Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

Metro

Board Report

File #: 2026-0661, **File Type:** Oral Report / Presentation **Agenda Number:** 39.

**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
OCTOBER 15, 2026**

SUBJECT: UPDATE ON COLLABORATIVE FUNDING STRATEGY FOR WATER TAXI SERVICE BETWEEN SAN PEDRO AND LONG BEACH

ACTION: RECEIVE ORAL REPORT

RECOMMENDATION

RECEIVE oral report on collaborative funding strategy for water taxi service between San Pedro and Long Beach.

ISSUE

At its July 2026 meeting, the Board approved Motion 50 by Directors Hahn, Bass, and Richardson (Attachment A) directing the Chief Executive Officer to convene regional partners, including Metro, the County of Los Angeles, the City of Los Angeles, the City of Long Beach to determine each agency's willingness to participate in funding the implementation and operation of a San Pedro-Long Beach water taxi service during the 2028 Olympic and Paralympic Games. The Motion also called for Metro to develop a proposed cost-sharing framework, pursue grant funding, develop reimbursement protocols, and take necessary steps to advance the implementation of the project to a procurement.

This report summarizes the results of convenings to date with other agencies, describes a potential funding opportunity that has been secured by Metro staff (see Attachment B), and outlines next steps needed to refine service details and funding commitments for operation to begin in FY2028.

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

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VMT.

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.

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

ATTACHMENTS

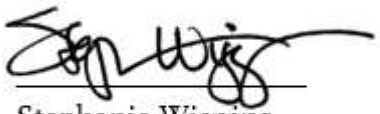
Attachment A - Motion 50
Attachment B - Alliance of Local Transit Operators on Prop A Incentive Funding for 2028 Olympic Water Taxi

Prepared by:

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Stephanie Wiggins
Chief Executive Officer

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File #: 2026-0521, **File Type:** Motion / Motion Response **Agenda Number:** 50.

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

Motion by:

DIRECTORS HAHN, BASS, and RICHARDSON

San Pedro to Long Beach Water Taxi: Collaborative Funding Strategy Motion

In May 2025, the Metro Board directed staff to evaluate the feasibility of establishing a water taxi service between San Pedro and Long Beach, including assessing service options, infrastructure needs, operator interest, and potential funding strategies for both the 2028 Olympic and Paralympic Games and long-term operations. In response, Metro completed the San Pedro-Long Beach Water Taxi Feasibility Study, which found that a water taxi service could improve regional mobility, strengthen connections between the San Pedro and Long Beach waterfronts, and enhance access to waterfront destinations for residents and visitors.

As a follow-up to the Board's direction, Metro conducted industry outreach in 2026 through a Request for Information (RFI), which confirmed interest from qualified ferry operators and identified viable operating concepts. While respondents identified potential long-term revenue opportunities through sponsorships, advertising, business partnerships, concessions, and other passenger-focused amenities, they also emphasized that these revenue sources remain uncertain and would not provide the funding guarantee needed to launch service.

Metro's review of potential funding opportunities further found that competitive grant opportunities for temporary operations are limited, making regional coordination necessary to determine whether participating agencies are interested in advancing the project through a collaborative funding approach while pursuing grants, maritime funding, sponsorships, visitor pass programs, and other revenue opportunities that could reduce public costs over time.

SUBJECT: SAN PEDRO TO LONG BEACH WATER TAXI: COLLABORATIVE FUNDING STRATEGY MOTION

RECOMMENDATION

APPROVE Motion by Hahn, Bass, and Richardson that the Board direct the Chief Executive Officer to convene regional partners, including Metro, the County of Los Angeles, the City of Long Beach to:

A. Determine each agency's willingness to participate in funding the implementation and operation of the San Pedro-Long Beach water taxi service;

B. Develop a proposed cost-sharing framework among Metro and participating regional partners to provide the funding certainty necessary to advance implementation of the service;

C. Continue pursuing grant, maritime, sponsorship, advertising, visitor pass, fare revenue, and other revenue opportunities to offset project costs and support long-term service sustainability;

D. Develop a framework under which participating agencies that contribute toward the initial costs of the service may be reimbursed on a proportional basis if grant funding, sponsorships, visitor pass revenues, fare revenues, or other external funding sources become available, consistent with applicable funding requirements;

E. Take the necessary steps to maintain the project schedule identified, including supporting the development and release of a Request for Proposals (RFP) by October 2026, in order to allow sufficient time for operator selection, contracting, and service preparation prior to the 2028 Olympic and Paralympic Games; and

F. Return to the Board no later than October 2026 with recommendations and actions necessary to advance implementation of the San Pedro-Long Beach water taxi service.

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Alliance of Local Transit Operators

September 30, 2026

Michelle Anelli-Navarro,
Chief Financial Officer (Interim)
Los Angeles County Metropolitan Transportation Authority
One Gateway Plaza, Mail Stop: 99-21-3
Los Angeles, CA 90012

SUBJECT: Proposition A Sub-Regional Paratransit Program - 2028 Olympic Water Taxi

Dear Ms. Navarro:

On behalf of the Alliance of Local Transit Operators (The Alliance), representing over forty Los Angeles County local transit operators, appreciation is extended for the ongoing dialogue and partnership with Metro regarding regional transit operations. This correspondence is to convey support within defined protective parameters related to the proposed Board motion to use $1,000,000 from the Proposition A Sub-Regional Paratransit Program to support the pilot water taxi service during the 2028 Olympic and Paralympic Games.

The Sub-Regional Paratransit Program was created to serve the region's most vulnerable transit riders for which fixed-route transit is inadequate or inappropriate. While The Alliance fully supports the shared regional goal of delivering world-class mobility during the 2028 Games, The Alliance operators carry a fundamental obligation to safeguard baseline services for these transit-dependent populations.

This commitment builds upon a foundation of strong interagency cooperation, and The Alliance extends sincere gratitude to Metro leadership for past programmatic support and regional collaboration. Vital program assistance during the COVID pandemic enabled local transit operators to sustain essential operations without service cuts, protecting transit-dependent residents throughout Los Angeles County. Past capital coordination for zero-emission bus (ZEB) deployments generated significant regional returns with local transit operators, successfully procuring and phasing into service over 40 zero-emission buses across the county. These cooperative investments allowed local transit operators to aggressively leverage outside funds, as exemplified by the City of Pasadena utilizing $5 million in local funding to secure over $20 million in competitive grants and achieve a 50 percent zero-emission fleet by next year. This proven track record demonstrates that sub-regional investments yield immense regional dividends.

Anchored by this shared history of successful partnership, local transit operators have aligned on supporting this allocation request, contingent upon the incorporation of the following protective parameters:

- **One-Time and Non-Precedent Setting:** The authorization to draw from this program shall be formally recognized as an isolated action strictly unique to this once in a generation 2028 Olympic and Paralympic Games. This draw shall not establish any ongoing policy precedent or modify the core guidelines governing future program allocations.

- **Hold-Harmless Guarantee:** Metro shall commit to hold all Priority I, Subregional Paratransit operators and Priority V Voluntary NTD data reporters harmless from this one-time $1,000,000 allocation.

- **Expenditure Cap and Absorption of Overruns:** The allocation from the Program shall be capped at $1,000,000. Metro or designated project sponsors must absorb all administrative expenses, operational deficits, and capital cost overruns, preventing any additional gap to the Program.

Alliance of Local Transit Operators

- **Inclusion in Federal Olympic Transit Packages:** Metro shall establish a commitment to include local operators with Olympic venues in their service area for an equitable share of any federal Olympic transit funding packages awarded to the Los Angeles region. This federal assistance is essential to offset local operating surges and fleet strains experienced during the Games.

- **Joint Working Group on Funding Formulas:** Metro, Bus Operations Subcommittee (BOS) and the Local Transit Systems Subcommittee (LTSS) shall establish a joint working group to modernize countywide funding formulas. Building on past collaborative achievements in service resilience and fleet electrification, establishing a modernized allocation structure will ensure sustainable transit delivery.

The Alliance looks forward to working collaboratively with Metro leadership to incorporate these provisions into the upcoming Board action. Local transit operators stand ready to partner with Metro to deliver a successful 2028 Games while maintaining the essential daily transit network communities rely upon every day.

Thank you for your consideration and continued support of local operators.

Sincerely,

Sebastián Andrés Hernández, City of Pasadena
on behalf of the Alliance of Local Transit Operators

CC: Metro Board of Directors
Chelsea Meister, Manager, Transportation Planning, Local Programming
Local Transit Systems Subcommittee (LTSS) Operators

San Pedro–Long Beach Water Taxi Collaborative Funding Update

Operations, Safety and Customer Experience Committee
October 15, 2026

Motion 50: Collaborative Funding Strategy

By Directors Hahn, Bass and Richardson (July 2026)

Determine agencies' **willingness to participate** in funding and implementation

Develop a proposed **cost-sharing framework** among Metro and participating regional partners

Continue pursuing **other revenue opportunities** to offset project costs

Develop framework such that **contributions toward initial costs** may be reimbursed should additional funding become available

Take steps to **maintain project schedule** including development and release of a Request For Proposals (RFP)

Funding Secured to Date

Proposition A 5% (Prop A) Incentive Funding Secured

- Staff identified countywide regional **Prop A Incentive paratransit subsidy funding as eligible** fund source
- Highly **unstable source** with annual amounts varying greatly
- **Sufficient** contingency funds exist to support **one-time allocation of $1 million** for water taxi operations
- New Project allocations must be **approved by the Local Transit Systems Subcommittee (LTSS)**

LTSS Special Meeting Held on September 30, 2026

- After extended discussion, **LTSS approved support of staff recommendation** to allocate:
  - Up to $1 million in one-time Prop A Incentive contingency funds to partially fund water taxi operations during 2028 Games
  - Allocation to be conditioned – Attachment A presents conditions proposed by the Alliance of Local Transit Operators

Fund Allocation Conditions

- **One-time and Non-Precedent Setting -** "unique to this once in a generation" event
- **Hold-Harmless Guarantee** – protects existing paratransit and local services
- **Expenditure Cap and Overrun Absorption** – amount capped & sponsors to absorb expenses exceeding allocation
- **Inclusion in Federal Olympic Transit Packages** – local operators with Games' venues will be considered for GETs service

(Metro will consider local operators in the distribution of Olympic formula funding outside of GETs, if eligible and available)

- **Joint Working Group to Modernize Funding Formula** – includes Metro, Bus Operations Subcommittee & LTSS

Other Partner and Stakeholder Meetings

Long Beach Transit

Operational Partner: Provides contracted Water Taxi service (AquaBus and AquaLink) in Long Beach

- *Expressed interest in partnering with Metro to identify operational performance parameters*
- *Expects to continue operating its regular water taxi service*
- *Games related water taxi services to be additive and one-time only*

Cities of Long Beach and Los Angeles

Discussion on financial arrangements and logistics

County of Los Angeles

Potential Operational Stakeholder: Provides contracted Water Taxi service in other cities

- *Department of Beaches and Harbors potentially to provide operational assistance*

Next Steps

Continue to work with Long Beach Transit to refine service parameters and cost estimates

With recent securement of $1M in Metro funding, continue to work with Cities of Los Angeles and Long Beach, County and other agencies for cost-sharing commitments

Return to the Board for approval of:

- Proposed funding plan and requirements for use of funds
- Authorization to enter into necessary agreement(s) with Long Beach Transit and others
- Prop A Incentive Fund allocation for water taxi through FY28 Transit Fund Allocations in Late Spring 2027