

Decision No. 29484

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
SOUTHERN PACIFIC GOLDEN GATE FERRIES,
LIMITED, to abandon its San Francisco-
Vallejo Route.

Application No. 20742.

ORIGINAL

E. J. Foulds, for Applicant.
Nathan F. Coombs and Clyde E. Brown, for Napa Valley
Bus Company and San Francisco and Napa Valley
Railroad, Protestants.
Nathan F. Coombs, Clyde E. Brown, and A. L. Voorhies,
for Napa Chamber of Commerce, Protestant.
Lowell Palmer, for the County of Napa and the Board
of Supervisors of Napa County, City of St. Helena,
and Chamber of Commerce of St. Helena, Protestants.
Roy E. Lochman, for City of Napa, Protestant.
Fitz-Gerald Ames, W. E. Hibbett, and J. E. Monro,
for Sacramento Motor Transport, Intervener and
Protestant.
Russell F. O'Hara, for City of Vallejo, Vallejo Express
Company, Vallejo Chamber of Commerce, Vallejo
Merchants Association, Vallejo Realty Board, Solano
Meat Company, Protestants.
G. L. Evans, for the Veterans Home of California,
Protestant.

WARE, COMMISSIONER:

O P I N I O N

By Application No. 20742 the Southern Pacific
Golden Gate Ferries, Ltd., a corporation, engaged in the
business of operating ferry boats between various points on
the San Francisco Bay and its tributaries, as a common carrier
of motor vehicles, passengers and freight for hire, asks
permission to abandon and wholly discontinue operations upon
its route between San Francisco and Vallejo, State of California.

Applicant alleges, in justification of its pleading, that there is not sufficient patronage of said San Francisco-Vallejo ferry route to defray the cost of furnishing the service provided and that abandonment, as prayed for, if and when authorized, would not cause serious inconvenience to the public affected thereby because of the existence of other ample and convenient means of transportation between the same points served by said route.

Applicant alleges that the San Francisco-Vallejo ferry route has not been paying out-of-pocket costs since 1932; that such loss suffered through operation of this route has been endurable by reason of profits earned on the more remunerative routes of the system; that the earnings of those routes which in the past had been sufficient to absorb said losses will, in the near future, be reduced to a point where such absorption will no longer be possible due to diversion of traffic from said ferry routes to the San Francisco-Oakland Bay Bridge, which was opened to motor vehicle traffic during November 1936; that all possible measures within reason have been exercised during the period 1929 to date to effect reductions in operating and maintenance costs to an irreducible minimum necessary to ensure safety and continued operation; that the new highway, known as the American Canyon Cutoff, which will provide a more direct route between Sacramento and the Carquinez Bridge than now exists, thereby reducing the actual distance by approximately six miles, will result in a material diversion of vehicular traffic from the Vallejo ferry route to the highway route via Carquinez Bridge and the San Francisco-Oakland Bay Bridge; that the San

Francisco-Oakland Bay Bridge, in itself, will result in a considerable diversion of automobile traffic and some truck traffic from the Vallejo ferry; that upon completion and opening to traffic of the Golden Gate Bridge, during the early months of 1937, a further diversion of existing and otherwise potential Vallejo ferry traffic will result; and that there exists a probability in the near future of the State Department of Public Works acquiring ownership of the now privately owned Carquinez Bridge and Sears Point Toll Road, thereby eliminating the existing toll charges.

Applicant further alleges that under existing conditions a more generous program of expenditures for maintenance and alterations to equipment and facilities would not tend to increase revenues and that every reasonable effort has been made to solicit and procure business for the Vallejo ferry route by a comprehensive program of advertising and field work.

Forty years ago, in 1896, the San Francisco-Vallejo ferry service was inaugurated by Z. J. and C. N. Hatch, and operated under the name of Hatch Brothers. In 1904 the company was reorganized under the name of Monticello Steamship Company, a corporation organized under the laws of the State of Maine, with a capital stock issue of 6,000 shares to provide for a total capitalization of \$600,000. Until April 29, 1927, on which date ownership was transferred to the Golden Gate Ferry Company, with the exception of qualifying shares, the entire stock ownership was held by the Hatch family. Present

ownership of the properties, rights and services of the Vallejo ferry operation were acquired by the Southern Pacific Golden Gate Ferries, Ltd., on May 1, 1929, under authority granted by the Railroad Commission in its Decision No. 20925 (32 C.R.C. 803).

There are at present nine ferry routes operated by applicant on San Francisco Bay between points as follows:

San Francisco, Mission Street	-	Oakland Pier
San Francisco, Mission Street	-	Alameda
San Francisco, Mission Street	-	Oakland, Broadway
San Francisco, Hyde Street	-	Berkeley
San Francisco, Hyde Street	-	Sausalito
San Francisco, Clay Street	-	Vallejo
San Francisco, Clay Street	-	Richmond
San Francisco, Clay Street	-	Tiburon
San Francisco, Ferry Building	-	Sausalito

Service provided on the Vallejo route at present consists of five round trips daily, as follows:

<u>Lv. San Francisco</u>	<u>Lv. Vallejo</u>
7:30 A.M.	7:30 A.M.
9:45 A.M.	9:35 A.M.
11:40 A.M.	1:45 P.M.
4:00 P.M.	8:00 P.M.
8:10 P.M.	10:15 P.M.

Two boats are used in maintaining the above schedules, the S.S. "Napa Valley" making the first round trip from Vallejo and the S.S. "Calistoga" making the four remaining round trips. One hour and 45 minutes is the average length of time consumed under good operating and weather conditions for these boats to travel the distance of approximately thirty miles between terminals.

These vessels are of a design peculiar to the requirements of this route, being one-end inland water steamers as distinguished from double-end boats used for short-trip ferrying on the lower bay. Both are designed for higher speeds than the average type used in the San Francisco Bay service,

due to the greater length of their run, and were originally constructed for passenger service primarily. They have subsequently been rebuilt at considerable expense for the purpose of increasing their automobile and truck carrying capacity.

Fares charged on the Vallejo ferry route are as follows:

Passengers and Automobiles:

Foot passengers	\$.70	OW
" "	1.20	RT
Automobile and driver	1.50	OW
Each additional passenger, not to exceed four	.15	OW
" " " exceeding four	.70	OW
" " " " "	1.20	RT

Trucks and Trailers: (Including driver)

3,000 lbs. tare and under	1.70	OW
3,000 - 14,000 lbs. tare	2.20	OW
Over 14,000 lbs. tare	2.70	OW
2-wheel trailers . . . . .	.75	OW
4 and 6-wheel trailers	1.10	OW

In addition to the above rates on trucks, there are provided commutation books covering truck and driver at a price of \$68.10, containing 60 coupons good for sixty days from date of purchase.

Rates applying to freight carried on motor trucks are as follows:

100 lbs - 6.3 tons	\$1.10	per ton
Minimum of 25 tons moving in one direction		
by one shipper during one day . . . . .	.88	" "
20-25 tons under above conditions . . . . .	.22.00	flat rate
6.3 - 9 tons when moving on one truck or on one		
truck and trailer per trip	6.93	flat rate
9 tons and over, on one truck or one truck and		
trailer, per trip . . . . .	.77	per ton
State toll for freight on vehicles additional	.05	" "

Patronage on the Vallejo ferry route is of a composite nature consisting of foot passengers, automobiles and occupants, freight and delivery trucks, deck freight, mail, and express.

For the year 1935 revenues collected from the various fares, together with the percentage each represents of the total, were as follows:

	<u>Amount</u>	<u>Per Cent</u>
Passenger Vehicles	\$ 34,487	14.0
Passengers	122,672	49.7
Freight Vehicles	9,206	3.7
Freight on Vehicles	14,712	5.9
Deck Freight	50,161	20.4
Mail	7,535	3.0
Express	6,400	2.6
Other	<u>1,772</u>	<u>.7</u>
Total	\$246,945	100.0

Passenger and automobile revenue, as shown by the foregoing tabulation, make up a substantial portion of the total and if that type of patronage should not be catered to, as a consequence of dedicating the route to freight service only, an excess of 50 per cent of otherwise collectible revenue would be lost. Such would not result in a proportionate reduction in operating costs. Even if such traffic were not purposely excluded by converting the present composite carriage to one of freight only, further reduced schedules would automatically accomplish the same results. Automobile traffic is adversely effected by lengthening of boat headways and would be particularly so in this instance where the existing headways already range from 1 hour 55 minutes to 4 hours 20 minutes.

Ferry boat operation over the Vallejo-San Francisco route was inaugurated as a passenger service primarily.

During subsequent years the automobile and motor truck have come into common use and now provide a substantial portion of the total revenue earned by this route.

From the standpoint of all means of transportation other than ferry boat, the City of Vallejo is located in a comparatively inaccessible position from the business and industrial sections of San Francisco. Service by rail is provided by the Southern Pacific Company over a circuitous and time consuming route involving a ferry crossing from San Francisco to Oakland thence over the Straits of Carquinez to Suisun from where the route doubles back on itself to Vallejo. This rail service accommodates freight only, passenger service being provided only as far as Crockett from whence the remainder of the trip to Vallejo is afforded by busses of the Pacific Greyhound Lines, Inc.

By automobile there are two direct highway routes, each involving the payment of two tolls. One route is via ferry or bridge to Oakland, thence over the Carquinez Toll Bridge and the other is via ferry to Sausalito thence over the Sears Point Toll Road. The toll road charge can be eliminated by travelling a longer route through Napa.

In addition to the Vallejo ferry service, passenger transportation is provided by the facilities of the Pacific Greyhound Lines, Inc., which company operates daily 16 schedules to Vallejo from San Francisco and 19 schedules in the reverse direction. Approximately two hours is required to make the trip by bus.

A comparison of passenger fares charged between Vallejo and San Francisco on the three routes is shown below:

	<u>One Way</u>	<u>Round Trip</u>
Pacific Greyhound Lines, Inc.	\$.70	\$1.25
Southern Pacific Company	.67	1.21
Vallejo Ferry	.70	1.20

Operation of the Vallejo ferry was very profitable from 1916 up to and including the year 1926. During 1927 revenues commenced a decline which persisted up to and including the year 1935. Operating expenses did not decrease at as rapid a rate as revenues, the result of which was a very decided decrease in net operating revenues commencing with 1927. During 1927 net revenue decreased from about \$200,000 to \$100,000, or 50 per cent. Another 50 per cent decrease was experienced in 1928 over 1927, and in 1930 net revenue amounted to \$2,000. During 1935 there was a net loss of about \$50,000. All of the above net revenue figures are exclusive of depreciation charges.

During 1927 the Golden Gate Ferry Company acquired ownership of the route and also put into operation the ferry service between Berkeley and San Francisco, Hyde Street. During that same year the Sears Point Toll Road was constructed, providing access to the Golden Gate Ferry Company's route between Sausalito and San Francisco, Hyde Street, which put the company in control of three ferry routes serving the same territory. As a result of such ownership, the loss of patronage on one route was gained by another. In 1929, when the Southern Pacific Golden Gate Ferries, Ltd., was organized, that company acquired ownership and operation of the four major competitive ferry operations, one of which was the Vallejo route, and any traffic diverted from the latter was gained by one of the other three.

In 1929, when applicant acquired ownership and took over the operation of the Vallejo ferry route, there were two boats in regular service on the run, making six round trips daily, shared equally. They were the S.S. "City of Sacramento"

and the S.S. "Calistoga," the former being a larger boat than the latter and more costly to operate.

Overhead clearance of the vehicle deck on the S.S. "City of Sacramento" is 11 feet 6 inches and that of the S.S. "Calistoga" 9 feet 6 inches. The clearance of 11 feet 6 inches is sufficient to accommodate, with perhaps a few exceptions, all motor trucks hauling freight over the public highways. On the other hand, the clearance of 9 feet 6 inches is insufficient to accommodate a substantial portion of trucks that afford this service potential patronage.

In 1931, in the interest of effecting economies, the S.S. "City of Sacramento" was replaced by the S.S. "Napa Valley" a smaller vessel which was less costly to operate. Both boats had the same overhead deck clearance.

The cost reducing program brought about a reduction in schedules on April 1, 1935, from six round trips daily to five. The high clearance boat was assigned to only one round trip daily, leaving Vallejo at 7:30 A.M.; the low clearance boat was assigned to the remaining four round trips. Witness Fennema, Assistant to applicant's General Manager, testified that he was convinced, prior to inauguration and in anticipation of this arrangement that "on-time" performance could not be maintained. In spite of his prediction, which has become a reality, the reduction in schedule was made.

Under the rigorous cost reducing program expenditures incurred in the maintenance of the Vallejo terminal and floating equipment for all but the minimum requirements in keeping with continued operation and safety have been

deferred in recent years to the extent that the progressing dilapidation has been severely criticized by the public. An inspection of these properties impels the conclusion that the service has been suffered to deteriorate and is now in imminent need of rehabilitation.

If at the time the S.S. "City of Sacramento" was replaced by the S.S. "Napa Valley," the S.S. "Calistoga" had been reconstructed so as to increase its overhead clearance to 11 feet 6 inches, thereby providing a boat of high clearance on all schedules, we believe that ensuing revenue from transportation of trucks would have been appreciably bettered.

The record in this proceeding shows that such reconstruction would involve an expenditure of approximately \$40,000 and would, under present conditions, bring in annually about \$18,000 of increased revenue.

Undoubtedly the reduction of schedules in 1935 in itself tended to divert patronage to other routes of travel and particularly would such be true in regard to large trucks, accommodation of which was further restricted by placing the low-clearance boat on four of the five daily round trips.

The future of this operation does not appear to be as discouraging as applicant fears in view of the inherent advantages of the route relative to freight transportation and scenic aspect.

It is fair and reasonable to conclude that competition as afforded by the San Francisco-Oakland Bay Bridge, which was opened to traffic on November 12, 1936, and the Golden Gate Bridge, which will be open to traffic some time

during 1937, will affect the Vallejo ferry route to a lesser extent than any of the other three major routes operated by applicant.

Witness Collins, applicant's Traffic Agent, presented an exhibit, No. 25, in which a comparison was made of the time en route between Sacramento and San Francisco of ten and twenty ton freight trucks as follows:

Vallejo ferry	4 hrs.	15 min.
Carquinez Bridge and Berkeley Ferry	4 "	- "
Carquinez Bridge and Oakland Pier Ferry	4 "	5 "
Sears Point Toll Road and Sausalito Ferry	4 "	20 "
Black Point Road and Sausalito Ferry	4 "	45 "
Stockton and San Mateo Bridge	5 "	40 "
Stockton and Dumbarton Bridge	6 "	5 "
Stockton and Alviso	6 "	30 "

These figures represent average driving time at 25 m.p.h., plus time consumed on the water where a ferry trip is included.

Time en route does not appear to be an all important element in motor truck movement, which is exemplified by the fact that there exists a considerable movement of freight by truck from Sacramento to San Francisco over both the San Mateo and Dumbarton bridges, some going as far south as Alviso, at a maximum of 2 hours 30 minutes excess travel over that required by Oakland or the Berkeley ferries. Therefore, the differential in time between the Vallejo ferry route and other routes is not a serious element to be reckoned with. Cost, therefore, rather than time appears to be the controlling factor to be considered in attempting to establish an advantage for the Vallejo ferry route in the field of motor truck patronage.

A comparison of costs as set forth by Exhibit 25, of moving a 10-ton loaded truck between Sacramento and San Francisco over the various routes named above shows the Vallejo route as having an advantage over any of the others, even at its maximum freight rate of \$1.10 per ton; applying its lower rates of 88 cents and 77 cents per-ton, the advantage is still greater. A similar condition existed when considering 20-ton loads moving by truck. (1)

Automobile traffic movements are governed by elements somewhat diametrically opposite to those controlling truck movement, with speed being the controlling factor. A considerable saving in time is afforded automobile traffic travelling between Sacramento and San Francisco by following the highway route over the Carquinez Bridge and the Bay

(1)

Subsequent to the last hearing in this matter, freight rates on the Berkeley and Oakland ferry routes of the Southern Pacific Golden Gate Ferries, Ltd., were reduced to an equality with the rates established for movement of freight by truck over the Bay Bridge as follows:

Trucks, with driver, weighing 3,000 pounds		
or over when empty . . . . .	\$	.75
Truck trailer . . . . .		.75
Freight on vehicles . . . . .		.03½ Cwt.
Freight on vehicles, minimum 50 tons daily. . .		.03 "
Freight on vehicles, minimum 75 tons daily. . .		.02½ Cwt.

Bridge, as compared to the Vallejo ferry. However, there are two toll charges, one of 70 cents for automobile and driver over the Carquinez Bridge and the other 50 cents (2) for automobile and four passengers over the Bay Bridge, totaling \$1.20. Compared to that amount, the fare via the Vallejo ferry for an automobile and driver is \$1.50. For an automobile and three passengers, which is approximately the average occupancy, the rate via the two bridges would be \$1.40 whereas the charge on the Vallejo ferry is \$1.80, a difference of 40 cents.

In order to compete for automobile patronage, it appears to be desirable that a decrease in the automobile and automobile passenger rates on the Vallejo ferry route be made. Under conditions existing prior to the completion of the Bay Bridge, automobile traffic over the Vallejo ferry route consisted mainly of vehicles foreign to the State of California. Such out-of-State cars usually are travelling for considerable distances, which would render them less inclined to take advantage of small savings in time than would be expected of the short distance traveller.

In these days of high-speed automobile travel on the well improved highways of California, roadside advertising is designed so that the maximum number of thoughts can be conveyed to the rapidly passing motorist in the shortest interval of time. Such a condition warrants considerable thought and study in regard to properly worded and located billboards stimulating vehicular patronage to applicant's ferry service. Furthermore, in order that a motorist, after arriving at the Vallejo terminal of ferry departure, be induced to await the arrival of the boat,

(2) Effective on and after February 1, 1937.

some form of appeal or interest should be provided. In any event there should be an attendant on hand for the purpose of giving information and directing traffic.

Mail service provided by this ferry route is considered of extreme importance by residents of the area affected. Other means of transporting mail would result in a delay of one day in delivery over that now in effect. The early boat leaving San Francisco in the morning transports fruits, vegetables, and other perishable products from the wholesale centers of San Francisco to Vallejo in sufficient time to put them on the market for the day's business. Produce from the area north and east of Vallejo, particularly fresh meat products, are enabled to move to the distributors in San Francisco in time for the current day's delivery. These services cannot be provided by any other means as conveniently as that now provided by the Vallejo ferry.

Applicant's contention that the new highway known as the American Canyon Cutoff will result in a material diversion of vehicular traffic from the Vallejo ferry route to the highway route via Carquinez Bridge may be reversed with equal force. This new road affords the automobile and truck a direct saving of six miles and eliminates many sharp turns, numerous hazardous rail crossings and some unfavorable grade conditions. All of these advantages enure to the City of Vallejo and the applicant's ferry terminal therein with direct aim. The Commission has knowledge of an enormous movement by truck of perishable fruits and vegetables originating in the valley and delta regions north and east of this Cutoff and destined to the 4 A.M. San Francisco wholesale market. This

traffic commences with asparagus in January and continues in great volume and with varying varieties of crops until November. The aggressive exploitation of this field of patronage by applicant, in view of these recent highway improvements, might result in increased net operating revenues.

There has been considerable opposition to the abandonment of this ferry service by various persons in and in the vicinity of Vallejo, Napa, St. Helena and intermediate towns, as well as the municipalities themselves. As has been mentioned before, the geographical location of the territory served renders the Vallejo ferry service a very valuable asset to the area involved.

In their arduous endeavor to retain this valuable service now enjoyed, those persons benefiting by that service should not overlook their obligation in justification of their demands to patronize it to the fullest extent in order that they may contribute their part toward ensuring a compensatory return to the carrier. Those persons involved are provided with a transportation service, the perpetuation of which they should jealously guard and they should recognize their responsibility as well as that of the carrier, in making possible its continuance.

Actual figures presented in the record by the applicant indicate a sad state of affairs as regards the earnings of this operation since it was taken over by its present owner.

It appears that the earnings of this line could have been materially improved had a different course of action been pursued as regards general policies.

In general, the trend of patronage on the Vallejo route did not deviate appreciably from that experienced on

other routes of the system. Effects of the world-wide economic depression during the years 1930 to 1934, inclusive, are reflected by the earning records of all routes of applicant's system of ferry operations, some more pronounced than others but all following closely the same trend.

In spite of reduced schedules, impaired overhead deck clearance of the S.S. "Calistoga," and failure to maintain on-time performance, revenues during 1936 show a decided improvement over those for 1935.

During the months of April, May, June and July of 1936, there were increases as compared to the same period of 1935, as follows:

I t e m	Revenue		Increase	
	1935	1936	Amount	Per Cent
Freight - Deck	\$17,348	\$18,826	\$1,478	8.6%
Trucks and Freight	6,944	9,783	2,839	40.8%
Automobiles	11,861	14,928	3,067	25.9%
Passengers	40,144	46,731	6,587	16.4%
Total	\$76,297	\$90,268	\$13,971	18.3%

Although abandonment of the Vallejo ferry route might necessarily follow as a consequence of eliminating toll charges on the Carquinez Bridge through State purchase of that structure, no definite plans for such acquisition in the near future are existent. No serious diversion of traffic should be expected due to Bay Bridge competition if proper action by applicant is taken in the near future.

In the interest of preserving the patronage now enjoyed by this route, a further reduction in schedules would be unwise, as any such reduction would result in an increased loss of business and ultimate abandonment would be certain.

In the light of improving business conditions in

general and increased revenues as shown by the foregoing tabulation, now is not the time to urge abandonment of applicant's Vallejo ferry route. To the contrary, with the favorable recovery already experienced, every effort should be exerted to preserve for itself the patronage now served by this route and to attract additional business by exploiting to the fullest extent the advantages inherently vested in the ferry route. Rate reductions should be given immediate consideration as an important means to such an end.

If continued operation on schedules in effect at this time, with equipment unaltered from its present construction and properly maintained should result in an earning as of June 30, 1937, sufficient to offset out-of-pocket expenses, then it would seem advisable, as soon as possible thereafter, to make the necessary expenditure for increasing the overhead clearance of the S.S. "Calistoga" and move the restaurants to the passenger decks. Now would be the logical time to make such expenditures in order to derive the greatest benefit therefrom.

On the other hand, if by June 30, 1937, aggressive and alert management and maintenance of this service by the applicant, shall be attended by further decline in revenue, then abandonment of this service may be reconsidered and the matter brought before the Commission for further ruling.

ORDER

The Southern Pacific Golden Gate Ferries, Ltd., having filed its application for authority to abandon and wholly discontinue operation of its ferry service between

San Francisco and Vallejo, State of California, a public hearing having been held, and the Commission being fully apprised of the premises,

IT IS HEREBY ORDERED that the said application be and the same is hereby denied, without prejudice.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 18th day of January, 1937.

William H. Hare
Leon Whitely
Raymond J. H. Hare
Raymond J. H. Hare
Commissioners