and from there to 80,000 pounds. However, if the New Bedford freight service were scheduled to dock at the SSA's Vineyard Haven terminal, it might be possible to transfer some of the SSA's current trips in and out of Vineyard Haven to Oak Bluffs in order to reduce the amount of traffic and scheduling conflicts at the Vineyard Haven terminal.

The staff would prefer to use the SSA's own facilities in Vineyard Haven to the extent possible. Although the SSA may need a separate staging area for vehicles traveling to New Bedford and will also have to make certain that the schedules of trips to and from New Bedford are compatible with the SSA's schedules to and from Woods Hole, given that the SSA already has allowed Hvibe to use the SSA's Vineyard Haven terminal to provide New Bedford freight service during 2000 and 2001, the SSA presumably can make that terminal available again for a private operator to provide the service.

² **The freight service initially should operate only on weekdays.** The principal purpose of this ferry service is to provide transportation for freight trucks between New Bedford and Martha's Vineyard. Given that most freight shippers travel primarily on weekdays, the staff believes that, if the service is provided, it would be better to provide it, at least initially, only during the weekdays that freight shippers are usually on the road. By operating only on Mondays through Fridays, the service would likely experience a higher capacity utilization rate by freight shippers than a seven-day-a-week service.

There is no need to operate the service on weekends and holidays for the purpose of carrying passengers who are traveling without their cars. There already is an established passenger ferry service between New Bedford and Martha's Vineyard during the summer season that has sufficient capacity to satisfy the demand for travel between those two communities by individuals without their cars. Further, the SSA generally would prefer to have its passengers travel on its larger passenger/vehicle ferries than on its freight boats.

Whether the service should be provided on weekends and holidays for the purpose of carrying people traveling with their cars is another question. The staff can envision the possibility of adding freight boat service on weekends and holidays when there is peak demand, as the SSA does now particularly during August weekends. Ultimately, the staff does not believe that, at this early stage in the fashioning of a freight ferry service scenario between New Bedford and Martha's Vineyard, it is necessary to decide whether to provide the service on weekends and holidays in order to carry people traveling with their cars. That decision can be made much later and, indeed, even as late as on a week-to-week basis when the service is operating. For the purposes of starting a freight ferry service between New Bedford and Martha's Vineyard, the staff believes it initially should be scheduled to operate only on Mondays through Fridays.

The daily operating schedule should have two round trips between New Bedford and Martha's Vineyard. Just as freight shippers primarily want to travel on Mondays through Fridays, they want to finish their trips by the end of the business day and not travel during the evening hours. For this reason, the staff believes that, if freight service is to be provided between New Bedford and Martha's Vineyard, it would be better, at least initially, to provide no more than two round trips per day between the two communities. A third daily round trip between New Bedford and Martha's Vineyard would extend well into the evening hours, decreasing the likelihood that it would be utilized by freight shippers.

In order to make this two daily round trip schedule successful, the SSA will also need to allow freight shippers to travel in one direction by way of New Bedford and, if they so choose, to travel in the other direction by way of Woods Hole. Otherwise, freight shippers would be discouraged from using the New Bedford freight service because of either the exceedingly extended work day or their complete inability to return home the same day.

The freight service should start as a summer seasonal service. The staff also believes that, if freight service were to be provided between New Bedford and Martha's Vineyard, it would be better to provide it, at least initially, only during the SSA's summer operating schedule (approximately 22 weeks). Such a seasonal freight service would achieve one of the principal goals of Woods Hole residents of reducing the number of trucks traveling on Woods Hole Road during the busy summer season. Also, by operating when traffic demand between the mainland and Martha's Vineyard is highest, a summer-only service would likely experience a higher capacity utilization rate by freight shippers than a year-round service. The aggregate cost to operate such a summer seasonal service would also be lower than the cost to operate a year-round service, and trips during the summer would less likely be cancelled due to inclement weather compared to other times of the year, thereby increasing its reliability as an alternative means of transportation for freight shippers. By contrast, the staff does not believe that suspending the service during the non-summer season would cause freight shippers who otherwise would use the service during the summer to instead choose to travel to and from Martha's Vineyard year-round by way of Woods Hole.

³ **The SSA should provide reservation and ticketing services for the New Bedford freight service.** As previously noted, freight shippers who use the New Bedford freight service will need to be able to travel in one or the other direction by way of Woods Hole. Therefore, the staff believes that the SSA should provide reservation and ticketing services for the New Bedford freight service so that freight shippers can easily make reservations for both routes in the same transaction. By being able to do so, the shippers will have confidence that they can use the New Bedford freight service in one direction and be able to make their deliveries and return home on a reasonable schedule.

It will also be important to have integrated reservation and ticketing services for both routes to better accommodate customers on the wait list when freight shippers change or cancel their reservations, or when there are vessel cancellations on either route. In order to maximize the New Bedford freight route's potential for success, the staff believes that the SSA's reservation and ticketing system should treat that route as much as possible as an integrated part of the overall transportation network, allowing customers to choose the route whenever it provides them with the most efficient travel options. In addition, by having an integrated reservation system, customers will not be forced to choose between an entirely "SSA" or entirely "non-SSA" proposition that might discourage them from trying the New Bedford freight service out of fear of not being able to travel with the SSA on a subsequent occasion.

4 The SSA should explore whether freight trucks can be transported between New Bedford and Martha's Vineyard without their drivers. Given the longer time it takes a vessel to sail between New Bedford and Martha's Vineyard than between Woods Hole and the island, the staff believes that the SSA should explore whether its freight shippers would find a freight service between New Bedford and Martha's Vineyard to be more attractive if the SSA were to allow their trucks to be transported between New Bedford and Martha's Vineyard without their drivers. If freight shippers were to request this change to the SSA's operations on the route between New Bedford and Martha's Vineyard (trucks are allowed to be transported on the SSA's route between Hyannis and Nantucket without their drivers), the SSA would need to make certain that each and every "driverless" truck on the vessel is physically met at the ferry terminal by its driver when the vessel arrives there so that the truck can be immediately driven off the vessel.

Although the SSA could also explore whether it should offer drive-on/drive-off services to its freight shippers who use the New Bedford freight service, there are difficult challenges to the SSA's ability to provide this service on Martha's Vineyard. Not only would the SSA's terminal employees on the island need to have commercial driver's licenses (CDLs) in order to drive trucks on and off the vessel (which would also require negotiations with the employees' union), but there is a shortage of space at the Vineyard Haven terminal to stage trucks before they are driven onto the vessel or after they are driven off, even assuming the SSA's employees would have the time to drive trucks on and off the vessel while performing all of their other duties associated with the large number of ferry trips that arrive and depart from that terminal every day. Therefore, before tackling these many issues, the staff believes that the freight shippers should be asked whether they would even use drive-on/drive-off services if the SSA were to offer them and, if so, what suggestions they have for the staff to consider when deciding how the services might be provided.

However, the staff is recommending that only shippers of non-hazardous freight allowed to ship their trucks between New Bedford and Martha's Vineyard without their drivers because, in accordance with United States Coast Guard regulations, operators of vehicles carrying hazardous freight are required to remain with the vehicles while they are on the ferries. See 49 CFR §176.89(6).

⁵ **All vehicles should be able to travel between New Bedford and Martha's Vineyard, subject to a priority for trucks carrying hazardous cargo on the first daily trip from New Bedford to Martha's Vineyard.** Ideally, the staff would like to believe that a free market would result in the New Bedford freight service quickly and willingly being used by freight shippers who stand to benefit the most from it and that, therefore, the SSA would not have to require that shipments of any particular commodity be carried to or from any particular port or prohibit any vehicles from using the service. In this situation, for example, the staff could envision hazardous cargo shippers benefiting from this service because many of them originate from, or drive through, the South Coast area. But the problem here is that, unless certain trips to or from New Bedford are designated as "hazardous cargo" trips, such shippers would not be able to travel on any of this route's trips. The staff therefore believes that the first daily trip from New Bedford to Martha's Vineyard should be designated as a "hazardous cargo" trip so that hazardous cargo shippers from (or traveling through) the New Bedford area can take advantage of the new service.

⁶ **All vehicles should be able to travel between New Bedford and Martha's Vineyard, subject to a priority for trucks carrying hazardous cargo on the first daily trip from New Bedford to Martha's Vineyard.** Otherwise, the staff feels that vehicles should be able to travel on freight trips between New Bedford and Martha's Vineyard the same way they are able to travel on the SSA's other freight trips. Thus, while hazardous cargo trucks will receive priority for the first daily trip from New Bedford to Martha's Vineyard, to the extent there is available vehicle capacity on that trip after the initial bulk freight reservations are processed, that capacity should be able to be used by all other freight shippers. In addition, when members of the general public are then allowed to make automobile reservations for travel during the SSA's summer operating schedule, the staff believes that they should be allowed to make automobile reservations on the freight trips between New Bedford and Martha's Vineyard in the same manner as they are able to make reservations on the SSA's other freight trips.

Similarly, the staff believes that customers traveling with their automobiles should be allowed to travel standby on the freight trips between New Bedford and Martha's Vineyard in the same manner that they are able to travel standby on the SSA's other freight trips. While the logistics still need to be investigated, the staff expects that it may be necessary to have two standby lines at the Vineyard Haven terminal to accomplish this purpose – one line for people who want to travel only to Woods Hole and another line for people who want to travel on the first available boat. However, the staff also notes that this will present less of an operational problem on Mondays and Fridays during most of the summer when standby travel is not available at the Vineyard Haven terminal except for a limited number of island residents who are accepted for standby travel in the "Blue Line."

⁷ **The New Bedford freight service should be provided for at least several years.** When Craig Johnson was with Hvide, he was responsible for operating the SSA's pilot freight service project between New Bedford and Martha's Vineyard during 2000 and 2001. During our discussions with Mr. Johnson, he stated that he felt the schedules the SSA established for the pilot project (two round trips a day) were appropriate and that other parameters established for the pilot project were suited to make it successful. However, Mr. Johnson stated that he felt the biggest reason freight shippers were hesitant to use the New Bedford service was their concern that it would not be continued after the completion of the pilot project and they did not want to change their summer operations to accommodate a New Bedford-based ferry service only to find themselves later having to travel once again from Woods Hole.

For this reason, the staff believes that, in order to give the New Bedford freight service the best chance to succeed, a commitment should be made at the outset to provide the service for a minimum of several years to determine if it is feasible. However, this commitment would need to be made not only by the SSA, but by all of the other participants in this endeavor.