




MEMORANDUM

December 10, 2021

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Willie Adams, Vice President
Hon. John Burton
Hon. Gail Gilman
Hon. Doreen Woo Ho

FROM: Elaine Forbes
Executive Director 

SUBJECT: Request approval of new rate structure and fees for landing licenses with ferry and excursion operators

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution No. 21-54

EXECUTIVE SUMMARY

This report provides an update and seeks Port Commission approval of a five-year fee schedule for excursion and ferry operations along the San Francisco waterfront.

BACKGROUND

The Port of San Francisco operates two terminals for ferry operators: the Downtown Ferry Terminal (DTFT Gate B) at the Ferry Building and the China Basin Ferry Terminal (CBFT) adjacent to Oracle Ballpark. The Ferry Building is the hub of the Bay Area regional ferry system and is the State of California's leading ferry passenger destination handling over five million passengers annually (2019). This passenger count includes those passing through the Golden Gate Bridge Highway and Transportation District's terminal, which it operates and maintains.

In addition to ferry operations, the Port provides berthing and landing facilities at Hyde Street Harbor, DTFT Gate B, CBFT and South Beach Harbor¹ for a variety of water excursions, including sightseeing tours, Bay voyages, and dinner cruises. The Port also

¹ All of the landing revenue collected by South Beach Harbor is used to pay for South Beach Harbor expenses and capital improvements and is not comingled with revenues from other landings at the Port.

has licenses in place for excursion operators, homeported at other Bay Area harbors and marinas, that seek to land at the Port's facilities.

In May 2010, Port Staff presented information and categorized and compared the expenses of operating the terminals to the revenues it receives from those operations to the Port Commission. In December 2010, the Port Commission approved a form landing rights agreement and a 5-year fee schedule and authorized the Executive Director to enter into license agreements with the various ferry and excursion operators (Resolution 10-77). As of 11/30/2021, there are two regional ferry operators and six excursion operators operating under licenses with the Port. Except in 2019 due to the global COVID-19 pandemic, the Port has imposed 2% increases annually after the expiration of the approved 5-year rate. As provided by Resolution 10-77, the landing rights agreement form is periodically updated to include standard Port license language and new requirements, including newly-enacted mandatory City requirements, such as the Excursion Vessel Labor Peace Ordinance.

FIVE-YEAR LANDING FEE SCHEDULE

In 2010, Port Staff reported that ferry operations were historically subsidized by the Port and proposed increases to the fees designed to decrease the operating shortfall. A recent financial analysis of the Port's operating model shows a continued and substantial subsidy of ferry terminal operations by the Port, especially at the Downtown Ferry Terminal. Unfortunately, the Global Pandemic had dire impacts to the water transit system around the Bay Area and specifically to water transit ridership in and out of San Francisco.

While the previous strategy was to increase the rates in order to rapidly reduce any subsidy, the past year and a half has delayed this implementation. In most recent reports, the ferry operators are operating at below 50% for some routes and as low as 10% of pre-pandemic ridership numbers on others. While ridership continues to slowly increase, the operating costs of our facilities remains the same.

Considering this continuing operating shortfall, Port staff recommends continuing to increase commuter ferry fees at the Downtown Ferry Terminal by 3.5 percent, which approximates an average Consumer Price Index (CPI) increase, effective January 1, 2022, and continue with the same increase over the next five years to allow the water transportation system and the commuting public time to return to pre-pandemic ridership numbers. The current commuter landing fee is \$29.25 per landing, and the proposed fees are shown in the schedule below.

The current fee for regularly scheduled ferry landings at the China Basin Ferry terminal is \$29.50 per landing. The new fee schedule recommendation, for regularly scheduled ferry landings at the China Basin Ferry terminal, effective April 1, 2022 (to reflect baseball season), is to implement a \$30.00 landing fee, (\$60.00 for a round- trip landing) plus a \$0.61 per passenger fee. The following baseball season, effective April 1, 2023, the per passenger fee will increase to \$0.62. See the schedule below for the full 5-year schedule.

Effective January 1, 2022, Excursion Landings will be assessed at \$244.74 per round-trip voyage (2 landings). These operators also pay a percentage fee in an amount equal to seven percent (7%) of Gross Revenues ("Percentage Fee for Excursion Landings") in any month when (i) the Percentage Fee for Excursion Landings for such calendar month exceeds the (ii) the Base Fee for Excursion Landings for such calendar month. The current fee is \$236.00 per round trip for Hyde Street Harbor, DTFT Gate B and CBFL and \$228.00 per round trip for South Beach Harbor.

These combined rate increases will reduce, and in some cases eliminate, the Port's operating shortfall for ferry and excursion operations, as indicated in the following chart.

	<u>FY18/19</u>	<u>FY19/20</u>
Downtown Ferry Terminal (Gates B)		
Revenue - landing fees	\$153,644	\$99,000
Expense	\$(532,271)	\$(310,004)
Over/(Under)	<u>\$(378,627)</u>	<u>\$(211,004)</u>
China Basin Ballpark Ferry Terminal		
Revenue - landing and passenger fees	\$88,665	\$85,462
Expense	\$(165,469)	\$(77,925)
Over/(Under)	<u>\$(76,804)</u>	<u>\$7,537</u>

Below are the proposed revised fees for: (A) Downtown Ferry Terminal (DTFT); (B) China Basin Ferry Terminal (CBFT); and (C) Excursions (at DTFT Gate B, CBFT, Hyde Street Harbor, and South Beach Harbor). If approved, these fees will be included in the form license.

**(A) DOWNTOWN FERRY TERMINAL
COMMUTER FERRY LANDING FEE SCHEDULE**

LANDINGS PER DAY	EFFECTIVE JANUARY 1, 2022	EFFECTIVE JANUARY 1, 2023	EFFECTIVE JANUARY 1, 2024	EFFECTIVE JANUARY 1, 2025	EFFECTIVE JANUARY 1, 2026
1	\$ 29.83	\$30.87	\$31.95	\$33.07	\$34.23
2	\$ 53.68	\$55.56	\$57.50	\$59.52	\$61.60
3	\$ 74.57	\$77.18	\$79.88	\$82.68	\$85.57
4	\$ 92.47	\$95.71	\$99.06	\$102.52	\$106.11
5	\$ 107.39	\$111.15	\$115.04	\$119.07	\$123.23
6	\$ 119.33	\$123.51	\$127.83	\$132.30	\$136.93
7	\$ 128.28	\$132.77	\$137.42	\$142.23	\$147.20
8	\$ 134.24	\$138.94	\$143.80	\$148.83	\$154.04
9	\$ 137.24	\$142.04	\$147.01	\$152.16	\$157.49
10	\$ 140.24	\$145.15	\$150.23	\$155.49	\$160.93
11	\$ 143.22	\$148.23	\$153.42	\$158.79	\$164.35
12	\$ 146.21	\$151.33	\$156.62	\$162.11	\$167.78
13	\$ 149.20	\$154.42	\$159.83	\$165.42	\$171.21
14	\$ 152.20	\$157.53	\$163.04	\$168.75	\$174.65
15	\$ 155.18	\$160.61	\$166.23	\$172.05	\$178.07
16	\$ 158.17	\$163.71	\$169.44	\$175.37	\$181.50
17	\$ 161.17	\$166.81	\$172.65	\$178.69	\$184.95
18	\$ 164.16	\$169.91	\$175.85	\$182.01	\$188.38
19	\$ 167.15	\$173.00	\$179.06	\$185.32	\$191.81
20	\$ 170.14	\$176.09	\$182.26	\$188.64	\$195.24

January 1, 2022 each landing over 20 landings, add \$3.00 per landing
 January 1, 2023 each landing over 20 landings, add \$3.10 per landing
 January 1, 2024 each landing over 20 landings, add \$3.21 per landing
 January 1, 2025 each landing over 20 landings, add \$3.33 per landing
 January 1, 2026 each landing over 20 landings, add \$3.44 per landing
 January 1, 2027 each landing over 20 landings, add \$3.56 per landing

The monthly fee is based on the number of landings per day multiplied by the number of days in that month. The number of ferry landings per day varies seasonally. In a 30-day month, a ferry operator with 16 landings per day would pay \$4,745.10 (based on January 1, 2022 fees).

**(B) CHINA BASIN FERRY TERMINAL (ORACLE BALLPARK)
 FERRY LANDING FEES AND PASSENGER FEES
 (EFFECTIVE APRIL 1, 2022)**

	EFFECTIVE APRIL 1, 2022	EFFECTIVE APRIL 1, 2023	EFFECTIVE APRIL 1, 2024	EFFECTIVE APRIL 1, 2025	EFFECTIVE APRIL 1, 2026
LANDING FEE	\$30.00	\$30.50	\$31.00	\$31.50	\$32.00
PASSENGER FEE	\$0.61	\$0.62	\$0.63	\$0.64	\$0.65

**(C) EXCURSION LANDING FEES (Hyde Street Harbor,
 DTFT Gate B, CBFT and South Beach Harbor)**

	EFFECTIVE JANUARY 1, 2022	EFFECTIVE JANUARY 1, 2023	EFFECTIVE JANUARY 1, 2024	EFFECTIVE JANUARY 1, 2025	EFFECTIVE JANUARY 1, 2026
LANDING FEE	\$122.37	\$126.65	\$131.09	\$135.67	\$140.42

In addition to the Base Fee for Excursion Landings, these operators also pay a percentage fee in an amount equal to seven percent (7%) of Gross Revenues ("Percentage Fee for Excursion Landings") in any month when (i) the Percentage Fee for Excursion Landings at the landing site for such calendar month exceeds the (ii) the Base Fee for Excursion Landings for such calendar month.

Staff Recommendation

Port staff recommends that the Port Commission approve the new ferry and excursion landing fees as stated above.

Prepared by: Dominic Moreno,
Acting Maritime Operations Manger

For: Andre Coleman,
Deputy Director, Maritime

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 21-54

WHEREAS, Charter Section B.3581 empowers the Port Commission with the authority and duty to use, conduct, maintain, manage, regulate and control the lands within the Port jurisdiction; and

WHEREAS, the Port of San Francisco is one of the nation's leading ferry and excursion embarkation ports; and

WHEREAS, approximately 5 million people take excursion or ferry boats to and from the Port facilities annually; and

WHEREAS, the Port manages, maintains and secures ferry facilities at both the Ferry Building and China Basin, adjacent to Oracle Ballpark; and

WHEREAS, a financial analysis shows a continued and substantial subsidy of ferry terminal operations by the Port; and

WHEREAS, cumulatively, ferry terminal operations resulted in a \$203,467 shortfall in FY 2019/20; and

WHEREAS, Under Port Commission Resolution 10-77, Port staff has delegated authority to enter into licenses with ferry and excursion operators on the form Landing Rights Agreement; and

WHEREAS, the Port wishes to update its Commuter Fee Schedule, Base Fee Schedule for Excursion Operators, and China Basin Fee Schedule to a five-year schedule; and now, therefore be it

RESOLVED, that the Port Commission hereby approves the new rate structure and fees as described in the Staff Memorandum dated December 14, 2021 to be implemented by Port Staff in connection with the delegated authority under Port Commission Resolution 10-77 to enter into landing rights agreements with ferry and excursion operators substantially in the form of the form landing rights agreement license and with additions, amendments or other modifications to each license that the Executive Director, in consultation with the City Attorney, determines are in the best interest of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the form license contemplates, such determination to be conclusively evidenced by the execution and delivery by the Executive Director or her designee of a specific license with an operator, and any such amendments thereto; and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director or her designee to make additions, amendments, or other modifications to the form landing rights agreement license from time to time, in consultation with the City Attorney, that she determines are required to incorporate new City requirements, and in the best interest of the Port, and do not increase the obligations or liabilities of the City or Port.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of December 14, 2021.

Secretary