



Agenda Item No. (3)

To: Building and Operating Committee/Committee of the Whole
Meeting of May 23, 2024

From: Michael S. Hoffman, Deputy General Manager, Ferry Division
Denis J. Mulligan, General Manager

Subject: **RATIFY AUTHORIZATION OF LANDING RIGHTS AGREEMENT
LICENSE TO LAND AT PORT OF SAN FRANCISCO PIERS, LICENSE
NO. 16909**

Recommendation

The Building and Operating Committee recommends that the Board of Directors (Board) ratify the action of the General Manager, to authorize the increased cost of the Landing Rights Agreement License to Land at Port of San Francisco Piers, License No. 16909, between the Golden Gate Bridge, Highway and Transportation District and the City and County of San Francisco operating by and through the San Francisco Port Commission for a five-year term expiring on December 31, 2026. The costs of that license are based on ridership figures, and post-pandemic Golden Gate Ferry ridership has exceeded expectations and thus the cost of the license over the five-year term is greater than anticipated at the time the license was executed.

This matter will be presented to the Board at its May 24, 2024, meeting for appropriate action.

Background

Overall travel in the Golden Gate Corridor remains well below pre-pandemic levels. That having been said, travel, especially ferry ridership, is returning much faster than anticipated.

In June of 2021, during an engineering inspection, cracks were identified on the outer berth at the Golden Gate Bridge, Highway and Transportation District's (District) San Francisco Ferry Terminal (Gate C). In July of 2021, structural cracks were identified on the inner berth at Gate C. Upon discovery of the cracks on the outer and inner berths, ferry service to Gate C was suspended, forcing the Ferry Division to operate all service to the Ferry Building out of Gate B, owned by the Port of San Francisco. Service to the inner berth at Gate C was restored in March of 2023. Repairs to the outer berth will commence in late 2024. Additionally, it is necessary for the Ferry Division to utilize Gate B for Sausalito, Tiburon, and Angel Island services to facilitate the movement of bicycles and maintain accessibility for customers. Sausalito, Tiburon, Angel Island, and Gate B have main deck loading ramp infrastructure while the District's Gate C has second deck ramp infrastructure.

Following closure of Gate C at the San Francisco Ferry Terminal, the District amended its Landing Rights Agreement License to Land at Port of San Francisco's China Basin for San Francisco Giants Games and Special Event Ferry Services, License No. 14943 (Prior License) to allow Golden Gate Ferry to use Gate B at the San Francisco Downtown Ferry Terminal. The Prior License expired on December 31, 2021. The District and the Port of San Francisco subsequently entered into the Landing Rights Agreement License to Land at Port of San Francisco Piers, License No. 16909, on July 26, 2022 (Current License). At that time, Staff did not anticipate that the fees for Gate B would exceed the General Manager's authority of \$250,000. Those fees are assessed based on the number of Golden Gate Ferry passengers passing through Gate B and the ridership numbers through Gate B have been higher than anticipated and the fees due to the Port of San Francisco will surpass the \$250,000 level at some point this summer. The Current License became effective on March 1, 2022 and will expire on December 31, 2026.

In fact, Staff now estimates that the anticipated cost for use of Gate B over the full term of the license period will be approximately \$488,870. This amount reflects the District's expectation that Golden Gate Ferry service to San Francisco will continue to operate out of Gate B at the current service frequency. This amount estimates additional landings and passenger fees for San Francisco Giants games and special event landings at China Basin Ferry Terminal pursuant to the full term for the Current License.

Thus, the revised estimated and anticipated cost of landing at Gate B, plus any applicable additional landing and passenger fees for San Francisco Giants games and special event landings at China Basin Ferry Terminal, pursuant to the Current License, will exceed the General Manager's procurement authority of \$250,000. Accordingly, the District now requests the Board ratify the action of the General Manager to authorize the recalculated cost of the Current License.

Fiscal Impact

The annual license fees operating out of Gate B and China Basin is anticipated to cost between \$81,000 to \$100,000, depending on usage which varies from year to year. Sufficient funds are built into the current FY23/24 Adopted Budget in the Ferry Division to absorb any additional costs and will be budgeted accordingly in future budgets.