

Steamship Authority seeks urgent financial relief from state

FALMOUTH, Mass. (April 17, 2020) – The Woods Hole, Martha’s Vineyard and Nantucket Steamship Authority has requested the Commonwealth’s urgent financial assistance to fund ferry service operations. The Steamship Authority will not be able to meet its statutory obligations to provide for the transportation of people and goods to the islands of Martha’s Vineyard and Nantucket beyond May 31, 2020 without financial relief due to the unprecedented decline in ridership-generated revenues amid the COVID-19 pandemic.

The Steamship Authority funds nearly 100 percent of its annual cost of service through its fare box collections and, unlike nearly every other public transit agency in the country, receives no annual state subsidy or funding. Although the Authority’s Enabling Act includes a method by which certain funding shortfalls can be assessed to the five port communities it serves at the end of each calendar year, such an assessment has not been made since 1962.

Nor, in this case, can the Authority wait until the end of the year for aid.

In a letter to Gov. Charlie Baker’s office sent on Thursday, April 16, 2020, Steamship Authority General Manager Robert B. Davis alerted the state that “with the rapid onset of the COVID-19 virus, the current travel restrictions imposed by State directives, and the limited cash on-hand balances at its disposal, the Authority cannot wait until December 31, 2020 to present millions of dollars in shortfalls to the Commonwealth seeking its assistance.”

Davis noted that the Authority annually carries approximately 3,000,000 passengers, 475,000 cars and 195,000 trucks to and from the islands in the performance of its essential state-mandated function to provide for the necessities of life to Martha’s Vineyard and Nantucket.

“The Authority is the ‘lifeline’ for those islands, providing the only year-round passenger, automobile and truck ferry service delivering food, medicine, fuel and numerous other consumables and products from the mainland,” Davis wrote.

The Steamship Authority is currently experiencing declines of 70 percent to 85 percent from projected traffic estimates, which were forecast in 2019 as part of its annual budgeting process. As of April 15, 2020, the Authority has seen reductions of 71,000 passengers (down 85%), 11,500 automobiles (down 79%) and 5,650 trucks (down 64%) month-to-date from the same period in 2019.

Between March 17, 2020 and April 14, 2020, the Authority lost an estimated \$2.99 million in revenue compared to 2019 and has no viable prospects of replenishing lost fare revenues in the immediate future. Authority officials currently estimate recurring revenue losses of some \$1,000,000 per week as the pandemic restrictions continue. Should ridership trends continue at the current pace, weekly revenue losses will increase.

The severe reduction in traffic over the past several weeks has resulted in the Authority eliminating 1,410 of the scheduled sailings through May 5, 2020, which represents a decrease of more than 52 percent of trips versus the budgeted schedules.

Under its Enabling Act, the Authority may only maintain an amount of cash “sufficient to pay the cost of maintenance, repair and operation of the steamship line for the current month and the next ensuing month,” Davis wrote in the letter. Thus, the Authority cannot hold, by law, a “rainy day fund” and has been using its limited cash reserves to pay for fuel, maintenance and wages. The Enabling Act also

prohibits the Authority from tapping its other funds as a source of operating revenues, such as the proceeds of bond sales to finance its Woods Hole Terminal Reconstruction Project.

One potential source of funding, Davis noted in his letter, is the Municipal Liquidity Facility, which was authorized under the Federal Reserve Act on April 9, 2020 and allows the Commonwealth to apply for Eligible Notes, the proceeds of which may be used to help manage cash flow impacts and potential reductions of revenues or increases in expenses related to the COVID-19 pandemic.

The letter outlines the various steps the Authority has taken so far to reduce operating costs, such as the furloughing of approximately 114 employees and the suspension of seasonal hiring, which typically begins in April. In addition, the Authority has laid up unneeded vessels and closed or reduced support facilities.

Davis' letter concludes: "(I)n order for the Authority to continue to maintain safe, efficient, economical and essential ferry boat transportation to Nantucket and Martha's Vineyard, we respectfully request the Commonwealth to assist the Authority with its cash reserves in any fiscally responsible manner possible."

"Reliable passenger and freight ferry service makes modern life possible on Martha's Vineyard and Nantucket, said State Senator Julian Cyr (D-Truro). "We must do everything we can to ensure that the Steamship Authority is able operate during the pandemic and when we are able to recover; it truly is our lifeline."

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