

City of Alexandria, Virginia
FY 2026 Proposed Operating Budget & CIP
Budget Questions & Answers

April 1, 2025

Question:

Can staff please prepare a budget memo that includes information about the water taxi program as well as an estimate of what it would cost to run this service now given inflation and rising cost?

Response:

The water taxi program is run by City Cruises, a private business. City Cruises runs the Potomac Water Taxi, which connects The Wharf to Georgetown, Old Town Alexandria and National Harbor. It operates seasonally, from March 1 through December 31. Departures begin at 11:45AM and run every 30 minutes to one-hour depending on the day of the week. The boats are ADA compliant and service dogs only are allowed on the taxi.

The water taxi service is operated from the City Marina through a license agreement between the City of Alexandria and City Cruises. The license will begin year 3 of a 5-year license on April 1, 2025. During the WMATA shutdown of the blue and yellow lines in Alexandria in 2022, the city provided a subsidy (paid for through the Virginia Department of Rail and Public Transportation) for the Water Taxi to run services in the AM and PM peak periods.

The City funded this service in two phases. Phase 1 was in 2019 May 25 to September 9 and the cost was \$84,000. Phase 2 was in 2022 from September 12 to October 28 and the cost was \$45,000. The operating cost was approximately \$5,500 per week, with additional costs for ticket subsidies and marketing. The cost estimate for City Cruise to begin operations earlier in the day to provide two additional commuter trips from Alexandria to the Wharf at today's prices is closer to \$6,350 per week. This does not include ticket revenue. The City has no influence over ticket prices that are established by City Cruises.

City staff has been in contact with City Cruises and discussed the possibility of adding two morning commute trips on the water taxi starting next year. This pilot program would require grant funding from the City and aims to assess commuter demand between DC and Alexandria. Over the summer, staff planned to analyze travel impacts related to federal return-to-office mandates and layoffs to better understand changes in commuting patterns and congestion. City Cruises and staff would review this information and assess demand, allowing for a joint decision in the fall on whether to pursue this initiative for grant funding.