



November 10, 2022

Liane M. Randolph
Chair, California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Support of Agenda item 22-15-5: Public Meeting to Consider the Proposed Fiscal Year 2022-23 Funding Plan for Clean Transportation Incentives Accompanied by Proposed Carl Moyer Program Changes

Dear Chair Randolph:

On behalf of Catalina Channel Express, Inc. (CCE), I write in support of the California Air Resources Board's *Proposed Fiscal Year 2022-23 Funding Plan for Clean Transportation Incentives*. CCE deeply appreciates the diligent work of the California Air Resources Board (CARB) members and staff who have listened to CCE and local communities and partnered with them in both the development of the harbor craft rules and in seeking legislative funding that would assist private, common carrier ferry operators to achieve early emissions reductions.

Established in 1981, CCE is a privately owned company, regulated by the California Public Utilities Commission (CPUC) as a common carrier, which operates a fleet of eight high-speed passenger ferries, providing reliable and affordable service to and from Catalina Island 365 days a year. CCE is the only ferry service to and from Catalina making frequent trips every day. Its vessels carry a maximum of 450 passengers per trip. Tourism is the only economy on Catalina Island, and CCE ridership is 14% commuters and 86% visitors. Businesses on Catalina Island must rely on the money earned during the peak season, (June through September), to sustain them through the rest of the year. CCE's year-round service is crucial to the Island's 4,000 residents who rely on ferry transportation for necessary daily activities including mainland shopping, banking, and doctor's appointments. CCE also provides service to the first responders and emergency personnel who work on Catalina Island. For example, when a devastating brush fire threatened destruction of Avalon in 2007, CCE transported first responders and equipment to fight the fire while evacuating Island citizens to get them out of harm's way.

CCE worked cooperatively with CARB staff in the development of the Harbor Craft regulations for ferries, premised on an ability to get funding assistance from the state for the purchase of new Tier IV

compliant vessels. CCE, with the support of CARB Board members, then lead the effort to get legislative funding to support implementation of the regulation. The legislature appropriated \$20 million from the Greenhouse Gas Reduction Fund (GGRF) and \$40 million from the General Fund for Commercial Harbor craft, specifically referencing privately operated common carrier ferries regulated by the PUC. Based on this legislative action, CARB staff is proposing spending a total of \$60 million for Demonstration and Pilot Projects for Commercial Harbor Craft as follows:

Tier-4 Commercial Harbor Craft: Projects that maximize emission reductions from vessels subject to CARB's Commercial Harbor Craft regulation. A portion of the funding will be prioritized for private ferry operators regulated by CPUC, and the remaining funding will be prioritized for public ferries, licensed commercial passenger fishing vessels, research vessels and excursion vessels. Staff will discuss further details of how these funds will be implemented and how much will be set aside for private ferries through a public work group process. Technologies can include Tier-4 engines with diesel particulate filters, or zero-emission capable marine technologies. The Legislature's \$60 million allocation will be used to support this project category, which includes \$20 million from GGRF which will require some projects funded under this category to also provide GHG emission reductions. Projects in this category will score higher if they are located in or benefit a disadvantaged or low-income community.

CCE supports this recommendation and is ready to move forward with the purchase of a Tier IV compliant passenger ferry and intends to remove three existing ferries with older engines from service thus reducing both criteria pollutants and greenhouse gas (GHG) emissions. But there needs to be sufficient state funding available to make this purchase a reality. As acknowledged previously by CARB staff, CCE can't feasibly retrofit existing vessels with Tier IV engines and after-treatment due to the fact that additional size and weight constraints would lead to a 50% reduction in passenger capacity. Consequently, CCE must instead purchase new ferry vessels. Each new vessel will cost approximately \$20 million, and the cost is not financeable or recoverable through passenger fares. It would cost CCE approximately \$120 million to replace the entire CCE fleet with Tier IV compliant vessels.

With adequate state funding, CCE would be able to achieve early compliance, emission reductions ahead of schedule and ensure Catalina Island's future economic security. CCE wants to ensure that CARB's proposed funding plan leads to adequate funding being made available to privately operated ferries regulated as common carriers by the PUC operating on essential routes. We support the staff proposal and look forward to working together through the grant process to achieve our mutually desired outcomes.

Very truly yours,



Edward P. Manning