



Board Report

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Agenda Number: 49.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE JULY 16, 2026

SUBJECT: UPDATE ON FEASIBILITY OF WATER TAXI SERVICE FROM SAN PEDRO TO LONG BEACH

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE an update on the feasibility of water taxi service between San Pedro and Long Beach.

ISSUE

At its December 2025 meeting, the Board approved Motion 18 (Attachment A) by Directors Hahn, Bass, Dutra, Dupont-Walker, Butts, and Sandoval directing the Chief Executive Officer to: A) conduct an industry engagement process (i.e., reverse pitch) to identify operator interest, capabilities, and partnership opportunities to deliver a water-taxi service between San Pedro and Long Beach during the 2028 Games; B) assess funding options for special event service; and C) report to the Board with findings, including potential partnership structures, proposed implementation timeline, and next steps. This report summarizes findings from the reverse pitch process, discusses the funding landscape for future service, and outlines next steps.

BACKGROUND

In November 2025, Metro released the San Pedro-Long Beach Water Taxi Feasibility Study ("Feasibility Study"), which assessed maritime service options to supplement existing transportation modes, identified infrastructure needs, and outlined next steps for establishing a Games-time and a long-term water taxi service.

Building on findings from the Feasibility Study, Metro issued a Request for Information (RFI) on April 7, 2026, inviting firms, operators, and partners in the maritime passenger transport industry to share their interest and capabilities in providing a water taxi service during the 2028 Games. Six entities submitted responses, and five were invited to present their proposals directly to the Office of Strategic Innovation (OSI) in May 2026.

Staff promoted the RFI through multiple channels, including Metro's website (metro.net/water-transport), LinkedIn, a curated e-mail blast to an industry stakeholder list, and through outreach to the

Public Ferry Coalition (a national organization representing the interests of public ferry operators across the United States).

A cross-departmental team of executive-level staff from Countywide Planning & Development, Operations, and Customer Experience along with representatives from the Office of Management & Budget, System Security & Law Enforcement, and Community Relations reviewed the responses.

DISCUSSION

Findings from industry outreach and a review of available funding sources indicate that grant opportunities for temporary service do not exist, and the timeframe to secure an agreement with a ferry operator in advance of the 2028 Games is increasingly constrained. If funding were to be secured, Metro would need to initiate the procurement process by October 2026 to execute a contract with a ferry operator by July 2027, giving the operator less than a year to plan and begin testing the service in May 2028. The following details a summary of stakeholder conversations, industry engagement (“reverse pitch”), funding options, and key considerations for a future water taxi service.

Stakeholder Engagement

Staff met with more than 15 stakeholders to inform the development of the RFI and to understand potential service delivery options, 2028 Games constraints, and other information gaps raised in the Feasibility Study. Key findings from discussions with the U.S. Coast Guard (USCG), LA28 security and venue planning teams, vessel designers and operators, and transit agencies experienced in contracting ferry service follow:

- *Importance of a turn-key operator:* Agencies, operators, and vessel industry members indicated the importance of contracting a turn-key operator capable of providing suitable vessels with all required approvals in place. Key constraints for Metro-led vessel delivery include up-front costs and timelines for potential vessel and landing site procurement/improvements, USCG certification timelines for new vessels, and California Air Resources Board (CARB) Commercial Harbor Craft (CHC) compliance.
- *Potential 2028 Games constraints:* Planning for security zones and in-water events is ongoing, and impacts to existing water taxi routes and service schedules are likely to be uncertain until and even during the Games time. LA28 staff noted that water taxi schedules and routes may need to be adjusted when sailing events are held in San Pedro and when athletes are training in the water.
- *Existing water taxi operations:* Existing water passenger transportation services operate within the proposed service area, including routes along the Long Beach waterfront. Should funding for service between Long Beach and San Pedro materialize, Metro should explore whether current operators in the region are interested in expanding their service footprint, which would be a faster and possibly less expensive way to achieve the same outcome.
- *Coordination with harbor operations:* USCG representatives noted the recent establishment of the Olympics Maritime Safety and Security Subcommittee. Coordination with this subcommittee and other harbor operators will be critical to inform route operating requirements and schedule parameters. In past major sailing events such as the Sailing Grand

Prix, passenger boats were still able to operate around the security perimeter.

Industry Engagement (RFI and Reverse Pitch)

The RFI solicited responses on prior experience, service delivery models, proposed service plans, vessel availability, staffing, accessibility, security, capital infrastructure needs, cost structure, and creative funding and financing approaches. The RFI was open for 25 days, and responses were due May 4, 2026. Respondents who submitted written responses and met minimum criteria presented to Metro staff in-person and online.

Table 1 lists the six RFI responses received, representing a cross-section of ferry operators, vessel builders, digital platform providers, and organized labor. Ballyhoo Media, an advertising firm dedicated to waterway media, submitted a response after the RFI deadline and did not present to Metro staff.

Table 1: Description of RFI Respondents

Company Name	Description
Arc	Los Angeles-based, zero-emission vessel builder and battery technology provider with USCG-certified marine battery systems.
Bout	Digital platform provider with experience operating a water taxi aggregation platform at the 2024 Paris Olympics.
Harbor Breeze Cruises	Local cruise and charter service operator currently based in San Pedro and Long Beach with more than 20 years of experience.
Hornblower Yachts, LLC	Full-service ferry operator and contractor with over 100 years of maritime experience across the U.S. and internationally, with 19 vessels operating in Southern California.
Inland Boatman's Union (IBU)	West Coast maritime labor union representing a full range of licensed and unlicensed vessels and shoreside classifications.
PROP SF/Artemis	San Francisco Bay ferry operator with scheduled passenger ferry route experience, in partnership with Artemis, a hydro-foiling electric vessel builder.

Metro promoted the RFI to at least 73 individual companies and received feedback from many, indicating they would not be pursuing the opportunity. Reasons included:

- *Limited Vessel Availability:* Operators cited several reasons for not participating in the RFI, and the most common theme was limited vessel availability during the peak summer season. Because the Games occur during the year's busiest operational period, most operators have their fleets fully committed to existing routes.

- *Short-Term Contract:* Others emphasized that the contract's short-term nature makes the effort required to mobilize vessels, crew, and logistics disproportionate to the potential return. Some noted that while the vessel market is extremely constrained, they might consider reallocating vessels only if the revenue opportunity were unusually high, suggesting that participation is possible but economically unlikely under typical conditions.
- *Relocation Feasibility:* For operators based outside of the greater Los Angeles area, such as those in San Diego or the Bay Area, repositioning vessels to Los Angeles for a 47-day service window introduces significant operational challenges. These challenges include crew deployment, maintenance support, fuel or charging logistics, and unfamiliar terminal environments.
- *Compliance Timing:* Several operators highlighted regulatory pressures, particularly with CARB requirements, as a major barrier. One operator explained that they would be required to replace the engines of at least two vessels before the Games period to achieve compliance, which would remove those vessels from service and further constrain fleet availability. This regulatory timing compounds the already limited supply of vessels and makes it more challenging for operators to commit assets to a temporary service.

Findings from Industry Engagement

Presentations from five RFI respondents were held over two days: Tuesday, May 12 (Bout and Hornblower) and Friday, May 15 (Arc, Harbor Breeze, and PROP SF/Artemis). While no meeting was held with IBU, the feedback provided in the IBU RFI response informed findings.

Metro staff, with support from consultants, reviewed RFI responses, pitch meeting content, and feedback from stakeholder discussions to assess the potential opportunities and constraints for the 2028 Games water taxi service. Key findings related to service feasibility are described in Table 2.

Table 2: Key Service Feasibility Findings from Industry Engagement

Service Feasibility Component	Opportunities Identified by Respondents
Operator Interest	Two feasible turn-key operators responded with interest to operate service, along with other firms expressing interest in providing service components.
Operator Capabilities	
Operations	Operators presented feasible approaches for providing shoreside and administrative staff, licensed crew, security plans, vessel maintenance, and required permits and regulatory approvals in time for the 2028 Games service.
Vessels	Operators identified vessels that would be available and suitable for the 2028 Games service and meet regulatory requirements.
Landing sites	The two landing sites identified in the Feasibility Study, Rainbow Harbor in Long Beach and West Harbor in San Pedro, were validated as preferred landing site options. Both sites require limited improvements such as installation of temporary ramps for passenger loading/unloading.
Ticketing	Respondents currently use ticketing systems that may support TAP integration, integration with other payment platforms, multilingual capability, and various fare strategies such as discounts and dynamic pricing.
Customer service	Respondents described capabilities for supporting a major international event, including staff training programs and availability of multilingual support.
Marketing / revenue generating activities	Respondents estimated that the service would provide opportunities for creative revenue from sponsorships, advertising, and other activities, and indicated willingness to pursue and manage revenue generation.

Identified Information Gaps

To right-size vessel capacities and service schedules, operators expressed the need for more information in these areas:

- *Estimated demand:* Understanding overall demand and demand by time of day will support the development of service schedules. Demand information will also support fare revenue forecasting and the pursuit of revenue-generating opportunities.
- *Funding levels:* A baseline funding level would enable operators to right-size proposed vessels and service schedules.

- *Restrictions around sponsorship/advertising:* Operators proposed brand sponsorships to cover some of the service costs. However, LA28's advertising guidelines and restrictions will not be final for another six months. Until the guidelines are released, there is a lack of clarity on which sponsors would be restricted from contracting with non-LA28 entities, and what the advertising radius is around venue areas.

Funding Challenges

The Feasibility Study estimated operating costs for the 47-day Games period at \$913,000 to \$1,448,000, depending on vessel types and fleet configuration. RFI responses from turn-key operators came close to this range, from \$950,000 to \$1,535,000. A combination of subsidies, fare revenue, and other sources, such as advertising, would be needed to meet the cost of service.

Staff reviewed potential funding sources (Attachment B) and found that most grants typically used by ferry operators focus on capital projects, which are likely infeasible given the constrained timeline. Among opportunities that offer funding for operations, it is unlikely that a short-term service would be eligible or score well for a competitive federal or state grant. However, local return funding is available to all LA County jurisdictions to support transportation within their jurisdictional boundaries.

RFI respondents identified several potential revenue opportunities that have been used in other special event or long-term ferry services, including:

- Naming rights / sponsorships
- Local business partnerships
- Vessel wraps / branding
- Terminal advertising
- Onboard digital screens / branded content / product demos
- Web and app advertising
- Onboard filming licenses
- Concessions
- Branded merchandise / exclusive on-board sampling, sales, branded packaging
- VIP experiences

While funding a water taxi entirely through advertising is highly unlikely, a blended revenue strategy combining advertising with a revenue-sharing agreement could help fund part of the service. Respondents noted that a combination of various sponsorship and advertising revenue sources, along with farebox revenue, would likely offset some level of costs. They also indicated needing a funding guarantee to cover the costs of launching service given the unknowns of revenue from advertising, fares, or concessions.

Several other options for maximizing farebox revenue were discussed, including:

- *Fare policy:* Passenger ferry/water taxi services typically charge a higher fare than other transit modes, even when operated by the same agency. Ferries are often seen as a premium service, offering a faster trip time, a more comfortable ride, and/or an entertaining experience. In other major U.S. cities, one-way adult fares range from \$1.00 to \$9.75 (see Attachment C).

- *Variable pricing*: Because demand during the 2028 Games may be highly directional and variable throughout the day and depending on the schedule of events, a pricing strategy that allows for higher fares during peak periods and lower fares during non-peak periods may help manage demand and offer an opportunity for increased fare revenue. Variable pricing is typically employed in conjunction with reservation-based ticket sales, may be difficult to communicate, and may not be well-received for walk-up ticket sales.
- *Discounted fares*: Offering discounted fares in line with Metro's current discounted rider categories may offer a way to charge higher fares for the premium service while still making the service usable and accessible to all.
- *TAP integration*: Consistent with Board discussion, respondents indicated that integrating water taxi fares with TAP payments would be beneficial. Respondents stated that their ticketing systems can support TAP integration.

Public-Private Partnership Structures

The Feasibility Study recommended that a public-private partnership, in which Metro contracts an established water taxi operator to provide service, may present the best opportunity for Metro to deliver a 2028 Games water taxi service. Three options exist for structuring the partnership and allocating costs, revenue, and risk:

1. *Contract with One Operator - Variable Service Levels*: In this model, a turn-key operator contracts with Metro for a baseline level of service with flexibility to add service based on requests from Metro and/or revenue availability. Metro may elect to off-ramp the contractor if funding does not materialize or if Metro and the contractor fail to reach agreement on service levels.
2. *Contract with One Operator - Fixed Price*: Metro could establish a fixed-price baseline with an agreed-upon per-trip/per-hour rate for additional trips above the baseline level of service.
3. *Contract with Multiple Service Providers*: This is the most complex procurement option and requires Metro to manage the provision of service with separate entities (e.g., separate agreements for vessels, operator, ticketing, revenue generation etc.).

The procurement timeline for these models ranges from 10 to 15 months depending on the complexity of the agreement and the known service variables at the time of the RFP's development.

Considerations for Water Taxi Service

The following sections outline key considerations for establishing a water taxi service, such as service goals, minimum service requirements, labor, regulatory requirements, and funding opportunities.

Water Taxi Service Goals

Metro would need to identify service goals for a future water service to guide decisions on fare policy, emissions goals, and other service variables and confirm the focus on short-term special-event service. The lack of certainty regarding security zones and in-water events precludes the ability to

finalize service goals.

Service Variables

While the Feasibility Study identified possible landing sites and service scenarios, the RFI welcomed respondents to submit responses based on their experience and expertise, allowing for recommendations not included in the initial study. As more is known about potential demand for the service, potential revenue sources, or limitations due to security zones or in-water events, Metro may decide to specify minimum requirements in an RFP for the service or make these decisions in partnership with the selected operator. Key service variables include:

- *Fleet*: The number and characteristics of vessels directly impact the operating cost and service levels. Responses indicated a wide range of potential vessel capacities, speeds, and customer experiences. Depending on the goals for service (i.e., transportation focus vs. tourism opportunity), Metro may want to select vessels that align with the desired service. For example, a transportation-focused route may welcome smaller vessels with an enclosed cabin that travel at higher speeds, whereas a tourism-focused service may have more interest in larger vessels with outdoor space, even if they have a longer crossing time.
- *Service period*: While the first phase of the study identified a 47-day minimum for Games-focused service, a new transportation option typically requires a lead-in period to prove service and attract ridership. On-time performance and reliability for ferry services are key. A lead-in period can demonstrate the service's viability to potential customers. Some new long-term services choose to launch ahead of their peak season with free fares to attract ridership and demonstrate the reliability of the new transportation option.
- *Service schedules*: Because event schedules over the Games period vary day-to-day, with some events and security zones potentially impacting water taxi operations, service planning will require clarification around desires and minimum service requirements. For example, service could be scheduled on a fixed daily schedule or on a schedule that varies based on the event schedule for each day. Demand forecasts or assumptions around ridership levels are needed to identify daily and peak-period capacity requirements. Estimated one-way crossing times (assuming slow-speed travel through no-wake zones at both ends of the route) range from around 30 minutes, with a 32-knot vessel, up to around 55 minutes, with a low-speed 10-knot vessel.
- *Landing sites*: Confirmation of preferred landing sites is required for an operator to move forward with securing necessary agreements/permits, and to complete the design of minor improvements such as a passenger ramp and uplands queuing/signage.

Labor

Respondents demonstrated experience and openness to using unionized labor for the service, should staffers elect to organize. Vessel size was noted as a major consideration for labor costs. The major inflection point is 149-passenger vessels; above this capacity, crewing and certification costs rise significantly. For this reason, the 149-passenger vessel size is more commonly used and more likely to have market availability.

For example, three 49-passenger vessels, each with two crew members, require a total of six crew

members. One 149-passenger vessel requires only three crew members, illustrating the labor cost advantage of larger vessels. Vessels between 50-149 passengers are often built to 150-passenger platform specs but certified for fewer due to specialized use (e.g., whale watching, dinner cruises).

Apart from crew operations, public ferry operators emphasized the importance of hiring at least one full-time agency staff member to manage the contract with the operator.

Regulatory Requirements

Operators identified regulatory requirements as the biggest timeline driver for service implementation, with the longest lead time requirement being the Coastal Development Permit De Minimis Waiver (2-4 months) or Coastal Development Permit (6-24 months). Given that limited shoreside improvements are needed for the service, a De Minimis Waiver or less complex permitting process would likely apply. Permitting requirements can be confirmed once vessels and landing sites are selected.

This timeline assumes that construction of a new vessel or repowering of an existing diesel vessel is unnecessary and likely infeasible. Similarly, permitting timelines associated with in-water construction mean that feasible landing site improvements are limited to installing a temporary ramp within the existing dock footprint and to uplands improvements, such as temporary queuing and signage.

Funding Opportunities

Local Return funding is an eligible source of funds for water taxi service. The City of Los Angeles, the City of Long Beach, and LA County carry fund balances (as described in Attachment B) that are eligible to fund the service.

Implementation Timeline

Considering the findings outlined above, including the absence of dedicated funding, implementation of a water taxi service by the 2028 Games is highly unlikely. However, if local jurisdictions were to allocate their Local Return funding and decide to move forward with the service, a potential implementation timeline, as requested in Motion 18, is presented in Table 3. The schedule below assumes an aggressive procurement timeline, with RFP development beginning in October 2026 and a Notice-to-Proceed issued by July 2027.

Table 3: Potential Implementation Timeline

Dates	Activity
Oct-Dec 2026	Develop RFP to procure ferry operator
Jan-Jun 2027	Issue RFP and evaluate responses
Jun 2027	Board award to ferry operator
Jul 2027	Issue Notice-to-Proceed
Jul-Aug 2027	Confirm schedule requirements and operational protocols
Aug 2027-Jan 2028	Secure landing site agreements, permits, operating approvals; begin marketing service
Jan-Apr 2028	Ticketing app and webpage development
May-Jun 2028	Complete landing site improvements; begin service testing and ramp-up period
Jul 2028	Official start of service (Olympics Opening Ceremony)
Aug 2028	Close of service

EQUITY PLATFORM

An equity analysis has not been performed as part of this study. Should this service be considered for implementation, an equity analysis will be conducted.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT. This item supports Metro's systemwide strategy to reduce VMT through planning activities that will further encourage transit ridership, ridesharing, and active transportation, or, in this case, explore the possibility of water-based transportation to reduce automobile VMT. Metro's Board-adopted VMT reduction targets were designed to build on the success of existing investments, and this item aligns with those objectives.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Water Taxi RFI and reverse pitch effort support the following strategic plan goals:

- Goal #1: Provide high-quality mobility options that enable people to spend less time traveling;

- Goal #2: Deliver outstanding trip experiences for all users of the transportation system; and
- Goal #4: Transform LA County through regional collaboration and national leadership.

NEXT STEPS

Staff, will continue to monitor any changes to the conditions that would impact the delivery, financing, and contracting options presented in this report.

ATTACHMENTS

Attachment A - Motion 18

Attachment B - Review of Water Taxi Funding Opportunities

Attachment C - Comparison of Fares

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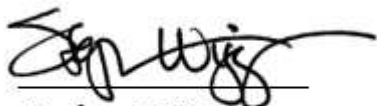
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Board Report

File #: 2025-1026, **File Type:** Motion / Motion Response

Agenda Number: 18.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE NOVEMBER 20, 2025

Motion by:

DIRECTORS HAHN, BASS, DUTRA, DUPONT-WALKER, BUTTS, AND SANDOVAL

SUBJECT: WATER TAXI FROM SAN PEDRO TO LONG BEACH MOTION

RECOMMENDATION

APPROVE Motion by Hahn, Bass, Dutra, Dupont-Walker, Butts, and Sandoval that the Board direct the Chief Executive Officer to:

- A. Develop and issue an industry engagement process (i.e. reverse pitch) to identify private and public operator interest, capabilities, and partnership opportunities to deliver a water-taxi service between San Pedro and Long Beach during the 2028 Games;
- B. Assess short-term and special-event funding options, including public-private partnership cost-sharing, sponsorship models, federal maritime or mobility grants, and temporary operations funding, to support Games-time service. Such funding source options shall not be eligible for bus or rail operations; and
- C. Report back to the Board within 180 days with findings such as Public-Private-Partnership structures, a proposed implementation timeline, and any next steps.

ATTACHMENT B - Review of Funding Opportunities for San Pedro-Long Beach Water Taxi Service

This document outlines potential funding opportunities for special event water taxi service between San Pedro and Long Beach during the 2028 Olympic and Paralympic Games.

Overview

Metro is delivering transportation improvements ahead of the 2028 Games through a mix of federal grants, state, and local funds. As is the case for most publicly-provided transit services, it is anticipated that fare revenue will cover a portion of operating costs, with the remaining costs covered through other funding sources or subsidies. The following sections provide an overview of potential funding opportunities for the San Pedro-Long Beach special event water taxi service within the following categories:

1. Federal, state, and local funding sources that may be applicable to potential water taxi service, and public-private partnership opportunities
2. Grant funding sources focused on passenger ferry services.

This memo responds to the November 2025 Metro Board Motion which directed staff to “assess short-term and special-event funding options, including public-private partnership cost-sharing, sponsorship models, federal maritime or mobility grants, and temporary operations funding, to support Games-time service. Such funding source options shall not be eligible for bus or rail operations.”

State and Local Funding Sources

- **California Transportation Development Act (TDA) Article 4, State Transit Assistance & SB1 Funds.** These programs provide operating and capital funding to Metro and 17 municipal transit operators throughout LA County. TDA Article 4 funds are available to bus and rail projects and should not be considered to fund the water taxi.
- **California TDA Article 8 Funds.** Allocations for areas within Los Angeles County, but outside the Metro service area. This includes allocations to Avalon, Lancaster, Palmdale, Santa Clarita, and portions of unincorporated areas of Los Angeles County for transit, street and road projects.
- **Local Return Funding.** Local Return funding is awarded to all LA County jurisdictions from local sales tax measures to support local transportation within their jurisdictional boundaries. Examples include transit services, roadway improvements, bicycle and pedestrian infrastructure, traffic signal coordination and senior dial-a-ride services. At the end of Fiscal Year 2025, the City of Los Angeles had a Local Return fund balance of \$643 million, the City of Long Beach had a fund balance of \$113 million, and LA County had a fund balance of \$293 million.

- **Local Revenue Measures:** While no new taxes are currently tied to LA28, existing local transportation sales tax measures (e.g., Measure M) may indirectly support Games-related improvements.
- **Local Funding:** Funding for water taxi service may be provided by ports, cities, or waterfront development organizations on one or both ends of the route.

Public–Private Partnerships (P3s)

Delivery of transportation projects through public-private partnership has been highlighted as a key opportunity for special event services. Potential funding sources include:

- Corporate partnerships (naming rights, advertising, etc.)
- Licensing agreements
- Hospitality programs/packages
- Technology partnerships
- On-board concessions and exclusive beverage partnerships
- Exterior livery (hull wrap / exterior branding)

While the 2028 Games provide the greatest anticipated opportunity for revenue generation through public-private partnerships, these sources may also be available for long-term service once ridership demand and schedule are known. As of June 2026, LA28’s advertising guidelines and restrictions have not yet been finalized.

Typical Ferry Funding Sources

The following revenue sources are available to fund ferry projects and include grants commonly sought by ferry operators. Many federal grants are currently funded through the Infrastructure Investment and Jobs Act which is set to expire November 2026. The table below provides a high-level overview of grant opportunities, as well as the eligibility of special event service. Funding sources available to bus and rail projects are noted under *Eligible Projects*, and per Board direction, should not be considered as viable options to fund the water taxi service.

Grant Program	Eligible Recipients	Eligible Projects	Available for short-term service?
Better Utilizing Investments to Leverage Development (BUILD) Grant Program (previously known as the Rebuilding American Infrastructure with Sustainability and Equity [RAISE]).	State and local agencies	The USDOT BUILD grant program provides funding for construction and planning of surface transportation projects with significant local or regional impact, including ferry vessels and	Unlikely

Grant Program	Eligible Recipients	Eligible Projects	Available for short-term service?
		terminals. The grant is funded in a five-year cycle with annual grant submissions. <i>Available to bus and rail projects. Do not consider for Water Taxi.</i>	
Construction of Ferry Boat and Ferry Terminal Facilities Program (FHWA)	Funding distributed by State DOTs and MPOs	This program was established to fund the design and construction of ferry boats and ferry terminal facilities based on a statutory formula, with funding available to existing ferry services.	Unlikely
Passenger Ferry Grant Program – Section 5307(h). FTA's Passenger Ferry Grant Program provides competitive funding for projects that support passenger ferry systems in urbanized areas.	State and local agencies (recipients of Section 5307 funds)	Capital projects for passenger ferry systems in urbanized areas	Unlikely (supporting the establishment of new passenger ferry services is an identified goal)
Low-No Ferry Program (FTA)	State and local agencies	Capital projects for the purchase of electric or low-emitting ferry vessels and related infrastructure in urbanized or rural areas.	Unlikely that short-term service would score favorably

Grant Program	Eligible Recipients	Eligible Projects	Available for short-term service?
Surface Transportation Block Grant Program (STBG). While not typically used for ferry projects, FHWA's STBG program can be used to fund a wide range of programs including transit capital projects.	Distributed by state DOTs and MPOs	Eligible projects include highway construction and repair, bridge/tunnel projects, transit capital improvements, pedestrian and bicycle infrastructure. <i>Available to bus and rail projects. Do not consider for Water Taxi.</i>	Unlikely
Congestion Mitigation and Air Quality (CMAQ) Program (FHWA)	State or local governments	Capital projects or operating assistance. Ferry projects appear to be eligible if located in a non-attainment area. <i>Available to bus and rail projects. Do not consider for Water Taxi.</i>	Can be used for new or expanded transportation services
Capital Investment Grant Program – Major Capital Investments (New & Small Starts 5309 (b)(1) (FTA)	State or local governments	Capital investments for new or expanded fixed guideway systems (including ferries) <i>Available to bus and rail projects. Do not consider for Water Taxi.</i>	Requires multi-year, multi-step development process, favoring high ridership services
Carbon Reduction Program (CRP)	Funding distributed	Projects which reduce carbon emissions; funds	

Grant Program	Eligible Recipients	Eligible Projects	Available for short-term service?
	by State DOTs	may be used for both capital and operating expenses <i>Available to bus and rail projects. Do not consider for Water Taxi.</i>	
Congressionally Directed Spending: Transportation, Housing, and Urban Development	Funding may be awarded to state or local agencies	Transportation projects are eligible	Would require coordination to understand eligibility. Funding availability uncertain.
California Air Resources Board (CARB) Sustainable Heavy-Duty Initiatives for Future Technology (SHIFT) grant	Private industry	Pre-commercial demonstrations and large-scale pilots of advanced technology, including eligible project types such as on-road heavy-duty truck pilots, locomotives, rail, and commercial harbor craft. <i>Available to rail projects. Do not consider for Water Taxi.</i>	If zero-emissions technology development is included.
California Clean Off-Road Equipment (CORE)	CA businesses or agencies	Incentive project intended to encourage California off-road equipment owners to purchase or lease currently available commercial zero-emission off-road	If zero-emissions technology development is included.

Grant Program	Eligible Recipients	Eligible Projects	Available for short-term service?
		equipment, or repower existing equipment.	

ATTACHMENT C – Comparison of Fares

The table below provides example comparisons of current one-way adult and reduced (e.g., senior or student) fares for ferry and other transit modes in major U.S. cities.

<u>Agency/ Region</u>	<u>Ferry</u>	<u>Bus</u>	<u>Subway</u>	<u>Light rail</u>
King County Metro (Seattle)	\$7 (adult) \$3 (reduced)	\$3 (adult) \$1 (reduced)	N/A	\$3 (adult) \$1 (reduced) <i>*Operated by Sound Transit</i>
Kitsap Transit (WA)	<i>Local Ferries</i> \$2 (adult) \$1 (reduced) <i>Cross-sound Ferries</i> \$7.50 (adult) \$3.75 (reduced)	\$2 (adult) \$1 (reduced)	N/A	N/A
Long Beach Transit	<i>AquaLink</i> \$5 (adult) <i>AquaBus</i> \$1 (adult)	\$1.25 (adult) \$0.60 (reduced)	N/A	N/A
MBTA (Massachusetts)	\$2.40- \$9.75 (adult)	\$1.70 (adult) \$0.85 (reduced)	\$2.40 (adult) \$1.10 (reduced)	N/A
NYC Ferry / MTA	\$4.50 (adult) \$1.45 (reduced)	\$3 (adult) \$1.50 (reduced)	\$3 (adult) \$1.50 (reduced)	
San Francisco Bay Area	\$4.90 (adult) \$2.40 (reduced) <i>*San Francisco Bay Ferry</i>	\$2.50 (adult) \$1.25 (reduced) <i>*MTA (MUNI)</i>	N/A	\$2.50 (adult) \$1.25 (reduced) <i>*MTA (MUNI)</i>

2026-0456 Update on Feasibility of Water Taxi Service from San Pedro to Long Beach

Operations, Safety, and Customer Experience Committee – July 16, 2026

Recommendation

RECEIVE AND FILE an update on the feasibility of water taxi service between San Pedro and Long Beach.

Industry Engagement Process

- November 2025: San Pedro-Long Beach Water Taxi Feasibility Study released
- April-May 2026: Request for Information (RFI) process to gather feedback from industry experts
- April-Ongoing: Discussions with stakeholders & industry experts
 - U.S. Coast Guard (USCG), LA28 security and venue planning teams, vessel designers and operators, and transit agencies experienced in contracting ferry service
- May 2026: Reverse Pitch Presentations to Metro staff

Service Areas	Respondents
Turn-key operators	• Hornblower Yachts, LLC • Harbor Breeze Cruises • PROP SF
Vessel builders	• Arc • Artemis
Digital platform provider	• Bout
Labor	• Inland Boatman's Union (IBU)
Waterway advertising/media	• Ballyhoo Media

RFI & Reverse Pitch Findings

Industry Interest

- Responses included two turn-key operators and other firms capable of providing service components.
- Desire to support 2028 Games service as a stand-alone opportunity and as proof of concept for potential long-term service.

Turn-key Operator Capabilities

- Water Taxi Start-up and Operations
- Vessels and Landing Sites
- Supportive Services

Estimated Costs

- \$950,000 to \$1,535,000 for the 47-day service period.
- A combination of subsidies, fare revenue, and other sources, such as advertising, would be needed to meet the cost of service.

Information Gaps Identified by Respondents

- **Unclear estimated demand:** Understanding overall demand and demand by time of day will support the development of service schedules and support revenue forecasting and development.
- **Lack of funding clarity:** If a baseline funding level is provided, operators can right-size proposed vessels and service schedules.
- **Restrictions around sponsorship/advertising:** Confirmation of LA28 advertising guidelines and restrictions will inform potential revenue opportunities.

RFI & Reverse Pitch Findings

- **Importance of a Turn-key Operator:** Partnership with turn-key operator capable of providing suitable vessels with all required approvals in place is needed to meet the implementation timeline.
- **Potential Coordination with Existing Water Taxi Operations:** Explore whether current operators in the region are interested in expanding their service footprint.
- **Potential 2028 Games Constraints:** Planning for security zones and in-water events is ongoing and are likely to be uncertain until and even during Games time. Water taxi schedules and routes may need to be adjusted when sailing events are held in San Pedro and when athletes are training in the water.
- **Coordination with Harbor Operations:** To inform route operating requirements and schedule parameters, coordination with the Olympics Maritime Safety and Security Subcommittee and other harbor operators will be critical.
- **Gaps in Funding Opportunities:** Most grants typically used by ferry operators focus on capital projects. Among opportunities that offer funding for operations, it is unlikely that a short-term service would be eligible or score well for a competitive federal or state grant. Additionally, in Motion 18, the Metro Board instructed staff that *“funding source options shall not be eligible for bus or rail operations.”* This limits the availability of most Metro funding for this potential service. However, local return funding is available to all LA County jurisdictions to support transportation.

Additional Considerations

Topics	Decision Points
Service Variables	1. Specify minimum service requirements to be included in an RFP or work with an operator in a planning phase to make decisions in partnership. • Focus on transportation for Games events OR wider Games-period/summer tourism • Length of service period • Fixed schedule or variable based on events schedules • Confirm landing sites
Staffing	2. Staffing strategy 3. Metro FTE hire to manage operator contract
Funding Options	4. Funding sources and commitment 5. Advertising & revenue sharing opportunities/restrictions 6. Fare policy
Procurement	7. Preferred contracting model

Questions?