



Memorandum

AGENDA ITEM 8

DATE: June 7, 2024
TO: Treasure Island Mobility Management Agency Committee
FROM: Suany Chough - Assistant Deputy Director for Planning
SUBJECT: 06/11/24 Committee Meeting: Treasure Island Ferry Service Planning Update

<p>RECOMMENDATION <input checked="" type="checkbox"/> Information <input type="checkbox"/> Action</p> <p>None. This is an information item.</p> <p>SUMMARY</p> <p>In June 2021, through Resolution 21-08, the Board approved a Memorandum of Understanding (MOU) between the Treasure Island Mobility Management Agency (TIMMA) and San Francisco Bay Area Water Emergency Transportation Authority (WETA) that defined a framework to establish a new ferry service from Treasure Island to the Ferry Building. Pursuant to the MOU, we developed a draft Treasure Island Ferry Planning Study (Ferry Study) in collaboration with WETA. There have been significant developments in ferry service since then, including the initiation of interim ferry service by the developer in 2022 and requirements for zero-emission service on short routes. This information item updates the Committee regarding these recent ferry service developments and presents findings from the Ferry Study, as well as proposed next steps for ferry business planning.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Fund Allocation <input type="checkbox"/> Fund Programming <input type="checkbox"/> Policy/Legislation <input checked="" type="checkbox"/> Plan/Study <input type="checkbox"/> Capital Project Oversight/Delivery <input type="checkbox"/> Budget/Finance <input type="checkbox"/> Contract/Agreement <input type="checkbox"/> Other: _____
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BACKGROUND

The 2011 Treasure Island Transportation Implementation Plan (TITIP) adopted by Treasure Island Development Authority (TIDA) and the Board of Supervisors identified new and expanded transit services on Treasure Island to be implemented with new housing development. The transit services include expanded Muni services, a new East Bay bus service from Treasure Island to Oakland, and a new ferry service



from Treasure Island to San Francisco Ferry Building. The TITIP called for ferry service at 15-minute frequency during peak periods at full buildout, pending funding.

In June 2021, through Resolution 21-08, the TIMMA Board approved an MOU between TIMMA and WETA that defined a framework to establish a new ferry service from Treasure Island to the Ferry Building. The WETA Board also approved the MOU in 2021. The underlying objective of the MOU is for the recommended ferry service to be financially feasible for both agencies in terms of capital and ongoing operating costs.

In November 2021, we provided an update on the Ferry Study to the TIMMA Committee. At that time, we presented demand projections; key findings from peer services; several service alternatives under study; and considerations for fare policy.

This memorandum presents the Ferry Study findings, describes related ferry service planning and electrification efforts, and outlines next steps.

DISCUSSION

Ferry Planning Study. The purpose of the Ferry Study was to study ridership demand, required vessel size, hours of service, diesel versus electric propulsion, and to study operational costs, fare structures and needed subsidy. The Ferry Study was intended to provide analysis for the next step, a business plan and operating agreement between TIMMA and WETA. The Ferry Study was substantially complete in Spring 2022; however, the TIMMA program was paused in Summer 2022 through January 2023. The study team has recently concluded the ferry planning study and the purpose of this memorandum is to inform the TIMMA Committee of the study's main findings. Key recommendations include:

- Phase service incrementally to match demand. Since ridership will increase with development on the Islands, service can be provided initially with one vessel, operating at least hourly, and expand as demand grows. Service could ramp up to 15-minute frequencies at peak at full buildout, pending available funding.
- Provide service all day, not only peak hours, on weekends as well as weekdays. Demand projections and peer systems showed that there is strong weekend demand. The analysis was based on a span of service of 14 hours of service per day.



- Utilize smaller vessels in the early years. More frequent service with smaller vessels and smaller crews performs better than service with larger vessels during initial years of service when demand is lower.
- Provide service with electric vessels. When the study began, both diesel and electric propulsion were options. Since the California Air Resources Board (CARB) has mandated that short ferry routes (less than three nautical miles) must be zero emission, the diesel-only scenarios were eliminated from consideration.

The study documented capital and operating costs at a high level and recommended a detailed analysis of capital and operating sources and uses. This includes refining operating cost of electric service to reflect time-of-day cost fluctuations and other variables.

The Ferry Study included a discussion of the context for fare policies including the Bay Area context, survey of ferry fare structures across the U.S., and fare elasticities for estimating demand. It included a preliminary study of operating cost scenarios with base fares ranging from \$2.50 to \$5.00 and resulting changes in ridership and operating revenues. Based on these preliminary figures, a subsidy of approximately \$2.5 million would be required. The Ferry Study recommended further analysis with WETA of fare policy and strategy for operating funding and subsidy to balance affordability with financial sustainability for the system.

Interim Service. In 2022, Treasure Island Community Development (TICD), the master developer of Treasure Island and Yerba Buena Island, began a privately funded interim ferry service. TICD obtained permits from the California Public Utilities Commission (CPUC) and selected PROP SF to provide the interim service after considering several operators. The interim service operates with a single 49-passenger diesel-powered vessel between the Treasure Island Ferry Terminal and the San Francisco Ferry Building, 7:30 am to 8:20 pm on weekdays and 9:30 am to 8:50 pm on weekends. The service operates roughly hourly on average, though headways vary between 35 to 40 minutes during peak periods and up to 120 minutes in one instance. The fare is \$5.00 each way, and a monthly pass for unlimited rides is available for \$150. Tickets must be purchased on TICD's website or app; the service does not accept Clipper.

Ridership on this service was low in the beginning, averaging 1,857 monthly passengers in its first year. Recently, as more people have moved to the Islands and the ferry service is becoming more well known, ridership on the interim service has



increased to an average of 2,642 monthly riders in the most recent 12 months. Notably, events such as TreasureFest have attracted many riders, with as many as 2,000 passengers on February 24 and 25, 2024, the opening weekend.

WETA's 2050 Service Vision. In May 2024 WETA's Board approved its 2050 Service Vision, committing to enhance, expand and electrify regional water transit over the next 25 years. The plan, developed over the past two years with community input, describes WETA's vision for the ferry system, the criteria for evaluating routes, and the roles, responsibilities, and financial commitments of WETA and its partners in enhancing and expanding ferry service. The 2050 Vision map includes service to Treasure Island and Mission Bay in Tier 1.

The Expansion Policy requires that expansion services include a minimum of 9 daily peak direction weekday trips, and that funding is identified to fully support operations for a minimum of ten years. In addition, the policy states that the WETA Board will be solely responsible for adopting fares for services operated by WETA. We will work closely with WETA staff and Board to develop a fare structure for the Treasure Island ferry service that is consistent with TIMMA's program goals as well as WETA policy.

Electrification. WETA continues to make progress on its Rapid Electric Emission-Free (REEF) Ferry Program, having secured more than \$127 million in federal, state, and regional funding to electrify its ferry service. The 2050 Service Vision commits the agency to focus on adding zero-emission vessels to its fleet through new construction and conversion of existing vessels, when feasible.

Phase 1 of the program includes vessels and infrastructure at Treasure Island, Mission Bay, and Downtown San Francisco. Phase 2 allows for electrification of the Central Bay (Oakland/Alameda) routes.

WETA is on track to award shipyard contracts for its first five zero-emission battery electric vessels this summer. This includes the 149-passenger vessel that will serve Treasure Island.

Business Plan. TIMMA's proposed Fiscal Year 2024/25 annual budget and work program includes advancing the Treasure Island Ferry Business Plan, in collaboration with WETA. The Business Plan will enable us to build on the Ferry Study recommendations and incorporate the recent developments described above. The Business Plan will include:



- Updated Development Schedule - with almost 1,000 new residential units complete by early 2025, and approval of key amendments to the Development Agreement, we can update the development schedule and ridership projections.
- Updated Ridership Projections - we will update ridership projections based on updated land use and occupancy assumptions and the 2023 San Francisco County Transportation Authority (Transportation Authority) travel diary survey data. Actual ridership data from the interim ferry service will help validate earlier projections and inform service planning.
- Service Plan - working closely with WETA, we will detail the service plan including hours of service and frequency for weekdays and weekends and consider interlining opportunities and timed transfers where warranted.
- Fare Policy and Fare Structures - building on the Ferry Study, we will work with WETA to develop a fare policy that balances affordability with revenue generation for this new service, and alignment with TIMMA's twin goals of transit mode share and financial sustainability. In addition to the base adult fare, we will develop discounts for seniors and youth,. Fare policy will incorporate the Treasure Island Transit Pass and consider the possibility of integration into the BayPass, if the Metropolitan Transportation Commission (MTC) continues that program and it is financially feasible.
- Operations and Maintenance (O&M) Costs - the Business Plan will include detailed description of O&M costs, which include labor and fuel/power; electric vessel O&M costs, which includes maintaining a fleet of spare vessels; facility O&M costs, which includes terminal facilities and their associated upkeep costs; system administration costs, which are required to support the service on an annual basis; and any periodic maintenance dredging work, to maintain operations, if it is required.
- Capital Maintenance Costs - we will document the lifecycle costs such as vessel and terminal rehabilitation and replacement.
- Funding Strategy - we will develop a funding strategy for the first years of operations to include sources and uses for O&M and Capital Maintenance costs, and document sources and uses for initial Capital Expansion costs which are almost fully funded. Sources of O&M funding include the developer-funded Operating Subsidy, fare revenues including the ferry share



of revenues from the multi-operator transit pass, WETA federal formula funds, and anticipated future congestion management revenues.

In May 2024, the Transportation Authority approved the programming of approximately \$1.6 million in STA Block Grant funds. We have included ferry O&M funding in our Federal Highway Administration Congestion Relief Program grant application, to help support ferry service in the initial years. Other potential sources include regional funds such as Regional Measure 3 which is administered by MTC with WETA, and MTC's Housing Incentive Pool funds, administered by MTC with the San Francisco Mayor's Office responsible for project selection.

- Roles and responsibilities - a detailed matrix of the roles and responsibilities of the numerous agencies involved in delivering Treasure Island ferry service: TIMMA, WETA, TIDA, the Port of San Francisco, San Francisco Public Utilities Commission, SFCTA.

Next Steps. After this item's discussion at the TIMMA Committee, we will present an informational item on the Treasure Island Ferry Study to the WETA Board. We expect to commence work on the Business Plan this summer and return to this Committee next year with recommended actions for service plans and fare policy, as well as for adoption of the Business Plan, ahead of planned WETA ferry service launch in 2026, pending funding availability.

FINANCIAL IMPACT

None. This is an information item. The proposed Fiscal Year 2024/25 budget, which is being considered for approval by the TIMMA Committee as separate item at the June 11 meeting, includes staff time and a modest allowance for consultant support to advance the Treasure Island Ferry Business Plan.