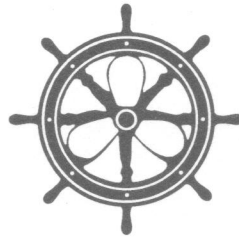


# BALBOA ISLAND FERRY

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November 12, 2021

Ms. Laine Randolph, Chair  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

Re: Proposed Amendments to the Commercial Harbor Craft Regulation

Dear Madame Chair:

I am writing to provide comments on the proposed amendments to the Commercial Harbor Craft Regulation by the California Air Resources Board ("CARB"). For over 100 years Balboa Island Ferry has provided service for vehicles, cyclists, and pedestrians between Balboa Island and the Balboa Peninsula in Newport Beach, California. Not only is the ferry a convenient, inexpensive option for those trying to cross the bay, but it is also enjoyed as a source of entertainment, providing individuals a unique vantage point on Newport's beautiful coastal community. The proposed amendments would place an unbearable cost burden on Balboa Island Ferry and would likely result in ending the valuable service we have been providing to the families we have served for over 100 years.

Balboa Island Ferry is in a unique position regarding the proposed amendments as it appears to qualify as a "short-run ferry" service. The proposed amendments place extreme restrictions on all commercial harbor craft, well beyond existing U.S. EPA engine standards, as Mr. Roger Carlson, Chair of the Harbor Commission of the City of Redondo Beach, notes in his comment letter.<sup>1</sup> However, the proposed amendments call for even more stringent emissions standards for short-run ferry services, requiring all new, newly acquired, and in-use short-run ferries to be zero emission vehicles ("ZEVs") by December 31, 2025. Based on our review of the ZEV requirements, compliance with the proposed amendments would result in the need to have battery powered electric propulsion in each of Balboa Island Ferry's vessels, which would result in an extremely high cost to Balboa Island Ferry.

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<sup>1</sup> Available at: <https://www.arb.ca.gov/lists/com-attach/2910-chc2021-WjZVNgZzWH9VNgh6.pdf>. Balboa Island Ferry incorporates and adopts many of the positions in this comment letter and others referenced in this letter taking issue with the fairness and lack of appropriate technical support for the proposed amendments.

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As an initial matter, it is unclear whether CARB has adequately considered the impact of these costs, the lack of any significant corresponding emissions reductions, or the potential increases in emissions associated with discontinuing services such as Balboa Island Ferry's transportation of passengers and vehicles. Understanding the agency's consideration of cost impacts is difficult, due in part to the lack of clarity in CARB's Standardized Regulatory Impact Assessment ("SRIA").

For example, CARB estimated the following Zero-Emission Infrastructure costs for an individual charging facility:

- an upstream utility cost of \$2,096,885,
- a charging station cost of \$2,748,070,
- an installation cost of \$365,817, and
- a vessel-side infrastructure cost of \$751,129.<sup>2</sup>

Adding those values together, the total estimated infrastructure cost is \$5,961,901. CARB also provides a table with these costs aggregated, to show each total cost for all the new charging facilities that would be required in California.<sup>3</sup> Given CARB's estimate of 17 new charging stations throughout the state, the costs in the table should be 17 times the corresponding costs above, but they are not.

Even without clarity as to the exact cost Balboa Island Ferry would face under the new regulations, it is clear that the cost of the proposed amendments on our small business would be debilitating. Balboa Island Ferry has three small ferries with engines of 135 horsepower each. CARB estimates engines would come at cost of \$1,020 per horsepower, totaling \$137,700 for each ferry. According to CARB, labor and installation for the new engines would cost \$2,380 per horsepower if the ferries are able to be retrofitted and repowered and \$3,293 if Balboa Island Ferry's vessels are unable to accommodate the new engines and it must purchase entirely new vessels. Thus, the costs using CARB's assumptions could be anywhere from \$321,300 to \$444,555 for each ferry. The engine and installation estimates would result in a total cost of \$459,000 to \$582,255 for each ferry. Multiplying these figures by 3, the number of ferries Balboa Island Ferry owns, results in total costs ranging from \$1,377,000 to \$1,746,765. Balboa Island Ferry believes these estimates do not reflect the full cost of complying with the proposed amendments and that the actual cost will be closer to \$1 million per vessel, or \$3 million total.

Balboa Island Ferry also does not see any consideration in CARB's materials with respect to battery and electrification safety requirements that are or may be implemented by the U.S. Coast Guard, much less the likely costs associated with such requirements.

Further, Balboa Island Ferry would have to bear the cost of the infrastructure required to support the new ZEVs. As an operator of small ferries on the coast of residential Balboa Island, Balboa Island Ferry not aware of any other business or partner who would share in these costs. Thus, it would potentially have to bear the entire infrastructure cost on its own, which according to CARB could be as much as \$5,961,901 (see above). Even if the actual costs were a fraction of this sort of

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<sup>2</sup> SRIA p. 88.

<sup>3</sup> SRIA p. 91.

estimate, it would result in a total cost of compliance leagues beyond the budget of a small, family-owned ferry company.

CARB notes that ZEV implementation costs can be funded by grants but fails to recognize how such a short compliance deadline rules out this possibility. As noted by Dr. John Headding, Chair of the Board of Directors of the Air Pollution Control District of San Luis Obispo County, in his comment letter<sup>4</sup>, most programs set a minimum project life of three years for upgrading to engines that reduce emissions. Therefore, the December 31, 2025 compliance deadline would effectively render Balboa Island Ferry and other short-run ferry services ineligible for grant funding, resulting in significant inequities for short-run ferries compared to other categories of commercial harbor craft. Thus, any requirement that a small, short-run ferry operation like Balboa Island Ferry transition to zero emission vessels must be accompanied by a much longer implementation timeline.

Balboa Island Ferry is also considerably different than the other short-run ferries in California. Balboa Island Ferry travels about 900 feet across Newport Bay from Balboa Island to the Balboa Peninsula. Balboa Island Ferry's small engines and short trips result in negligible emissions. Each engine consumes an average of 0.5 gallons of diesel per hour. Thus, if all three vessels operate 365 days per year—which they do not—for 16 hours per day, they would need 8,760 gallons of diesel. Based on CARB's most expensive projected diesel price of \$2.38 (recognizing that current prices are quite a bit higher), that would cost Balboa Island Ferry under \$21,000 per year. This is considerably less than the CARB estimates for fuel cost for an average short-run ferry.<sup>5</sup> Thus, Balboa Island Ferry contributes much less to short-run ferry emissions than the model ferries CARB used to conduct its projections, which travel much longer distances and use larger engines, and our ferries should not be subject to the same requirements.

Lastly, Balboa Island Ferry transports approximately 350,000 motor vehicles and 1.6 million passengers per year across the Newport Bay. Without the ferry, all 350,000 vehicles would have to take the alternative route: a commute of about six miles. Conceivably most of the pedestrian passengers would also have to take this route by personal vehicle, taxi, or rideshare. CARB failed to consider the emissions of these automobiles taking the alternative in any analysis. Further analysis should be undertaken to account for these emissions.

Balboa Island Ferry recognizes the concerns of CARB and supports the improvement of statewide air quality. But there are clear and considerable errors in CARB's analysis, including a lack of consideration regarding certain aspects of short-run ferry operations, rendering its conclusions and plan insufficient. Thus, we object to the proposed amendments and request that CARB reconsider the amendments and/or eliminate the amended provisions requiring short-run ferries to achieve zero emissions by 2025. CARB should take the time to conduct a more careful analysis of the environmental impact and the impact the proposed amendments would have on Balboa Island Ferry and other similarly situated commercial harbor craft companies. In this or any future consideration of the proposed amendments, CARB should re-evaluate the compliance deadlines and extend any such deadlines to allow short-run ferries throughout the state the opportunity to enroll in grant programs and/or implement feasible plans to manage costs. If it does not, the approval of the proposed amendments will be detrimental to Balboa Island Ferry and other short-

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<sup>4</sup> Available at: <https://www.arb.ca.gov/lists/com-attach/2012-chc2021-UwxVMF1xUDFXDMM.pdf>.

<sup>5</sup> SRIA Table C-21 and C-22.

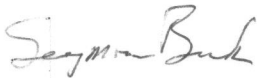
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run ferries throughout the state. Family-owned businesses that have served local communities for decades will be forced to close because of the incredibly burdensome requirements based on flawed analyses.

Please do not move forward with the proposed amendments, or at least remove from the proposed amendments the provisions adding burdens to the short-run ferries. The impacts have not been fully considered and you do not have the appropriate and correct information to properly assess the benefits or impacts. On behalf of the thousands of people who enjoy our ferry services and the numerous businesses on both sides of our bay that benefit from the ferry, please do not impose these requirements that as currently contemplated would put us out of business without any corresponding benefit to the environment.

Sincerely,

A handwritten signature in cursive script that reads "Seymour Beek".

Seymour Beek  
President  
Balboa Island Ferry, Inc.