



MEMORANDUM

January 10, 2025

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Gail Gilman, Vice President
Hon. Willie Adams
Hon. Stephen Engblom
Hon. Steven Lee

FROM: Elaine Forbes
Executive Director

SUBJECT: Request authorization to accept and expend a \$55,386,000 grant from the U.S. Environmental Protection Agency Clean Ports Program to fund the San Francisco Waterfront Emissions-Free Ferry System Project.

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution No. 25-02

EXECUTIVE SUMMARY

In May 2024, the Port of San Francisco (Port) submitted a grant application for funding consideration through the U.S. Environmental Protection Agency (EPA) Clean Ports Program. The Port developed the grant application in partnership with San Francisco Bay Ferry, the San Francisco Public Utilities Commission, and the Working Waterfront Coalition to fund the San Francisco Waterfront Emissions-Free Ferry System Project (Project). The Project will fund four unique components including construction of the Mission Bay Ferry Landing, electrification infrastructure at the Downtown San Francisco Ferry Terminal, a zero-emission 400-passenger high-speed ferry, and a maritime workforce development program.

In October 2024, the EPA announced the Port was selected to receive an EPA award for the full funding request of \$55,386,000 to fund all four project components. This report describes the proposed Project to be funded by the grant and recommends approval of the attached resolution authorizing Port staff to accept and expend the grant, subject to approval by the Board of Supervisors.

THIS PRINT COVERS CALENDAR ITEM NO. 11B

STRATEGIC OBJECTIVES

The proposed Project supports the Port's 2021-2025 Strategic Plan through the following goals:

Sustainability:

Advance environmental stewardship to limit climate change and protect the Bay:

The Project will reduce CO2 emissions and noise, and provide air quality improvements to disadvantaged communities.

Evolution:

Evolve the waterfront to respond to changing public and Port needs:

The Project will support the future deployment of additional zero-emission technologies and reduce vehicle traffic on the Embarcadero and other Port streets.

BACKGROUND

On August 16, 2022, President Biden signed the Inflation Reduction Act into law, marking one of the largest investments in the American economy, energy security, and climate that Congress has made in the nation's history. The Inflation Reduction Act of 2022 provides EPA with \$3 billion to fund zero-emission port equipment and infrastructure as well as climate and air quality planning at U.S. ports.

On February 28, 2024, EPA announced the availability of \$3 billion in grant funding through the Clean Ports Program to help ports transition to zero-emissions operations, reduce diesel pollution, engage with the local community, create a safer workplace for our maritime workforce, and to develop a plan to mitigate air emissions while promoting equity and environmental justice. In May of this year, the Port, San Francisco Bay Ferry, the San Francisco Public Utilities Commission (SFPUC), and the Working Waterfront Coalition (WWC) submitted a \$55.4 million grant application to fund the final critical components of the San Francisco Waterfront Emissions-Free Ferry System: a zero-emission 400 passenger electric high-speed ferry servicing critical transportation hubs, the first of its kind in the United States; construction of the Mission Bay Ferry Landing; electrification infrastructure at the Downtown San Francisco Ferry Terminal; and a maritime workforce development program.

Unlike other ports that specialize in mostly cargo handling, the Port serves a diverse set of uses, including the handling of containerized and non-containerized cargo, cruise, tourism, leisure, and passenger transportation. Reducing emissions and environmental impacts at the Port is uniquely challenging and important because of these various uses, functions, and stakeholders. According to the latest San Francisco Climate Action Plan (2021), the transportation sector is responsible for 50% of emissions in San Francisco. This Project presents a unique opportunity for the Port to effect transformative change, reduce emissions from the transportation sector, and improve the health of nearby communities by delivering a first-in-the-nation conversion of diesel ferry service to a high-speed zero-emission electric ferry service supporting critical transportation hubs around San Francisco Bay.

The Project will allow for the operation of four zero-emission electric ferries serving three terminals located along the San Francisco waterfront as well as two terminals located in Alameda County. The system will include shore power charging systems at each terminal to facilitate rapid charging of the vessels during passenger loading and unloading processes.

This Project has a strong foundation of initial investments in reducing emissions, secured through previous efforts by the Project partners. These investments include passenger loading retrofits, which will accommodate the shore power charging systems, and three small zero-emission vessels to serve the waterfront on a limited basis. The Clean Ports grant program will provide the remaining \$55.4 million necessary to fund the following components of the System:

- Shore power charging systems at the Downtown Ferry Terminal and Mission Bay Ferry Landing. These charging systems will provide sufficient capacity to rapidly charge the new, larger electric ferry, and will include major electrical components and equipment such as shore power and anchoring systems, switchgear, transformers, power converters, duct banks, electrical conduits, and feeders.
- A fourth new zero-emission electric vessel. With three small zero-emission electric vessels funded to date through the SF Bay Ferry partnership, the Port expects the first zero-emission electric vessel to be operating in limited revenue service in 2026. The fourth zero-emission electric vessel is necessary to complete the proposed service plan and replace emissions from larger existing vessels providing service to the Port. The fourth electric vessel will carry double the number of passengers and allow the service to grow and expand over time as well as carry passengers to more terminals to include not only San Francisco-bound passengers (Downtown, Mission Bay, Treasure Island) but also East Bay locations Oakland and Alameda. The larger capacity and expanded range will increase emissions reductions achieved through the system and lifetime of the vessel and allow for servicing more disadvantaged communities. Once delivered it will allow San Francisco Bay Ferry to scrap an existing diesel vessel.
- Workforce Development. The requested grant funds for community partnerships would fund a zero-emission electric ferry workforce development and training initiative over a four-year period as the Port and San Francisco Bay Ferry begin to deploy new zero-emission technologies in the ferry system. This program will be principally administered and managed by the WWC and will provide training and skill development in the maritime industry with a specific focus on the new zero-emission technologies and equipment outlined in this grant request.

PARTNERSHIPS

Partnerships and collaboration are central to the delivery of the San Francisco Waterfront Emissions-Free Ferry System Project. In addition to dedicating staff and managing contracts and construction elements of the Project, the Port is partnering with the SFPUC,

San Francisco Bay Ferry, and the Working Waterfront Coalition to deliver electrification infrastructure, shore power systems, vessels, and investments in workforce development.

The Port will enter formal memoranda of understanding with subaward recipients SF Bay Ferry and the SFPUC to clearly delineate the Project and financial responsibilities related to their subawards. San Francisco Bay Ferry will contract with the Working Waterfront Coalition to deliver workforce benefits. Partnership responsibilities are described below.

San Francisco Public Utilities Commission (SFPUC). The SFPUC is a public utility enterprise that supplies water, sewer, and power to the City and County of San Francisco. The SFPUC is contributing \$13.6 million in matching funds to the Project to complete the upgrades needed to meet this Project's charging needs by 2027. These funds are part of a \$31 million investment in the construction of a transmission-level substation and associated power transmission and distribution facilities that will connect to key Port locations along the waterfront.

San Francisco Bay Ferry. The Port and SF Bay Ferry will rely on their established, long-term partnership and experience in large-scale project implementation to bring new zero-emission technology to the Downtown Waterfront through this Project. SF Bay Ferry has committed \$1.9 million in direct match for eligible expenses and \$85.6 in leveraged funding related to the delivery of early phase and non-eligible grant funding Project components, including three smaller vessels, a shore power system, and utility infrastructure. SF Bay Ferry will retain ownership of the vessel and equipment purchased under the grant.

Working Waterfront Coalition (WWC). The WWC is an industry-led regional maritime workforce development program that seeks to create a pipeline of ship maintenance and repair workers and vessel operators to address a serious shortage of regional workers capable of operating, maintaining, and expanding the maritime industry in the Bay Area including ferry service. The WWC's goal is to recruit and train a new generation of workers via innovative outreach to 18–24-year-old individuals from disadvantaged and low-income communities, as well as the re-entry population. The program features financial stipends for trainees, a full suite of wrap-around services, and first-source hiring agreements with WWC members. Members of the WWC include maritime industry leaders, labor groups, local community-based organizations, educational institutions, and county workforce development and probation departments. Under a contract with SF Bay Ferry, WWC will train over 200 apprentices and expand collaboration with local community colleges and universities to adapt existing programs or develop new programs. The Project will create an estimated 300 direct jobs and 600 indirect jobs.

PROJECT FUNDING AND SCHEDULE

The San Francisco Bay Emissions-Free Ferry System Project budget is \$70.9 million, including \$55.4 million (78%) EPA Clean Ports grant funding and \$15.5 million (22%) matching funds. Notably, \$42.0 million (59%) of the total Project budget will go directly to the purchase and installation of a high-speed electric vessel and a shore power and anchoring system to charge vessels. The remaining \$28.9 million (41%) will support costs associated with design, permitting, and construction management as well as deliver the construction of behind-the-meter infrastructure.

The EPA Clean Ports Program requires a 10 percent match, but the Port proposed a 22 percent match totaling \$15.5 million to improve the competitiveness of its application. SFPUC has committed \$13.6 million in bond proceeds to support the installation of critical electrification infrastructure at the Downtown Ferry Terminal. The San Francisco Bay Ferry has committed \$1.9 million in grant pass-through funding, including \$0.9 million Regional Measure 3 and \$1.0 million Transit and Intercity Rail Capital Program funding to support the required match. The Port will not provide any matching funds for this Project.

Schedule:

The anticipated project schedule is as follows:

Project Timeline and Milestones by Calendar Year Quarters						
	Downtown Ferry Terminal Electrification Project		MBFL Shore Power and Anchoring Systems		New Zero Emission Electric Vessel	
Milestone	Start	End	Start	End	Start	End
Design	Q1 - 2024	Q3 - 2025	Q1 - 2023	Q4 - 2024	Q1 - 2023	Q3 - 2024
Procurement, Bidding, and Award	Q4 - 2025	Q1 - 2026	Q3 - 2025	Q4 - 2025	Q3 - 2024	Q4 - 2024
Construction &/or Installation	Q1 - 2026	Q2 - 2027	Q1 - 2026	Q4 - 2026	Q1 - 2026	Q1 - 2028
Substantial Completion	Q2 - 2027	Q2 - 2027	Q1 - 2027	Q1 - 2027	Q1 - 2028	Q1 - 2028
Final Acceptance	Q3 - 2027	Q3 - 2027	Q2 - 2027	Q2 - 2027	Q1 - 2028	Q1 - 2028
Date of Operation	Q3 - 2027		Q2 - 2027		Q1 - 2028	

RECOMMENDATION

Port staff recommend that the Port Commission approve the attached resolution authorizing staff to accept and expend \$55,386,000 in grant funds from the EPA Clean Ports Program.

Prepared by: Boris Delepine
Government Affairs Manager

For: Michael Martin
Assistant Port Director

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

RESOLUTION NO. 25-02

- WHEREAS, The U.S. Environmental Protection Agency has offered the Port grant funding through their Clean Ports Program in the amount of \$55,386,000; and
- WHEREAS, The Port, San Francisco Bay Ferry, San Francisco Public Utilities Commission, and the Working Waterfront Coalition applied for the grant to fund the San Francisco Emission-Free Ferry System Project; and
- WHEREAS, The San Francisco Waterfront Emissions-Free Ferry System Project will fund four unique components including the construction of the Mission Bay Ferry Landing, electrification infrastructure at the Downtown San Francisco Ferry Terminal and the Mission Bay Ferry Landing, the purchase of a zero-emission 400-passenger fast ferry, and a maritime workforce development program; and
- WHEREAS, The EPA Clean Ports Program grant requires a 10 percent match, but the Port of San Francisco proposed a 22 percent match totaling \$15.5 million to improve the competitiveness of its application; and
- WHEREAS, The San Francisco Public Utilities Commission has committed \$13.6 million in bond proceeds to support the installation of critical electrification infrastructure to the Downtown Ferry Terminal, subject to future bond issuances and appropriations, to support the required match; and
- WHEREAS, The San Francisco Bay Ferry has committed \$1.9 million in grant pass-through funding, including \$0.9 million Regional Measure 3 and \$1.0 million Transit and Intercity Rail Capital Program funding to support the required match; and
- WHEREAS, The EPA grant provides crucial funding that leverages more than \$115 million from other local, state, and federal sources, including Regional Measure 3, CalSTA Transit and Intercity Rail Capital Program, FTA Rapid Electric Emission-Free Ferry funding, City and County of San Francisco Capital Funds, San Francisco Sales Tax, and private funding; now, therefore be it
- RESOLVED, That the Port Commission hereby authorizes the Port to accept and expend \$55,386,000, from the EPA Clean Ports Program to fund the San Francisco Emissions-Free Ferry System Project and to conduct all negotiations, and execute and submit all documents, including, but not limited to applications, memoranda of understanding, agreements, amendments, and payment requests, which may be necessary to secure the aforementioned grant funds; and be it further

RESOLVED, That the Port Commission authorizes the Executive Director to seek the Board of Supervisors's authorization to accept and expend the funds.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 14, 2025.

Secretary