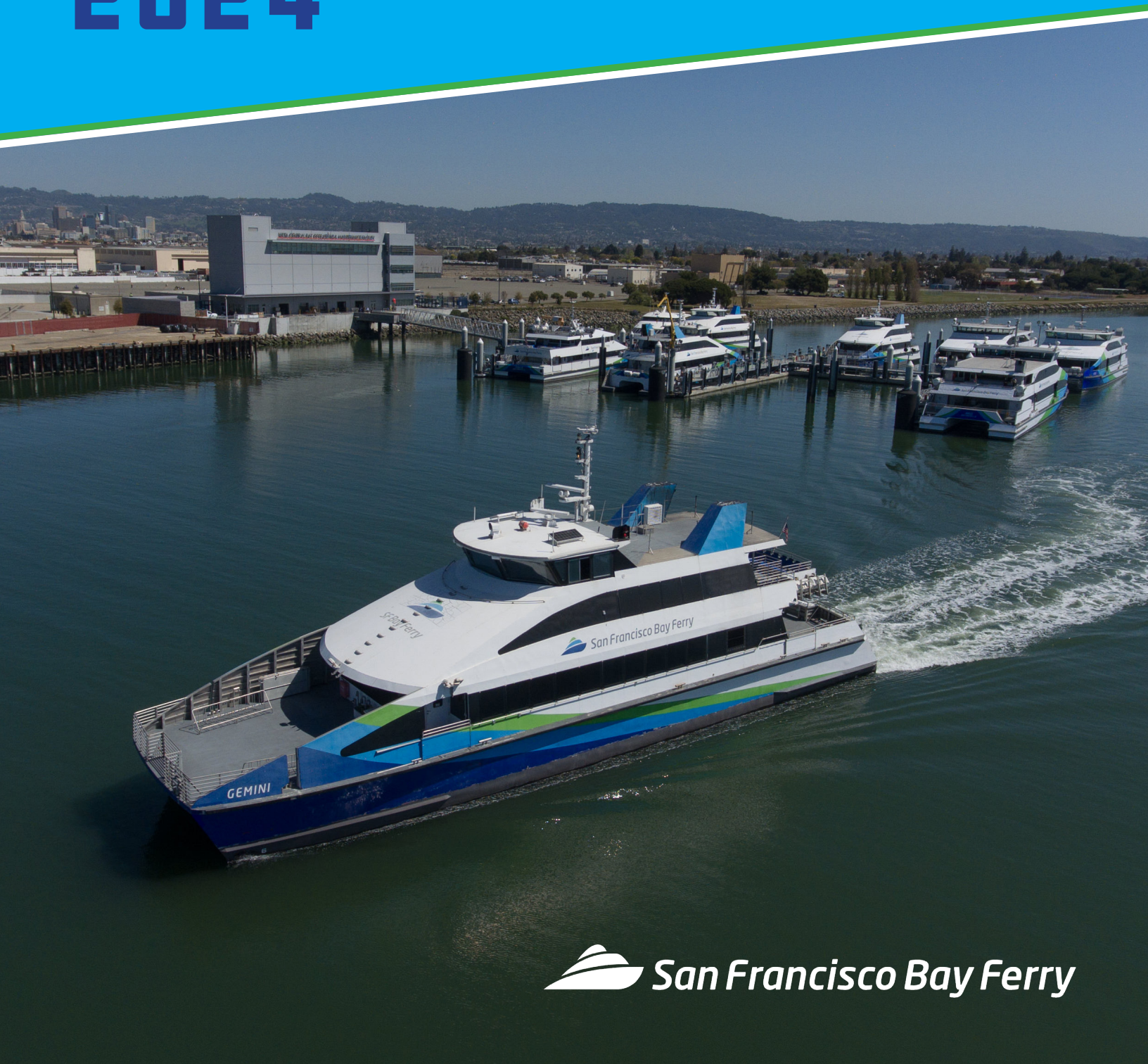


THE STATE OF SAN FRANCISCO BAY FERRY 2024



LETTER FROM EXECUTIVE DIRECTOR SEAMUS MURPHY

Dear Friends of San Francisco Bay Ferry:

San Francisco Bay Ferry's ridership rebound following the pandemic continues to be a highlight for Bay Area transit. In 2023, ferry ridership grew to more than 80% of what it was pre-pandemic, which leads the region when compared to other similar regional transit services.

This strong recovery was not an accident: SF Bay Ferry was the first operator to fully restore service following the pandemic. The agency's Pandemic Recovery Program reimagined service and the system's fare structure to make the ferry a more accessible, equitable and relevant travel option for the region's evolving transit market. While weekday commute ridership is still well below pre-pandemic levels, it increased by 38% in 2023 and is continuing to rise. Meanwhile, weekend ridership has fully recovered, with 2023 weekends averaging 103% of pre-pandemic levels.

Last year SF Bay Ferry's Board of Directors voted to continue this commitment to equity and accessibility, when it approved a fare policy that extended the system's reduced fares through 2028 and authorized investments in customer experience enhancements like real-time service alerts delivered via text message, upgraded terminal signage, and fun onboard events like our Richmond Scenic route, which we debuted during Fleet Week. SF Bay Ferry will continue to focus on customer experience in 2024 with the roll-out of free coffee on morning weekday trips, expanded concessions, improved onboard information screens, and more.

2023 also marked new progress in the agency's transition to a zero-emission ferry fleet. Grants from local, state, and federal partners have funded the first phase of our Rapid Electric Emission-Free (REEF) Ferry Program. With \$117 million in place, SF Bay Ferry will soon become the first in the country to operate high-speed, zero-emission vessels on some of the system's existing services, and even some new routes. To make this happen, several REEF projects will commence in 2024 including construction of the first electric ferries along with a new electric float, designed to allow vessels to charge during passenger loading and unloading.

2024 will also mark a significant milestone in SF Bay Ferry's plans to expand and enhance its services throughout the region. After extensive outreach to communities, riders, employers, and other stakeholders, the agency is poised to adopt a 2050 Service Vision and corresponding Business Plan. These plans will reinforce the implementation of SF Bay Ferry's most immediate expansion opportunities, while also identifying challenges and strategies for

advancing the next generation of ferry services to new parts of the Bay.

One of these strategies will involve the implementation of pilot services designed to test new markets, new technologies, and build support for the adoption of new services as a part of our network. The first of these pilots will begin in 2024 and will include the operation of the world's first hydrogen ferry and a new service in the Oakland-Alameda Estuary. Future pilots will be guided by a new subcommittee of SF Bay Ferry's Board of Directors appointed by its Chair, Jim Wunderman.

Zero-emission ferries and plans to expand the system are possible thanks to the California Supreme Court's decision last year to uphold Bay Area voter's approval of Regional Measure 3. The 2017 measure directs a significant amount of new toll revenues toward preserving and expanding ferry service and as this report's Finance Section covers, the agency has already started leveraging those funds to make these efforts a reality.

Finally, none of this progress would be possible without a motivated team and a dedicated and diverse coalition of support. SF Bay Ferry continues to be led by a thoughtful and committed Board of Directors; a talented staff; and a tireless, professional crew responsible for operating and maintaining the service under the agency's contract operator, Blue & Gold Fleet. At a time when customer experience matters more than ever, we are extremely lucky to have a team that views everything through the lens of what is best for current and future riders.

We are also fortunate to have vocal and unwavering support from so many advocates, workers, businesses, and policymakers from all of the communities we serve and beyond. Our shared goal is to make SF Bay Ferry

a global standard for the delivery of a growing network of clean, reliable, equitable, convenient, and accessible transit service. Working together, we look forward to great progress toward that goal in 2024.

See you on the ferry!



Seamus Murphy
Executive Director
San Francisco Bay
Ferry | WETA

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FERRY RIDERSHIP CONTINUES TO INCREASE

The core of our agency's mission is providing safe, reliable water transit for as many passengers as possible.

From 2012 through 2019, San Francisco Bay Ferry ridership doubled. The agency, formed by unifying and expanding East Bay public ferry service, was one of the fastest growing transit operators in the nation, and certainly stood out in the Bay Area where transit ridership had otherwise plateaued or fallen despite freeway congestion of epic proportions.

In 2020 the pandemic decimated ferry ridership overnight. At its lowest point, San Francisco Bay Ferry was carrying just 8% of pre-pandemic ridership.

In 2021, the agency leaned into the opportunity to make San Francisco Bay Ferry more useful and relevant to wider swaths of the region. Through its Pandemic Recovery Program (PRP), the agency decreased fares 30% to bring San Francisco Bay Ferry in line with comparable transit operators while enhancing service levels to maximize flexibility given a dynamic travel environment.

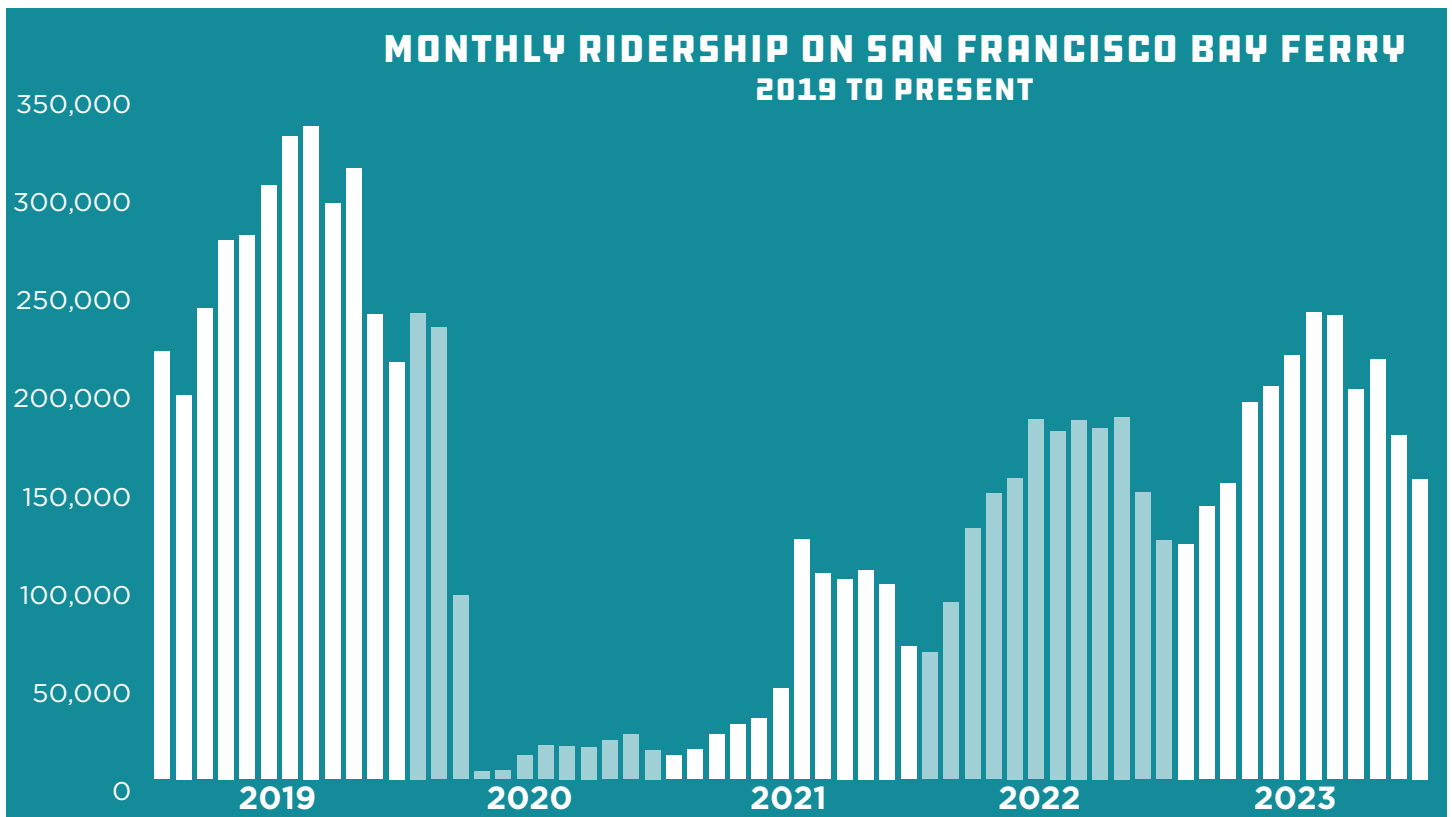
The results were immediate and obvious, with the ferry system experiencing a 164% increase in total monthly riders. Much of that ridership growth came from weekend ridership rebounding to close to 2019 levels, and with travelers taking advantage of more flexible weekday schedules, particularly during summer months.

Weekday commute ridership was slower to gain, but momentum built through 2023. Average daily peak commute ridership increased 38% this year. Currently, more than 2,100 passengers ride the ferry during peak morning commute hours on a typical weekday.

San Francisco Bay Ferry continues to be among the leaders in ridership recovery among Bay Area transit operators. In 2023, the system carried 2.2 million passengers, a 24% increase over 2022.

The chart below shows how ridership has changed over time.

Rebuilding ridership remains at the center of San Francisco Bay Ferry's focus and will continue to be a top priority in 2024.



FERRY ELECTRIFICATION CHARGES UP

WETA's progress toward a zero-emission ferry future is charging up thanks to crucial funding, careful planning, and strong partnerships. The agency's Rapid Electric Emission-Free (REEF) Ferry Program is a suite of projects core to San Francisco Bay Ferry's transition to zero-emission technology.

The initial phases of the REEF Ferry Program include:

- Construction of three small battery-electric ferries to operate on a new San Francisco waterfront neighborhoods network
- Construction of two large battery-electric ferries to operate service to Oakland and Alameda
- Construction of a new electric charging float for the Downtown San Francisco Ferry Terminal
- Electric charging conversion for the Treasure Island Ferry Terminal
- Expansion and electrification of the agency's Central Bay Operations and Maintenance Facility in Alameda

Future phases of the REEF Ferry Program will include additional float conversions for East Bay and San Francisco terminals, electric conversion of the 400-passenger Hydrus class vessels, and construction or conversion of up to 11 additional small or medium battery electric ferries.

In 2023, the agency completed its grant-funded Blueprint for Zero Emission Vessel Transit

and brought on several partners to help design and execute the fleet transformation. The agency selected Wärtsilä, a global leader in power, propulsion, and lifecycle solutions for the marine market, as its electrification systems integrator for the REEF Ferry Program, ensuring technology and equipment used for the battery-electric vessels and infrastructure work seamlessly together to maximize system flexibility, resilience, and cost-effectiveness.

Elliott Bay Design Group, based in Seattle, has been selected as the design and construction management firm for a set of new 300-passenger battery-electric vessels. Aurora Marine Design, based in San Diego, will serve that role for a class of smaller battery-electric vessels to serve the San Francisco waterfront, including Mission Bay and Treasure Island, as well as consult on the overall zero-emission system architecture.

WETA has won \$117 million in state and federal grants to begin work on the REEF Ferry Program. The agency and its partners expect to begin construction on the first electric ferries and electric floats in 2024.



FUNDING SUSTAINABLE FERRY SERVICE

Prior to the pandemic, fare revenue covered a majority of San Francisco Bay Ferry operating expenses. In fact, the system boasted one of the highest farebox recovery rates in the region. Supplemental funding was provided by local sources including bridge tolls and tax revenues from Alameda and Contra Costa counties.

The pandemic nearly erased fare revenue as a resource for two years. Thankfully, Federal COVID-19 relief funding specifically designed for transit stability allowed SF Bay Ferry to resume service and preserve jobs for the system's highly skilled maritime workforce.

That federal funding has supported the ferry service since 2020 and the last of it will be spent in 2024. Without some new source of revenue, the ferry system would be threatened by the same looming service cuts and transit worker layoffs that so many other operators are

facing across the country.

Fortunately, in January 2023, SF Bay Ferry was thrown a long-awaited life ring. The Supreme Court of California dismissed a complaint against Regional Measure 3 (RM3), a voter-approved ballot measure that allocated billions of dollars in bridge toll revenues to Bay Area transportation programs.

RM3 invests \$300 million in the expansion and modernization of the SF Bay Ferry network and provides up to \$35 million per year in operating revenues to preserve and expand ferry service. The agency has already used RM3 revenues to leverage nearly \$100 million in grant funding to convert the system to zero emission ferries. SF Bay Ferry's upcoming 2050 Business Plan will include strategies for leveraging it further to enhance existing service and expand it to new communities throughout the region.



WETA Executive Director Seamus Murphy makes remarks after announcement of \$16 million Federal Transit Administration grant award to support WETA's transition to zero-emission propulsion technology. Golden Gate Bridge, Highway and Transportation District General Manager Denis Mulligan, WETA Vice Chair Monique Moyer, and FTA Administrator Nuria Fernandez in background.

2023 ACCOMPLISHMENTS

In addition to ridership gains, grant awards, and electrification progress, the San Francisco Bay Ferry team was able to accomplish a great deal over the course of 2023.

CLEAN FERRY CONVERSIONS

In May, the team joined with local officials to celebrate the completion of a project converting four ferries to much cleaner propulsion systems.

In the Gemini Class Conversion Project, the agency reduced emissions by up to 80% on four ferries, resulting in less diesel exhaust and smog-forming pollutants in communities served by the vessels including Oakland, Richmond, and Alameda. The vessels – MVs Gemini, Pisces, Scorpio, and Taurus – were the first built by WETA in 2007. The existing U.S. Environmental Protection Agency (EPA) Tier 2 engines on the vessels were replaced with Tier 4 engines, the cleanest diesel engines available.



Parallel to the Gemini conversion project completion, the San Francisco Bay Ferry fleet is now fueled entirely by renewable diesel.

MAIN STREET ALAMEDA REFURBISHMENT



In December the team completed its overhaul of the Main Street Alameda Ferry Terminal, an important cog for ferry service in the Oakland Estuary. The terminal re-opened to passengers at the beginning of January 2024.

The passenger float and ramping system at Main Street Alameda were quite old, necessitating replacement. Thanks to local and federal grants, a new float was fabricated nearby at Bay Ship and Yacht in Alameda and installed with new ramps. In addition, new pilings were installed to improve operational

safety for captains and crews. The project design also prepared for future electrification, coming soon to Main Street Alameda.

BAY FERRY VI



In September, San Francisco Bay Ferry and its contract operator Blue & Gold Fleet participated in Bay Ferry VI, a major ferry emergency response exercise involving dozens of local public safety agencies.

Coordinated by the Golden Gate Bridge, Highway and Transportation District, the 4-day exercise pulled together law enforcement, fire and rescue, maritime security personnel, and volunteers to complete live-action drills involving rescue, evacuation, and response tactics on the water. The goal of the exercise is to ensure public safety personnel have a working knowledge of access to and operation of passenger ferries in the Bay Area to improve emergency response capabilities.



ELECTRIFICATION BLUEPRINT COMPLETED

In May, WETA unveiled its Blueprint for Zero Emission Vessel Transition, a major study charting a path forward for the development of zero-emission ferry service on the San Francisco Bay.

The study considered both shoreside infrastructure needs to power an electric ferry fleet in addition to vessel technology and design considerations. The blueprint identified anticipated power needs at terminals across the system and prescribed a path on gradual transition of existing infrastructure.

2024 LOOKAHEAD

In addition to providing local travelers with the Best Way to Cross the Bay, here's what we're working on for 2024.

ARRIVAL OF DELPHINUS



MV Delphinus, the 17th ferry in the San Francisco Bay Ferry fleet, is expected to zip under the Golden Gate in early 2024. Built by Mavrik Marine in La Conner, Wash., Delphinus is a sister vessel to MV Dorado, which joined the fleet in 2022.

Delphinus travels 36 knots with seating for 320 passengers. Like Dorado, it will be able to serve all terminals and routes in the San Francisco Bay Ferry system, boosting the fleet's resilience and flexibility.

One new feature Delphinus brings: more heated, sheltered seating on the upper deck. Vinyl enclosures on a portion of the upper deck will improve passenger comfort during the cold season. This amenity will be added to MV Dorado in 2024, as well.

ELECTRIC FERRIES AND FLOATS

We expect to award construction contracts for San Francisco Bay Ferry's first electric passenger floats and zero-emission ferries in 2024. This is a monumental step forward for the transition to zero emissions.

2050 SERVICE VISION

2024 will see the approval of Bay Ferry 2050, the agency's long term service vision and business plan. Developed through extensive public engagement and stakeholder feedback, the plan is a long-range structured assessment of what the system will aspire to look like in 2050, how that vision will be phased in over time, and how it will be funded.



PILOT SERVICE LAUNCH

In 2023, San Francisco Bay Ferry began working with communities to evaluate the launch of pilot services that can help the agency assess opportunities for expanded services or new technologies. 2024 marks the implementation of the agency's first two pilots.

SEA CHANGE

MV Sea Change, the world's first commercial passenger ferry fueled entirely from hydrogen fuel cells, will debut on the San Francisco waterfront in early 2024.

Under a lease agreement with SWITCH Maritime, who owns the Sea Change, San Francisco Bay Ferry will operate the vessel between Pier 41 and Downtown San Francisco during a 6-month pilot funded by a collection of private and public partners.

The Sea Change pilot is part of the agency's commitment to testing new clean technologies, pushing the ferry industry forward, and expanding water transit in the Bay.



OAKLAND ESTUARY SHUTTLE



After working collaboratively with the City of Alameda, the Alameda Transportation Management Association and several other partners, SF Bay Ferry will begin operating a new two-year pilot service connecting Alameda's growing job and population centers with retail and recreational opportunities at Jack London Square using a small vessel. The service is expected to launch in the spring.

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