



**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**

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**Application of Blue & Gold Fleet, L.P.,)
a Delaware Limited Partnership (VCC-77),)
For Authorization to Discontinue Scheduled)
Passenger Transport Service Between San)
Francisco and Angel Island State Park)
_____)**

A. _____

**APPLICATION OF BLUE & GOLD FLEET, L.P., A DELAWARE
LIMITED PARTNERSHIP (VCC-77), FOR AUTHORIZATION TO
DISCONTINUE SCHEDULED PASSENGER TRANSPORT SERVICE
BETWEEN SAN FRANCISCO AND ANGEL ISLAND STATE PARK**

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Date: September 8, 2020

3. Notices, correspondence and communications with respect to this Application should be addressed to the Applicant's Attorney:

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and to the Applicant's President:

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SCOPING INFORMATION FOR THE PROCEEDING

Applicant proposes that pursuant to Rule 7.1(e)(2), since this Proceeding does not clearly fit into any of the categories as defined in Rules 1.3(a), (d), and (e), this Proceeding should be conducted under the rules applicable to the Ratesetting category. The specific issues that need to be addressed in this Proceeding are:

- (1) Whether the requested discontinuance of scheduled passenger service between San Francisco and Angel Island State Park is justified, necessary and reasonable.
- (2) That it is reasonable and in the public interest for the Commission to authorize Applicant to discontinue the scheduled service between San Francisco and Angel Island State Park.

Should the Commission decide to conduct any public hearings, here is the Applicant's proposed schedule for processing this Application:

<u>October 6, 2020</u>	Prehearing Conference
<u>October 27, 2020</u>	Public Hearing
<u>October 13, 2020</u>	Pre-Hearing Briefs due
<u>November 9, 2020</u>	Post-Hearing Briefs due and Submission
<u>November 24, 2020</u>	Proposed Decision
<u>December __, 2020</u>	Final Decision (Next Commission Hearing)

BACKGROUND

4. Applicant is a Vessel Common Carrier registered as VCC-77 and is authorized by the Commission to carry passengers on San Francisco Bay. Applicant has been providing vessel common carrier service for over forty years since it was granted its operating authority by the Commission in the name of its predecessor Blue & Gold Fleet, Inc. in Decision No. D.91925 issued on June 17, 1980. In 1997, Applicant took over the assets and services of Blue & Gold Fleet, Inc. and certain of the assets and services of Red and White Fleet, Inc. pursuant to Commission Decision No. D. 97-06-066. Part of that transfer was Applicant's assumption of passenger ferry routes between San Francisco and Angel Island State Park. Applicant has been providing passenger ferry service between Pier 41 in San Francisco and Angel Island State Park continuously since the transfer was completed in 1997 up until March 16, 2020. On said date, Applicant gave written notice to the Commission that pursuant to an Order issued by San Francisco Mayor London Breed regarding Shelter in Place measures to be taken in response to the Coronavirus 19 emergency, the Applicant would be discontinuing its service on its North Bay Service Routes, including its Service Route between San Francisco and Angel Island State Park, effective March 17, 2020 until further notice.

5. Applicant's current scheduled service between San Francisco and Angel Island State Park is primarily for the transport of visitors to Angel Island State Park and their baggage, which is expected to include in some instances bicycles, picnic supplies, and sporting equipment to be used by the passengers at the State Park. There may be occasional transport of equipment or supplies used by the staff or concessionaires of the State Park.

6. Applicant holds a Franchise Agreement with the California Department of Parks and Recreation permitting nonexclusive use of the ferry passenger dock at Angel Island State Park and under which Applicant collects Angel Island park entrance fees on behalf of the Angel Island State Park and pays certain franchise fees to the California Department of Parks and Recreation calculated as a percentage of its passenger ticket income on service to Angel Island State Park.

7. Applicant's schedule of vessel trips on its San Francisco – Angel Island State Park Service prior to the Shelter in Place Order issued on March 16, 2020 was as follows:

Weekdays (Monday – Friday) – (Depart Pier 41)

<u>Depart Pier 41</u>	<u>Arrive Angel Island</u>	<u>Depart Angel Island</u>	<u>Arrive Pier 41</u>
9:45 am	10:15 am	10:20 am	11:10 am [^]
11:20 am	11:45 am	11:55 am	1:05 pm ^{^*}
1:15 pm	1:40 pm	1:50 pm	2:55 pm ^{^*}
---	---	3:40 pm	4:45 pm ^{^*}

Weekends (Saturday - Sunday and Holidays) – Depart Pier 41

<u>Depart Pier 41</u>	<u>Arrive Angel Island</u>	<u>Depart Angel Island</u>	<u>Arrive Pier 41</u>
9:45 am	10:15 am	10:25 am	10:55 am
11:10 am	12:00 pm [*]	12:10 pm	12:55 pm
---	---	3:15 pm [*]	3:55 pm
---	---	4:15 pm	5:25 pm ^{^*}

* = Via Sausalito; ^ = Via Tiburon

8. The passenger fares on Applicant's San Francisco to Angel Island State Park Service specified in the Applicant's Tariff on file with the Commission¹ are as follows:

<u>BETWEEN: San Francisco</u>	<u>One-Way</u>			<u>Round-Trip</u>		
	<u>Base Fare</u>	<u>With ZORF Adjustment</u>	<u>Adjustment Percentage</u>	<u>Base Fare</u>	<u>With ZORF Adjustment</u>	<u>Adjustment Percentage</u>
<u>And Angel Island (See Note 2)</u>				<u>Fees Collected from Riders and Paid to State Park</u>		
				<u>Park Use Fee</u>	<u>Rental Fee</u>	<u>Total Ticket Price</u>
Adult	\$6.53	\$7.47	14.40%	\$1.50	\$0.78	\$9.75
Child (Age 5-11)	\$3.48	\$4.08	17.24%	\$1.00	\$0.42	\$5.50
Senior (Age 65+)	\$3.48	\$4.08	17.24%	\$1.00	\$0.42	\$5.50
*Group Adult	\$5.60	\$6.28	12.14%	\$1.50	\$0.72	\$8.50
*Group Child (Age 5-11)	\$3.05	\$3.39	11.15%	\$1.00	\$0.36	\$4.75
*Group Senior (Age 65+)	\$3.05	\$3.39	11.15%	\$1.00	\$0.36	\$4.75

¹ 18th Revised Page 8 of Tariff for Blue & Gold Fleet, L.P.'s North Bay Service Routes issued March 5, 2019 and effective April 1, 2019.

Note 1 – Base Fares and authority to adjust fares within 20% Zone of Rate Freedom (ZORF) approved by Commission Decisions No. D.16-12-048 (Tiburon -- San Francisco), D.16-12-049 (Angel Island -- San Francisco) and D.16-12-050 (Sausalito -- San Francisco), all issued on December 15, 2016.

Note 2 – For Angel Island – San Francisco trips, Carrier collects Park Use Fees and Rental Fees from riders as part of the total ticket price. These fees are determined by the Angel Island State Park and are paid by the Carrier to the State Park. The fares with ZORF adjustments listed in the chart above are the net to Carrier, and the adjustment percentages are based on the net fare income, not on the total ticket prices.

* Group fares applicable only on 15 or more adult and child fares combined. Tickets must be purchased at least 48 hours prior to the scheduled sailing on which the group will travel. Group tickets must be ordered and paid for as a single purchase, and no refund will be made for any unused group ticket or portion thereof after the trip begins. The entire group purchase is refundable only if cancellation and refund are accomplished at least 24 hours prior to the scheduled departure. Group Wholesale tickets are sold to large volume commercial enterprises such as tour group companies.

JUSTIFICATIONS FOR DISCONTINUANCE OF SCHEDULED SERVICE²

9. For the Applicant’s scheduled service between San Francisco and Angel Island State Park, the operating expenses have been greater than the operating revenues over the last several years, resulting in the Applicant experiencing significant losses. As shown on attached Exhibit A, Schedule A1 for the 12 months of 2017 shows that the San Francisco – Angel Island State Park Service’s operating expenses for 2017 totaled \$1,248,661, while operating revenues for 2017 totaled \$914,243, resulting in a net loss of \$334,418 in 2017. Schedule A2 for the 12 months of 2018 shows that this service’s operating expenses for 2018 totaled \$1,342,901, while operating revenues for 2018 totaled \$895,068, resulting in a net loss of \$447,833 in 2018. Schedule A3 for the 12 months of 2019 shows that this service’s operating expenses for 2019 totaled \$1,714,146, while operating revenues for 2019 totaled \$882,573, resulting in a net loss of \$831,573 in 2019. Focusing on the revenues for the service from 2017 through 2019, the trend was pointing downward: \$914,243 total revenues in 2017, \$895,068 total revenues in 2018, and \$882,573 total revenues in 2019.

² The Commission does not have a specific Rule governing Vessel Common Carrier applications for authority to discontinue Commission-approved vessel passenger transport services. However, Applicant in this Application provides information on critical issues similar to what the Commission requires in Rule 3.4 for applications seeking authority to abandon passenger stage service.

10. Applicant's crew costs on its San Francisco – Angel Island State Park Service went up significantly in 2018 to \$418,991 over what they were in 2017 (\$277,558), and then again in 2019 went up to \$532,548 as a result of running some additional trips and being required to operate with an additional crew member. Also, Applicant operates this service primarily with two vessels, and they both must dry-dock for repairs every other year as required by the U.S. Coast Guard. While vessel repairs for the San Francisco – Angel Island State Park Service totaled \$94,660 in 2018, this line item increased to \$352,290 in 2019.

11. Applicant's ticket sales for its San Francisco – Angel Island State Park Service have been declining significantly over the last several years. As shown on attached Exhibit B, one-way ticket sales in 2017 totaled 139,600. In 2018, total one-way ticket sales declined to 137,156, which was 2,444 less tickets sold than in the prior year. In 2019, total one-way ticket sales declined to 130,682, which amounted to 6,474 less tickets sold on this service than in the prior year.

12. Even without the shutdown of operations due to Shelter in Place regulations issued over the COVID-19 emergency situation, Applicant projects that if it continues to operate its San Francisco – Angel Island State Park Service going forward, operating costs would continue to rise, operating revenues would continue to decline, and Applicant would experience increasingly significant operating losses on this Service.

13. There are no federal, state, regional, or local governmental subsidies received or available for the Applicant's Service between San Francisco and Angel Island State Park.

14. The Commission has an established policy that Vessel Common Carriers are entitled to a reasonable profit and should not be required to operate a Service at a loss.

15. Persons desiring to be transported to Angel Island State Park can reach Angel Island by traveling on the Angel Island – Tiburon Ferry Service, a Commission-authorized Vessel Common Carrier (VCC-82) with docking facilities in Tiburon. The Angel Island – Tiburon

Ferry Service has been in continuous operation since 1960 and has long-established docking and ticket collection arrangements with the Angel Island State Park.

16. Following Commission approval of this Application, Applicant will post notices at its docking facilities in San Francisco and at Angel Island State Park giving passengers and the public thirty (30) days prior notice of the effective date of the discontinuance of the scheduled passenger service between San Francisco and Angel Island State Park.

NO ADVERSE ENVIRONMENTAL IMPACT

17. The granting of this Application will clearly have no significant adverse impact upon the quality of the environment. When Applicant's services are discontinued, the vessel docking facilities at Pier 41 in San Francisco and at Angel Island State Park will not be changed, and no demolition or removal of docking facilities at either location would occur. No sensitive habitats will be affected. It can be seen with certainty that there is no possibility that the granting of this Application for authorization to discontinue scheduled transport of passengers between San Francisco and Angel Island State Park will have a significant adverse effect upon the physical environment.

NOTICES TO LOCAL GOVERNMENTS AND THE PUBLIC

18. Promptly upon the Commission's Docket Office accepting this Application for filing and issuing a Proceeding Number, the Applicant will mail a copy of the Application to the Clerk of the Board of Supervisors of Marin County, to the Office of County Counsel of Marin County, to the Clerk of the Board of Supervisors of San Francisco, to the San Francisco City Attorney's Office, to the California Department of Parks and Recreation, to Angel Island State Park, and to the Angel Island – Tiburon Ferry Service based in Tiburon, and file a Certificate of Service with the Commission. Applicant will also post a Notice about the Application at its docking facilities in San Francisco and at the Angel Island State Park and on its website.

WHEREFORE, Applicant BLUE & GOLD FLEET, L.P. prays that the Commission issue the following order:

1. Authorizing Applicant, pursuant to Sections 454 and 455 of the Public Utilities Code, to discontinue its scheduled passenger transport service between San Francisco and Angel Island State Park; and

2. Authorizing Applicant, pursuant to Section 491 of the Public Utilities Code, to publish notice of the planned discontinuance of scheduled service between San Francisco and Angel Island State Park. The notice period requested is thirty (30) days.

Respectfully submitted on behalf of the Applicant, Blue & Gold Fleet, L.P.

LAW OFFICES OF DANIEL F. REIDY

By: /Daniel F. Reidy/ Dated: September 8, 2020
Daniel F. Reidy, Esq.
Its Authorized Representative

VERIFICATION

I, PATRICK MURPHY, hereby declare:

I am the President of BLUE & GOLD FLEET, L.P., a Delaware Limited Partnership, the Applicant herein, and I am authorized to make this verification on its behalf.

The statements in the foregoing document are true of my own knowledge, except as to matters on which I am relying on my staff for information, such as the financial information about the Applicant's existing operations, including operating revenues, operating expenses, and passenger ticket sales, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 8, 2020, at San Francisco, California.

/Patrick Murphy/

Patrick Murphy

AUTHORIZATION OF REPRESENTATIVE

I, PATRICK MURPHY, hereby declare:

I am the President of BLUE & GOLD FLEET, L.P., a Delaware Limited Partnership, the Applicant herein, and I have the authority to make this Authorization of Representative on its behalf.

I hereby authorize Daniel F. Reidy, Esq., of LAW OFFICES OF DANIEL F. REIDY, a Professional Corporation, with its principal business office located at P.O. Box 760, Angels Camp, California 95222, to represent BLUE & GOLD FLEET, L.P. in this proceeding and to file documents and to speak on behalf of the Applicant in this proceeding.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 8, 2020, at San Francisco, California.

/Patrick Murphy/

Patrick Murphy

INDEX TO EXHIBITS TO APPLICATION

EXHIBIT A

**Schedules A1, A2, A3
Actual Operating Income and Expenses for 2017 – 2019
San Francisco – Angel Island State Park Ferry Service**

EXHIBIT B

**San Francisco – Angel Island Ferry Service
Chart of One-way Ticket Sales for 2017, 2018 and 2019**

EXHIBIT A

San Francisco – Angel Island Ferry Service Income Statement - For the 12 months ending 12/31/2017

Total Operating Revenue	\$ 914,243
Vessel Operating Expenses	
Crew Labor	\$ 277,558
Repairs	\$ 174,144
Fuel & Lube	\$ 57,798
Insurance	\$ 7,084
Depreciation	\$ 7,228
Supplies	\$ 2,458
Other Vessel Costs	\$ 22,380
Total Vessel Operating Expenses	\$ 548,650
Non-Vessel Operating Expenses	
Contracted Services	\$ 300
Professional Services	\$ 933
General & Administrative	\$ 596
Advertising	\$ 0
Taxes & License	\$ 9,700
Insurance	\$ 2,250
Depreciation	\$ 0
Rent & Occupancy	\$ 136,191
Indirect Expenses (Facilities & Marketing & Ticketing)	\$ 550,041
Total Non-Vessel Operating Expenses	\$ 700,011
Total Expenses	\$ 1,248,661
Net Income/Loss	\$ (334,418)

SCHEDULE A2

San Francisco – Angel Island Ferry Service Income Statement - For the 12 months ending 12/31/2018

Total Operating Revenue	\$ 895,068
Vessel Operating Expenses	
Crew Labor	\$ 418,991
Repairs	\$ 94,660
Fuel & Lube	\$ 89,405
Insurance	\$ 5,780
Depreciation	\$ 8,920
Supplies	\$ 3,784
Other Vessel Costs	<u>\$ 1,683</u>
Total Vessel Operating Expenses	\$ 623,223
Non-Vessel Operating Expenses	
Contracted Services	\$ 264
Professional Services	\$ 336
General & Administrative	\$ 0
Advertising	\$ 0
Taxes & License	\$ 7,703
Insurance	\$ 2,250
Depreciation	\$ 0
Rent & Occupancy	\$ 138,951
Indirect Expenses (Facilities & Marketing & Ticketing)	<u>\$ 570,174</u>
Total Non-Vessel Operating Expenses	\$ 719,678
Total Expenses	\$ 1,342,901
Net Income/Loss	<u>\$ (447,833)</u>

SCHEDULE A3

San Francisco – Angel Island Ferry Service Income Statement - For the 12 months ending 12/31/2019

Total Operating Revenue	\$ 882,573
Vessel Operating Expenses	
Crew Labor	\$ 532,548
Repairs	\$ 352,290
Fuel & Lube	\$ 108,143
Insurance	\$ 6,223
Depreciation	\$ 12,405
Supplies	\$ 10,360
Other Vessel Costs	<u>\$ 2,655</u>
Total Vessel Operating Expenses	\$ 1,024,624
Non-Vessel Operating Expenses	
Contracted Services	\$ 222
Professional Services	\$ 948
General & Administrative	\$ 0
Advertising	\$ 0
Taxes & License	\$ 7,521
Insurance	\$ 2,250
Depreciation	\$ 0
Rent & Occupancy	\$ 137,114
Indirect Expenses (Facilities & Marketing & Ticketing)	<u>\$ 541,467</u>
Total Non-Vessel Operating Expenses	\$ 689,522
Total Expenses	\$ 1,714,146
Net Income/Loss	<u>\$ (831,573)</u>

EXHIBIT B

**San Francisco – Angel Island Ferry Service
Chart of One-way Ticket Sales for 2017, 2018 and 2019**

<u>Month</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
January	5380	6196	5152
February	3304	6684	3748
March	9606	7768	7609
April	10941	11562	14175
May	16013	15534	13632
June	17742	15174	13987
July	24558	24602	25051
August	16789	16983	15296
September	14012	13625	11843
October	11560	11406	10784
November	3302	2927	2586
December	6393	4695	3819
==	==	==	==
Totals	139,600	137,156	130,682