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Intermodal Connections Study Southeast

Final Report

Executive Summary

February 2005

EXECUTIVE SUMMARY

ACKNOWLEDGEMENTS

Stakeholder Steering Committee Invitees

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City of New London	Cynthia Clegg, President (formerly) Tony Sheridan, President
City of Norwich	Beth Sabilia, Mayor (formerly) Gerard Gaynor, Mayor (formerly) Richard Brown, City Manager
ConnDOT	Arthur Lathrop, Mayor Richard Podurciel, City Manager Robert Zarnetske, Assistant City Manager Leonard Lapsis, Bureau of Policy and Planning Richard Corona, Field Coordination David Balzer, Bureau of Policy and Planning Carmine Trotta, Intermodal Planning Robert Hammersley, Manager, Transportation Strategy Board (TSB)
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Cross Sound Ferry	John Wronowski, President Richard MacMurray, Vice President and General Manager Stan Mickus, Marketing Director
Foxwoods	William Sherlock, Chief Executive Officer Robert DeSalvio, Executive Vice President, Marketing Harry Boardsen, Director of Business Development
Livery Limited Mashantucket Pequot Tribal Nation	Michael Thomas, Chairman William Satti, Director of Public Affairs
Mohegan Sun	William Velardo, Chief Executive Officer Tom Hartley, Director of Transportation Jon Arnesen, Senior Vice President
Mohegan Tribe	Mark Brown, Chairman Chuck Bunnell, Chief of Staff
Mystic Aquarium – Institute for Exploration	Gerard Burrow, President and CEO Neal Overstrom, Aquarium President
Mystic Chamber of Commerce	Linnea Lindstrom, Executive Director Tricia Barkley, Assistant Director
Mystic Coast & Country Mystic Seaport-The Museum of America and the Sea	Christopher Jennings, President Douglas Teeson, President Peter Glankoff, Director of Communications
Restaurants Owner	John Kodama

SEAT	Joseph Varneke, General Manager Charles Kosloskey, Board of Director
seCTer (SouthEastern Connecticut Enterprise Region) Town of Groton	John Markowicz, Executive Director, member TSB Frank O'Beirne, Mayor (formerly) Harry Watson, Mayor Mark Oefinger, Town Manager Michael Murphy, Director of Planning and Development
Town of Stonington	Jason Vincent, Planner
Town of Waterford	Paul Eccard, First Selectman
Waterford Hotel Group	Len Wolman, President Robert Winchester, Chief Financial Officer

Transportation Strategy Board

R. Nelson Griebel, President/CEO Metro Hartford Alliance - *Chairman*
 John A. Klein, CEO/Chairman, Peoples Bank
 Joseph P. Maco, Vice President, Sound Pilots
 Michael P. Meotti, President, Connecticut Policy and Economic Council
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Colchester	Jenny Contois, First Selectman
East Lyme	Wayne Fraser, First Selectman
Franklin	Richard Matters, First Selectman
Griswold	Paul Brycki, First Selectman - <i>Chairman</i>
Groton City	Dennis Popp, Mayor
Groton Town	Harry Watson, Mayor Mark Oefinger, Town Manager
Ledyard	Susan Mendenhall, Mayor Sharon Wadecki
Lisbon	Thomas Sparkman, First Selectman
Montville	Joseph Jaskiewicz, Mayor - <i>Secretary</i>
New London	Jane Glover, Mayor Richard Brown, City Manager
North Stonington	Nicholas Mullane, First Selectman
Norwich	Arthur Lathrop, Mayor Richard Podurgiel, City Manager

Preston	Robert Congdon, First Selectman Gerald Grabarek
Salem	Larry Reitz, First Selectman James Fogarty
Sprague	Dennison Allen, First Selectman Joan Charron-Nagle
Stonington Borough	Andrew Maynard, Warden - <i>Treasurer</i> Judy duPont
Stonington Town	William Brown, First Selectman George Sylvester
Voluntown	Thomas Wilbur, First Selectman
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SCCOG Affiliate Member Indian Tribes

Mashantucket Pequot Tribe	Michael Thomas, Chairman William Satti
Mohegan Tribe	Mark Brown, Chairman Charles Bunnell

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EXECUTIVE SUMMARY

PROJECT BACKGROUND

In June 2003, using funds provided by the Transportation Strategy Board, the Southeastern Connecticut Council of Governments (SCCOG) engaged a team of consultants to develop a business plan for a new transit system focused on tourist travel within the southeastern Connecticut region. SCCOG's rationale for conducting this project centered on the fact that the regional economy has shifted to tourism, the tourist economy is dependent on rubber-tired transport and traffic congestion is a problem today that is expected to get worse before solutions can be put in place. The study sought to:

1. Clearly define system objectives,
2. Evaluate the market for the service employing survey research and other data sources,
3. Evaluate existing services and their strengths and weaknesses,
4. Develop feasible alternatives identifying specific features and technologies,
5. Explore management, governance and operating models,
6. Evaluate benefits and costs,
7. Explore potential partnerships for financing and marketing the service,
8. Conduct stakeholder participation, and
9. Prepare a business plan incorporating specific recommendations.

Objectives

Through discussions with area stakeholders, the consultant team identified the following objectives for the new tourist transit system:

- Connect intercity (ferry and rail) services in New London to casino resorts and area hotels (e.g., in Mystic and other areas)
- Connect venues and hotels enabling tourists to leave their automobiles at hotels
- Mitigate traffic congestion impacts of development
- Enhance the tourist experience and expand the tourist market
- Increase visitation at area attractions and encourage extended stays
- Serve needs of the convention market
- Improve transit accessibility for employees of casino resorts, hotels, and other key major employers and expand the employee pool

Study Timeline and Progress

The consultant team carried out survey research in the summer 2003 tourist season and prepared a market analysis in the fall of 2003. Through the summer and fall, the consultant studied the existing transportation services and conducted individual stakeholder interviews to gain a thorough understanding of the area's transportation problems and tourist industry.

A stakeholder steering committee was formed including a broad range of area interests including representatives from: AMTRAK, the Chamber of Commerce of Eastern Connecticut, the City of New London, the City of Norwich, Connecticut Department of Transportation, Groton-New London Airport, Connecticut East Convention and Visitor Bureau (Tourism District), Cross Sound Ferry, Foxwoods Resort and Casino, Livery Limited, Mashantucket Pequot Tribal Nation, Mohegan Sun, Mohegan Tribe, Mystic Aquarium – Institute for Exploration, Mystic Chamber of Commerce, Mystic Coast & Country, Mystic Seaport-The Museum of America and the Sea, Restaurants Owner, South East Area Transit (SEAT), seCTer (SouthEastern Connecticut Enterprise Region), the State of Connecticut Transportation Strategy Board, Town of Groton, Town of Stonington, Town of Waterford, and the Waterford Hotel Group. The stakeholder steering committee met six times over the course of the study. In March 2004, a broader group of stakeholders was convened for an interim study presentation. A web site was established to provide the public with information on the study progress. During the winter and spring of 2004, the consultant team examined service design alternatives, station and equipment needs, ridership demand and likely capital and operating costs. The consultant team also examined potential visitation benefits of the service. The consultant team met with key stakeholders throughout the summer and early fall of 2004 to refine the design and obtain further input on ways to fund the proposed system. A final meeting with stakeholders and the public occurred in December 2004 to discuss ways to move the concept to reality.

EXISTING TRANSPORTATION CONDITIONS

Despite the many strengths of the transportation system to and within the region, the existing system also has the following shortcomings:

- Congestion: I-95 to the west of the region is highly congested and the only access to Foxwoods is a congested 2-lane roadway (Route 2). The congestion on the highways also slows bus travel.
- Parking: Limited in certain areas such as Mystic.
- Air service: Air service at New London-Groton Airport is infrequent and high-priced and there is no low-cost ground connection to Hartford and Providence airports.
- Rail service: Amtrak to casinos is not cost-competitive. Lower cost access by Metro North involves a slower rail trip than Amtrak and a connecting bus from New Haven that uses congested I-95. Shore Line East service provides only minimal service to New London and does not have a schedule suitable for tourists.
- Bus service. While there is a great deal of intercity coach bus service to the casinos, there is little such service to other regional attractions. The SEAT bus connections to Mystic & Foxwoods from New London are not attractive to visitors. Bus service between Mystic and Foxwoods is infrequent and between Mystic and Mohegan Sun is indirect. The Mystic shuttle is seasonal and not very frequent. It serves relatively few riders.

- Hotel connections: Hotel shuttles are infrequent, have limited hours, and serve only the casinos (not other attractions). It is typically expensive, with the hotels charging \$10 for a round-trip. There is no link between transportation terminals and the many hotels in the area.

THE VISITOR MARKET

Potential Tourist Interest and Response to a New Transportation System

The consultant team administered a survey to tourists during peak tourist season at selected locations including the casino resorts, Mystic Aquarium, Mystic Seaport, visitor information booths and hotels. Over 900 responses were obtained. The survey addressed visitor activities and demographics, interest in alternative transit options, and desired features of transit service. Key findings are described below:

Visitors were asked how likely they would be to use a transit service that circulated among area attractions and hotels, a shuttle service that connected with the rail and ferry terminals and a shuttle to area airports. The response indicated considerable interest in these services; while about half of current casino visitors indicated they would be either somewhat or very likely to use these services, about one quarter indicated they would be very likely to use them. Among current leisure attraction visitors, there was even greater interest in a transit service that circulated among area attractions and hotels (35% reported they were very likely to use it and 68% either somewhat or very likely to use it).

Visitors were then asked if the availability of such transit services would influence their visitation behavior. The results indicate that many visitors believe their visitation behavior would be influenced. Approximately one fifth of current casino visitors indicated they would be very likely to do each of the following: visit more frequently, increase their length of stay and visit additional attractions in the region. Among current visitors to other leisure attractions in the region, there was an even greater response to visiting additional attractions – one third indicated they would be very likely to do so. If so, there would be benefits to the local tourist industry.

While stated intent surveys typically result in overstated rates of use, the surveys indicate high levels of interest. With adjustments for overstatement, the survey can be and was used to produce more conservative estimates of transit ridership and visitation impacts.

Key Stakeholder Input

The stakeholders felt that there was a real opportunity to make transit part of the tourist experience and that the casino resorts should be the focus of the system. The service would need to be designed so that it is geared toward tourists with employees possibly acting as a secondary market.

SERVICE CONCEPT AND DEMAND ANALYSIS

Desired Service Characteristics

Discussion with key stakeholders identified the following as critical attributes of a new tourist transit system:

- Seamless transfers
- Frequent, direct and reliable
- High amenity (comfortable)
- User-friendly information
- Well-marketed
- Unique image, identified with partners
- Distinctive vehicle
- Easy-to-use / hassle-free
- Fun and entertaining
- Inexpensive to user
- Financially viable / cost-effective
- Environmentally-friendly

Successful Models

There are many tourist oriented transit systems around the country serving tourists, residents and employees. These include examples in gaming destinations such as Las Vegas, Lake Tahoe and others. Direct links between casino resorts are not unusual and past experience suggests that mutual benefits would accrue.

The most successful systems reflect the following characteristics:

- Cooperation of resorts, hotels, and attractions in marketing;
- Financial support and active role of attractions;
- Service and fare characteristics – Low or free fare (\$1 or less); Frequent, reliable service; Convenient/easy access to attractions; Direct links between attractions; Service hours match hours of attractions; Service perceived as tourist amenity (drivers are regional ambassadors);
- Disincentives to auto use - Constrained parking; Traffic congestion; Lodging located at a distance from key attractions.

Routes

Based on the results of the survey and with input from the stakeholders, the consultant team looked to design a service that would serve circulation travel within the region (among the major attraction and hotel sites) as well as access to the region (via connections with the ferry and rail terminals). The service model would provide non-stop, express service for the following connections:

- New London Multimodal Transportation Center to Foxwoods;
- New London Multimodal Transportation Center to Mohegan Sun; and

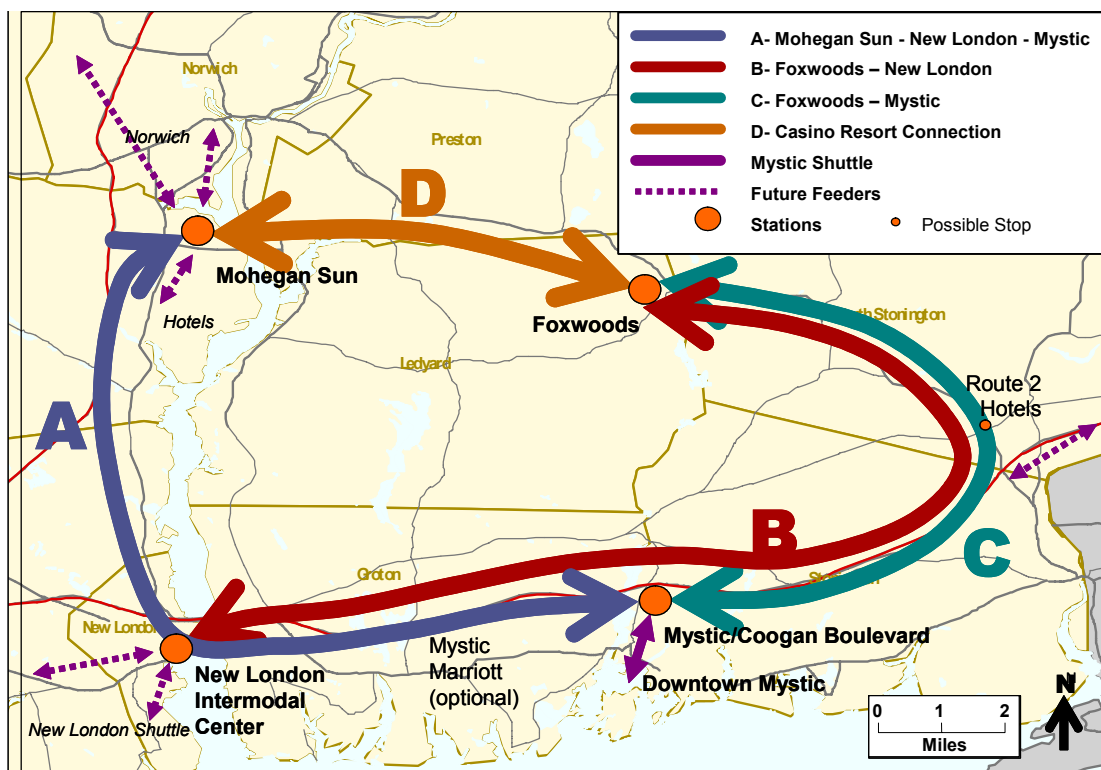
- Foxwoods to Mohegan Sun.

Service between other destinations may involve one or more intermediate stops. This would include travel between Mystic and the casino resorts and between Mystic and New London.

The proposed routes, as shown on Figure ES-1, are the following:

- Route A: Express Service between Mohegan Sun and New London with continuing (non-express) service to Mystic. Stops would be located at: Mohegan Sun, New London Intermodal Terminal, Coogan Boulevard/Mystic Hilton (Mystic). An optional stop could also be located at the Mystic Marriott.
- Route B: Express Service between Foxwoods Resort Casino and the New London Intermodal Terminal.
- Route C: Local Service between Foxwoods Resort Casino and Mystic (Coogan Boulevard/Mystic Hilton) with possible stops at Route 2 hotels.
- Route D: Express Service between Mohegan Sun and Foxwoods Resort Casino. (An additional optional future stop could be located at the Norwich State Hospital Site.)

Figure ES-1: Proposed Full System Routes Including Future Feeders



At the casino resorts, vehicles may stop at either the main casino bus station area or at the entrances to the hotels.

The routes and stops shown and described above would provide the required express non-stop connections between the casino resorts and New London, as well as the non-stop casino connection. Local connections would be provided between those locations and Mystic.

In addition to the four regional routes, a number of key potential feeder routes have been identified to enhance coverage of hotels, attractions and other relevant locations while keeping the number of intermediate stops on the regional routes at a minimum. Only one, the Mystic Shuttle, is proposed to be incorporated into the recommended Full System of tourist transit services at this time. Other feeder service is proposed as future routes to make connections to additional hotels and attractions – in Norwich, downtown New London and from hotels along Route 32. Most hotels would require feeder services to deliver guests to/from one of the four major locations. Potential destinations for these future feeders may also include East Lyme, the Westerly (RI) area, the airports and other locations in the area that represents destinations for the target market.

Service Levels

For purpose of developing initial cost estimates, the span of service on the all routes was assumed to be 15 hours per day (roughly from 9:00 a.m. to midnight). On Fridays and Saturdays, it would operate an additional two hours (until approximately 2:00 a.m.) The service is assumed to operate 365 days a year. For purposes of estimating operating costs, it was assumed that all routes would operate every 30 minutes during all hours of operation or more frequently as ridership demand requires. Demand estimates indicate that some routes would need to operate every 15 minutes on weekends.

Fleet Size

It is estimated that the proposed system will require between 39 and 60 vehicles (including spares) depending on the ridership demand. This is based on providing service at least every 30 minutes at all times, meeting all the high speed ferries and providing sufficient capacity for the projected ridership (see below). The vehicle fleet is assumed to consist of 30 foot, customized transit buses for the basic service supplemented by higher capacity, 40 foot transit buses or over the road coaches to meet ferry demand. (Future feeder services in Norwich and New London would likely employ smaller minibus vehicles and excluded from this estimate.)

The fleet cost is estimated at \$11.2 million in the lower ridership scenario and \$17.1 million in the higher ridership scenario, assuming diesel vehicles; CNG or hybrid diesel-electric vehicles would increase the vehicle costs by \$4-\$12 million, respectively, in the higher ridership scenario.

Stations and Amenities

Stations would vary in size and amenities. Stations have been classified in three categories: superstop, major stop and minor stop. Superstops would be located at: Coogan Boulevard,

Foxwoods Casino, Mohegan Sun, New London Intermodal Terminal, and the New London Ferry Terminal, as well as at the Norwich Intermodal Transportation Center (for future feeder service), and the Norwich Hospital Site (if the future development is a tourist venue). Even though the above include the largest passenger activity, some may not require elaborate shelters since they already provide such facilities.

Major transit stops would be located in Downtown Mystic (2 stops), Mystic Seaport (2 stops), and the Mystic hotel cluster at Route 27 north of I-95). Minor transit stops would be located at Grand Pequot Hotel, Great Cedar Hotel, Mohegan Sun Hotel, Two Trees Hotel, Mashantucket Pequot Museum, Route 2 hotels (1 stop) and other Mystic locations (2 stops).

A high level of amenities and a custom, signature design is envisioned to provide a comfortable and attractive station setting and to use the stations as marketing devices. Shelters and signage for these stations is expected to require at least \$0.4 million. Roadway and site improvements would cost another \$0.2 million. Technology for real-time information at stations, pre-trip information, automated announcements in the buses and to aid in operations would require an expenditure of \$3.0 to 3.5 million.

Maintenance and Storage Facility

Due to the nature and size of the proposed system, a maintenance and storage facility would be required unless an operating contractor could provide the facility. Construction of a new facility would likely cost about \$9.0 to \$12.5 million depending on whether CNG or diesel vehicles are used. (CNG buses would require protective measures and a rapid fueling station; these are reflected in the higher end of the range). The current SEAT facility would not be able to accommodate these needs although SEAT has the land needed for expansion if it were selected to provide the maintenance/storage for the new service (whether or not SEAT operates the new service).

Transit Ridership

Estimates of transit ridership were derived from the survey data and other data sources on visitation. Survey responses were adjusted to account for overstatement using industry methods. Consideration was given to a variety of uncertainties to develop a range of estimates. Demand estimates included current riders of shuttle buses from ferries to casino resorts, local circulation trips by those who currently use coach bus service to the casino resorts, diverted local circulation trips by those who drive to the area and would use the system for trips to attractions, diverted trips by those who drive to the area but would shift to using ferry service and induced tripmaking by current and new visitors. Demand for a peak summer Saturday is estimated to range from a low of 9,000 to a high of 19,000 trips, depending upon consumer response to the transit service and its marketing campaign. The largest component of this demand would be trips diverted from the automobile.

Automobile Traffic Impacts

While it is estimated that between 3,000 and 9,000 person trips by automobile would be eliminated on a summer Saturday as a result of the new tourist transit system as existing visitors shift their trips to the bus, we also estimate that induced visitation will have the effect of adding automobile trips. This is because not all induced trips can be expected to be made on transit, particularly if the new transit service is promoted jointly with the Mystic Places concept. Therefore the net impact on automobile traffic could be in the range of a reduction in person trips on the order of 4,000 or an increase in automobile person trips on the order of 1,000. Based on typical vehicle occupancy, this translates into an impact on traffic ranging from a reduction of about 1,800 automobiles to an increase of less than 500 automobiles.

SYSTEM BENEFITS

There may be a wide variety of benefits that could accrue from the introduction of a new tourist transit system. These include reduced traffic congestion and revenue for many local businesses. The casino resorts could reap the largest benefits in terms of increased tourism revenue deriving from improved visitor travel convenience and increased competitiveness of area attractions with venues in other regions. Preliminary estimates of casino resort benefits are described below.

Induced Visitation Demand at Casino Resorts

The consultant team developed estimates of induced visitation as a result of the institution of a new tourist transit system in the region combined with an aggressive marketing campaign promoting the transit system and (how it links) the region's many attractions. This work was led by Economics Research Associates, a firm with a specialty in leisure industry market analysis. The analysis examined the induced visitation to the casino resorts from existing casino visitors and from non-visitors. The results suggest that between 790,000 and 1.2 million additional annual visits would be generated over the medium to long term, including 525,000 to 810,000 daytrips and 265,000-390,000 additional overnight visits. Of these, between 415,000 and 760,000 additional annual visits would be induced from the existing visitor base and between 375,000 and 445,000 new visits would be induced from 40,000-110,000 new visitors.

Revenue Impacts for the Casino Resorts

The revenue impacts of induced visits to the casino resorts were estimated using typical per visitor day expenditure figures for the New England region (\$70 for gaming based on a \$700 wager and 10% yield, \$80 for other day trip visit revenue and \$120 for other overnight visit revenue). The resulting revenues would likely exceed \$55 - \$84 million in gaming revenue and \$72 - \$112 million in other revenue (i.e., lodging, meals, transportation, shopping, entertainment, etc.). It is estimated that just over 60% of the revenue would result from day trip visits while just under 40% would result from overnight visits. These promising preliminary results suggest that the casino resorts are very likely to benefit from the proposed bus system and that further examination of the potential would be worthwhile.

Other Revenue Benefits

Other area attractions and tourist services, such as hotels and restaurants, would also benefit from induced visitation including extended stays, more frequent visits and new visitors. For example, it is estimated that \$36-\$56 million per year in additional revenue would be generated to such businesses plus \$3-\$5 million per year in additional fare revenue for Cross Sound Ferry. Furthermore, the state would obtain additional revenues from casino slot machines (based on its prior agreement with the casino resorts) on the order of \$8 - \$14.7 million per year and from increased hotel room tax revenue on the order of \$0.5 - \$0.7 million per year.

BUSINESS PLAN

Governance, Management and Operation

It is envisioned that a new, special purpose company composed of public and private representatives would be formed to serve as the governing board and represent the interests of sponsors of the new service. Operation and management would be provided under a contract arrangement. Maintenance could be provided under a separate contract arrangement if desired.

Financing the System

Operating costs are dependent on a number of factors including the specific service design and route structure, the service frequency and hours of operation, the type of vehicle used, the operator's cost structure, etc. For a comprehensive system that offers service at least every 30 minutes and meets all ferry trips and includes the Mystic shuttle service, annual operating costs would range from \$6.5 to \$8.6 million depending on the ridership demand.

Capital costs include passenger facilities and related amenities, vehicle fleet and technology components, as well as storage and maintenance facilities. The total capital cost ranges from \$24.6 to \$31.3 million depending on demand (assuming diesel buses). Additional costs for alternative fuel buses and associated infrastructure would range from \$5.0 to \$5.9 million for compressed natural gas (CNG) buses and from \$8.0 to \$12.3 million for hybrid diesel electric buses, again depending on demand.

It is anticipated that a Federal Transit Administration grant could fund much of the capital costs of the system, with at least a 20% local match, although a Congressional earmark would be required for such a discretionary grant. Funding for the increment associated with alternative fuel buses could make use of a Congestion Management Air Quality grant, although these grants are limited in size. Operating costs would not be able to use federal sources since there are no additional sources available to the region. These costs, as well as the local share of capital costs, would require a commitment from local sponsors. It is recommended that these costs be funded by the beneficiaries of the system, that is the local tourist industry and the State of Connecticut. It has been estimated if each entity contributed

in accordance with its revenue benefits, an amount equivalent to about 5% of annual induced visitation revenue benefits would be needed to fund the system.

Implementing a Pilot System Demonstration Project

Based on the above analysis and findings, launching an attractive, efficient, rapid, and affordable tourist transit service is certainly worth strong consideration by all parties. The consultant team presented the study findings to the Transportation Strategy Board on November 16, 2004, in order to seek comments on and ultimately support for a demonstration project that would allow a Pilot System to be tested for a two-year period. The Pilot System, as shown on Figure ES-2, would ideally consist of Routes A, C and D and the Mystic Shuttle and would focus on connecting the casino resorts with Mystic and with each other. It is assumed that the casino resorts would continue to offer the coach connections with the New London ferry terminal during this demonstration project. It should be noted that Route D, linking the two casino resorts owned by different tribal nations, is still controversial. As a result, it may not be possible to include this in the Pilot System. Clearly, substantial negotiations among the potential partners need to occur before the Pilot System plan can be finalized and implemented. Nevertheless, competing casinos in other regions have found that providing this type of link can be mutually beneficial. (Appendix H provides some information on such partnerships elsewhere.) Furthermore, such a link directly supports the Mystic Places concept and may be key to reaping the projected induced visitation benefits. As a result, Route D has been included as part of the recommended Pilot System.

The proposed Pilot System would require 22 buses and attract up to 6,600 riders on a summer Saturday. The Pilot System service is assumed to operate 7 days per week, 15-17 hours per day at frequencies of at least every 30 minutes. It is estimated to cost \$5.4 million per year to operate assuming diesel buses are provided by the contractor rather than purchased, and including the costs of a transit coordinator and ongoing marketing. Contracting for diesel buses was assumed to allow for rapid implementation with lowest risk. About \$2.3 million in other capital costs would be needed for shelters and technology.¹ There would also be some start-up costs estimated at about \$1.1 million. Free fare operation is recommended during the Pilot. A State demonstration grant would enable the system to be tested so that ridership and induced visitation benefits can be measured, after which time, private sector partners and federal capital grants would be sought to be the primary sponsors of the system. A commitment from the potential major stakeholders would also be sought at the outset of the demonstration to proceed with full implementation should certain metrics of success be achieved. It is envisioned that the full system implementation would involve a public-private cooperative venture.

¹ *It is recognized that there may not be sufficient funding for the recommended ITS features. In that case, they may be omitted from the final actual Pilot System. Because the ITS features could influence attractiveness of the system to the customer, reliability of operations and facilitate ongoing monitoring of system use, they have been recommended for testing in the Pilot System.*

Figure ES-2: Proposed Pilot System Routes

