

ATTACHMENT B - Review of Funding Opportunities for San Pedro-Long Beach Water Taxi Service

This document outlines potential funding opportunities for special event water taxi service between San Pedro and Long Beach during the 2028 Olympic and Paralympic Games.

Overview

Metro is delivering transportation improvements ahead of the 2028 Games through a mix of federal grants, state, and local funds. As is the case for most publicly-provided transit services, it is anticipated that fare revenue will cover a portion of operating costs, with the remaining costs covered through other funding sources or subsidies. The following sections provide an overview of potential funding opportunities for the San Pedro-Long Beach special event water taxi service within the following categories:

1. Federal, state, and local funding sources that may be applicable to potential water taxi service, and public-private partnership opportunities
2. Grant funding sources focused on passenger ferry services.

This memo responds to the November 2025 Metro Board Motion which directed staff to “assess short-term and special-event funding options, including public-private partnership cost-sharing, sponsorship models, federal maritime or mobility grants, and temporary operations funding, to support Games-time service. Such funding source options shall not be eligible for bus or rail operations.”

State and Local Funding Sources

- **California Transportation Development Act (TDA) Article 4, State Transit Assistance & SB1 Funds.** These programs provide operating and capital funding to Metro and 17 municipal transit operators throughout LA County. TDA Article 4 funds are available to bus and rail projects and should not be considered to fund the water taxi.
- **California TDA Article 8 Funds.** Allocations for areas within Los Angeles County, but outside the Metro service area. This includes allocations to Avalon, Lancaster, Palmdale, Santa Clarita, and portions of unincorporated areas of Los Angeles County for transit, street and road projects.
- **Local Return Funding.** Local Return funding is awarded to all LA County jurisdictions from local sales tax measures to support local transportation within their jurisdictional boundaries. Examples include transit services, roadway improvements, bicycle and pedestrian infrastructure, traffic signal coordination and senior dial-a-ride services. At the end of Fiscal Year 2025, the City of Los Angeles had a Local Return fund balance of \$643 million, the City of Long Beach had a fund balance of \$113 million, and LA County had a fund balance of \$293 million.

- **Local Revenue Measures:** While no new taxes are currently tied to LA28, existing local transportation sales tax measures (e.g., Measure M) may indirectly support Games-related improvements.
- **Local Funding:** Funding for water taxi service may be provided by ports, cities, or waterfront development organizations on one or both ends of the route.

Public–Private Partnerships (P3s)

Delivery of transportation projects through public-private partnership has been highlighted as a key opportunity for special event services. Potential funding sources include:

- Corporate partnerships (naming rights, advertising, etc.)
- Licensing agreements
- Hospitality programs/packages
- Technology partnerships
- On-board concessions and exclusive beverage partnerships
- Exterior livery (hull wrap / exterior branding)

While the 2028 Games provide the greatest anticipated opportunity for revenue generation through public-private partnerships, these sources may also be available for long-term service once ridership demand and schedule are known. As of June 2026, LA28’s advertising guidelines and restrictions have not yet been finalized.

Typical Ferry Funding Sources

The following revenue sources are available to fund ferry projects and include grants commonly sought by ferry operators. Many federal grants are currently funded through the Infrastructure Investment and Jobs Act which is set to expire November 2026. The table below provides a high-level overview of grant opportunities, as well as the eligibility of special event service. Funding sources available to bus and rail projects are noted under *Eligible Projects*, and per Board direction, should not be considered as viable options to fund the water taxi service.

Grant Program	Eligible Recipients	Eligible Projects	Available for short-term service?
Better Utilizing Investments to Leverage Development (BUILD) Grant Program (previously known as the Rebuilding American Infrastructure with Sustainability and Equity [RAISE]).	State and local agencies	The USDOT BUILD grant program provides funding for construction and planning of surface transportation projects with significant local or regional impact, including ferry vessels and	Unlikely

Grant Program	Eligible Recipients	Eligible Projects	Available for short-term service?
		terminals. The grant is funded in a five-year cycle with annual grant submissions. <i>Available to bus and rail projects. Do not consider for Water Taxi.</i>	
Construction of Ferry Boat and Ferry Terminal Facilities Program (FHWA)	Funding distributed by State DOTs and MPOs	This program was established to fund the design and construction of ferry boats and ferry terminal facilities based on a statutory formula, with funding available to existing ferry services.	Unlikely
Passenger Ferry Grant Program – Section 5307(h). FTA's Passenger Ferry Grant Program provides competitive funding for projects that support passenger ferry systems in urbanized areas.	State and local agencies (recipients of Section 5307 funds)	Capital projects for passenger ferry systems in urbanized areas	Unlikely (supporting the establishment of new passenger ferry services is an identified goal)
Low-No Ferry Program (FTA)	State and local agencies	Capital projects for the purchase of electric or low-emitting ferry vessels and related infrastructure in urbanized or rural areas.	Unlikely that short-term service would score favorably

Grant Program	Eligible Recipients	Eligible Projects	Available for short-term service?
Surface Transportation Block Grant Program (STBG). While not typically used for ferry projects, FHWA's STBG program can be used to fund a wide range of programs including transit capital projects.	Distributed by state DOTs and MPOs	Eligible projects include highway construction and repair, bridge/tunnel projects, transit capital improvements, pedestrian and bicycle infrastructure. <i>Available to bus and rail projects. Do not consider for Water Taxi.</i>	Unlikely
Congestion Mitigation and Air Quality (CMAQ) Program (FHWA)	State or local governments	Capital projects or operating assistance. Ferry projects appear to be eligible if located in a non-attainment area. <i>Available to bus and rail projects. Do not consider for Water Taxi.</i>	Can be used for new or expanded transportation services
Capital Investment Grant Program – Major Capital Investments (New & Small Starts 5309 (b)(1) (FTA)	State or local governments	Capital investments for new or expanded fixed guideway systems (including ferries) <i>Available to bus and rail projects. Do not consider for Water Taxi.</i>	Requires multi-year, multi-step development process, favoring high ridership services
Carbon Reduction Program (CRP)	Funding distributed	Projects which reduce carbon emissions; funds	

Grant Program	Eligible Recipients	Eligible Projects	Available for short-term service?
	by State DOTs	may be used for both capital and operating expenses <i>Available to bus and rail projects. Do not consider for Water Taxi.</i>	
Congressionally Directed Spending: Transportation, Housing, and Urban Development	Funding may be awarded to state or local agencies	Transportation projects are eligible	Would require coordination to understand eligibility. Funding availability uncertain.
California Air Resources Board (CARB) Sustainable Heavy-Duty Initiatives for Future Technology (SHIFT) grant	Private industry	Pre-commercial demonstrations and large-scale pilots of advanced technology, including eligible project types such as on-road heavy-duty truck pilots, locomotives, rail, and commercial harbor craft. <i>Available to rail projects. Do not consider for Water Taxi.</i>	If zero-emissions technology development is included.
California Clean Off-Road Equipment (CORE)	CA businesses or agencies	Incentive project intended to encourage California off-road equipment owners to purchase or lease currently available commercial zero-emission off-road	If zero-emissions technology development is included.

Grant Program	Eligible Recipients	Eligible Projects	Available for short-term service?
		equipment, or repower existing equipment.	