

HEAR UR: ROCHESTER FAST FERRY

SEASON 3 | EPISODE 3

BARELY AFLOAT

Part 1: The Ferry's First Run**MUSIC CUE IN** - Ferry Boat Serenade**FLEISCHMAN**

Alright, we're gonna keep it going.
You're listening to HearUR season three
fast ferry. I'm your host Tom
Fleischman and to get us going today
for our third episode is Mark.

NARRATOR

Hi, I'm Mark Mychajluk. I will be
voicing this episode.

MUSIC CUE OUT - Ferry Boat Serenade**FLEISCHMAN**

Great! And so you're going to tell us
about the launch of the ferry. So what
did it look like?

NARRATOR

Well, from the start, things were
looking pretty good. People were buying
tickets, they were pretty highly priced
but everyone was still having a great
time on the ferry. Things seemed to be
going really well.

Audio Clip:17 04 11pm NYROCOF1ENC001.mpg

Timestamp: 14 seconds

Reporter: "...once the Spirit of Ontario got onto the water, it was smooth sailing. This first trip was a fundraiser for the rotary clubs of Rochester and Toronto. Four hundred and fifty plus people shelled out \$500 bucks a pop to take the first ride. The media was charged \$225 a person to pay for services to cover the event."

Timestamp: 41 seconds

Reporter: "How would you describe the ride? Smooth?"

Passenger: Very smooth, very smooth, very nice.

REPORTER: But it wasn't so smooth sailing outside on the deck on this ship nicknamed, "The Breeze".

Reporter: Whaddya think?

Passenger: Its awesome man, its awesome. Some power here. Mt. Everest here we come. Oh yeah."

NARRATOR

In June and July the ferry had a lot of business. It even had a Canadian!

Audio Clip:18 04 11pm NYROCOF1ENC001.mpg

Timestamp: 12 seconds

REPORTER: On its first trip voyage about one hundred and sixty people, but only a few passengers were Canadian -including this man.

Passenger: Hi, guys!

NARRATOR

It made out especially well during the Independence Day holidays in the US and Canada. People were riding the ferry every day, thousands in fact. By the end of the Summer the ferry had served over 140,000 passengers. And most of these passengers had a great experience and loved the ferry.

Behind closed doors, CATS faced problems on several fronts. And it didn't help that CATS' President, Howard Thomas, and CEO, Dominic Delucia, both resigned from their positions just 20 days after the

launch. In their place, stepped Cornel Martin to stop the bleeding.

MUSIC CUE IN - Podington Bear "Good Times"

NARRATOR

Cornel Martin.

Ship expert. Steamboat captain.
Maritime Mastermind. Political
lobbyist. Nautical CEO. PR Expert.
This was the man who CATS hoped would
save them from disaster.

Now, Howard Thomas was a marketer by
trade and Delucia a finance expert. So
two people not really set up for
running a ship successfully. And it
showed because CATS was having many
problems both before and after launch.
The two men stepped down to let Cornel
Martin, someone with actual nautical
experience, take charge as President of
the company. Cornel Martin would now be
the face of CATS, representing it to
the media and running it from the
inside.

This wasn't Martin's first rodeo
though, he had worked with steamboats,
tugs, barges and shipyards. He
represented maritime industries in
their dealings with the government.
Even his master's thesis was about the
Panama Canal. His expertise was such
that he spoke to congress about port
security in 2003. Here is part of that
testimony.

MUSIC CUE OUT - Podington Bear "Good Times"

Audio Clip: C-SPAN, Port Security Regulations, July 23rd, 2003.

<https://www.c-span.org/video/?177519-1/port-security-regulations> Timestamp: 1:02:00 - 1:02:19

Martin: "Thank you Mr. Chairman, I am Cornel Martin, Vice president of the passenger vessel association. PVA is the national trade association for all types of passenger vessels. Our members's vessels range from small water taxis carrying less than a dozen passengers to international ferries carrying thousands of commuters."

NARRATOR

Hear that? International ferries carrying *thousands* of commuters. This guy knew what he was doing.

When he took charge he commanded a company that was in shambles. At the time CATS was not doing well at all, suffering from a litany of problems some outside of its control and others due to its own incompetence as a company.

Once in charge, Martin could get an overview of the entire financial situation of the company. At this point in July of 2004, CATS was already \$3 million dollars in debt. Now anyone who works in businesses or startups will tell you that this is not unusual. Many companies, including Amazon lost money for years until they finally became profitable. So on the surface, not a

big issue. It's when he checked the numbers that he realized how bad the situation was. The company was losing thousands every day, increasing its debt. The owners (Delucia and Prince) were having trouble getting more capital to keep the ferry afloat.

Despite all this doom and gloom many of the people that actually rode the ferry really enjoyed it.

Audio Clip: ferry 6 19 04 6pm NYROCOF1ENC001.mpg.
Timestamp: 45 Seconds.

REPORTER: They said the ride was well worth it.

Passenger: The ride was beautiful, the boat was good. The service and everything excellent. We enjoyed it very much.

MUSIC CUE IN - Podington Bear "In My Head"

NARRATOR

The Fast ferry was full of amenities that the passengers loved. It had free wifi, an arcade, a duty-free shop, a bar, a restaurant, and two movie theaters. Also a scenic viewing platform where the passengers could watch the lake. According to crew members this was a fan favorite.

But, under all of this things were going wrong. For example, that viewing platform that the passengers loved? Well during one specific trip there was a storm that the crew thought may take down the ship. While they were struggling to stay afloat passengers

watched the storm in awe from the viewing room. Rave reviews from the passengers but the stress of life and death from the employees.

The ferry always seemed to be dealing with some sort of mechanical issue. The crew was dealing with weekly repairs on the ship. Everything was going wrong from broken horns to engine failure. On one particular incident 300 Canadian passengers had to be bussed back to Toronto after the ferries engines failed.

Audio Clip: ferry 6 27 04 11pm
NYROCOF1ENC001.mpg, Timestamp: 10 seconds

REPORTER: "...patience wore thin yesterday when the Breeze broke down with engine trouble, stranding hundreds of passengers." **Passenger:** "I've really lost my faith in Rochester."

REPORTER: "The timing couldn't have been worse for CATS as the boat left Rochester Saturday sold out for the first time. CATS scrambled to help passengers make other arrangements." **Martin:** "While people were late, we did get them back home. We got them home on a nice coach, we fed em, begged for their consideration, and extended our apologies for the inconvenience."

NARRATOR

One of the worst situations workers described was dealing with the routine detainees. Yeah, you heard that right, detainees. Almost every day, US customs would stop one or a few Canadians from entering the US. Usually for criminal convictions or legal trouble. This was

post 9/11, so security was heightened. Employees had the hellish job of calming down these people and telling them that they would have to sleep overnight on a couch, in the fast ferry. Employees got so used to dealing with detainees that they even had snacks, blankets, cable TV, and alcohol saved for them every night.

But, despite these problems the average passenger was having a great time and telling their friends about the ferry.

MUSIC CUE OUT - Podington Bear "In My Head"

MUSIC CUE IN - Podington Bear "Hot Chip"

CATS found that word of mouth was the way most people heard about the ferry. So in August of 2004 they launched half price days on Monday through Wednesday. This caused an explosion in ridership and therefore huge amounts of free advertising. Cornel Martin even expanded the reservation office and hired new employees to deal with all of these new customers.

One thing that the fast ferry particularly excelled at was events. Galas for various organizations, retreats for local businesses and family gatherings were all held on the ferry. Over the summer of 2004 dozens booked events on the ferry. The first trip for the ferry was a fundraiser for the Rotary club.

Many of the customers even sent thank you letters to CATS because of how good the experience was. Organizations were even trying to book for the next year of 2005. The event Business was booming. But, when staff asked upper management to approve of the new 2005 bookings, they were told to hold off for now.

MUSIC CUE OUT - Podington Bear "Hot Chip"

SFX: Quieter clock tower noise to denote the red flag (ticking time bomb without explosion).

MUSIC CUE IN - Podington Bear "Ocean"

The average CATS employee knew of many problems that the ferry was suffering from but only upper management really understood the severity of the situation.

In the various interviews Martin gave several reasons that the ferry was losing money.

To run the ferry, CATS had to pay a lot of fees.

Pilotage fees, \$6,500 a day

SFX: Cash register noise, "cha-ching"

Customs fees, \$2,500 a day.

SFX: Cash register noise "cha-ching"

On top of the fees there was also the commercial truck issue. Despite getting an informal OK from US Borders and Customs, the government shut down commercial truck transport on the ferry. This was a major part of the business plan. It cost CATS \$18,000 per day.

SFX: Cash register noise "cha-ching"

Then there was the ferry terminal in Toronto, which wouldn't be ready until next Spring.

**Audio: ferry 6 17 04 11pm NYROCOF1ENC001.mpg 2:05
- 2:25**

REPORTER: "There is no terminal like at home instead there are tents and a temporary setup."

TORONTO OFFICIAL: We're doing everything we can to push our federal government to make things happen, and I'm sure they'll work out an appropriate way because this is too important to let it fail."

CATS couldn't legally leave ferry passengers in a snowy parking lot in Toronto with no shelter during the Winter, so all Winter operations had to cease.

While President Martin tried to lower operating costs, Brian Prince, CEO of CATS, sought external funding to keep the operation "afloat." But ultimately they could not save the ferry. On September 7th, 2004, CATS abruptly announced the suspension of the ferry

service. The Ferry had operated for just 82 days..

MUSIC CUE OUT - Podington Bear "Ocean"

Audio Clip: ferry 9 7 04 11pm stuck passengers NYROCOF1ENC001.mpg, timestamp: 40 seconds.

Martin - "We couldn't in good conscience continue this operation going forward knowing that there was no relief in sight on these major hurdles that have been put in front of this company since day one"

REPORTER: "Those hurdles include high fuel costs, an unfinished terminal in Toronto, piloting fees, the inability to carry freight, and Canadian Customs fees. And with all of those burdens it cost \$50,000 a day to run the ferry and that's money CATS doesn't have."

SFX: Phone Ringing

Audio Clip: Johnson Interview, timestamp: 30:54

Johnson: "I got a call at 1:30 in the afternoon on September the 4th or the 7th. It was the day after Labor day.

Timestamp: 31:09

Johnson: "I had come into my office and I had got a call from either Dulicia or Prince saying the ferry just left for Toronto, that is its last trip, period. It will be closed - we will shut down when it comes back from Toronto tonight. No prior warning at all. No prior warning at all. Alright?"

Pause.

Audio Clip: Johnson Interview

Timestamp: 31:37

Johnson: "I almost died of a heart attack."

Part 2: Aftermath of the First Failure

MUSIC CUE IN - Podington Bear "Magpie"

NARRATOR

In Rochester, there was chaos.

Audio Clip: Ferry 9 7 04 11pm NYROCOF1ENC001.mpg,
timestamp: 16 seconds.

Reporter: "After the surprising announcement that the fast ferry had been yanked from service."

Passenger: "Now we have nothing but a ticket, you know, for over a hundred dollars. Now paid in full passenger Star Voy wonders."

Passenger: "I don't know what's going on as far as tickets or anything, if you know if they're gonna reimburse or"

Martin: "We're gonna look at providing the money available to make those refunds, but we would hope that they would reschedule at a future date and we're gonna try to accommodate that."

Reporter: "While the folks who run the fast ferry scrambled to notify passengers about the surprise shutdown, they've yet to tell prospective customers. When A on your side checked the Breeze's website this evening there's no mention of the temporary service shutdown. In fact, customers are still being urged to show up 45 minutes early and it isn't until after you attempt to book passage this small print states, "no service at requested time. And when we call the toll free customer service number..."

Phone: "This number does not answer"

Reporter: "So it disconnected us without letting us leave a message."

NARRATOR

After CATS shut down operations they promptly laid off almost all of their employees, numbering around 200 people simply because they couldn't pay them anymore. So there wasn't really anyone left to answer the phones. Angry and

upset customers who wanted their refunds had no one to complain to and more importantly no one to actually give out the refunds. In response to the hoards of angry customers, the state stepped in.

Audio Clip: ferry 9 8 04 6pm tickets refund NYROCOF1ENC001.mpg, timestamp: 1 minute, 10 seconds.

REPORTER: "The Attorney General's office encourages customers to contact CATS and if passengers do not receive adequate and timely response the state is ready to mediate relief.

NARRATOR

A wave of complaints poured in to Attorney General Eliot Spitzer's office. The state decided to take legal action against CATS.

CATS had claimed they were not aware of the sheer number of complaints received by the state - that they were out of the loop. Probably because they laid off the guy at the phones.

Even with debts of \$1.7 million, CATS was ordered to pay another \$150,000 in refunds to more than 1,100 customers.

Pause.

MUSIC CUE OUT - Podington Bear "Magpie"

Part 3: The Rebirth of the Ferry

Audio Clip: ferry 9 7 04 11pm stuck passengers NYROCOF1ENC001.mpg, Timestamp: 6 seconds.

REPORTER: "Many ferry passengers were saddened as they disembarked what would be the last ferry journey for awhile.

Passenger: I'm sad. I'm very sad about it, because this is my first time over. It was awesome! It's unfortunate, and I wish I knew why.

Passenger 2: We're totally devastated about it. This was our first trip, we went this morning. It was wonderful. It was a beautiful day in Toronto, bragged about the trip. Told everyone in Toronto to come to Rochester.

NARRATOR

Delucia commented to a local newspaper, quote, "I think you are looking at the low point right now. The high point is yet to come."

After the departure of Cornel Martin, many in Rochester still had the desire to give the ship a new start.

Audio Clip: Johnson Interview, timestamp: 48:55

Johnson: I think it [CAT] had to do with with unbridled optimism and naivete. All right, really. To be fair to them for every other virtue that they had they knew nothing about running a ferry business. When we got sucked into this venture one of the first things we did was to find an experienced ferry operator.

Timestamp 41:40

Johnson: We came up with a deal and it had nothing to do with ego or vanity in it that kind of stuff. It was still a very strong economic generator to link that those two cities. We're talking about a metropolitan area of over 5 million people that's going to link with a with a one million metropolitan area. Who wouldn't make that deal if you could make a deal?

NARRATOR

With eight councilman voting yes and only one voting no by the city council, three months after the ferry stopped running, the city decided to buy the ferry back. Despite knowing the fact that it would be a huge risk for all taxpayers and the city, thousands of residents in Rochester still supported the new plan and believed that instead of the private company, CATs, the city has more leverage with the government to make it work.

Audio Clip: Johnson Interview, Getting the money for the Ferry, timestamp: 38:45

JOHNSON: How do we rescue this? Not how do we spare ourselves from embarrassment. But they believed and probably still believed that there was some validity in that economic plan to start up ferry service in the United States. How do we get this going. And he turned and said, "Mayor, we checked your cities credit rating and we'll lend you the money. We'll lend you the money to get this venture going".

NARRATOR

Mayor Johnson believed that if the city had owned the ship from the start they would have more details about the financial situation, and the operation would not fail. Rochester purchased the ship at auction. Mayor Johnson himself put forward the winning bid, an astounding 32 million dollars, which he made with a novelty, ferry-shaped paddle. After the auction, mayor John

son raised a glass to toast the many who stood by him in his campaign to secure the high speed ferry for the city.

While most people in the city council felt extremely confident, one thing was for certain, managing a ferry is far more difficult than winning an auction. But, the city did have one advantage that CATS did not. Unlike CATS, the city didn't need to make a profit. The ferry could simply exist as a subsidized public operation as long as it was still good for the city.

MUSIC CUE IN - Podington Bear "Frosted Glass"

To make a floundering business work again, the city government chose Bay Ferries Ltd. to run the operation. They signed a three year contract. Trying to learn from the recent past, the city set aside 8 million dollars in reserve funds in case of a budgetary emergency.

Audio Clip: Johnson Interview, timestamp:
00:54:53

Johnson: In my belief if that ship had been allowed to run its natural course we put it on a three to five year plan. If we had built into our prepayments sketch, because now we got debt to pay back. We had built it in so that we allowed for that. So we would build in some cushion some reserve funds to take unknown contingencies into effect. If that ship had been allowed to run. There's no question in my mind, it would still be

running today, and it would be a rather successful venture.

MUSIC CUE OUT - Podington Bear "Frosted Glass"

NARRATOR

Now without CATs, the high-speed ferry resumed service on June 30th 2005 without delay.

The first week was a blast. 312 passengers paid to ride the ferry's first trip, more than four times the number on the equivalent voyage last year.

SFX: Moving! Woohoo! Woohoo!

The Friday morning trip to Toronto dipped to about 200 people but doubled to about 400 passengers on the return trip. In the first two months, the ferry riders doubled since the startup last year, and everything seemed to be heading in the right direction.

MUSIC CUE IN - Podington Bear "Algorithms"

The Fast ferry's second chance appeared to work. It reported a 96 percent on-time operation. 76 percent of passengers said they'd ride it again. The people of Rochester could not wait to see the revenue which the ferry made.

Despite the relative success of the revitalized ferry service, the question still remained: were these numbers

enough to support a 774-passenger ship indefinitely?

Because of the financial report from the first two months of service, which came out in late August, Bay Ferries revised the fall schedule for the first time cutting the weekly trips from 12 to 8. Then, in the beginning of November, they dropped the weekly trips down to 4.

Early in December, Bay Ferries cut the season short by stopping the ferry from running. Unlike the CATS operation of the ferry this stoppage wasn't due to operating costs. Since it was a city, Rochester could handle those and keep the ferry going as a subsidized operation. What really ended the ferry was all the accumulated debt it had incurred from the start and the payments the city would have to make on that debt. The city would have to take care of this problem before they could continue operations.

This time, at least there were representatives to make alternative arrangements for the passengers who had already booked tickets. But this time, it was more than passengers who were affected.

NARRATOR

Beamen owner of California Rollin' II, a sushi restaurant on the port of Charlotte, commented,

California Rollin restaurant owner (voice actor)

"It's not surprising. We are not doing too good at all.

SFX: Knife cutting and food prep noise.

We have a five-year lease, which was subject to a ferry. We have got three years left, and we will not make it through this winter without help."

NARRATOR

Baeman soon added sushi-making classes to supplement his business.

California Rollin restaurant owner (voice actor)

"I am definitely going to stay until we hit rock bottom."

NARRATOR

Despite failing twice, mayor Johnson was not ready to call it quits as he requested \$11.5 million more dollars. The City emptied their reserves and ran up a 2 million dollar debt with Bay Ferries Great Lakes.

MUSIC CUE OUT - Podington Bear "Algorithms"

Pause

Audio Clip: Johnson Interview, timestamp:
00:54:53

Johnson: As I was leaving office in, the end of December 2005. By then we had developed a whole new operating plan, we had developed a whole new marketing strategy. I felt extremely encouraged. Even though I wouldn't be in office any longer - I felt extremely encouraged that we were putting

this on sound footing. We had actually contacted our financiers and they really rolled out payments back so that we actually had months in the New Year where we wouldn't have to make any payments toward debt because everybody believe it or not everybody intimately involved in this venture wanted to see it work.

NARRATOR

Johnson had set up the ferry for another go at it. But, unfortunately, politics got in the way of the ferry's future.

At that time the city was 40 million dollars in debt from the ferry. Digging another 11.5 million further would only intensify the problem.

NARRATOR

Did the floundering business deserve to be saved again? The answer took over a month for the newly elected mayor, Bob Duffy to answer.

AUDIO CLIP: 0:6 ferry 1 10 06 duffy recap NYROCOF1ENC001.mpg
Timestamp: :08 to 1:04

Duffy: And as of today, the city of Rochester is stepping back away from the ferry business.

Reporter: The mayor said he had to ask himself four questions; Can the city afford to run the ferry? Is there a sound business and marketing plan? Is there a likelihood for success, and is this the best way to spend fifty one and a half million dollars?

Duffy: The answer to all of these questions is simply no.

Reporter: Last year, the city borrowed 40 million dollars to buy the ferry and restart the service to Toronto, but the city got a late start, failed to market the boat and was plagued by technical problems.

Duffy: We lost 10 million dollars in 10 months.

Reporter: Duffy says even in the best case scenario the ship will bleed money well in the future.

Duffy: If we double our ridership this coming year, if we raise our fares 20%. Based on all the projections and the data that we see, we will still lose approximately 2.7 million dollars this year, and that is with the best case scenario.

Duffy: It is a decision that's as difficult as it is I am absolutely at peace with. I feel in my heart this is the right decision. I am not feeling torn, I am feeling sad by this, but I am not torn. This is the right decision.

SFX: Reverb on "This is the right decision."

The end of the ferry was marred by politics. Duffy's actions as the new mayor went against Johnson's plan to continue the ferry. But, at the end of the day Johnson forgave Duffy for ending operations.

Audio Clip: Johnson interview, End of the ferry.
Timestamp: 41:16

JOHNSON: I don't think we were given sufficient time to prove it's vitality and because of one thing really, my term as Mayor ended in the first year of operation. And I was determined to let nothing change my mind. I was physically drained and exhausted. I gotta get out of here.

SFX: Reverb on "I gotta get out of here."

NARRATOR

The sale of the ferry, like most of this entire fiasco was also marred with troubles.

While the ferry remained at the port, the city of Rochester had to pay 1.5 million in the year of 2006 so that a buyer could finally take the ship away. In mid-October, the city even posted the ship on ebay with a price tag of 29.8 million dollars. Though later the city spokesman claimed that to be a joke from the start, there was no doubt that the city wanted to get rid of the ferry before the winter.

The sale of the ferry took place over several months. Many European companies vied for ownership of the vessel. The eventual winner was a German company called FRS who bought the ferry for the price of \$28 million dollars. Mayor Duffy's main goal was finally addressed - selling the ferry and moving on.

On December 21, 2006, at 6:42PM, hundreds of spectators lined the

Genesee River, many of them waving goodbye, as the ferry took its leave in the gathering darkness.

SFX: Boat horn

MUSIC CUE IN - Podington Bear "Etched in Memory"

Back in Rochester the empty port and terminal building were silent. In brief remarks to the crowd that gathered at the port to bid the vessel adieu, Mayor Duffy said that anyone who thinks this is a loss, a step backward, should believe that better days are ahead.

40 million dollars had been lost. 113,082 passengers rode the ferry, and two and a half years had passed since the ferry arrived at the port of Charlotte.

In its wake, the ferry left behind anger, frustration and debt. How does Rochester move on from this trauma? Find out next time on Hear UR.

MUSIC CUE OUT - Podington Bear "Etched in Memory"

MUSIC CUE IN - Ferry Boat Serenade

Credits:

This has been Hear UR, a podcast from the Department of History at the University of Rochester. The lead researcher for this episode was Mark Mychajluk (Muh-haul-oc).

This episode was produced by Sampson Hao and sound engineering was by Maxwell Sheldon. Our narrator for this episode was Mark Mychajluk (Muh-haul-oc).

The coordinating producer for this season of Hear UR is William Gousios. The executive producers are Thomas Fleischman and Stephen Roessner (Ress-ner).

This episode featured music from Podington Bear.

Our Theme Song, The Ferryboat Serenade, was written by Harold Adamson, Mario Panzeri and Eldo di Lazzaro and arranged by Eleanor Lenoë.

It was Performed by Elizabeth Tighe, Lauren Bayles, Eleanor Lenoë, Diarra Bell, and engineered by Ethan Weinstein.

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For more information on this episode, including images, additional links, transcripts, as well as the rest of season three, visit hearur.com. Thanks for listening.

MUSIC CUE OUT - Ferry Boat Serenade