Agenda Item No. (4)(a)

To: Finance-Auditing Committee/Committee of the Whole
Meeting of November 20, 2025

From: John Gray, Director of Engineering and Maintenance, Ferry Division
Michael Hoffman, Deputy General Manager, Ferry Division
Jennifer H. Mennucci, Auditor-Controller
Denis J. Mulligan, General Manager

Subject: **AUTHORIZE BUDGET ADJUSTMENT(S) AND/OR TRANSFER(S)**
(a) BUDGET INCREASE IN THE FY 25/26 FERRY DIVISION CAPITAL BUDGET FOR PROJECT #1940, *PURCHASE NEW VESSEL;* AND, PROJECT #2445, *DEL NORTE REPLACEMENT*

Recommendation

The Finance and Auditing Committee recommends, in concurrence with the Building and Operating Committee at its meeting on November 20, 2025, that the Board of Directors authorize a budget increase in the amount of $29,026,833 in the FY 25/26 Ferry Division Capital Budget for Project #1940, *Purchase New Vessel*, for a total project budget of $59,026,833; and, authorize a budget increase in the amount of $29,625,134 in the FY 25/26 Ferry Division Capital Budget for Project #2445, *Del Norte Replacement*, for a total project budget of $59,117,134.

This matter will be presented to the Board of Directors at its November 21, 2025, meeting for appropriate action.

Summary

Golden Gate Ferry began service in the early 1970s with the original *M.V. Golden Gate* and three Spaulding-class monohulls and, in the late 1990s and early 2000s, expanded with high-speed aluminum catamarans that serve in the core Larkspur to San Francisco route. Through disciplined maintenance and mid-life overhauls, the Golden Gate Bridge, Highway and Transportation District (District) has extended the useful lives of these assets while maintaining reliable service to the public.

The immediate replacement need is driven by the California Air Resources Board (CARB) Commercial Harbor Craft (CHC) regulation, which mandates substantially lower emissions from ferry propulsion systems, coupled with the advancing age of the District's fleet. Several vessels are at or beyond the end of their economic service life. Further life-extension or repower projects are constrained by parts obsolescence, integration limits, and performance tradeoffs necessary to comply with CARB requirements. After approximately twenty-five years of service, District vessels are generally eligible for Federal Transit Administration (FTA) replacement funding, enabling the District to modernize the fleet in a manner that aligns regulatory compliance, operational reliability, and prudent use of external funds.

Table 1: Vessel Retirement Plan						
Vessel	Build Year (Rebuild Yr.)	End of Economic Useful Life	Engine Model Yr.	CARB Compliance Date	CARB Extension Request	Target Retirement Date
Del Norte	1998	2023	2008	12/31/2024	3 yrs.	12/31/2027
Mendocino	2001	2026	2008	12/31/2024	4 yrs.	12/31/2028
Golden Gate	1998	2023	2009	12/31/2024	5 yrs.	12/31/2029
Napa	1999	2024	2009	12/31/2024	6 yrs.	12/31/2030
Marin	1976 (2007)	2018	2017	12/31/2027	4 yrs.	12/31/2031
San Francisco	1977 (2015)	2019	2014	12/31/2026	6 yrs.	12/31/2032
Sonoma	1976 (2021)	2036	2017	12/31/2027	6 yrs.	12/31/2033

In 2020, the District completed feasibility studies that evaluated repowering the existing fleet with EPA Tier 4 engines and diesel particulate filtration required by CARB. In all cases, the required modifications were found to be financially, operationally, or practically unfeasible for the District's high-speed service profile; vessel performance metrics including transit speed, passenger capacity, and fuel economy would be degraded to the point that the resulting vessels would not remain fit for Golden Gate Ferry service. Additionally, such repower projects would not qualify as vehicle replacement under FTA funding criteria and would create extended service gaps while vessels were out of operation for shipyard work.

To prepare for replacement, in August 2022, the Board of Directors authorized award of Contract No. 2022-F-012, *Engineering and Detailed Design Services for the Construction of a New-Build Ferry* to Aurora Marine Design, Inc. (AMD) for the engineering and detailed design services to develop a new build ferry class (Liwa class). The District, SF Bay Ferry, and AMD consulted with engine and emissions-control suppliers with a focus on CHC-compliant propulsion packages. Vendors evaluated included Motoren-und Turbinen-Union (MTU), Maschinenfabrik Augsburg-Nürnber (MAN), Caterpillar (CAT), Cummins, and Baudouin. Ultimately, only MTU and MAN presented viable options for the required duty cycle and emissions profile, with limited in-service references at the time. Through District action and coordination with the manufacturer, MAN pursued U.S. certification of the D2862 engine in Selective Catalytic Reduction (SCR) + Diesel Particulate Filter (DPF) configuration, with EPA certification achieved in late 2023. The Liwa class is designed specifically to comply with CHC requirements while maintaining service speed, operational reliability, and maintainability suitable for District routes and facilities.

During design development, staff sought and incorporated input from internal and external stakeholders, including Ferry Vessel Masters, Deckhands, and Mechanics; representatives of the Inlandboatmen's Union of the Pacific; the Advisory Committee on Accessibility; the Ferry Passenger Advisory Committee; and the Pedestrian and Bicycle Advisory Committee. Feedback from these groups informed passenger circulation and boarding arrangements, Americans with Disabilities Act (ADA) features and wayfinding, bicycle stowage and tie-downs, crew workspaces, maintainability, and shoreside interface details. This input is reflected in the contract design advanced to bid maturity and reduces integration risk during Production Engineering and commissioning.

The contract scope for design services provides for Manufacturing Engineering to convert the contract design into production drawings, followed by construction of two sister ships with options

for up to 6 additional vessels. Quality and compliance will be managed through design reviews, shop and yard inspections, harbor trials, and documentation submittals. The contingency is appropriate to address minor design clarifications typical of first-in-class production at this maturity level and to manage supply chain substitutions without compromising performance or compliance.

On November 22, 2024, the District issued Request for Qualifications (RFQ) No. 2024-F-044 to prequalify firms for two base vessels, up to 6 option vessels, spare parts, and equipment under a single contract encompassing Manufacturing Engineering and construction. The RFQ was posted on the District's Procurement Portal, advertised in various Maritime publications, and notice of the RFQ was sent to over 4000 firms. A total of five (5) Prequalification submittals were received by the submission deadline. A Selection Committee comprised of District staff reviewed and evaluated each prequalification submittal based upon the following criteria: Experience, Shipyard Facilities, Production Management, Business Management, and Financial Stability. District staff determined all 5 shipyards were qualified to proceed to the next phase of the solicitation.

On June 27, 2025, the District issued an invitation only Request for Proposals (RFP) No. 2025-F-023, *Ferry Fleet Replacement Program* to the 5 qualified shipyards. A total of three (3) proposals were received from the following shipyards by the submission deadline date of September 12, 2025:

1. Mavrik Marine Inc., La Conner, WA
2. Hornblower Shipyard, LLC., San Francisco, CA
3. Ice Floe, LLC dba Nichols Brothers Boat Builders, Freeland, WA

A Selection Committee comprised of District staff reviewed and evaluated each proposal based upon the following criteria as specified in the RFP:

Table 2: Evaluation Criteria	Points
Proposer's Qualifications and Experience Specific areas evaluated: Experience with multi-vessel class delivery, key personnel (including identified subcontractors) experience and qualifications, production management, quality management, safety program, past performance, sufficient resources and capabilities to perform the services.	30
Approach to Scope of Services Specific areas evaluated: Understanding of the District's program goals, Project approach, Proposed build sequencing, delivery schedule, production methods specific to this project, project resourcing plan.	50
Cost Proposal Form Score = Maximum Possible Score * (1-(P-L) / L) *P = Bidders Price* *L = Lowest Price*	20
Total Points Available	**100**

Based on the written proposals and information obtained during the prequalification process, Staff recommends award to Mavrik Marine, Inc., who has demonstrated a clear understanding of Bay Area operating conditions, a record of delivering high-speed aluminum ferries, and an approach to Production Engineering that supports first-of-class integration and standardization objectives. District staff has determined the pricing to be fair and reasonable based on the complexity of the design and size of the vessels.

Upon approval, staff will direct the MMI to complete the Pre-Award Buy America Audit. Upon satisfactory completion of the Audit, Staff will execute the contract, issue the Notice to Proceed, commence Production Engineering, initiate procurement of long-lead items, and coordinate inspections, harbor trials, and delivery acceptance in accordance with the contract requirements.

The District has complied with Title 49 Code of Federal Regulations Part 26, *Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs*. On October 3, 2025, the U.S. Department of Transportation, issued an Interim Final Rule (IFR) amending the regulations; and as a result of the IFR, no Disadvantaged Business Enterprise (DBE) goal or reporting requirements are included in this contract.

Fiscal Impact

Project #1940, *Purchase New Vessel*, and Project #2445, *Del Norte Replacement*, are approved in the FY 25/26 Ferry Division Capital Budget in the amounts of $30,000,000 and $29,492,000, respectively. The proposed actions relative to the award of Contract No. 2025-F-023 would require a $29,026,833 increase to the Project #1940 budget and a $29,625,134 increase to the Project #2445 budget. The total combined budget increase required for this action is $58,651,967.

The total first vessel cost estimate is approximately $48.7 million made up of the following:

Vessel 1	AMOUNT
Base Cost	$42.7 million
CA Use Tax	$3.9 million
Spare Part Inventory	$2.1 million
Vessel #1 Total	**$48.7 million**

The total second vessel cost estimate is approximately $51.8 million made up of the following:

Vessel 2	AMOUNT
Base Cost	$45.5 million
CA Use Tax	$4.2 million
Spare Part Inventory	$2.1 million
Vessel #2 Total	**$51.8 million**

The total combined budget for the two projects would be $118,143,967, funded with $84.9 million (72%) federal funding, $19.5 million (16%) state funding, and $13.8 million (12%) District reserves. A portion of the planned federal funding is subject to future Metropolitan Transportation Commission (MTC) programming actions and funding availability (see notes below).

TABLE 1: CONTRACT BUDGET – 2025-F-023, *Ferry Fleet Replacement Program*

DESCRIPTION	AMOUNT
Vessel #1 Base Price	$42,714,326.31
Vessel #2 Base Price	$45,512,648.06
Spare Equipment	$4,202,664.65
TOTAL	**$92,429,639.02**

TABLE 2: PROJECT BUDGET - #1940, *Purchase New Vessel*, and #2445, *Del Norte Replacement*

DESCRIPTION	CURRENT PROJECT BUDGET	*PROPOSED ADJUSTMENT*	TOTAL PROPOSED PROJECT BUDGET
Project #1940: *Purchase New Vessel*			
District Staff Labor & Fringe	$220,113	*$29,887*	$250,000
Professional Services & Engineering	$2,255,912	*$1,544,088*	$3,800,000
Prime Contract	$25,021,795	*$17,692,531*	$42,714,326
Prime Contract Contingency	$2,502,180	*$1,769,252*	$4,271,432
Permits & Fees (including Use Tax)	$0	*$3,951,075*	$3,951,075
General Project Expenditures	$0	*$4,040,000*	$4,040,000
Total, Project #1940	**$30,000,000**	***$29,026,833***	**$59,026,833**
Project #2445: *Del Norte Replacement*			
District Staff Labor & Fringe	$0	*$225,000*	$225,000
Professional Services & Engineering	$442,000	*$136,302*	$578,302
Prime Contract	$28,000,000	*$17,512,648*	$45,512,648
Prime Contract Contingency	$1,000,000	*$3,551,264*	$4,551,264
Permits & Fees (including Use Tax)	$0	*$4,209,920*	$4,209,920
General Project Expenditures	$50,000	*$3,990,000*	$4,040,000
Total, Project #2445	**$29,492,000**	***$29,625,134***	**$59,117,134**
TOTAL	**$59,492,000**	**$58,651,967**	**$118,143,967**

TABLE 3: PROJECT FUNDING - #1940, *Purchase New Vessel*, and #2445, *Del Norte Replacement*

	CURRENT AMOUNT	*PROPOSED ADJUSTMENT*	PROPOSED ADJUSTED AMOUNT	SHARE
Project #1940: *Purchase New Vessel*				
Federal Transit Administration (FTA) Formula Funds (5307 and 5337 Programs)*	$0	*$30,304,000*	$30,304,000	70% Federal
Federal Transit Administration (FTA) Passenger Ferry Grant Program	$5,900,000		$5,900,000	
Federal Highway Administration (FHWA) Ferry Boat Program (FBP)	$5,067,808		$5,067,808	
State of California Low-Carbon Transit Operations Program (LCTOP)	$7,943,929		$7,943,929	23% State

State of California State of Good Repair (SGR) Program	$5,620,501		$5,620,501	
District Reserves	$5,467,762	*($1,277,167)*	$4,190,595	7% District
Total, Project #1940	**$30,000,000**	***$29,026,833***	**$59,026,833**	
Project #2445: *Del Norte Replacement*				
Federal Transit Administration (FTA) Formula Funds (5307 and 5337 Programs)**	$23,593,600	*$20,059,096*	$43,652,696	74% Federal
State of California Low-Carbon Transit Operations Program (LCTOP)	$5,898,400	*$0*	$5,898,400	10% State
District Reserves	$0	*$9,566,038*	$9,566,038	16% District
Total, Project #2445	**$29,492,000**	***$29,625,134***	**$59,117,134**	
TOTAL	**$59,492,000**	***$58,651,967***	**$118,143,967**	

* Vessel #1 FTA Formula Funds dependent on Metropolitan Transportation Commission (MTC) programming approval expected December 2025 and subsequent FTA approval of budget revision and new award obligation in spring 2026

** Vessel #2 FTA Formula Funds dependent on FY27 regional funding availability through Metropolitan Transportation Commission (MTC) Transit Capital Priorities (TCP) programming