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Decision No. 75549

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
THE SAN DIEGO AND CORONADO FERRY COMPANY }
for authority to consummate an agreement }
to sell its operating property to the }
Department of Public Works of the State }
of California upon completion of the }
San Diego-Coronado Toll Bridge, and for }
termination of service to the public. }

Application No. 50797
(Filed January 3, 1969)

O P I N I O N

The application of The San Diego and Coronado Ferry Company, a California corporation, requests an order of the Commission authorizing the applicant to sell to the Department of Public Works of the State of California, hereinafter referred to as the Department, the ferry operations and the property of applicant required for such use.

A copy of the Articles of Incorporation of the applicant, dated April 14, 1886, and amended April 7, 1936, is attached to the application. Proof of service of the application in accordance with the rules of the Commission upon the public agencies involved and three union representatives of the employees of the applicant is attached to the application. On February 10, 1969, the Department joined in the application and filed a request that it be granted by ex parte order.

Exhibits attached to the application are an agreement dated November 16, 1966, between the parties which, among other things, describes the property to be transferred and the manner and terms thereof; a balance sheet, statement of income and

surplus accounts for periods ending October 31, 1968, and copies of the union agreements of the applicant with the International Organization of Masters, Mates and Pilots Local No. 12, Coronado; and with the Marine Engineers' Beneficial Association, Pacific Coast District; and with the Inlandboatmen's Union of the Pacific, San Diego Division.

The application alleges that the Department was authorized by Chapter 1697 of the Statutes of 1955, as amended, to acquire applicant's ferry and so much of its property as was required for the operations of said ferry by a mutual agreement with applicant and that the agreement attached was entered into. The California Toll Bridge Authority has issued and sold revenue bonds in the principal amount of \$47,600,000 to finance construction of a toll bridge across San Diego Bay, said revenue bonds were delivered to the purchasers on February 9, 1967, and pursuant to the agreement between the parties the agreement became operative on February 9, 1967. The construction of the toll bridge across San Diego Bay commenced on or about March 1, 1967, and it is alleged that applicant is informed that the Department expects to complete said toll bridge so that it can be opened by the Authority for public use on or before June 30, 1969, and that applicant has agreed to cease all ferry service on San Diego Bay when the toll bridge is opened to public use.

The agreement provides for payment by the Department to applicant of \$1,750,000 in cash to be deposited in escrow plus the annual sum of \$70,000.00 beginning on the operative date of the agreement and terminating at close of escrow. The escrow is

to close at 11:59 p.m. on the day the toll bridge shall be opened for public use, and applicant is to continue operating the ferry until the toll bridge is opened for public use.

The property to be transferred by applicant to the Department by the terms of the agreement is described as follows:

- (a) All ferryboats owned by Ferry Company on the date of this Agreement to wit: M.V. "San Diego", M.V. "Coronado", M.V. "North Island", M.V. "Silver Strand", and M.V. "Crown City".
- (b) All ferryboat terminal facilities, including slips, bridges, elevating equipment, dolphins, piers, wharves, fencing, buildings and repair shops.
- (c) All spare parts, materials, tools and machinery used in the operations of the ferries on the date of this agreement.
- (d) All other tangible personal property of Ferry Company required for its operations.
- (e) All franchises, licenses, leases, leasehold interests and certificates.

Applicant agrees to deposit in escrow at least 60 days prior to the close of escrow that certain franchise, privilege and license granted October 18, 1926, and issued by the Board of Supervisors of the County of San Diego to Ferry Company by Ordinance No. 320 of said Board. Subject to the prior authorization of the Public Utilities Commission of the State of California, Ferry Company shall assign and deliver said franchise to Department at the close of escrow.

After the operative date of the agreement, Ferry Company agreed to file a petition with the Public Utilities Commission of the State of California for an order authorizing the consumation of this agreement and the abandonment of ferry service at the close of escrow.

After consideration the Commission finds that:

Public convenience and necessity will no longer require the operation of the services provided by applicant after the toll bridge is open to the public and the applicant should be permitted to abandon the ferry service.

The applicant will be permitted to sell to the Department the assets described. The agreement of sale dated November 16, 1966, between applicant and Department is not adverse to the public interest and the proposed transfer will be authorized.

No protests have been received.

A public hearing is not necessary. The application will be granted.

O R D E R

IT IS ORDERED that:

The San Diego and Coronado Ferry Company, a California corporation, is authorized to discontinue the operation of its ferry service between the City of San Diego and the City of Coronado, when the toll bridge now under construction is placed in operation.

The applicant is authorized to transfer and sell to the Department the ferry boats, terminal facilities and tangible personal property, and all franchises, licenses, leases, leasehold interests and certificates, and property described in the agreement between the parties for the considerations therein set forth.

A. 50797 hjh

The operative rights of the applicant are revoked and all of the applicant's effective timetables and tariffs are cancelled, upon discontinuance of the ferry operations.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 8th day of APRIL, 1969.

William S. Brown Jr.
President
August
Fred P. Monahan
J. J. Williams
Commissioners

I dissent.
Thom Wiorer
4/8/69