



Members of the Board

Anthony J. Intintoli, Jr.
Jeffrey DelBono
Timothy Donovan

**MEETING AGENDA FOR THE
WETA BOARD OF DIRECTORS**

BOARD OF DIRECTORS' MEETING

May 8, 2014 at 1:00 p.m.

San Francisco Bay Area

Water Emergency Transportation Authority

9 Pier, Suite 111

San Francisco

**PLEASE NOTE:
THURSDAY, MAY 8 at 1:00 p.m.**

The full agenda packet is available for download at www.watertransit.org.

AGENDA

This information will be made available in alternative formats upon request. To request an agenda in an alternative format, please contact the Board Secretary at least five (5) working days prior to the meeting to ensure availability.

PUBLIC COMMENTS The Water Emergency Transportation Authority welcomes comments from the public. Speakers' cards and a sign-up sheet are available. Please forward completed speaker cards and any reports/handouts to the Board Secretary.

Non-Agenda Items: A 15 minute period of public comment for non-agenda items will be held at the end of the meeting. Please indicate on your speaker card that you wish to speak on a non-agenda item. No action can be taken on any matter raised during the public comment period. Speakers will be allotted no more than three (3) minutes to speak and will be heard in the order of sign-up.

Agenda Items: Speakers on individual agenda items will be called in order of sign-up after the discussion of each agenda item and will be allotted no more than three (3) minutes to speak. You are encouraged to submit public comments in writing to be distributed to all Directors.

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|---|---------------------------|
| 1. <u>CALL TO ORDER – BOARD CHAIR</u> | <i>Information</i> |
| 2. <u>ROLL CALL/PLEDGE OF ALLEGIANCE</u> | <i>Information</i> |
| 3. <u>REPORT OF BOARD CHAIR</u> | <i>Information</i> |
| 4. <u>REPORTS OF DIRECTORS</u> | <i>Information</i> |
| 5. <u>REPORTS OF STAFF</u> | <i>Information</i> |
| a. Executive Director's Report | |
| b. Monthly Review of Financial Statements | |
| c. Legislative Update | |

Water Emergency Transportation Authority
May 8, 2014 Meeting of the Board of Directors

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| 6. <u>CONSENT CALENDAR</u> | <i>Information/Action</i> |
| a. Minutes March 31, 2014 | |
| b. Overview of FY 2013/14 Financial Audit Scope and Process | |
| c. Authorize Filing Applications with the Metropolitan Transportation Commission for FY 2014/15 Regional Measure 1 and Regional Measure 2 Operating and Capital Funds | |
| 7. <u>APPROVE AMENDMENT TO AGREEMENT WITH ATKINS (FORMERLY PBS&J) FOR ENVIRONMENTAL REVIEW SERVICES FOR THE RICHMOND FERRY TERMINAL PROJECT</u> | <i>Action</i> |
| 8. <u>AUTHORIZE RELEASE OF A REQUEST FOR PROPOSALS (RFP) FOR ALAMEDA MAIN STREET FERRY TERMINAL WALKWAYS AND RAMPS</u> | <i>Action</i> |
| 9. <u>APPROVE AMENDMENT TO THE AGREEMENT WITH BEN C. GERWICK, INC. FOR CONSTRUCTION MANAGEMENT SERVICES FOR THE EAST BAY FERRY TERMINAL REFURBISHMENT PROJECT</u> | <i>Action</i> |
| 10. <u>SOUTH SAN FRANCISCO SERVICE ENHANCEMENT PROGRAM ASSESSMENT</u> | <i>Action</i> |
| 11. <u>APPROVE FISCAL YEAR 2014/15 OPERATING AND CAPITAL BUDGET</u> | <i>Action</i> |
| 12. <u>AUTHORIZE STAFF TO SEEK PUBLIC INPUT ON PROPOSED FARE PROGRAM</u> | <i>Action</i> |
| 13. <u>OPEN TIME FOR PUBLIC COMMENTS FOR NON-AGENDA ITEMS</u> | <i>Action</i> |
| <u>ADJOURNMENT</u> | <i>To Be Determined</i> |

Water Emergency Transportation Authority (WETA) meetings are wheelchair accessible. Upon request WETA will provide written agenda materials in appropriate alternative formats to individuals with disabilities. Please send a written request to contactus@watertransit.org or call (415) 291-3377 at least five (5) days before the meeting.

Participation in a meeting may be available at one or more locations remote from the primary location of the meeting. See the header of this Agenda for possible teleconference locations. In such event, the teleconference location or locations will be fully accessible to members of the public. Members of the public who attend the meeting at a teleconference location will be able to hear the meeting and testify in accordance with applicable law and WETA policies.

Under Cal. Gov't. Code sec. 84308, Directors are reminded that they must disclose on the record of the proceeding any contributions received from any party or participant in the proceeding in the amount of more than \$250 within the preceding 12 months. Further, no Director shall make, participate in making, or in any way attempt to influence the decision in the proceeding if the Director has willfully or knowingly received a contribution in an amount of more than \$250 within the preceding 12 months from a party or such party's agent, or from any participant or his or her agent, provided, however, that the Director knows or has reason to know that the participant has a financial interest in the decision. For further information, Directors are referred to Government Code section 84308 and to applicable regulations.



MEMORANDUM

TO: WETA Board Members
FROM: Nina Rannells, Executive Director
DATE: May 8, 2014
RE: Executive Director's Report

PROJECT UPDATES

Ferry Terminal Refurbishment Projects – This effort includes gangway rehabilitation and minor terminal facility improvement projects that support the continued safe operation of East Bay ferry terminals (Clay Street Oakland Jack London Square, Alameda Main Street and Harbor Bay) and includes a variety of work ranging from pier piling replacement to repairing walkways and awnings.

The Board of Directors awarded a contract to Manson Construction Co. on March 31 to undertake the majority of the project work, including construction of improvements at Clay Street and Harbor Bay. Staff has executed a contract with Manson Construction Co. and issued a Notice to Proceed with design and construction of the project. The contractor is required to achieve substantial completion of the project no later than 6 months after project commencement.

Regional Passenger Float Construction – This project will construct a new regional spare float that can be utilized as a back-up for the Vallejo terminal float as well as other terminal sites such as downtown San Francisco when the permanent terminal floats must undergo periodic dry-dock, inspection, and repair. This spare would support ongoing daily services and would be a valuable asset to have available for use in unplanned or emergency situations. Ghirardelli Associates Inc. was selected as the project Construction Manager. The Request for Proposals for the project was released on February 28. Technical proposals are due on April 9.

Bay Breeze Vessel Refurbishment – The ferry vessel *Bay Breeze* has surpassed its economic mid-life. This project consists of converting the propulsion to a conventional propeller system, refurbishment of the passenger cabin, extensive hull work, major system renovation, and replacement of control systems and navigation electronics. In March 2013 the Board of Directors approved the contract award to Marine Group Boat Works. The *Bay Breeze* arrived at the Shipyard on April 18, 2013 and the project is near completion. The first Sea trials were completed April 22 and the *Bay Breeze* is expected to return to San Francisco in early May 2014. Final outfitting, crew training and U.S.C.G. inspections will occur before the *Bay Breeze* is placed into service.

Vessel Replacement – The *Encinal* and *Harbor Bay Express II* are included in the FY 2013/14 Capital Budget for replacement as they have reached the end of their useful lives (generally 25 years) and staff has secured funding commitments for replacement vessels. In December 2013, the Board of Directors approved the contract award to Aurora Marine Design (AMD) for vessel construction management services. A kickoff meeting was held in January to establish project requirements. As part of the bid document development, AMD has met with major propulsion vendors to gain information to develop a database of powering options and emissions tier specifications. To ensure we are able to attract the greatest number of bidders, AMD is conducting surveys with relevant shipyards to determine which, if any, contract requirements are too restrictive which may prevent them from bidding on the projects.

Clipper Fare Media Implementation – Clipper is currently available as fare payment media for the Alameda/Oakland/South San Francisco, Alameda/Oakland/San Francisco, and Alameda Harbor Bay/San Francisco routes. WETA is working with MTC to develop software programming and acquire equipment required to implement Clipper for the Vallejo ferry service. WETA anticipates beginning Clipper site preparation activities at the Vallejo Ferry Terminal and North Bay Maintenance Facility in May 2014. Clipper should be available for the Vallejo ferry service by fall 2014.

In addition, staff is participating in a long-term strategic planning effort initiated by MTC and transit operators for the Clipper program. Items under consideration include potential changes to the contracting model and governance structure through which the current Clipper program is delivered. A regional recommendation is expected pending future discussions and development of the strategic plan.

North Bay Operations and Maintenance Facility – This project will construct a new ferry maintenance facility located at Building 165 on Mare Island in Vallejo in two phases. The landside phase includes site preparation and construction of a new fuel storage and delivery system along with warehouse and maintenance space. The waterside phase will construct a system of modular floats and piers, gangways, and over-the-water utilities. The existing ferry maintenance facility (Building 477) will be cleaned up as required prior to surrender to Lennar Mare Island, the property owner of the land portion of the project site.

The Board of Directors awarded the contract for the landside phase to West Bay Builders in summer 2013. The design/build team has submitted building permit materials to the City of Vallejo for review. The first building permit is anticipated to be issued in early May.

The NEPA environmental review work for the Navy waterside portion is underway on behalf of the Navy. The Navy must complete this documentation prior to entering into a lease with WETA to use the waterside portion of the site. In addition, staff is coordinating with various resource agencies for submittal of the mitigation plan for the waterside permits. The waterside construction Request for Proposals was released on February 28. Technical proposals were received on April 16. Contract award is anticipated in June or July 2014.

Central Bay Operations and Maintenance Facility – This project will develop an operations and maintenance facility at Alameda Point to serve as the base for WETA's existing and future central bay ferry fleet. The proposed project would provide running maintenance services such as fueling, engine oil changes, concession supply, and light repair work for WETA vessels. The new facility will also serve as WETA's Operations Control Center for day-to-day management and oversight of service, crew, and facilities. In the event of a regional emergency, the facility would function as an Emergency Operations Center, serving passengers and sustaining water transit service for emergency response and recovery.

Staff is currently working to complete the BCDC and US Army Corps of Engineers permitting processes, and has authorized the engineering consultant to proceed with development of 30% Plans, Specifications, and Engineering. Staff is also working with the City of Alameda to finalize terms of a lease agreement for the project site, which will be presented to the Board for consideration.

Richmond Ferry Service – This service will provide an alternative transportation link between Richmond and downtown San Francisco. The conceptual design includes plans for replacement of an existing facility (float and gangway) and a phased parking plan.

The CEQA Initial Study/Mitigated Negative Declaration (IS/MND) was released on May 6. The Initial Study identified potentially significant effects; however, the implementation of mitigation measures identified in the IS/MND would reduce potentially significant effects to less-than-significant levels. In accordance with CEQA and the CEQA Guidelines, a 30-day public and agency review period for the ISMND commenced on May 6 and will conclude on June 4. Staff is also working with City of Richmond staff to develop a

Memorandum of Understanding that defines project service levels and identifies capital and operating funding through a project funding plan.

Berkeley Ferry Service – This service will provide an alternative transportation link between Berkeley and downtown San Francisco. The environmental and conceptual design work includes plans for shared use of an existing City owned parking lot at the terminal site between ferry and local restaurant (H^s Lordships) patrons. City participation is required in order to move the project forward and reach agreement on a shared use concept. The project will require a conditional use permit reviewed by the City's Planning Commission, Zoning Adjustment Board, and City Council. Similar to Richmond, a Memorandum of Understanding defining the project and identifying funding sources will also be developed for adoption by the City Council and WETA Board.

The Final EIS/EIR was submitted to FTA review in early October 2012. The remaining activities include resolution of Section 7 consultation and Essential Fish Habitat Assessment with NOAA and NMFS. NOAA and NMFS will issue a Biological Opinion (BO) on the project. The BO is required prior to completion of the Final EIS/EIR.

Treasure Island Service – This project, which will be implemented by the Treasure Island Development Authority (TIDA), the Mayor's Office of Economic and Workforce Development and the prospective developer, will institute new ferry service to be operated by WETA between Treasure Island and downtown San Francisco in connection with the planned Treasure Island Development Project. WETA staff is working cooperatively with City of San Francisco staff on this City-lead project.

Downtown San Francisco Ferry Terminal Expansion Project – This project will expand berthing capacity at the Downtown San Francisco Ferry Terminal in order to support new and existing ferry services to San Francisco as set forth in WETA's Implementation and Operations Plan. The proposed project would also include landside improvements needed to accommodate expected increases in ridership and to support emergency response capabilities if a catastrophic event occurs. Upon request from the FTA, this project has been included in the Federal Infrastructure Projects Permitting Dashboard, an initiative of the Federal Transit Administration to expedite federal permitting processes for nationally or regionally significant projects.

A Final EIS/EIR is scheduled for release this summer, pending further review by FTA. FTA has informed WETA that it will be combining its Record of Decision with issuance of the Final EIS/R, which will expedite approval of the project under the National Environmental Protection Act.

Hercules Environmental Review/Conceptual Design – The Hercules Intermodal Transportation Terminal will bring together multiple modes of travel at a strategic waterfront location adjacent to future development in Hercules. A ferry terminal is one component of the project, now considered in a later phase of implementation after the construction of parking and rail improvements. As planning and funding activities are underway for the Intermodal Transportation Center, the Contra Costa County Transportation Authority is also developing a Financial Feasibility of Contra Costa Ferry Service Report (White Paper) to assess the feasibility and priority of new ferry services considered in Contra Costa County.

Antioch, Martinez and Redwood City Ferry Service Projects – These projects require conceptual design, project feasibility, and environmental review for potential future ferry services to the cities of Antioch, Martinez, and Redwood City. Draft site feasibility reports have been prepared and distributed to the cities for review. The feasibility reports were prepared to identify site constraints and design requirements to better understand project feasibility and cost. Staff is working with the Contra Costa County Transportation Authority, as the county transportation planning and funding authority, on determining next steps for the Contra Costa ferry services under development.

Contra Costa County Ferry Subcommittee – Staff is working with the Contra Costa County Transportation Authority (CCTA) and representatives from the cities of Antioch, Martinez, Hercules and

Richmond to study implementation of ferry expansion services in Contra Costa County. A White Paper evaluating the financial feasibility of candidate Contra Costa County ferry services was recently completed in draft form. Results of this study will inform stakeholders on specific site and service details for discussion and development of a countywide approach to developing services and funding support. The subcommittee met in April 2014 to review the paper's final findings and discuss next steps for releasing the paper to the CCTA Board and general public. CCTA is leading this effort and it is anticipated that the CCTA Board will consider the findings of the White Paper in June 2014.

Alameda Terminal Access Plans – Both ferry terminals in Alameda have experienced a surge in ridership beginning with the first BART strike in July 2013. As a result, parking at both terminals typically spills onto adjacent streets and informal parking lots. WETA will partner with the City of Alameda staff to prepare plans to address the immediate issue and identify long term solutions. Staff has secured the consultant services of Nelson Nygaard through its on-call planning agreement with KPFF, Inc. to support the project.

After hosting a pair of public workshops in March, staff and the consultant team have been developing and analyzing potential access improvement concepts suggested by riders and other stakeholders. Staff has been invited to attend the Alameda Transportation Commission meeting on May 28 to discuss the study and the ferry service in general. The next steps in the study are to engage the City of Alameda, which has jurisdiction over streets and neighboring city-owned parcels. Another round of public workshops will be scheduled for June.

Alameda Seaplane Lagoon - The City of Alameda recently adopted environmental documents together with general plan and zoning amendments, the result of a two-year effort to prepare the former naval base now known as "Alameda Point" for development. The plan envisions 1,425 housing units, up to 5.5 million square feet of commercial space and 240 acres of parks and open space. The plan is expected to take up to 20 years to reach full build out and will be developed as individual parcels and not by a single master developer as was previously assumed. City staff has requested that WETA conduct necessary studies to better understand the capital and operating cost associated with a Seaplane Lagoon terminal.

The transition agreement between the City and WETA states that staff from the City and WETA "shall in good faith work with each other and the Seaplane Lagoon master developer or other developer(s)...to explore the viability of Bifurcated Services". The term "bifurcated services" refers to the possibility that Oakland and West Alameda will be served by separate vessels and crews, as opposed to today's arrangement where the sites are served by a single vessel making two stops before heading to/from San Francisco.

Staff requested on-call consultants currently under contract with WETA to develop work scopes and cost estimates to conduct two studies: a sketch-level design sufficient to develop order of magnitude costs and an operational study to analyze the costs and service implications of an additional terminal or a replacement terminal in the central bay Alameda/Oakland service. This second study would require the participation of not just the City of Alameda but the City of Oakland and even AC Transit. City of Alameda staff has reviewed the proposals for these two efforts and their comments have been incorporated into the final work scopes. The next steps are to schedule a meeting among staff at the cities of Alameda and Oakland to discuss funding the studies and a process to conduct the analyses.

Fare Policy Study – The purpose of this study is to review WETA's fare schedule and policy and evaluate options for adopting a multi-year fare program. The study will consider modifications that would promote greater consistency amongst the fare categories, fare products and discount pricing available on WETA services. Additionally, the fare program will propose a mechanism by which future changes to WETA fares are made. WETA has enlisted CH2M Hill through its on-call planning agreement with Jacobs Engineering to provide consultant services to support the project.

Last month, staff provided an informational update on the status of this project to the Board. Since then, staff has developed a proposal for a FY 2015/19 5-year Fare Program for that would include several

modifications to existing fare structures and define future year fare increases. An item is included on this month's Board agenda detailing the proposed Fare Program and requesting Board authorization to initiate public outreach efforts.

Electronic Bicycle Locker Program – This project would expand the availability of secure bicycle parking throughout the WETA system to promote bicycle access to ferry terminals and potentially reduce bicycle congestion on-board ferry vessels. WETA currently provides electronic bicycle lockers at its South San Francisco and Harbor Bay ferry terminals and intends to provide similar lockers at each of its origin terminals. In November 2013, WETA submitted a grant application to the Bay Area Air Quality Management District (BAAQMD) for funding through the Transportation Fund for Clean Air program to provide electronic bicycle lockers at the Alameda Main Street and Vallejo ferry terminals. The BAAQMD closed its application process on February 10 and is reviewing applications.

UPDATE ON RELEVANT PROJECTS IMPLEMENTED BY OTHER AGENCIES

Warriors Arena/Mission Bay Ferry Terminal – The Golden State Warriors basketball team had proposed an Arena/Mixed use development at Piers 30/32 on the San Francisco waterfront that would have potentially included a ferry berthing facility to accommodate direct ferry service to games and events at the proposed arena. WETA staff has met with the Warriors organization as well as with the Port of San Francisco and Municipal Transportation Authority staff over the past year to discuss this proposal. As of last month, the proposal to develop the arena facility at Piers 30/32 is no longer under consideration as the Warriors organization has identified a new preferred site in the Mission Bay neighborhood of San Francisco for its project. A Mission Bay ferry terminal has been identified in both WETA and City of San Francisco planning documents as a potential future infrastructure investment. WETA staff will continue to coordinate with the Warriors, the Port of San Francisco and the City of San Francisco along with other relevant stakeholders to integrate the development of the project with existing and/or future WETA ferry services to San Francisco as opportunities present themselves.

Vallejo Station – Vallejo Station is a compact, transit-oriented mixed-use project in the City of Vallejo that includes two major transit elements – a bus transfer facility that consolidates local, regional, and commuter bus services and a 1,200 space parking garage for ferry patrons and the general public. The first phase of the Vallejo Station Parking Structure, which included a 750 space paid parking structure, was opened in October 2012. Construction of Phase 2 of this facility is dependent upon the City securing funding and the relocation of the U.S. Post Office.

OUTREACH, PUBLIC INFORMATION, AND MARKETING EFFORTS

On April 3, Chad Mason provided a presentation to the Rotary Club of Vallejo on the North Bay Operations and Maintenance Facility.

OPERATIONS REPORT

Monthly Operating Statistics for March 2014 is provided as Attachment 1.

OTHER

AB 935 (Frazier) – This two-year bill would amend Section 66540.12 of the Government Code relating to the terms of the San Francisco Bay Area Water Emergency Transportation Authority Board of Directors.

Attachment 1

Monthly Operating Statistics Report March 2014

			Alameda/ Oakland	Harbor Bay	South San Francisco	Vallejo*	Systemwide	
Ridership	vs. last month	Total Passengers March 2014	53,439	20,290	6,955	60,653	141,337	
		Total Passengers February 2014	31,601	17,899	6,376	50,511	106,387	
		Percent change	69.11%	13.36%	9.08%	20.08%	32.85%	
	vs. same month last year	Total Passengers March 2014	55,714	20,290	6,955	58,378	141,337	
		Total Passengers March 2013	43,027	17,238	3,439	52,712	116,416	
		Percent change	29.49%	17.71%	102.24%	10.75%	21.41%	
	vs. prior FY to date	Total Passengers Current FY To Date	595,550	185,024	61,412	596,572	1,438,558	
		Total Passengers Last FY To Date	425,657	148,874	27,130	508,964	1,110,625	
		Percent change	39.91%	24.28%	126.36%	17.21%	29.53%	
			Avg Weekday Ridership March 2014	1,951	966	331	2,421	5,669
			Passengers Per Hour	135	161	50	105	120
	Ops Stats		Revenue Hours	395	126	139	518	1,178
		Revenue Miles	4,065	2,470	1,847	14,218	22,600	
Fuel		Fuel Used (gallons)	26,874	10,229	15,673	113,668	166,444	
		Avg Cost per gallon	\$3.25	\$3.25	\$3.25	\$3.25	\$3.25	

* Vallejo ridership includes ferry + 4939 Route 200 bus passengers.

MEMORANDUM

TO: Board Members

**FROM: Nina Rannells, Executive Director
Lynne Yu, Manager, Finance & Grants**

**SUBJECT: Monthly Review of FY 2013/14 Financial Statements for Nine Months
Ending March 31, 2014**

Recommendation

There is no recommendation associated with this informational item.

Summary

This report provides the attached FY 2013/14 Financial Statements for nine months ending March 31, 2014.

Operating Budget vs. Actual

	Prior Actual	Current Budget	Current Actual
Revenues - Year To Date:			
Fare Revenue	7,464,430	7,928,100	9,526,176
Local Bridge Toll Revenue	11,431,634	15,150,375	10,732,443
Other Revenue	1,474	1,503	3,597
Total Operating Revenues	18,897,538	23,079,978	20,262,215
Expenses - Year To Date:			
Planning & Administration	1,468,252	2,250,000	1,579,996
Ferry Services	17,429,286	20,829,978	18,682,219
Total Operatings Expenses	18,897,538	23,079,978	20,262,215
System-Wide Farebox Recovery %	43%	38%	51%

Capital Actual and % of Total Budget

	YTD Actual	% of FY 2013/14 Budget
Revenues:		
Federal Funds	2,292,734	14.46%
State Funds	2,756,691	15.96%
Bridge Toll Revenues	132,986	6.06%
Local Funds	481,556	48.87%
Total Capital Revenues	5,663,967	15.60%
Expenses:		
Total Capital Expenses	5,663,967	15.60%

Fiscal Impact

There is no fiscal impact associated with this informational item.

END

San Francisco Bay Area Water Emergency Transportation Authority
FY 2013/14 Statement of Revenues and Expenses
For Nine Months Ending 3/31/2014

% of Year Elapsed 75.1%

	Current Month	Prior Year Actual	2013/14 Budget	2013/14 Actual	% of Budget
OPERATING EXPENSES					
<u>PLANNING & GENERAL ADMIN:</u>					
Wages and Fringe Benefits	95,964	1,233,170	1,411,000	865,319	61.3%
Services	116,545	1,229,092	1,515,000	550,614	36.3%
Materials and Supplies	787	55,678	111,000	20,577	18.5%
Utilities	1,777	13,147	18,000	9,892	55.0%
Insurance	-	(6,303)	35,000	16,370	46.8%
Miscellaneous	9,703	131,781	138,000	67,049	48.6%
Leases and Rentals	23,080	271,224	303,000	203,432	67.1%
Admin Overhead Expense Transfer	(19,566)	(317,561)	(531,000)	(153,257)	28.9%
Sub-Total Planning & Gen Admin	228,289	2,610,227	3,000,000	1,579,996	52.7%
<u>FERRY OPERATIONS:</u>					
<u>Harbor Bay FerryService</u>					
Purchased Transportation	150,069	1,256,002	1,287,600	1,144,725	88.9%
Fuel - Diesel & Urea	33,232	453,284	553,000	361,762	65.4%
Other Direct Operating Expenses	41,834	345,404	633,900	257,860	40.7%
Admin Overhead Expense Transfer	4,398	40,632	116,000	34,489	29.7%
Sub-Total Harbor Bay	229,532	2,095,322	2,590,500	1,798,836	69.4%
<u>Alameda/Oakland Ferry Service</u>					
Purchased Transportation	311,444	3,893,337	3,888,600	3,204,478	82.4%
Fuel - Diesel & Urea	87,307	1,231,916	1,522,000	963,627	63.3%
Other Direct Operating Expenses	63,088	485,883	1,084,800	560,572	51.7%
Admin Overhead Expense Transfer	7,524	85,936	244,000	56,989	23.4%
Sub-Total Alameda/Oakland	469,364	5,697,073	6,739,400	4,785,666	71.0%
<u>Vallejo FerryService</u>					
Purchased Transportation	571,026	7,299,002	7,322,000	5,259,889	71.8%
Fuel - Diesel & Urea	369,421	4,691,631	5,996,800	3,609,935	60.2%
Other Direct Operating Expenses	100,842	1,258,182	1,486,300	836,003	56.2%
Admin Overhead Expense Transfer	3,246	140,841	60,000	27,214	45.4%
Sub-Total Vallejo	1,044,535	13,389,657	14,865,100	9,733,041	65.5%
<u>South San Francisco FerryService</u>					
Purchased Transportation	178,399	1,736,283	2,132,700	1,572,539	73.7%
Fuel - Diesel & Urea	50,917	550,910	708,600	479,586	67.7%
Other Direct Operating Expenses	39,144	293,560	626,000	277,986	44.4%
Admin Overhead Expense Transfer	4,398	50,151	111,000	34,565	31.1%
Sub-Total South San Francisco	272,858	2,630,903	3,578,300	2,364,676	66.1%
Total Operating Expenses	2,244,578	26,423,183	30,773,300	20,262,215	65.8%
Total Capital Expenses	1,254,558	9,189,750	37,189,251	5,663,967	15.2%
Total Expenses	3,499,136	35,612,933	67,962,551	25,926,182	38.1%
OPERATING REVENUES					
Fare Revenue	937,067	10,501,990	10,570,800	9,526,176	90.1%
Local - Bridge Toll	1,307,511	15,918,882	20,200,500	10,732,443	53.1%
Local - Other Revenue		2,310	2,000	3,597	179.8%
Total Operating Revenues	2,244,578	26,423,183	30,773,300	20,262,215	65.8%
Total Capital Revenues	1,254,558	9,189,750	37,189,251	5,663,967	15.2%
Total Revenues	3,499,136	35,612,933	67,962,551	25,926,182	38.1%

San Francisco Bay Area Water Emergency Transportation Authority
FY 2013/14 Statement of Capital Programs and Expenditures
For Nine Months Ending 3/31/2014

Project Description	Current Month	Project Budget	Prior Year Actual	2013/14 Budget	2013/14 Actual	Future Year	% of Total Project Budget
CAPITAL EXPENSES							
<u>FACILITIES:</u>							
Maintenance and Operations Facilities							
North Bay Ops & Maint. Facility	288,682	25,500,000	1,128,552	13,601,448	2,238,801	10,770,000	13%
Central Bay Ops & Maint. Facility	21,189	4,952,500	907,554	4,044,946	403,227	-	26%
Gangway, Pier & Float Rehabilitation							
Regional Spare Float Replacement	10,555	3,300,000	7,313	2,500,687	43,077	792,000	2%
East Bay Ferry Terminal Refurbishment	1,665	2,469,400	5,725	2,463,675	154,413	-	6%
Terminal Improvement							
Terminal Facility Improve - Alameda Terminals	-	250,000	55,463	194,537	9,233	-	26%
Clipper Site Preparation - Vallejo	-	300,000	-	300,000	77,283	-	26%
<u>FERRY VESSELS:</u>							
Major Component Rehab/Replace							
Vessel Engine Overhaul - Scorpio & Taurus	-	660,000	-	660,000	-	-	0%
Vessel Engine Overhaul - Solano	-	2,000,000	-	2,000,000	181,946	-	9%
Major Component Rehab - Gemini & Pisces	-	300,000	-	300,000	-	-	0%
Communications Equipment	-	182,000	43,143	138,857	-	-	24%
Vessel Mid-Life Repower/Refurbishment							
Vessel Mid-Life Refurbishment - Bay Breeze	912,618	5,015,000	1,685,427	3,329,573	2,303,769	-	80%
Vessel Mid-Life Refurbishment - Peralta	-	5,260,000	-	5,260,000	-	-	0%
Vessel Expansion/Replacement							
Purchase Replacement Vessel - Express II	-	15,000,000	-	25,000	500	14,975,000	0%
Purchase Replacement Vessel - Encinal	-	18,500,000	-	25,000	5,090	18,475,000	0%
<u>CAPITAL EQUIPMENT / OTHER:</u>							
Purchase 18-Tone Crane Truck	-	75,000	-	75,000	-	-	0%
Integration of Real-Time Transit Information	-	54,000	-	54,000	-	-	0%
<u>SERVICE EXPANSION:</u>							
Future Expansion Service Studies							
Berkeley Terminal - Environ/Concept Design	2,557	2,335,000	2,164,490	170,510	16,126	(0)	93%
Antioch - Environ/Concept Design	840	812,500	134,800	102,300	7,200	575,400	17%
Martinez - Environ/Concept Design	-	812,500	164,200	71,300	694	577,000	20%
S.F. Berthing Expansion - Environ/Concept Design	11,154	3,300,000	2,338,977	961,023	173,852	-	76%
Terminal/Berthing Expansion Construction							
SSF Terminal Oyster Mitigation Study	-	275,000	77,675	50,325	3,020	147,000	29%
Richmond Ferry Terminal	5,299	1,862,500	476,430	861,070	45,738	525,000	28%
Total Capital Expenses	1,254,558	93,215,400	9,189,750	37,189,251	5,663,967	46,836,400	
CAPITAL REVENUES							
Federal Funds	751,813	36,391,720	3,165,828	16,558,824	2,292,734	16,690,062	15%
State Funds	319,888	47,379,800	3,631,199	17,274,241	2,756,691	26,451,338	13%
Local - Bridge Toll	156	7,983,624	2,120,305	2,276,379	132,986	3,695,000	28%
Local - Alameda Sales Tax Measure B	182,701	1,222,356	229,090	885,271	472,323	-	57%
Local - Property Tax and Assessments	-	237,900	43,328	194,537	9,233	-	22%
Total Capital Revenues	1,254,558	93,215,400	9,189,750	37,189,251	5,663,967	46,836,400	

MEMORANDUM

TO: Board Members

**FROM: Peter Friedmann, WETA Federal Legislative Representative
Ray Bucheger, WETA Federal Legislative Representative**

SUBJECT: WETA Federal Legislative Board Report – April 28, 2014

Infrastructure – Top Priority

Navigation. Congress has returned from its Spring Recess with ambitions to pass the least a few pieces of major legislation, most notably infrastructure. First up will be the Water Resources Development Act (WRDA), which pays for the maintenance of the navigation channels. Specifically, funding for the Corps of Engineers to conduct the annual dredging of the channels serving Port of Oakland and most other San Francisco ports. There is always a shortfall in available dredging monies, so Congress will likely pass legislation directing that more, if not all, of the Harbor Maintenance Tax currently collected on imported cargo, be actually spent for the intended purpose: maintenance of navigation channels and jetties. San Francisco Bay will be a significant beneficiary of the WRDA bill.

Highways and Transit. Next up, but already very much in the staff drafting phase, is the reauthorization of MAP – 21. This bill, which funds all highway and transit construction and maintenance, must pass Congress before the current program expires at the end of September. The committees which are drafting the expenditure portion of MAP 21 (how the money is to be spent) are well on their way to making changes. At this point, they are open to proposals, (depending on the relationship one has developed with them). Transit systems which did well under MAP 21 are seeking to maintain the status quo, while transit systems which felt that they were shortchanged, are proposing revisions.

The other component of the MAP 21 reauthorization is to develop a revenue source to pay for all these programs. The Highway federal gasoline tax is no longer generating sufficient revenue, due to improved gas mileage, reduced driving, the exemption for the ethanol component, etc., so the pressure is on to develop a new funding source. This, being an election year, makes it unlikely that Congress will propose to increase the current federal gas tax or to impose some new tax. Instead we can expect some shifting of additional revenues from some programs unrelated to transportation or transit.

Increasing Ferry Funding for Ferries Generally and WETA Specifically

It is unlikely that Congress will spend much more money, if any more, in aggregate, then it did two years ago when MAP 21 was passed. However, it may be possible to shift some funds around, perhaps to smaller programs such as ferries, and to consider changing of programs from discretionary grant, to formula, and in some cases vice versa. Towards this end, we are looking at both of the ferry funds programs in MAP 21: the Federal Highway Administration's \$67 million for ferries which is distributed by a formula; the Federal Transit Administration's \$30 million is

distributed by discretionary grants (FTA receives applications, and selects worthy projects – the competition is intense.)

Under MAP 21 as originally passed, the \$67 million is distributed by formula based on the number of vehicles carried, and route and the length of the routes; only a small (20%) allocation is based upon number of passengers carried. This benefits systems such as Alaska's which have relatively few ferry transits, but all of which are extremely long, and which carry vehicles. For San Francisco, relatively short routes and no vehicles translates into relatively fewer formula dollars.

This Year's Funds - Grant for Central Bay Facility. To balance this, we have been working to support WETA's grant application of \$3 million to FTA, to help fund the Central Bay Maintenance and Operations Facility. We have and continue to work with the Bay Area delegation to provide input to FTA and DOT, as have WETA shipboard unions, board members and staff who have met with the Secretary of DOT and other senior DOT and FTA officials. The FTA grant decisions are expected any day.

Next Year's Funds - WETA Objective for MAP-21 To the extent that we can find means to adjust the current FTA grant program, by increasing the total pool from the existing \$30 million, and possibly by adjusting the distribution mechanisms, it is our objective to increase the amount of funds received by WETA in this and succeeding years.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
MINUTES OF THE BOARD OF DIRECTORS MEETING

(March 31, 2014)

The Board of Directors of the San Francisco Bay Area Water Emergency Transportation Authority met in regular session at the WETA offices at Pier 9, Suite 111, San Francisco, CA.

1. ROLL CALL AND CALL TO ORDER

Acting Chair Anthony Intintoli called the meeting to order at 1:00 p.m. Directors present were Director Jeffrey DelBono and Director Timothy Donovan. Director DelBono led the pledge of allegiance.

2. REPORT OF BOARD CHAIR

No report.

3. REPORT OF DIRECTORS

Director DelBono reported that he had spent the prior Wednesday lobbying for WETA projects, and the potential TIGER grant, with WETA federal representative Ray Bucheger of Lindsay Hart, LLP in meetings with congressional staffers. Director DelBono said that he had five or six meetings throughout the day and that it had been a great learning opportunity. He recommended that other board members and staff take advantage of similar opportunities in the future.

4. REPORTS OF STAFF

Executive Director Nina Rannells referred the Board to her written report and added additional comment on several items. First, she noted that staff had been able to successfully piggyback construction of a movable float onto the North Bay Operations & Maintenance Facility Waterside RFP. She then noted that the vessel *Bay Breeze* was back in the water and would hopefully be back in the Bay Area and ready for service at the end of April in time for service schedule changes. Ms. Rannells then updated the Board regarding the City of Alameda's Seaplane Lagoon project, noting that the City had adopted environmental documents at prior meetings.

Ms. Rannells also commented on the status of the potential Warriors arena, noting that neither the Warriors' developer nor the City of San Francisco was currently moving toward inclusion of a ferry terminal to service the stadium and that the maritime community was not reacting favorably. Director Donovan asked if the developers and the City were open to it, and Ms. Rannells replied that that it was unclear. She said that the overall stadium costs appeared to be higher than anticipated and that omitting terminal facilities may be related to cost concerns.

Ms. Rannells then discussed that staff was exploring possibility of applying for a TIGER grant for the Downtown San Francisco Terminal Expansion Project, noting that the project appeared to be well-suited for the program. She noted that staff had prepared a summary application to MTC for inclusion in their list of regional priorities for Federal TIGER grants and that staff would continue work on the application and to assess whether the project was a good fit for the program.

Regarding the Ferry Building, Director Donovan asked if anyone had considered locating bike share stations at the Ferry Building or other terminal locations. Senior Planner Mike Gougherty said that the program was still in pilot mode and that transit hub locations were currently limited to those near MUNI and Caltrain hubs. He said that WETA did have an interest in working with the program more as the project expands. Ms. Rannells noted that bicycle usage was up along with ferry ridership in general. Director Donovan asked if bicycles were being considered in the design of the new ferries. Manager of Operations Keith Stahnke replied that yes, bicycles were definitely part of the design process.

Director Intintoli thanked Ms. Rannells for her presentation to the Vallejo City Council on February 25, saying that he had received several calls in appreciation.

Director DelBono asked if there had been any updates regarding Google's ferry pilot program. Ms. Rannells said that WETA staff had been given a presentation on the flexi-float Google had used in Redwood City and that Kevin Connolly, Manager of Planning and Development continued to reach out to them periodically regarding their interest in implementing a more permanent service.

5. CONSENT CALENDAR

Director DelBono made a motion to approve the consent calendar which included the Board of Directors meeting minutes of February 6, 2014.

Director Donovan seconded the motion and the consent calendar carried unanimously.

Yeas: DelBono, Donovan, Intintoli. Nays: None.

6. APPROVE CONTRACT AWARD TO MANSON CONSTRUCTION CO. FOR DESIGN-BUILD CONSTRUCTION OF EAST BAY FERRY TERMINAL IMPROVEMENT PROJECT

Mr. Gougherty presented this item requesting Board approval of related actions for the contract award for the East Bay Ferry Terminal Improvement Project including approval of a contract award to Manson Construction for design-build construction in an amount not-to-exceed \$1,762,200, authorization of the Executive Director to negotiate and execute the contract and to take any other related actions to support this work, and authorization of a budget increase in the FY 2013/14 Capital Budget in the amount of \$879,400 to support the contract award.

Director Intintoli asked for clarification regarding the budget change of \$879,400 for the work. Manager of Finance and Grants Lynne Yu noted the budget had been prepared before the extent of the work required had been fully identified. Mr. Stahnke added that the facilities had just been transferred from the City of Alameda and that the extent of the work needed was not fully known at the time WETA began planning this work.

Mr. Gougherty noted that Bill Cook, Project Manager from Manson Construction, was present and available for questions regarding the project.

Director DelBono asked if Manson was located in California. Mr. Gougherty replied yes, that they were headquartered in Richmond.

Director Donovan asked if there was a project labor agreement for this project. Ms. Rannells answered no, noting that it had been determined that the project labor agreement would be used for large projects, specifically the Downtown San Francisco Terminal Expansion Project, the Central Bay Operations and Maintenance Facility Project and the North Bay Operations and Maintenance Facility Project.

Public Comment

Mr. Cook noted that Manson Constructions was signatory to Local 34 and Local 3 agreements and would abide by prevailing wage and union procedures.

Director Donovan made a motion to approve the item. Director DelBono seconded the motion and the item carried unanimously.

Yeas: DelBono, Donovan, Intintoli. Nays: None.

7. APPROVE FY 2014/15 ADMINISTRATIVE SUPPORT PROFESSIONAL SERVICES CONTRACTS PLAN

Ms. Rannells presented this item requesting that the Board approve the Administrative Support Professional Services Contracts Plan and authorize the Executive Director to enter into negotiations with existing professional consultant firms for contract extensions for FY 2014/15 for general counsel, federal legislative representation, state legislative representation, marine oversight and support, accounting support, and Bay Crossings advertising and public information services.

Director Intintoli asked Ms. Rannells to come back to the Board with separate items describing each contract, the work to be completed and proposed annual compensation amount to be considered for Board approval, similar to prior years. Director Donovan requested details on when each contract had last gone out to bid and suggested that a report card system be used to evaluate performance. Director Intintoli agreed that a report card would be desirable.

Director DelBono made a motion to approve the item amended to add the inclusion of a report card evaluation process for the contracts. Director Donovan seconded the motion and the item carried unanimously.

Yeas: DelBono, Donovan, Intintoli. Nays: None.

8. APPROVE CONTRACT AWARD TO PERATA CONSULTING, LLC FOR STRATEGIC CONSULTING SERVICES

Ms. Rannells presented this item requesting that the Board approve a contract award to Perata Consulting, LLC for strategic consulting services in an amount of \$90,000 and to authorize the Executive Director to negotiate and execute a final contract and take any other such related actions to support the work.

Public Comment

Jerry Bellows of the Maritime Administration and former WETA Board Member stated that he supported the contract, noting that Mr. Perata had been integral to the bipartisan effort to create the San Francisco Bay Area Water Transit Authority, WETA's predecessor agency, that he was well suited to the work at hand and would be an asset to WETA.

Director Donovan asked why only two responses were received considering the distribution to the large procurement list. Ms. Rannells replied that the list contained interested firms with diverse specialties and that she had been contacted by several interested parties who, for whatever reason, had decided not to submit proposals.

Director Donovan made a motion to approve the item. Director DelBono seconded the motion and the item carried unanimously.

Yeas: DelBono, Donovan, Intintoli. Nays: None.

9. AUTHORIZE FERRY SERVICE CHANGES BEGINNING APRIL 26

Ms. Rannells presented this item on behalf of Manager of Planning and Development Kevin Connolly, requesting that the Board authorize staff to enhance ferry service schedules beginning with the April 26 summer schedule change. Ms. Rannells delivered an overview of the proposed changes noting peak-period improvements to better accommodate increased commuter demand.

Director DelBono noted that he was a big supporter of increased service when feasible and asked if these changes would be a trial or permanent. Ms. Rannells replied that Vallejo changes were seasonal and that the Alameda/Oakland changes would be for the full year. Director DelBono asked if any

surveys were planned. Ms. Rannells replied that a program of surveys was ongoing as part of service planning efforts.

Director DelBono commented that if more people had started using the ferry system during the BART strikes and had not stopped that WETA must be doing something right. Ms. Rannells said that the service enhancements proposed were in support of the premise that the first priority on existing funds and resources should be to support and grow existing Alameda/Oakland and Vallejo services as demand warrants. Staff has been closely monitoring ridership levels, trip utilization and customer comments, and believes that the recommended program of improvements will serve the existing and potential new patrons well.

Manager of Operations Keith Stahnke noted that the current schedule had put some runs at capacity, specifically noting the serious problem of occasional leave-behinds on the Harbor Bay service. He said that WETA continued to look at solutions such as back up buses and that the imminent return of the *Bay Breeze* from refurbishment should ease capacity issues. Mr. Stahnke also said that backup buses may be required more frequently on the Vallejo service. He noted that the changes at hand should alleviate many of the central bay capacity issues and that direct return service from AT&T Park for daytime Giants games may be desirable.

Director Intintoli asked what would happen if *Bay Breeze* returned behind schedule. Mr. Stahnke said that the current Harbor Bay service could be continued as-is and if needed, that Alameda/Oakland boats could be reassigned when desirable.

Manager of Public Information and Marketing Ernest Sanchez noted that *Bay Breeze* had a capacity of 249 and that her return would likely alleviate Harbor Bay leave-behinds. He also stated that weekend Alameda/Oakland on-time performance would be improved with the new schedule. Director DelBono suggested a late-night service be considered.

Public Comment

Veronica Sanchez of Masters, Mates & Pilots said that MMP and IBU were both delighted that this new schedule would utilize an additional crew.

Director Donovan made a motion to approve the item. Director DelBono seconded the motion and the item carried unanimously.

Yeas: DelBono, Donovan, Intintoli. Nays: None.

10. DISCUSSION REGARDING BERKELEY AND RICHMOND EXPANSION FERRY SERVICES

Ms. Rannells introduced Senior Planner Chad Mason, who delivered an overview regarding the proposed Berkeley and Richmond ferry services for discussion.

Director Intintoli said that while he would like to see ferry service expand, focus needed to remain on ensuring the health of existing services and that any new services would require the expansion cities to commit to and identify sources for operational funding.

Director DelBono said that this is one reason why a local strategic consultant would be helpful. He asked why Berkeley and Richmond had been prioritized as the next likely expansion cities. Ms. Rannells noted that South San Francisco had been the first expansion project due to fund availability and that while Berkeley had stalled; Berkeley and Richmond were the most advanced on environmental work. She further noted that Richmond service has a commitment of Contra Costa County sales tax funding to support service operation. Director Intintoli added that the emphasis on these sites had originally been driven by ridership studies.

Director Intintoli suggested a field trip to the proposed Richmond terminal site, adding that it seemed clear that Berkeley was no longer viable without a new operating fund source. He added that the Berkeley environmental work should be completed regardless because so much had already been invested and in case a Berkeley terminal became desirable in the future.

Director DelBono asked if there appeared to be any interest left in Berkeley for a ferry terminal. Ms. Rannells said that there had once been considerable interest but that preferred terminal location had encountered numerous obstacles. She noted that the completed environmental work would be good for five years in the event that there was renewed interest in the project from Berkeley. Ms. Rannells pointed out that each of these projects required partnership with the cities and were not solely WETA's charge.

Director DelBono asked where the South Bay fit into expansion planning. Director Intintoli stated that at the time the potential terminal locations were identified, WTA had been a planning agency. He said that priorities had changed as WETA had been tasked with operations as well, and noted that a Board Retreat with the incoming directors should be planned as soon as possible.

11. ALAMEDA TERMINAL ACCESS PLANS

Ms. Rannells introduced Senior Planner Mike Gougherty, who delivered a report on Alameda Terminal Access Plans.

Mr. Gougherty noted that staff had hosted initial workshops for Alameda residents and ferry riders near each terminal in the prior month. Ms. Rannells said that City of Alameda staff had been invited but unfortunately had not been able to attend. She pointed out that WETA's role required partnership with the cities and other transit agencies, adding that Mr. Connolly had successfully reached out to AC Transit and that WETA looked forward to more partnership with the City.

Director DelBono said that he appreciated the outreach work, noting that Alameda was only going to become more populated thanks to continued development and that now was the time to improve terminal access, specifically at the Main Street facility.

12. INFORMATIONAL UPDATE ON FARE POLICY STUDY

Mr. Gougherty presented an informational update on WETA's Fare Policy Study, outlining current status and next steps.

Ms. Rannells noted that if the final study indicated a large discrepancy between what the fares are versus what they should be, that any increases would be eased into. Director Intintoli noted that there was no issue more sensitive to customers and that it was important not to go in as if new fares had already been decided. He emphasized the need to go into the cities to solicit input, especially if the justification for increases was related to fare consistency and not immediate fiscal need.

Mr. Gougherty said that staff would return to the Board with a proposed program to take to the public for input.

13. PUBLIC COMMENTS

Public Comment

Mr. Bellows addressed the WETA Board and staff and stated that it had been an honor to work with all involved. He said that his experience on the Board of Directors had given him a great appreciation for the work that went into a long public works project and offered his assistance wherever it could be utilized in the future.

Public Comment

Jesus Vargas of the City of Alameda Transportation Commission invited WETA staff to attend a Transportation Commission meeting and said that the commission was eager to keep a connection open with WETA now that former Board Member Beverly Johnson had moved on. Mr. Vargas suggested that regular briefings would be mutually beneficial along with sharing white papers and coordination regarding cycling issues. Director DelBono added that such a briefing could potentially be combined with an Alameda City Council meeting.

14. RECESS INTO CLOSED SESSION AND REPORT ON CLOSED SESSION

Director Intintoli called the meeting into closed session at 3:06 p.m. Upon reopening of the meeting at 3:48 p.m., he reported that the Board was pleased to announce a satisfactory performance evaluation of Executive Director, Nina Rannells, resulting in a 3% salary increase effective March 1, 2014, as previously agreed and included in her work contract.

15. ADJOURNMENT

All business having concluded, the meeting was adjourned at 3:50 p.m.

Respectfully Submitted,

Board Secretary

MEMORANDUM

TO: Board Members

**FROM: Nina Rannells, Executive Director
Lynne Yu, Manager, Finance & Grants**

SUBJECT: Overview of FY 2013/14 Financial Audit Scope and Process

Recommendation

There is no recommendation associated with this informational item.

Background

Section 106.6 of the Authority's Administrative Code requires preparation of an annual financial audit report by an independent auditor consistent with California Government Code Section 66540.54. The Authority utilizes the services of Maze & Associates Accountancy Corporation (Maze) to perform this independent audit through its ongoing agreement with the Association of Bay Area Governments (ABAG) for financial services.

Discussion

ABAG's contract for the current audit firm, Maze, expired with the production of the financial reports for the fiscal year ended June 30, 2013. In February 2014, ABAG disseminated a Request for Qualifications for External Audit Services throughout the greater Bay Area region. Of the six proposals received, the evaluation committee, comprised of ABAG's Finance Director and Assistant Finance Director, determined Maze to be the most qualified and offer the best value for the proposed services. In March 2014, ABAG's Executive Board approved the award of a three-year contract with two-one year extensions for External Audit Services to Maze.

Maze is scheduled to begin the initial field work associated with the audit of WETA's FY 2013/14 financial statements on May 27, 2014 and issue the final audit report no later than December 2014. The Engagement Letter, provided as **Attachment A** to this report, describes the scope of Maze's audit, audit objectives, responsibilities of management and audit procedures pertaining to the audit. In addition, Maze has included their most recent review report.

Fiscal Impact

There is no fiscal impact associated with this informational item.

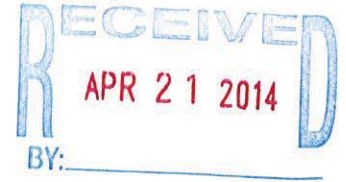
END

Attachment 1



March 19, 2014

Nina Rannells, Executive Director
San Francisco Bay Area Water Emergency Transit Authority
Pier 9, Suite 111
The Embarcadero
San Francisco, CA 94111



Dear Nina:

We are pleased to confirm our understanding of the services we are to provide for the San Francisco Bay Area Water Emergency Transit Authority for the year ended June 30, 2014. The services we have been engaged to provide are outlined below, but we are also available to provide additional services at your request:

1. Basic Financial Statements.
2. Testing for compliance with the Single Audit Act and applicable laws and regulations and issuance of our reports thereon.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis, to supplement the Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

If the Authority's financial statements are accompanied by supplementary information other than RSI, we will subject the supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole.

Other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that information.

Audit Objectives

The objective of our audit is to express opinions as to whether your financial statements are fairly presented in all material respects in conformity with generally accepted accounting principles in the United States of America and to report on the fairness of the accompanying supplementary information when considered in relation to the financial statements as a whole. Other accompanying information will not be audited by us and we will express no opinion on it. The objective also includes reporting on:

- Internal controls related to the financial statements and compliance with the provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal controls related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a paragraph that states the purpose of the report is solely to describe (a) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (b) the scope of testing internal controls over major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (c) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with generally accepted auditing standards in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provision of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with Circular A-133 and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinion on the financial statements or the Single Audit compliance opinions are other than unqualified (unmodified), we will discuss the reasons with Authority management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with the preparation of your financial statements, schedule of expenditures of federal awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the written management representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance and evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the financial position of the Authority's various activities, major funds, and the aggregate remaining fund information and changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded, including any significant vendor relationships in which the vendor has the responsibility for program compliance and for the accuracy and completeness of that information. You are also responsible for providing us with access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, additional information that we may request for the purpose of the audit, and unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. We understand that the Authority will provide us with the Closing Checklist information required for our audit and that the Authority is responsible for the accuracy and completeness of that information. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud or illegal acts could have a material effect on the financial statements. The Authority is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud or illegal acts affecting it received in communications from employees, former employees, grantors, regulators, or others. In addition, the Authority is responsible for identifying and ensuring that it complies with applicable laws, regulations, contracts, agreements and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings must be made available for our review.

You are responsible for preparation of the schedule of expenditures of federal awards in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written management representation letter that: you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that: you are responsible for presentation of supplementary information in accordance with GAAP; that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objective section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the Authority or to acts by management or employees acting on behalf of the Authority. Because the determination of abuse is subjective, *Governmental Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that

comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of physical existence of inventories, and direct confirmation of cash, investments and certain other assets and liabilities by correspondence with selected customers, creditors and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill the Authority for responding to this inquiry. At the conclusion of our audit we will also require certain written representations from management about the financial statements and related matters.

Audit Procedures - Internal Controls

Our audit will include obtaining an understanding of the Authority and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls, and accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and the Board internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the Authority has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and the applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each major program. The purpose of these procedures will be to express an opinion on the Authority's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Audit Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse and, if applicable, to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is our property and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a federal agency providing oversight of direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Maze & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. We will retain audit documentation for seven years pursuant to state regulations. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

We expect to begin our audit in May, 2014 and to issue our reports no later than December, 2014. The name of the engagement partner is Tim Krisch who is responsible for supervising the engagement and signing the report.

Our fees for these services are billed based on our contract with the Authority. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if the Authority's account becomes thirty days or more overdue and may not be resumed until the Authority's account is paid in full.

These fees are based on anticipated cooperation from Authority personnel, the completion of schedules and data requested on our Checklists, and the assumption that there will be no unexpected increases in work scope, such as new Single Audit Act programs, new debt issues, etc., or delays which are beyond our control, as discussed on the Fees Attachment to this letter. If significant additional time is necessary, we will discuss it with Authority management and arrive at a new fee before we incur any additional costs.

We understand you will provide us with basic workspace sufficient to accommodate the audit team assigned to your audit. We understand the basic workspace will be equipped with a telephone and direct Internet access, preferably a temporary network outside of your network, a public IP address and a wired connection. We understand you will also provide us with access to a fax machine and read only access to your general ledger system.

Government Auditing Standards require that we provide the Authority with a copy of our most recent external peer review report, and any subsequent peer review reports received during the period of the contract. Our most recent peer review report, accompanies this letter.

We appreciate the opportunity to be of service to the Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return the entire copy to us.

Maze & Associates

Maze & Associates

RESPONSE:

This letter correctly sets forth the understanding of the Authority.

By: Mire Rannels
Title: EXECUTIVE DIRECTOR
Date: 4/21/14



POWELL & SPAFFORD, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA
Patrick D. Spafford, CPA

Licensed by the California Board of Accountancy
Member: American Institute of Certified Public Accountants

System Review Report

To the Shareholders
Maze & Associates
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Maze & Associates (the firm) in effect for the year ended May 31, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates in effect for the year ended May 31, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Maze & Associates has received a peer review rating of *pass*.

Powell & Spafford, LLP

October 5, 2011

MEMORANDUM

TO: Board Members

**FROM: Nina Rannells, Executive Director
Lynne Yu, Manager, Finance & Grants**

SUBJECT: Authorize Filing Applications with the Metropolitan Transportation Commission for FY 2014/15 Regional Measure 1 and Regional Measure 2 Operating and Capital Funds

Recommendation

Approve the following actions relative to securing operating and capital funds to support the Authority's FY2014/15 Operating and Capital Budget:

1. Authorize the Executive Director to file an application with the Metropolitan Transportation Commission (MTC) for a total of \$644,000 FY 2014/15 Regional Measure 1 (RM1) operating and capital funds; and
2. Authorize the Executive Director to file applications with MTC for a total of \$18.3 million FY 2014/15 Regional Measure 2 (RM2) operating funds; and
3. Authorized the Executive Director to take any other related actions as may be required to secure these funds.

Background

In November 1989, voters approved Regional Measure 1 (RM1), authorizing a toll increase on all state owned bridges in the Bay Area. Five percent (RM1-5%) of the revenue derived from this toll increase was made available for allocation by MTC for ferry transit operations and bicycle related planning and two percent (RM1-2%) of the revenue from the toll increase is to be programmed and allocated solely for the capital costs associated with the design, construction, and acquisition of rapid water transit systems.

In 2004, voters approved Regional Measure 2 (RM2), authorizing an additional toll increase on the state owned bridges in the Bay Area. This extra \$1.00 is to fund various transportation projects within the region including both capital projects and operating support for a number of transit services as identified in Section 30914(c) and (d) of the California Street and Highways Codes (S&HC).

Senate Bill 976 stipulates that all RM1 and RM2 funds for ferries are to be allocated to the Authority as of January 1, 2008, in order to support operation of our regional ferry system.

Discussion

This item authorizes staff to prepare and submit applications to MTC for available RM1 and RM2 operating and capital funds required to support agency planning, administration, ferry service operations and capital expenditures and included in the proposed FY 2014/15 Budget.

FY 2014/15 RM1 Operating Funds

The Authority is eligible to receive annual allocations of RM1-5% operating funds to support the Alameda/Oakland, Alameda Harbor Bay and Vallejo ferry services. MTC estimates a total of \$2.9 million is available in FY 2014/15 for these services. As identified in the proposed FY 2014/15 Operating Budget, RM 1 operating funds will be requested in the amount of \$339,000. Excess funds not requested this year can be banked at MTC and utilized to support service operation in future years.

FY 2014/15 RM2 Operating Funds

The Authority is eligible to receive annual allocations of RM2 operating funds to support 1) general agency administrative and planning activities and 2) transbay ferry services. As identified in the proposed FY 2014/15 Operating Budget, RM2 operating funds will be requested for:

- WETA Planning and General Administration \$ 3.0 million
- Transbay Ferry Services \$15.3 million

FY 2014/15 RM1 and RM2 Capital Funds

The Authority is also eligible to receive allocations of RM1-2% and RM2 funds dedicated to ferry capital projects. As identified in the proposed FY 2014/15 Capital Budget, RM1 and RM2 capital funds will be required for the following projects:

- Purchase Work Skiff and 18-ton Crane Truck \$275,000
- Electronic Bike Lockers \$ 30,000

Fiscal Impact

This item supports securing Regional Measure 1 and Regional Measure 2 operating and capital funds to support the Authority's FY 2014/15 Operating and Capital Budget as proposed.

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Kevin Connolly, Manager, Planning & Development
Chad Mason, Senior Planner

SUBJECT: Approve Amendment to Agreement with Atkins (Formerly PBS&J) for Environmental Review Services for the Richmond Ferry Terminal Project

Recommendation

Approve Amendment No. 2 to Agreement No. 08-005 with Atkins authorizing additional funds in the amount of \$100,000 for environmental review services for the Richmond Ferry Terminal Project, extend the contract term to December 31, 2015 and authorize the Executive Director to negotiate and execute the amendment.

Background

In June 2008, WETA Board approved award of a contract for \$500,000 to PBS&J for environmental review services for the Richmond Ferry Terminal Project. PBS&J was acquired by Atkins in April 2011. The scope of work for the contract included preparation of technical studies, coordination of public and external agency outreach, and completion of CEQA/NEPA (EIR/EIS) environmental review documents. Resource agency permitting work was not included in the original scope of work but was identified as an optional task that would be addressed with a budget amendment.

In August 2008, environmental review work commenced for the analysis of terminal sites in the Marina Bay Yacht Harbor. In December 2008, Proposition 1B bond funding was suspended and work on the Richmond terminal project was stopped. In 2011, the environmental review work was restarted and a new terminal site was identified at the southern point of the Ford Peninsula that would involve utilizing an existing pier structure and replacing an existing facility that consists of a gangway and passenger float. Staff coordinated with the City of Richmond and Orton Development Inc. to develop the conceptual design for the terminal. This terminal location and conceptual design was not considered in the previous analysis conducted in 2008. As this project has evolved over the years, Atkins has continued with the environmental work necessary to comply with CEQA and NEPA requirements under the initial budget authority. Atkins is scheduled to complete an Initial Study Mitigated Negative Declaration (ISMND) for the project, consistent with CEQA requirements, the first week of May 2014.

Discussion

This item requests approval of additional contract authority for Atkins in the amount of \$100,000, increasing the total Atkins contract authority to \$600,000. These funds would be used to complete the CEQA and NEPA environmental review work started in 2008 and will also cover the permitting required concurrent with the environmental work and to support project design. This represents a "not to exceed" limit. Actual work will be controlled and monitored with task orders for specific work at negotiated prices within this budget limit.

Specific work anticipated to be funded with this increase includes environmental review services to complete the CEQA and NEPA processes such as conducting any required analysis, preparing required documents and responses to questions and participating in resource agency consultations necessary to complete the NEPA process. Atkins will also assist with the resource agency permitting process after the CEQA/NEPA processes are complete and the project moves into the final design phase.

Fiscal Impact

Approval of the amendment would increase the total not-to-exceed budget amount for the contract by \$100,000, from \$500,000 to \$600,000. Sufficient funds are included in the Richmond Terminal Environmental/Conceptual Design project budget, funded with State Proposition 1B funds.

END

MEMORANDUM

TO: Board Members

**FROM: Nina Rannells Executive Director
Keith Stahnke, Manager, Operations**

SUBJECT: Authorize Release of a Request for Proposals (RFP) for Alameda Main Street Ferry Terminal Walkways and Ramps

Recommendation

Authorize the release of a Request for Proposals (RFP) for Alameda Main Street Ferry Terminal (Main Street) Walkways and Ramps.

Background

In the spring of 2013, Bay Ship & Yacht installed a large dry-dock immediately adjacent to the Main Street Ferry terminal. While vessels are still capable of landing at the Main Street Ferry Terminal, docking requires additional maneuvering and time to land. In response to this issue, staff has worked with Bay Ship & Yacht to prepare plans to relocate the Main Street float and gangways 100 feet to the west of their current location, which is expected to occur in the summer or fall of this year. Bay Ship & Yacht has agreed to cover the costs associated with the float relocation. The work associated with the relocation includes:

- Removing and reinstalling four guide pilings
- Reconfiguring walkways and ramps for the new gangway orientation
- Regulatory permitting

The relocation of the float will require the terminal to be out of service for two to five days. Staff recommends utilizing this opportunity to replace the existing float walkways and ramps and make other necessary improvements in conjunction and coordination with the float relocation. Combining and coordinating this work effort will minimize overall disruption to ferry customers and allow for work and cost efficiencies. The new walkways and ramps would be fully compliant with accessibility requirements, improve safety and provide more efficient passenger boarding. Other walkway improvements would include awnings and better bicycle access.

Discussion

This RFP will solicit proposals to design and fabricate passenger walkways and adjustable ramps for installation at the Main Street Ferry Terminal. It is anticipated that the RFP will be released as soon as possible due to the short project timeline driven by the related project to relocate the Main Street Ferry Terminal float and gangways.

Bay Ship & Yacht will install the walkways and ramps with their labor and equipment mobilized at the site during the relocation of the float. The new ramping will allow partial installation prior to the float relocation to reduce terminal down time and reduce the risks of problems associated with realigning the old walkways.

Project proposals will be reviewed by an evaluation committee and a recommendation for contract award will be based upon the contractor's experience with similar projects, references, and the project price proposal. Authorizing the release of an RFP does not commit the agency to expend any funds. Staff will return to the Board with a recommendation to award a construction contract if an acceptable proposal is received.

Fiscal Impact

The release of RFP does not commit the agency to make an award, which will be the matter of subsequent Board actions. Improvements at the Main Street terminal are included in the East Bay Ferry Terminal Refurbishment project at a cost of \$432,000 funded with Alameda Measure B Sales Tax revenues.

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Keith Stahnke, Manager, Operations

SUBJECT: Approve Amendment to the Agreement with Ben C. Gerwick, Inc. for Construction Management Services for the East Bay Ferry Terminal Refurbishment Project

Recommendation

Approve the following actions relative to Agreement 13-002, Construction Management Services for the East Bay Ferry Terminal Refurbishment Project:

1. Approve Amendment No. 1 to the Agreement with Ben C. Gerwick, Inc. for construction management services to increase the contract amount from \$159,000 to \$285,000; and,
2. Authorize a project budget increase in the FY 2013/14 Capital Budget in the amount of \$126,000.

Background

The Board awarded a contract to Ben C. Gerwick, Inc. on May 23, 2013 to provide Construction Management services for the East Bay Ferry Terminal Refurbishment Projects at Harbor Bay and Main Street Terminals in Alameda and the Clay Street Terminal in Oakland. Projects in this contract include replacement of pilings, gangways, ramping and walkways as well as other terminal improvements.

Ben C. Gerwick, Inc. has prepared drawings, plans and technical specifications for the construction of the projects. The firm has done an excellent job assisting WETA in preparing an effective RFP for the majority of work under this project, leading to the successful award of a construction contract to Manson Construction on March 31, 2014.

Discussion

The current not-to-exceed amount in the agreement with Ben C. Gerwick, Inc. is insufficient to provide construction management and support services through the construction and guarantee period due to several issues which delayed the project and increased the cost of the work. The cost increases are a result of identification of additional unanticipated work necessary to support project development, engineering and implementation that came about after the execution of this contract, including:

- The need for engineering/oversight work related to emergency work required on the Main Street gangway this winter in response to immediate safety concerns;
- Unanticipated modifications to the Clay Street Terminal gangway design to comply with the Americans with Disabilities Act accessibility requirements which

- resulted in additional design work and costs required to obtain the regulatory permits from BCDC, Army Corps of Engineers and Water Quality Board; and
- Work required to provide independent oversight of Bay Ship & Yacht's plans and specifications for relocating the Main Street float. Bay Ship & Yacht will pay for the relocation of the float and associated piles as a mitigation measure related to the placement of a new dry-dock facility immediately adjacent to the Main Street ferry terminal. However, WETA needs independent oversight of the plans, specifications and construction of this work to ensure it is consistent with WETA's requirements for safe and efficient ferry operations.

Now that the project is entering the construction phase, Construction Management services will be required to support project construction and completion. Staff recommends amending the contract with Ben C. Gerwick, Inc. to include an additional \$126,000, bringing the total contract to a not-to-exceed amount of \$285,000.

As project Construction Manager, Ben C. Gerwick, Inc. will be responsible for overall quality assurance and adherence to specifications. They will assist WETA throughout the course of the construction of both the terminal and float improvements and will be important resources to WETA as well as the contractor when making critical decisions, minimizing ferry service downtime and undertaking work such as pile driving.

Fiscal Impact

The East Bay Ferry Terminal Refurbishment project is included in the FY 2013/14 Capital Budget at a total cost of \$2,469,400. A capital budget increase in the amount of \$126,000 is required to fund this project at the proposed budget of \$2,595,400, funded with a combination of Federal Transit Administration (FTA) grant funds, Alameda Measure B Sales Tax revenues and AB664 Net Toll revenues.

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Kevin Connolly, Manager, Planning & Development
Keith Stahnke, Manager, Operations

SUBJECT: South San Francisco Service Enhancement Program Assessment

Recommendation

Approve modifications to South San Francisco ferry service, as follows:

1. Make permanent the peak period schedule currently in place.
2. Modify midday service to serve the Ferry Building only, eliminating the Pier 41 stop.
3. Continue to evaluate service performance over the spring and summer, returning to the WETA Board at six month intervals for status updates.
4. Continue to work with Employers and Employee Transportation Coordinators in South San Francisco and the Oyster Point area to raise awareness and promote the ferry as an alternative commute option.

Background

In April 2013, the WETA Board adopted a 12-month ridership enhancement program intended to build ridership and improve farebox recovery on the South San Francisco Ferry service. The enhancement program modified the schedule to offer an additional evening departure and adjust departure times based on input from both rider and non-rider surveys. Midday service to San Francisco was also introduced two days per week. Finally, the service change was accompanied by a wave of intense marketing to raise awareness of the service and attract new riders.

Staff committed to providing regular status reports throughout the enhancement program. A mid-point review was delivered to the Board in November 2013. This report represents the final evaluation of the enhancement program together with recommendations for improving the service moving forward.

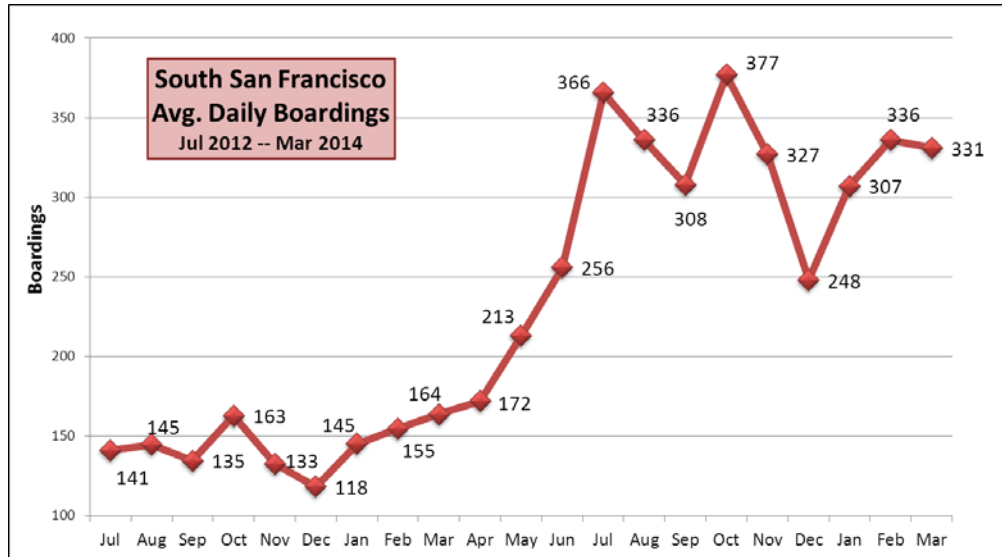
Discussion

The evaluation of the service enhancement focuses on ridership, cost recovery and marketing performance, which have improved significantly during the 12-month program.

Ridership and Service Performance

During the period from March 2013 to March 2014, average daily ridership has increased 102%, from 164 to 331 average weekday boardings. Ridership has increased 135% since July 2012, the first full month of operation for the South San Francisco service. Recent ridership trends are also positive with upward growth before and after the customary December low point for ridership. Figure 1.0 shows ridership trends dating back to July 2012.

Figure 1.0
South San Francisco Ridership Trends



On a trip-by-trip basis, all peak departures have nearly doubled from their average ridership prior to the enhancement program. The most popular a.m. departure times continue to be at 7:40 (60 average boardings per trip) and 8:10 (44) while the 4:20 p.m. (55) and 5:20 p.m. (63) departures carry roughly an equal numbers of passengers. The 6:20 p.m. departure, which was introduced as part of the enhancement program and was struggling to attract riders in the first 6 months of operation, has recently experienced some growth, bringing the average boardings for the 12-month period to 18 per trip. Midday service was strong during the summer and early fall when it averaged 36 boardings but has experienced a significant decline during the winter months. Midday service averaged only 7 boardings per trip during February and March of this year.

Given the above results and the continuing positive trend in ridership, the recommendation for the spring and summer season is to maintain the schedule and not introduce any additional modifications at this time. The schedule seems to appeal to an increasing number of commuters and any change would inconvenience the current ridership. While staff has identified other possible changes to the service, such as linking the service to San Francisco during the peak period, that could be considered if steady improvement is not realized, this change would be disruptive to the base ridership and is not recommended at this time.

Cost Recovery

Farebox recovery for the South San Francisco service was 9% in March 2013 and has since improved to 17%. The doubling of ridership has played a significant role in improving cost recovery but other actions have also contributed to a more cost-efficient service. Prior to the enhancement program, South San Francisco required three crews to provide five peak period trips, three in the a.m. and two in the p.m.

The enhancement program introduced a third p.m. trip which also required the addition of a fourth crew. The third evening departure was added because rider and non-rider surveys indicated that the limited number of p.m. departures was a deterrent to taking the ferry and limited flexibility. As a result, costs increased by roughly 33%; however, working with Blue & Gold fleet, WETA was able to “share” two of the four crews and therefore incur only 5 hours of

an 8-hour crew for both the morning and evening service. This meant that extra service could be provided at roughly 60% of the cost of a full-time crew.

The introduction of midday service has also meant that a trip to reposition an empty vessel – a “deadhead” run to midday berthing in San Francisco at Pier 9 – was placed into revenue service, generating revenue for a trip that was being made anyway. While modest, this revenue has made a difference in the revenue totals for the service with minimal effect on the cost.

The recommendation includes limiting midday destinations to the Ferry Building only and eliminating the Pier 41 landing. This action reduces landing fees and congestion at Pier 41 during the critical midday berthing and fueling period. Roughly 70% of midday riders disembark at the Ferry Building. In addition, San Francisco MUNI will increase service on the F and E lines, which operate historic street cars on the Embarcadero linking Pier 41 and the Ferry Building. There are several possible efficiency improvements that have been considered by staff to improve cost recovery for South San Francisco service. However, all of these potential actions could potentially affect the existing service characteristics and the concern is that they could discourage newcomers from testing out the ferry as a commute choice. Ridership and cost recovery will continue to be monitored through the spring and summer.

Marketing

Finally, the service enhancement program was paired with an increase in marketing activity to promote the service and the new schedule throughout the 12-month period. Potential customers were contacted through email, direct mail, print advertisement and radio. Special events were held at the ferry terminal and WETA staff met with employers on-site. However, the seven days where BART was on strike and the 5-day Bay Bridge closure certainly did the most to raise awareness of the service. During the Bay Bridge closure, ridership reached a peak of 779 boardings.

South San Francisco riders were surveyed in April 2014 to learn more about new riders and understand customer satisfaction. Riders were also asked questions relating to their preferred departure times, mode of access to and from the terminals and asked to provide their own suggestions for improvement. When asked how they learned about the service, the largest response (44%) was “through my employer/transportation coordinator”. Of the riders that have been riding less than a year – those who started taking the service during the enhancement program period – 40% said they heard about the service through their employer and another 23% responded “through friend or coworker”.

The recommendation is to concentrate outreach and marketing efforts on employers and employee transportation coordinators in the Oyster Point and extended vicinity of the terminal. The South San Francisco ferry service is a destination-based service for commuters who live in the east bay and work in South San Francisco. As the survey indicates, many of these workers learn about commuting options through their employer or coworkers. This “word-of-mouth” advertising is generally the most effective and powerful message to prospective customers. At the same time, promotions for special events and conventional marketing through print or social media will continue to raise awareness of the service.

Fiscal Impact

The proposed budget for Fiscal Year 2014/15 South San Francisco ferry service is \$3,829,000 and assumes the service plan recommended in this memorandum.

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Lynne Yu, Manager, Finance & Grants

SUBJECT: Approve Fiscal Year 2014/15 Operating and Capital Budget

Recommendation

Approve, by motion, the Fiscal Year (FY) 2014/15 Proposed Operating and Capital Budget.

Background

Chapter 5, Article 4, Section 66540.41 of the Authority's administrative code requires preparation and implementation of an annual budget to support the agency's operation. This item contains the proposed combined Operating and Capital Budget for FY 2014/15.

Discussion

The FY 2014/15 Proposed Operating and Capital Budget contains \$79.6 million in spending proposals including \$33.1 million in operating expenses and \$46.5 million in capital project expenses. These expenses are projected to be funded with \$23.9 million bridge tolls, \$21.9 million state funds, \$15.7 million federal funds, \$14.5 million fare revenues and \$3.6 million local funds.

The primary focus of the budgeted work program will be to support the management, operation and marketing of the four San Francisco Bay Ferry Routes: Alameda/Oakland to San Francisco (AOFS), Alameda/Oakland to South San Francisco (SSF), Alameda Harbor Bay to San Francisco (AHBF) and Vallejo to San Francisco (Vallejo). In addition, the budget includes significant funds to support rehabilitation and replacement of a number of key facilities and vessels necessary to support daily and emergency response ferry services. Planning efforts in FY 2014/15 are anticipated to focus on the refinement of agency projects and plans for existing services, system expansion and emergency response.

FY 2014/15 Operating Budget Overview:

The proposed FY 2014/15 Operating Budget, as provided in **Attachment 1**, totals \$33.1 million funded with \$14.5 million fare revenues and \$18.6 million bridge toll revenues. This budget includes \$30.1 million to support the operation of the San Francisco Bay Ferry (SFBF) services from July 2014 to June 2015. In FY 2014/15, SFBF, through its contract operator Blue and Gold Fleet will operate 11 vessels on the following routes carrying a projected total of 2.2 million passengers:

Route	Proposed Budget		Projected Ridership	
	Total	% of Total	Total	% of Total
AOFS	\$7,723,600	25.6%	939,700	42.4%
AHBF	3,094,800	10.3%	275,100	12.4%
Vallejo	15,519,600	51.5%	915,300	41.3%
SSF	3,806,700	12.6%	83,650	3.8%
Total	\$30,144,700	100.0%	2,213,750	100.0%

Detailed budget financials for each service route are included in **Appendix 1** to this report.

The proposed budget also includes \$3.0 million to support agency general planning and administrative expenses for staff wages and benefits, professional support services and other general items associated with operating the administrative office at Pier 9. This budget supports a staffing level of 12 full time positions as identified in the Organizational Chart provided as **Appendix 2**.

FY 2014/15 Operating Budget Increase Discussion:

The total proposed budget of \$33.1 million is a \$2.4 million (7.7%) increase over the current year budget. The increase is attributed to general inflationary increases on labor and materials and the following more significant changes:

1. The proposed budget for AOFS includes the addition of 5 morning crossings to meet service demand. The total expense associated with the increased service is approximately \$700,000.
2. The newly refurbished *Bay Breeze* will be operated in the AHBF service. The additional cost to operate the larger capacity vessel, cost for additional crew and fuel is estimated to be \$271,600.
3. The Authority saw an average increase of 80% for vessel insurance premiums from calendar year 2013 to 2014. The marine insurance market place increases are due to the following 3 major factors:
 - a. Marine market hit hard by major losses – grounding of the “Costa Concordia” and Hurricane Sandy;
 - b. Announcement of a 125% rate increase for all passenger vessels from the London market; and
 - c. Increase premium demand from reinsurers with associated rate increases.

The total cost for vessel and marine liability insurance for FY 2014/15 is estimated to be \$1.4 million, a \$408,000 or 55% increase over current year’s insurance budget.

FY 2014/15 Capital Budget Overview:

The proposed FY 2014/15 Capital Budget, as provided in more detail in **Attachment 2**, totals \$46.5 million. It contains 20 new and continuing projects necessary to maintain existing services and facilities and to further develop the Authority’s near-term expansion services. Approximately \$30.1 million of the proposed expenditures is for construction and rehabilitation of ferry terminal and maintenance facilities, \$12.2 million is for ferry vessel rehabilitation and replacement projects, \$0.3 million is for capital equipment/other projects and \$3.9 million is to support expansion project development.

Fiscal Impact

The proposed FY 2014/15 Operating Budget is \$33.1 million and the proposed Capital Budget is \$46.5 million. The combined cost is \$79.6 million to support the planned operating and capital program in FY 2014/15. The proposed budget is fully funded through fare revenues and various federal, state and local funds.

END

Attachment 1

San Francisco Bay Area Water Emergency Transportation Authority FY 2014/15 Proposed Operating Budget *(figures in millions)*

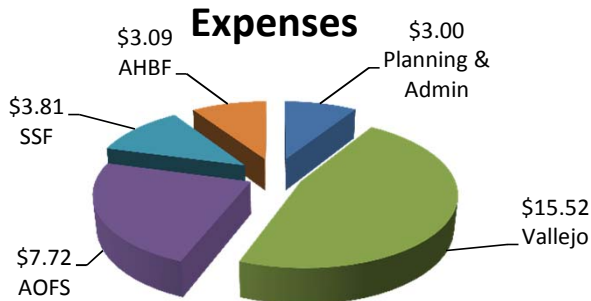
	Proposed FY 2014/15	Percentage (%) of Total
Revenues		
Bridge Tolls	\$18.64	56%
Fare Revenue	14.51	44%
Total Revenues	\$33.14	100%

Revenues



	Proposed FY 2014/15	Percentage (%) of Total
Expenses		
Planning and Administrations	\$3.00	9%
Ferry Service:		
- Vallejo Ferry Service (Vallejo)	15.52	47%
- Alameda/Oakland Ferry Service (AOFS)	7.72	23%
- South San Francisco Ferry Service (SSF)	3.81	11%
- Alameda Harbor Bay Ferry Service (AHBF)	3.09	9%
Total Expenses	\$33.14	100%

Expenses



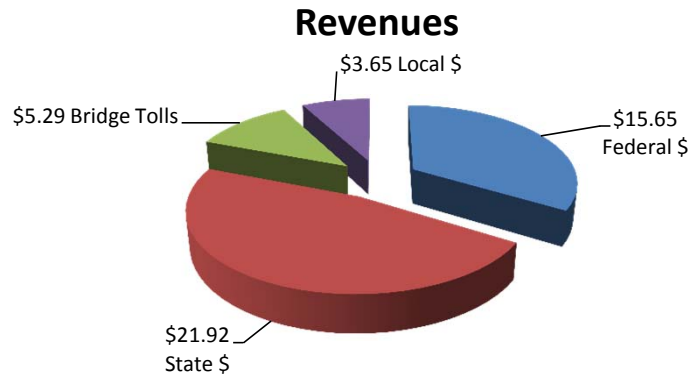
**San Francisco Bay Area Water Emergency
Transportation Authority
FY 2014/15 Proposed Operating Budget
Summary**

FY 2014/15 Proposed Operating Budget			
	Planning & Administrations	Ferry Services	Total
Revenues			
Fare Revenue	-	14,505,700	14,505,700
Local - Bridge Toll Revenue	3,000,000	15,639,000	18,639,000
- <i>Regional Measure 1 - 5%</i>	-	339,000	339,000
- <i>Regional Measure 2</i>	3,000,000	15,300,000	18,300,000
Total Revenues	3,000,000	30,144,700	33,144,700
Expenses			
Salaries & Wages	886,000	385,700	1,271,700
Fringe Benefits	555,000	213,800	768,800
Professional Services	1,620,000	1,978,000	3,598,000
Purchased Transportation	-	15,838,700	15,838,700
- <i>BGF: Vessel Expense - Crew</i>	-	8,012,200	8,012,200
- <i>BGF: Vessel Expense - Maintenance</i>	-	5,219,500	5,219,500
- <i>BGF: Non-Vessel Expenses</i>	-	424,500	424,500
- <i>BGF: Fixed Fees and Profit</i>	-	1,674,400	1,674,400
- <i>SolTrans: Route 200 / Backup Buses</i>	-	508,100	508,100
Fuel - Diesel & Urea	-	9,622,700	9,622,700
- <i># of gallons</i>	-	2,264,100	2,264,100
- <i>Per gallon cost</i>	-	\$4.25	\$4.25
Repair & Operating Supplies	37,000	147,400	184,400
Utilities	21,000	131,500	152,500
Casualty & Liability	19,000	738,900	757,900
Dues, Subscriptions & Other Expenses	110,000	186,500	296,500
Leases, Rentals and Docking Fees	286,000	367,500	653,500
Admin Overhead Expense Transfer	(534,000)	534,000	-
Total Expenses	3,000,000	30,144,700	33,144,700
# of Passengers	-	2,213,750	
<i>Average Fare</i>		\$6.55	
<i>Farebox Recovery - Combined</i>		48%	

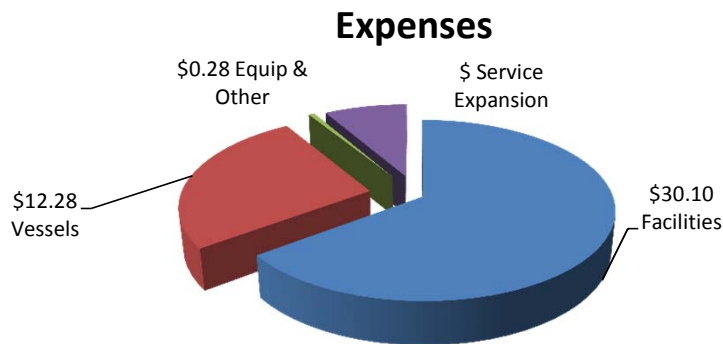
Attachment 2

San Francisco Bay Area Water Emergency Transportation Authority FY 2014/15 Proposed Capital Budget *(figures in millions)*

	Proposed FY 2014/15	Percentage (%) of Total
Revenues		
Federal Funds	\$15.65	34%
State Funds	21.92	47%
Bridget Toll Revenues	5.29	11%
Local Funds	3.65	8%
Total Revenues	\$46.52	100%



	Proposed FY 2014/15	Percentage (%) of Total
Expenses		
Facilities	\$30.10	65%
Ferry Vessels	12.28	26%
Capital Equipment & Other Projects	0.28	1%
Service Expansion	3.87	8%
Total Expenses	\$46.52	100%



**San Francisco Bay Area Water Emergency
Transportation Authority
FY 2014/15 Proposed Capital Budget**

	Total Project	Prior Year	FY 2014/15 Budget	Future Years
CAPITAL FUND SOURCES				
Federal Funds	58,607,320	3,032,360	15,654,640	39,920,320
State Funds	48,289,982	7,002,417	21,921,810	19,365,755
Bridge Toll Revenues	35,850,613	2,206,638	5,292,050	28,351,925
Local Funds	5,029,484	76,985	3,652,499	1,300,000
Total Capital Funding	147,777,400	12,318,400	46,521,000	88,938,000
CAPITAL EXPENDITURES				
<u>FACILITIES:</u>				
Operations and Maintenance Facilities				
North Bay Operations & Maintenance Facility **	28,500,000	4,693,000	19,424,000	4,383,000
Central Bay Ops & Maint Facility **	38,000,000	596,000	5,750,000	31,654,000
Float Rehabilitation				
Regional Spare Float Replacement	3,300,000	71,000	2,403,000	826,000
Terminal Improvement				
East Bay Ferry Terminal Refurbishment	2,595,400	227,400	2,368,000	-
Electronic Bicycle Lockers *	79,500	-	79,500	-
Channel Dredging - Vallejo *	1,200,000	-	75,000	1,125,000
<u>FERRY VESSELS:</u>				
Major Component Rehab/Replacement				
Vessel Engine Overhaul - Solano	2,000,000	1,090,000	910,000	-
Major Component Rehabilitation - Pisces **	200,000	-	200,000	-
Vessel Mid-Life Repower/Refurbishment				
Vessel Mid-Life Refurbishment - Peralta	5,260,000	-	1,010,000	4,250,000
Vessel Expansion/Replacement				
Vessel Replacement - Express II & Encinal	33,500,000	42,000	9,958,000	23,500,000
Vessel Replacement - Vallejo *	20,000,000	-	200,000	19,800,000
<u>CAPITAL EQUIPMENT/OTHER:</u>				
18-Ton Crane Truck **	175,000	-	175,000	-
Work Skiff *	100,000	-	100,000	-
<u>SERVICE EXPANSION:</u>				
Future Expansion Service Studies				
Berkeley Terminal - Environmental/Conceptual Design	2,335,000	2,189,500	145,500	-
Richmond Terminal - Environmental/Conceptual Design	812,500	551,500	261,000	-
Antioch - Environmental/Conceptual Design	812,500	144,500	25,000	643,000
Martinez - Environmental/Conceptual Design	812,500	165,500	25,000	622,000
S.F. Berthing Expansion - Environmental/Conceptual Design	3,300,000	2,548,000	752,000	-
Terminal/Berthing Expansion Construction				
S.F. Berthing Expansion (Phase IIB) - Final Design *	3,745,000	-	1,872,500	1,872,500
Richmond Terminal - Final Design	1,050,000	-	787,500	262,500
Total Capital Expenditures	147,777,400	12,318,400	46,521,000	88,938,000

* Denotes new project or phase

** Denotes revised project scope and budget

FY 2014/15 Capital Project Detail

FACILITIES:

Operations and Maintenance Facilities

North Bay Operations and Maintenance Facility

This project will construct a permanent operations and maintenance facility on Mare Island in Vallejo to handle routine servicing and maintenance work to serve WETA's North Bay vessels and to accommodate passenger service on Mare Island. The budget has been updated to reflect the most current project cost estimate. The first of two construction contracts was awarded to West Bay Builders in Summer 2013 for landside construction. Staff anticipates the award of waterside construction in Spring/Summer 2014. Construction of the facility is expected to take two years.

Central Bay Operations and Maintenance Facility

This project supports the development of a central bay operations and maintenance facility at Alameda Point to support existing East Bay services as well as future expansion services. This facility would support light maintenance, mooring, basic fueling, dispatch and operations, and will house an emergency operations center and provide access to a 19-day supply of fuel. This budget has been expanded to include the construction phase of the project. Final design of the project is underway and is expected to be completed in FY 2014/15. Staff anticipates construction to begin in Summer 2015.

Float Rehabilitation

Regional Spare Float Replacement

This project will replace a 70-year old float currently used as a temporary passenger float during dredging episodes at the Vallejo ferry terminal and on a daily basis for mooring vessels at the North Bay maintenance facility. The new float will be utilized as a back-up for the Vallejo terminal float as well as at other terminal sites when needed. Staff expects to award a construction contract in Spring/Summer 2014 and complete this project in 2015.

Terminal Improvements

East Bay Ferry Terminal Refurbishment

This project combines three previously separate projects into one that will serve to replace and rehabilitate the existing pier and terminal structures at the Main Street, Harbor Bay and Clay Street ferry terminals. This project will support the continued safe operation of East Bay ferry terminals and includes a variety of work ranging from pier piling replacement to repairing walkways and awnings. A contract for the refurbishment of the Harbor Bay and Clay Street ferry terminals has been awarded and work is expected to be completed in 2015.

Electronic Bicycle Lockers

This project will purchase and install 20 bicycle lockers at the Main Street and Vallejo ferry terminals. Providing the additional bicycle lockers proposed by this project will alleviate the shortage of secure bicycle parking at each terminal and enhance the ability of ferry passengers to access regional ferry services via non-driving modes.

Channel Dredging – Vallejo Ferry Terminal

The project will support the periodic maintenance dredging of the area in and around the Vallejo ferry terminal. This work is essential to ensure ferry service between the City of Vallejo and San Francisco continues.

FERRY VESSELS:

Major Component Rehabilitation/Replacement

Vessel Engine Overhaul – Solano

The project will provide for the complete overhaul of the Solano's main engines and the replacement of all navigation and communication electronics.

Major Component Rehabilitation – Pisces

This project has been reduced to exclude Gemini as no rehabilitation work is required at time. This project will replace shafts, bearings and propellers on the Pisces. Exterior seats and life lines on the roof deck will also be replaced.

Vessel Mid-Life Repower/Refurbishment

Vessel Mid-Life Refurbishment – Peralta

This project will include extensive dry-dock and engine overhaul of the 13-year old Peralta. The proposed work will also include replacing seats and carpets as well as interior and exterior painting.

Vessel Expansion/Replacement

Replacements Vessels – Express II & Encinal

This project will design and construct two replacement vessels in place of the Harbor Bay Express II and Encinal vessels, transferred to the Authority by City of Alameda, and used to support the Alameda ferry services. A contract for construction management services was awarded to Aurora Marine Design in December 2013 to support development of vessel specifications and bid documents and construction management support. Project specifications and bid documents are under development and staff anticipates issuing an RFQ/P for vessel construction in Summer 2014.

Vessel Replacement - Vallejo

This project will design and construct a replacement vessel for the Vallejo, currently utilized in service between the City of Vallejo and San Francisco. Staff anticipates issuing an RFP for project development and construction management services for this project in Winter 2014.

CAPITAL EQUIPMENT/OTHER:

18-Ton Crane Truck

This project will purchase an 18-ton crane truck to facilitate ferry maintenance at the operations and maintenance facilities. The project budget has been increased to reflect the most current project cost estimate.

Work Skiff

The work skiff will be capable to deploying and retrieving oil spill boom at the North Bay Operations and Maintenance Facility. It can also be used to transport personnel to the Vallejo ferry terminal and assist with in-water waterjet changes as well as moving work floats around the facility.

SERVICE EXPANSION:

Future Expansion Service Environmental/Studies

Berkeley Terminal – Environmental / Conceptual Design

This project includes environmental studies and conceptual design work for the Berkeley ferry terminal and service. Conceptual design for the landside facilities, including parking, has been substantially completed. Remaining activities include resolution of Section 7 consultation and Essential Fish Habitat Assessment with NOAA and NMFS.

Richmond, Antioch and Martinez – Environmental / Conceptual Design

This project supports environmental studies and related conceptual design work for the development of new ferry terminals and services from the cities of Richmond, Antioch and Martinez, consistent with the Water Transit Authority's IOP developed in 2003. This work involves examining the physical, environmental, social, transportation, air and energy impacts of locating ferry terminals at specific locations. The FY 2014/15 budget will support ongoing contracts for this work.

S.F Berthing Expansion – Environmental / Conceptual Design

This project supports the environmental and conceptual design work associated with expanding the berthing capacity at the downtown San Francisco ferry terminal to serve expansion routes and to provide additional emergency response capacity. This project is being developed and implemented as a joint effort between WETA and the Port of San Francisco, as the property owner. This work is expected to be completed in Fall 2014.

Terminal/Berthing Expansion Construction

S.F. Berthing Expansion - Final Design

This project will expand berthing capacity at the Downtown San Francisco Ferry Terminal to ensure that adequate facilities are available in downtown San Francisco to accommodate current and future planned ferry services and support emergency response. The overall project includes the construction of up to three new ferry berths, installation of amenities such as weather-protected areas for queuing, improvements to pedestrian circulation and covering of current "lagoon" area south of the Ferry Building. Funds included in the FY 2014/15 capital budget are to support final design work for construction of a first phase of this facility.

Richmond Terminal – Final Design

The final environmental document and FTA certification for the Richmond terminal/service is expected to be completed during 2014. This project represents a placeholder to support the final design of new terminal facilities at the Richmond site under environmental study. Once environmental work is completed, and prior to commencing work on final design, Board action and stakeholder agreements will need to be in place to support the construction, shared use, funding and operation of new Richmond facilities and services.

Appendix 1

San Francisco Bay Area Water Emergency Transportation Authority FY 2014/15 Proposed Ferry Service Operating Budget - Summary

	Alameda/ Oakland	Alameda Harbor Bay	Vallejo	South San Francisco	FY 2014/15 Proposed Budget Total
Revenues					
Fare Revenue	4,354,000	1,237,800	8,375,100	538,800	14,505,700
Local - Bridge Toll Revenue	3,369,600	1,857,000	7,144,500	3,267,900	15,639,000
- Regional Measure 1 - 5%	-	-	339,000	-	339,000
- Regional Measure 2	3,369,600	1,857,000	6,805,500	3,267,900	15,300,000
Other Revenue	-	-	-	-	-
Total Revenues	7,723,600	3,094,800	15,519,600	3,806,700	30,144,700
Expenses					
Salaries & Wages	150,900	84,200	52,800	97,800	385,700
Fringe Benefits	83,700	46,700	29,200	54,200	213,800
Professional Services	527,400	271,700	954,200	224,700	1,978,000
Purchased Transportation	4,430,500	1,752,500	7,481,900	2,173,800	15,838,700
- BGF: Vessel Expense - Crew	2,500,000	942,000	3,344,000	1,226,200	8,012,200
- BGF: Vessel Expense - Maintenance	1,131,900	619,800	2,790,200	677,600	5,219,500
- BGF: Non-Vessel Expenses	229,900	18,900	163,700	12,000	424,500
- BGF: Fixed Fees and Profit	568,700	171,800	675,900	258,000	1,674,400
- SolTrans: Route 200 / Backup Buses	-	-	508,100	-	508,100
Fuel - Diesel & Urea	1,847,100	591,600	6,375,000	809,000	9,622,700
- # of gallons	434,600	139,200	1,500,000	190,300	2,264,100
- Per gallon cost	\$4.25	\$4.25	\$4.25	\$4.25	\$4.25
Repair & Operating Supplies	53,000	14,100	55,200	25,100	147,400
Utilities	16,600	10,700	84,600	19,600	131,500
Casualty & Liability	250,100	169,100	80,200	239,500	738,900
Dues, Subscriptions & Other Expenses	79,300	10,200	74,000	23,000	186,500
Leases, Rentals and Docking Fees	76,000	27,000	259,500	5,000	367,500
Admin Overhead Expense Transfer	209,000	117,000	73,000	135,000	534,000
Total Expenses	7,723,600	3,094,800	15,519,600	3,806,700	30,144,700
# of Passengers	939,700	275,100	915,300	83,650	2,213,750
Average Fare	\$4.63	\$4.50	\$9.15	\$6.44	\$6.55
Farebox Recovery	56%	40%	54%	14%	48%

**San Francisco Bay Area Water Emergency
Transportation Authority
FY 2014/15 Proposed Operating Budget
Alameda Oakland Ferry Service (AOFS)**

	FY 2012/13	FY 2013/14	FY 2013/14	FY 2014/15
	Actual	Budget	Estimated Actual	Proposed Budget
Revenues				
Fare Revenue	2,764,400	2,795,000	3,718,500	4,354,000
Local - Bridge Toll Revenue	2,932,700	3,944,400	2,399,800	3,369,600
- Regional Measure 1 - 5%		1,289,000	-	-
- Regional Measure 2	2,932,700	2,655,400	2,399,800	3,369,600
Total Revenues	5,697,100	6,739,400	6,118,300	7,723,600
Expenses				
Salaries & Wages	50,900	169,000	57,100	150,900
Fringe Benefits	41,900	93,000	73,900	83,700
Professional Services	188,800	497,300	396,600	527,400
Purchased Transportation	3,893,400	3,888,600	3,963,300	4,430,500
- BGF: Vessel Expense - Crew	2,113,700	2,145,000	2,089,300	2,500,000
- BGF: Vessel Expense - Maintenance	1,031,000	955,300	1,027,100	1,131,900
- BGF: Non-Vessel Expenses	226,900	237,900	296,500	229,900
- BGF: Fixed Fees and Profit	521,800	550,400	550,400	568,700
Fuel - Diesel	1,231,900	1,522,000	1,310,900	1,847,100
- # of gallons	358,500	358,000	387,522	434,600
- Per gallon cost	\$3.44	\$4.25	3.38	\$4.25
Repair & Operating Supplies	25,700	33,000	31,200	53,000
Utilities	18,000	18,000	15,700	16,600
Casualty & Liability	77,300	143,500	123,000	250,100
Dues, Subscriptions & Other Expenses	20,100	53,000	(12,900)	79,300
Leases, Rentals and Docking Fees	63,200	78,000	67,100	76,000
Admin Overhead Expense Transfer	85,900	244,000	92,400	209,000
Total Expenses	5,697,100	6,739,400	6,118,300	7,723,600
Percent Change (from Prior Year Budget)				14.60%
# of Passengers	546,777	601,100	808,450	939,700
Average Fare	\$5.06	\$4.65	\$4.60	\$4.63
Farebox Recovery	49%	41%	61%	56%

Assumptions:

- ▶ Assumes ridership increase of 17%, average growth over the past 4 years.
- ▶ Rates for Vessel Crew and Mechanic increased 2.4% and 2.6% respectively.
- ▶ Proposed budget includes 1 additional morning vessel, operating 5 crossings, at an estimated cost of \$700,000, an increase of 10% over Total Prior Year Budget.
- ▶ Vessel insurance increased an average of 80% from CY2013 to CY2014. Assumes an addition 20% increase for CY2015. The proposed budget includes coverage for 3.5 of WETA's fleet of 11 vessels - a total increase of \$106,600, 1.6%, over of Total Prior Year Budget.
- ▶ Other Expenses include \$25,000 for outdoor/billboard advertising.
- ▶ The projected Indirect Cost Rate for FY2014/15 is 89%.

**San Francisco Bay Area Water Emergency
Transportation Authority
FY 2014/15 Proposed Operating Budget
Alameda Harbor Bay Ferry Service (AHBF)**

	FY 2012/13	FY 2013/14	FY 2013/14	FY 2014/15
	Actual	Budget	Estimated Actual	Proposed Budget
Revenues				
Fare Revenue	957,200	1,058,000	1,103,600	1,237,800
Local - Bridge Toll Revenue	1,138,100	1,532,500	1,325,900	1,857,000
- Regional Measure 1 - 5%			-	-
- Regional Measure 2	1,138,100	1,532,500	1,325,900	1,857,000
Total Revenues	2,095,300	2,590,500	2,429,500	3,094,800
Expenses				
Salaries & Wages	22,700	79,400	38,600	84,200
Fringe Benefits	21,200	45,000	31,200	46,700
Professional Services	155,400	304,000	123,100	271,700
Purchased Transportation	1,256,000	1,287,600	1,508,600	1,752,500
- BGF: Vessel Expense - Crew	656,600	709,000	775,300	942,000
- BGF: Vessel Expense - Maintenance	419,600	392,300	545,900	619,800
- BGF: Non-Vessel Expenses	22,200	20,000	21,100	18,900
- BGF: Fixed Fees and Profit	157,600	166,300	166,300	171,800
Fuel - Diesel & Urea	453,300	553,000	485,500	591,600
- # of gallons	131,660	130,000	143,718	139,200
- Per gallon cost	\$3.44	\$4.25	\$3.38	\$4.25
Repair & Operating Supplies	6,900	15,000	2,500	14,100
Utilities	10,600	15,000	9,500	10,700
Casualty & Liability	89,700	116,000	154,100	169,100
Dues, Subscriptions & Other Expenses	12,400	26,500	(5,300)	10,200
Leases, Rentals and Docking Fees	26,500	33,000	27,700	27,000
Admin Overhead Expense Transfer	40,600	116,000	54,000	117,000
Total Expenses	2,095,300	2,590,500	2,429,500	3,094,800
Percent Change (from Prior Year Budget)				19.47%
# of Passengers	148,874	220,500	245,627	275,100
Average Fare	\$6.43	\$4.80	\$4.49	\$4.50
Farebox Recovery	46%	41%	45%	40%

Assumptions:

- ▶ Assumes ridership increase of 12% over current year's estimated actual.
- ▶ Total Vessel Crew hours is expected to increase by 4,700 hours or \$233,000 (9% increase over Total Prior Year Budget) due to the added crew member required on the larger-capacity vessel, Bay Breeze.
- ▶ Increase in Vessel Maintenance expense is mainly attributed to the \$186,700 (7% increase over Total Prior Year Budget) increase in vessel repair expenses. The proposed budget is based on the current year's estimated actual.
- ▶ Assumes \$4.25 per gallon for fuel. Fuel cost expected to increase \$38,600 over prior year's budget due to the use of the Bay Breeze - 1.5 % increase over Total Prior Year Budget
- ▶ Vessel insurance increased an average of 80% from CY2013 to CY2014. Projects an addition 20% increase for CY2015. The proposed budget assumes a \$53,000 increase Casualty & Liability expense over prior year's budget - 2% increase over Total Prior Year Budget.

**San Francisco Bay Area Water Emergency
Transportation Authority
FY 2014/15 Proposed Operating Budget
Vallejo Ferry Service (Vallejo)**

	FY 2012/13	FY 2013/14	FY 2013/14	FY 2014/15
	Actual	Budget	Estimated Actual	Proposed Budget
Revenues				
Fare Revenue	6,510,000	6,423,000	7,691,300	8,375,100
Local - Bridge Toll Revenue	6,877,300	8,440,100	5,699,200	7,144,500
- Regional Measure 1 - 5%	308,700	611,500	-	339,000
- Regional Measure 2	6,568,600	7,828,600	5,699,200	6,805,500
Other Revenue	2,300	2,000	1,000	-
Total Revenues	13,389,600	14,865,100	13,391,500	15,519,600
Expenses				
Salaries & Wages	86,700	42,000	29,400	52,800
Fringe Benefits	69,900	22,000	32,000	29,200
Professional Services	615,400	921,000	705,000	954,200
Purchased Transportation	7,299,000	7,322,000	7,138,200	7,481,900
- BGF: Vessel Expense - Crew	3,163,300	3,260,000	3,223,700	3,344,000
- BGF: Vessel Expense - Maintenance	2,816,100	2,631,000	2,643,000	2,790,200
- BGF: Non-Vessel Expenses	243,200	251,900	152,900	163,700
- BGF: Fixed Fees and Profit	636,100	655,100	655,100	675,900
- SolTrans: Route 200 / Backup Buses	440,300	524,000	463,500	508,100
Fuel - Diesel & Urea	4,721,600	5,996,800	5,001,100	6,375,000
- # of gallons	1,376,040	1,411,000	1,473,000	1,500,000
- Per gallon cost	\$3.43	\$4.25	3.40	\$4.25
Repair & Operating Supplies	75,300	54,000	39,500	55,200
Utilities	58,800	68,000	76,700	84,600
Casualty & Liability	71,600	87,300	75,000	80,200
Dues, Subscriptions & Other Expenses	27,200	53,000	32,500	74,000
Leases, Rentals and Docking Fees	223,300	239,000	219,000	259,500
Admin Overhead Expense Transfer	140,800	60,000	43,100	73,000
Total Expenses	13,389,600	14,865,100	13,391,500	15,519,600
Percent Change (from Prior Year Budget)				4.40%
# of Passengers	681,536	702,000	829,237	915,300
Average Fare	\$9.55	\$9.15	\$9.28	\$9.15
Farebox Recovery	49%	43%	57%	54%

Assumptions:

- ▶ Assumes ridership increase of 10% over current year's estimated actual.
- ▶ Rates for Vessel Crew and Mechanics increased 2.59% and 2.35% respectively.
- ▶ Vessel Expense - Maintenance includes an increase of \$136,000 for vessel insurance.
- ▶ Assumes \$4.25 per gallon for fuel. Total gallons used is projected to be 1,500,000, a 2% increase over this year's estimated actual, due to increased usage of larger vessels.
- ▶ Other Expenses include \$25,000 for outdoor/billboard advertising.

**San Francisco Bay Area Water Emergency
Transportation Authority
FY 2014/15 Proposed Operating Budget
South San Francisco Ferry Service (SSF)**

	FY 2012/13	FY 2013/14	FY 2013/14	FY 2014/15
	Actual	Budget	Estimated Actual	Proposed Budget
Revenues				
Fare Revenue	270,300	294,800	519,600	538,800
Local - Bridge Toll Revenue	2,360,600	3,283,500	2,675,700	3,267,900
- Regional Measure 1 - 5%	-	-	-	-
- Regional Measure 2	2,360,600	3,283,500	2,675,700	3,267,900
Total Revenues	2,630,900	3,578,300	3,195,300	3,806,700
Expenses				
Salaries & Wages	28,300	77,000	38,600	97,800
Fringe Benefits	25,900	42,000	38,800	54,200
Professional Services	91,700	243,000	147,300	224,700
Purchased Transportation	1,736,100	2,132,700	2,091,600	2,173,800
- BGF: Vessel Expense - Crew	1,034,200	1,246,600	1,180,800	1,226,200
- BGF: Vessel Expense - Maintenance	451,200	614,700	652,500	677,600
- BGF: Non-Vessel Expenses	14,300	22,000	8,900	12,000
- BGF: Fixed Fees and Profit	236,400	249,400	249,400	258,000
Fuel - Diesel & Urea	551,000	708,600	638,800	809,000
- # of gallons	160,600	166,725	189,304	190,300
- Per gallon cost	\$3.43	\$4.25	3.37	\$4.25
Repair & Operating Supplies	1,700	29,000	5,300	25,100
Utilities	18,800	23,000	16,600	19,600
Casualty & Liability	125,200	162,000	150,800	239,500
Dues, Subscriptions & Other Expenses	2,000	50,000	6,900	23,000
Leases, Rentals and Docking Fees	-	-	6,500	5,000
Admin Overhead Expense Transfer	50,200	111,000	54,100	135,000
Total Expenses	2,630,900	3,578,300	3,195,300	3,806,700
Percent Change (from Prior Year Budget)				6.38%
# of Passengers	40,505	43,224	80,612	83,650
Average Fare	\$6.67	\$6.82	\$6.45	\$6.44
Farebox Recovery	10%	8%	16%	14%

Assumptions:

- ▶ Assumes ridership increase of 4.5% and average fare of \$6.44.
- ▶ Fuel consumption is expected to increase by 23,575 gallons at an estimated cost of \$100,400 (2.8% increase over Total Prior Year Budget) based on FY14's estimated actual.
- ▶ Vessel Crew expense is projected to decrease \$20,000 resulting from shared crews with operator, Blue & Gold Fleet.
- ▶ Vessel Maintenance expense is projected to increase \$35,000 due to 1) 2.6% increase in Mechanic rate and 2) \$30,000 increase in repair costs based on FY14's estimated actual.
- ▶ The proposed budget for Vessel Insurance includes increase of \$77,500 (2.2% increase over Total Prior Year Budget). It also includes coverage for an additional vessel - a total of 2 of WETA's fleet of 11 vessels.

**San Francisco Bay Area Water Emergency
Transportation Authority
FY 2014/15 Proposed Operating Budget
Planning & Administrations**

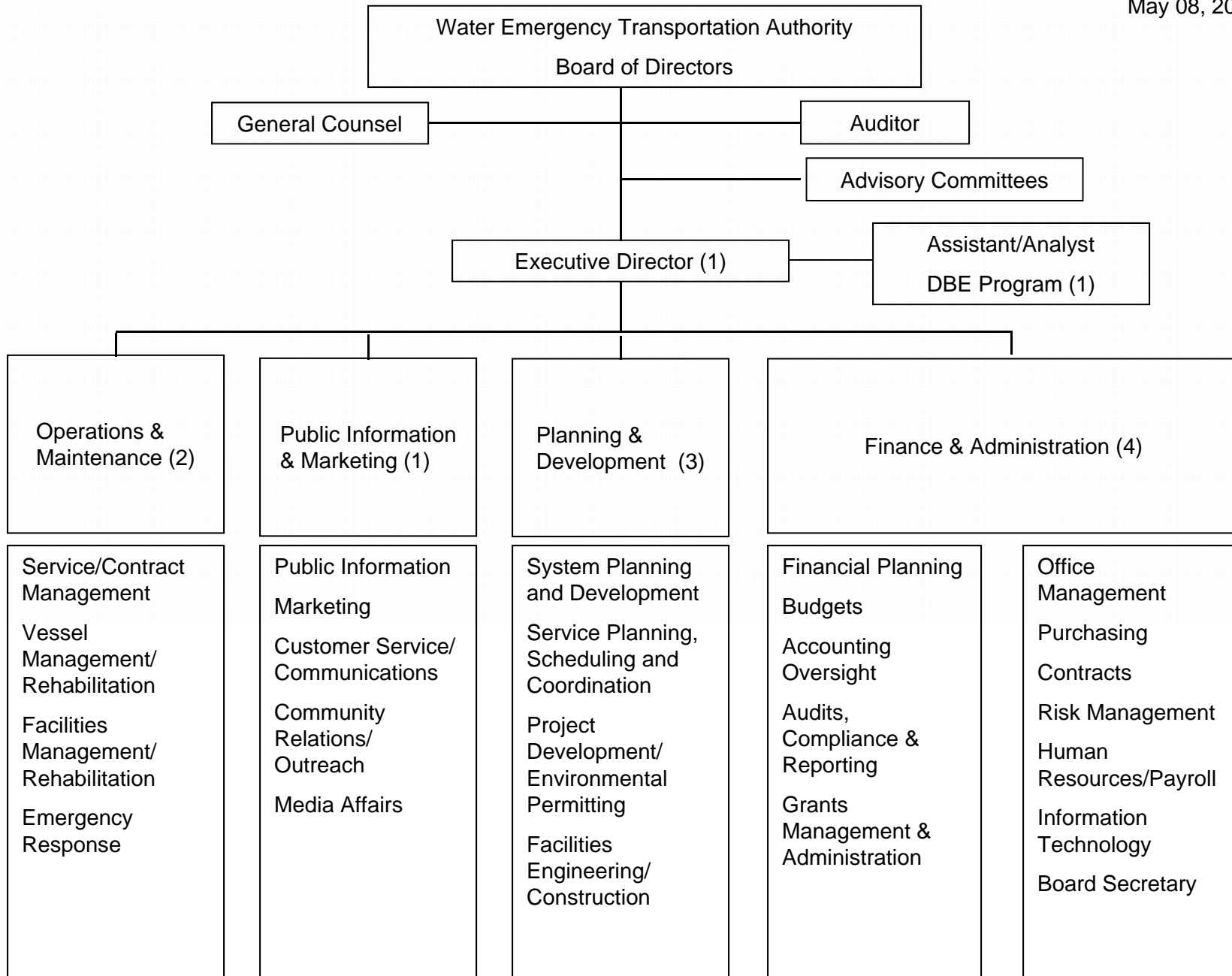
	FY 2012/13	FY 2013/14	FY 2013/14 Estimated Actual	FY 2014/15 Proposed Budget
	Actual	Budget		
Revenues				
Local - Bridge Toll Revenue	2,610,300	3,000,000	2,390,700	3,000,000
Total Revenues	2,610,300	3,000,000	2,390,700	3,000,000
Expenses				
Salaries & Wages	684,100	827,000	625,000	886,000
Fringe Benefits	549,100	584,000	521,000	555,000
Professional Services	1,229,100	1,515,000	1,070,000	1,620,000
- Management Svcs	529,400	564,000	418,000	563,000
- Advertising Fees	108,400	24,000	79,000	60,000
- Professional & Technical Svcs	543,300	817,000	503,000	894,000
- Other Services	48,000	110,000	70,000	103,000
Repair & Operating Supplies	55,200	111,000	83,000	37,000
Utilities	13,100	18,000	15,000	21,000
Casualty & Liability	(6,300)	35,000	17,000	19,000
Dues, Subscriptions & Other Expenses	132,300	138,000	112,000	110,000
Leases, Rentals and Docking Fees	271,200	303,000	271,000	286,000
Subtotal Expenses	2,927,800	3,531,000	2,714,000	3,534,000
Overhead Expense Transfers				
Alameda/Oakland Service	(85,900)	(244,000)	(87,900)	(209,000)
Alameda Harbor Bay Service	(40,600)	(116,000)	(41,200)	(117,000)
South San Francisco Service	(50,200)	(111,000)	(51,600)	(135,000)
Vallejo Service	(140,800)	(60,000)	(142,600)	(73,000)
Subtotal Expense Transfers	(317,500)	(531,000)	(323,300)	(534,000)
Total Expenses	2,610,300	3,000,000	2,390,700	3,000,000

Assumptions:

- ▶ Includes a 2.4% cost of living increase based on the one-year (February 2013 to February 2014) change in the Consumer Price Index for the San Francisco Bay Area.
- ▶ Overhead expenses are charged to service operations at 89% of total direct salaries and benefits.

Appendix 2

May 08, 2014



MEMORANDUM

TO: Board Members

**FROM: Nina Rannells, Executive Director
Kevin Connolly, Manager, Planning & Development
Michael Gougherty, Senior Planner**

SUBJECT: Authorize Staff to Seek Public Input on Proposed Fare Program

Recommendation

Authorize staff to conduct outreach with riders and the general public to seek input on a draft fare program.

Background/Discussion

The Board adopted a fare policy for WETA services in November 2011 that was designed to both support system cost recovery and promote system ridership. This policy encourages developing and maintaining a system of fares that maximizes ridership while maintaining adequate farebox recovery, allows for annual fare adjustments to promote financial sustainability and provides for frequent rider discounts to be offered through Clipper. A copy of the policy, as adopted by the Board of Directors, is provided as **Attachment A** to this memorandum.

Discussion

Staff began a study of WETA's fare structure and pricing in November 2013 in order to assess WETA's current fare structure for services and identify a program of changes to bring consistency to fare categories within the system, streamline fare media products offered, and establish a multi-year fare increase program to allow for small, regular increases to keep up with cost inflation. Historically, fares have been increased infrequently and in large amounts, negatively impacting ridership. The last fare increase occurred in 2008.

The fare program modifications proposed as a result of this work achieve specific objectives consistent with WETA's fare policy and the overall objective of achieving fiscal sustainability and systemwide consistency. Specifically, these goals are:

- Standardize Fare Categories – Define a uniform set of fare categories and related eligibility criteria for all WETA services that are consistent with developing regional standards.
- Establish Common Fare Products – Identify a common set of fare products for all WETA services. Consider the elimination of certain products based on utilization, redundancy with other products, fraud vulnerability, ease of sale and distribution, and agency desire to promote use of Clipper.
- Promote Consistent Discount Pricing – Establish standard discount rates for fare categories and fare products offered by WETA, including frequent riders, youth, senior, disabled, and group fares/fare products.

- Provide a Multi-year Fare Increase Program – Develop a planned set of regular fare increases over a multi-year period that will generally allow revenues to keep pace with the anticipated inflation of operating costs while minimizing impacts to ridership.

Proposed Fare Program

Each of the services in the WETA system offers its own unique fare program as a result of being independently developed and managed prior to consolidation under WETA. As a result, the fare program proposed will modify each service differently. The goal of the program, however, is to work towards systemwide consistency by the end of the five-year program. The draft fare program recommended for implementation over the next five years is described in general terms below and discussed more specifically for each service route in **Attachments B through E**.

Fare Program

Initial changes proposed to take effect this fall (FY 2015) are focused on establishing consistent fare category definitions, streamlining fare products offered and promoting a consistent level of discount pricing, largely through Clipper, across services. The primary changes proposed are described below:

- *Standardize Fare Categories*

Proposed changes will standardize the definition (age criteria) of Child, Youth and Senior and consistently apply discounts for these categories of riders across services. The primary change in this area is to modify the definition of “Youth” to include riders between the ages of 6 and 18; increasing the upper limit of this category from 12 to 18 years of age. Senior eligibility will be expanded from 65+ to 62+ on all services. Both these changes will achieve consistency with the proposed regional standard for these fare categories.

- *Establish Common Fare Products*

Proposed changes will eliminate inconsistent, redundant or little-used fare discount options such as ticket books, military discounts, Ride Cards, Day Passes and Group Day Passes. With the implementation of Clipper on the Vallejo route this fall, Clipper can begin to serve as the predominant fare payment media for discount rides and transfer discounts for the WETA system.

- *Promote Consistent Discount Pricing*

Discount rates for existing ticket books, monthly passes and Clipper vary by route and fare instrument. Youth and Senior/Disabled discounts will be consistently 50 percent. Changes proposed move towards achieving a consistent frequent rider discount of 25% off the base fare for Clipper Card users.

- *Transfer Agreements*

WETA will strive to ensure transfer discounts will be available exclusively through Clipper. Transfer discounts will be available through Clipper, be consistent among operators and will be reciprocal. Transfer discounts help to promote non-drive access to ferry terminals. A summary of the transfer discounts under consideration is in **Attachment F**.

Five-Year Fare Increase Program

The second component of the proposed program is to introduce an annual fare increase of 3 percent, rounded to the nearest dime, to allow fares to keep pace with inflationary cost increases and rising operational and fuel costs beginning in FY 2016.

Today, fare revenue makes up approximately 44% of WETA's operating budget, with the balance covered by Regional Measure 1 and Regional Measure 2 bridge toll subsidies. However, RM1 and RM2 funds do not escalate over time, meaning that as costs increase or merely grow with inflation and farebox recovery remains constant, additional operating funds must be identified to cover the operating gap. The most practical alternative to close this future funding gap is to increase fare revenue through a combination of fare increases and ridership growth.

Using the proposed FY 2015 operating budget and services as the base, and assuming reasonable cost inflation estimates based upon known inputs and historic trends, a budget deficit of \$94,000 is projected to occur in 2017, which would grow to \$1.4 million in 2018 without a fare increase program in place.

Next Steps

Provided Board approval, staff will begin the outreach process by holding public workshops in locations accessible to patrons of each service route in May and June. After the workshops are completed, the following steps would be taken:

- July 2014: Consider public input and develop final program proposal
- August 2014: Hold public hearing for final draft fare proposal
- September 2014: Present final fare program to WETA Board for approval
- November 2014: Implement revised fare program
- July 2015: Implement first year of the proposed five-year fare increase

This schedule is designed to coincide with the introduction of Clipper in Vallejo this coming fall, which will require establishment of a Clipper fare for the Vallejo route. The proposed fare program would be in effect through 2020. At that time, the current MTC contract for Clipper management expires and a much more robust system and technology is expected to take its place. As a result, the WETA Board could consider a new fare program in 2020 that would be consistent with and take advantage of new technology and fare card management.

Fiscal Impact

There is no fiscal impact in performing the public outreach proposed for the fare study as the costs to conduct meetings was budgeted as part of the fare study effort.

END

**Attachment A
WETA Fare Policy**

TO: Board Members

**FROM: Nina Rannells, Executive Director
John Sindzinski, Manager, Planning & Development
Michael Gougherty, Planner/Analyst**

SUBJECT: Approve Ferry Service Fare Policy

Recommendation

Approve an agency fare policy to guide establishment and modification of ferry service fares.

Background

Staff has coordinated with its on-call planning consultant, Cambridge Systematics, to assist in developing the agency's Fare Policy. As part of this work, an extensive review of best practices was undertaken by the consultant and policy options were presented to staff. Staff identified those policy options that best meet the needs of WETA and developed a set of guiding principles that were presented to the Board as an informational item last month. Staff has developed a final fare policy for Board consideration based upon those principles and the feedback received from the Board at the October meeting.

Discussion

WETA's primary objective as a transit agency is to provide service to the maximum number of travelers that would otherwise use their cars, especially those currently traveling along congested bridge corridors. However, due to limited operating subsidy, system fares must be established to support a share of annual system operating costs. The proposed WETA fare policy is designed to both support system cost recovery and promote system ridership as described below.

SYSTEM COST RECOVERY

- **Meet Farebox Recovery Requirements:** WETA will maintain a minimum 40 percent farebox recover ratio for commuter (peak) services and a 30 percent farebox recovery for all day service to remain eligible for Regional Measure 2 (RM2) funding. New services will have three years to achieve these targets. For special event services, WETA's objective is to recover the full incremental cost of this service through farebox or other special revenues identified for this event.
- **Consider Local Contributions:** WETA will seek local contributions outside of fare revenues to support the operation of all ferry service routes. Where provided, this contribution will be considered when setting fares for each route.
- **Maintain Operating Cost Recovery:** WETA will utilize fares to off-set operating cost changes over time, as appropriate, through the following mechanisms:

- Annual Fare Adjustments: WETA will consider fares relative to operating costs annually based upon prior year and projected cost increases and will consider implementing annual fare adjustments to cover changing costs. Individual fare changes may be proposed as a separate Board action or may be made as a part of a multi-year fare program authorized by the Board. The purpose of a multi-year fare program would be to promote financial sustainability through small annual inflationary cost increases.
- Fare Surcharge for Unanticipated Expenses: WETA will consider implementing a fare surcharge when there is a significant and unforeseen increase in expenses that affects the agency's ability to continue to operate services at existing levels. Implementation of specific fare surcharge program and initiation of a surcharge would be subject to Board action. Once a surcharge is implemented, costs triggering the surcharge would be monitored to determine when and if the surcharge should end.

PROMOTE RIDERSHIP

- Provide Frequent Rider Discounts: WETA will provide fare discounts for frequent riders utilizing pre-paid fare instruments. Clipper will ultimately be the exclusive pre-paid fare payment media for discounted Adult, Youth, Senior and RTC fare categories per MTC program requirements. All discounted Clipper fares shall be set at a level initially equivalent to discount fares available through legacy fare products, such as monthly passes and ticket books. Once Clipper is implemented on existing services, legacy products such as ticket books and monthly passes will be phased out.
- Offer Other Fare Incentives: WETA will explore options for encouraging ridership on each route, including offering transfer discounts, promotional fares, group sales and other incentives. These options will be considered to the full extent feasible given other objectives of the Fare Policy.

All fare changes proposed as a result of this policy will conform to Title VI regulations and requirements, as set forth by the Federal Transit Administration, and agency public information and outreach requirements for fare changes.

Establishing the above fare policy will provide the guidance required to establish fare structures for future services operated by WETA and make adjustments to fare structures for existing services, as necessary. As a next step, staff will develop and bring forward a recommended fare structure for the new South San Francisco service utilizing the principles identified in the fare policy above.

Fiscal Impact

There is no fiscal impact associated with this item.

END

**Attachment B
Proposed Alameda/Oakland-San Francisco Fare Structure**

CURRENT		PROPOSED		FUTURE				
STANDARD FARES		STANDARD FARES – FY 2015		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Adult	\$6.25	Adult	\$6.25	\$6.40	\$6.60	\$6.80	\$7.00	\$7.20
Adult (Clipper Only)	\$4.75	Adult (Clipper Only)	\$4.75	\$4.80	\$5.00	\$5.10	\$5.30	\$5.40
Youth (5-12)	\$3.50	Youth (6-18)	\$3.10	\$3.20	\$3.30	\$3.40	\$3.50	\$3.60
Senior (65+), Disabled	\$3.10	Senior (62+), Disabled	\$3.10	\$3.20	\$3.30	\$3.40	\$3.50	\$3.60
Children (under 5)	FREE	Children (under 6)	FREE	FREE	FREE	FREE	FREE	FREE
Short Hop - Adult	\$1.50	Short Hop - Adult	\$1.50	\$1.50	\$1.60	\$1.60	\$1.70	\$1.70
Short Hop - Youth	\$1.50	Short Hop - Youth	\$0.75	\$0.75	\$0.80	\$0.80	\$0.80	\$0.80
Short Hop - S/D	\$0.75	Short Hop - S/D	\$0.75	\$0.75	\$0.80	\$0.80	\$0.80	\$0.80
Active Military	\$5.00	Active Military	\$5.00					
DISCOUNT FARE PRODUCTS		DISCOUNT FARE PRODUCTS		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
School Groups	\$2.00	School/Groups	Reserve	School/Group Fares by Advance Reservation Only				
10-Ticket Book	\$50.00	10-Ticket Book	\$50.00					
20-Ticket Book	\$90.00	20-Ticket Book	\$90.00					
40-Ticket Book	\$170.00	40-Ticket Book	\$170.00					

Significant modifications for the AOSF service include adjustments to the Youth and Senior categories along with the elimination of the Military category, the elimination of ticket books and a proposed 3 percent annual increase in the base fare.

Fare Categories

The Youth fare category is proposed to be changed from 5-12 years of age to 6-18 years and the Senior fare category is proposed to be 62+ years. The Military Discount fare category is proposed to be eliminated. During Fleet Week and other special events, special promotions will be offered in its place.

Fare Products

The Youth fare is proposed to be reduced from \$3.50 to \$3.10 and Short Hop Youth fares reduced from \$1.50 to \$0.75. Elimination of ticket books is recommended given the Clipper discount currently offered, which is effectively the same on a per trip basis. Clipper was introduced for the Central Bay services in 2012 and has a market penetration rate of 41% for the AOSF service. Eliminating ticket books would result in a savings for ticket sales and administrative processing costs.

Multi-year Fare Increase

The base-level adult fare increase is calculated at 3 percent annually and rounded to the nearest dime to keep pace with inflation and operating cost increases. The first increase would take effect on July 1, 2015 (Fiscal Year 2016).

Attachment C Proposed Vallejo Fare Structure

CURRENT		PROPOSED		FUTURE				
STANDARD FARES		STANDARD FARES – FY 2015		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Adult	\$13.00	Adult	\$13.00	\$13.40	\$13.80	\$14.20	\$14.60	\$15.10
Adult (Clipper Only)	N/A	Adult (Clipper Only)	\$9.75	\$10.10	\$10.40	\$10.70	\$11.00	\$11.30
Youth (6-12)	\$6.50	Youth (6-18)	\$6.50	\$6.70	\$6.90	\$7.10	\$7.30	\$7.50
Senior (65+), Disabled	\$6.50	Senior (62+), Disabled	\$6.50	\$6.70	\$6.90	\$7.10	\$7.30	\$7.50
Children (under 6)	FREE	Children (under 6)	FREE	FREE	FREE	FREE	FREE	FREE
DISCOUNT FARE PRODUCTS		DISCOUNT FARE PRODUCTS		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Monthly Pass	\$290.00	Monthly Pass	\$290.00	\$307.00	\$326.00	\$345.00	\$366.00	\$388.00
Group Day Pass - Y/S/D	\$11.00	School/Groups	Reserve	School/Group Fares by Advance Reservation Only				
Group Day Pass - Adult	\$20.00	Group Day Pass - Y/S/D	\$11.00					
10-Ride Card - Y/S/D	\$65.00	Group Day Pass - Adult	\$20.00					
10-Ride Card - Adult	\$103.00	10-Ride Card - Y/S/D	\$65.00					
Day Pass - Y/S/D	\$13.00	10-Ride Card - Adult	\$103.00					
Day Pass - Adult	\$24.00	Day Pass - Y/S/D	\$13.00					
		Day Pass - Adult	\$24.00					

Significant modifications for the Vallejo service are the elimination of several special-purpose fare products with the introduction of Clipper, an increase in the base adult fare based on the annual increase formula systemwide and a gradual increase in the cost of a monthly pass.

Fare Categories

The Youth fare category is proposed to be changed from 6-12 years to 6-18 years and the Senior fare category is proposed to be 62+ years.

Fare Products

The proposal eliminates Group Day Passes, Ticket Ride Cards and Day Passes. Each of these products will be replaced by the standard Clipper discount.

The Vallejo monthly pass is currently priced at an estimated 44% discount per trip, a more significant discount than offered on other WETA services for frequent users. Instead of eliminating the monthly pass in favor of Clipper, as proposed for the other services, the proposal calls for a 6% annual increase in the cost of a monthly pass which would result in a per trip discount of 35% in 2020. A gradual transition to a 35% discount is proposed to introduce consistent pricing in a less disruptive manner to the regular commuting ridership while still achieving the objectives of the study and the overall WETA Fare Policy. In 2020, the WETA Board will then be able to consider whether to eliminate the monthly pass in favor of a regular Clipper discount as in the central bay services or adjust the pricing.

Multi-year Fare Increase

The base-level adult fare increase is calculated at 3% annually and rounded to the nearest dime to keep pace with inflation and operating cost increases. As mentioned above, the monthly pass is calculated to increase at 6% annually. The first increase would take effect on July 1, 2015 (Fiscal Year 2016).

Attachment D Proposed Harbor Bay Fare Structure

CURRENT		PROPOSED		FUTURE				
STANDARD FARES		STANDARD FARES – FY 2015		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Adult	\$6.50	Adult	\$6.50	\$6.70	\$6.90	\$7.10	\$7.30	\$7.50
Adult (Clipper Only)	\$5.00	Adult (Clipper Only)	\$5.00	\$5.00	\$5.20	\$5.30	\$5.50	\$5.60
Youth (5-12)	\$3.25	Youth (6-18)	\$3.25	\$3.30	\$3.40	\$3.50	\$3.60	\$3.70
Senior (62+), Disabled	\$3.75	Senior (62+), Disabled	\$3.25	\$3.30	\$3.40	\$3.50	\$3.60	\$3.70
Children (under 5)	FREE	Children (under 6)	FREE	FREE	FREE	FREE	FREE	FREE
Active Military	\$5.25	Active Military	\$5.25					
DISCOUNT FARE PRODUCTS		DISCOUNT FARE PRODUCTS		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
10-Ticket Book	\$55.00	School/Groups	Reserve	School/Group Fares by Advance Reservation Only				
20-Ticket Book	\$100.00	10-Ticket Book	\$55.00					
Monthly Pass	\$185.00	20-Ticket Book	\$100.00					
		Monthly Pass	\$185.00					

Significant modifications for the Harbor Bay service are the elimination of ticket books and the monthly pass in favor of the regular Clipper discount and a proposed 3% annual increase in the base fare.

Fare Categories

The Youth fare category is proposed to be changed from 5-12 years of age to 6-18 years. The Military Discount fare category is proposed to be eliminated.

Fare Products

Ticket books are proposed to be eliminated in favor of the Clipper discount. Monthly passes are also proposed to be eliminated due to low utilization and consistency with other WETA services. Clipper usage on Harbor Bay is 74% and has been growing since its introduction. Monthly pass usage on Harbor Bay is relatively small at 2% of the overall ridership. The Clipper discount is roughly equivalent to the monthly pass and ticket books and the elimination of these products results in operating cost savings systemwide.

Multi-year Fare Increase

The base-level adult fare increase is calculated at 3% annually and rounded to the nearest dime to keep pace with inflation and operating cost increases. The first increase would take effect on July 1, 2015 (Fiscal Year 2016).

Attachment E
Proposed South San Francisco Fare Structure

CURRENT		PROPOSED		FUTURE				
STANDARD FARES		STANDARD FARES – FY 2015		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Adult	\$7.00	Adult	\$7.00	\$7.40	\$7.90	\$8.30	\$8.80	\$9.40
Adult (Clipper Only)	\$7.00	Adult (Clipper Only)	\$7.00	\$7.20	\$7.40	\$7.60	\$7.90	\$8.10
Youth (5-12)	\$3.50	Youth (6-18)	\$3.50	\$3.70	\$3.90	\$4.10	\$4.40	\$4.70
Senior (65+), Disabled	\$3.50	Senior (62+), Disabled	\$3.50	\$3.70	\$3.90	\$4.10	\$4.40	\$4.70
Children (under 5)	FREE	Children (under 6)	FREE	FREE	FREE	FREE	FREE	FREE
DISCOUNT FARE PRODUCTS		DISCOUNT FARE PRODUCTS		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
		School/Groups	Reserve	School/Group Fares by Advance Reservation Only				

The South San Francisco service is currently in its second full year of service and is still growing ridership in an effort to achieve regional cost recovery requirements. Based on current ridership trends and the existing average fare, the service will fall short of the 40% farebox recovery required by MTC in the Regional Measure 2 program by Year 3. One option to achieve cost recovery would simply be to increase the base fare to the level required to approach the RM2 criteria. However, given the service's precarious ridership, there is a concern that such a drastic change would discourage rather than attract people to the ferry. On the other hand, the South San Francisco service needs to generate more revenue considering that it is currently only achieving a 17% farebox recovery rate. Finally, unlike other Central Bay services, South San Francisco riders overwhelmingly use Clipper as opposed to cash fares.

Fare Categories

The Youth fare category is proposed to be changed from 6-12 years of age to 6-18 years and the Senior fare category is proposed to be 62+ years.

Fare Products

There is no change in fare products proposed for South San Francisco service.

Multi-year Fare Increase.

The proposal for South San Francisco differs from other services in that it applies an annual increase to the base Clipper fare of 3% while at the same time imposing a cash surcharge for non-Clipper fares that grows at 6% annually. By the end of the 5-year period, the discount for using Clipper compared to the cash fare will increase from 0% to 15%.

Attachment F Inter-operator Transfer Discounts

The following inter-operator transfer discounts will be offered exclusively through Clipper:

SF MUNI to/from WETA

- WETA Adult passengers receive \$0.50 off SF MUNI Adult bus and light rail fares
- SF MUNI Adult eCash bus and light rail riders receive \$0.50 off WETA Adult fares
- Discounted SF MUNI Monthly Pass Sticker for Vallejo Monthly Pass holders will be discontinued after Clipper is implemented.

Soltrans to/from WETA

- WETA passengers transfer to Soltrans local bus services free of charge.
- Soltrans local bus riders transferring to WETA are refunded the cost of their bus fare.
- Free transfers to Route 80 and Soltrans Local buses for Vallejo Monthly Pass holders will be discontinued after Clipper is implemented.

AC Transit to/from WETA (tentative, subject to future agreement)

- WETA passengers transfer to AC Transit local bus services free of charge.
- AC Transit local bus riders transferring to WETA are refunded the cost of their bus fare.
- Transfer discounts for non-Clipper fares will be discontinued after Clipper transfers are implemented.

Golden Gate Bus/Ferry, SamTrans, Caltrain to/from WETA (TBD, subject to future agreement)