

Project Name: Glen Cove– Ferry Development Project
Document Number: 0003

Customer Name: City of Glen Cove



Glen Cove, NY - Scope & RFP

Ferry Development Project

09 June 2014

Project Initiation Document

1. Purpose

The purpose of this project is to assess the opportunity for the City of Glen Cove, NY to attract a Manhattan-Glen Cove ferry service, and capture the assessed opportunity. The scope of work will include:

- Market Assessment – Outreach to ferry operators, assessment of other modes
- Drafting of service potentials - Origin/destination, itineraries, consumption, and costs
- Drafting of Request for Proposals (RFP)
- RFP process – Advertisement, Q/A, evaluation of submittals

Glen Cove has been angling for a regular ferry service for years, and has made consistent progress towards attracting one. In 2005, the Long Island Sound Waterborne Transportation Plan (LISWTP) identified the Glen Cove-to-Manhattan ferry service as an excellent potential service and shortlisted the project as worthy of further development with a receptive community¹. Following this, in 2005, the Downtown Lower Manhattan Association, Inc. wrote a letter to Governor George Pataki for support of ferry services connecting to lower Manhattan, citing a lack of service over critical routes to Westchester County, Connecticut, and Long Island.

By 2010, Glen Cove had applied for and received an Army Corps permit to build and establish a small ferry terminal in Glen Cove Creek. This was followed by a Request for Expressions of Interest (RFEI) for Ferry Operators and Passenger-Only Vessel (POV) Ferry Service completed by the Turner Miller Group in February of 2011². While the RFEI returned with some interested parties, it also exposed certain areas of concern that will need to be addressed in order to establish any ferry service. Three existing ferry operators submitted responses³. The most extensive response to the RFEI came from HMS Global Maritime. The 39-page response from HMS was thorough in its addressing of the requirements of the RFEI, and aligned well with the findings of the LISWTP. However, their proposal also forecasted a \$2.44 million USD annual loss, and strongly encouraged a state- or city-based operational subsidy to overcome this loss. It is imperative that the financials be assessed for factuality – while they may be accurate, a larger base of data should be secured before drawing any conclusions.

¹ 2005 Long Island Sound Waterborne Transportation Plan: Summary Presentation on Final Report; Cambridge Systematics, November 29 & 30, 2005

² RFEI for Ferry operators for Passenger Only Vessel (POV) Ferry Service from the City of Glen Cove to New York City and Other Regional Destinations; Turner Miller Group, February 6, 2011

³ Memorandum: RFEI Process and Responses Summary; Turner Miller Group, April 26, 2011

NY Waterways and Seastreak, LLC responded similarly, showing their interest in the project while illustrating their proven capability to operate commuter ferries. Neither provided any financial aspects of their potential plans or operational expenditures associated with a service to Glen Cove.

The ferry service is part of a much larger waterfront redevelopment project in Glen Cove. Glen Cove now has a state-of-the-art commuter ferry facility with additional improvements underway. At the time of the RFEI, the facility was not yet complete: this may have impacted the responses received. Regardless, the financial aspects of the service itself determine its sustainability, whether subsidized or not.

Establishing a sustainable ferry service requires a full focus on the bottom-line factors that affect the revenue potential for an operator. The approach we are proposing will provide an overview of the key elements Glen Cove should be aware of regarding the operations of a ferry service. It is important for a terminal owner to be grounded in these elements, as they ultimately determine a terminal owner/operator's capability to be successful in keeping their asset in use. We will also provide an RFP to attract a ferry service operator and work with the Glen Cove Community Development Agency (CDA) and the City through the selection process. While some of these factors have been fleshed out in previous work conducted by/for Glen Cove, it is important that all market data be up to date, financials be grounded in reality,

2. Approach

Soli DG assesses every project from the ground up. Our focus is on what the customer needs to know, rather than what the customer may want to hear - this objective consulting approach is how we ensure results. As part of our commitment to customized, objective consulting, we assemble the best team possible for each project, bringing in subject matter experts and various skilled professionals based on the needs of a project.

TEAM

For Glen Cove, we plan on having three individuals engaged in the process:

Patrick Arnold, President and CEO of Soli DG, Inc – will be the project lead, and will be focusing on the market-based comparative analysis, service potentials, and the drafting of the RFP components.

Captain Jeffrey Monroe, MARPRO – will be the subject matter expert, bringing over 30 years of experience in the maritime transportation field. Jeff will be focused on Quality Assurance (QA) and assisting with the creation of the RFP.

David Arnold, MPE, Soli DG, Inc – will be focused on Quality Control (QC), editing, and reviewing all documents and administration of the RFP process.

A bio for each of our team members is attached to this document.

Cornerstones of Success

Glen Cove's port facility's competitiveness is established by understanding:

1. How your customers evaluate your facility and location, and
2. What your market position is in comparison to competing modes of transport.

With an understanding of these two factors, we will be able to ensure that the RFP includes the necessary elements to be attractive to operators, increasing the likelihood that responses will result in a service.

The responses to the RFEI indicated a general interest in the idea of a ferry service out of Glen Cove, but not an understanding of the specifics regarding Glen Cove's market opportunity, operational costs, or associated itinerary costs. HMS Global Maritime, the respondent that did the most extensive research, calculated a sizable loss on its proposed service. With their response being the only that indicated any financials, the verity of a projected loss must be ascertained.

There are a number of ways to address a projected deficit; in order to deliver the most effective RFP, we will look into measures that can offset the operating costs of the ferry as it gets established. Glen Cove could either provide an operational subsidy to cover an operator's losses - which would secure responses to an RFP - or become familiar with the details regarding the operational expenditures associated with a Glen Cove ferry service. Using such knowledge, Glen Cove could familiarize potential operators with the specific aspects of the proposed service that drive up the cost projections (or drive down the revenue projections), allowing such operators to draw on their own resources to creatively tackle cost-increasing items. Operating expenditures are not a universal constant: they differ from one operator to another. Identifying as many of the unique aspects of the proposed service as possible will encourage prospective operators to respond with their particular strengths in mind. This will help the best fit for Glen Cove to emerge in the RFP process, achieving maximal benefit for all parties.

Market Assessment

The goal of an RFP is not merely to attract an operator: it is to attract the best fit, both in terms of operating partner and service. Attracting the best fit with a well-crafted RFP is not possible until all challenges are identified, and strategies for overcoming them have been formulated. In order to accomplish this, Soli DG will begin by visit the site and the surrounding area, and meet with a few of Glen Cove's principal stakeholders (those who would benefit from a successful ferry service). Soli DG will then reach out to operators and stakeholders (using the 2008 list as a starting point) to gauge their interest, ascertain their perception of Glen Cove as a ferry destination, and identify any additional challenges – real or perceived – that exist in the target market. Operators and stakeholders will be met individually to prevent the contamination of data. The findings of this market outreach would be prepared in a report that identifies common themes, major concerns, and other relevant findings.



Soli DG will interview key regional ferry stakeholders for the purpose of developing a local understanding of what their current perception is of Glen Cove and what their understanding is of the current market opportunity associated with a Glen Cove ferry service. This will dictate the level of information required to be provided to potential operators in advance of, and as part of, an RFP process. Throughout this stage Soli DG may arrange for operators to come visit the facility and meet with Glen Cove.

An assessment of competing services and modes of transportation will be conducted to gain an understanding of the cost and time options currently available to consumers. This will mainly focus on private vehicle, car service, bus service, and rail (LIRR). While it is expected that a private sector ferry operator will do their own assessment of the market, providing market analysis to the operators is a means of increasing the value the Glen Cove brings to the table, which further develops a relationship with potential respondents. It is imperative that all market data be up-to-date and objectively verified.

Service Potentials & Costs

Unknowns are anathema to RFP's. If a challenge has not been identified and a set of potential solutions formulated, the respondents are left to their own devices to come up with ways around any issues they identify, typically to the detriment of all parties. Specificity is critical to attracting a good fit, and specificity must be grounded in objective, up-to-date information.

Following the outreach and market assessment, Soli DG will begin drafting service potentials. This will be a series of potential itineraries and routings that operators may consider. Each route has a unique profile with a number of variables: fuel consumption, speed required, revenue opportunity, costs, trips per day, and others. Knowing the potential routings is helpful in communicating the opportunity with operators, while understanding their limitations (so as not to be proposing unrealistic connections). This ensures targeted focus on the routings that objectively make the most sense, with accompanying frequency of service and projected returns.

To effectively prepare service potentials, we must account for tangible and intangible variables. Tangible variables include demographic information of the target areas, points of interest, and connectivity into existing transportation networks. This information will be gathered through research. Intangible variables include perception of Glen Cove, inertia (resistance to making changes, both for operators and passengers), political factors, relationships, and information. This information will be gathered through operator and stakeholder meetings. The confluence of these variables will make some routings realistic and others unrealistic; without gathering such information we have no means of separating one from the other.



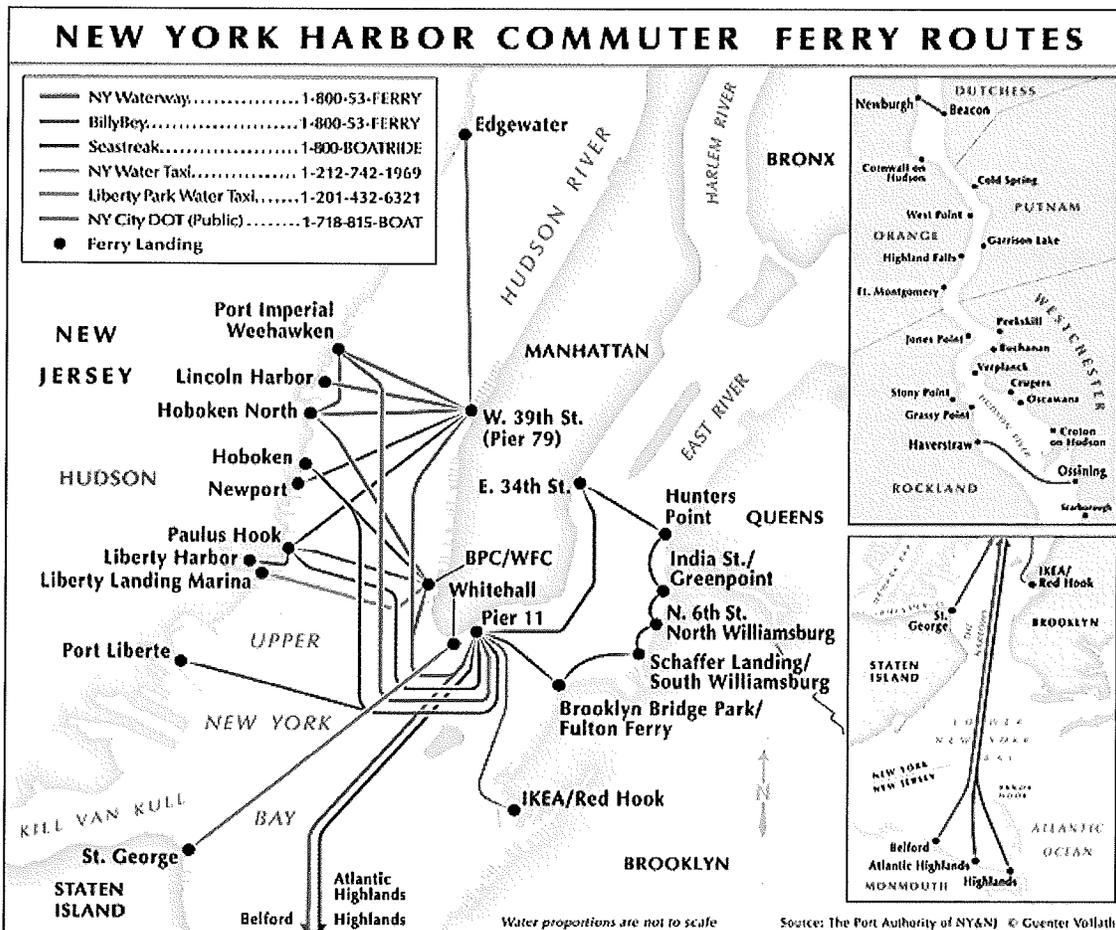


Figure 1 NYC Commuter Ferry Routes, PANYNJ

As the map above illustrates, there is a dearth of east bound ferry options from the city over any real distance. While there are seasonal routes to Yankee Stadium and Citi Field, northern and eastern routes are underutilized. Belford, NJ and Atlantic Highlands, which are approximately 17 nautical miles on an itinerary from Pier 11/Wall Street, represent the closest cost comparison to a potential Glen Cove itinerary, which would be around 23 nautical miles.

RFP Layout

When the service potentials are complete, Soli DG will draft the RFP, which will include:

- General intent of the CDA and City seeking a ferry service operator
- Benefits of selection
- New infrastructure overview
- Surrounding development plans
- Market opportunity
- Fiscal and insurance requirements
- Marketing Guidelines
- Selection criteria
- Award process



It is critical that the RFP take into consideration the market assessment and information from the service potential study, as these items help to speed up and bolster the decision-making process for potential respondents.

Projected Timeline

Contract Signed with Soli DG	Area Visit and Key Stakeholder Meetings	Market Outreach	Market Analysis	RFP creation
30 June 2014	1-8 July 2014	9 - 25 July 2014	25 July – 11 August 2014	11-20 August 2014

3. Terms of Agreement

At the signing of an agreement for Soli DG to proceed forward on this project, the CDA/City will make a deposit for 20% of the total contract value, in this case \$6280. An additional 30% (\$9420) will be paid upon the completion of the RFP submittal, and the remaining 50% (\$15,700) will be paid upon completion of the project.

Project Budget

Focus	Time (hrs)	Amount
Travel & Expenses		\$800
Market Assessment	60	\$10,800
Service Potential	30	\$5,400
RFP Draft	55	\$9,900
RFP Process	25	\$4,500
TOTAL	170	\$31,400

4. Summary

This proposal covers the approach and deliverables that Soli DG believes to be the best manner for Glen Cove, NY to attract and secure an optimal operational ferry partner. Our proposal is rooted in the fundamentals of successful maritime services: that the service is sustainable, competitive, and in-demand. Without a project or service having these three components, it is fruitless for a terminal owner to pursue marketing and sales efforts in hope of attracting a service provider. Glen Cove has exciting development taking place, and with new ferry infrastructure there is, without a doubt, an opportunity. We look forward to assisting Glen Cove with capitalizing on this opportunity.





Figure 2 Glen Cove Approach and Glen Cove Creek



David Arnold

Soli DG, Inc. – Director of Management and Data

Education

B.A. Psychology
(2010) University of
Southern Maine

M.S. Counseling
(2013) University of
Southern Maine

Credentials

Maritime Port
Executive (MPE)
(2014)

Facility Security
Officer (FSO) (2013)

Soli DG Tenure

5 Years

Industry Tenure

5 Years

David Arnold has extensive experience with data- and documentation-oriented areas of marine operations: regulatory compliance, grant writing, data analysis. David also manages operations of a waterfront containerized freight terminal.

Regulatory Compliance: David manages all of the regulatory compliance items for the International Marine Terminal, including US Coast Guard (MTSA), CBP (C-TPAT), and NFPA regulations. David has generated Facility Security Plans, Facility Security Assessments, and C-TPAT Security Profiles, and is familiar with the necessity to balance operational considerations with regulatory considerations. David, with Patrick Arnold, generated a Readiness Assessment for a proposed ferry service between Portland, ME and Yarmouth, NS in order to ensure the appropriate use of government funds and allow the service to be set up for an on time start.

Grant Writing: David has written Port Security Grant applications that have resulted in over \$500,000 in grant funding for the International Marine Terminal in Portland. This funding has been instrumental in the safe and secure operation of the International Marine Terminal. David was also a contributing writer for a TIGER 1 grant application that secured \$14,000,000 in grant funding for three Maine ports.

Data Analysis: Soli DG approaches issues by analyzing existing data: all of Soli DG's consulting work is informed by objective fact. David has analyzed data for the ports of Halifax, NS; New Bedford, MA; and the Panama Canal (Autoridad del Canal de Panama).



Captain Jeff Monroe

MARPRO Associates – President and Owner

Education

B.S., Intermodal
Transportation &
Logistics, U.S.
Merchant Marine
Academy, Kings
Point, NY, 2003

Registration/ Licenses

Certified in
Transportation &
Logistics (CTL),
American Society of
Transportation &
Logistics

2nd Mate Motor
Vessels, Unlimited
Tonnage, Oceans

Maritime Port
Executive, MPE
International
Association of
Maritime & Port
Executives

Soli DG Tenure
7 Years

Industry Tenure
11 Years

Patrick Arnold has been managing and consulting on complex maritime-related projects for more than a decade, including working with shore and vessel operators. He has provided Operations & Marketing Management consulting for ports throughout North America, and has a wide range of experience as a Terminal Manager and ship's officer to ensure that business development is grounded in operational reality. His recent projects include the designation of the New England Marine Highway Expansion Project by US Secretary of Transportation, \$14million in TIGER 1 funding for ports in Maine, and the launch of a new containerized freight service between Atlantic Canada, New England and Europe. Patrick has worked extensively in the cruise industry both shore side and onboard cruise ships abroad.

Patrick's experience managing cruise ship operations, navigating the vessels themselves and working in cruise ports to develop cruise ship business provides him a unique set of skills when it comes to passenger facility planning and development.

Portland, Maine – USA: Soli DG, contracted by the Maine Port Authority, MaineDOT and City of Portland - was responsible for creating a "Readiness Assessment" for start-up ferry operator NovaStar Cruises. NovaStar is starting a Cruise/Ferry service from Yarmouth, NS to Portland, ME in May of 2014. Soli DG was brought in to formalize the service details and ensure all parties could come to a productive agreement allowing the service to move forward.

Cruise Destination Marketing: Soli DG headed up a successful marketing effort designed to attract cruise vessels to the Port of Portland as Executive Director of Discover Portland and Beyond from 2009 to 2011. This effort has resulted in a steady increase in cruise ship calls each year Soli DG has been involved in the effort, sporting increases in bookings as large as 40% from one season to the next.

Halifax, Nova Scotia – Canada: Soli DG worked with the Port of Halifax generating research and analytical narrative to use as guiding information for the port's business development. In this capacity, Soli DG's work was used to generate reports assessing potential business opportunities, appropriate contacts and sales leads, and appropriate information to solidify the ports efforts in pursuing the identified business opportunities.

Norwegian Cruise Lines: Prior to founding Soli DG, Inc Patrick was a navigation officer for Norwegian Cruise Lines for four years. In that time, Patrick worked in cruise ports across the globe, and has experience working turnaround operations in the following ports: Dover, England; Miami, FL; Seattle, WA; Vancouver, BC; Honolulu, HI; Long Beach, CA; San Diego, CA; & Baltimore, MD. Patrick has extensive operations experience working onboard ships operating in the Baltic, Trans-Atlantic, East & West Caribbean, Panama Canal Transits, Mexican Riviera, Alaska, and Hawaiian Cruise Markets.

Captain Jeff Monroe

MARPRO Associates – President and Owner

Education
B.S. Marine
Transportation
(1976)

M.S.
Transportation
Management
(1992) SUNY
Bronx

**Credentials/
Licenses**
Maritime Port
Executive (MPE)
(2014)

Federal License –
Master Mariner

Industry Tenure
38 Years

Captain Monroe has over 30 years of professional experience in the maritime and transportation fields. He has been responsible for a wide range of professional consulting activities related to port, aviation and marine transportation system and facility planning; marine transportation and operations; navigation safety; waterfront and airport master planning; maritime preservation and museum planning; project management; logistics planning; distribution network planning; professional training programs and development; port, maritime and transportation security; and marine operations, including vessel management, safety, security, and cargo handling. Capt. Monroe has been involved in a number of projects related to multi-modal transportation. He has testified before the United States Congress as an expert witness four times in relation to port security and served as an advisor on two federal maritime advisory committees reporting to the U.S. Secretary of Homeland Security. He has also been involved in national and statewide planning for restoration of the national and regional transportation systems.

New London, CT: Captain Monroe completed a master planning study for the Port of New London, including an examination of the port's ferry operations and the potential for facility and service expansion.

New Bedford, MA: The Port of New Bedford asked Captain Monroe to complete a business development plan to effectively develop their port facilities, freight operations, and passenger transportation opportunities.

Yarmouth, NS: Captain Monroe was the project manager for a master seaport plan for Yarmouth, which optimized the port properties for ferry, freight, and cruise passenger services.

Souris, PEI: A functionality assessment and business development analysis were completed by Captain Monroe for the Port of Souris. This included an assessment of ferry operations as part of the Port's strategic planning process.

MassDOT: Captain Monroe was the senior port and marine consultant on the Commonwealth Freight Transportation Plan, which examined marine business opportunities including offshore wind, ferry, and short sea shipping.

Victoria, BC: Victoria, Canada's largest cruise ship port of call, had Captain Monroe complete a functionality analysis for the Port's master and strategic planning development. This included an assessment of existing ferry operations.